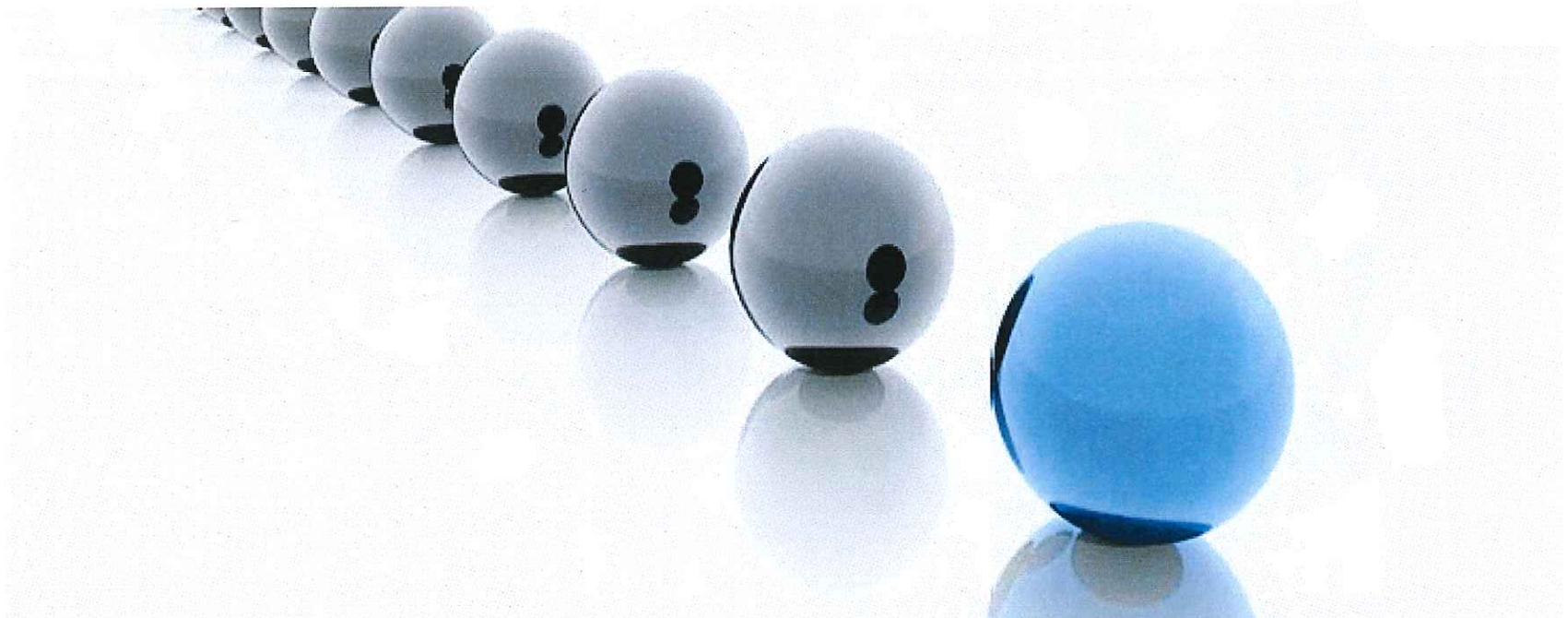


Nebraska Investment Council

Fourth Quarter 2013 Performance Review

To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Hewitt EnnisKnupp, Inc
.

Hewitt ennisknupp

An Aon Hewitt Company

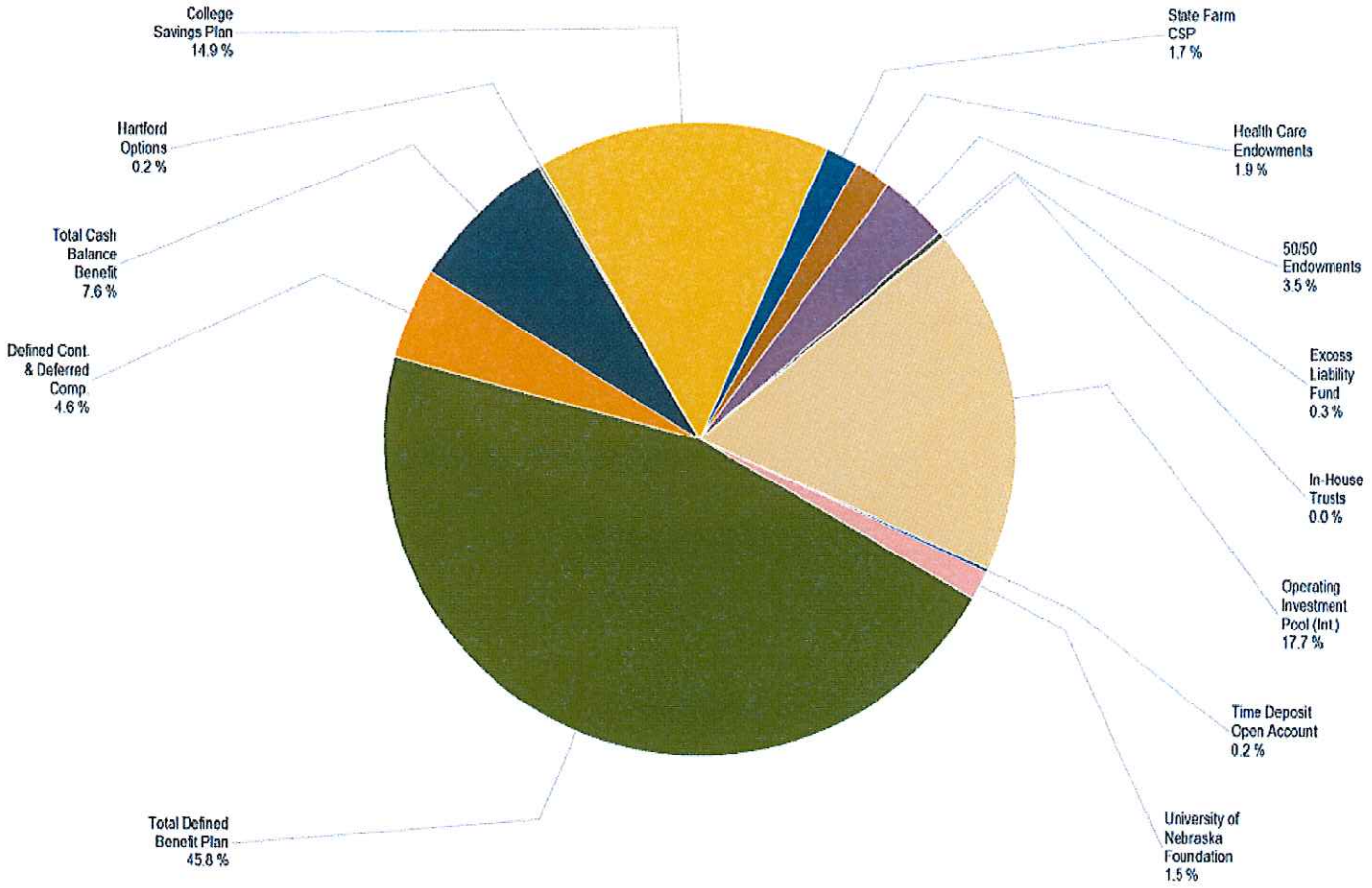
Executive Summary

Highlights

As of December 31, 2013	
Total Defined Benefit Plan	$9,443,496,812
Defined Cont. & Deferred Comp.	$957,148,406
Total Cash Balance Benefit	$1,574,200,646
Hartford Options	$39,419,475
College Savings Plan	$3,060,363,984
State Farm CSP	$346,325,859
Health Care Endowment	$390,228,666
50/50 Endowments	$718,773,515
Excess Liability Fund	$65,499,631
In-House Trusts	$9,294,945
Internal Short-Term Liquidity Pool	$469,475,264
Operating Investment Pool (Internal Government/Corporate)	$3,181,948,820
Time Deposit Open Account	$32,800,000
University of Nebraska Foundation	$307,586,745
Total	$20,596,562,768

	Ending December 31, 2013					
	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Major Capital Markets						
Dow Jones U.S. Total Stock Market Index	10.1	33.5	33.5	16.2	18.9	8.1
MSCI All-Country World ex-U.S. Index	4.8	15.3	15.3	5.1	12.8	7.6
Barclays Universal Bond Index	0.2	-1.3	-1.3	3.8	5.4	4.9
Consumer Price Index	-0.5	1.5	1.5	2.1	2.1	2.4

All Plans -- Allocation



Hewitt ennisknupp
An Aon Hewitt Company

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	38.0%	31.5%	6.5%	26.5%--36.5%	37.7%	31.5%	6.2%	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	16.4%	15.0%	1.4%	10.0%--20.0%	16.3%	15.0%	1.3%	10.0%--20.0%
Fixed Income	25.7%	30.0%	-4.3%	25.0%--35.0%	26.2%	30.0%	-3.8%	25.0%--35.0%
Real Estate	4.4%	5.0%	-0.6%	0.0%--10.0%	4.4%	5.0%	-0.6%	0.0%--10.0%
Private Equity*	3.7%	5.0%	-1.3%	0.0%--10.0%	3.7%	5.0%	-1.3%	0.0%--10.0%

	Health Care Endowment				50/50 Endowment			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
U.S. Equity	35.8%	40.0%	-4.2%	35.0%--45.0%	27.4%	25.0%	2.4%	20.0%--30.0%
Non-U.S. Equity	16.7%	15.0%	1.7%	10.0%--20.0%	10.3%	10.0%	0.3%	5.0%--15.0%
Global Equity	13.2%	10.0%	3.2%	5.0%--15.0%	5.4%	5.0%	0.4%	0.0%--10.0%
Fixed Income	26.0%	25.0%	1.0%	20.0%--30.0%	50.1%	50.0%	0.1%	45.0%--55.0%
Real Estate	5.1%	5.0%	0.1%	0.0%--10.0%	3.9%	5.0%	-1.1%	0.0%--10.0%
Private Equity*	3.1%	5.0%	-1.9%	0.0%--10.0%	3.0%	5.0%	-2.0%	0.0%--10.0%

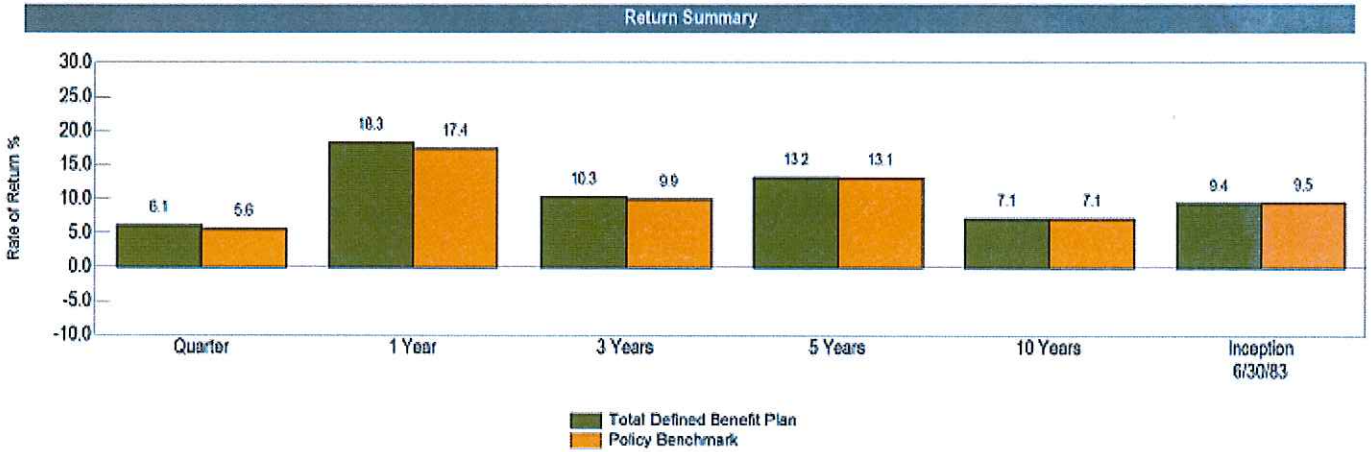
* The intermediate-term Private Equity Policy allocation is 3% for the Defined Benefit and Cash Balance Benefit Plans, 2% for the Health Care Endowment, and 2% for the 50/50 Endowment.

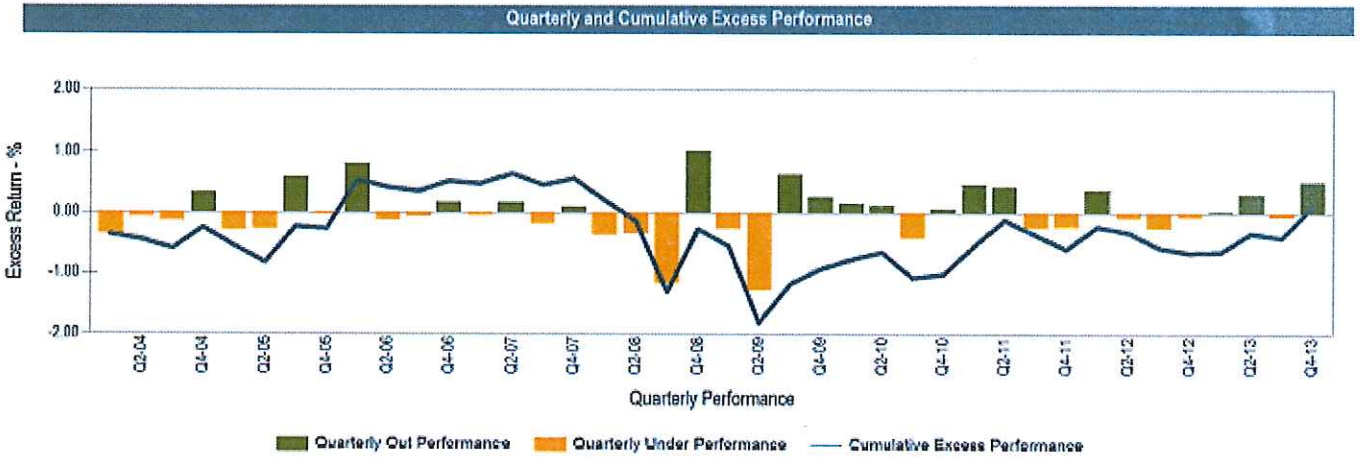
Selected* Plans

	Market Value ($)	Ending December 31, 2013 3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total Defined Benefit	**9,443,496,812**	**6.1**	**18.3**	**10.3**	**13.2**	**7.1**	**9.4**	**Jun-83**
Policy Benchmark		*5.6*	*17.4*	*9.9*	*13.1*	*7.1*	*9.5*	*Jun-83*
Total Cash Balance Benefit	**1,574,200,646**	**6.1**	**18.1**	**10.3**	**13.1**	**7.0**	**8.1**	**Dec-02**
Policy Benchmark		*5.6*	*17.4*	*9.9*	*13.1*	*7.1*	*8.2*	*Dec-02*
Health Care Endowment	**390,228,666**	**6.6**	**21.1**	**10.6**	**13.9**	**7.2**	**6.6**	**Dec-00**
Health Care Policy		*6.5*	*20.7*	*10.6*	*13.9*	*7.2*	*5.5*	*Dec-00*
50/50 Endowments	**718,773,515**	**4.2**	**12.5**	**8.6**	**12.1**	**6.9**	**7.8**	**Dec-95**
50/50 Endowment Policy		*4.5*	*13.1*	*8.8*	*11.6*	*6.7*	*7.1*	*Dec-95*
Excess Liability Fund	**65,499,631**	**0.1**	**-1.4**	**3.7**	**6.6**	**5.5**	**6.1**	**Jun-97**
Performance Benchmark		*0.2*	*-1.3*	*3.8*	*5.4*	*4.8*	*5.8*	*Jun-97*
Total OIP	**3,181,948,820**	**-0.2**	**-1.2**	**1.7**	**2.9**	**3.4**	**4.3**	**Dec-96**
Policy Benchmark		*0.0*	*-0.7*	*2.6*	*3.6*	*3.9*	*4.7*	*Dec-96*
Aeronautics	**6,513,782**	**-0.9**	**-3.1**	**2.8**	**2.4**	**4.6**	**6.7**	**Dec-89**
Barclays Treasury Bond Index		*-0.8*	*-2.7*	*2.9*	*2.1*	*4.2*	*6.3*	*Dec-89*
Agricultural Development	**2,781,163**	**-0.8**	**-2.9**	**3.1**	**2.6**	**4.3**	**7.0**	**Dec-88**
Barclays Treasury Bond Index		*-0.8*	*-2.7*	*2.9*	*2.1*	*4.2*	*6.6*	*Dec-88*

*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.

Defined Benefit Performance

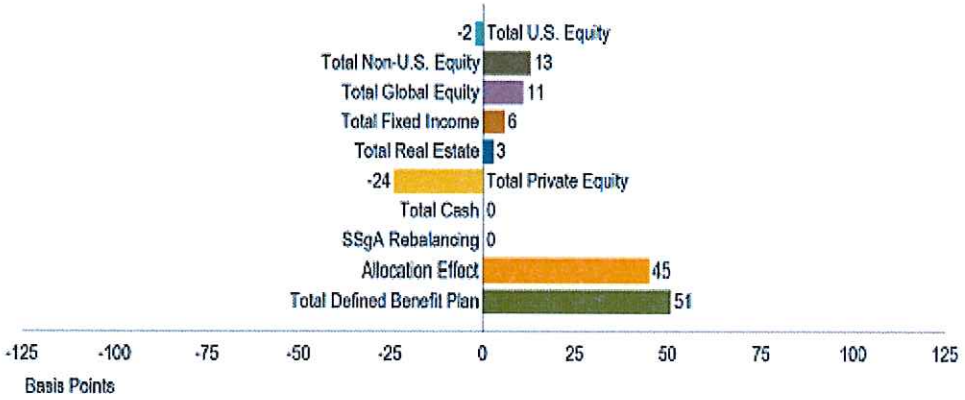




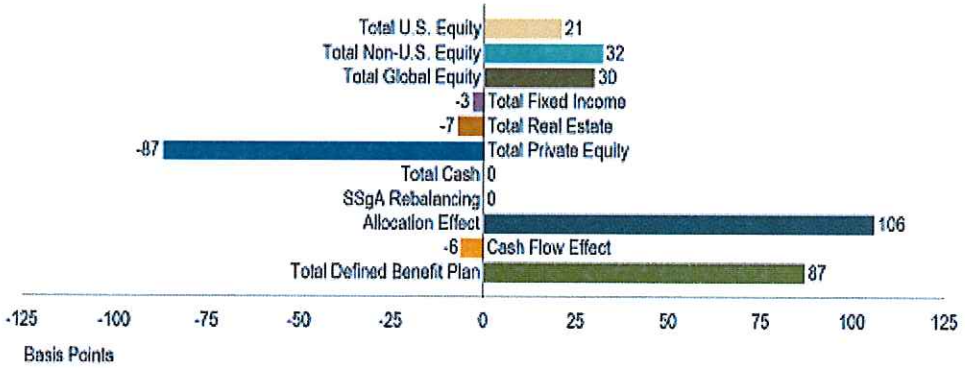
Hewitt ennisknupp
An Aon Hewitt Company

Defined Benefit Attribution

TOTAL FUND ATTRIBUTION ANALYSIS
3 MONTHS ENDING 12/31/13



TOTAL FUND ATTRIBUTION ANALYSIS
1 YEAR ENDING 12/31/13



Hewitt ennisknupp
An Aon Hewitt Company

Risk Budgeting
Defined Benefit—Total Plan*

Asset Class	Allocation ($ millions)	Allocation Percent of Total	Allocation Policy	Benchmark Risk	Benchmark Risk Attribution Manager Effect	Benchmark Risk Attribution Allocation Effect	Benchmark Risk Attribution Total
US Equity	$ 3,585	41.4%	36.0%	0.67%	16.8%		85.8%
Non US Equity	$ 1,108	12.8%	15.0%	1.44%	4.8%		-23.1%
Global Equity	$ 1,547	17.9%	16.0%	1.95%	-4.2%		19.5%
Fixed Income	$ 2,426	28.0%	33.0%	1.06%	15.9%		17.8%
Total Fund	**$ 8,666**	**100.0%**	**100.0%**	**1.14%**	**33.3%**	**66.7%**	**100.0%**

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

Defined Benefit & Cash Balance Benefit Plans

	Market Value ($)	% of Portfolio	Ending December 31, 2013 3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception Return (%)	Since
Total Defined Benefit Plan	**9,443,496,812**	**100.0**	**6.1**	**4**	**18.3**	**11**	**10.3**	**13**	**13.2**	**22**	**7.1**	**34**	**9.4**	**Jun-83**
Policy Benchmark			*5.6*	*20*	*17.4*	*19*	*9.9*	*31*	*13.1*	*23*	*7.1*	*35*	*9.5*	*Jun-83*
Total U.S. Equity	**3,585,172,562**	**38.0**	**10.0**	**33**	**34.1**	**46**	**16.3**	**35**	**19.3**	**41**	**7.7**	**74**	**9.7**	**Jun-83**
Dow Jones U.S. Total Stock Market Index			*10.1*	*32*	*33.5*	*50*	*16.2*	*35*	*18.9*	*46*	*8.1*	*69*	*10.7*	*Jun-83*
Total Non-U.S. Equity	**1,108,268,543**	**11.7**	**5.8**	**70**	**18.6**	**83**	**5.3**	**95**	**11.4**	**87**	**6.8**	**86**	**6.1**	**Sep-91**
*MSCI All Country World ex-U.S. IMI**			*4.7*	*86*	*15.8*	*92*	*5.1*	*95*	*13.2*	*65*	*8.0*	*49*	*6.6*	*Sep-91*
Total Global Equity	**1,547,018,957**	**16.4**	**7.9**	**54**	**25.5**	**62**	**12.2**	**39**	**15.4**	**46**	**--**	**--**	**7.7**	**Aug-05**
*MSCI All Country World IMI**			*7.2*	*67*	*23.6*	*75*	*9.8*	*73*	*15.1*	*56*	*--*	*--*	*6.4*	*Aug-05*
Total Fixed Income	**2,426,591,826**	**25.7**	**0.4**	**45**	**-1.4**	**67**	**4.1**	**47**	**7.2**	**37**	**5.5**	**30**	**8.6**	**Jun-83**
*Barclays Universal Bond Index**			*0.2*	*60*	*-1.3*	*66*	*3.8*	*52*	*5.4*	*54*	*5.0*	*39*	*8.5*	*Jun-83*
Total Real Estate	**415,080,981**	**4.4**	**3.0**	**--**	**11.9**	**--**	**13.8**	**--**	**0.4**	**--**	**--**	**--**	**5.9**	**Nov-04**
*Performance Benchmark**			*2.6*	*--*	*11.0*	*--*	*11.8*	*--*	*4.2*	*--*	*--*	*--*	*7.7*	*Nov-04*
Total Private Equity	**350,797,837**	**3.7**	**4.4**	**--**	**13.0**	**--**	**11.2**	**--**	**8.9**	**--**	**--**	**--**	**-0.5**	**Aug-05**
Dow Jones U.S. Total Stock Market Index + 3%			*10.9*	*--*	*37.4*	*--*	*19.6*	*--*	*22.2*	*--*	*--*	*--*	*11.0*	*Aug-05*
Total Cash	**10,566,105**	**0.1**												

	Market Value ($)	% of Portfolio	Ending December 31, 2013 3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception Return (%)	Since
Total Cash Balance Benefit	**1,574,200,646**	**100.0**	**6.1**	**--**	**18.1**	**--**	**10.3**	**--**	**13.1**	**--**	**7.0**	**--**	**8.1**	**Dec-02**
Policy Benchmark			*5.6*	*--*	*17.4*	*--*	*9.9*	*--*	*13.1*	*--*	*7.1*	*--*	*8.2*	*Dec-02*
Total U.S. Equity	**594,187,611**	**37.7**	**10.0**	**33**	**34.1**	**46**	**16.3**	**35**	**19.3**	**41**	**7.9**	**71**	**9.9**	**Dec-02**
Dow Jones U.S. Total Stock Market Index			*10.1*	*32*	*33.5*	*50*	*16.1*	*37*	*18.7*	*46*	*8.0*	*70*	*10.0*	*Dec-02*
Total Non-U.S. Equity	**183,678,589**	**11.7**	**5.8**	**70**	**18.6**	**83**	**5.3**	**95**	**11.4**	**87**	**6.9**	**83**	**9.6**	**Dec-02**
*MSCI All Country World ex-U.S. IMI**			*4.7*	*86*	*15.8*	*92*	*5.1*	*95*	*13.2*	*65*	*8.0*	*49*	*10.6*	*Dec-02*
Total Global Equity	**256,394,771**	**16.3**	**7.9**	**54**	**25.5**	**62**	**12.2**	**39**	**15.4**	**46**	**--**	**--**	**8.2**	**Aug-05**
*MSCI All Country World IMI**			*7.2*	*67*	*23.6*	*75*	*9.8*	*73*	*15.1*	*56*	*--*	*--*	*6.4*	*Aug-05*
Total Fixed Income	**413,006,954**	**26.3**	**0.4**	**45**	**-1.4**	**67**	**4.1**	**47**	**7.1**	**37**	**5.3**	**34**	**5.2**	**Dec-02**
*Barclays Universal Bond Index**			*0.2*	*60*	*-1.3*	*66*	*3.8*	*52*	*5.4*	*54*	*5.0*	*39*	*5.0*	*Dec-02*
Total Real Estate	**68,793,335**	**4.4**	**3.0**	**--**	**11.9**	**--**	**13.8**	**--**	**0.4**	**--**	**--**	**--**	**5.9**	**Nov-04**
*Performance Benchmark**			*2.6*	*--*	*11.0*	*--*	*11.8*	*--*	*4.2*	*--*	*--*	*--*	*7.7*	*Nov-04*
Total Private Equity	**58,139,385**	**3.7**	**4.4**	**--**	**13.0**	**--**	**11.2**	**--**	**8.9**	**--**	**--**	**--**	**-0.5**	**Aug-05**
Dow Jones U.S. Total Stock Market Index + 3%			*10.9*	*--*	*37.4*	*--*	*19.6*	*--*	*22.2*	*--*	*--*	*--*	*11.0*	*Aug-05*

*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

Hewitt ennisknupp

An Aon Hewitt Company

Defined Contribution & Deferred Compensation Plans

	Ending December 31, 2013	
	Market Value ($)	% of Portfolio
Total Defined Cont. & Deferred Comp.	**957,148,406**	**100.0**

	Market Value ($)	% of Portfolio
Total Hartford Options	**39,419,475**	**100.0**

College Savings Plans

	Ending December 31, 2013	
	Market Value ($)	% of Portfolio
First National	3,060,363,984	100.0
Direct	1,566,686,303	51.2
TD	672,927,039	22.0
Advisor	820,750,642	26.8
A	505,298,235	16.5
C	315,452,407	10.3

	Ending December 31, 2013	
	Market Value ($)	% of Portfolio
Total State Farm College Savings Plan	346,325,859	100.0
State Farm Fixed Allocation	88,081,080	25.4
State Farm Enrollment Based	253,027,041	73.1
State Farm Individual Portfolios	5,217,738	1.5

Endowment Plans

	Market Value ($)	% of Portfolio	Ending December 31, 2013 3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total Endowment	1,082,118,253	100.0	5.0	13.6	13.6	8.5	12.3	--	--	
Total U.S. Equity	376,273,968	34.8	9.8	33.8	33.8	16.2	19.1	7.5	6.3	Dec-01
Dow Jones U.S. Total Stock Market Index			*10.1*	*33.5*	*33.5*	*16.2*	*18.9*	*6.1*	*7.1*	*Dec-01*
Total Non-U.S. Equity	130,420,968	12.1	4.9	14.7	14.7	4.6	11.4	7.2	4.8	Dec-00
*MSCI All Country World ex-U.S. IMI**			*4.7*	*15.6*	*15.6*	*5.1*	*13.0*	*7.6*	*5.5*	*Dec-00*
Total Global Equity	84,306,240	7.8	7.7	24.9	24.9	11.7	15.0	--	9.6	Aug-05
*MSCI All Country World IMI**			*7.2*	*23.6*	*23.6*	*9.8*	*15.1*	--	*6.4*	*Aug-05*
Total Fixed Income	413,993,470	38.3	0.5	-1.0	-1.0	3.8	6.7	5.5	6.2	Jun-97
*Barclays Universal Bond Index**			*0.2*	*-1.3*	*-1.3*	*3.6*	*5.4*	*4.6*	*5.8*	*Jun-97*
Total Real Estate	45,604,784	4.2								
Total Private Equity	31,518,822	2.9								

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.

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

Hewitt ennisknupp

An Aon Hewitt Company

In-House Trusts & OIP

	Market Value ($)	% of Portfolio	Ending December 31, 2013 3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total In-House Plans	**9,294,945**	**100.0**							
Aeronautics	6,513,782	70.1	-0.9	-3.1	2.8	2.4	4.6	6.7	Dec-89
Barclays Treasury Bond Index			*-0.6*	*-2.7*	*2.9*	*2.1*	*4.2*	*6.3*	*Dec-89*
Agricultural Development	2,781,163	29.9	-0.8	-2.9	3.1	2.6	4.3	7.0	Dec-88
Barclays Treasury Bond Index			*-0.6*	*-2.7*	*2.9*	*2.1*	*4.2*	*6.6*	*Dec-88*

	Market Value ($)	% of Portfolio	Ending December 31, 2013 3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total OIP	**3,661,678,228**	**100.0**	**-0.2**	**-1.2**	**-1.2**	**1.7**	**2.9**	**3.4**	**4.3**	**Dec-96**
Policy Benchmark			*0.0*	*-0.7*	*-0.7*	*2.6*	*3.6*	*3.9*	*4.7*	*Dec-96*
Internal Short-Term Liquidity Pool	469,475,264	12.8	0.0	0.1	0.1	0.6	1.7	2.8	4.0	Dec-96
Performance Benchmark			*0.0*	*0.2*	*0.2*	*1.7*	*2.3*	*3.2*	*4.3*	*Dec-96*
Operating Investment Pool (Internal Government/Corporate)	3,192,202,964	87.2	-0.2	-1.5	-1.5	--	--	--	1.2	Oct-11
Barclays Capital Intermediate Gov't/Corporate Index			*0.0*	*-0.9*	*-0.9*	--	--	--	*1.6*	*Oct-11*

The Operating Investment Pool (Internal Government/Corporate) includes the DB STIF amount of $10,254,144. 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.