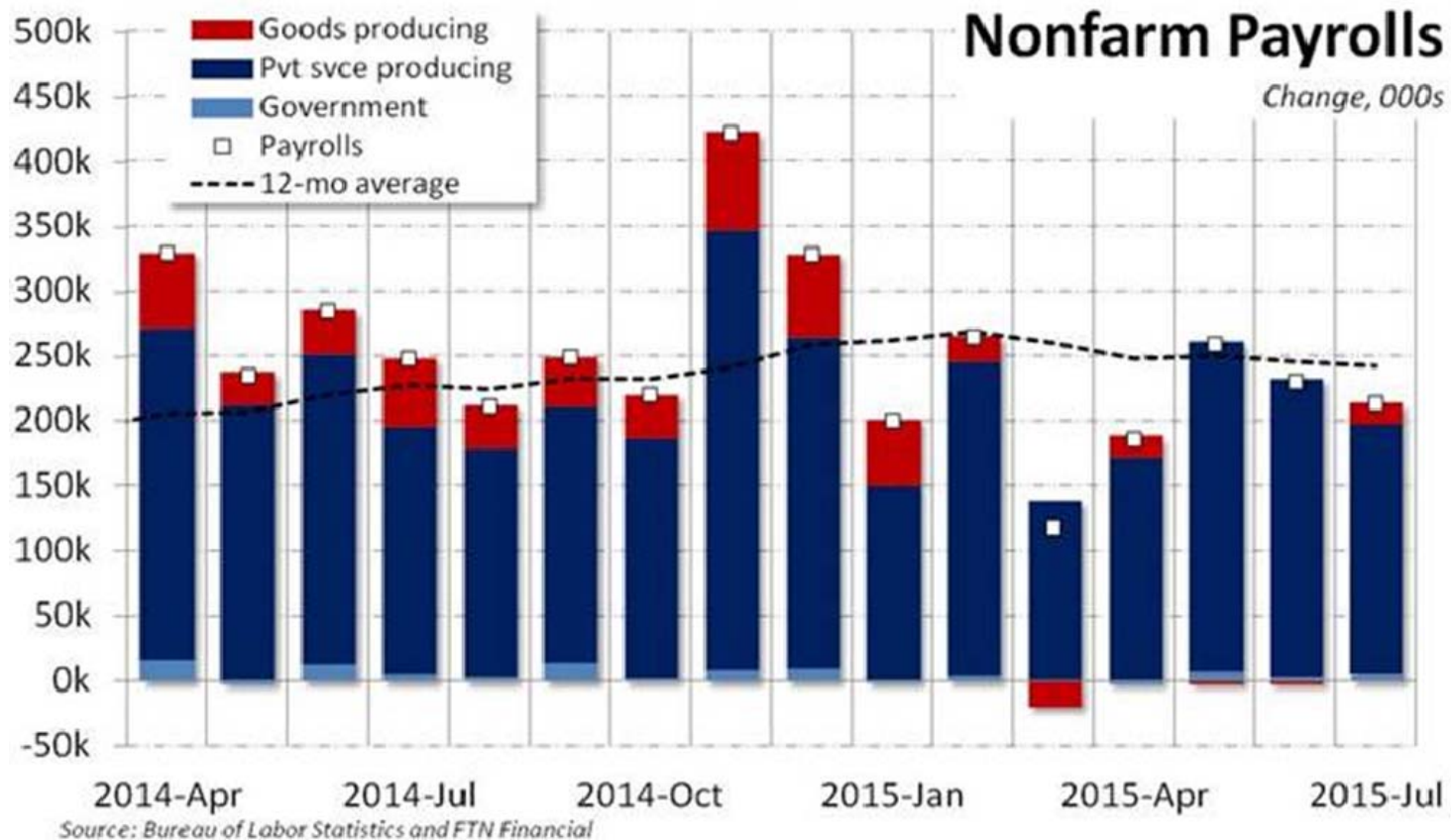


2Q15 Investment Results for the Management Committee

8-26-15

Economic Review: Nonfarm Payrolls

Unemployment rate held steady at 5.3%



Source: Bureau of Labor Statistics and FTN Financial

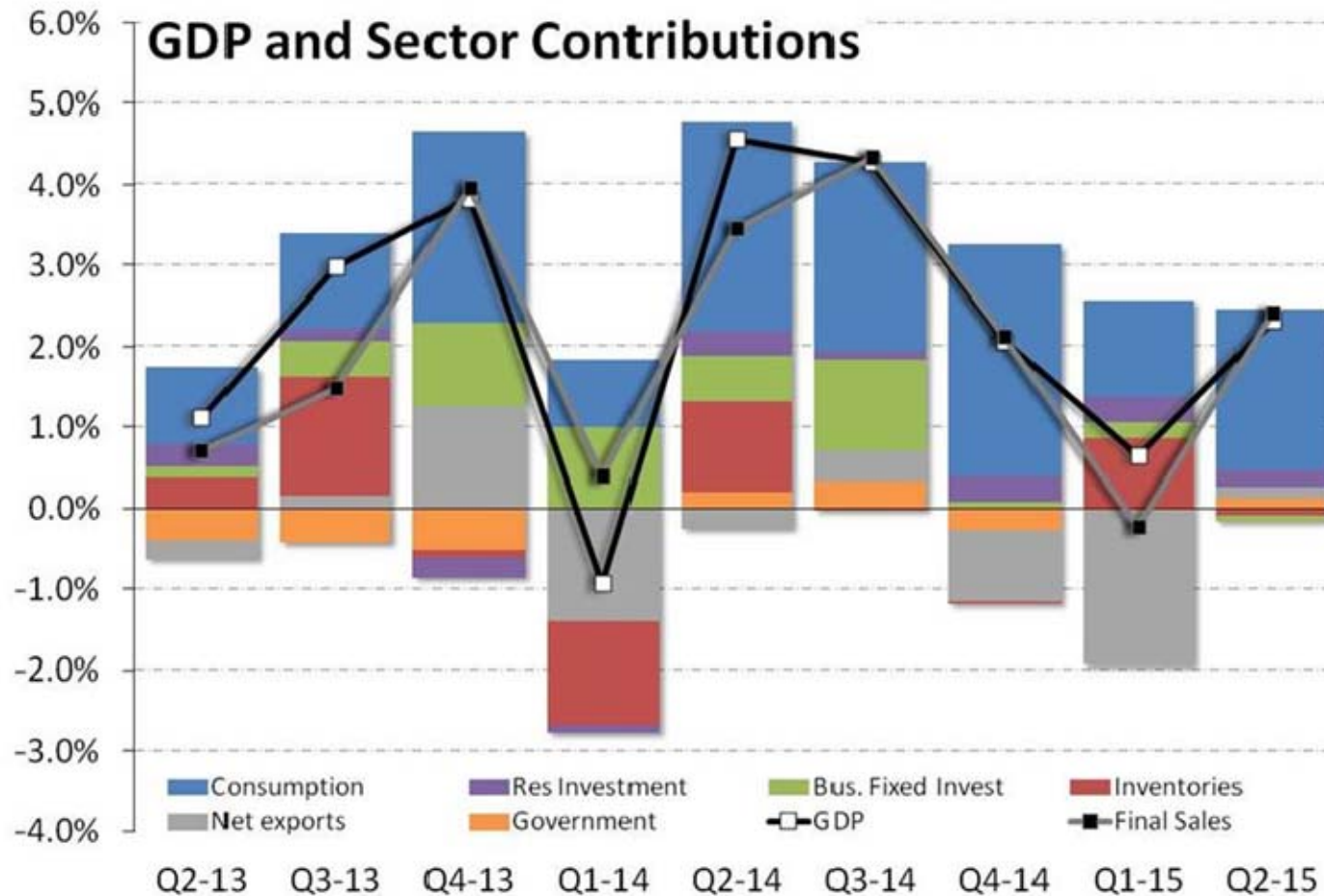
Average Hourly Earnings



Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

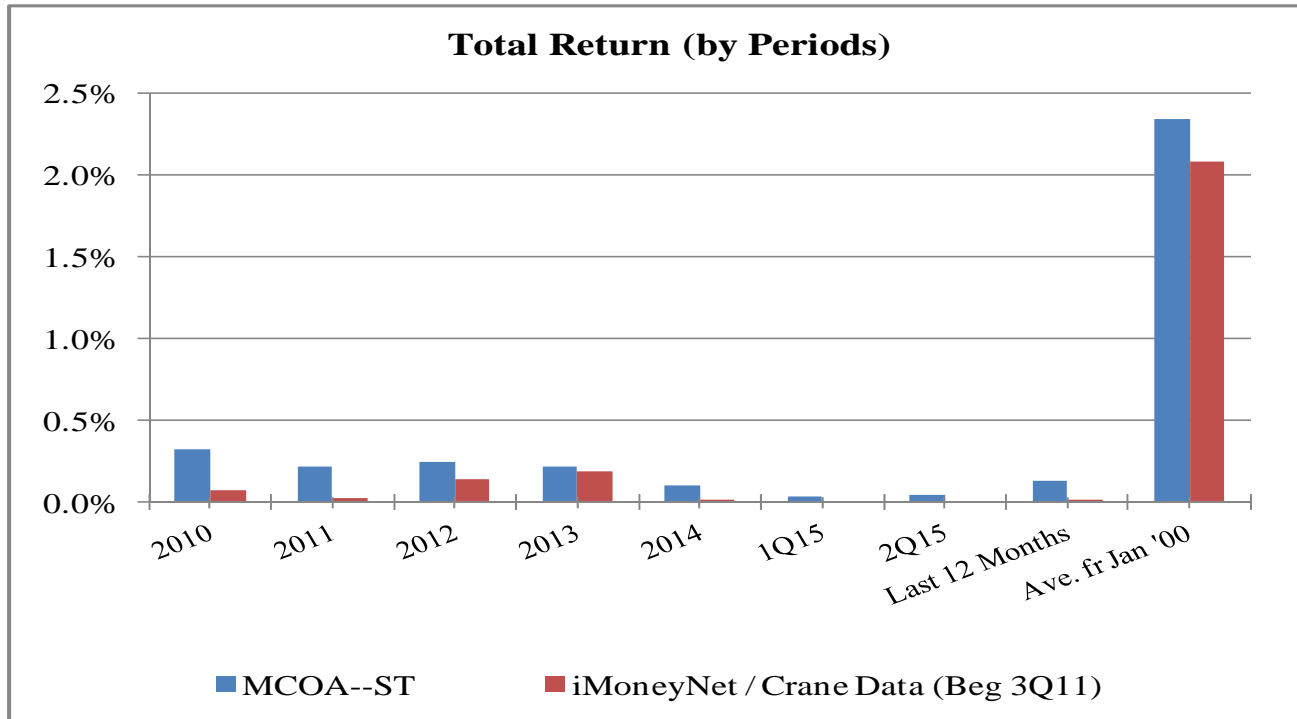
Slow but Steady Growth in GDP



Source: Bureau of Economic Analysis and FTN Financial

Source: Bureau of Economic Analysis and FTN Financial

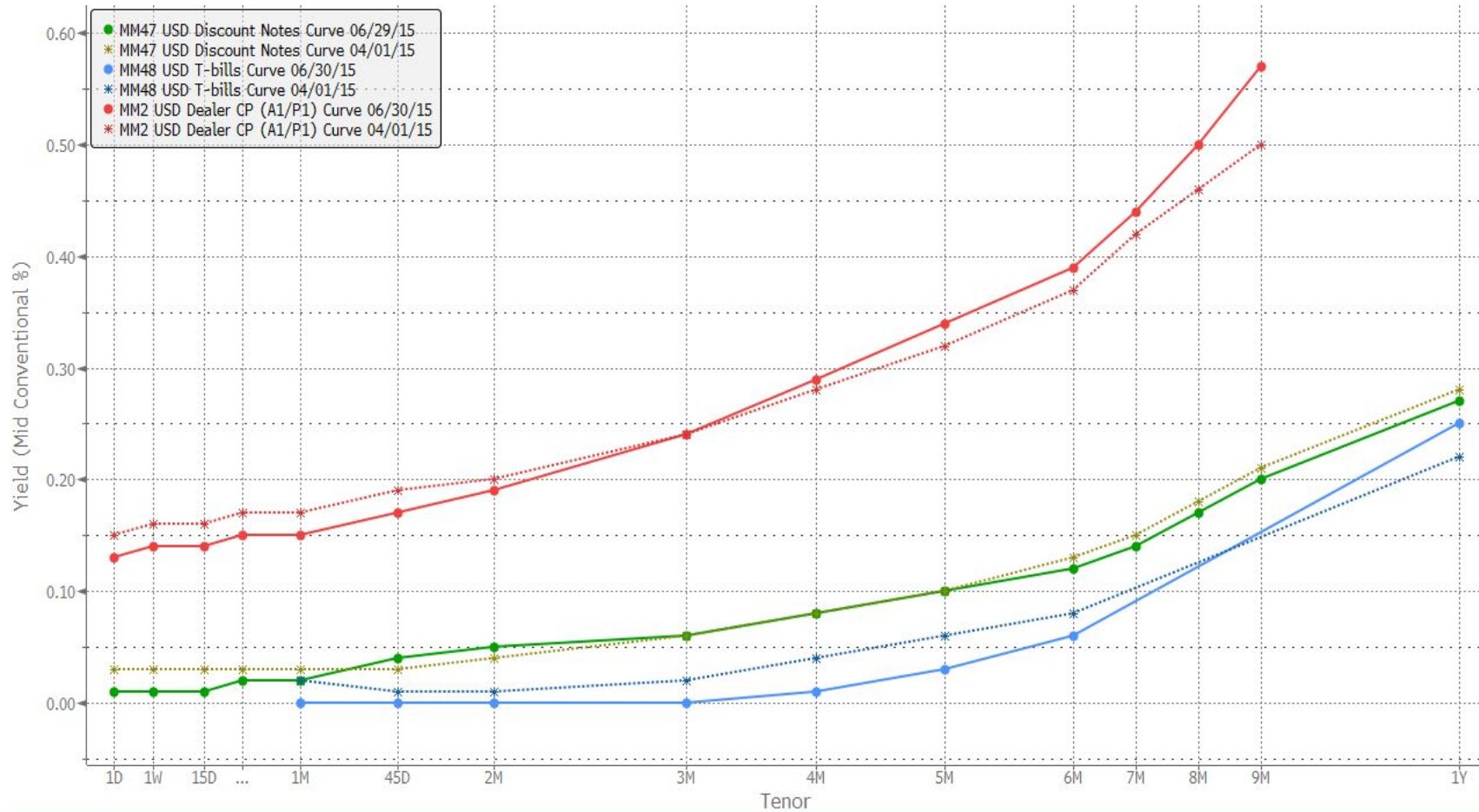
Total Return, ST Portfolio



- +3 bps (above) Index in 2Q
- +23 bps/year ave. over index for last 16 yrs

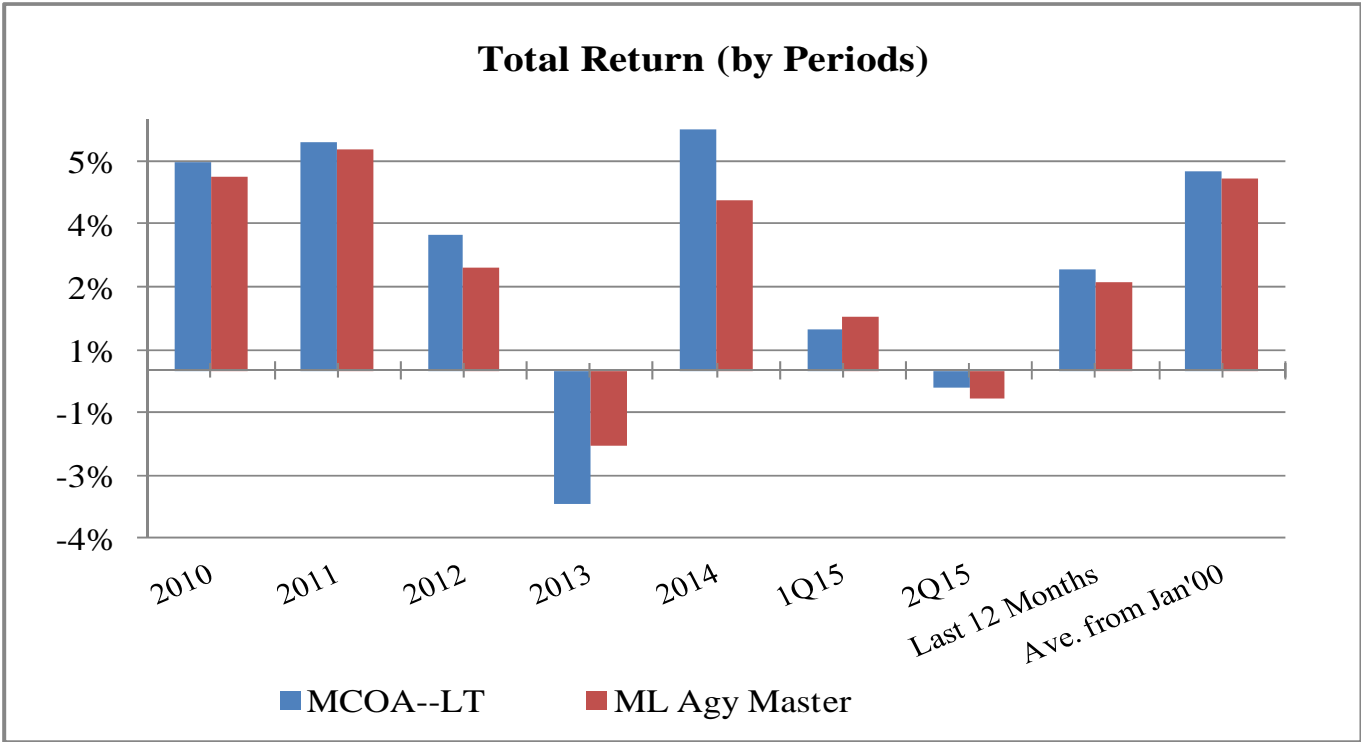
Source: Metropolitan Council, Bloomberg

US Short rates have remained at stable, low levels



Source: Bloomberg

Total Return, LT Portfolio



- +23 bps (above) Index in 2Q15
- +19 bps/year ave. over index for last 16 yrs

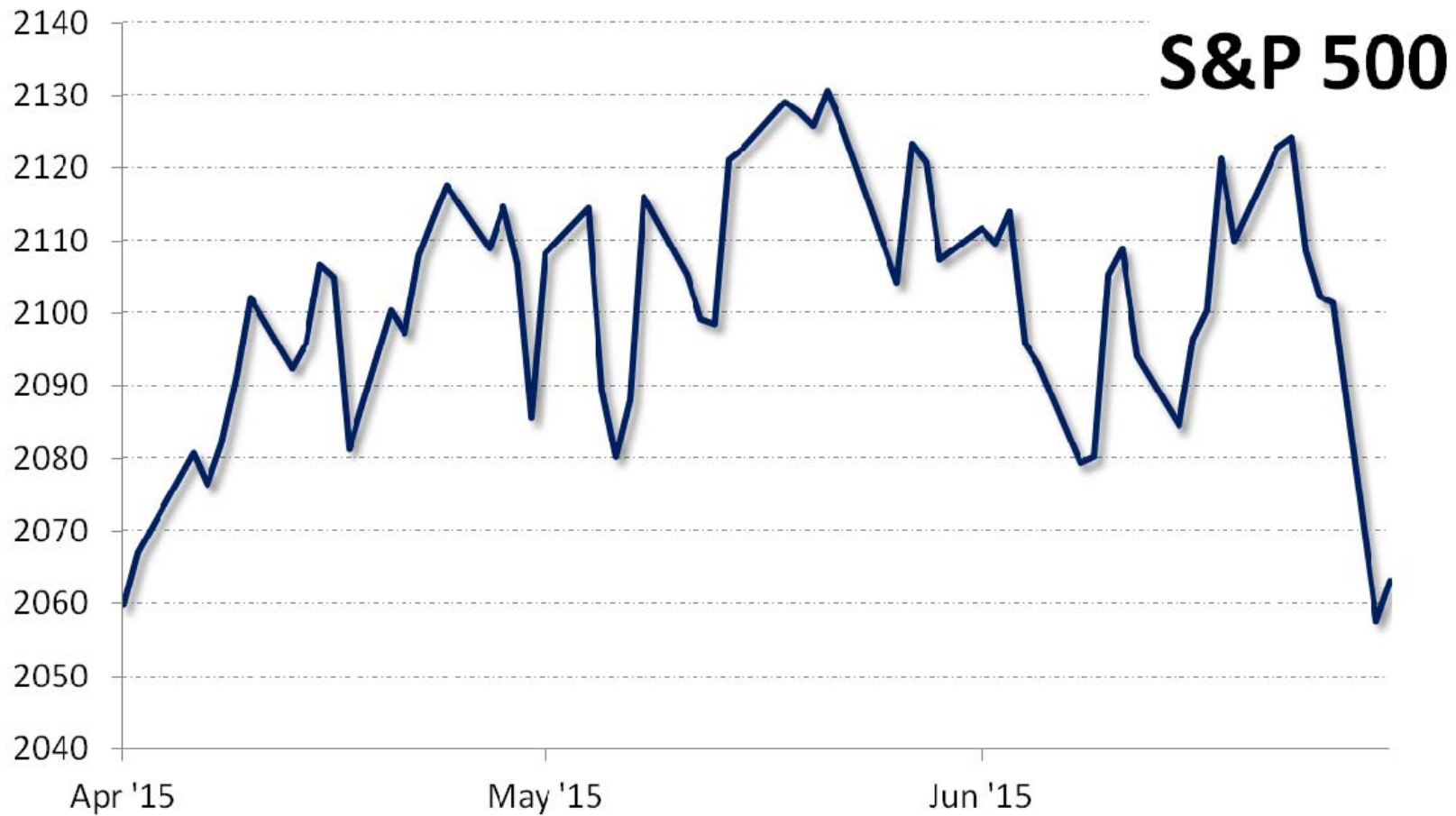
Source: Metropolitan Council, Bloomberg



Investment Plans for Long-term Portfolio

- Maintain high cash balances to maintain effective duration within a range of 2 - 6.
- Cash can be utilized to purchase high yielding securities should rates rise in the near future.

S&P 500 Index



Source: Standard and Poor's

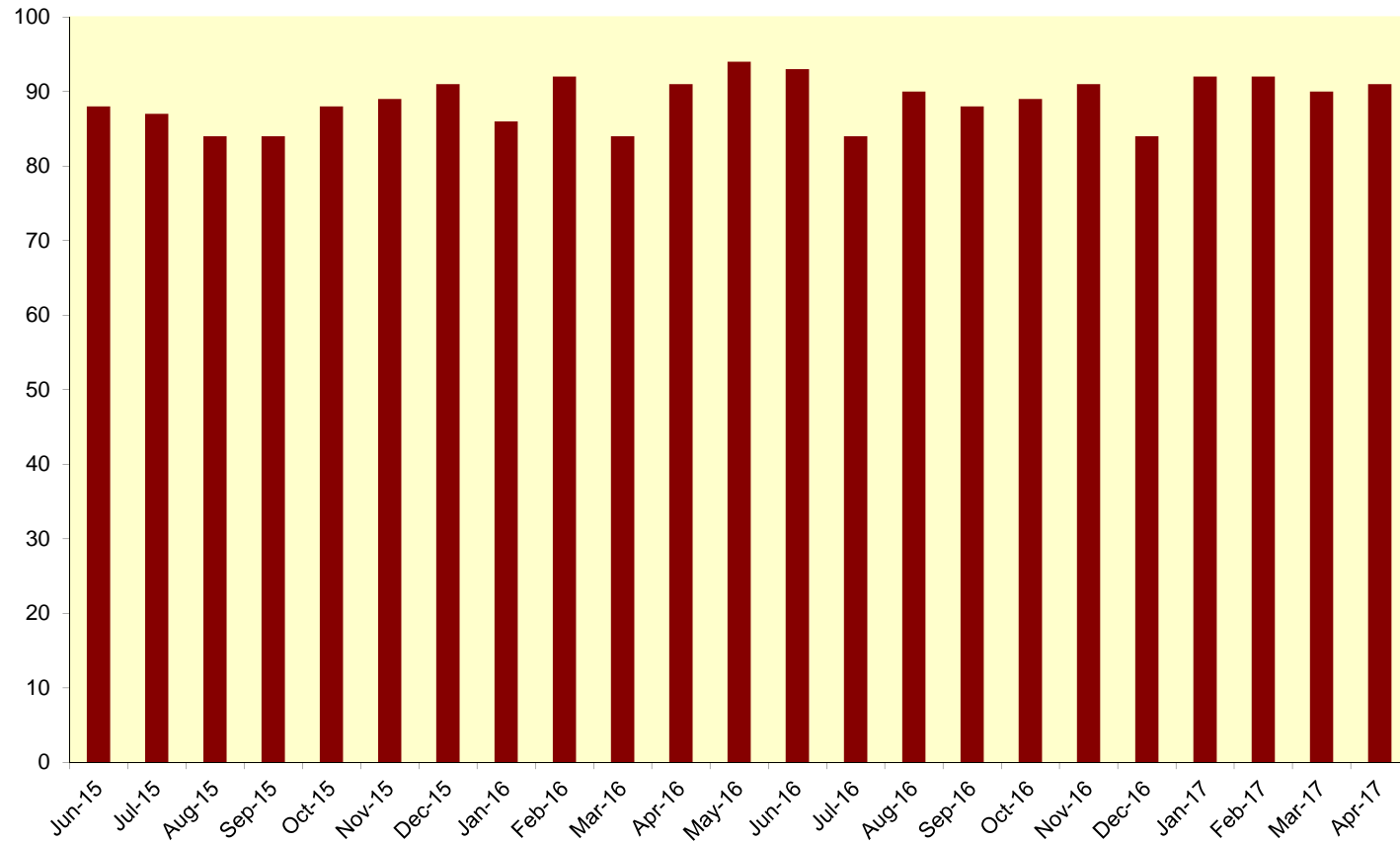
OPEB 2Q15 Port Results

- OPEB @ .28% ; S&P 500 Index @ .28%
- 2Q15 net gain of \$.6M
- Value: 12-31-14: \$ 204.1 MM
 03-31-15: \$ 206.0 MM
 06-30-15: \$ 206.6 MM
- Allocation to equities and cash

Allocation Expectations: OPEB

- A new investment strategy is being developed. Over time, the Minnesota State Board of Investments (SBI) will put into place a laddered bond portfolio which will generate the targeted cash flow to meet future liability payments.
- We expect future growth in the equity markets to be constrained because of all the growth that is behind us. Equity markets will remain volatile due to market uncertainty fueled by geopolitical risks.

Diesel Hedging Program



Source: Metropolitan Council

Questions

