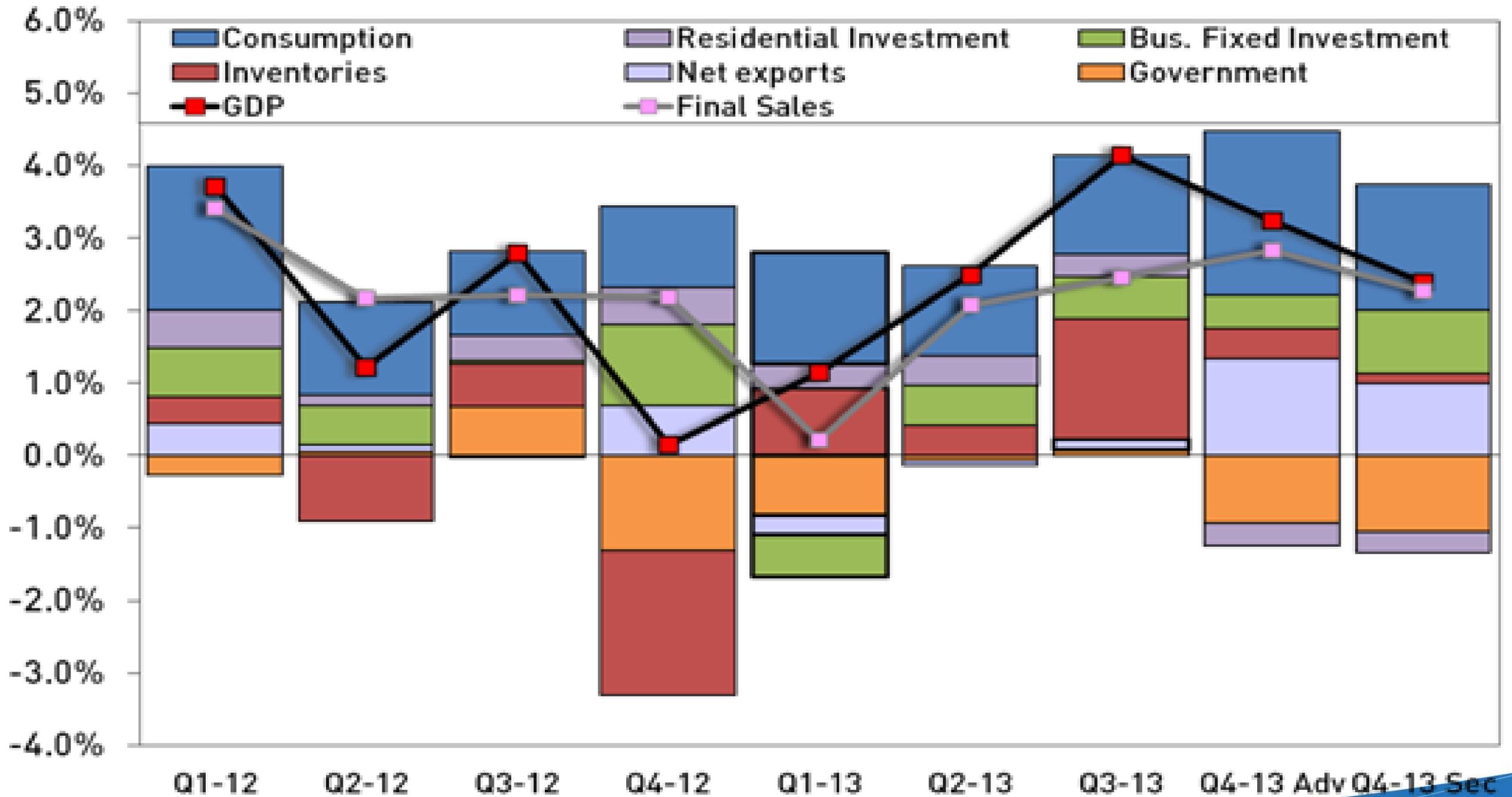


4Q13 Investment Results for the Management Committee

03-26-14

Economic Review: Real GDP

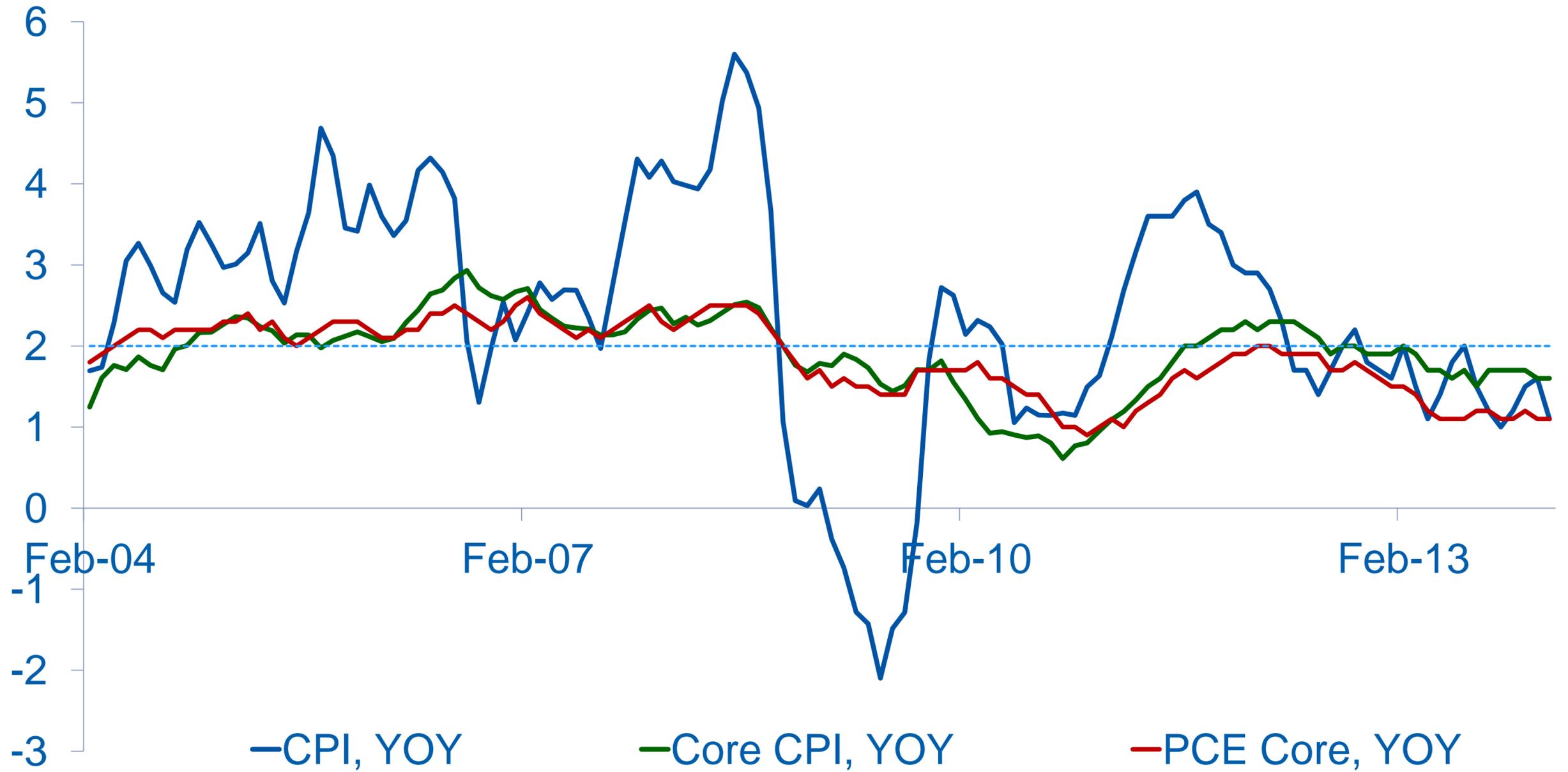
GDP and Sector Contributions



Source: Bureau of Economic Analysis, FTN Financial

Inflation

Consumer Price Index



Source: Metropolitan Council, Bloomberg

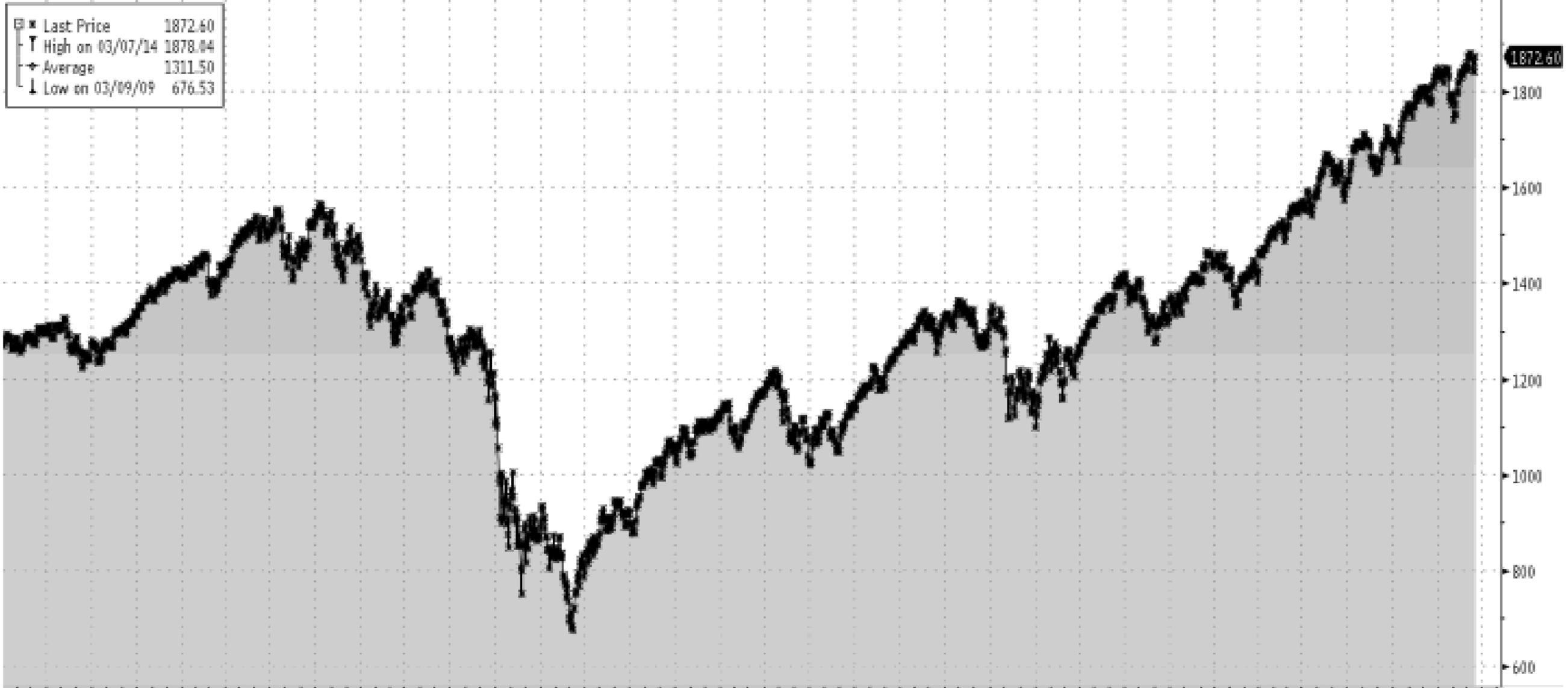
Future Economic Environment

- LT rates have moved up a bit and may continue to rise but will be constrained by the economy's low growth expectations.
- Headline risk: Weak US economic data, slow global economic growth.

S&P 500 Index

SPX ↓ 1872.60 +13.77 *max* 1872.36 / 1872.97
 At 13:44 d 0 1858.92 H 1873.53 L 1858.92 Prev 1858.83

SPX Index	95) Save As	96) Actions	97) Edit	98) Table	Line Chart
01/03/2006 - 03/18/2014	Last Price	Line	11) Compare	Mov. Avgs	No Lower Chart
1D 3D 1M 6M YTD 1Y 5Y Max Daily ▼				« Security/Study	Event



2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia 61 2 9777 8600	Brazil 5511 3048 4500	Europe 44 20 7330 7500	Germany 49 69 9204 1210	Hong Kong 852 2977 6000	Japan 81 3 3201 8900	Singapore 65 6212 1000	U.S. 1 212 318 2000	

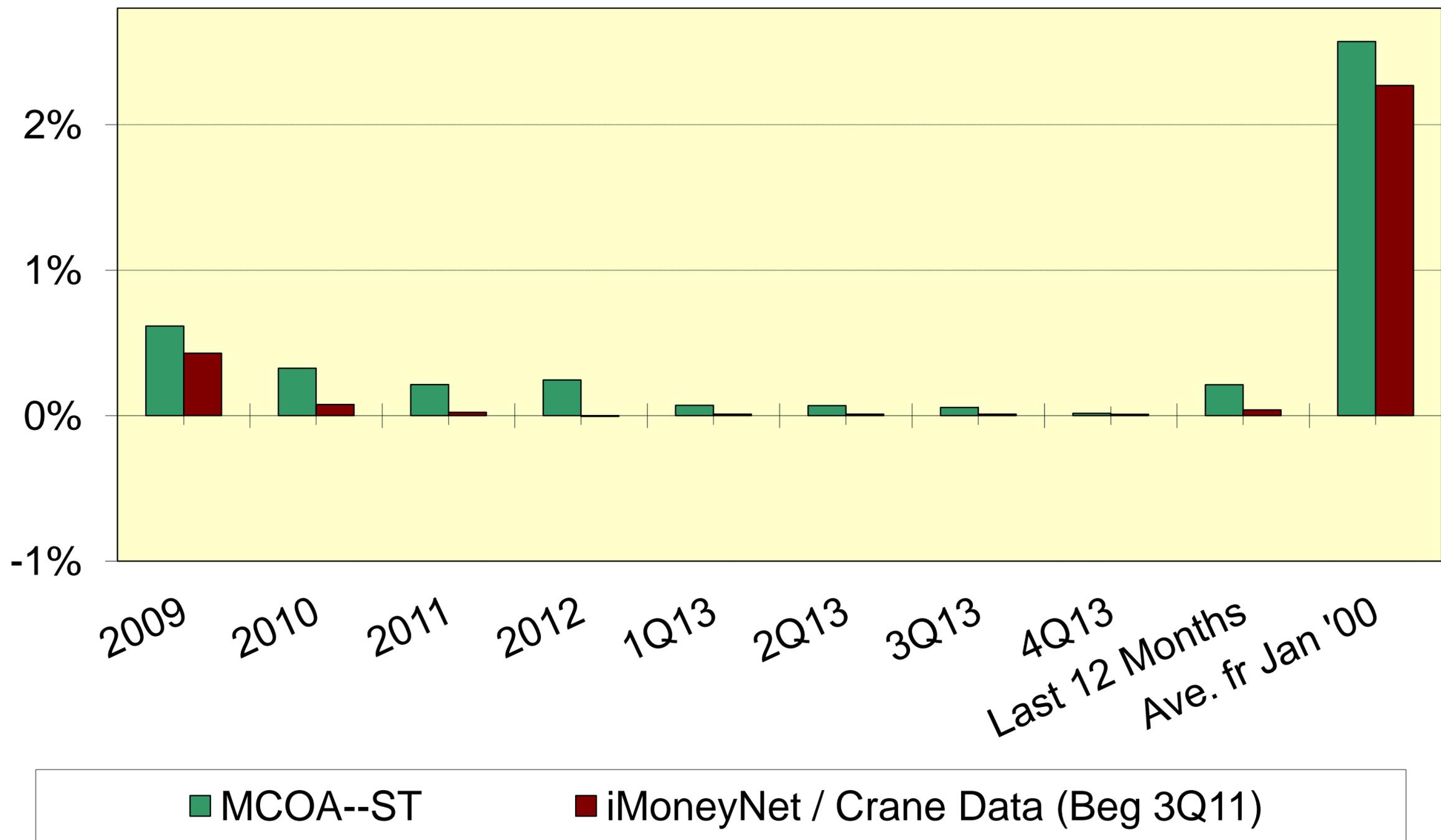
Copyright 2014 Bloomberg Finance L.P.
 SN 563612 CDT GMT-5:00 6819-5476-0 18-Mar-2014 13:59:30

Source: Bloomberg



Total Return, ST Portfolio

Total Return (by Periods)



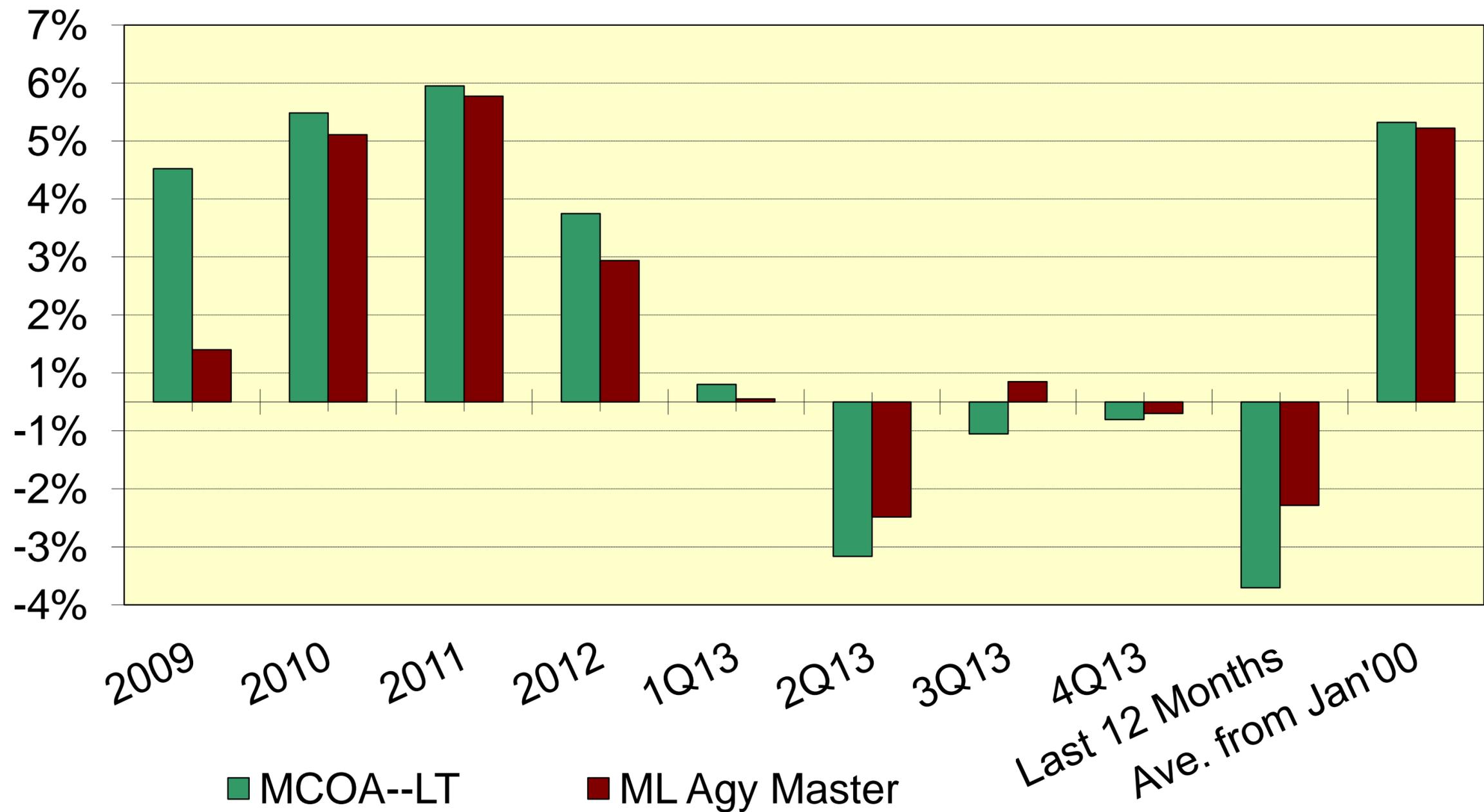
Source: Metropolitan Council, Bloomberg

Expectations: Short Term

- Investment opportunities are limited, since short term interest rates remain low
- Explore other short-term alternatives i.e., maintain large cash balances at bank for earnings credit which offset bank fees and purchase CD's with FDIC insurance.
- After Jan 1, moved \$50 million to Long-term portfolio.

Total Return, LT Portfolio

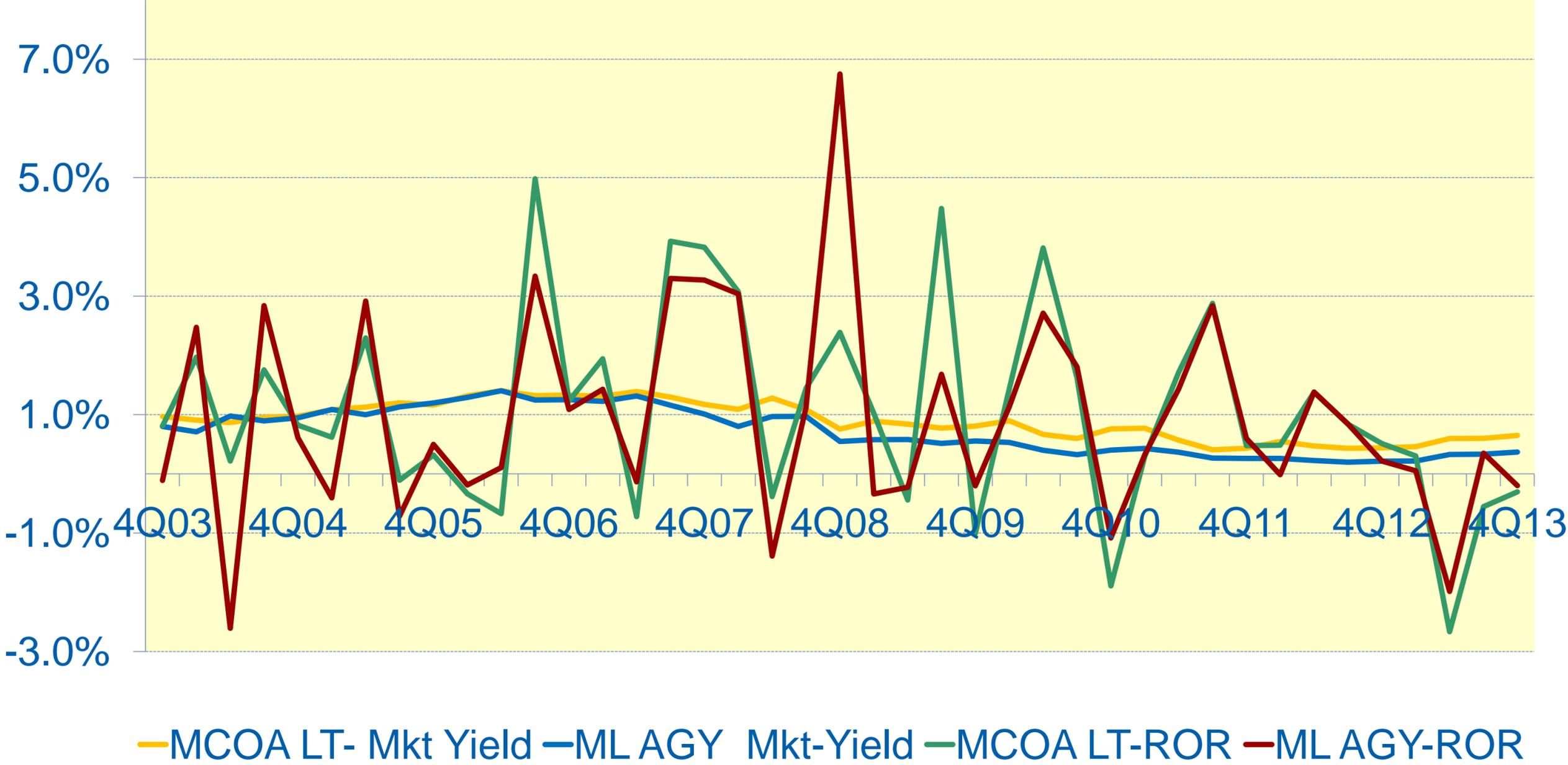
Total Return (by Periods)



Source: Metropolitan Council, Bloomberg

Market Yield & Total Return

Market Yield/Total Return: Met Council L-T vs. Merrill Lynch Agency Master Index



Source: Metropolitan Council, Bloomberg



Investment Plans for Long-term Portfolio

- Purchased 3 & 5 yr bullet agencies to ride down yield curve.
- Use cash balances to maintain effective duration within a range of 2 - 6.
- As rates rise, invest in mortgage backed securities, CP's and high quality taxable municipal bonds.

OPEB 4Q13 Port Results

- S&P 500 Index @ 10.5%; OPEB @ 10.4%
- 4Q13 unrealized gain is \$ 16M
- Value: 09-30-13: \$ 160.7MM
12-31-13: \$ 179.0MM
03-17-14: \$ 181.3MM
- 100% allocation to equities

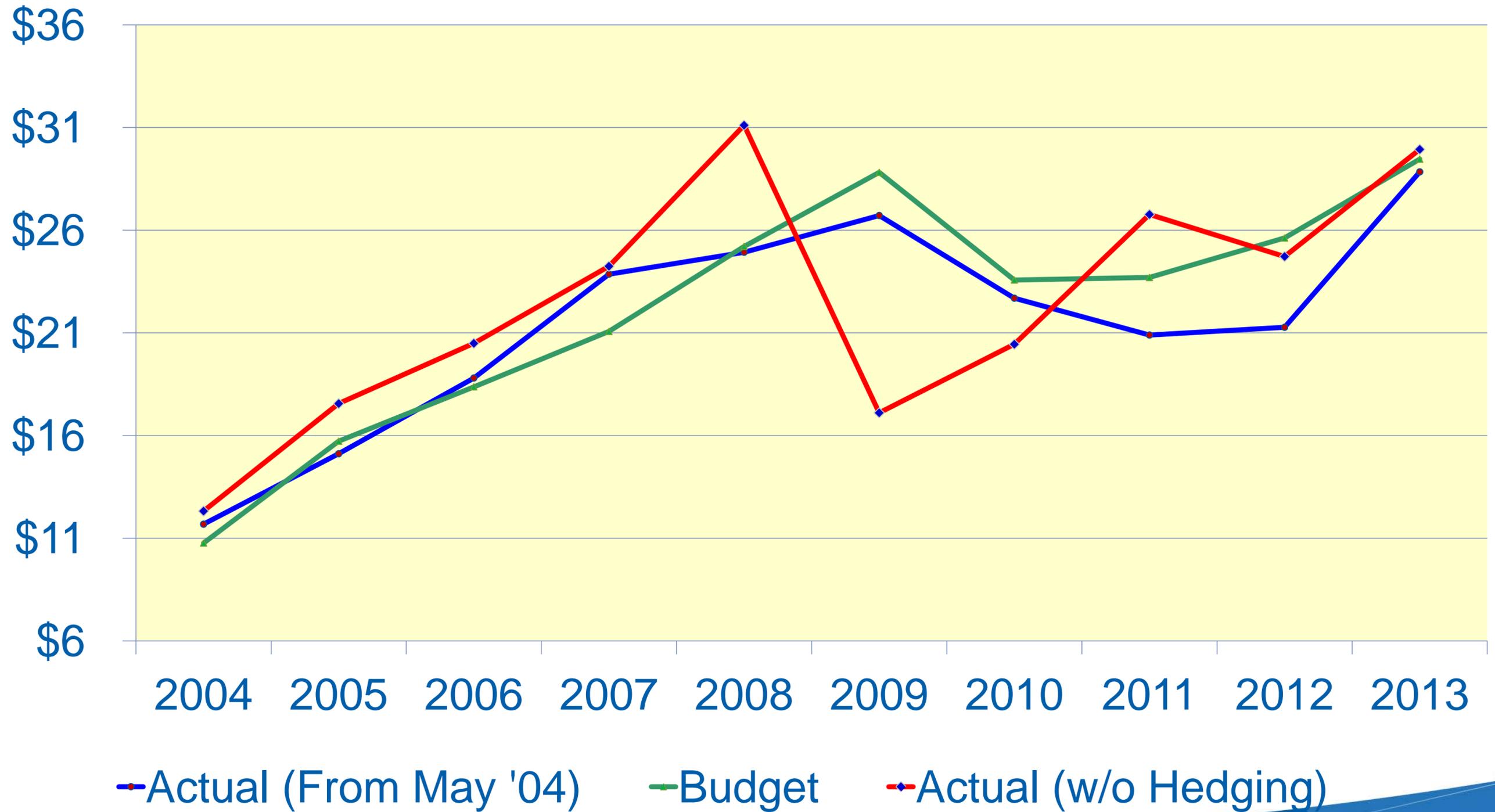
Allocation Expectations: OPEB

- Review asset allocation strategy in 2014 based on results from pending actuarial analysis.
- Equity markets will remain volatile in the short-term.

▪

Diesel Hedging Impact on Budget

(in Millions)



Source: Metropolitan Council

Expectations: HO (diesel)

- In the short-run, prices will remain volatile due to ever changing supply and demand factors.
- Stable prices in the long term, since US production continues to be strong.

Questions

