



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

October 9, 2009

MEMORANDUM FOR BOARD MEMBERS SAUL, FINK, WHITING,
SANCHEZ, AND DUFFY

FROM: GREGORY T. LONG
EXECUTIVE DIRECTOR

SUBJECT: September 2009 Performance Review - G, F, C, S, I, and L
Funds

INTRODUCTION

This report reviews key aspects of the investment performance of the G, F, C, S, I, and L Funds through September 2009, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR – BGI Funds

September Tracking Error

| <u>Fund</u> | <u>% BGI FUND Performance</u> | <u>% Index Performance</u> | <u>Tracking Error</u> |
|----------------------|--|---------------------------------------|----------------------------------|
| Fixed Income | 1.07 | 1.05 | 0.02 |
| Large Cap | 3.74 | 3.73 | 0.01 |
| Small Mid Cap | 5.92 | 5.81 | 0.11 |
| International | 3.79 | 3.83 | -0.04 |

Year-To-Date Tracking Error

| <u>Fund</u> | <u>% BGI FUND Performance</u> | <u>% Index Performance</u> | <u>Tracking Error</u> |
|----------------------|--|---------------------------------------|----------------------------------|
| Fixed Income | 5.76 | 5.72 | 0.04 |
| Large Cap | 19.45 | 19.26 | 0.19 |
| Small-Mid Cap | 29.05 | 31.02 | -1.97 |
| International | 27.32 | 28.97 | -1.65 |

The **Barclays Equity Index Fund E** has outperformed by 19 basis points year to date primarily because of class action settlements. The **Barclays Extended Equity Market Fund E** outperformed by 11 basis points in September and underperformed by 197 basis points year to date. The performance difference is primarily related to the sampling technique used by the Fund. The **Barclay's EAFE Equity Index Fund E** underperformed by 165 basis points year to date primarily because of a fair valuation adjustment on December 31.

TRADING COSTS

| | <u>DOLLAR AMOUNT TRADED</u> | <u>TRADING COSTS</u> | |
|----------------|-----------------------------|----------------------|---------------------|
| | | <u>\$</u> | <u>Basis Points</u> |
| <u>F Fund</u> | | | |
| September 2009 | 287,050,898 | 204,114 | 7.1 |
| Year-to-Date | 2,922,641,830 | 1,161,601 | 4.0 |
| <u>C Fund</u> | | | |
| September 2009 | 712,272,384 | 47,474 | 0.7 |
| Year-to-Date | 8,672,069,290 | 1,943,873 | 2.2 |
| <u>S Fund</u> | | | |
| September 2009 | 352,705,381 | 253,921 | 7.2 |
| Year-to-Date | 4,128,837,267 | 1,000,941 | 2.4 |
| <u>I Fund</u> | | | |
| September 2009 | 681,799,574 | 335,183 | 4.9 |
| Year-to-Date | 5,681,014,760 | 2,148,775 | 3.8 |

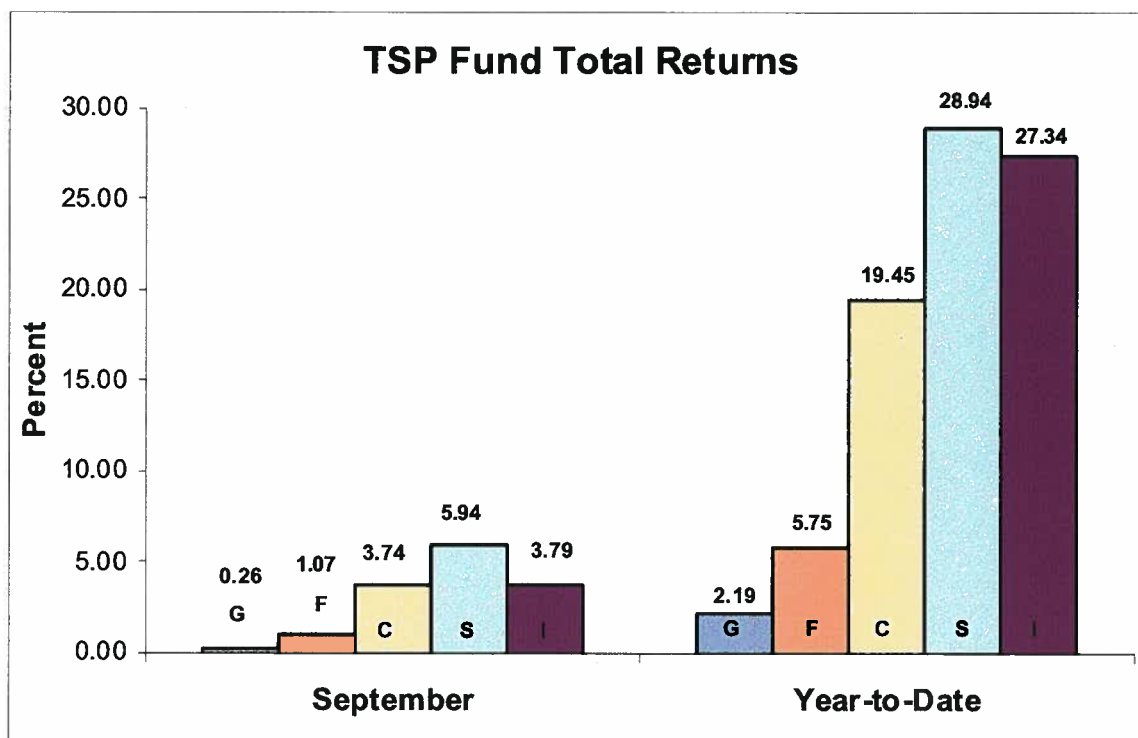
G FUND

The following table compares the G Fund rate to be paid in the month noted to the 3 month Treasury bill, the 10 year Treasury note and the 30 year Treasury bond at the time the rate was set.

| | <u>G Fund</u> | <u>3-month T-bill</u> | <u>10 year T-note</u> | <u>30 year T-bond</u> |
|--------------------|----------------------|------------------------------|------------------------------|------------------------------|
| <u>2008</u> | | | | |
| January | 4.00% | 3.31% | 4.03% | 4.45% |
| February | 3.50 | 1.98 | 3.60 | 4.32 |
| June | 3.38 | 2.08 | 3.51 | 4.40 |
| April | 3.38 | 1.35 | 3.41 | 4.29 |
| May | 3.75 | 1.25 | 3.73 | 4.47 |
| June | 4.00 | 1.86 | 4.06 | 4.72 |
| July | 3.87 | 1.84 | 3.97 | 4.53 |
| August | 3.87 | 1.68 | 3.95 | 4.57 |
| September | 3.75 | 1.70 | 3.81 | 4.42 |
| October | 3.63 | .73 | 3.82 | 4.31 |
| November | 3.75 | .45 | 3.96 | 4.37 |
| December | 2.75 | .02 | 2.92 | 3.44 |
| <u>2009</u> | | | | |
| January | 2.13 | .02 | 2.21 | 2.68 |
| February | 2.75 | .13 | 2.84 | 3.60 |
| March | 2.88 | .27 | 3.02 | 3.71 |
| April | 2.50 | .20 | 2.67 | 3.54 |
| May | 2.88 | .15 | 3.12 | 4.03 |
| June | 3.25 | .14 | 3.46 | 4.34 |
| July | 3.25 | .19 | 3.54 | 4.33 |
| August | 3.25 | .18 | 3.48 | 4.30 |
| September | 3.25 | .13 | 3.40 | 4.18 |
| October | 3.00 | .08 | 3.31 | 4.05 |

PERFORMANCE OF TSP FUNDS

The chart below shows the G, F, C, S, and I Fund net rates of return for September 2009 and year-to-date.



The table below compares the net rates of return for the F, C, S, and I Funds to the returns of the corresponding BGI funds.

September 2009

Total Return %

| <u>Fund</u> | <u>TSP</u> | <u>Barclays</u> | <u>Difference</u> | <u>Index</u> |
|---------------|------------|-----------------|-------------------|--------------|
| Fixed Income | 1.07 | 1.07 | 0.00 | 1.05 |
| Large Cap | 3.74 | 3.74 | 0.00 | 3.73 |
| Small Cap | 5.94 | 5.92 | 0.02 | 5.81 |
| International | 3.79 | 3.79 | 0.00 | 3.83 |

Year-to-Date

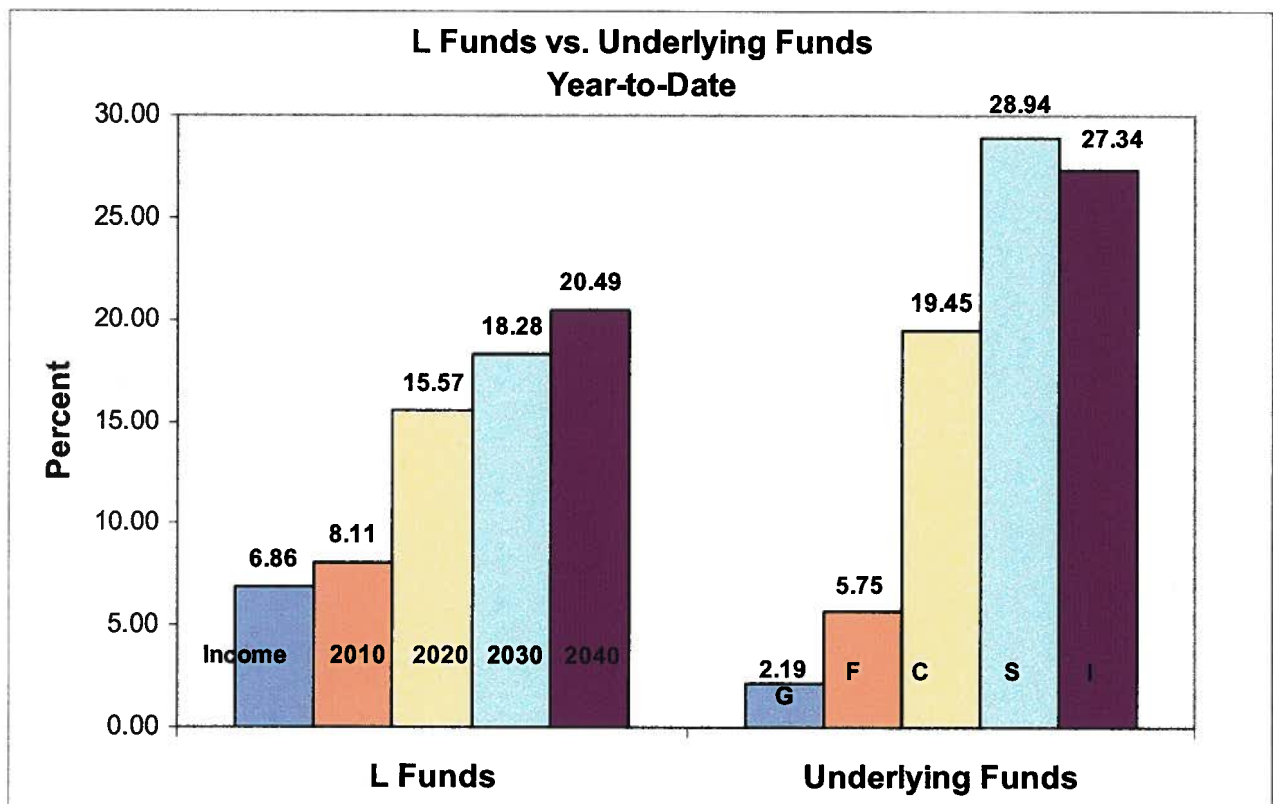
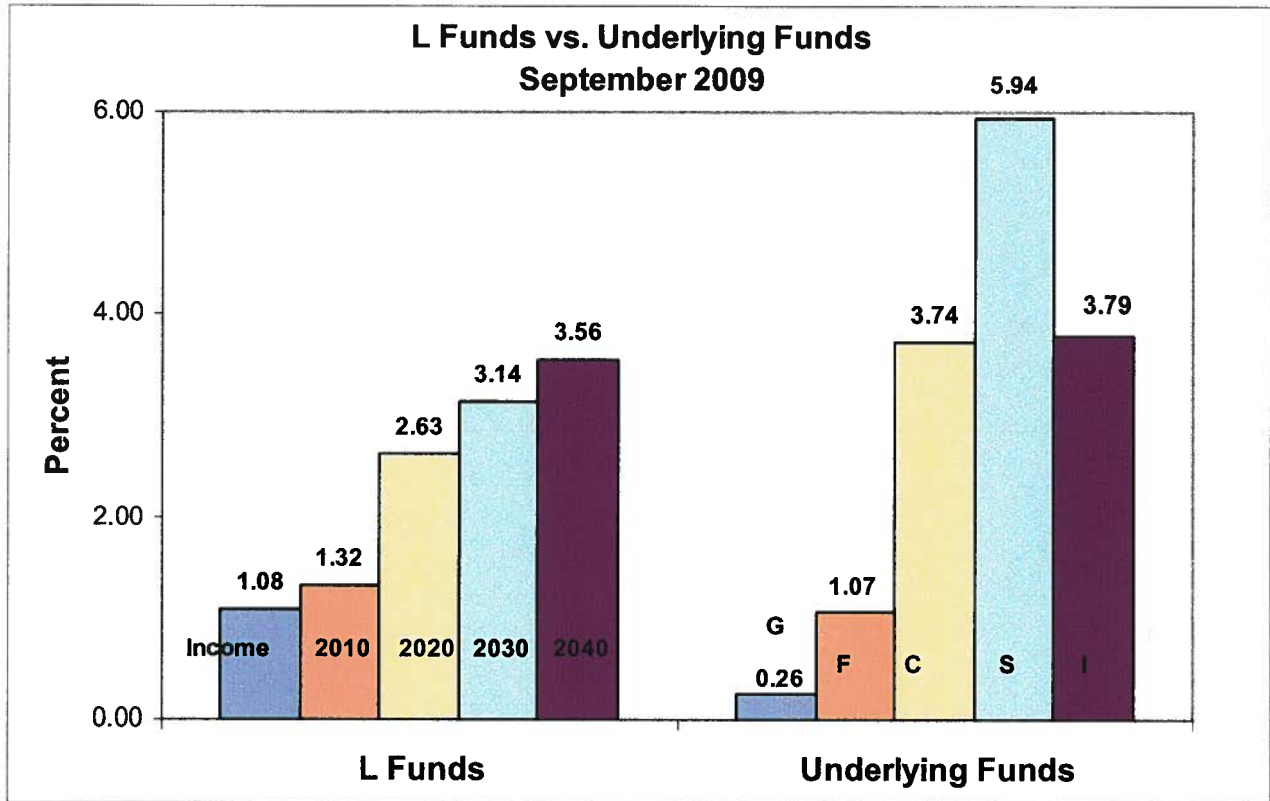
Total Return %

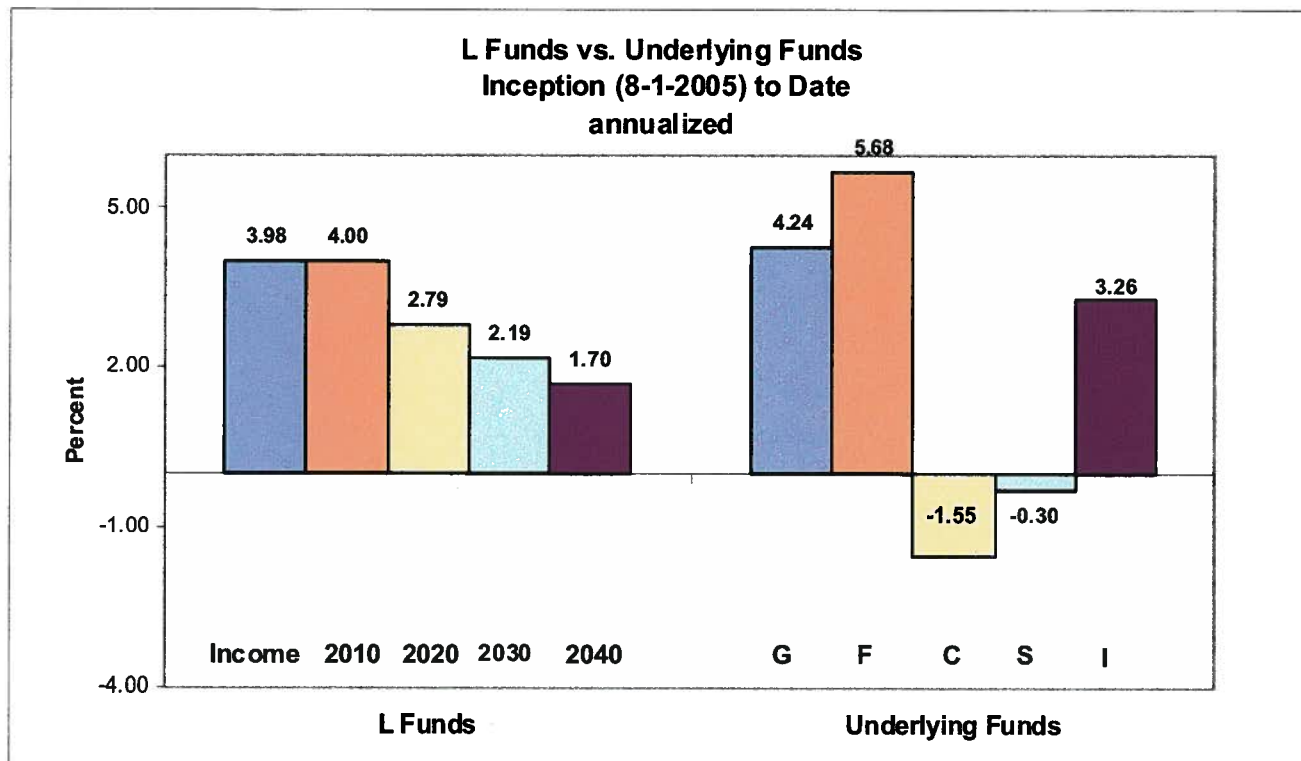
| <u>Fund</u> | <u>TSP</u> | <u>Barclays</u> | <u>Difference</u> | <u>Index</u> |
|---------------|------------|-----------------|-------------------|--------------|
| Fixed Income | 5.75 | 5.76 | -0.01 | 5.72 |
| Large Cap | 19.45 | 19.45 | 0.00 | 19.26 |
| Small Cap | 28.94 | 29.05 | -0.11 | 31.02 |
| International | 27.34 | 27.32 | 0.02 | 28.97 |

The TSP Funds closely tracked the BGI Funds for the month and year to date.

L FUNDS

The net rates of return for the L Funds are shown below along with comparable returns for the G, F, C, S, and I Funds. The bulk of our participants' funds are held in the G and C Funds. All of the L Funds have posted positive returns since inception.





THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

Attachment 1 provides a summary of TSP investment activity and participation rates.

- A record 623,066 participants have L Fund accounts. (p. 9)

PROXY VOTING

An audit of BGI's proxy votes voting conducted by RiskMetrics Group found no exceptions to BGI's established guidelines during the second quarter of 2009. A copy of the audit report is provided as Attachment 2. RiskMetrics' audit report for the third quarter of 2009 is not yet available. There were no changes to BGI's proxy voting policy in the second quarter.

RECOMMENDATION

The G Fund investments produce long-term yields while incurring no market risk. **I recommend reaffirmation of the current G Fund policy of investing solely in short-term maturities.**

The Barclays U.S. Debt Index Fund E, Equity Index Fund E, Extended Market Index Fund E, and EAFE Equity Index Fund E have tracked their respective indices and have incurred low trading costs. Based on the performance of these funds, and the F, C, S, and I Funds' performance discussed above, **I recommend reaffirmation of the current F, C, S, and I Fund investment policies.**

WHEREAS the Federal Employees' Retirement System Act of 1986, as amended (5 U.S.C. § 8401 -- et seq.) provides that the Board members shall establish policies for the investment and management of the Thrift Savings Fund (5 U.S.C. § 8472(f) (1) and (2)); and

WHEREAS the Board members at this meeting have reviewed the investment performance and investment policies of the Government Securities Investment Fund, the Fixed Income Index Investment Fund the Common Stock Index Investment Fund, the Small Capitalization Stock Index Investment Fund, and the International Stock Index Investment Fund; and

WHEREAS the Board members are satisfied with the investment performance and investment policies of these Funds;

NOW THEREFORE BE IT RESOLVED that the current investment policies for the Government Securities Investment Fund, the Common Stock Index Investment Fund, the Fixed Income Index Investment Fund, the Small Capitalization Stock Index Investment Fund, and the International Stock Index Investment Fund are affirmed without change.

Attachments

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
Contributions and Interfund Transfers

| Month end | Monthly TSP Contributions | | | | | | | Interfund Transfer Activity | | | | | | |
|------------|---------------------------|------------|------------|------------|------------|-------------|---------------|-----------------------------|----------------|----------------|----------------|----------------|-----------------|-----------|
| | G Fund (%) | F Fund (%) | C Fund (%) | S Fund (%) | I Fund (%) | L Funds (%) | Total (\$MIL) | G Fund (\$MIL) | F Fund (\$MIL) | C Fund (\$MIL) | S Fund (\$MIL) | I Fund (\$MIL) | L Funds (\$MIL) | # of IFTs |
| 12/31/2004 | 40% | 7% | 39% | 8% | 6% | N/A | 1,560 | (397) | (156) | (326) | 357 | 522 | N/A | 141,159 |
| 12/31/2005 | 36% | 6% | 35% | 9% | 8% | 6% | 1,560 | (366) | (109) | (703) | 27 | 359 | 792 | 140,242 |
| 12/31/2006 | 33% | 5% | 30% | 9% | 11% | 11% | 1,569 | (448) | 29 | (593) | (143) | 715 | 440 | 148,123 |
| 12/31/2007 | 33% | 4% | 27% | 9% | 13% | 14% | 1,619 | 17 | (24) | (309) | 0 | 72 | 244 | 133,550 |
| 1/31/2008 | 33% | 4% | 27% | 9% | 13% | 14% | 1,889 | 4,405 | 1,332 | (1,839) | (1,204) | (2,295) | (399) | 260,044 |
| 2/29/2008 | 34% | 5% | 26% | 8% | 12% | 14% | 1,684 | 810 | 242 | (639) | (202) | (370) | 159 | 137,320 |
| 3/31/2008 | 35% | 5% | 26% | 8% | 12% | 14% | 1,685 | 1,876 | 512 | (999) | (417) | (720) | (252) | 147,306 |
| 4/30/2008 | 36% | 5% | 25% | 8% | 12% | 14% | 1,835 | 152 | 67 | (388) | (45) | 69 | 145 | 108,103 |
| 5/31/2008 | 35% | 5% | 25% | 8% | 12% | 15% | 1,980 | (465) | (403) | (36) | 187 | 436 | 281 | 84,209 |
| 6/30/2008 | 35% | 5% | 25% | 8% | 12% | 15% | 1,748 | 1,127 | (156) | (345) | (39) | (452) | (135) | 93,523 |
| 7/31/2008 | 36% | 5% | 25% | 8% | 11% | 15% | 1,940 | 2,401 | 28 | (826) | (359) | (831) | (413) | 117,084 |
| 8/31/2008 | 37% | 5% | 24% | 8% | 11% | 15% | 1,689 | 383 | (71) | (49) | 119 | (423) | 41 | 67,910 |
| 9/30/2008 | 38% | 5% | 24% | 8% | 11% | 14% | 1,672 | 3,466 | (7) | (1,073) | (483) | (1,158) | (745) | 166,033 |
| 10/31/2008 | 42% | 5% | 23% | 7% | 9% | 14% | 2,123 | 4,291 | (962) | (977) | (444) | (865) | (1,043) | 267,859 |
| 11/30/2008 | 42% | 5% | 23% | 7% | 9% | 14% | 1,591 | 937 | (289) | (222) | (51) | (120) | (255) | 112,126 |
| 12/31/2008 | 43% | 4% | 23% | 7% | 9% | 13% | 1,936 | 308 | 56 | (180) | (14) | (62) | (108) | 76,194 |
| 1/31/2009 | 43% | 5% | 22% | 7% | 9% | 13% | 1,706 | (155) | 200 | (71) | 58 | 50 | (82) | 95,683 |
| 2/28/2009 | 44% | 5% | 22% | 7% | 9% | 13% | 1,749 | 2,011 | (104) | (819) | (204) | (366) | (518) | 121,203 |
| 3/31/2009 | 47% | 5% | 21% | 6% | 8% | 13% | 1,757 | 1,449 | (238) | (565) | (110) | (218) | (318) | 160,299 |
| 4/30/2009 | 47% | 5% | 21% | 6% | 8% | 13% | 2,091 | (602) | (62) | 143 | 185 | 148 | 188 | 92,651 |
| 5/31/2009 | 46% | 5% | 21% | 7% | 8% | 13% | 1,837 | (1,507) | (80) | 320 | 394 | 567 | 306 | 95,675 |
| 6/30/2009 | 45% | 5% | 22% | 7% | 8% | 13% | 2,097 | (948) | (36) | 74 | 143 | 533 | 234 | 90,730 |
| 7/31/2009 | 45% | 5% | 21% | 7% | 8% | 13% | 1,774 | (288) | 166 | (120) | 82 | 27 | 133 | 89,172 |
| 8/31/2009 | 45% | 5% | 21% | 7% | 9% | 14% | 1,768 | (1,462) | 68 | 218 | 323 | 525 | 328 | 112,852 |

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
L Fund Investment Balances and Number of Participants

| | L Fund Investment Balances | | | | | | Number of Participant Accounts with L Fund Balances | | | | | |
|------------|----------------------------|--------------|--------------|--------------|--------------|---------------|---|---------|---------|---------|---------|------------|
| | Income (\$MII) | 2010 (\$MII) | 2020 (\$MII) | 2030 (\$MII) | 2040 (\$MII) | Total (\$MII) | Income | 2010 | 2020 | 2030 | 2040 | Any L Fund |
| Month end | | | | | | | | | | | | |
| 12/31/2005 | 542 | 2,235 | 3,092 | 1,362 | 664 | 7,895 | 16,915 | 46,517 | 67,777 | 55,164 | 50,848 | 214,779 |
| 12/31/2006 | 917 | 4,081 | 6,418 | 3,335 | 2,126 | 16,877 | 34,698 | 87,845 | 137,155 | 124,086 | 132,325 | 433,025 |
| 12/31/2007 | 1,237 | 5,326 | 8,801 | 4,970 | 3,547 | 23,881 | 45,093 | 108,073 | 175,838 | 168,215 | 196,888 | 566,232 |
| 1/31/2008 | 1,248 | 5,137 | 8,379 | 4,730 | 3,303 | 22,797 | 45,776 | 107,113 | 174,501 | 168,348 | 196,366 | 567,020 |
| 2/29/2008 | 1,250 | 5,146 | 8,403 | 4,766 | 3,308 | 22,873 | 46,564 | 108,280 | 176,978 | 171,237 | 199,758 | 575,405 |
| 3/31/2008 | 1,237 | 5,084 | 8,368 | 4,800 | 3,305 | 22,794 | 47,165 | 108,208 | 177,624 | 173,291 | 201,998 | 580,062 |
| 4/30/2008 | 1,265 | 5,209 | 8,759 | 5,082 | 3,528 | 23,843 | 47,921 | 109,199 | 179,963 | 176,181 | 205,487 | 586,284 |
| 5/31/2008 | 1,285 | 5,322 | 9,045 | 5,294 | 3,715 | 24,661 | 48,740 | 110,531 | 182,790 | 179,242 | 209,726 | 594,265 |
| 6/30/2008 | 1,253 | 5,144 | 8,603 | 5,038 | 3,506 | 23,544 | 49,196 | 110,471 | 182,826 | 180,282 | 210,864 | 595,863 |
| 7/31/2008 | 1,213 | 5,025 | 8,462 | 5,020 | 3,465 | 23,185 | 49,233 | 109,347 | 182,062 | 180,885 | 211,567 | 596,002 |
| 8/31/2008 | 1,207 | 5,039 | 8,574 | 5,113 | 3,535 | 23,468 | 49,630 | 109,774 | 183,625 | 182,679 | 213,977 | 600,227 |
| 9/30/2008 | 1,153 | 4,698 | 7,821 | 4,687 | 3,205 | 21,564 | 49,411 | 106,961 | 179,661 | 180,726 | 211,784 | 591,817 |
| 10/31/2008 | 1,010 | 4,093 | 6,672 | 4,017 | 2,690 | 18,482 | 47,848 | 102,385 | 173,631 | 177,783 | 208,447 | 582,738 |
| 11/30/2008 | 966 | 3,951 | 6,376 | 3,848 | 2,570 | 17,711 | 47,850 | 102,551 | 173,631 | 178,231 | 209,233 | 582,213 |
| 12/31/2008 | 968 | 4,001 | 6,593 | 4,031 | 2,725 | 18,318 | 48,139 | 103,507 | 174,922 | 179,855 | 211,196 | 584,468 |
| 1/31/2009 | 936 | 3,874 | 6,257 | 3,817 | 2,571 | 17,455 | 48,283 | 103,812 | 175,057 | 180,440 | 212,115 | 585,781 |
| 2/28/2009 | 882 | 3,606 | 5,731 | 3,529 | 2,365 | 16,113 | 48,249 | 102,518 | 172,157 | 179,328 | 210,798 | 580,588 |
| 3/31/2009 | 884 | 3,580 | 5,959 | 3,777 | 2,571 | 16,771 | 48,493 | 102,097 | 171,406 | 180,065 | 211,682 | 581,045 |
| 4/30/2009 | 913 | 3,741 | 6,526 | 4,207 | 2,912 | 18,299 | 49,177 | 104,066 | 174,862 | 183,280 | 215,109 | 588,039 |
| 5/31/2009 | 953 | 3,905 | 7,022 | 4,564 | 3,200 | 19,644 | 50,011 | 105,967 | 177,921 | 186,083 | 218,449 | 595,315 |
| 6/30/2009 | 976 | 3,959 | 7,207 | 4,691 | 3,311 | 20,144 | 50,498 | 107,099 | 180,519 | 188,490 | 221,364 | 601,850 |
| 7/31/2009 | 1,007 | 4,094 | 7,714 | 5,069 | 3,615 | 21,499 | 50,842 | 107,948 | 182,661 | 190,481 | 223,997 | 606,828 |
| 8/31/2009 | 1,040 | 4,199 | 8,135 | 5,347 | 3,852 | 22,573 | 51,363 | 108,847 | 185,678 | 193,500 | 228,299 | 615,835 |

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
Allocation of Account Balances

| Month end | Number of TSP Participants with Entire Account Balance Invested in One Lifecycle Fund | | | | | | Allocation of Account Balances (G/F/C/S/I/L Fund) | | |
|------------|--|----|--------|----|--------------------|----|---|---------------|------------------------|
| | FERS | | CSRS | | Uniformed Services | | FERS (%) | CSRS (%) | Uniformed Services (%) |
| | # | % | # | % | # | % | (G/F/C/S/I/L) | (G/F/C/S/I/L) | (G/F/C/S/I/L) |
| 12/31/2004 | - | - | - | - | - | - | 37/7/44/7/5/- | 43/6/42/5/4/- | 49/6/23/14/8/- |
| 12/31/2005 | 55,386 | 2% | 17,220 | 2% | 14,404 | 2% | 35/6/39/8/7/5 | 40/6/38/6/6/4 | 44/5/21/15/10/5 |
| 12/31/2006 | 94,323 | 4% | 25,860 | 4% | 30,921 | 4% | 32/5/36/8/10/9 | 38/5/35/6/8/8 | 38/4/20/14/13/11 |
| 12/31/2007 | 116,157 | 5% | 28,753 | 5% | 40,046 | 5% | 32/5/33/7/12/11 | 39/5/32/6/9/9 | 36/4/18/13/15/14 |
| 1/31/2008 | 115,790 | 5% | 28,066 | 5% | 40,607 | 5% | 35/6/31/7/10/11 | 42/6/30/5/8/9 | 37/4/18/13/14/14 |
| 2/29/2008 | 117,125 | 5% | 27,878 | 5% | 41,026 | 5% | 37/6/30/6/10/11 | 43/6/29/5/8/9 | 38/4/17/13/14/14 |
| 3/31/2008 | 117,022 | 5% | 27,303 | 4% | 41,626 | 5% | 37/6/30/6/10/11 | 43/6/29/5/8/9 | 39/4/17/12/14/14 |
| 4/30/2008 | 117,927 | 5% | 27,144 | 4% | 41,983 | 5% | 37/6/30/6/10/11 | 43/6/29/5/8/9 | 38/4/17/12/14/15 |
| 5/31/2008 | 118,977 | 5% | 27,189 | 4% | 42,324 | 5% | 36/6/30/7/10/11 | 43/6/29/5/8/9 | 37/4/17/13/14/15 |
| 6/30/2008 | 118,990 | 5% | 26,849 | 4% | 42,649 | 5% | 38/6/29/6/10/11 | 45/6/28/5/7/9 | 39/4/16/12/14/15 |
| 7/31/2008 | 117,900 | 5% | 26,107 | 4% | 42,727 | 5% | 40/6/28/6/9/11 | 46/6/27/5/7/9 | 40/4/16/12/13/15 |
| 8/31/2008 | 118,650 | 5% | 25,952 | 4% | 42,892 | 5% | 40/6/29/6/8/11 | 47/6/27/5/6/9 | 39/4/16/13/13/15 |
| 9/30/2008 | 116,373 | 5% | 24,973 | 4% | 42,910 | 5% | 43/6/27/6/8/10 | 51/6/25/4/5/9 | 42/4/16/12/11/15 |
| 10/31/2008 | 110,471 | 4% | 22,635 | 4% | 42,455 | 5% | 49/6/24/5/6/10 | 57/6/22/3/4/8 | 47/5/14/10/10/14 |
| 11/30/2008 | 109,188 | 4% | 21,955 | 4% | 42,311 | 5% | 52/6/23/4/5/10 | 58/6/21/3/4/8 | 49/5/14/9/9/14 |
| 12/31/2008 | 108,130 | 4% | 21,470 | 4% | 42,267 | 5% | 50/7/22/5/6/10 | 58/6/21/3/4/8 | 48/5/14/9/10/14 |
| 1/31/2009 | 107,944 | 4% | 21,032 | 4% | 42,344 | 5% | 53/7/22/4/5/9 | 60/6/19/3/4/8 | 50/5/13/9/9/14 |
| 2/28/2009 | 105,490 | 4% | 19,855 | 3% | 42,133 | 4% | 56/7/19/4/5/9 | 62/7/18/3/3/7 | 53/5/12/8/9/13 |
| 3/31/2009 | 102,689 | 4% | 18,823 | 3% | 41,884 | 4% | 55/7/20/4/5/9 | 63/6/18/3/3/7 | 50/5/13/9/9/14 |
| 4/30/2009 | 103,465 | 4% | 18,839 | 3% | 41,888 | 4% | 53/6/22/5/5/9 | 60/6/20/3/4/7 | 48/5/13/10/10/14 |
| 5/31/2009 | 104,877 | 4% | 18,995 | 3% | 42,056 | 4% | 51/6/22/5/6/10 | 59/6/20/4/4/7 | 46/5/13/10/11/15 |
| 6/30/2009 | 106,146 | 4% | 19,152 | 3% | 42,279 | 4% | 50/6/22/5/7/10 | 57/6/20/4/5/8 | 45/5/14/10/11/15 |
| 7/31/2009 | 107,596 | 4% | 19,281 | 3% | 42,386 | 4% | 48/6/23/6/7/10 | 56/6/21/4/5/8 | 45/4/14/10/11/16 |
| 8/31/2009 | 110,025 | 4% | 19,513 | 3% | 42,730 | 4% | 47/6/24/6/7/10 | 55/6/22/4/5/8 | 43/4/14/11/12/16 |

THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY
L Fund Participation Rates and Balance Distribution

| Participants with Balances in the L Funds | | | | | Allocation of L Fund Balances | | | | |
|---|--------|-----|--------|-----|-------------------------------|-------------------------|-------------------------|-------------------------|--|
| | FERS | | CSRS | | Uniformed Services | FERS | CSRS | Uniformed Services | |
| | (000s) | % | (000s) | % | (000s) | (%) | (%) | (%) | |
| Month end | | | | | | Inc/2010/2020/2030/2040 | Inc/2010/2020/2030/2040 | Inc/2010/2020/2030/2040 | |
| 12/31/2005 | 138 | 6% | 33 | 5% | 44 | 7% | 13 / 50 / 30 / 4 / 3 | 2 / 8 / 23 / 36 / 31 | |
| 12/31/2006 | 273 | 12% | 57 | 9% | 103 | 14% | 11 / 45 / 32 / 6 / 6 | 2 / 7 / 22 / 35 / 34 | |
| 12/31/2007 | 359 | 15% | 68 | 11% | 139 | 17% | 10 / 42 / 34 / 7 / 7 | 2 / 6 / 21 / 34 / 37 | |
| 1/31/2008 | 360 | 15% | 66 | 11% | 140 | 17% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 21 / 34 / 37 | |
| 2/29/2008 | 366 | 15% | 66 | 11% | 143 | 17% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 21 / 34 / 37 | |
| 3/31/2008 | 369 | 15% | 66 | 11% | 145 | 17% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 20 / 35 / 37 | |
| 4/30/2008 | 373 | 15% | 66 | 11% | 147 | 17% | 11 / 42 / 34 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 5/31/2008 | 379 | 16% | 66 | 11% | 149 | 17% | 10 / 43 / 34 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 6/30/2008 | 380 | 15% | 66 | 11% | 150 | 17% | 11 / 42 / 34 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 7/31/2008 | 380 | 15% | 64 | 11% | 151 | 17% | 11 / 42 / 34 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 8/31/2008 | 383 | 15% | 64 | 11% | 153 | 17% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 9/30/2008 | 377 | 15% | 62 | 10% | 153 | 17% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 20 / 34 / 38 | |
| 10/31/2008 | 372 | 15% | 58 | 10% | 152 | 17% | 11 / 44 / 33 / 7 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 11/30/2008 | 372 | 15% | 57 | 10% | 153 | 17% | 11 / 45 / 33 / 6 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 12/31/2008 | 373 | 15% | 57 | 10% | 154 | 17% | 11 / 44 / 33 / 7 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 1/31/2009 | 375 | 15% | 56 | 10% | 155 | 17% | 11 / 45 / 33 / 6 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 2/28/2009 | 371 | 15% | 54 | 9% | 155 | 17% | 11 / 45 / 33 / 6 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 3/31/2009 | 372 | 15% | 53 | 9% | 155 | 16% | 11 / 45 / 33 / 6 / 5 | 2 / 7 / 20 / 34 / 37 | |
| 4/30/2009 | 378 | 15% | 54 | 9% | 157 | 16% | 11 / 43 / 33 / 7 / 6 | 2 / 6 / 19 / 34 / 39 | |
| 5/31/2009 | 383 | 15% | 54 | 9% | 158 | 17% | 11 / 42 / 34 / 7 / 6 | 2 / 6 / 19 / 34 / 39 | |
| 6/30/2009 | 388 | 15% | 55 | 9% | 159 | 17% | 11 / 42 / 34 / 7 / 6 | 2 / 6 / 19 / 34 / 39 | |
| 7/31/2009 | 392 | 15% | 55 | 10% | 160 | 17% | 10 / 42 / 35 / 7 / 6 | 2 / 6 / 19 / 34 / 39 | |
| 8/31/2009 | 399 | 15% | 56 | 10% | 161 | 17% | 10 / 41 / 36 / 7 / 6 | 2 / 6 / 19 / 34 / 39 | |



RiskMetrics Group

2099 Gaither Road
Rockville, MD 20850

July 22, 2009

Mr. Chad Spitzer
Associate Director
Corporate Governance & Proxy Voting
Barclays Global Investors
400 Howard Street
San Francisco, CA 94105

Dear Chad,

Enclosed are the results of our review of U.S. proxy votes by Barclays Global Investors for the 2nd quarter of 2009. Our review found that there were no exceptions to policy over this period.

Best regards,

Steven Friedman
Chief Legal Officer

sef/awk/encl.

cc: Stephanie Bounds, Pearl Wong, Adrian Kosinda

MEMORANDUM

The results of our review of BGI's 2nd quarter proxy voting are as follows:

- Votes at 297 meetings were examined
- Votes at 140 of the 297 meetings were for directors and/or auditor only
- At the remaining 157 meetings, there were 232 non-director/auditor proposals. The following table illustrates the votes involved by proposal type:

| Proposal | Votes |
|---|-------|
| Executive stock option plan | 85 |
| Non-employee stock option plan | 8 |
| Employee share purchase plan | 18 |
| Section 162(m) | 12 |
| Advisory resolution on compensation committee reports | 17 |
| Stock option exchange program | 9 |
| Stock split | 1 |
| Reverse stock split | 2 |
| Increase in common stock | 6 |
| Issue preferred stock | 4 |
| Adjust par value of common stock | 1 |
| Conversion of securities | 1 |
| Merger and/or reorganization | 3 |
| Adjourn meeting | 2 |
| Adopt shareholder rights plan | 1 |
| Eliminate preemptive rights | 1 |
| Reduce supermajority vote requirement | 1 |
| Adopt majority voting for non-contested director election | 1 |
| Declassify board of directors | 6 |

| | |
|---------------------------------------|------------|
| Fix number of directors | 1 |
| Increase board size | 1 |
| Decrease board size | 1 |
| Provide right to call special meeting | 1 |
| Amend certificate of incorporation | 1 |
| Other business | 9 |
| Shareholder proposal | 39 |
| Total: | 232 |

- There were 85 votes cast on executive stock option plans:
 - a) 80 votes were cast in favor of the plans (94.1 percent)
 - b) 5 votes were cast against the plans (5.9 percent); all executive stock option plans were opposed as plans permit repricing without shareholder approval.

- There were 8 votes cast on non-employee stock option plans:
 - a) 6 vote was cast in favor of the plans (75 percent)
 - b) 2 votes were cast against the plans (25 percent)
 - i) 1 plan was opposed as plan permits repricing without shareholder approval;
 - ii) 1 plan was opposed due to aggressive accounting for equity compensation.

- There were 9 votes cast on proposals to approve stock option exchange programs:
 - a) 2 votes were cast in favor of the programs (22.2 percent)
 - c) 7 votes were cast against the programs (77.8 percent)
 - i) 5 programs were opposed as they provided for executive officer participation;
 - ii) 2 programs were opposed due to lack of information.

- There were 6 votes cast on proposals to increase authorized common stock; all votes were cast in favor of the increases.

- There were 3 votes cast on mergers or major corporate transactions; all votes were cast in favor of the mergers.
- There were 39 votes cast on shareholder proposals which included:
 - a) 4 shareholder proposals to declassify the board of directors; the votes were cast in favor of the proposals.
 - b) 1 shareholder proposal to establish committee on sustainability; the vote was cast against the proposal.
 - c) 7 shareholder proposals to approve advisory vote on executive compensation; the votes were cast against the proposals.
 - d) 1 shareholder proposal to approve separation of chairman and CEO positions; the vote was cast against the proposal.
 - e) 1 shareholder proposal to adopt majority voting for the election of directors; the vote was cast in favor of the proposal.
 - f) 3 shareholder proposals to provide for cumulative voting; the votes were cast against the proposals.
 - g) 2 shareholder proposals to require independent board chair; the votes were cast against the proposals.
 - h) 4 shareholder proposals to report on political contributions; the votes were cast against the proposals.
 - i) 2 shareholder proposals to change state of incorporation; the votes were cast against the proposals.
 - j) 1 shareholder proposal to adopt anti-tax gross-up policy; the vote was cast against the proposal.
 - k) 2 shareholder proposals to authorize shareholders to call special meeting; the votes were cast against the proposals.
 - l) 1 shareholder proposal to exclude pension credits from earnings performance measure; the vote was cast against the proposal.
 - m) 1 shareholder proposal to seek sale of company assets; the vote was cast against the proposal.
 - n) 1 shareholder proposal to adopt a policy to elect a retired management employee; the vote was cast against the proposal.
 - o) 1 shareholder proposal to prepare sustainability report; the vote was cast against the proposal.
 - p) 1 shareholder proposal to amend executive bonus program; the vote was cast against the proposal.
 - r) 1 shareholder proposal to report on space-based weapons program; the vote was cast against the proposal.
 - s) 1 shareholder proposal to adopt policy on death benefits; the vote was cast against the proposal.
 - t) 1 shareholder proposal to adopt policy on human rights to water; the vote was cast against the proposal.
 - u) 1 shareholder proposal to adopt principles for health care reform; the vote was cast against the proposal.

- v) 1 shareholder proposal to phase out sale of eggs from battery cage hens; the vote was cast against the proposal.
- w) 1 shareholder proposal to report on host country social and environmental laws; the vote was cast against the proposal.

There were no exceptions to policy this period.