Effective Rates for
FY 2016 YTD:

- Cash Portfolio: 0.25%
- Long-Term Portfolio: 1.76%
- Total Pool: 1.48%

Capital Markets & Rates

The yield on 2-year Treasuries fell to 0.78% in February from 0.94% at the end of November. The yield on 10-year Treasuries declined to 1.74% from 2.21% at the end of November.

The S&P 500 Index returned -6.6% during the quarter and -6.2% for the one-year ending February 29, 2016.

The unemployment rate declined to 4.9% in February. The economy added 685,000 jobs during the three month period.

Economic data was positively revised, as the economy grew at a 1.4% annual rate during the quarter ending December 31, 2015. For the calendar year ending 2015, real GDP increased 2.4% in 2015.

Pool Valuation

As of February 29, 2016, the Pool had a market value of approximately $3.3 billion. For the 2nd quarter of FY 2016, the Pool positions had $808.4 million in cash inflows and $699.3 million in cash outflows, increasing the book value of the Pool by $109.1 million. The Pool earned investment income during the quarter of $13.5 million and realized net losses on investments of $1.7 million.

The Cash Portfolio distributes all interest, dividends, and realized gains/(losses), net of external management fees, to the participants based on their average short-term balance for each month. The Long-Term Pool distributes all interest, dividends, and realized gains/(losses), net of external management fees, to the participants based on their ownership of Long-Term Pool units for each month.

Investment Allocation and Performance

As of February 29, 2016, the Cash Concentration Pool had a market value of approximately $3.0 billion (excluding debt proceeds and pending transfers) with 11.9% of the Pool’s assets invested in the Cash Portfolio and 88.1% of the assets invested in the Long-Term Portfolio. The Cash Portfolio and the Long-Term Portfolio are managed by external investment managers. The comparative returns for the Pool for the one, three, five, ten and fifteen-year periods ending February 29, 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
<th>15-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pool</td>
<td>-5.8%</td>
<td>2.8%</td>
<td>3.0%</td>
<td>3.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Balanced Index</td>
<td>-6.0%</td>
<td>2.5%</td>
<td>3.1%</td>
<td>3.7%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

Asset Allocation as of February 29, 2016:

- Cash Portfolio, 11.9%
- Domestic Equities, 20.0%
- International Equities, 17.2%
- Absolute Return, 19.5%
- Liquidly Portfolio, 9.8%
- Long-Term Fixed Income, 21.6%