THRIFT SAVINGS FUND
Washington, DC

FINANCIAL STATEMENTS
As of and for the Six-Month Period Ended
June 30, 2009 and for the Year Ended
December 31, 2008 and Accountant's Report

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Clifton Gunderson LLP
Certified Public Accountants & Consultants

Accountant's Report

Members of the Board and Executive Director
Federal Retirement Thrift Investment Board
Washington, D.C.

We have reviewed the accompanying statement of net assets available for benefits of the Thrift Savings Fund (the Fund) as of June 30, 2009, and the related statement of changes in net assets available for benefits for the six month period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Federal Retirement Thrift Investment Board (the "Agency").

A review consists principally of inquiries of Agency personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the 2009 financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2008 were audited by us, and we expressed an unqualified opinion on them in our report dated April 9, 2009, but we have not performed any auditing procedures since that date.

Clifton Gunderson LLP

Calverton, Maryland
September 28, 2009

FINANCIAL STATEMENTS

THRIFT SAVINGS FUND

Statements of Net Assets Available for Benefits
As of June 30, 2009 and December 31, 2008
(In thousands)

	June 30, 2009	December 31, 2008
ASSETS:		
Investments, at fair value:		
U.S. Government Securities Investment Fund	$ 112,954,630	$ 108,215,650
Barclays U.S. Debt Index Fund	14,302,623	13,869,936
Barclays Equity Index Fund	50,956,266	48,206,172
Barclays Extended Market Index Fund	12,885,745	10,920,258
Barclays EAFE Index Fund	16,635,705	14,115,849
Participant loans	6,957,286	6,702,485
Total investments	214,692,255	202,030,350
Receivables:		
Employer contributions	241,227	224,213
Participant contributions	718,832	683,116
Total receivables	960,059	907,329
Fixed assets:		
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of $11,661 in 2009 and $9,426 in 2008	8,607	7,787
Data processing software, net of accumulated amortization of $31,443 in 2009 and $28,695 in 2008	19,344	21,785
Total fixed assets	27,951	29,572
Other assets	7,613	5,599
Total assets	215,687,878	202,972,850
LIABILITIES:		
Accounts payable	13,468	11,903
Accrued payroll and benefits	1,019	983
Benefits and participant loans payable	76,364	74,496
Deferred rent and lease credits	313	330
Due for securities purchased	171,777	41,600
Total liabilities	262,941	129,312
FUNDS RESTRICTED FOR THE PURCHASE OF FIDUCIARY INSURANCE	(4,380)	(4,571)
NET ASSETS AVAILABLE FOR BENEFITS	$ 215,420,557	$ 202,838,967

See notes to financial statements and Independent Accountants' Report.

THRIFT SAVINGS FUND

Statements of Changes in Net Assets Available for Benefits
Six Months Ended June 30, 2009, and Year Ended December 31, 2008
(In thousands)

	June 30, 2009	December 31, 2008
ADDITIONS:		
Investment income (loss):		
U.S. Government Securities Investment Fund	$ 1,532,701	$ 3,584,175
Net appreciation (depreciation) in fair value of Barclays funds:		
Barclays U.S. Debt Index Fund	269,974	676,261
Barclays Equity Index Fund	1,403,664	(28,589,732)
Barclays Extended Market Index Fund	854,129	(6,901,971)
Barclays EAFE Index Fund	890,683	(11,386,827)
Interest income on participant loans	134,812	283,837
Asset manager rebates	30,006	65,074
Less investment expenses	(4,776)	(9,415)
Net investment income (loss)	5,111,193	(42,278,598)
Contributions:		
Participant	8,231,559	16,052,385
Employer	3,047,418	5,714,852
Total contributions	11,278,977	21,767,237
Total additions (deductions)	16,390,170	(20,511,361)
DEDUCTIONS:		
Benefits paid to participants	3,627,208	7,943,912
Administrative expenses	52,845	90,110
Participant loans declared taxable distributions	128,717	217,645
Total deductions	3,808,770	8,251,667
CHANGE IN FUNDS RESTRICTED FOR THE PURCHASE OF FIDUCIARY INSURANCE	190	(178)
Net increase (decrease)	12,581,590	(28,763,206)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of period	202,838,967	231,602,173
End of period	$ 215,420,557	$ 202,838,967

See notes to financial statements and Independent Accountants' Report.

THRIFT SAVINGS FUND

NOTES TO FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009, AND FOR THE YEAR ENDED DECEMBER 31, 2008

1. PLAN DESCRIPTION

The following description is provided for general information purposes. Participants should refer to the *Summary of the Thrift Savings Plan*, www.tsp.gov, and applicable legislation and regulations for more complete information.

General—The Thrift Savings Plan (the Plan or the TSP) is a retirement savings and investment plan for Federal employees and members of the uniformed services. It was authorized by the United States Congress in the Federal Employees' Retirement System Act of 1986 (FERSA). The Plan provides Federal employees and members of the uniformed services with a savings and tax benefit similar to what many private sector employers offer their employees under 401(k) plans. The Plan was primarily designed to be a key part of the retirement package (along with a basic annuity benefit and Social Security) for employees who are covered by the Federal Employees' Retirement System (FERS).

The Plan is administered by an independent Government agency, the Federal Retirement Thrift Investment Board (the Agency), which is charged with operating the Plan prudently and solely in the interest of the participants and their beneficiaries. Assets of the Plan are maintained in the Thrift Savings Fund (the Fund).

Federal employees, who are participants of FERS, the Civil Service Retirement System (CSRS), or equivalent retirement systems, as provided by statute, and members of the uniformed services, are eligible to join the Plan immediately upon being hired. Generally, FERS employees are those employees hired on or after January 1, 1984, while CSRS employees are employees hired before January 1, 1984, who have not elected to convert to FERS. Each group has different rules that govern contribution rates. As of June 30, 2009, there were approximately 4.1 million participants in the Plan, with approximately 2.8 million contributing their own money. As of December 31, 2008, there were approximately 4.0 million participants in the Plan, with approximately 2.7 million contributing their own money.

Contributions—The Plan is a defined contribution plan and, as such, the law specifies how much an employee may contribute and how much the employing agency must contribute to each FERS employee's account. No participant could contribute more than the Internal Revenue Service (IRS) elective deferral limit of $15,500 in 2008. This limit increased to $16,500 for 2009. In addition, participants age 50 and older, who are already contributing the maximum amount of contributions for which they are eligible, may make supplemental tax-deferred catch-up contributions (up to $5,000 in 2008 and $5,500 in 2009) from their basic pay. FERS participants are entitled to receive agency matching contributions on the first 5 percent of basic pay that they contribute each pay period, according to a formula prescribed by FERSA (5 United States Code (U.S.C.) § 8432(c)). For FERS employees, their employing agencies also contribute an agency automatic contribution equal to 1 percent of each employee's basic pay each pay period, as prescribed by FERSA (5 U.S.C. § 8432 (c)). Uniformed services members may also contribute up to 100% of designated special pay, incentive pay, and bonuses. The Federal Government or uniformed services does not match amounts contributed by CSRS employees or uniformed services members.

Participants may also transfer funds from traditional individual retirement accounts (IRAs) or other eligible employer plans into the Plan.

Investments—Pursuant to FERSA (5 U.S.C. § 8438), Plan participants are offered five investment funds: the Government Securities Investment Fund (G Fund), the Fixed Income Investment Fund (F Fund), the Common Stock Index Investment Fund (C Fund), the Small Capitalization Stock Index Investment Fund (S Fund), and the International Stock Index Investment Fund (I Fund).

The Agency has contracted with Barclays Global Investors (Barclays) to manage the index funds in which the F, C, S, and I Fund assets are invested.

In 2005, the Agency initiated the TSP L (Lifecycle) Funds. These are asset allocation portfolios designed for the TSP by Mercer Investment Consulting, Inc. (Mercer) with investment mixes, based on the Plan's existing investment funds, tailored to a target time horizon when the participant intends to withdraw the funds. As described in the TSP L Funds Information Sheet on the TSP website (www.tsp.gov), the L2020 Fund, the L2030 Fund and the L2040 Fund are designed for participants who will withdraw their accounts five years before or after the year in the title of the account. The L2010 Fund is for participants who will withdraw their accounts before 2015, and the L Income Fund is designed to produce current income for the participants who are already receiving money from their accounts through monthly payments. The asset allocations are based on Mercer's economic assumptions regarding future investment returns, inflation, economic growth, and interest rates. These asset allocations are adjusted quarterly, moving to a more conservative mix over time. Between quarterly adjustments, the asset allocations of each fund are maintained through daily rebalancing to that fund's target allocation. The Agency, with the help of Mercer, reviews the assumptions underlying the asset allocations at least annually.

Participants may allocate any portion of their contributions among the five investment funds and the TSP Lifecycle Funds. Also, participants may reallocate their entire account balance among the five investment funds through the interfund transfer process. In 2007, participants could make an interfund transfer daily, without any limit.

Beginning in May 2008, the Agency implemented restrictions on the number of interfund transfers a participant can make per month in order to curb frequent trading and its associated costs to all TSP participants. The first two (2) interfund transfers per calendar month are unrestricted. After that, participants may move money only from the F, C, S, and I Funds and the TSP Lifecycle Funds to the G Fund.

Vesting—Plan participants are immediately vested in all of their own contributions and attributable earnings. Participants are also immediately vested in any agency matching contributions made to their accounts and attributable earnings. In order to be vested in the agency automatic (1%) contributions, a FERS employee must have either 2 or 3 years of service as described in section 8432(g) of FERSA. FERS employees who are not vested and who separate from the Federal Government forfeit all agency automatic contributions and attributable earnings.

Forfeitures—Forfeited funds, consisting primarily of statutory forfeitures (pursuant to 5 U.S.C. §8432(g)) and agency contributions forfeited due to retirement coverage corrections made under the Federal Erroneous Retirement Coverage Correction Act (FERCCA), totaled $17,896,402, as of June 30, 2009, and $39,671,437 in 2008. All forfeitures are used by the Plan daily to pay accrued administrative expenses. When a participant's retirement coverage is corrected from FERS to CSRS, any excess agency contributions are forfeited to the Plan. If the forfeited funds (along with participant loan fees) are not sufficient to meet all administrative expenses, earnings on investments are then charged.

Participant Accounts—Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contributions, agency automatic and matching contributions, and charged with withdrawals. The value of the participant's account reflects the number of shares and the daily share prices of the funds in which the participant is invested. Administrative expenses are a component of the share price calculation. The benefit to which a participant is entitled is the amount of the participant's vested account.

Participant Loans—Participants may apply for loans from their accounts. There are two types of Plan loans: general purpose and residential. General purpose loans can be obtained for any purpose, with a repayment period from 1 to 5 years. Residential loans can be obtained for the purpose of purchasing a primary residence, with a repayment period from 1 to 15 years. Participant loans may only be taken from participant contributions and attributable earnings. The minimum loan amount is $1,000. A $50 fee is deducted from the proceeds of the loan. In the first half of 2009, loan fees of $6,189,400 were used to offset administrative expenses. In 2008, loan fees of $11,978,000 were used to offset administrative expenses.

The interest rate for loans is the G Fund rate at the time the loan agreement is issued. The rate is fixed at this level for the life of each loan. Participant loans are valued at their unpaid balances. Interest earned on loans is allocated to the participant account as loan payments are made to the account.

By IRS regulation, the Agency must identify each calendar quarter any participant loan that is in default. The participant then has until the end of the following calendar quarter to pay the overdue amount. If not paid, a taxable distribution of the unpaid loan balance, plus accrued interest, will be declared. Participants should refer to the booklet, *TSP Loans*, for more information.

Payment of Benefits—After leaving service, participants may elect benefit withdrawals in the form of a partial withdrawal or a full withdrawal as a single payment, a series of monthly payments, or a life annuity. Participants may choose to combine any two, or all three, of the available full withdrawal options. Participants should refer to the booklet, *Withdrawing Your TSP Account After Leaving Federal Service*, for more complete information.

Participants should refer to the booklet, *TSP In-Service Withdrawals*, for information on withdrawal options while employed in Federal service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recognized when incurred. Benefits and participant loans payable for the last three trade dates of each month are recorded when withdrawn from participants' accounts.

Investments—All investments are stated at fair value, based upon the quoted market values of the underlying securities at the end of each period. The Agency invests in (or redeems from) the Thrift Savings Fund investment funds on a daily basis. Purchases and sales of securities are recorded on a trade-date basis.

The Plan offers its participants various investment funds that are exposed to different types and amounts of risk, including interest rate, credit, and market risk. The funds (except for the G Fund, which is invested in a way to avoid losses) can be expected to experience greater or lesser volatility over time, depending upon each fund's individual risk profile, thus affecting the fund balances from one period to the next.

During the six-month period ended June 30, 2009, and for the year ended December 31, 2008, the Plan's investment funds consisted of the following (objectives of the investment funds are described in the various TSP Fund Information Sheets, available on www.tsp.gov):

The G Fund was invested in short-term nonmarketable U.S. Treasury securities specially issued to the Thrift Savings Plan. All investments in the G Fund earned interest at a rate that is equal, by law, to the average of market rates of return on outstanding U.S. Treasury marketable securities with 4 or more years to maturity.

The F Fund was invested primarily in the Barclays U.S. Debt Index Fund "E," which in turn holds shares of the Barclays U.S. Debt Index Master Fund. Both the U.S. Debt Index Fund "E" and the Master Fund are passively managed commingled funds that track the Barclays Capital U.S. Aggregate Bond Index.

As of June 30, 2009, the Barclays U.S. Debt Index Master Fund contained approximately 41 percent mortgage-backed securities (38 percent securities issued by the Government National Mortgage Association, Fannie Mae, and Freddie Mac; 3 percent commercial mortgage-backed securities), 23 percent investment-grade corporate securities (U.S. and sovereign), 25 percent Treasury securities, 10 percent Agency securities, and 1 percent asset-backed securities and taxable municipals.

As of June 30, 2009, the Barclays U.S. Debt Index Master Fund held 4,632 securities totaling $26.5 billion, with a weighted-average life of 6.06 years. The value of the Barclays U.S. Debt Index Fund "E" as of June 30, 2009, was $20.8 billion, which included shares of the Master Fund totaling $20.8 billion. The F Fund holdings constituted $14.3 billion of the June 30, 2009 value of the Debt Index "E" Fund. As of December 31, 2008, the F Fund holdings constituted $13.9 billion of the value of the Debt Index "E" Fund.

The C Fund was invested primarily in the Barclays Equity Index Fund "EX," and in the Barclays Equity Index Fund "E" which in turn hold shares of the Barclays Equity Index Master funds, plus a liquidity reserve that is invested in futures contracts. The Equity Index Fund "E", the Equity Index Fund "EX, and the Master Fund are passively managed commingled funds that track the S&P 500 Index.

The Equity Index Master funds hold stocks of all the companies represented in the S&P 500 Index in virtually the same weights as they are represented in the S&P 500 Index. As of June 30, 2009, the Barclays Equity Index Master funds held $86.0 billion of securities. The value of the Barclays Equity Index Fund "E" and Barclays Equity Fund "EX" as of June 30, 2009, was $70.9 billion, which included shares of the Master Funds totaling $70.7 billion, plus liquidity reserves. The C Fund holdings constituted $51.0 billion of the June 30, 2009 value of the Equity Index "E" Fund and Equity Index "EX". As of December 31, 2008, the C Fund holdings constituted $48.2 billion of the value of the Equity Index Fund "E".

The S Fund was invested primarily in the Barclays Extended Market Index Fund "E," which in turn holds shares of the Barclays Extended Market Master Fund, plus a liquidity reserve that is invested in futures contracts. Both the Barclays Extended Market Index Fund "E" and the Master Fund are passively managed commingled funds that track the Dow Jones U.S. Completion Total Stock Market Index by holding most of the stocks with larger capitalizations in virtually the same weights as they are represented in the index and by holding a representative sample of the remaining stocks in the index.

As of June 30, 2009, the Barclays Extended Market Index Master Fund held $19.0 billion of securities. The value of the Barclays Extended Market Index Fund "E" as of June 30, 2009, was $16.0 billion, which included shares of the Master Fund totaling $15.8 billion, plus liquidity reserves. The S Fund holdings constituted $12.9 billion of the June 30, 2009, value of the Extended Market Index "E" Fund. As of December 31, 2008, the S Fund holdings constituted $10.9 billion of the value of the Extended Market Index "E" Fund.

The I Fund was invested primarily in the Barclays EAFE (Europe, Australasia, Far East) Index Fund "E," which in turn holds shares of the Barclays EAFE Index Master Fund, plus a liquidity reserve that is invested in futures contracts. Both the Barclays EAFE Index Fund "E" and the Master Fund are passively managed commingled funds that track the Morgan Stanley Capital International EAFE Index. The Barclays EAFE Index Master Fund holds stocks of all the companies represented in the EAFE Index in virtually the same weights as they are represented in the index.

As of June 30, 2009, the Barclays EAFE Index Master Fund held $42.0 billion of securities. The value of the Barclays EAFE Index Fund "E" as of June 30, 2009, was $16.7 billion, which included shares of the Master Fund totaling $15.6 billion, plus liquidity reserves. The I Fund holdings constituted $16.6 billion of the June 30, 2009, value of the EAFE Index "E" Fund. As of December 31, 2008, the I Fund holdings constituted $14.1 billion of the value of the EAFE Index "E" Fund.

Change in Accounting Principles—Effective January 1, 2008, the Plan adopted FASB Statement No. 157, "Fair Value Measurements Effective January 1, 2008" (FAS 157), which provides a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, FAS 157 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The adoption of FAS 157 did not have a material impact on the Plan's financial statements.

Fair Market Valuations—In September 2006, The Financial Accounting Standards Board released FASB Statement No. 157, *Fair Value Measurements*, and later released Financial Staff Position 157-3 (together, "FAS 157"). FAS 157 establishes a fair valuation hierarchy to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three broad levels: Level I, Level II, and Level III. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level I) and the lowest priority to unobservable inputs (Level III). Barclays Global Investors, N.A. ("BGI") has worked with pricing vendors to confirm its understanding of their pricing methodologies and has consulted with BGI's independent auditors, PricewaterhouseCoopers LLP, to perform necessary analysis to support BGI's approach to comply with FAS 157.

Pursuant to BGI's global pricing policy, to the extent possible, securities and other assets held by Funds are valued using independent market quotations. An "independent market quotation" for a security or other asset is defined as a quoted price in an active market for an identical security or asset (a "Level I Price").

As a general principal, the current "fair market value" of a security or other asset is the amount that a Fund might reasonably expect to (i) receive upon the sale of the security or asset; or (ii) pay to transfer the liability associated with the security or asset in an orderly transaction between market participants on the date on which the security or asset is being valued. In the event that a Level I Price is not readily available for a given type of security or asset, the fair value of the security or other asset is determined by using pricing inputs that are either directly or indirectly observable on the valuation date for the security or asset, which may include the use of models or other valuation methodologies (a "Level II Price").

Level I Prices and Level II Prices are provided by broker dealers or by pricing providers, services, and vendors (together, "pricing sources") approved by the BGI Global Pricing Committee or its delegates. The pricing sources approved by the BGI Global Pricing Committee vary according to security or asset type and include, but are not limited to, Reuters, Bloomberg, IDC, and Mark-it Partners.

The net asset value of a Fund is calculated based on the compilation of primarily observable market information. The number of units of the Fund that are outstanding on the calculation date is derived from observable purchase and redemption activity in the Fund. Accordingly, pursuant to FAS 157, the unit values for all BGI Funds are classified as Level II Prices.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value for the six-month period ended June 30, 2009 and for the year ended December 31, 2008.

Fair Value Measurements as of June 30, 2009
(in thousands)

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Government Securities Investment Fund	$ 112,955	$ -	$ -	$112,955
Barclays US Debt Index Fund	-	14,302	-	14,302
Barclays Equity Index Fund	-	50,956	-	50,956
Barclays Extended Market Index Fund	-	12,886	-	12,886
Barclays EAFE Index Fund	-	16,636	-	16,636
Participant Loans	-	-	6,957	6,957
Total assets at fair value	$ 112,955	$ 94,780	$ 6,957	$ 214,692

Fair Value Measurements as of December 31, 2008
(in thousands)

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Government Securities Investment Fund	$ 108,216	$ -	$ -	$ 108,216
Barclays US Debt Index Fund	-	13,870	-	13,870
Barclays Equity Index Fund	-	48,206	-	48,206
Barclays Extended Market Index Fund	-	10,920	-	10,920
Barclays EAFE Index Fund	-	14,116	-	14,116
Participant Loans	-	6,702	-	6,702
Total assets at fair value	$ 108,216	$ 93,814	$ -	$ 202,030

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the six-months ended June 30, 2009.

Level 3 Assets
Six Months Ended June 30, 2009
(amounts in thousands)

Description	Participant Loans
Balance, year ended December 31, 2008, transferred into level 3	$ 6,702
Issuances and repayments (net)	255
Balance, six-month ended June 30, 2009	$ 6,957

The F Fund, C Fund, S Fund, and I Fund include temporary investments in the same securities held by the G Fund pending purchase of shares in their respective index funds and to cover liquidity needs, such as loans and withdrawals from the Thrift Savings Fund.

Certain Barclays funds in which the C, S, and I Funds are invested may invest in futures contracts and other derivatives to the extent contemplated by the fund guidelines. As part of the investment strategies, derivative instruments may be used to provide liquidity for daily investments or to manage currency, interest, and other exposures.

The F, C, S, and I Funds also participate in securities lending activities, under agreements between Barclays and third parties to lend debt and equity securities in exchange for collateral. The collateral received, which is required to equal 102% of the value of the securities lent (for domestic equities) and 105% of the value of securities lent (for international equities), as marked to market each day, may be invested in cash collateral funds managed by Barclays, which in turn invest in money market securities and instruments. The cash collateral funds may also invest in certain derivative financial instruments, including swaps and futures. As of the six-month period ended June 30, 2009, and for the year ended December 31, 2008, the TSP's maximum exposure to credit risk from the derivatives, should the counterparties fail to perform and the collateral received prove to be of no value, was approximately $135.5 million and $105.6 million, respectively.

The tables below depict how the participants' account balances in the various investment options are allocated among the core TSP funds as of and for the six-month period ended June 30, 2009, and for the year ended December 31, 2008, respectively.

Investment Summary by Fund for the six-month period ended June 30, 2009

(in thousands)

Investment Options	G Fund Investment	F Fund Investment	C Fund Investment	S Fund Investment	I Fund Investment	Total
G Fund	$ 105,673,915					$ 105,673,915
F Fund		$ 12,716,430				12,716,430
C Fund			$ 44,945,955			44,945,955
S Fund				$ 10,674,836		10,674,836
I Fund					$ 13,304,739	13,304,739
L Income	723,530	58,638	116,332	29,271	48,616	976,387
L 2010	2,627,790	247,796	619,412	168,228	295,834	3,959,060
L 2020	2,387,270	551,725	2,250,088	758,024	1,258,954	7,206,061
L 2030	948,061	406,471	1,705,302	681,840	948,897	4,690,571
L 2040	303,562	320,398	1,336,625	572,993	777,871	3,311,449
Differences (*)	290,502	1,165	(17,448)	553	794	275,566
Statement of Net Assets	$ 112,954,630	$ 14,302,623	$ 50,956,266	$ 12,885,745	$ 16,635,705	$ 207,734,969

(*) Differences are a result of timing differences, including investment transactions not settled as of June 30, 2009. These differences may not be allocated down to the L Funds until the following business day.

Investment Summary by Fund as of December 31, 2008
(in thousands)

Investment Options	G Fund Investment	F Fund Investment	C Fund Investment	S Fund Investment	I Fund Investment	Total
G Fund	$ 101,807,698					$ 101,807,698
F Fund		$ 12,474,799				12,474,799
C Fund			$ 42,633,886			42,633,886
S Fund				$ 8,854,000		8,854,000
I Fund					$ 11,082,354	11,082,354
L Income	713,656	57,699	117,361	29,808	48,269	966,793
L 2010	2,517,504	252,424	697,376	195,091	339,205	4,001,600
L 2020	2,106,974	501,101	2,104,828	721,327	1,159,375	6,593,605
L 2030	781,376	345,581	1,485,984	604,684	813,356	4,030,981
L 2040	231,008	260,185	1,112,558	481,830	639,503	2,725,084
Differences (*)	57,434	(21,853)	54,179	33,518	33,787	157,065
Statement of Net Assets	$ 108,215,650	$ 13,869,936	$ 48,206,172	$ 10,920,258	$ 14,115,849	$ 195,327,865

(*) Differences are a result of timing differences, including investment transactions not settled as of December 31, 2008. These differences may not be allocated down to the L Funds until the following business day.

Fixed Assets—All fixed assets were recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows:

Furniture and Equipment	3 to 10 years
Leasehold Improvements	10 years
Data Processing Software	3 to 10 years

Depreciation expense was approximately $4.9 million and $6.9 million for the six-month period ended June 30, 2009, and for the year ended December 31, 2008, respectively.

Earnings Allocation—Net earnings are used to calculate the daily share price of each investment fund as defined in regulations issued by the Agency (5 Code of Federal Regulations (CFR) Part 1645).

Contributions Receivable—Contributions receivable are estimated as the amount of contributions recorded through the first 2 weeks of the month following the date of the financial statements and represent both participant and employer portions of contributions.

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Thrift Savings Plan Enhancement Act of 2009—On June 22, 2009, the Thrift Savings Plan Enhancement Act (the Act or P.L. 111-31) was signed into law by President Obama. The Act provides for immediate Agency Automatic (1%) and Matching contributions for FERS employees. The Act also requires civilian Federal Agencies to automatically enroll newly hired (and rehired) eligible employees unless the employee makes an affirmative election not to participate in the Fund. The Act also gives the Federal Retirement Thrift Investment Board (Board) the authority to establish a qualified Roth contribution program and the authority to establish a mutual fund window.

3. INCOME TAX STATUS

FERSA (5 U.S.C. § 8440(a)(1)) states that the Thrift Savings Fund shall be treated as a trust as described in section 401(a) of the Internal Revenue Code (I.R.C. or Code), which is exempt from taxation under section 501(a) of the Code. This status was reaffirmed in the Tax Reform Act of 1986, Section 1147 (codified at I.R.C. § 7701(j)). It is not necessary for the Plan to apply for a tax status determination letter since it is qualified by statute.

4. COMMITMENTS AND CONTINGENCIES

The Agency has entered into a contract with Serco (formerly SI International) to perform TSP software maintenance and development, systems operations and recordkeeping support. The annual cost of this service is approximately $38 million.

The Agency contracts with Serco to provide a call center in Virginia and with The Active Network, Inc. to provide a call center in Maryland. The term of each of the call center contracts is one year, with four one-year options renewable at the Agency's discretion. The Active Network contract value for CY 2009 is approximately $5.14 million. The SI International call center contract value for CY2009 is approximately $3.74 million.

The Agency leases the office space it occupies in Washington, DC, the call center space in Virginia, and the Agency's business continuity space in northern Virginia, under operating leases. The Washington, DC operating lease ends in 2012, with an option to extend for two five-year periods. Monthly base rental payments under the lease range from approximately $106,000 to $127,000. The call center operating lease ends in August 2010, with an option to extend for two five-year periods. Monthly base rental payments are $12,548. The business continuity space is an annual contract and monthly rental payments are $9,169.

Future minimum lease commitments under the operating leases are as follows:

CY 2009	1,581,328
CY 2010	1,559,590
CY 2011	1,488,608
CY 2012	1,518,484
	$ 6,148,010

Rent expense is recorded on a straight-line basis over the lease terms. Rent expense under the leases was approximately $1.3 million and $2.6 million for the six-month period ended June 30, 2009, and for the year ended December 31, 2008, respectively.

5. FIDUCIARY INSURANCE

FERSA (5 U.S.C. § 8479(b)(1)) provides that the Executive Director may assess Federal agencies for the purpose of buying fiduciary insurance. The Agency's Executive Director exercised this authority in 1987 and required agencies to submit an amount equal to 1 percent of their agency automatic contributions. Such sums were collected during 1987 and 1988 and are invested to the extent not currently required to purchase fiduciary insurance. In February 1988, the Executive Director instructed agencies to discontinue the 1 percent fiduciary insurance contributions. The balance of funds available for the purchase of fiduciary insurance for the six-month period ended June 30, 2009, and for the year ended December 31, 2008, was $4,380,000 and $4,571,000, respectively. These funds are invested in the same securities held by the G Fund and are included in total investments on the accompanying statements of net assets available for benefits, with a corresponding reduction in the net assets available for benefits. Such amounts cannot be, by statute, allocated to participants' accounts. The Agency has determined that the current insurance reserve is adequate to fund coverage needs for the foreseeable future.

6. SUBSEQUENT EVENTS

Agency management evaluated subsequent events through September 28, 2009, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2009, but prior to September 28, 2009 that provided additional evidence about conditions that existed at June 30, 2009 have been recognized in the financial statements for the six month period ending June 30, 2009. Events or transactions that provided evidence about conditions that did not exist at June 30, 2009 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the six month period ended June 30, 2009.

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