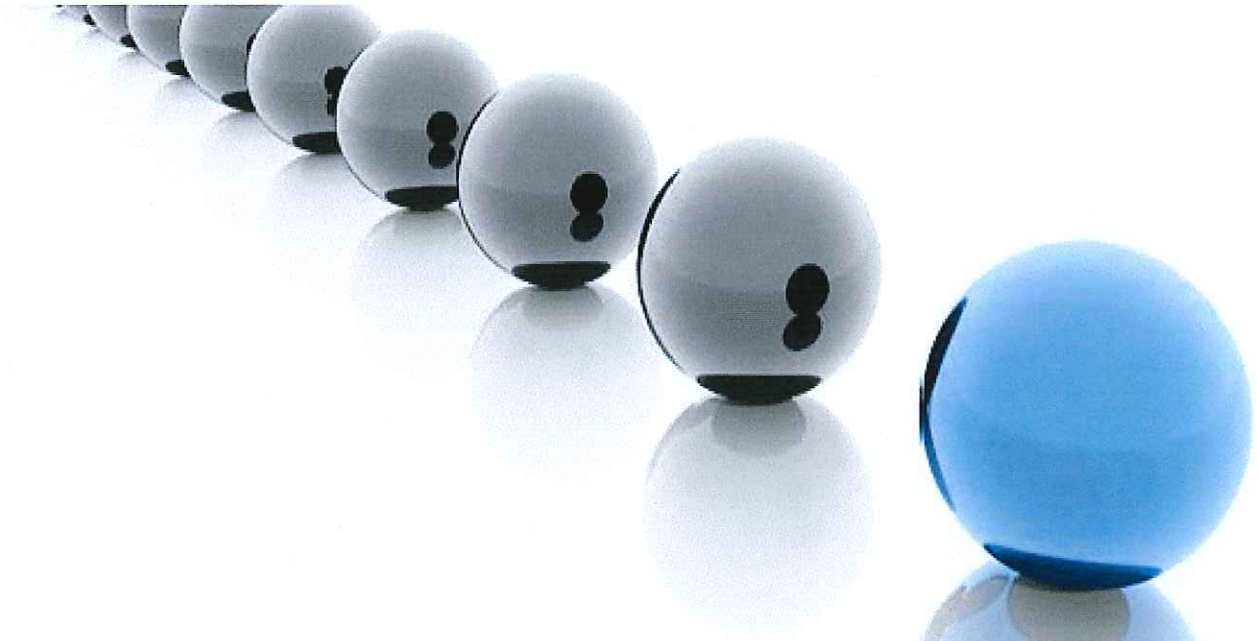

Nebraska Investment Council

Fourth Quarter 2012 Performance Review

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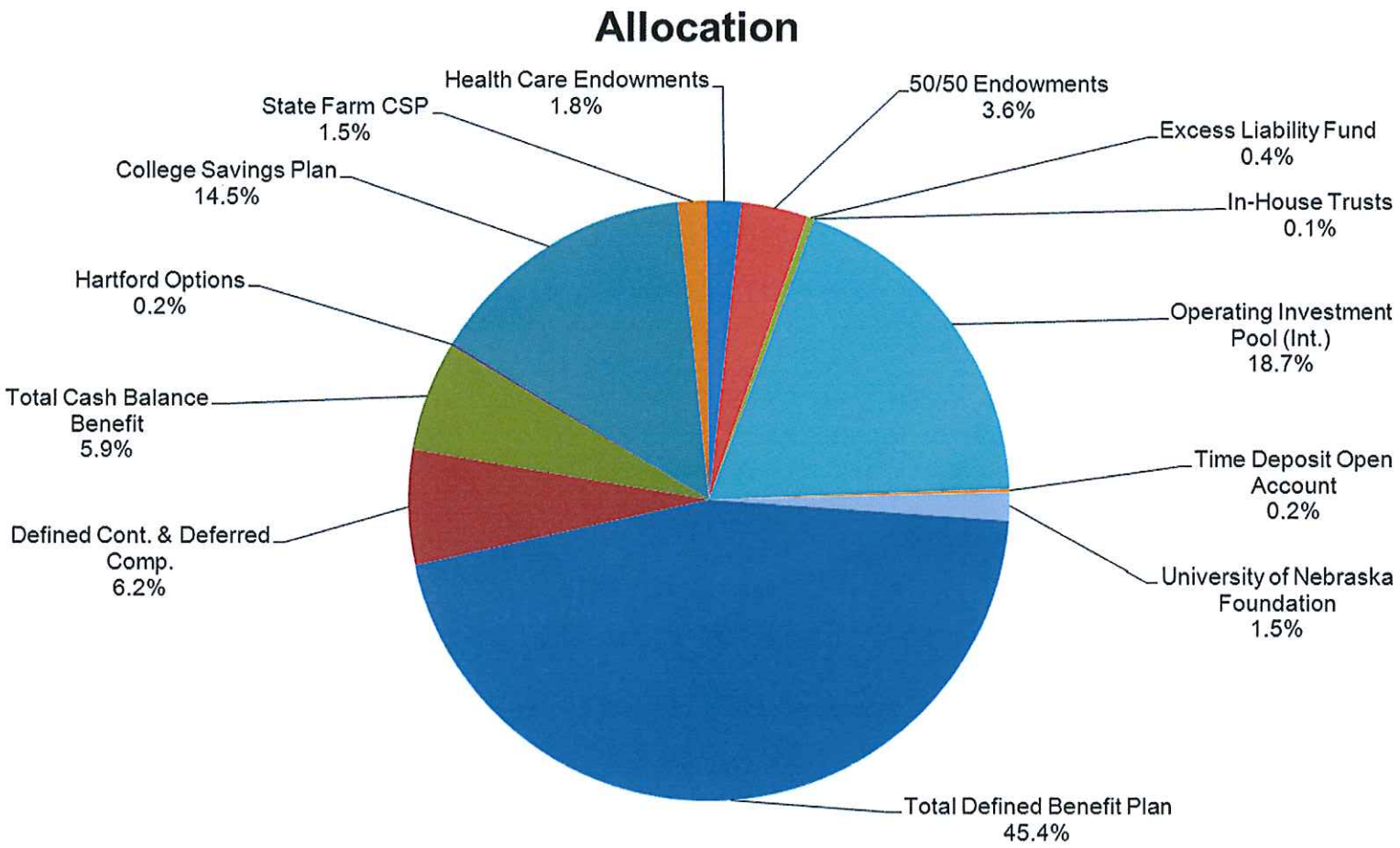
Executive Summary

Highlights

As Of December 31, 2012	
Total Defined Benefit Plan	$8,068,891,007
Defined Cont. & Deferred Comp.	$1,106,619,366
Total Cash Balance Benefit	$1,048,476,200
Hartford Options	$34,489,108
College Savings Plan	$2,582,959,726
State Farm CSP	$270,451,045
Health Care Endowment	$327,225,045
50/50 Endowments	$636,173,282
Excess Liability Fund	$68,359,933
In-House Trusts	$9,867,579
Internal Short–Term Liquidity Pool	$430,060,694
Galliard Asset Management (External)	$506,357,875
Operating Investment Pool (Internal Government/Corporate)	$2,380,863,634
Time Deposit Open Account	$34,114,706
University of Nebraska Foundation	$269,642,576
Total	**$17,774,551,774**

	Ending December 31, 2012				
	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Major Capital Markets					
Dow Jones U.S. Total Stock Market Index	0.2	16.4	11.4	2.2	7.9
MSCI All-Country World ex-U.S. Index	5.8	16.8	3.9	-2.9	9.7
Barclays Universal Bond Index	0.6	5.5	6.7	6.2	5.6
Consumer Price Index	-0.8	1.7	2.1	1.8	2.4

All Plans -- Allocation



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	35.2%	31.5%	3.7%	26.5%--36.5%	35.0%	31.5%	3.5%	26.5%--36.5%
Non-U.S. Equity	12.0%	13.5%	-1.5%	8.5%--18.5%	11.9%	13.5%	-1.6%	8.5%--18.5%
Global Equity	15.8%	15.0%	0.8%	10.0%--20.0%	15.7%	15.0%	0.7%	10.0%--20.0%
Fixed Income	28.2%	30.0%	-1.8%	25.0%--35.0%	28.6%	30.0%	-1.4%	25.0%--35.0%
Real Estate	5.0%	5.0%	0.0%	0.0%--10.0%	5.0%	5.0%	0.0%	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	40.8%	40.0%	0.8%	35.0%--45.0%	32.0%	25.0%	7.0%	20.0%--30.0%
Non-U.S. Equity	16.7%	15.0%	1.7%	5.0%--15.0%	10.4%	10.0%	0.4%	5.0%--15.0%
Global Equity	11.6%	10.0%	1.6%	10.0%--20.0%	5.0%	5.0%	0.0%	0.0%--10.0%
Fixed Income	23.5%	25.0%	-1.5%	20.0%--30.0%	46.4%	50.0%	-3.6%	45.0%--55.0%
Real Estate	5.1%	5.0%	0.1%	0.0%--10.0%	4.0%	5.0%	-1.0%	0.0%--10.0%
Private Equity*	2.3%	5.0%	-2.7%	0.0%--10.0%	2.1%	5.0%	-2.9%	0.0%--10.0%

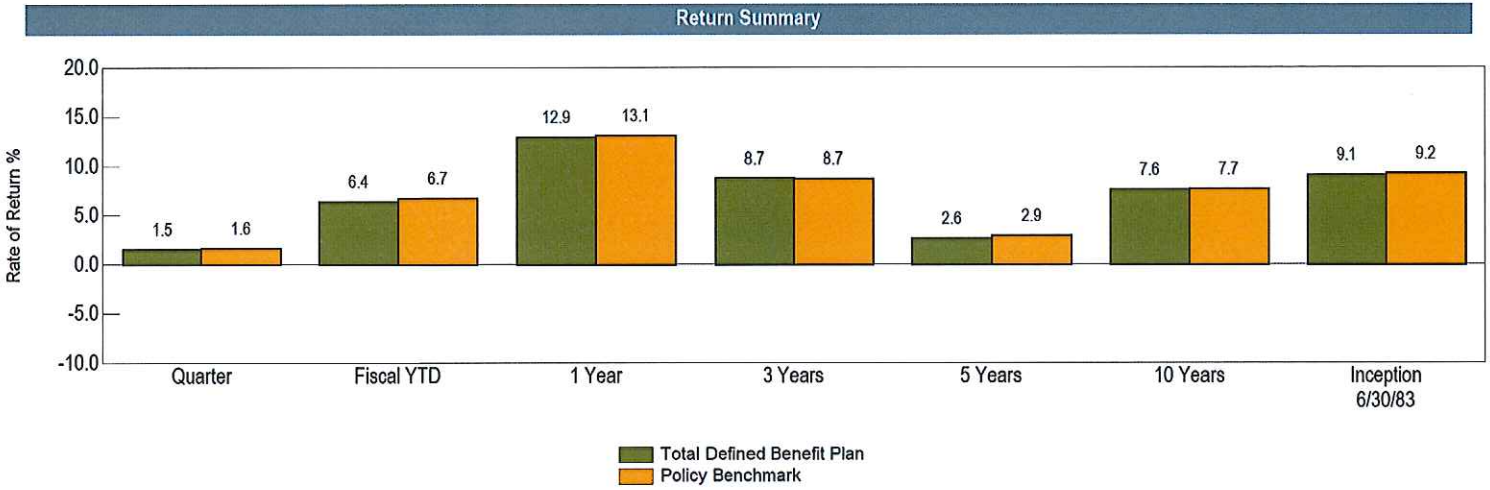
* The intermediate-term Private Equity Policy allocation is 3% for the Defined Benefit and Cash Balance Benefit Plans, 2% for the Health Care Endowment, and 1% for the 50/50 Endowment.

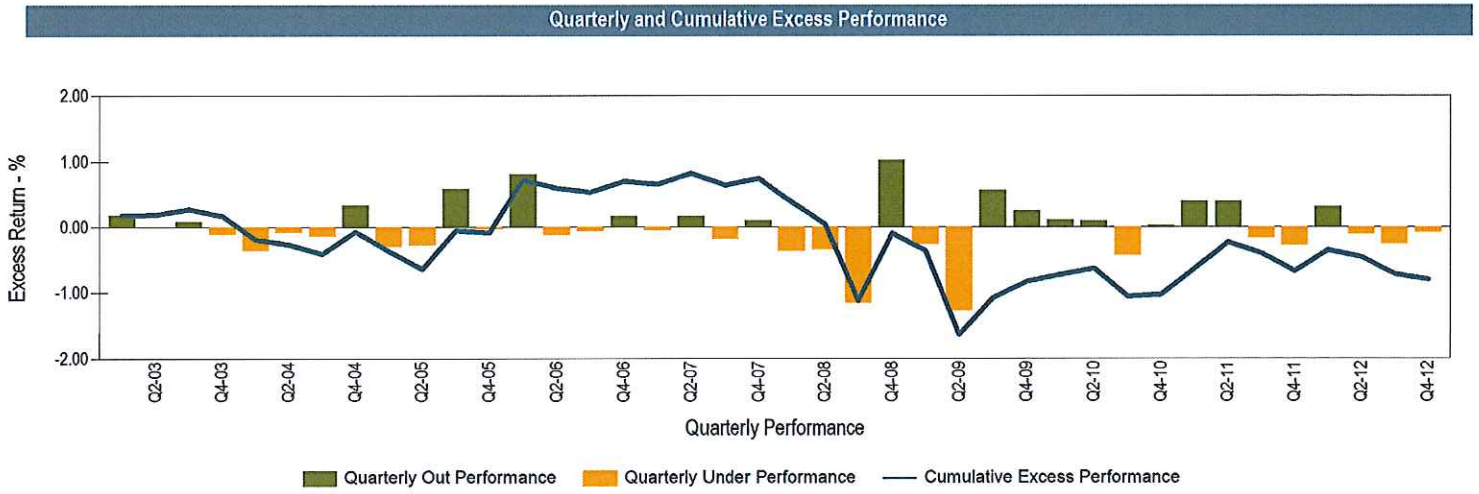
Selected* Plans

	Market Value ($)	Ending December 31, 2012 3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total Defined Benefit	**8,068,891,007**	**1.5**	**6.4**	**12.9**	**8.7**	**2.6**	**7.6**	**9.1**	**Jun-83**
Policy Benchmark		*1.6*	*6.7*	*13.1*	*8.7*	*2.9*	*7.7*	*9.2*	*Jun-83*
Total Cash Balance Benefit	**1,048,476,200**	**1.5**	**6.4**	**13.0**	**8.8**	**2.6**	**7.2**	**7.2**	**Dec-02**
Policy Benchmark		*1.6*	*6.7*	*13.1*	*8.7*	*2.9*	*7.4*	*7.4*	*Dec-02*
Health Care Endowment	**327,225,045**	**1.5**	**6.9**	**14.2**	**9.1**	**2.5**	**7.6**	**5.5**	**Dec-00**
Health Care Policy		*1.3*	*6.6*	*13.4*	*8.5*	*2.3*	*7.6*	*4.4*	*Dec-00*
50/50 Endowments	**636,173,282**	**1.2**	**5.7**	**12.0**	**8.8**	**4.5**	**7.5**	**7.5**	**Dec-95**
50/50 Endowment Policy		*1.0*	*5.3*	*11.1*	*8.6*	*4.1*	*7.2*	*6.8*	*Dec-95*
Excess Liability Fund	**68,359,933**	**0.6**	**2.8**	**6.8**	**7.1**	**7.3**	**6.0**	**6.7**	**Jun-97**
Performance Benchmark		*0.6*	*2.6*	*5.5*	*6.7*	*6.2*	*5.4*	*6.3*	*Jun-97*
Total OIP	**3,317,282,202**	**0.2**	**1.4**	**3.1**	**3.7**	**3.9**	**3.9**	**4.7**	**Dec-96**
Policy Benchmark		*0.3*	*1.5*	*3.3*	*4.6*	*4.7*	*4.1*	*5.1*	*Dec-96*
Aeronautics	**6,903,547**	**-0.1**	**0.5**	**2.5**	**5.8**	**6.0**	**5.2**	**7.2**	**Dec-89**
Barclays Treasury Bond Index		*-0.1*	*0.5*	*2.0*	*5.8*	*5.4*	*4.7*	*6.7*	*Dec-89*
Agricultural Development	**2,964,032**	**-0.1**	**0.5**	**2.4**	**6.3**	**5.5**	**4.9**	**7.4**	**Dec-88**
Barclays Treasury Bond Index		*-0.1*	*0.5*	*2.0*	*5.8*	*5.4*	*4.7*	*7.0*	*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





Defined Benefit & Cash Balance Benefit Plans

	Market Value ($)	% of Portfolio	Ending December 31, 2012 3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception Return (%)	Since
Total Defined Benefit Plan	**8,068,891,007**	**100.0**	**1.5**	**81**	**6.4**	**72**	**12.9**	**52**	**8.7**	**48**	**2.6**	**48**	**7.6**	**37**	**9.1**	**Jun-83**
Policy Benchmark			*1.6*	*79*	*6.7*	*63*	*13.1*	*49*	*8.7*	*50*	*2.9*	*35*	*7.7*	*35*	*9.2*	*Jun-83*
Total U.S. Equity	**2,839,629,509**	**35.2**	**0.2**	**60**	**6.6**	**50**	**16.3**	**32**	**11.5**	**30**	**1.8**	**56**	**7.5**	**76**	**9.0**	**Jun-83**
Dow Jones U.S. Total Stock Market Index			*0.2*	*60*	*6.4*	*54*	*16.4*	*31*	*11.4*	*31*	*2.2*	*50*	*7.9*	*68*	*10.0*	*Jun-83*
Total Non-U.S. Equity	**965,059,308**	**12.0**	**5.1**	**80**	**11.7**	**87**	**15.2**	**86**	**2.6**	**92**	**-4.5**	**87**	**8.3**	**81**	**5.5**	**Sep-91**
*MSCI All Country World ex-U.S. IMI**			*5.7*	*64*	*13.7*	*57*	*17.0*	*74*	*4.1*	*74*	*-2.6*	*56*	*10.1*	*33*	*6.1*	*Sep-91*
Total Global Equity	**1,276,618,250**	**15.8**	**3.1**	**48**	**9.8**	**52**	**16.6**	**54**	**7.8**	**40**	**-0.5**	**51**	**--**	**--**	**5.5**	**Aug-05**
*MSCI All Country World IMI**			*3.0*	*49*	*10.0*	*47*	*16.4*	*56*	*6.8*	*60*	*-1.1*	*59*	*--*	*--*	*4.3*	*Aug-05*
Total Fixed Income	**2,269,646,724**	**28.1**	**0.8**	**39**	**3.7**	**39**	**7.9**	**41**	**8.0**	**39**	**7.1**	**35**	**6.2**	**35**	**8.9**	**Jun-83**
*Barclays Universal Bond Index**			*0.6*	*49*	*2.6*	*55*	*5.5*	*58*	*6.7*	*54*	*6.2*	*49*	*5.6*	*44*	*8.9*	*Jun-83*
Total Real Estate	**403,911,351**	**5.0**	**1.9**	**--**	**1.9**	**--**	**11.9**	**--**	**12.6**	**--**	**-2.1**	**--**	**--**	**--**	**4.7**	**Nov-04**
*Performance Benchmark**			*2.3*	*--*	*2.3*	*--*	*11.0*	*--*	*11.7*	*--*	*2.4*	*--*	*--*	*--*	*7.3*	*Nov-04*
Total Private Equity	**310,400,458**	**3.8**	**3.1**	**--**	**2.2**	**--**	**9.6**	**--**	**15.0**	**--**	**4.6**	**--**	**--**	**--**	**-2.2**	**Aug-05**
Dow Jones U.S. Total Stock Market Index + 3%			*0.9*	*--*	*7.9*	*--*	*19.8*	*--*	*14.7*	*--*	*5.3*	*--*	*--*	*--*	*7.9*	*Aug-05*
Total Cash	**3,625,407**	**0.0**														

	Market Value ($)	% of Portfolio	Ending December 31, 2012 3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception Return (%)	Since
Total Cash Balance Benefit	**1,048,476,200**	**100.0**	**1.5**	**--**	**6.4**	**--**	**13.0**	**--**	**8.8**	**--**	**2.6**	**--**	**7.2**	**--**	**7.2**	**Dec-02**
Policy Benchmark			*1.6*	*--*	*6.7*	*--*	*13.1*	*--*	*8.7*	*--*	*2.9*	*--*	*7.4*	*--*	*7.4*	*Dec-02*
Total U.S. Equity	**366,735,464**	**35.0**	**0.2**	**60**	**6.6**	**50**	**16.3**	**32**	**11.5**	**30**	**1.8**	**56**	**7.7**	**72**	**7.7**	**Dec-02**
Dow Jones U.S. Total Stock Market Index			*0.2*	*60*	*6.4*	*54*	*16.4*	*31*	*11.4*	*31*	*2.2*	*50*	*7.9*	*68*	*7.9*	*Dec-02*
Total Non-U.S. Equity	**124,636,496**	**11.9**	**5.1**	**80**	**11.7**	**87**	**15.2**	**86**	**2.6**	**92**	**-4.5**	**87**	**8.8**	**65**	**8.8**	**Dec-02**
*MSCI All Country World ex-U.S. IMI**			*5.7*	*64*	*13.7*	*57*	*17.0*	*74*	*4.1*	*74*	*-2.6*	*56*	*10.1*	*33*	*10.1*	*Dec-02*
Total Global Equity	**164,874,039**	**15.7**	**3.1**	**48**	**9.8**	**52**	**16.6**	**54**	**7.8**	**40**	**0.3**	**26**	**--**	**--**	**6.1**	**Aug-05**
*MSCI All Country World IMI**			*3.0*	*49*	*10.0*	*47*	*16.4*	*56*	*6.8*	*60*	*-1.1*	*59*	*--*	*--*	*4.3*	*Aug-05*
Total Fixed Income	**299,977,508**	**28.6**	**0.8**	**39**	**3.7**	**39**	**7.9**	**41**	**7.8**	**40**	**7.1**	**35**	**5.9**	**40**	**5.9**	**Dec-02**
*Barclays Universal Bond Index**			*0.6*	*49*	*2.6*	*55*	*5.5*	*58*	*6.7*	*54*	*6.2*	*49*	*5.6*	*44*	*5.6*	*Dec-02*
Total Real Estate	**52,164,769**	**5.0**	**1.9**	**--**	**1.9**	**--**	**11.9**	**--**	**12.6**	**--**	**-2.1**	**--**	**--**	**--**	**4.7**	**Nov-04**
*Performance Benchmark**			*2.3*	*--*	*2.3*	*--*	*11.0*	*--*	*11.7*	*--*	*2.4*	*--*	*--*	*--*	*7.3*	*Nov-04*
Total Private Equity	**40,087,925**	**3.8**	**3.1**	**--**	**2.2**	**--**	**9.6**	**--**	**15.0**	**--**	**4.6**	**--**	**--**	**--**	**-2.2**	**Aug-05**
Dow Jones U.S. Total Stock Market Index + 3%			*0.9*	*--*	*7.9*	*--*	*19.8*	*--*	*14.7*	*--*	*5.3*	*--*	*--*	*--*	*7.9*	*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.

Defined Contribution & Deferred Compensation Plans

	Ending December 31, 2012	
	Market Value ($)	% of Portfolio
Total Defined Cont. & Deferred Comp.	1,106,619,366	100.0

	Market Value ($)	% of Portfolio
Total Hartford Options	34,489,108	100.0

College Savings Plans

	Ending December 31, 2012	
	Market Value ($)	% of Portfolio
First National	2,582,959,726	100.0
Direct	1,347,647,806	52.2
TD	531,189,311	20.6
Advisor	704,122,609	27.3
A	426,018,057	16.5
C	278,104,552	10.8

	Market Value ($)	% of Portfolio
Total State Farm College Savings Plan	270,451,045	100.0
State Farm Fixed Allocation	66,879,768	24.7
State Farm Enrollment Based	198,224,598	73.3
State Farm Individual Portfolios	5,346,679	2.0

Endowment Plans

	Market Value ($)	% of Portfolio	Ending December 31, 2012 3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total Endowment	**954,834,819**	**100.0**	**1.3**	**12.0**	**8.4**	**3.3**	**--**	**--**	
Total U.S. Equity	**337,225,543**	**35.3**	**0.5**	**16.6**	**11.3**	**1.5**	**7.4**	**4.1**	**Dec-01**
Dow Jones U.S. Total Stock Market Index			*0.2*	*16.4*	*11.4*	*2.2*	*7.9*	*4.9*	*Dec-01*
Total Non-U.S. Equity	**120,957,657**	**12.7**	**5.2**	**16.2**	**3.2**	**-3.7**	**9.3**	**4.0**	**Dec-00**
*MSCI All Country World ex-U.S. IMI**			*5.7*	*17.0*	*4.0*	*-2.8*	*9.8*	*4.7*	*Dec-00*
Total Global Equity	**69,688,653**	**7.3**	**3.2**	**17.5**	**7.7**	**2.4**	**--**	**7.6**	**Aug-05**
*MSCI All Country World IMI**			*3.0*	*16.4*	*6.8*	*-1.1*	*--*	*4.3*	*Aug-05*
Total Fixed Income	**363,719,326**	**38.1**	**0.6**	**6.8**	**7.1**	**7.3**	**6.1**	**6.7**	**Jun-97**
*Barclays Universal Bond Index**			*0.6*	*5.5*	*6.7*	*6.2*	*5.4*	*6.3*	*Jun-97*
Total Real Estate	**42,403,240**	**4.4**							
Total Private Equity	**20,840,400**	**2.2**							

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

In-House Trusts & OIP

	Market Value ($)	% of Portfolio	Ending December 31, 2012 3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total In-House Plans	**9,867,579**	**100.0**							
Aeronautics	6,903,547	70.0	-0.1	2.5	5.8	6.0	5.2	7.2	Dec-89
Barclays Treasury Bond Index			*-0.1*	*2.0*	*5.8*	*5.4*	*4.7*	*6.7*	*Dec-89*
Agricultural Development	2,964,032	30.0	-0.1	2.4	6.3	5.5	4.9	7.4	Dec-88
Barclays Treasury Bond Index			*-0.1*	*2.0*	*5.8*	*5.4*	*4.7*	*7.0*	*Dec-88*

	Market Value ($)	% of Portfolio	Ending December 31, 2012 3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
Total OIP	**3,317,282,203**	**100.0**	**0.2**	**3.1**	**3.7**	**3.9**	**3.9**	**4.7**	**Dec-96**
Policy Benchmark			*0.3*	*3.3*	*4.6*	*4.7*	*4.1*	*5.1*	*Dec-96*
Internal Short–Term Liquidity Pool	430,060,694	13.0	0.0	0.1	1.9	2.4	3.2	4.2	Dec-96
Performance Benchmark			*0.0*	*0.2*	*3.1*	*3.2*	*3.4*	*4.6*	*Dec-96*
Galliard Asset Management (External)	506,357,875	15.3	0.3	3.8	5.5	--	--	6.8	Jun-09
Barclays Capital Intermediate Gov't/Corporate Index			*0.3*	*3.9*	*5.9*	--	--	*7.3*	*Jun-09*
Operating Investment Pool (Internal Government/Corporate)	2,380,863,634	71.8	0.3	3.7	--	--	--	3.6	Oct-11
Barclays Capital Intermediate Gov't/Corporate Index			*0.3*	*3.9*	--	--	--	*3.8*	*Oct-11*