

Table of Contents

ACKNOWLEDGEMENTS	PAGE 2
INTRODUCTION.....	PAGE 3
CURRENT STATUS	PAGE 6
DETERMINISTIC ANALYSIS.....	PAGE 7
DETERMINISTIC SCENARIO ANALYSIS	PAGE 17
STOCHASTIC ANALYSIS.....	PAGE 19
APPENDIX 1: SENSITIVITY ANALYSIS: VOLATILITY	PAGE 46
APPENDIX 2: SENSITIVITY ANALYSIS: CORRELATIONS.....	PAGE 49
APPENDIX 3: ASSUMPTIONS AND METHODS.....	PAGE 52

Acknowledgements

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Introduction

RVK, Inc. (RVK) has prepared this report for the Water and Power Employees' Retirement Plan to:

- Present projected valuation results with respect to the funded status of the Plan.
- Present projected benefit payments of the Plan.
- Investigate asset mixes to determine those which best serve to protect and increase funding levels, while providing adequate liquidity for benefit payments.

The valuation projections are shown using both a deterministic and stochastic process.

The deterministic process provides an open group analysis of projected valuation results based on a fixed set of future assumptions (see summary in the Assumptions and Methods section of this report).

The stochastic process provides an open group analysis of projected valuation results under many capital market environments based on expected asset returns and inflation, and their expected volatility. Using a Monte Carlo simulation technique, both assets and liabilities are assumed to vary stochastically, linked together by changes in inflation. Expected values, variances of the returns and inflation, and correlations are used to generate 2,000 trials to produce a distribution of potential outcomes. A stochastic analysis can answer questions about the best/worst case outcomes along with the probability of such outcomes.

Introduction (continued)

What is an Asset/Liability Study?

- Investment programs and the strategy they seek to implement (Investment Policy) do not exist in a vacuum. They seek to satisfy one or more investment objectives and operate within a plan framework that includes the investment objectives (Benefit Policy) and plan funding (Contribution Policy).
- The purpose of an Asset/Liability Study is to examine how well alternative investment strategies (i.e., differing asset allocations) address the objectives served by the Plan—the Plan's "liabilities" in the context of the Plan's funding streams—the Plan's Contribution Policy. It is the only standard analysis that fully links all three aspects of the Plan's key financial drivers.
- In doing so, it creates an important "guidepost" for the actual asset allocation for the Plan; the asset allocation chosen by the Plan's fiduciaries will likely reflect the nature of the liabilities but also numerous other factors including risk preferences, liquidity, implementation constraints, etc.
- For this Asset/Liability Study, we assume the objectives are:
 1. Fund all participants' benefits over time.
 2. Assure sufficient liquidity to pay benefits at all times.
 3. Foster a stable contribution stream consistent with objectives 1 and 2.
 4. Achieve adequate returns without accepting unnecessary or imprudent levels of risk.

An Asset/Liability Study is NOT . . .

- An actuarial study of Plan liabilities—that is the purview of the Plan's actuary.
- A prescription for Plan benefits—that is the purview of the elected representatives.
- An assessment of the affordability of contribution levels—that is the purview of the elected officials and their constituents.
- The sole determinant of the final asset allocation adopted for the Plan—there are a number of factors, including insights from an Asset/Liability Study, which will bear on the optimal asset allocation.



Introduction (continued)

Asset/Liability Studies in Practice . . .

- Begin with a forecast of the financial liabilities (i.e., benefit obligations).
- Include a baseline estimation of the financial contributions to the Plan over time.
- Compare alternative investment strategies (i.e., total fund asset allocations to the Plan's financial needs).
- Draw conclusions regarding how well various investment strategies satisfy the Plan's financial needs.

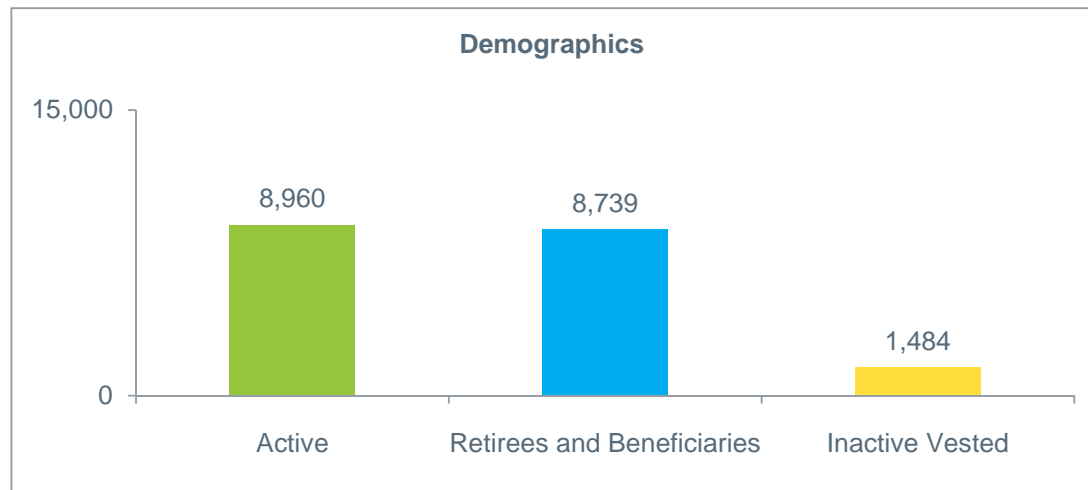
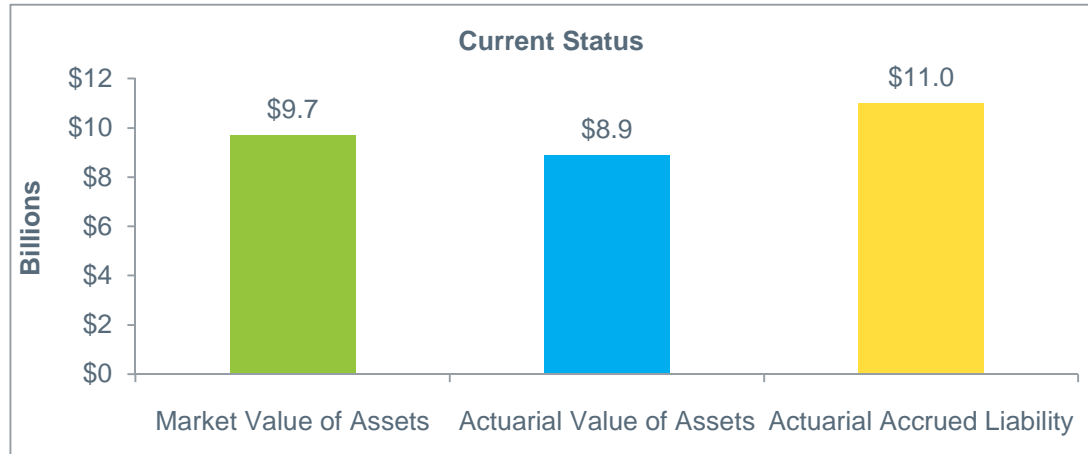
This Asset/Liability Study . . .

- Uses data from the July 1, 2014 Actuarial Valuation to project pension liabilities.
- Uses the Actuarial Cost Method described in the July 1, 2014 Actuarial Valuation.
- Compares these specific investment strategies—(A) the current Target Allocation, (B) a conservative illustrative portfolio (Conservative Portfolio), (C) a diversified lower risk portfolio (Potential Portfolio 1), (D) a diversified moderate risk portfolio (Potential Portfolio 2), (E) a diversified higher risk portfolio (Potential Portfolio 3), and (F) an aggressive illustrative portfolio (Aggressive Portfolio).
- Assumes the Plan's current benefit policy throughout the entire projection period—changes to the benefit policy are the purview of the elected representatives.
- Note: Does not assume any actuarial adjustments that may take place in future years.

Current Status

A summary of the Plan follows:

Valuation Date	July 1, 2014
Market Value of Assets (MVA)	\$9.7 billion
Actuarial Value of Assets (AVA)	\$8.9 billion
Actuarial Accrued Liability (AAL)	\$11.0 billion
Market Value Funded Ratio (MVA/AAL)	88%
Actuarial Value Funded Ratio (AVA/AAL)	81%
Active	8,960
Retirees and Beneficiaries	8,739
Inactive Vested	1,484



Deterministic Analysis

This section provides an analysis of the Plan's assets, liabilities, funded status, and benefit payments based on a fixed set of future assumptions. Each analysis that follows in this deterministic section rests on the critical assumptions below and must be read and interpreted with them in mind—particularly assumptions #2, #3 and #4.

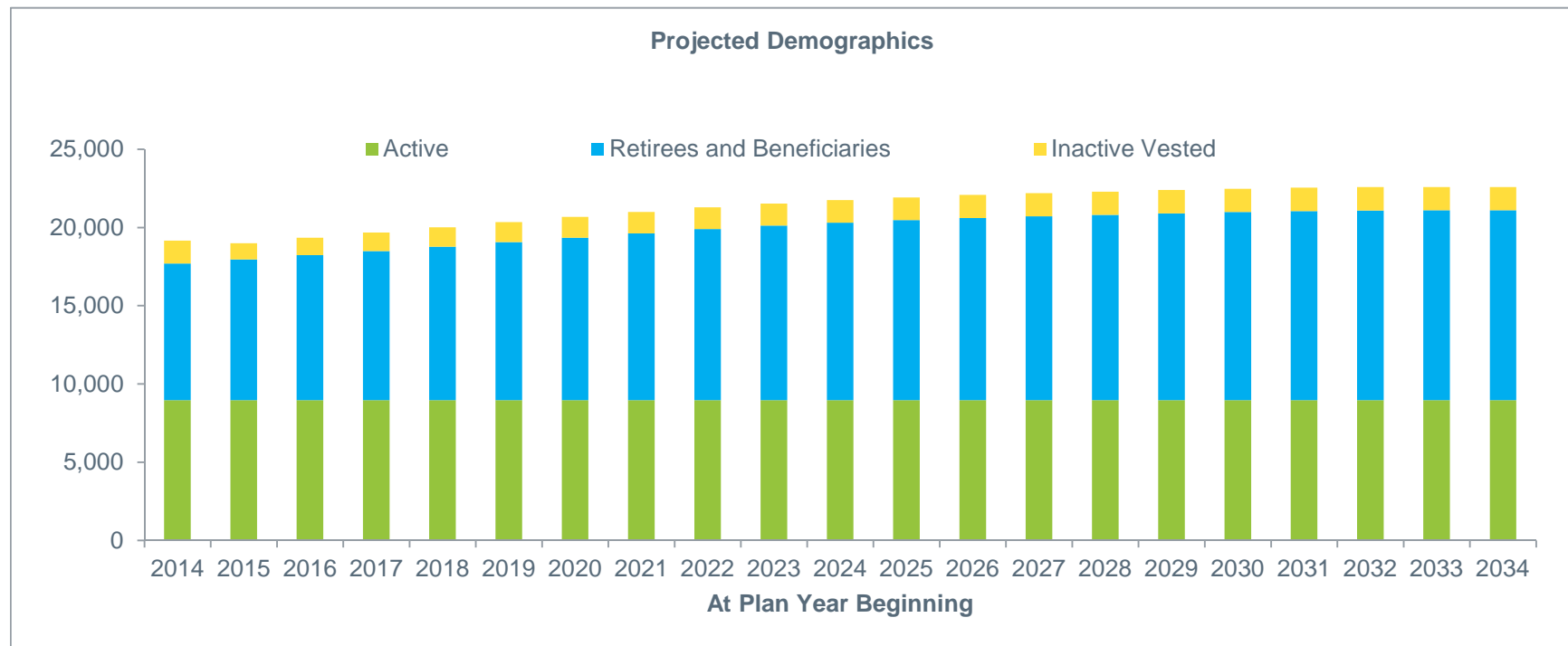
The deterministic assumptions are as follows:

1. Current Plan provisions (see Summary of Plan Provisions beginning on page 51 of the July 1, 2014 actuarial valuation report prepared by Segal).
2. The participant data used by Segal in its July 1, 2014 actuarial valuation.
3. Actuarially assumed rate of return on Plan assets for all projection years: 7.50%.
4. For the fiscal year 2015, the employer contribution is capped at 46.17% of pay in accordance with the phase-in provision. Thereafter, assumes employer contributions equal to 1) gross normal cost less expected employee contributions, plus 2) an amortization of the unfunded actuarial liability.
5. Assumes demographic experience projected in accordance with the actuarial assumptions used in the July 1, 2014 actuarial valuation prepared by Segal.
6. Open group analysis: level active population. New active participants entering the Plan are assumed to have similar characteristics to recently hired participants.

Deterministic Analysis (continued)

Demographics

Following are the projected number of active and inactive participants at the beginning of each Plan year from 2014 through 2034 (2014 is actual). These projections are based on an open group analysis. Using the actuary's assumptions for death, termination, retirement, and disability, current participants are assumed to leave the Plan in the future. The number of total inactive participants (Retirees and Beneficiaries and Vested Inactive) increases by approximately 33% during the 20-year projection period shown.

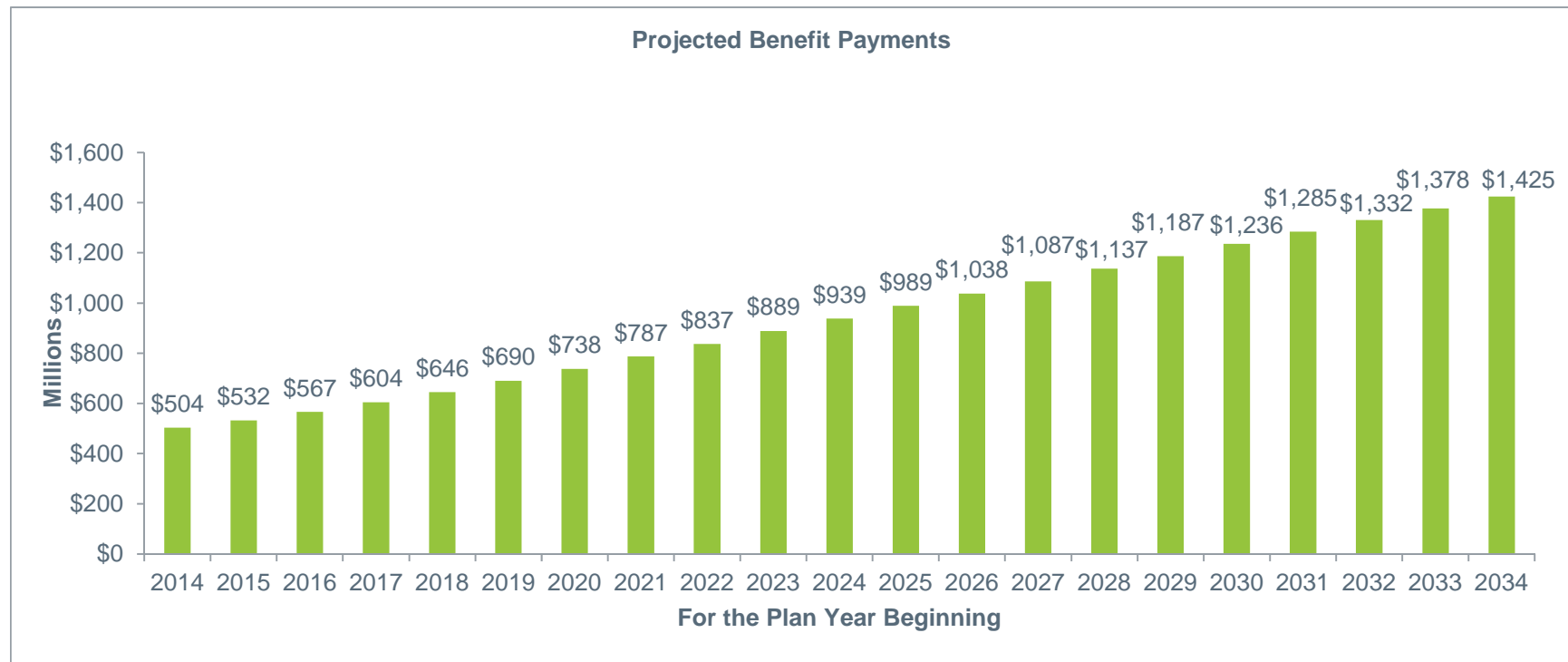


Total Population	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Percent Change	N/A	-1%	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%

Deterministic Analysis (continued)

Benefit Payments

The Plan's projected annual benefit payments are shown in the chart below. The projected benefit payments are expected to increase by about 183% over the next 20 years. As a percentage of the market value of Plan assets, benefit payments are expected to gradually increase through the end of the projection period (see page 12).

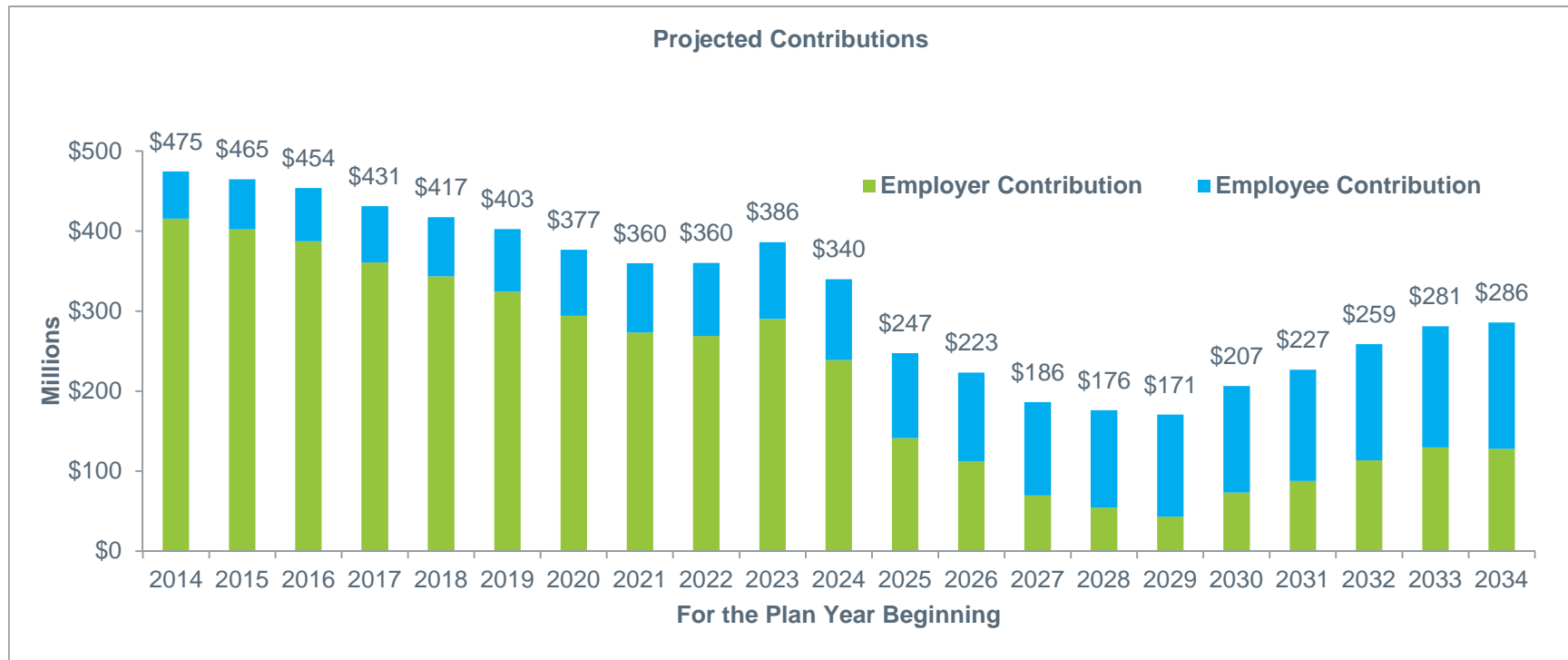


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Annual Percent Change	N/A	6%	6%	7%	7%	7%	7%	7%	6%	6%	6%	5%	5%	5%	5%	4%	4%	4%	4%	3%	3%

Deterministic Analysis (continued)

Contributions

The Plan's projected contributions, expressed as total dollar contributions, are shown in the chart below. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.

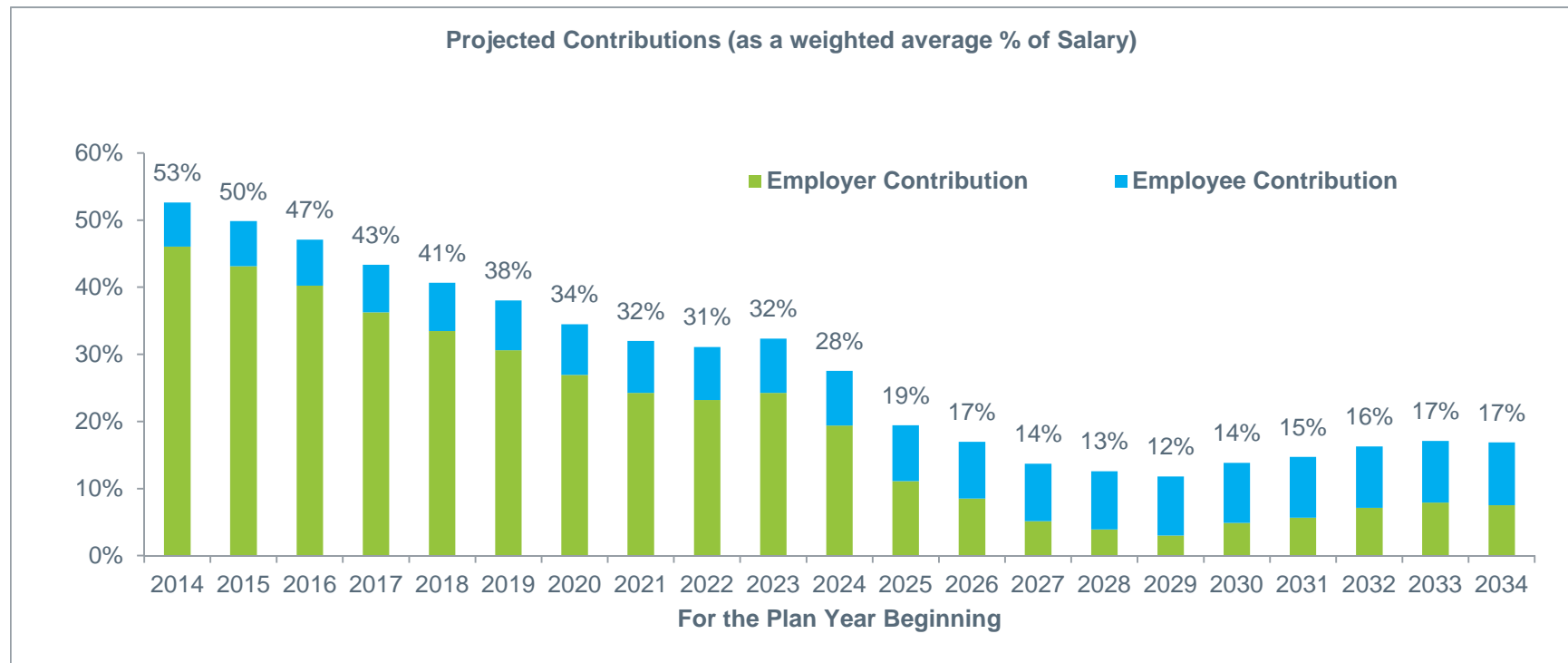


Annual Percent Change	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	N/A	-2%	-2%	-5%	-3%	-4%	-6%	-4%	0%	7%	-12%	-27%	-10%	-17%	-5%	-3%	21%	10%	14%	9%	2%

Deterministic Analysis (continued)

Contributions

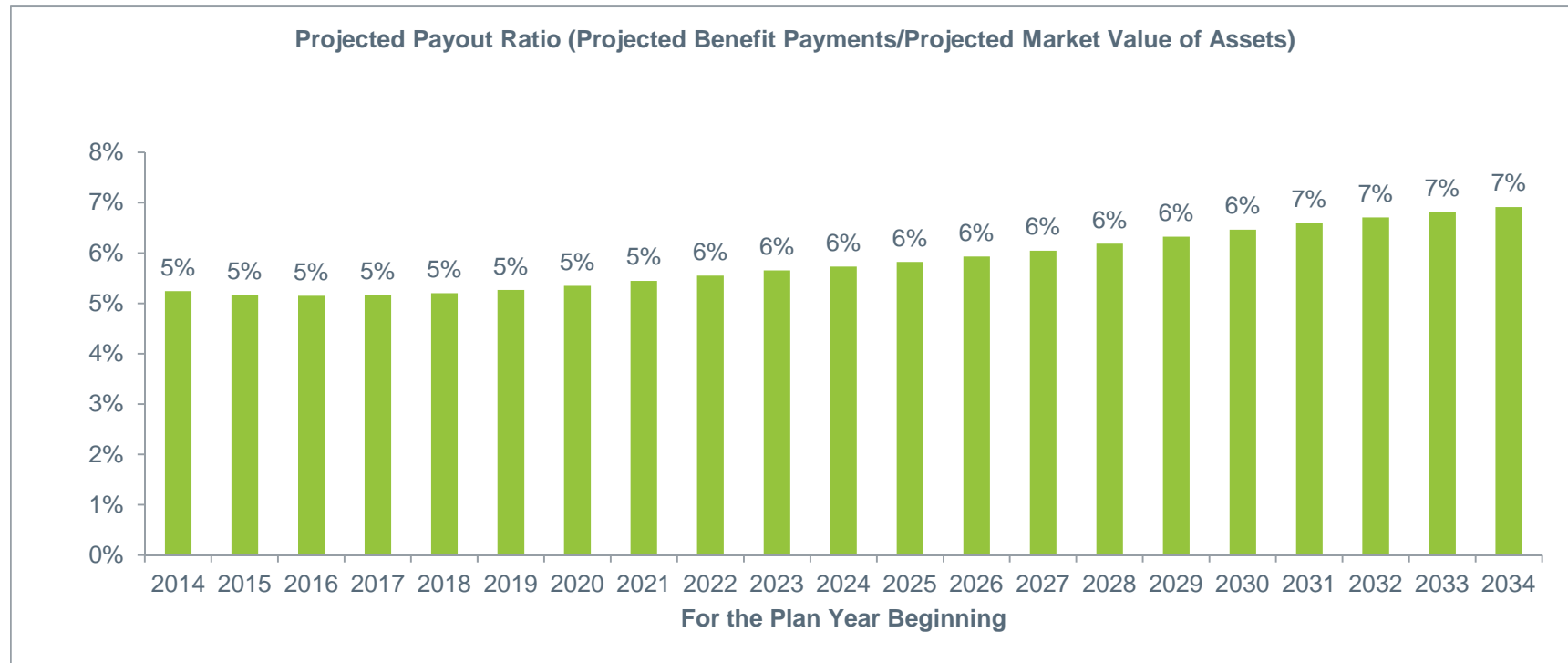
The Plan's projected contributions, expressed as a weighted average percentage of salary, are shown in the chart below. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.



Deterministic Analysis (continued)

Payout Ratio (benefit payments/market value of assets)

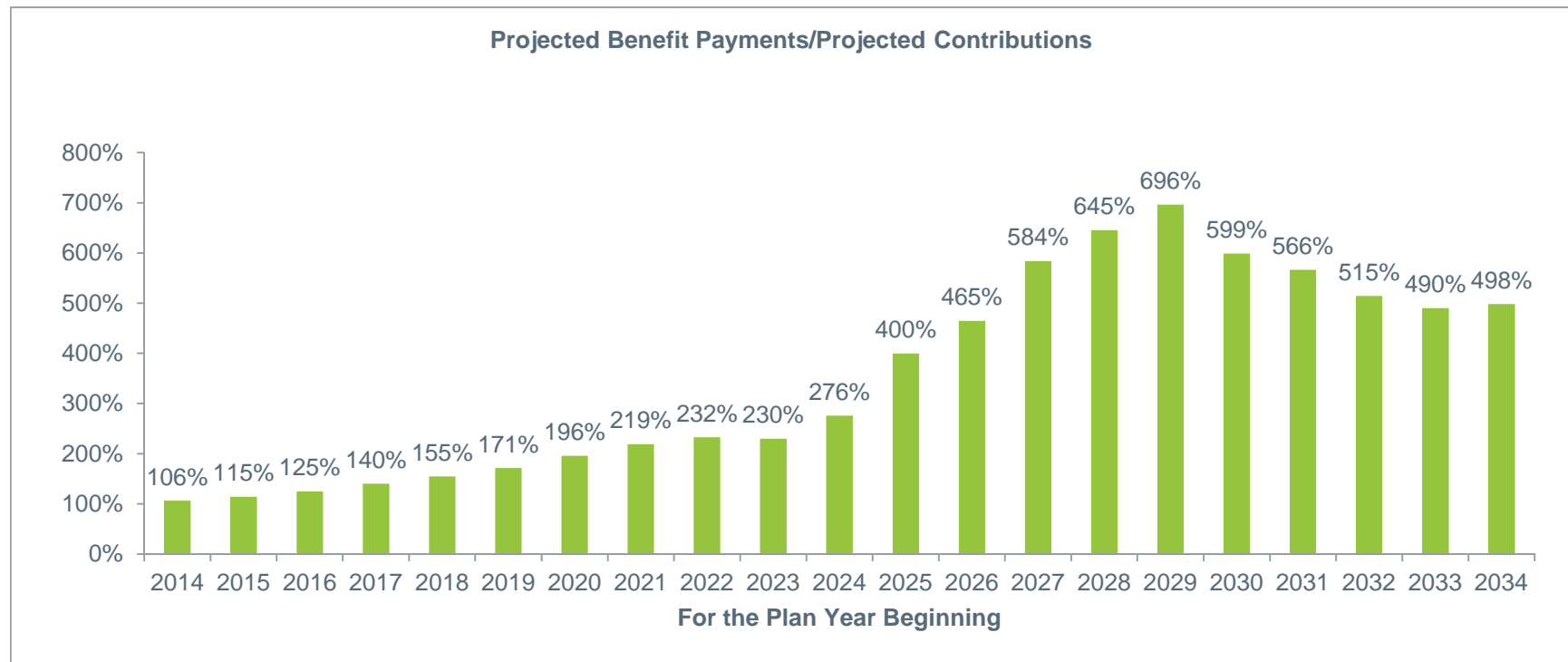
The Plan's projected payout ratios are shown in the chart below. The payout ratios are expected to gradually increase through the end of the projection period. The results assume the current contribution policy remains unchanged and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.



Deterministic Analysis (continued)

Benefit Payments/Contributions

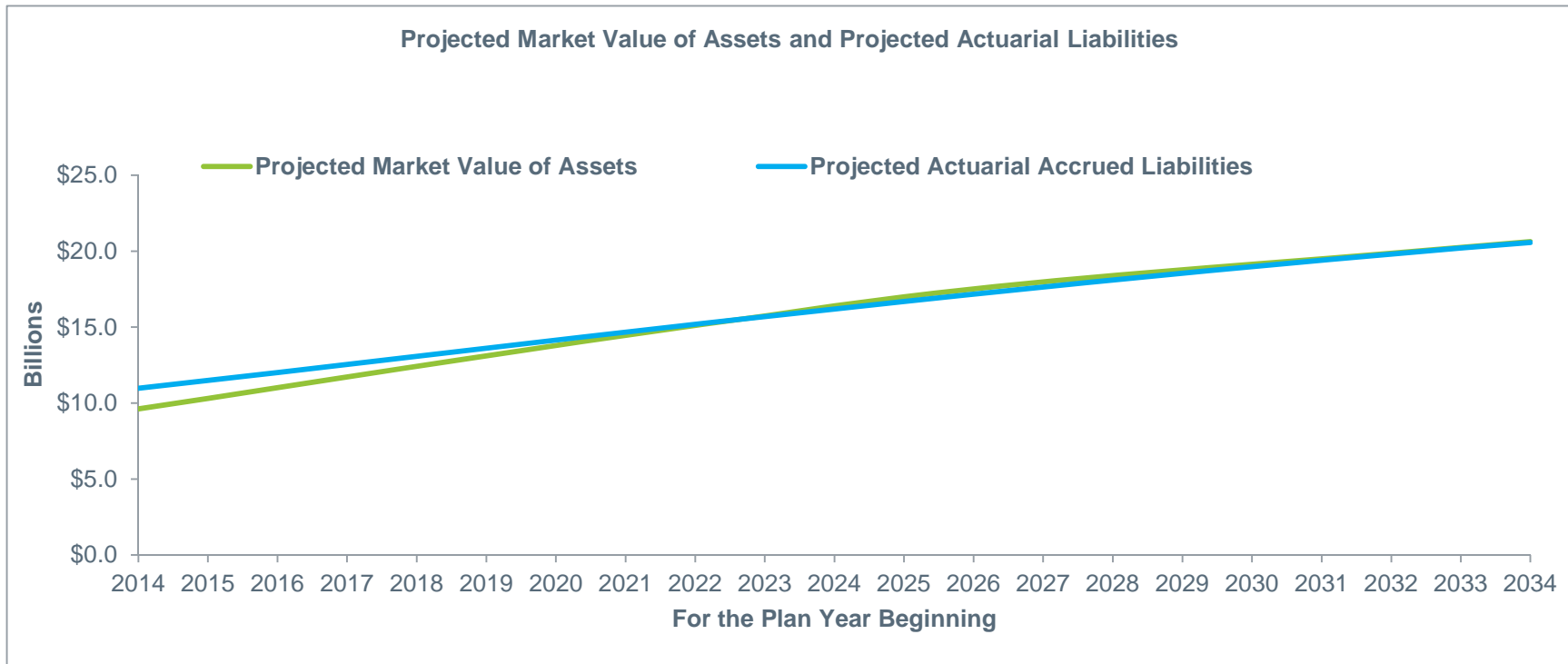
The Plan's projected benefit payments divided by projected contributions are shown in the chart below. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.



Deterministic Analysis (continued)

Actuarial Accrued Liabilities and Market Value of Assets

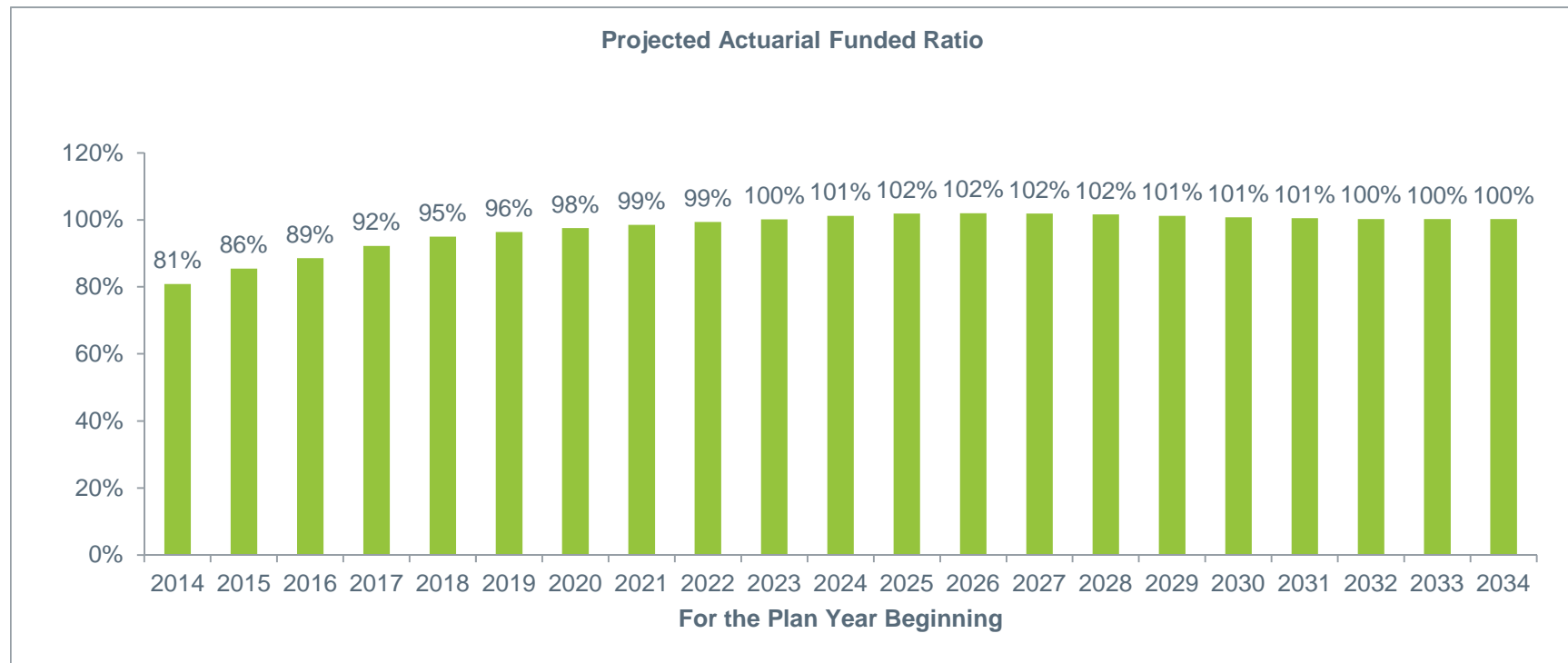
The Plan's projected actuarial accrued liabilities and market value of assets are shown in the chart below. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years. The disparity between the market value of assets and Plan liabilities is expected to be eliminated by approximately 2023. The funded ratio (based on market value of assets) is expected to increase to approximately 100% by the end of the projection period. This is shown more clearly on the following pages.



Deterministic Analysis (continued)

Actuarial Funded Ratio (actuarial value of assets/actuarial accrued liability)

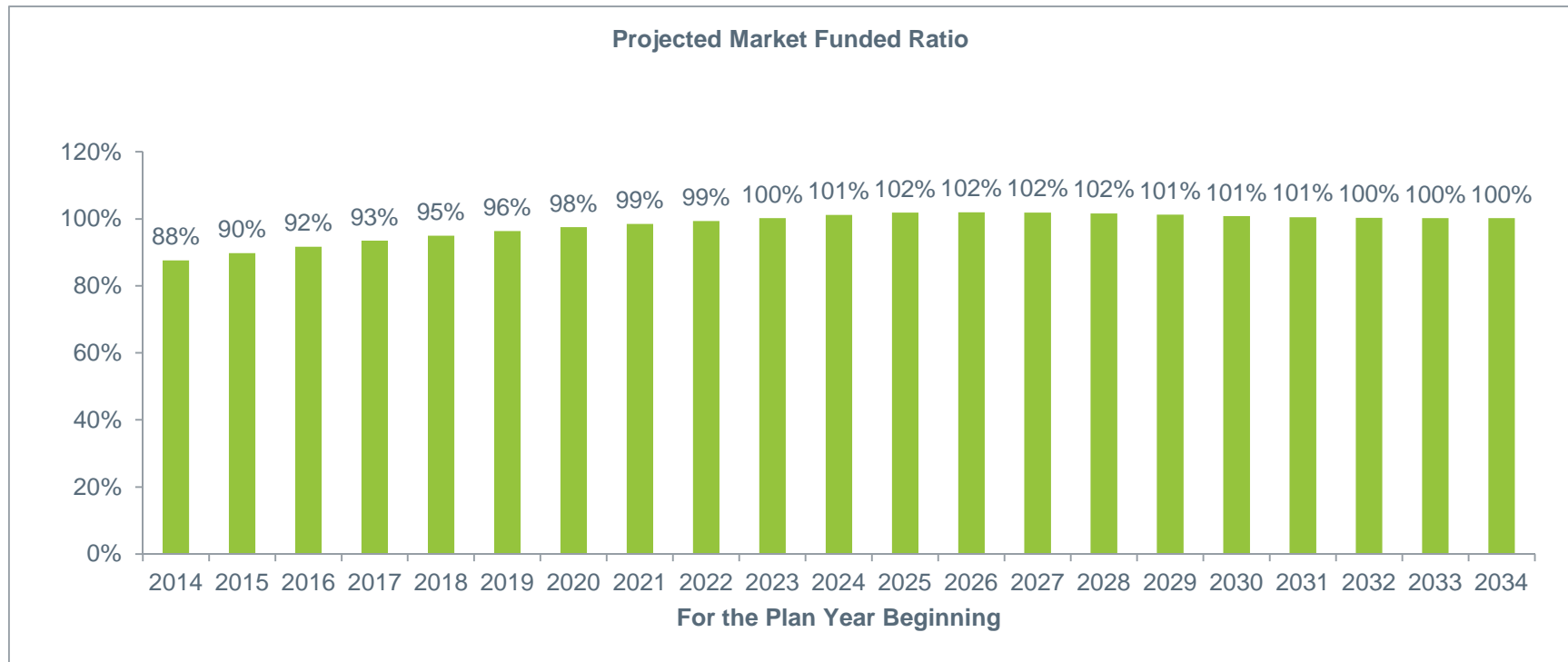
The Plan's projected actuarial funded ratio is shown in the chart below. The Plan is expected to end the projection period at approximately 100% funded. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.



Deterministic Analysis (continued)

Market Funded Ratio (market value of assets/actuarial accrued liability)

The Plan's projected market funded ratio is shown in the chart below. The Plan is expected to end the projection period at approximately 100% funded. The results assume the contribution policy remains unchanged, and that the Plan's assets return precisely the actuarially assumed rate each year without exception for all projection years.

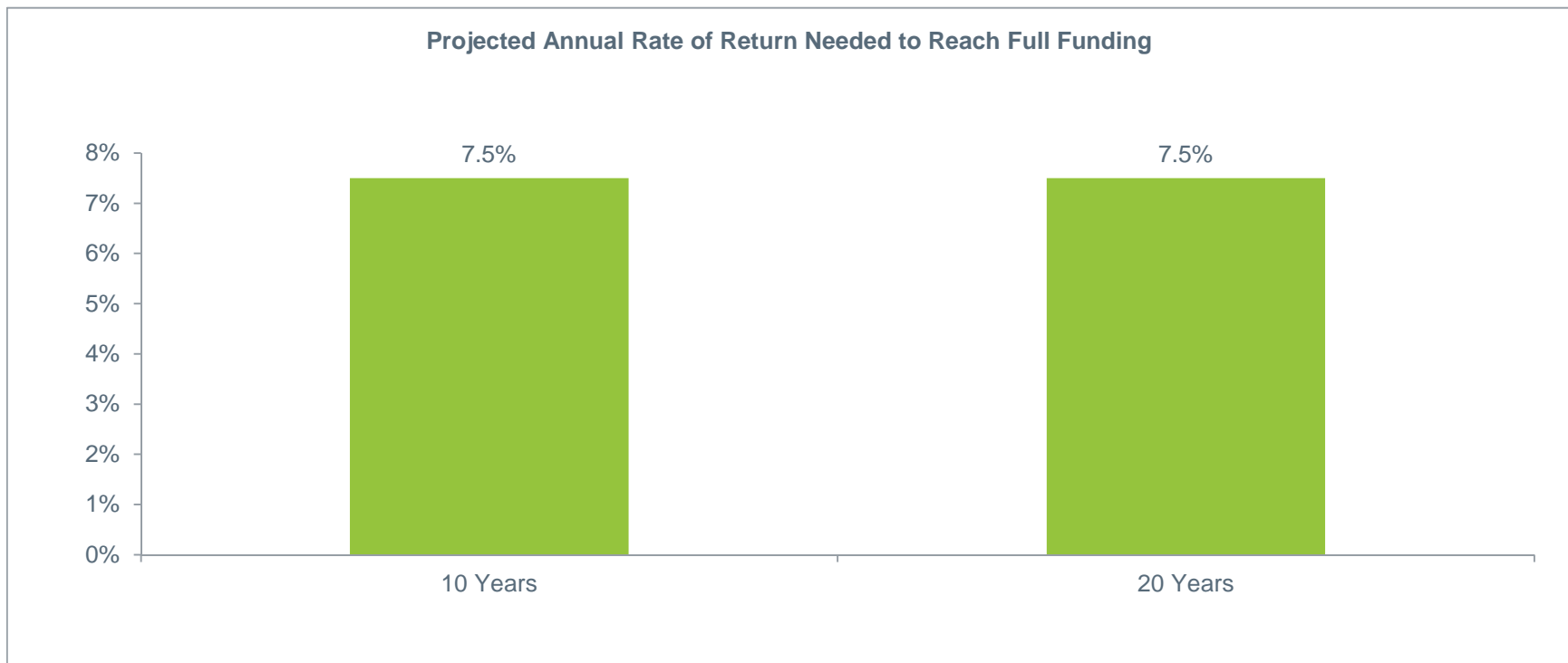


Deterministic Scenario Analysis

Full Funding Implied Returns

The figure below shows the projected investment return for the total fund needed to bring the Plan to 100% funding (on a market value basis) in 10 and 20 years, respectively. The results assume all other actuarial assumptions are precisely met over the time periods shown and that these returns are earned for every year, without variance.

Actuarially assumed rate of return – **7.50%**



Deterministic Scenario Analysis (continued)

Sensitivity Analysis – Decreased Return

Under the deterministic analysis presented in the preceding pages, the Plan is projected to have a market funded ratio of 100% in 20 years. The table below summarizes the projected funded ratio and other key statistics in 2034 assuming the Plan experiences an annualized investment return of 100 basis points lower (6.50%) than the current actuarially assumed rate of return (7.50%). The values assume all other actuarial assumptions are exactly met. The original values are also presented in the table for comparison.

	Value in 2034			
	Actuarially Assumed Rate of Return	Reduced Return (100 bps)	Impact of Reduced Return	
Projected Payout Ratio	7%	8%	1%	▲
Projected Employer Contributions (millions)	\$128	\$404	\$276	▲
Projected Benefit Payments/Projected Total Contributions	498%	253%	-245%	▼
Projected Actuarial Accrued Liabilities (billions)	\$20.6	\$20.6	\$0.0	↔
Projected Market Value of Assets (billions)	\$20.6	\$18.6	(\$2.0)	▼
Projected Deficit (billions)	\$0.0	\$2.0	\$2.0	▲
Projected Market Funded Ratio	100%	90%	-10%	▼
	20 Year Cumulative Total			
Projected Cumulative Employer Contributions (billions)	\$4.6	\$7.2	\$2.6	▲

Values in impact column may not be additive to due rounding.

Stochastic Analysis

In the previous section of this report, we assumed the Plan operated going forward with certain knowledge of the future investment returns earned by the Plan's assets. This section introduces the element of uncertainty in those future investment returns. This part of the analysis examines Plan assets and liabilities under many capital market environments based on expected future asset returns and inflation, and their expected volatility. Using a Monte Carlo simulation technique, both assets and liabilities are assumed to vary stochastically, linked together by changes in inflation.

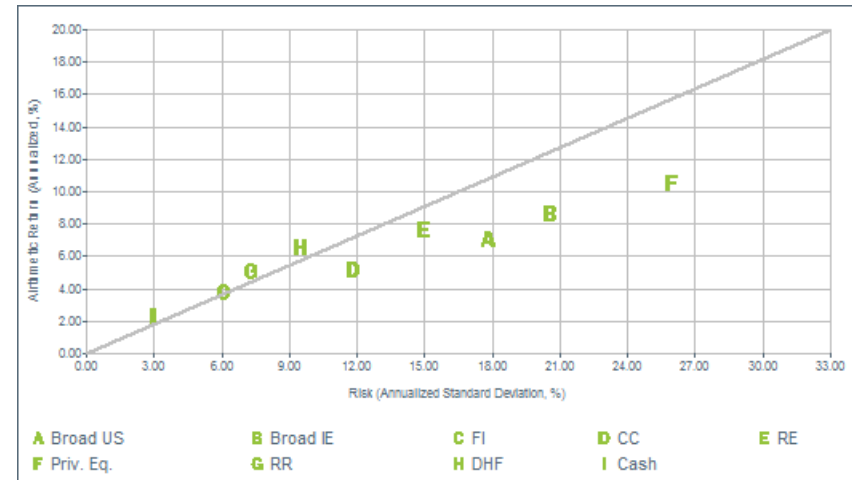
Using the current expected values and variances of the returns and inflation, along with their correlations, 2,000 trials are generated to produce a distribution of results. A stochastic analysis can answer questions about the best/worst case outcomes along with the probability of such outcomes. This is contrasted with the deterministic analysis that provides an expected value if all current Plan assumptions are exactly met.

Stochastic Analysis (continued)

Long-Term Return and Risk Assumptions

In order to perform a stochastic analysis and create asset allocation alternatives, it is necessary to estimate, for each asset class, its probable return and risk. The expected returns are our best estimates of the average annual percentage increases in values of each asset class over a prospective long period of time, and assumed to be normally distributed. The risk of an asset class is measured by its standard deviation, or volatility. If asset returns are normally distributed, two-thirds (67%) of all returns are expected to lie within one standard deviation on either side of the mean. For example, we expect Broad US Equity to return, annually on average, 7.05% with a standard deviation of 17.80%, meaning that two-thirds of the time we expect its return to lie between -10.75% (= 7.05 – 17.80) and 24.85% (= 7.05 + 17.80). Moreover, we expect 95% of all return outcomes to lie within two standard deviations of the mean return, implying only a one-in-twenty chance that the Broad US Equity return will either fall below -28.55% or rise above 42.65%. The risk and return assumptions used in this study are outlined in the below table and chart:

Asset Class	Arithmetic Return Assumption	Standard Deviation Assumption
Broad US Equity	7.05	17.80
Broad International Equity	8.60	20.60
Fixed Income	3.80	6.10
Covered Calls	5.10	11.85
Real Estate	7.65	15.00
Private Equity	10.50	26.00
Real Return	5.07	7.31
Hedge Funds	6.50	9.50
Cash Equivalents	2.25	3.00



Stochastic Analysis (continued)

Correlation Between Asset Classes

Creating a diversified portfolio of asset classes enables the investor to achieve a high rate of return while minimizing volatility of the portfolio. As defined on the previous page, volatility is “risk” or standard deviation. By minimizing the volatility of a portfolio, we produce asset returns that vary less from year to year. Diversification exists because the returns of different asset classes do not always move in the same direction, at the same time, or with the same magnitude. Correlation values are between 1.00 and –1.00. If returns of two asset classes rise or fall at the same time and in the same magnitude, they have a correlation value of 1.00. Conversely, two asset classes that simultaneously move in opposite directions, and in the same magnitude, have a correlation value of –1.00. A correlation of zero indicates no relationship between returns. The assumed correlations are largely based on historical index data, with some qualitative analysis applied. For instance, where appropriate, we have weighted current history more heavily. The correlation matrix used in this study is shown below:

	Broad US Equity	Broad International Equity	Fixed Income	Covered Calls	Real Estate	Private Equity	Real Return	Diversified Hedge Funds	Cash Equivalents
Broad US Equity	1.00	0.84	0.59	0.89	0.23	0.75	0.22	0.52	0.02
Broad International Equity	0.84	1.00	0.73	0.73	0.26	0.74	0.40	0.70	-0.07
Fixed Income	0.59	0.73	1.00	0.58	0.19	0.45	0.62	0.52	-0.04
Covered Calls	0.89	0.73	0.58	1.00	0.21	0.67	0.31	0.45	0.01
Real Estate	0.23	0.26	0.19	0.21	1.00	0.58	0.26	0.27	-0.01
Private Equity	0.75	0.74	0.45	0.67	0.58	1.00	0.44	0.69	0.07
Real Return	0.22	0.40	0.62	0.31	0.26	0.44	1.00	0.48	0.13
Diversified Hedge Funds	0.52	0.70	0.52	0.45	0.27	0.69	0.48	1.00	0.22
Cash Equivalents	0.02	-0.07	-0.04	0.01	-0.01	0.07	0.13	0.22	1.00

The fact that the correlations shown in the table are nearly all positive does not imply that these asset classes do not diversify one another. Their correlations are significantly less than 1.00, meaning we expect a measurable number of instances when the underperformance of one or more of the asset classes will be offset by the outperformance of others. This point is demonstrated on the following pages, which illustrate that diversification into less correlated asset classes can decrease the expected overall volatility of a portfolio.

Stochastic Analysis (continued)

Efficient Portfolios

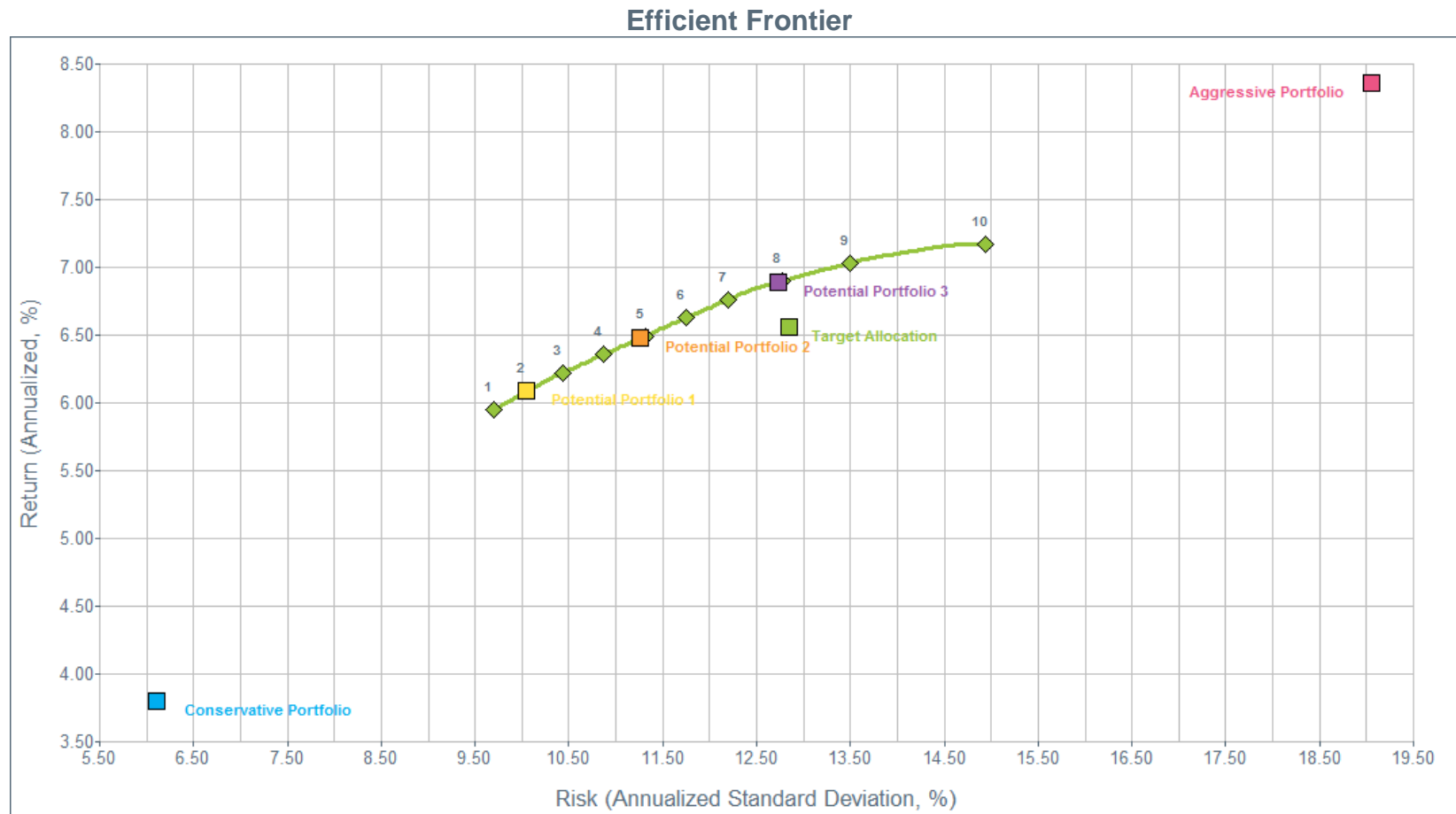
Each frontier portfolio (optimal allocation) is created using target rates of return both above and below the projected rate of return for the current allocation. This range illustrates the trade-off between return and risk; additional return can only be achieved by undertaking additional risk. The table below shows the possible optimal allocations given the selected asset classes and their constraints listed under “Min” and “Max.” The table shows the Target Allocation and highlights three potential targets (Potential Portfolios 1, 2, and 3) for consideration throughout this study. Two illustrative portfolios (Conservative and Aggressive Portfolios) are also shown for demonstrative purposes.

	Min	Max	1	2	3	4	5	6	7	8	9	10	Target Allocation	Cons Portfolio	Potential Portfolio 1	Potential Portfolio 2	Potential Portfolio 3	Aggr Portfolio
Broad US Equity	15	40	15	15	16	18	19	21	23	25	27	33	33	0	15	19	25	40
Broad International Equity	15	40	15	15	16	18	19	21	23	25	27	33	21	0	15	19	24	40
Fixed Income	20	40	40	38	35	32	29	25	22	20	20	20	24	100	38	29	20	0
Covered Calls	0	8	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0	0
Real Estate	5	8	8	8	8	8	8	8	8	8	8	5	5	0	8	8	8	0
Private Equity	5	8	5	7	8	8	8	8	8	8	8	8	5	0	7	8	8	20
Real Return	0	8	8	8	8	8	8	8	8	6	1	0	4.2	0	8	8	6	0
Diversified Hedge Funds	0	8	8	8	8	8	8	8	8	8	8	0	1.8	0	8	8	8	0
Cash Equivalents	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	0
Total			100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Capital Appreciation			35	37	40	43	46	50	53	57	62	74	64	0	37	46	57	100
Capital Preservation			41	39	36	33	30	26	23	21	21	21	25	100	39	30	21	0
Alpha			8	8	8	8	8	8	8	8	8	0	2	0	8	8	8	0
Inflation			16	16	16	16	16	16	16	14	9	5	9	0	16	16	14	0
Expected Return			5.95	6.09	6.22	6.36	6.49	6.63	6.76	6.90	7.03	7.17	6.56	3.80	6.09	6.48	6.89	8.36
Risk (Standard Deviation)			9.70	10.05	10.44	10.87	11.31	11.76	12.20	12.77	13.50	14.94	12.84	6.10	10.05	11.25	12.72	19.06
Return (Compound)			5.51	5.62	5.71	5.81	5.89	5.99	6.07	6.15	6.19	6.14	5.79	3.62	5.62	5.89	6.14	6.72
Return/Risk Ratio			0.61	0.61	0.60	0.59	0.57	0.56	0.55	0.54	0.52	0.48	0.51	0.62	0.61	0.58	0.54	0.44
RVK Expected Equity Beta			0.57	0.58	0.60	0.62	0.64	0.66	0.69	0.71	0.74	0.82	0.75	0.33	0.58	0.64	0.71	0.99
RVK Liquidity Metric			70	68	68	68	69	70	70	71	71	78	79	75	68	69	71	75

Stochastic Analysis (continued)

Efficient Frontier

The risk of each alternative allocation is plotted against the horizontal axis, while the return is measured on the vertical axis. The line connecting the points represents all the optimal portfolios subject to the given constraints and is known as the “efficient frontier.” The upward slope of the efficient frontier indicates the direct relationship between return and risk.



Stochastic Analysis (continued)

Asset Mixes

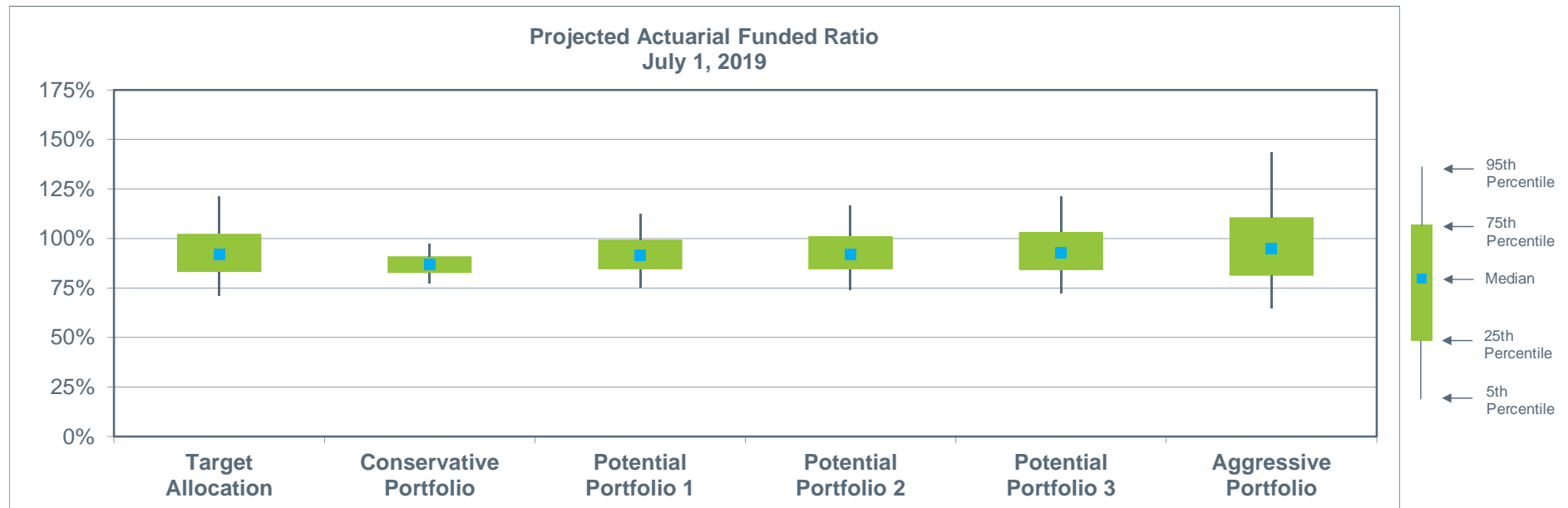
Outlined below are the current Target Allocation and five other mixes to be examined in this stochastic analysis. The expected return, expected risk (as measured by standard deviation), and RVK Liquidity Metric, for each is also shown.

Asset Class	Target Allocation	Conservative Portfolio	Potential Portfolio 1	Potential Portfolio 2	Potential Portfolio 3	Aggressive Portfolio
Broad US Equity	33%	0%	15%	19%	25%	40%
Broad International Equity	21%	0%	15%	19%	24%	40%
Fixed Income	24%	100%	38%	29%	20%	0%
Covered Calls	5%	0%	0%	0%	0%	0%
Real Estate	5%	0%	8%	8%	8%	0%
Private Equity	5%	0%	7%	8%	8%	20%
Real Return	4.2%	0%	8%	8%	6%	0%
Hedge Funds	1.8%	0%	8%	8%	8%	0%
Cash Equivalents	1%	0%	1%	1%	1%	0%
Total Equity	64%	0%	37%	46%	57%	100%
Expected Return	6.56%	3.80%	6.09%	6.48%	6.89%	8.36%
Expected Risk	12.84%	6.10%	10.05%	11.25%	12.72%	19.06%
RVK Liquidity Metric	79	75	68	69	71	75

Stochastic Analysis (continued)

Projected Actuarial Funded Ratio (actuarial value of assets/actuarial accrued liability); 5 Years

The graph below shows the distribution of possible actuarial funded ratios five years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

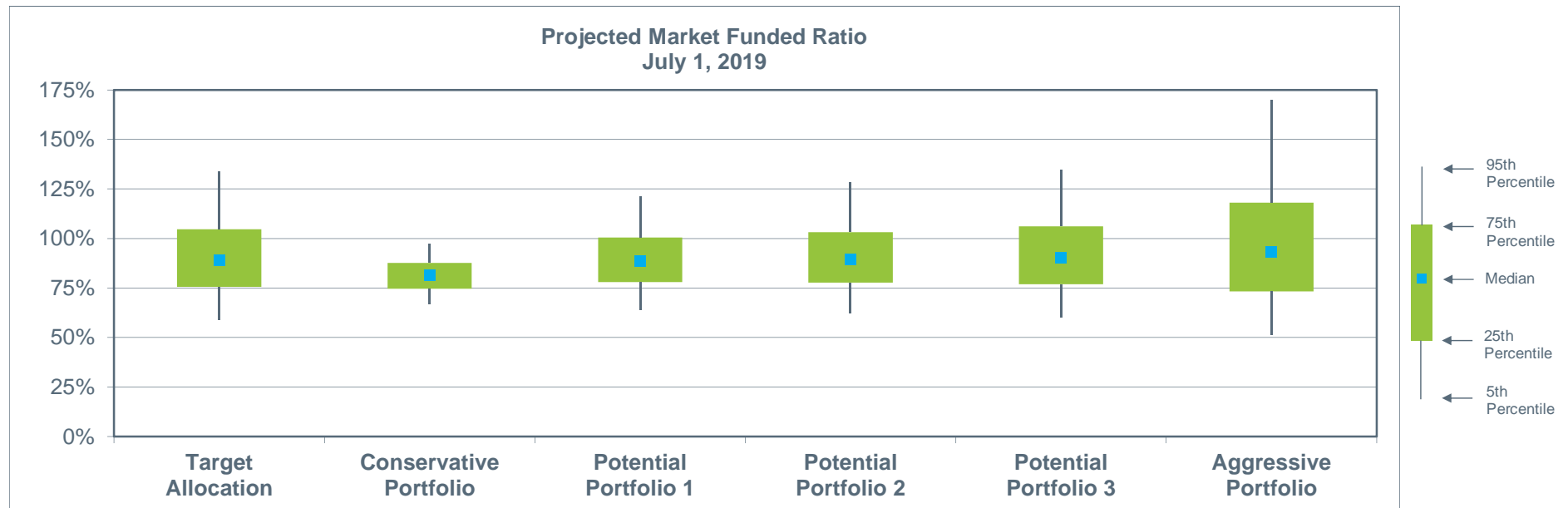


	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$3.9	71%	\$3.1	77%	\$3.4	75%	\$3.6	74%	\$3.8	72%	\$4.9	65%
25th Percentile	\$2.3	83%	\$2.3	83%	\$2.1	84%	\$2.2	84%	\$2.2	84%	\$2.6	81%
Median	\$1.0	92%	\$1.8	87%	\$1.2	91%	\$1.1	92%	\$1.0	93%	\$0.7	95%
75th Percentile	(\$0.3)	102%	\$1.2	91%	\$0.1	99%	(\$0.2)	101%	(\$0.4)	103%	(\$1.5)	111%
95th Percentile	(\$2.9)	121%	\$0.4	97%	(\$1.7)	113%	(\$2.3)	116%	(\$2.9)	121%	(\$6.0)	143%

Stochastic Analysis (continued)

Projected Market Funded Ratio (market value of assets/actuarial accrued liability); 5 Years

The graph below shows the distribution of possible market funded ratios five years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

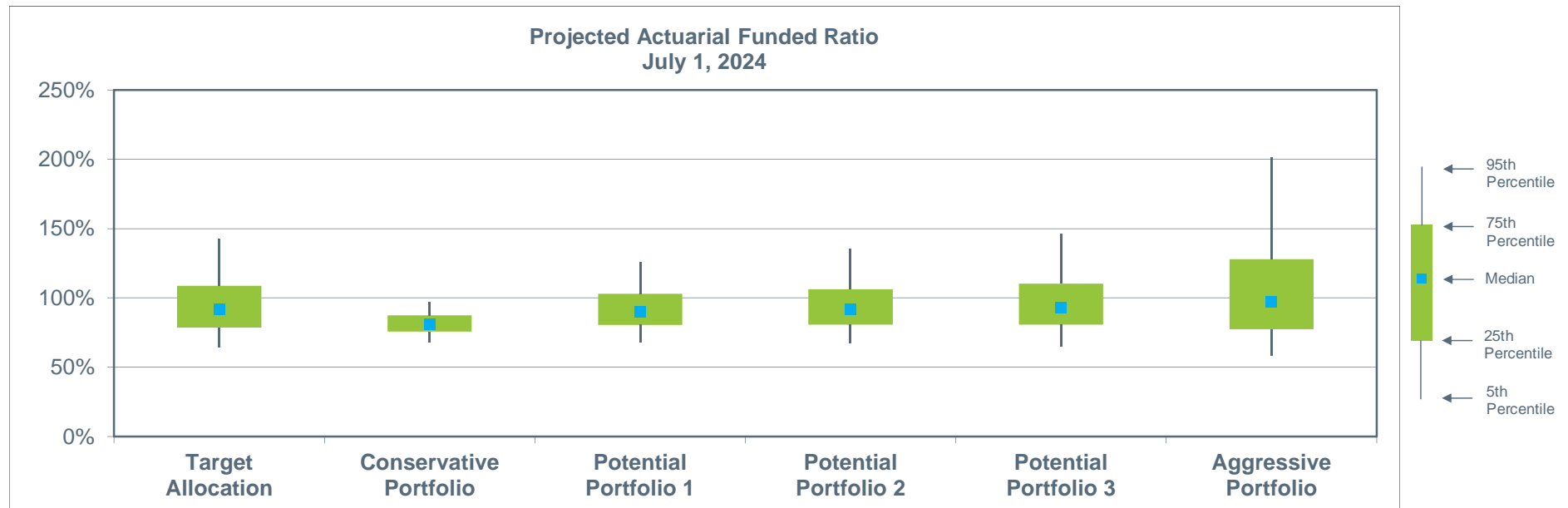


	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$5.5	59%	\$4.4	67%	\$4.8	64%	\$5.0	63%	\$5.3	60%	\$6.5	51%
25th Percentile	\$3.3	76%	\$3.4	75%	\$3.0	78%	\$3.1	78%	\$3.1	77%	\$3.6	73%
50th Percentile	\$1.5	89%	\$2.6	81%	\$1.6	88%	\$1.5	89%	\$1.3	90%	\$0.9	93%
75th Percentile	(\$0.7)	105%	\$1.7	88%	(\$0.1)	101%	(\$0.4)	103%	(\$0.8)	106%	(\$2.5)	118%
95th Percentile	(\$4.8)	134%	\$0.4	97%	(\$3.0)	121%	(\$3.9)	128%	(\$4.8)	134%	(\$9.6)	170%

Stochastic Analysis (continued)

Projected Actuarial Funded Ratio (actuarial value of assets/actuarial accrued liability); 10 Years

The graph below shows the distribution of possible actuarial funded ratios ten years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

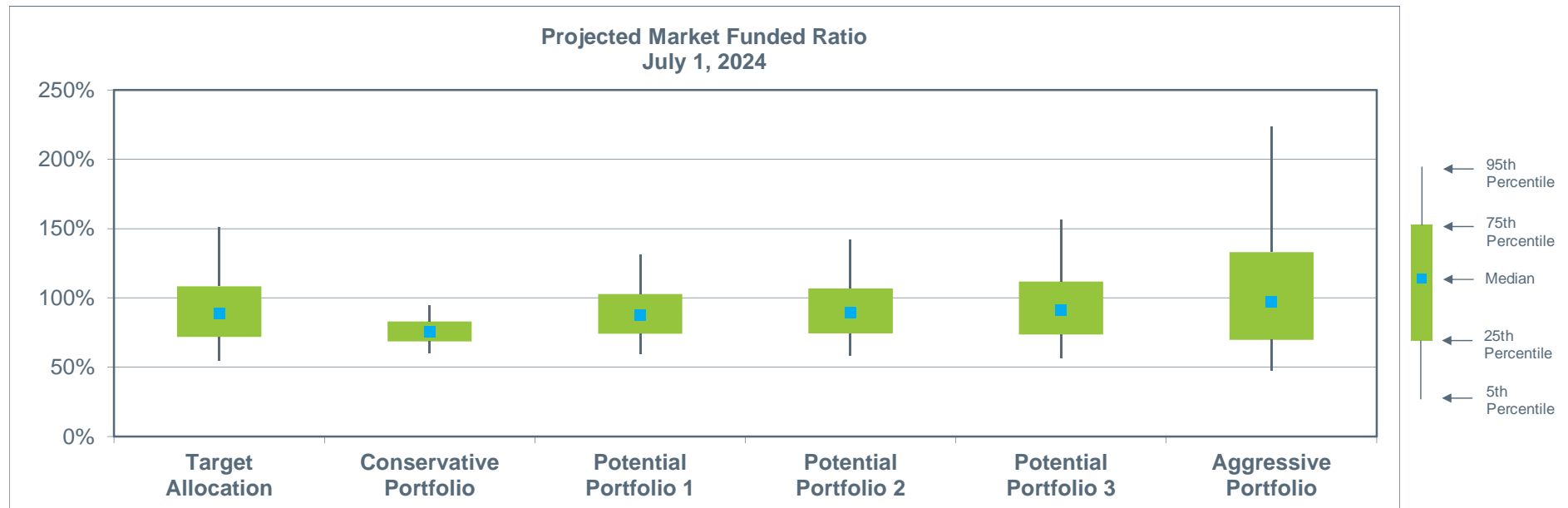


	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$5.7	64%	\$5.0	68%	\$5.0	68%	\$5.2	67%	\$5.4	65%	\$6.6	58%
25th Percentile	\$3.5	79%	\$3.9	76%	\$3.1	81%	\$3.1	81%	\$3.2	81%	\$3.6	78%
Median	\$1.4	92%	\$3.1	81%	\$1.6	90%	\$1.4	92%	\$1.1	93%	\$0.4	97%
75th Percentile	(\$1.4)	109%	\$2.1	87%	(\$0.5)	103%	(\$1.0)	106%	(\$1.7)	110%	(\$4.7)	128%
95th Percentile	(\$7.1)	142%	\$0.5	97%	(\$4.5)	126%	(\$6.1)	136%	(\$8.0)	146%	(\$17.2)	201%

Stochastic Analysis (continued)

Projected Market Funded Ratio (market value of assets/actuarial accrued liability); 10 Years

The graph below shows the distribution of possible market funded ratios ten years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

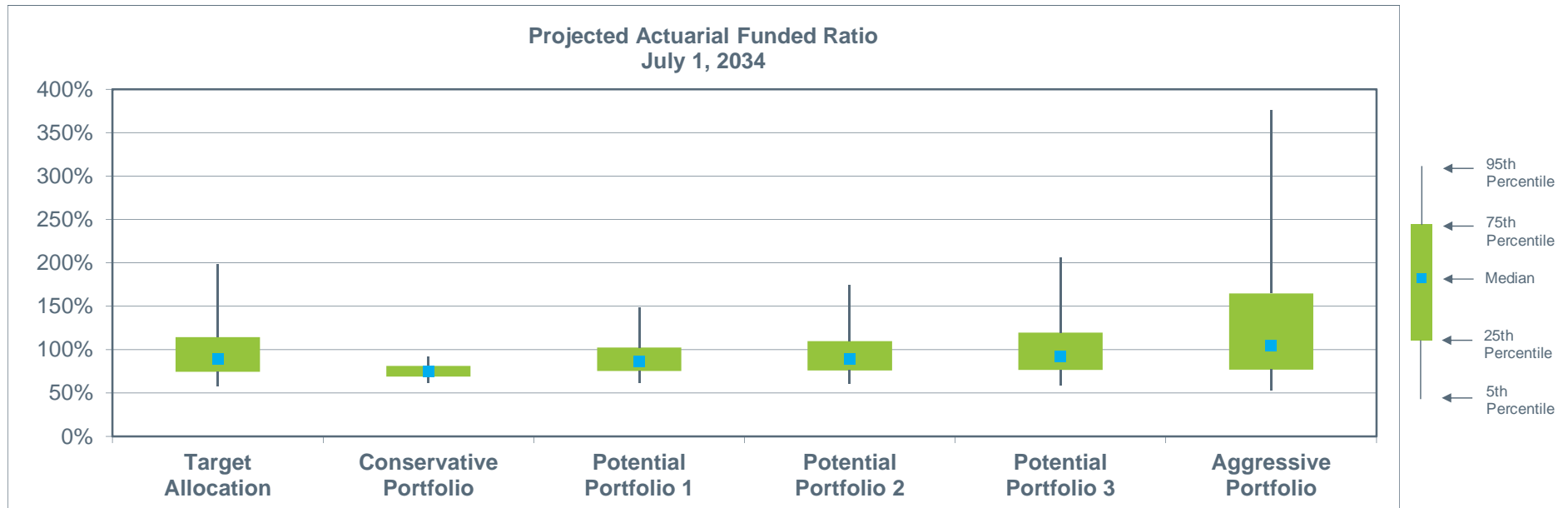


	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$7.2	55%	\$6.2	60%	\$6.3	60%	\$6.6	58%	\$6.9	57%	\$8.3	48%
25th Percentile	\$4.5	72%	\$5.0	69%	\$4.1	74%	\$4.1	74%	\$4.2	74%	\$4.9	70%
50th Percentile	\$1.7	89%	\$4.0	75%	\$2.1	87%	\$1.7	89%	\$1.4	91%	\$0.5	97%
75th Percentile	(\$1.4)	108%	\$2.9	83%	(\$0.5)	103%	(\$1.2)	107%	(\$1.9)	112%	(\$5.5)	133%
95th Percentile	(\$8.6)	151%	\$0.9	95%	(\$5.4)	131%	(\$7.3)	142%	(\$9.4)	156%	(\$20.5)	223%

Stochastic Analysis (continued)

Projected Actuarial Funded Ratio (actuarial value of assets/actuarial accrued liability); 20 Years

The graph below shows the distribution of possible actuarial funded ratios twenty years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

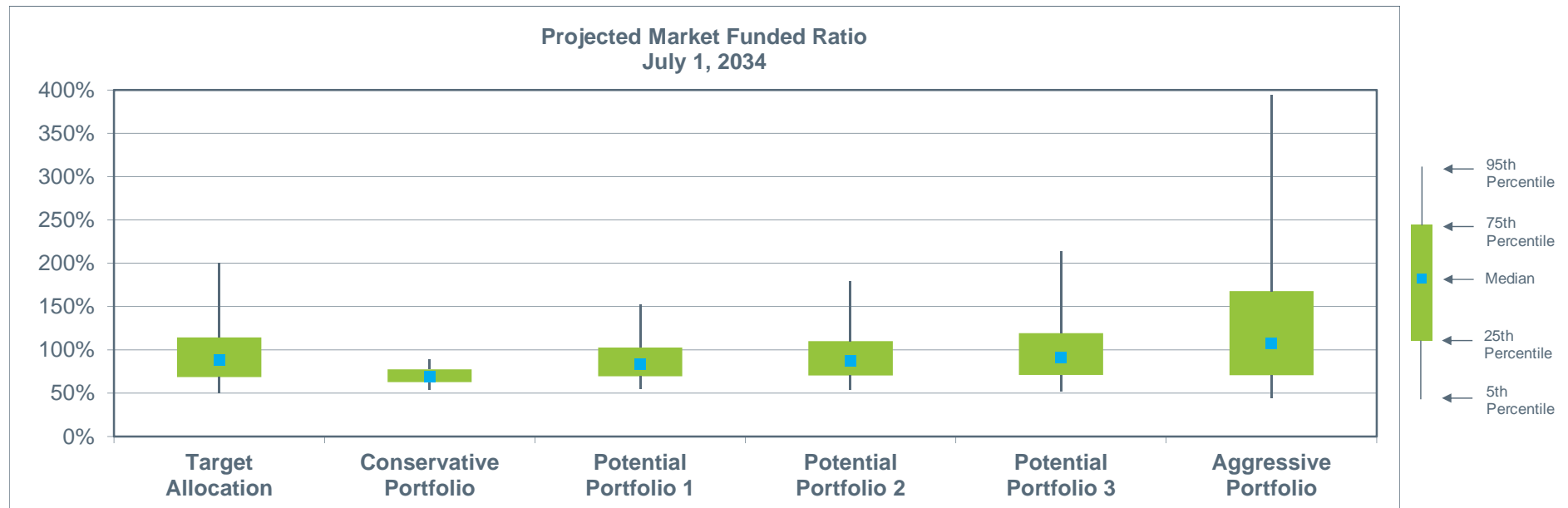


	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$8.6	58%	\$7.8	61%	\$7.7	62%	\$7.9	60%	\$8.2	59%	\$9.7	53%
25th Percentile	\$5.2	75%	\$6.3	69%	\$5.0	75%	\$4.8	76%	\$4.7	77%	\$4.7	77%
Median	\$2.1	90%	\$5.2	75%	\$2.8	87%	\$2.2	89%	\$1.5	93%	(\$1.0)	105%
75th Percentile	(\$3.1)	114%	\$4.0	81%	(\$0.5)	102%	(\$2.1)	110%	(\$4.2)	119%	(\$13.7)	165%
95th Percentile	(\$21.1)	198%	\$1.9	92%	(\$11.3)	149%	(\$16.7)	175%	(\$23.3)	206%	(\$59.7)	376%

Stochastic Analysis (continued)

Projected Market Funded Ratio (market value of assets/actuarial accrued liability); 20 Years

The graph below shows the distribution of possible market funded ratios twenty years from now, assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.



	Target Allocation		Conservative Portfolio		Potential Portfolio 1		Potential Portfolio 2		Potential Portfolio 3		Aggressive Portfolio	
	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio	Unfunded Liability (Bil)	Funded Ratio
5th Percentile	\$10.0	50%	\$9.0	54%	\$9.0	55%	\$9.3	54%	\$9.6	52%	\$11.2	44%
25th Percentile	\$6.3	69%	\$7.5	63%	\$6.0	70%	\$5.9	71%	\$5.8	71%	\$5.8	71%
50th Percentile	\$2.5	88%	\$6.3	69%	\$3.4	84%	\$2.6	88%	\$1.8	91%	(\$1.5)	107%
75th Percentile	(\$3.2)	114%	\$4.9	77%	(\$0.6)	103%	(\$2.3)	110%	(\$4.2)	119%	(\$14.6)	168%
95th Percentile	(\$22.3)	200%	\$2.6	89%	(\$11.6)	152%	(\$17.2)	180%	(\$26.1)	214%	(\$64.8)	395%

Stochastic Analysis (continued)

Projected Market Funded Ratio and Maximum 1 Year Investment Loss (market value of assets/actuarial accrued liability)

The tables below show the probability that the Plan will be at various funding levels for each of the six different asset mixes highlighted on the prior pages. The tables also illustrate the maximum 1 year investment loss each portfolio is expected to experience during the given time period as well as the maximum one year employer contribution (shown as a weighted average percentage of salary). The results assume the current contribution policy remains unchanged for all projection years.

5 Years	Probability of Full Funding in 2019	Probability of < 88% (Current) Funding in 2019	Probability of < 60% (Current) Funding in 2019	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	31%	48%	6%	-35%	71%
Conservative Portfolio	3%	76%	0%	-21%	63%
Potential Portfolio 1	26%	49%	3%	-27%	65%
Potential Portfolio 2	29%	47%	4%	-31%	67%
Potential Portfolio 3	33%	46%	5%	-34%	69%
Aggressive Portfolio	41%	44%	11%	-50%	81%

10 Years	Probability of Full Funding in 2024	Probability of < 88% (Current) Funding in 2024	Probability of < 60% (Current) Funding in 2024	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	35%	48%	9%	-35%	90%
Conservative Portfolio	2%	87%	6%	-21%	86%
Potential Portfolio 1	28%	51%	5%	-27%	84%
Potential Portfolio 2	34%	48%	6%	-31%	86%
Potential Portfolio 3	39%	45%	8%	-34%	89%
Aggressive Portfolio	47%	42%	14%	-50%	100%

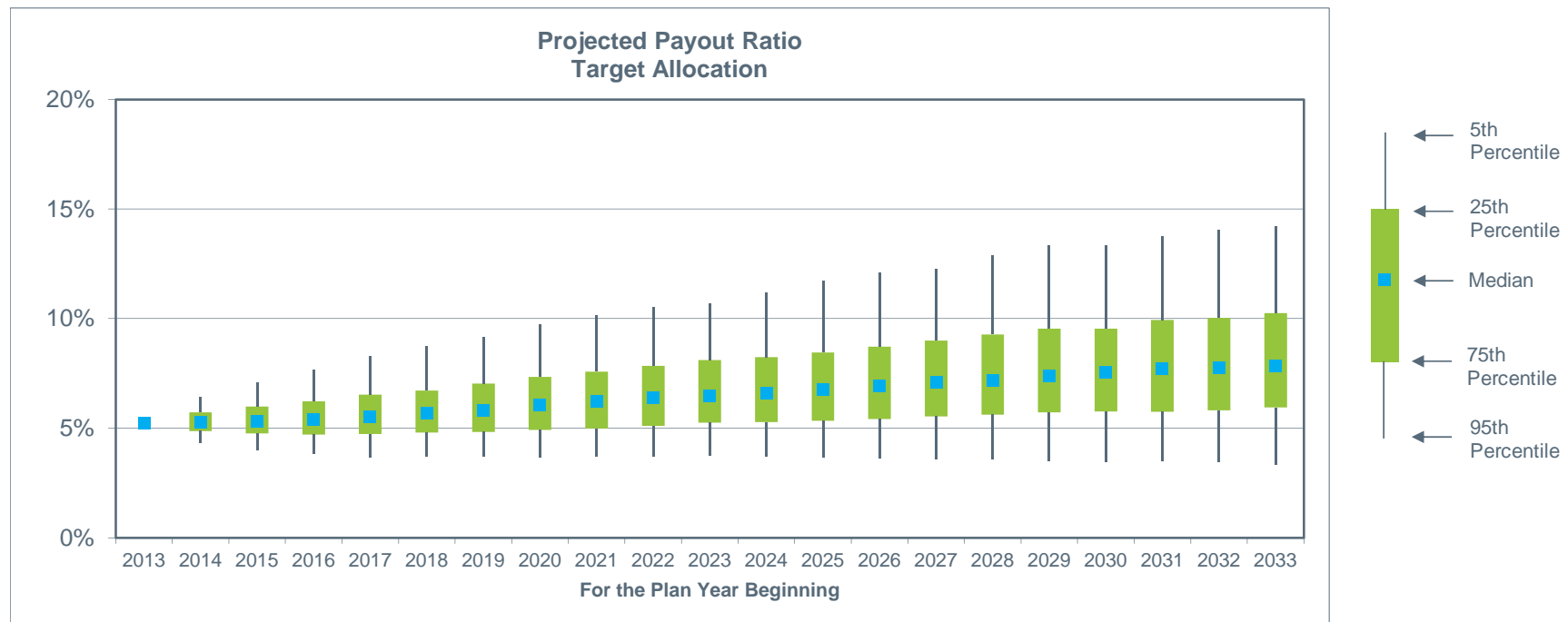
20 Years	Probability of Full Funding in 2034	Probability of < 88% (Current) Funding in 2034	Probability of < 60% (Current) Funding in 2034	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	37%	50%	14%	-35%	101%
Conservative Portfolio	1%	95%	16%	-21%	106%
Potential Portfolio 1	28%	57%	11%	-27%	96%
Potential Portfolio 2	35%	51%	12%	-31%	97%
Potential Portfolio 3	41%	47%	12%	-34%	98%
Aggressive Portfolio	54%	38%	16%	-50%	106%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); Target Allocation

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to the **Target Allocation**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 8%. The worst-case scenario could reach 14% or higher.



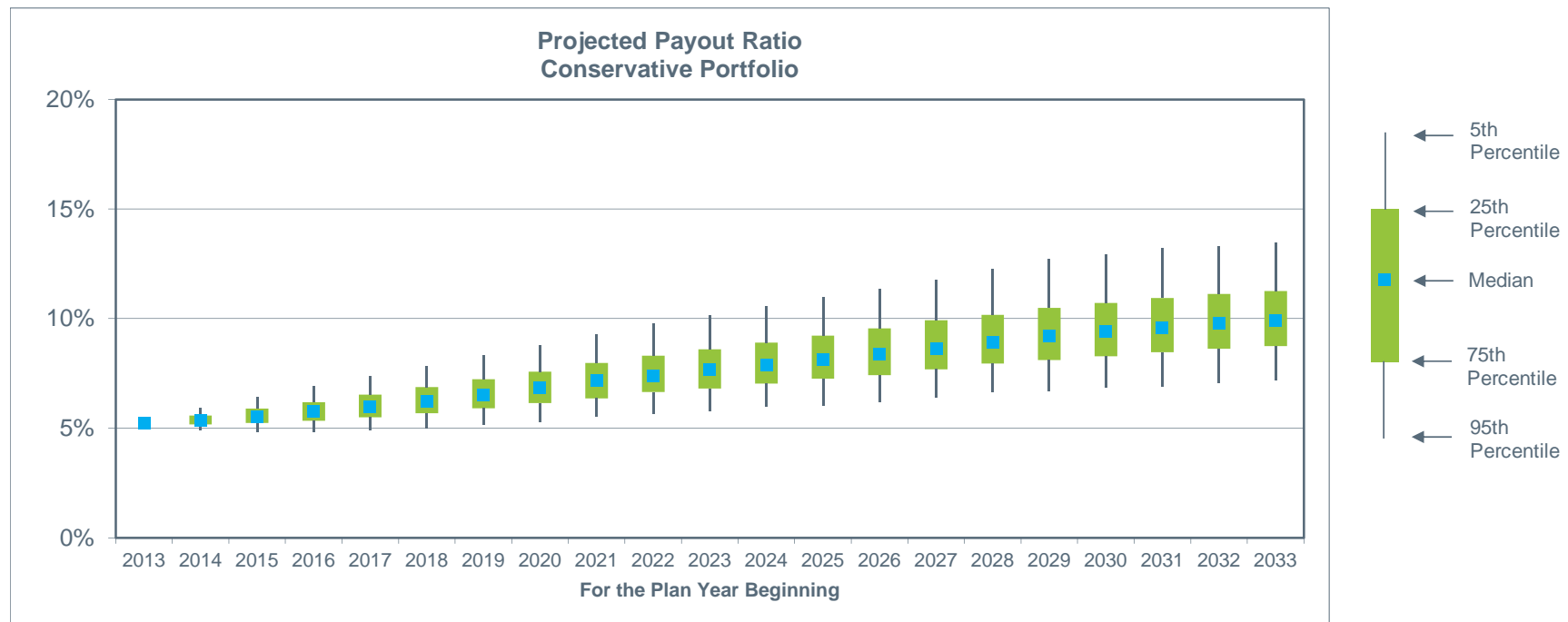
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	6%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); **Conservative Portfolio**

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to the **Conservative Portfolio**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 10%. The worst-case scenario could reach 13% or higher.



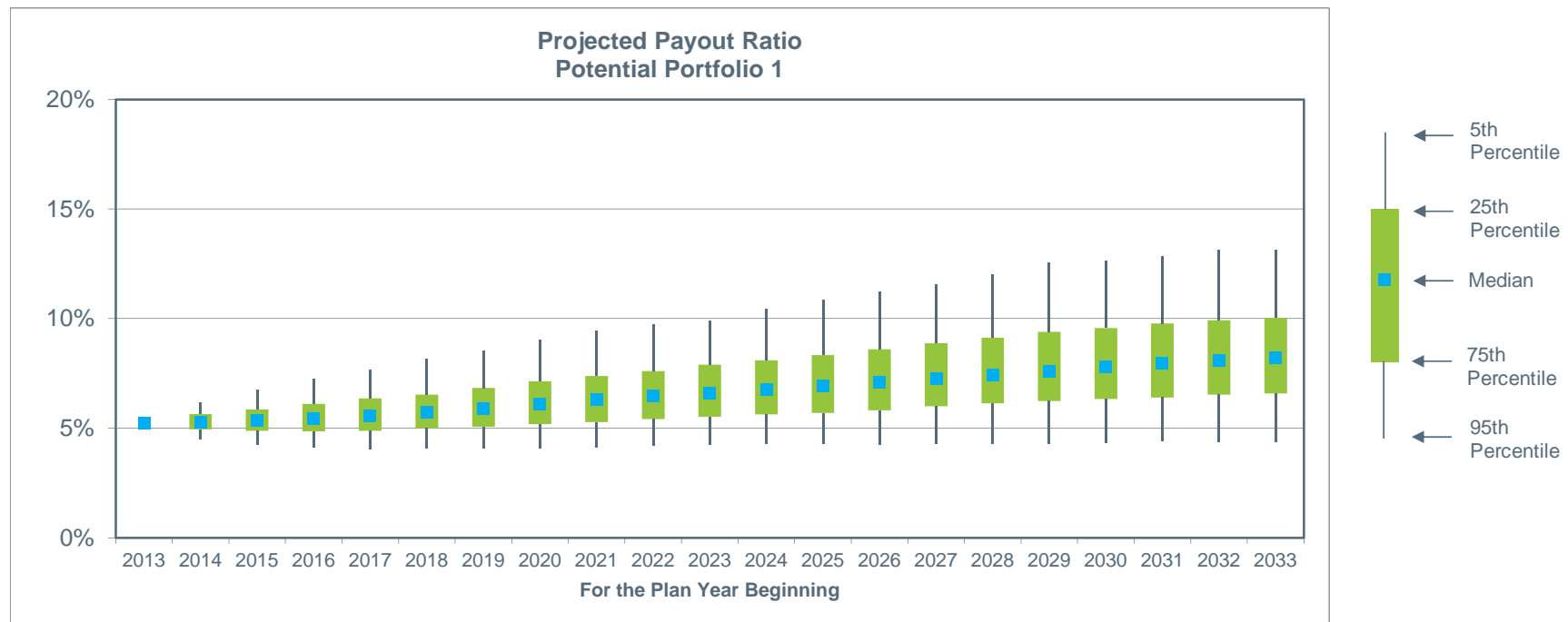
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	6%	6%	6%	6%	7%	7%	7%	7%	8%	8%	8%	8%	9%	9%	9%	9%	10%	10%	10%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); **Potential Portfolio 1**

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 1**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 8%. The worst-case scenario could reach 13% or higher.



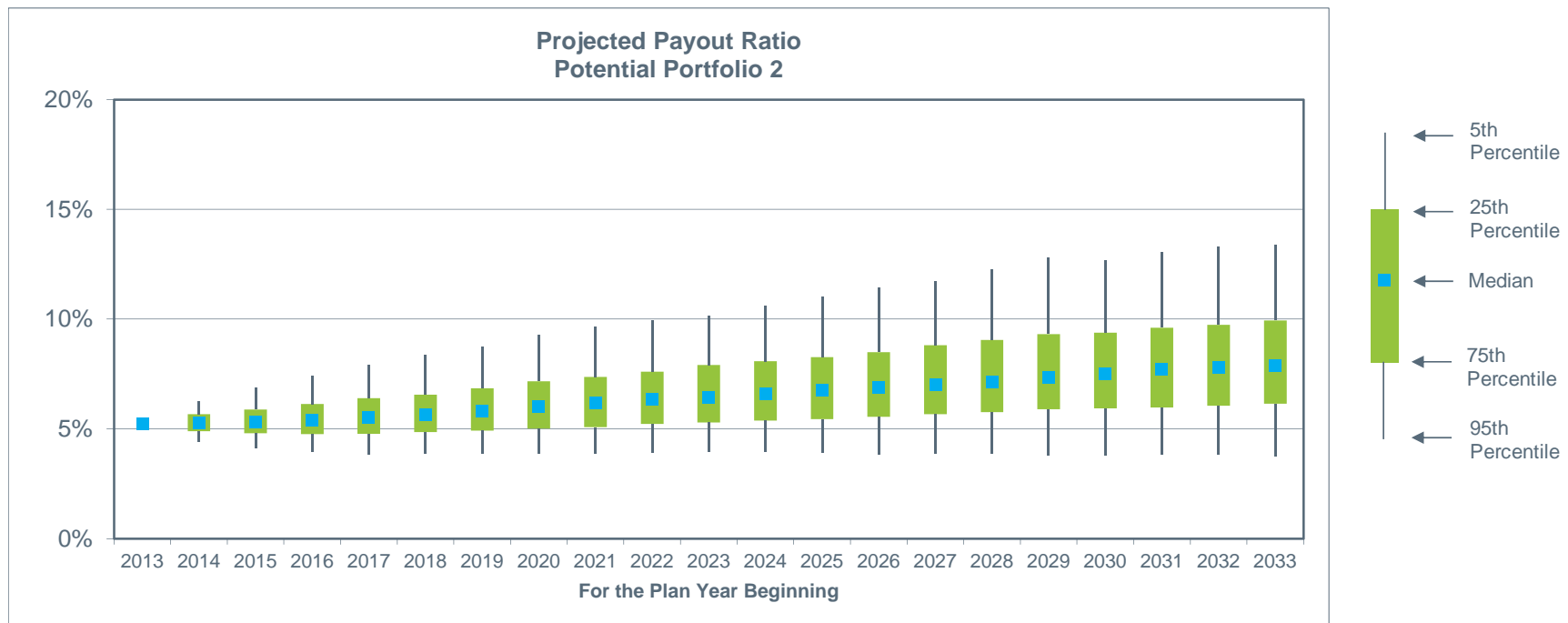
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%	8%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); **Potential Portfolio 2**

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 2**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 8%. The worst-case scenario could reach 13% or higher.



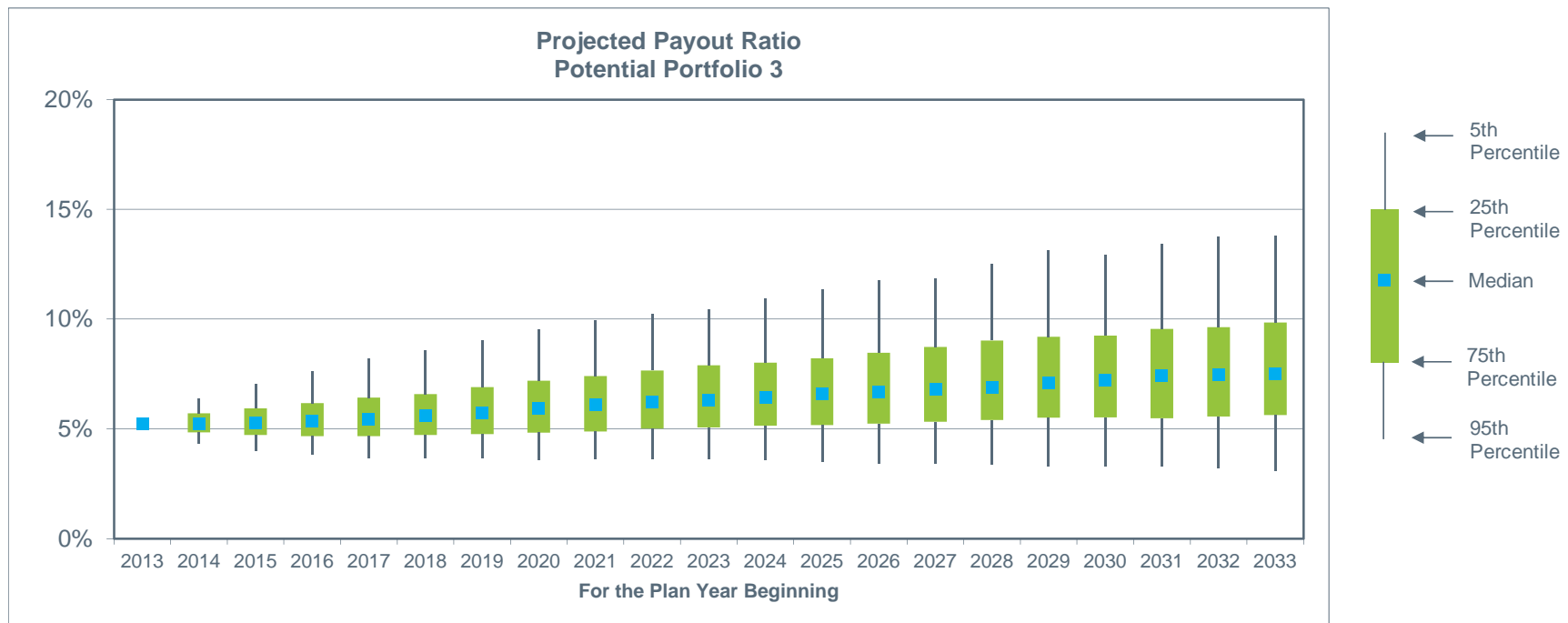
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	6%	7%	7%	7%	7%	7%	7%	8%	8%	8%	8%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); **Potential Portfolio 3**

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 3**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 8%. The worst-case scenario could reach 14% or higher.



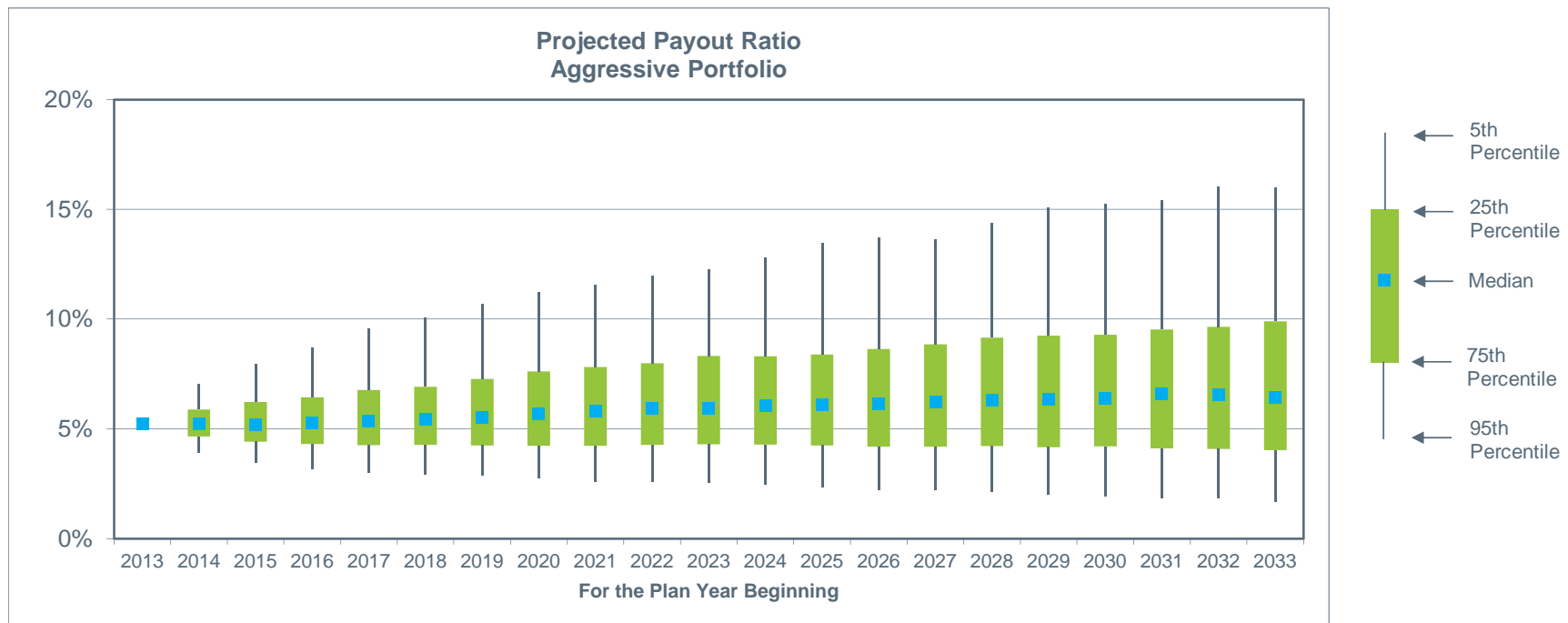
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%	8%

Stochastic Analysis (continued)

Projected Payout Ratio (expected benefit payments/market value of assets); **Aggressive Portfolio**

The graph below displays the range of possible payout ratios over the next twenty years, assuming the Plan's assets are allocated according to the **Aggressive Portfolio**. The results assume the current contribution policy remains unchanged for all projection years.

The median annual benefit payment as percentage of the market value of assets is expected to range between 5% and 7%. The worst-case scenario could reach 16% or higher.

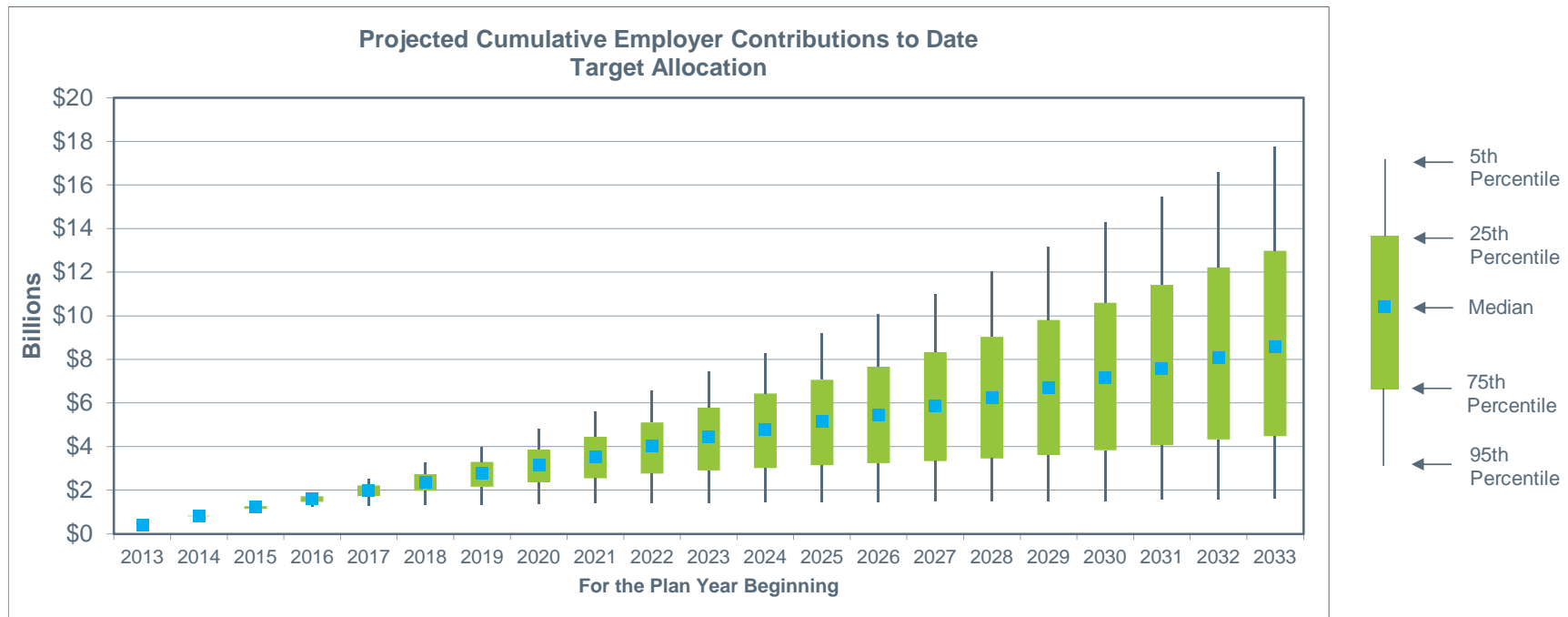


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Median	5%	5%	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	7%	7%	6%

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Target Allocation

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to the **Target Allocation** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.

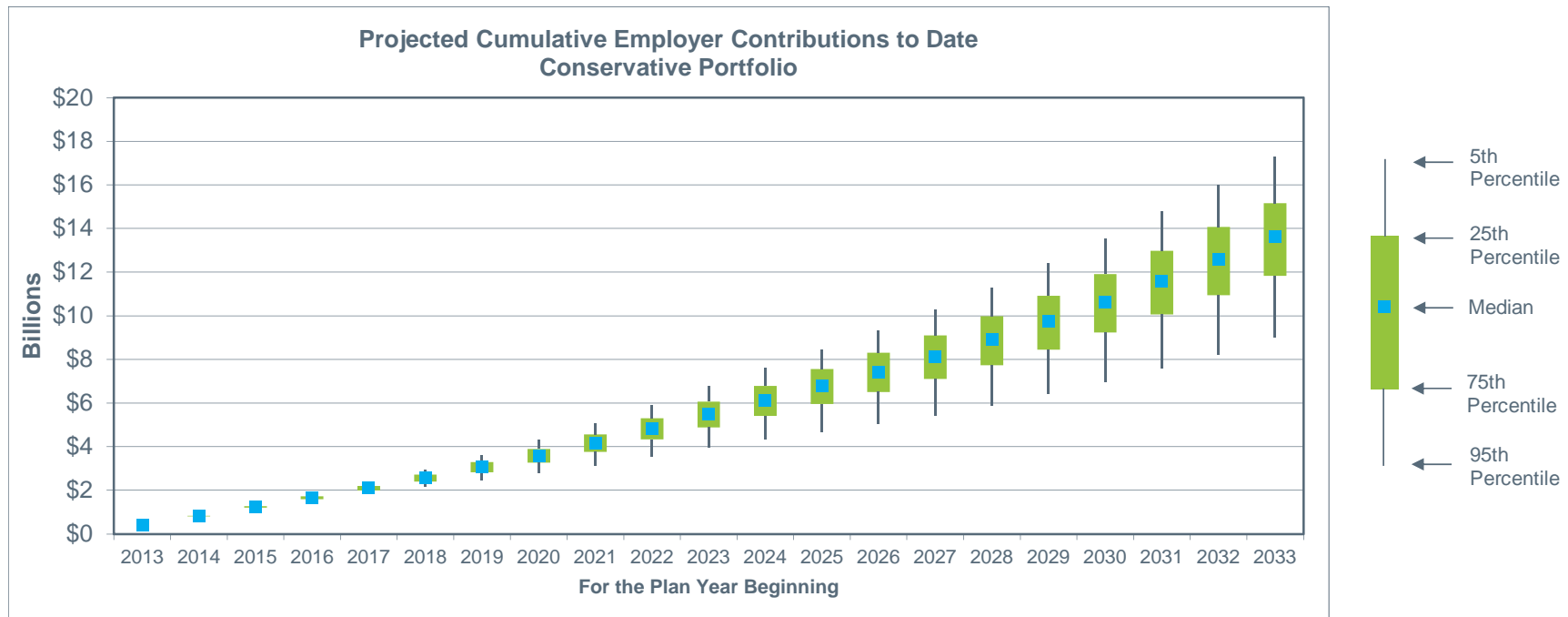


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.4	\$1.9	\$2.5	\$3.2	\$4.0	\$4.8	\$5.6	\$6.6	\$7.5	\$8.3	\$9.2	\$10.1	\$11.0	\$12.0	\$13.2	\$14.3	\$15.4	\$16.6	\$17.7
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.7	\$2.2	\$2.7	\$3.3	\$3.9	\$4.5	\$5.1	\$5.8	\$6.4	\$7.1	\$7.7	\$8.3	\$9.0	\$9.8	\$10.6	\$11.4	\$12.2	\$13.0
Median	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0	\$2.4	\$2.8	\$3.1	\$3.5	\$4.0	\$4.5	\$4.8	\$5.1	\$5.5	\$5.9	\$6.2	\$6.7	\$7.2	\$7.6	\$8.1	\$8.6
75th Percentile	\$0.4	\$0.8	\$1.2	\$1.5	\$1.7	\$2.0	\$2.2	\$2.4	\$2.5	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.3	\$3.5	\$3.6	\$3.8	\$4.1	\$4.3	\$4.5
95th Percentile	\$0.4	\$0.8	\$1.0	\$1.2	\$1.3	\$1.3	\$1.3	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Conservative Portfolio

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to the **Conservative Portfolio** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.

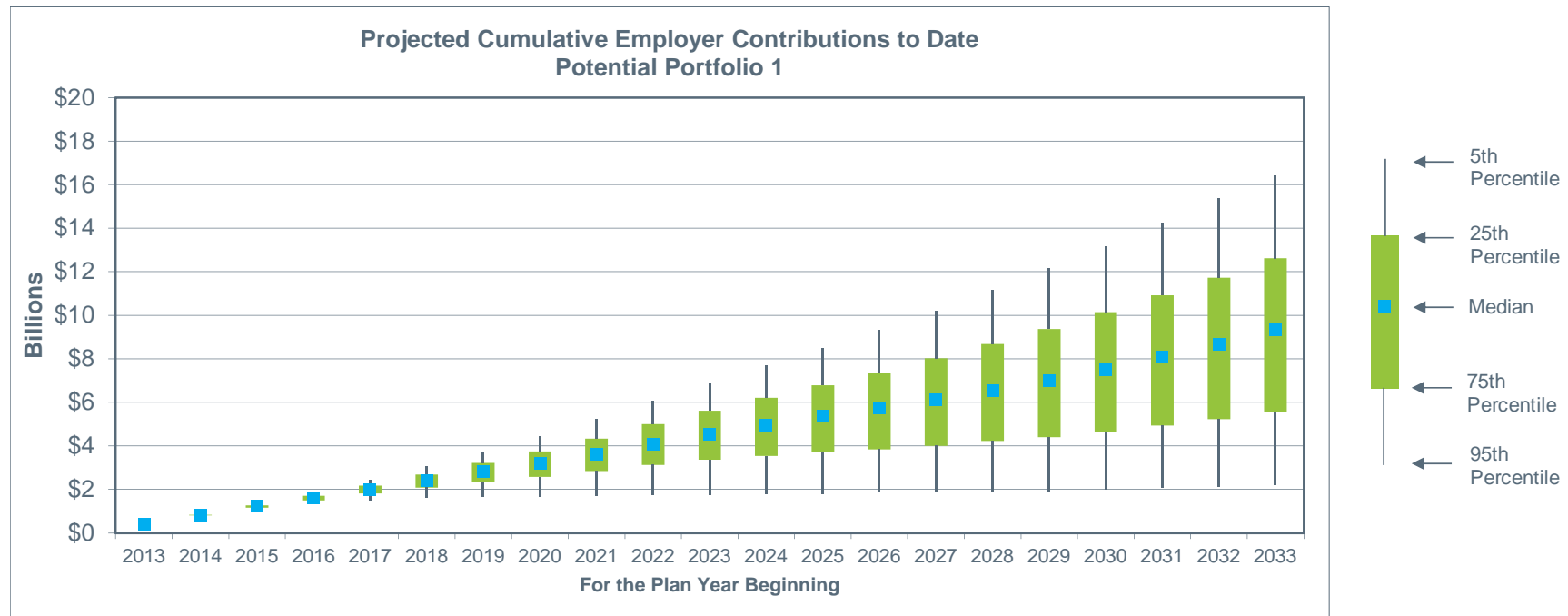


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.3	\$1.8	\$2.4	\$3.0	\$3.6	\$4.3	\$5.1	\$5.9	\$6.8	\$7.6	\$8.5	\$9.3	\$10.3	\$11.3	\$12.4	\$13.5	\$14.8	\$16.0	\$17.3
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.7	\$2.2	\$2.7	\$3.3	\$3.9	\$4.6	\$5.3	\$6.1	\$6.8	\$7.6	\$8.3	\$9.1	\$10.0	\$10.9	\$11.9	\$13.0	\$14.1	\$15.2
Median	\$0.4	\$0.8	\$1.2	\$1.7	\$2.1	\$2.6	\$3.1	\$3.6	\$4.2	\$4.8	\$5.5	\$6.1	\$6.8	\$7.4	\$8.1	\$8.9	\$9.7	\$10.6	\$11.6	\$12.6	\$13.6
75th Percentile	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0	\$2.4	\$2.8	\$3.3	\$3.8	\$4.3	\$4.9	\$5.4	\$6.0	\$6.5	\$7.1	\$7.7	\$8.5	\$9.2	\$10.1	\$10.9	\$11.8
95th Percentile	\$0.4	\$0.8	\$1.2	\$1.5	\$1.8	\$2.2	\$2.5	\$2.8	\$3.1	\$3.6	\$4.0	\$4.3	\$4.7	\$5.0	\$5.4	\$5.9	\$6.4	\$7.0	\$7.6	\$8.2	\$9.0

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Potential Portfolio 1

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 1** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.

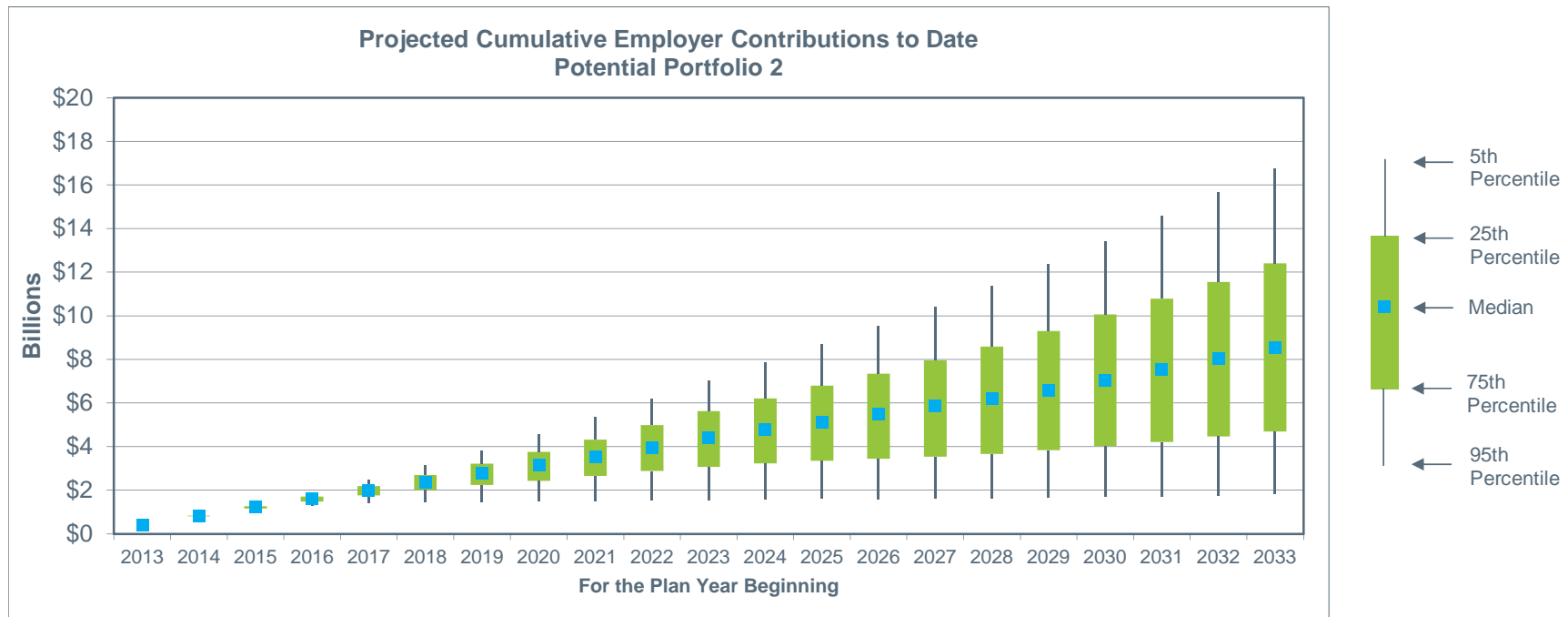


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.3	\$1.9	\$2.4	\$3.1	\$3.7	\$4.5	\$5.2	\$6.1	\$6.9	\$7.7	\$8.5	\$9.3	\$10.2	\$11.1	\$12.1	\$13.2	\$14.3	\$15.4	\$16.4
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.7	\$2.2	\$2.7	\$3.2	\$3.7	\$4.3	\$5.0	\$5.6	\$6.2	\$6.8	\$7.4	\$8.0	\$8.7	\$9.4	\$10.1	\$10.9	\$11.7	\$12.6
Median	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0	\$2.4	\$2.8	\$3.2	\$3.6	\$4.1	\$4.5	\$5.0	\$5.4	\$5.7	\$6.1	\$6.5	\$7.0	\$7.5	\$8.1	\$8.7	\$9.3
75th Percentile	\$0.4	\$0.8	\$1.2	\$1.5	\$1.8	\$2.1	\$2.3	\$2.6	\$2.8	\$3.1	\$3.4	\$3.5	\$3.7	\$3.8	\$4.0	\$4.2	\$4.4	\$4.6	\$4.9	\$5.2	\$5.5
95th Percentile	\$0.4	\$0.8	\$1.1	\$1.3	\$1.5	\$1.6	\$1.7	\$1.7	\$1.7	\$1.7	\$1.8	\$1.8	\$1.8	\$1.9	\$1.9	\$1.9	\$1.9	\$2.0	\$2.1	\$2.1	\$2.2

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Potential Portfolio 2

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 2** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.

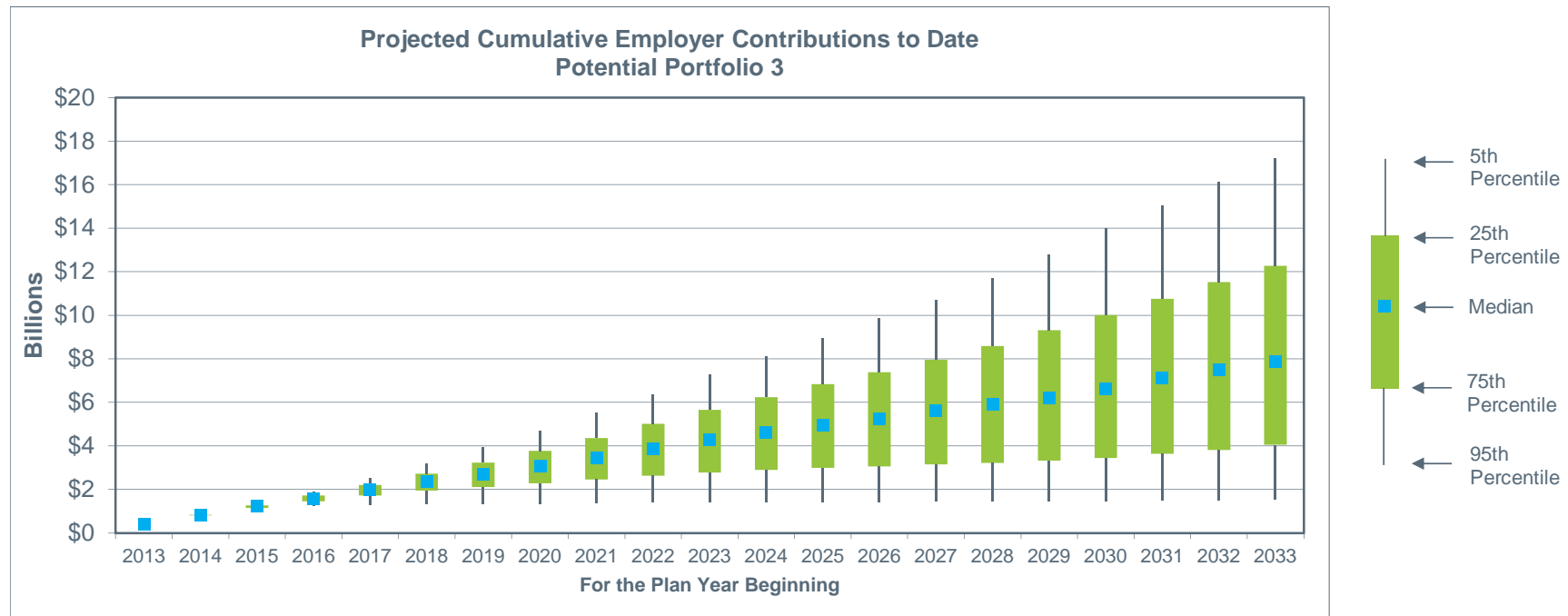


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.3	\$1.9	\$2.5	\$3.1	\$3.8	\$4.6	\$5.3	\$6.2	\$7.0	\$7.8	\$8.7	\$9.5	\$10.4	\$11.3	\$12.4	\$13.4	\$14.6	\$15.7	\$16.7
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.7	\$2.2	\$2.7	\$3.2	\$3.8	\$4.3	\$5.0	\$5.6	\$6.2	\$6.8	\$7.3	\$8.0	\$8.6	\$9.3	\$10.1	\$10.8	\$11.6	\$12.4
Median	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0	\$2.4	\$2.8	\$3.1	\$3.5	\$4.0	\$4.4	\$4.8	\$5.1	\$5.5	\$5.9	\$6.2	\$6.6	\$7.0	\$7.5	\$8.1	\$8.6
75th Percentile	\$0.4	\$0.8	\$1.2	\$1.5	\$1.8	\$2.0	\$2.2	\$2.4	\$2.7	\$2.9	\$3.1	\$3.2	\$3.3	\$3.4	\$3.5	\$3.7	\$3.8	\$4.0	\$4.2	\$4.5	\$4.7
95th Percentile	\$0.4	\$0.8	\$1.1	\$1.3	\$1.4	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.6	\$1.7	\$1.7	\$1.7	\$1.7	\$1.8	\$1.8

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Potential Portfolio 3

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to **Potential Portfolio 3** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.

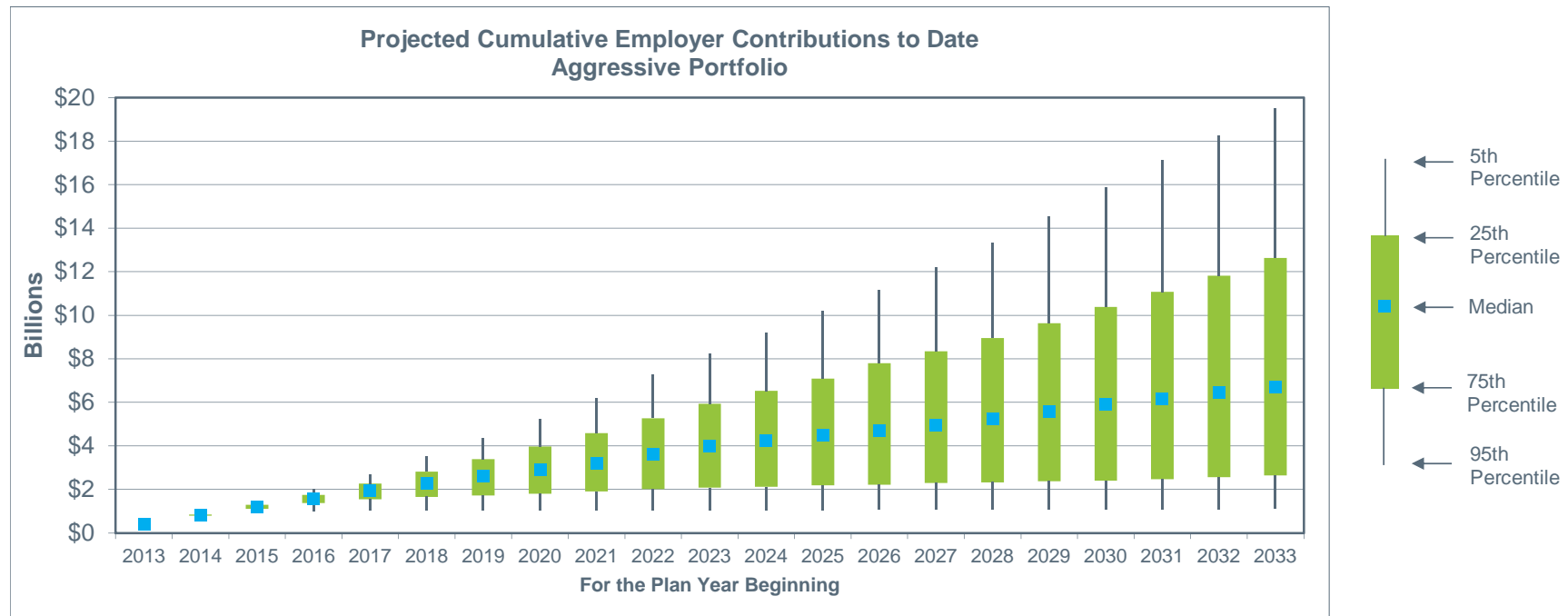


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.4	\$1.9	\$2.5	\$3.2	\$3.9	\$4.7	\$5.5	\$6.4	\$7.3	\$8.1	\$9.0	\$9.8	\$10.7	\$11.7	\$12.8	\$14.0	\$15.0	\$16.1	\$17.2
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.7	\$2.2	\$2.7	\$3.2	\$3.8	\$4.4	\$5.0	\$5.6	\$6.2	\$6.8	\$7.4	\$8.0	\$8.6	\$9.3	\$10.0	\$10.8	\$11.5	\$12.3
Median	\$0.4	\$0.8	\$1.2	\$1.6	\$2.0	\$2.3	\$2.7	\$3.1	\$3.5	\$3.9	\$4.3	\$4.6	\$4.9	\$5.2	\$5.6	\$5.9	\$6.2	\$6.6	\$7.1	\$7.5	\$7.9
75th Percentile	\$0.4	\$0.8	\$1.2	\$1.5	\$1.7	\$1.9	\$2.1	\$2.3	\$2.5	\$2.6	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.2	\$3.3	\$3.4	\$3.6	\$3.8	\$4.1
95th Percentile	\$0.4	\$0.8	\$1.0	\$1.2	\$1.3	\$1.3	\$1.3	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.4	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.6

Stochastic Analysis (continued)

Cumulative Employer Contributions to Date; Aggressive Portfolio

The graph and table below show the range of projected cumulative employer contributions over the next twenty years, assuming the Plan's assets are allocated according to the **Aggressive Portfolio** (highlighted on the prior pages). The results assume the current contribution policy remains unchanged for all projection years.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
5th Percentile	\$0.4	\$0.9	\$1.4	\$2.0	\$2.7	\$3.5	\$4.4	\$5.3	\$6.2	\$7.3	\$8.3	\$9.2	\$10.2	\$11.2	\$12.2	\$13.3	\$14.5	\$15.8	\$17.1	\$18.3	\$19.5
25th Percentile	\$0.4	\$0.8	\$1.3	\$1.8	\$2.3	\$2.8	\$3.4	\$4.0	\$4.6	\$5.3	\$5.9	\$6.5	\$7.1	\$7.8	\$8.3	\$9.0	\$9.6	\$10.4	\$11.1	\$11.8	\$12.6
Median	\$0.4	\$0.8	\$1.2	\$1.6	\$1.9	\$2.3	\$2.6	\$2.9	\$3.2	\$3.6	\$4.0	\$4.3	\$4.5	\$4.7	\$5.0	\$5.2	\$5.6	\$5.9	\$6.1	\$6.4	\$6.7
75th Percentile	\$0.4	\$0.8	\$1.1	\$1.4	\$1.5	\$1.7	\$1.7	\$1.8	\$1.9	\$2.0	\$2.1	\$2.1	\$2.2	\$2.2	\$2.3	\$2.3	\$2.4	\$2.4	\$2.5	\$2.6	\$2.7
95th Percentile	\$0.4	\$0.7	\$0.9	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1

Stochastic Analysis (continued)

Employer Contributions (as a weighted average percentage of salary)

The tables below show the range of required employer contributions (as a weighted average percentage of salary) assuming the six different asset mixes highlighted on the prior pages. The results assume the current contribution policy remains unchanged for all projection years.

5 Years	Required Employer Contribution for Plan Year Beginning 2019				
	5th	25th	50th	75th	95th
Target Allocation	71%	51%	37%	22%	0%
Conservative Portfolio	63%	52%	44%	38%	28%
Potential Portfolio 1	65%	49%	38%	25%	6%
Potential Portfolio 2	67%	49%	37%	23%	1%
Potential Portfolio 3	69%	50%	36%	20%	0%
Aggressive Portfolio	81%	53%	33%	9%	0%

10 Years	Required Employer Contribution for Plan Year Beginning 2024				
	5th	25th	50th	75th	95th
Target Allocation	89%	58%	36%	7%	0%
Conservative Portfolio	86%	66%	54%	42%	25%
Potential Portfolio 1	84%	56%	38%	16%	0%
Potential Portfolio 2	85%	56%	35%	11%	0%
Potential Portfolio 3	87%	55%	33%	4%	0%
Aggressive Portfolio	100%	60%	26%	0%	0%

20 Years	Required Employer Contribution for Plan Year Beginning 2034				
	5th	25th	50th	75th	95th
Target Allocation	98%	60%	30%	0%	0%
Conservative Portfolio	104%	75%	59%	46%	25%
Potential Portfolio 1	94%	59%	34%	7%	0%
Potential Portfolio 2	95%	57%	30%	0%	0%
Potential Portfolio 3	97%	55%	24%	0%	0%
Aggressive Portfolio	106%	54%	1%	0%	0%

Stochastic Analysis (continued)

Drawing Inferences

The tables below compare the projected actuarial and market funded ratios five, ten, and twenty years from now, under the median (50th percentile), worst-case (5th percentile), and best-case (95th percentile) scenarios, assuming the six different asset mixes highlighted on the prior pages. The table also displays for comparative purposes the median, peak, and trough projected payout ratios and cumulative employer contributions assuming the same six asset mixes being examined.

5 Years	Actuarial Funded Ratio in Year 5			Market Funded Ratio in Year 5			Cumulative Employer Contributions in Year 5 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 5 Median	2014-2019	
											Peak	Trough
Target Allocation	92%	71%	121%	89%	59%	134%	\$2.4	\$3.2	\$1.3	6%	9%	4%
Conservative Portfolio	87%	77%	97%	81%	67%	97%	\$2.6	\$3.0	\$2.2	6%	8%	5%
Potential Portfolio 1	91%	75%	113%	88%	64%	121%	\$2.4	\$3.1	\$1.6	6%	8%	4%
Potential Portfolio 2	92%	74%	116%	89%	63%	128%	\$2.4	\$3.1	\$1.5	6%	8%	4%
Potential Portfolio 3	93%	72%	121%	90%	60%	134%	\$2.3	\$3.2	\$1.3	6%	9%	4%
Aggressive Portfolio	95%	65%	143%	93%	51%	170%	\$2.3	\$3.5	\$1.0	5%	10%	3%

10 Years	Actuarial Funded Ratio in Year 10			Market Funded Ratio in Year 10			Cumulative Employer Contributions in Year 10 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 10 Median	2014-2024	
											Peak	Trough
Target Allocation	92%	64%	142%	89%	55%	151%	\$4.5	\$7.5	\$1.4	6%	11%	4%
Conservative Portfolio	81%	68%	97%	75%	60%	95%	\$5.5	\$6.8	\$4.0	8%	10%	5%
Potential Portfolio 1	90%	68%	126%	87%	60%	131%	\$4.5	\$6.9	\$1.8	7%	10%	4%
Potential Portfolio 2	92%	67%	136%	89%	58%	142%	\$4.4	\$7.0	\$1.6	6%	10%	4%
Potential Portfolio 3	93%	65%	146%	91%	57%	156%	\$4.3	\$7.3	\$1.4	6%	10%	4%
Aggressive Portfolio	97%	58%	201%	97%	48%	223%	\$4.0	\$8.3	\$1.1	6%	12%	3%

20 Years	Actuarial Funded Ratio in Year 20			Market Funded Ratio in Year 20			Cumulative Employer Contributions in Year 20 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 20 Median	2014-2034	
											Peak	Trough
Target Allocation	90%	58%	198%	88%	50%	200%	\$8.6	\$17.7	\$1.6	8%	14%	3%
Conservative Portfolio	75%	61%	92%	69%	54%	89%	\$13.6	\$17.3	\$9.0	10%	13%	5%
Potential Portfolio 1	87%	62%	149%	84%	55%	152%	\$9.3	\$16.4	\$2.2	8%	13%	4%
Potential Portfolio 2	89%	60%	175%	88%	54%	180%	\$8.6	\$16.7	\$1.8	8%	13%	4%
Potential Portfolio 3	93%	59%	206%	91%	52%	214%	\$7.9	\$17.2	\$1.6	8%	14%	3%
Aggressive Portfolio	105%	53%	376%	107%	44%	395%	\$6.7	\$19.5	\$1.1	6%	16%	2%

Appendix 1: Sensitivity Analysis: “Effect of Higher Volatility”

This section provides a sensitivity analysis of the original stochastic projections by assuming the risk (as measured by standard deviation) of each asset class is doubled. These modified assumptions are outlined in the table below, compared to the original values:

Asset Class	Arithmetic Return Assumption	Standard Deviation Assumption	Standard Deviation Assumption Doubled
Broad US Equity	7.05	17.80	35.60
Broad International Equity	8.60	20.60	41.20
Fixed Income	3.80	6.10	12.20
Covered Calls	5.10	11.85	23.70
Real Estate	7.65	15.00	30.00
Private Equity	10.50	26.00	52.00
Real Return	5.07	7.31	14.62
Hedge Funds	6.50	9.50	19.00
Cash Equivalents	2.25	3.00	6.00

RVK supports the recommendations based on the original assumptions shown in the Stochastic Analysis section of this report. However, this stress-testing illustrates that potential increased capital market volatility does not change the asset allocation recommendations, based on the current status of the Plan. Instead it simply widens the range of potential results, exacerbating the potential best and worst-case scenarios.

Appendix 1: Sensitivity Analysis: “Effect of Higher Volatility” (continued)

Projected Market Funded Ratio and Maximum 1 Year Investment Loss (market value of assets/actuarial accrued liability)

The tables below show the probability that the Plan will be at various funding levels for each of the six different asset mixes highlighted on the prior pages. The tables also illustrate the maximum 1 year investment loss each portfolio is expected to experience during the given time period as well as the maximum one year employer contribution (shown as a weighted average percentage of salary). The results assume the current contribution policy remains unchanged for all projection years.

5 Years	Probability of Full Funding in 2019	Probability of < 88% (Current) Funding in 2019	Probability of < 60% (Current) Funding in 2019	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	40%	45%	14%	-49%	89%
Conservative Portfolio	17%	65%	11%	-39%	84%
Potential Portfolio 1	38%	46%	11%	-43%	86%
Potential Portfolio 2	41%	45%	12%	-46%	87%
Potential Portfolio 3	43%	44%	14%	-50%	90%
Aggressive Portfolio	48%	44%	21%	-66%	106%

10 Years	Probability of Full Funding in 2024	Probability of < 88% (Current) Funding in 2024	Probability of < 60% (Current) Funding in 2024	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	45%	44%	18%	-49%	129%
Conservative Portfolio	14%	73%	21%	-39%	130%
Potential Portfolio 1	43%	45%	15%	-43%	127%
Potential Portfolio 2	46%	43%	16%	-46%	126%
Potential Portfolio 3	49%	42%	17%	-50%	127%
Aggressive Portfolio	53%	40%	23%	-66%	140%

20 Years	Probability of Full Funding in 2034	Probability of < 88% (Current) Funding in 2034	Probability of < 60% (Current) Funding in 2034	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	52%	41%	18%	-49%	149%
Conservative Portfolio	13%	77%	31%	-39%	171%
Potential Portfolio 1	50%	41%	17%	-43%	147%
Potential Portfolio 2	54%	38%	17%	-46%	148%
Potential Portfolio 3	57%	36%	17%	-50%	149%
Aggressive Portfolio	62%	33%	19%	-66%	154%

Appendix 1: Sensitivity Analysis: “Effect of Higher Volatility” (continued)

Drawing Inferences

The tables below compare the projected actuarial and market funded ratios five, ten, and twenty years from now, under the median (50th percentile), worst-case (5th percentile), and best-case (95th percentile) scenarios, assuming the six different asset mixes highlighted on the prior pages. The table also displays for comparative purposes the median, peak, and trough projected payout ratios and cumulative employer contributions assuming the same six asset mixes being examined.

5 Years	Actuarial Funded Ratio in Year 5			Market Funded Ratio in Year 5			Cumulative Employer Contributions in Year 5 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 5 Median	2014-2019	
											Peak	Trough
Target Allocation	93%	62%	146%	92%	48%	177%	\$2.3	\$3.6	\$1.0	5%	11%	3%
Conservative Portfolio	86%	68%	109%	81%	55%	116%	\$2.6	\$3.4	\$1.8	6%	10%	4%
Potential Portfolio 1	93%	65%	136%	91%	51%	163%	\$2.3	\$3.5	\$1.1	6%	10%	3%
Potential Portfolio 2	94%	64%	143%	92%	49%	173%	\$2.3	\$3.5	\$1.0	5%	11%	3%
Potential Portfolio 3	95%	62%	152%	94%	48%	185%	\$2.3	\$3.7	\$0.9	5%	11%	3%
Aggressive Portfolio	96%	53%	199%	96%	38%	263%	\$2.2	\$4.2	\$0.7	5%	14%	2%

10 Years	Actuarial Funded Ratio in Year 10			Market Funded Ratio in Year 10			Cumulative Employer Contributions in Year 10 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 10 Median	2014-2024	
											Peak	Trough
Target Allocation	95%	55%	208%	95%	45%	228%	\$4.2	\$8.6	\$1.0	6%	13%	2%
Conservative Portfolio	80%	57%	116%	75%	47%	118%	\$5.6	\$8.1	\$2.4	8%	13%	4%
Potential Portfolio 1	93%	57%	186%	93%	48%	204%	\$4.2	\$8.0	\$1.1	6%	13%	3%
Potential Portfolio 2	96%	56%	207%	95%	46%	232%	\$4.1	\$8.2	\$1.1	6%	13%	2%
Potential Portfolio 3	98%	55%	231%	98%	45%	261%	\$4.0	\$8.5	\$1.0	6%	13%	2%
Aggressive Portfolio	103%	47%	369%	106%	36%	439%	\$3.8	\$9.9	\$0.8	5%	17%	1%

20 Years	Actuarial Funded Ratio in Year 20			Market Funded Ratio in Year 20			Cumulative Employer Contributions in Year 20 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 20 Median	2014-2034	
											Peak	Trough
Target Allocation	102%	49%	394%	104%	41%	417%	\$7.7	\$20.4	\$1.1	7%	18%	2%
Conservative Portfolio	75%	51%	119%	69%	43%	118%	\$14.0	\$21.1	\$4.3	10%	18%	4%
Potential Portfolio 1	100%	51%	316%	100%	44%	331%	\$7.8	\$19.3	\$1.2	7%	17%	2%
Potential Portfolio 2	105%	50%	381%	107%	43%	407%	\$7.4	\$19.8	\$1.1	6%	17%	2%
Potential Portfolio 3	110%	49%	459%	113%	42%	501%	\$6.8	\$20.3	\$1.0	6%	18%	1%
Aggressive Portfolio	133%	42%	994%	139%	34%	1120%	\$6.6	\$23.2	\$0.8	5%	22%	1%

Appendix 2: Sensitivity Analysis: “Effect of Higher Correlations”

This section provides a sensitivity analysis of the original stochastic projections by assuming that all asset classes are perfectly positively correlated (i.e. correlation = 1.00). A correlation matrix reflecting these modified assumptions is provided below:

	Broad US Equity	Broad International Equity	Fixed Income	Covered Calls	Real Estate	Private Equity	Real Return	Diversified Hedge Funds	Cash Equivalents
Broad US Equity	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Broad International Equity	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fixed Income	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Covered Calls	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Real Estate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Private Equity	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Real Return	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Diversified Hedge Funds	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cash Equivalents	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

RVK supports the recommendations based on the original assumptions shown in the Stochastic Analysis section of this report. However, this stress-testing illustrates that converging correlations across capital markets does not change the asset allocation recommendations, based on the current status of the Plan. Instead it simply widens the range of potential results, indicating higher risk for all asset mixes given the dampened effects of total fund diversification.

Appendix 2: Sensitivity Analysis: “Effect of Higher Correlations” (continued)

Projected Market Funded Ratio and Maximum 1 Year Investment Loss (market value of assets/actuarial accrued liability)

The tables below show the probability that the Plan will be at various funding levels for each of the six different asset mixes highlighted on the prior pages. The tables also illustrate the maximum 1 year investment loss each portfolio is expected to experience during the given time period as well as the maximum one year employer contribution (shown as a weighted average percentage of salary). The results assume the current contribution policy remains unchanged for all projection years.

5 Years	Probability of Full Funding in 2019	Probability of < 88% (Current) Funding in 2019	Probability of < 60% (Current) Funding in 2019	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	36%	49%	11%	-41%	85%
Conservative Portfolio	9%	71%	3%	-22%	70%
Potential Portfolio 1	32%	50%	8%	-35%	80%
Potential Portfolio 2	35%	49%	9%	-38%	82%
Potential Portfolio 3	37%	48%	10%	-41%	84%
Aggressive Portfolio	43%	45%	15%	-52%	94%

10 Years	Probability of Full Funding in 2024	Probability of < 88% (Current) Funding in 2024	Probability of < 60% (Current) Funding in 2024	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	38%	50%	18%	-45%	118%
Conservative Portfolio	8%	78%	13%	-26%	102%
Potential Portfolio 1	34%	52%	16%	-39%	112%
Potential Portfolio 2	37%	49%	17%	-42%	115%
Potential Portfolio 3	40%	48%	17%	-45%	117%
Aggressive Portfolio	47%	44%	20%	-57%	129%

20 Years	Probability of Full Funding in 2034	Probability of < 88% (Current) Funding in 2034	Probability of < 60% (Current) Funding in 2034	Maximum 1 Year Investment Loss	Maximum 1 Year Employer Contribution
Target Allocation	42%	50%	20%	-45%	128%
Conservative Portfolio	3%	88%	23%	-26%	120%
Potential Portfolio 1	36%	53%	18%	-39%	123%
Potential Portfolio 2	40%	50%	18%	-42%	125%
Potential Portfolio 3	44%	47%	19%	-45%	126%
Aggressive Portfolio	53%	39%	19%	-57%	135%

Appendix 2: Sensitivity Analysis: “Effect of Higher Correlations” (continued)

Drawing Inferences

The tables below compare the projected actuarial and market funded ratios five, ten, and twenty years from now, under the median (50th percentile), worst-case (5th percentile), and best-case (95th percentile) scenarios, assuming the six different asset mixes highlighted on the prior pages. The table also displays for comparative purposes the median, peak, and trough projected payout ratios and cumulative employer contributions assuming the same six asset mixes being examined.

5 Years	Actuarial Funded Ratio in Year 5			Market Funded Ratio in Year 5			Cumulative Employer Contributions in Year 5 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 5 Median	2014-2019	
											Peak	Trough
Target Allocation	92%	67%	129%	89%	53%	154%	\$2.4	\$3.2	\$1.3	6%	10%	3%
Conservative Portfolio	87%	75%	100%	81%	62%	104%	\$2.6	\$2.9	\$2.2	6%	9%	5%
Potential Portfolio 1	91%	70%	121%	88%	56%	140%	\$2.4	\$3.1	\$1.4	6%	10%	3%
Potential Portfolio 2	92%	69%	125%	89%	55%	148%	\$2.4	\$3.1	\$1.3	6%	10%	3%
Potential Portfolio 3	92%	67%	131%	90%	53%	157%	\$2.4	\$3.2	\$1.2	6%	10%	3%
Aggressive Portfolio	94%	62%	153%	92%	47%	194%	\$2.3	\$3.5	\$1.0	5%	11%	2%

10 Years	Actuarial Funded Ratio in Year 10			Market Funded Ratio in Year 10			Cumulative Employer Contributions in Year 10 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 10 Median	2014-2024	
											Peak	Trough
Target Allocation	91%	57%	173%	88%	46%	189%	\$4.4	\$7.7	\$1.3	7%	14%	3%
Conservative Portfolio	81%	64%	103%	76%	54%	104%	\$5.4	\$6.7	\$3.7	8%	11%	5%
Potential Portfolio 1	90%	60%	151%	87%	49%	162%	\$4.5	\$7.3	\$1.5	7%	13%	3%
Potential Portfolio 2	91%	59%	164%	88%	48%	178%	\$4.4	\$7.4	\$1.4	7%	13%	3%
Potential Portfolio 3	93%	57%	178%	90%	46%	196%	\$4.3	\$7.6	\$1.3	6%	13%	3%
Aggressive Portfolio	97%	51%	241%	96%	41%	277%	\$3.9	\$8.3	\$1.0	6%	15%	2%

20 Years	Actuarial Funded Ratio in Year 20			Market Funded Ratio in Year 20			Cumulative Employer Contributions in Year 20 (Billions)			Payout Ratios		
	50th	5th	95th	50th	5th	95th	50th	5th	95th	Year 20 Median	2014-2034	
											Peak	Trough
Target Allocation	91%	52%	251%	89%	44%	259%	\$8.7	\$18.0	\$1.4	8%	17%	2%
Conservative Portfolio	75%	58%	97%	70%	50%	96%	\$13.4	\$17.1	\$7.2	10%	15%	5%
Potential Portfolio 1	88%	55%	198%	85%	47%	202%	\$9.2	\$17.4	\$1.6	8%	16%	3%
Potential Portfolio 2	91%	54%	230%	88%	46%	237%	\$8.7	\$17.6	\$1.5	8%	16%	3%
Potential Portfolio 3	94%	53%	271%	92%	45%	282%	\$8.1	\$17.8	\$1.3	8%	17%	2%
Aggressive Portfolio	108%	49%	466%	107%	40%	492%	\$6.8	\$18.9	\$1.1	7%	19%	1%

Appendix 3: Assumptions and Methods

Actuarial Valuation Assumptions and Methods: At the beginning of each projection year, an actuarial valuation is performed to determine employer contributions. The assumptions from the July 1, 2014 actuarial valuation report prepared by Segal were used in all years of the projection. These methods and assumptions are summarized below:

Actuarial Cost Method	Entry-Age Normal (level % of pay, replacement life basis). Funding policies and methods are described in the July 1, 2014 actuarial valuation report prepared by Segal.
Liability Discount Rate	7.50% per year, compounded annually.
Future Pay Increases	Future pay increases as described on page 46 of July 1, 2014 actuarial valuation report prepared by Segal. Pay increases include a 3.25% base wage inflation rate.
Retirement	Rates of retirement as described on page 44 of July 1, 2014 actuarial valuation report prepared by Segal.
Mortality	Rates of mortality as described on page 42 of July 1, 2014 actuarial valuation report prepared by Segal.
Disability	None.
Withdrawal	Rates of withdrawal as described on page 42 of July 1, 2014 actuarial valuation report prepared by Segal.
Asset Valuation Method	5-Year smoothing of actual versus expected returns. The asset valuation method is described on pages 5 and 46 of the July 1, 2014 actuarial valuation report prepared by Segal.
Contribution Policy	For the fiscal year 2015, the employer contribution is capped at 46.17% of pay in accordance with the phase-in provision. Thereafter, assumes employer contributions equal to 1) gross normal cost less expected employee contributions, plus 2) an amortization of the unfunded actuarial liability. The unfunded liability as of July 1, 2004,

Appendix 3: Assumptions and Methods (continued)

was amortized over 15 years in equal dollar amounts over the amortization period. Subsequent changes in unfunded liability are amortized over separate 15 year periods.

Projection Assumptions (used in the deterministic and stochastic asset/liability projections): These projections begin with the Plan's participant population as of July 1, 2014, as provided by Segal. The Plan's population is projected forward and assumed to change as a result of employment separation, death, and retirement, as predicted by the assumptions from the July 1, 2014 actuarial valuation prepared by Segal (and described on the prior pages). New members are assumed to enter the Plan such that the active population remains level throughout the projection. Employee compensation is projected into the future in accordance with the assumptions described on the prior pages. Investment returns are projected into the future in accordance with the assumptions described below.

Employer Contributions

For the fiscal year 2015, the employer contribution is capped at 46.17% of pay in accordance with the phase-in provision. Thereafter, assumes employer contributions equal to 1) gross normal cost less expected employee contributions, plus 2) an amortization of the unfunded actuarial liability. The unfunded liability as of July 1, 2004, was amortized over 15 years in equal dollar amounts over the amortization period. Subsequent changes in unfunded liability are amortized over separate 15 year periods.

Member Contributions

Member contributions are determined based on current contribution rates, and projected pay.

New Entrants

New employees are assumed to join the Plan such that the active population remains level throughout the projection. New employees entering the Plan are assumed to have characteristics similar to recently hired participants.

Rate of Return on Assets

Deterministic Analysis: 7.50%, compounded annually.

Stochastic Analysis: Returns on the portfolio are based on the expected returns of each asset class and the correlations between each class which are detailed in the Stochastic Analysis section of this report.

Appendix 3: Assumptions and Methods (continued)

Inflation

2.50% per year with a standard deviation of 3.00%.

Other

All other projection assumptions are the same as those from the July 1, 2014 actuarial valuation prepared by Segal.

Member data was used without grouping.