



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

October 8, 2010

MEMORANDUM FOR BOARD MEMBERS SAUL, SANCHEZ, DUFFY,  
KENNEDY, AND BILYEU

FROM: GREGORY T. LONG  
EXECUTIVE DIRECTOR

SUBJECT: September 2010 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 2010, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

**TRACKING ERROR - BlackRock Funds (BTC)**

***September Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Fund Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	0.17	0.11	0.06
Large Cap	8.93	8.92	0.01
Small Mid Cap	11.46	11.38	0.08
International	9.81	9.80	0.01

***2010 Tracking Error***

<b><u>Fund</u></b>	<b><u>% BTC Fund Performance</u></b>	<b><u>% Index Performance</u></b>	<b><u>Tracking Error</u></b>
Fixed Income	8.09	7.94	0.15
Large Cap	3.91	3.89	0.02
Small Mid Cap	11.67	11.37	0.30
International	1.26	1.07	0.19

The **BlackRock US Debt Index Fund E** outperformed by 6 basis points in September and 15 basis points year to date primarily as a result of the optimization process. The **BlackRock Extended Equity Market Fund E** outperformed by 8 basis points in September and 30 basis points year to date primarily as a result of the optimization process. The **BlackRock EAFE Equity Index Fund E** outperformed by 19 basis points year to date primarily as a result of the tax effect.

**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
September 2010	453,224,545	174,313	3.8
Year-to-Date	3,840,870,358	2,094,804	5.5
<u>C Fund</u>			
September 2010	522,064,901	(45,781)	(0.9)
Year-to-Date	7,757,387,312	453,517	0.6
<u>S Fund</u>			
September 2010	281,640,645	110,699	3.9
Year-to-Date	6,783,216,054	847,301	1.2
<u>I Fund</u>			
September 2010	490,712,193	172,273	3.5
Year-to-Date	5,903,986,012	10,277,323	17.4

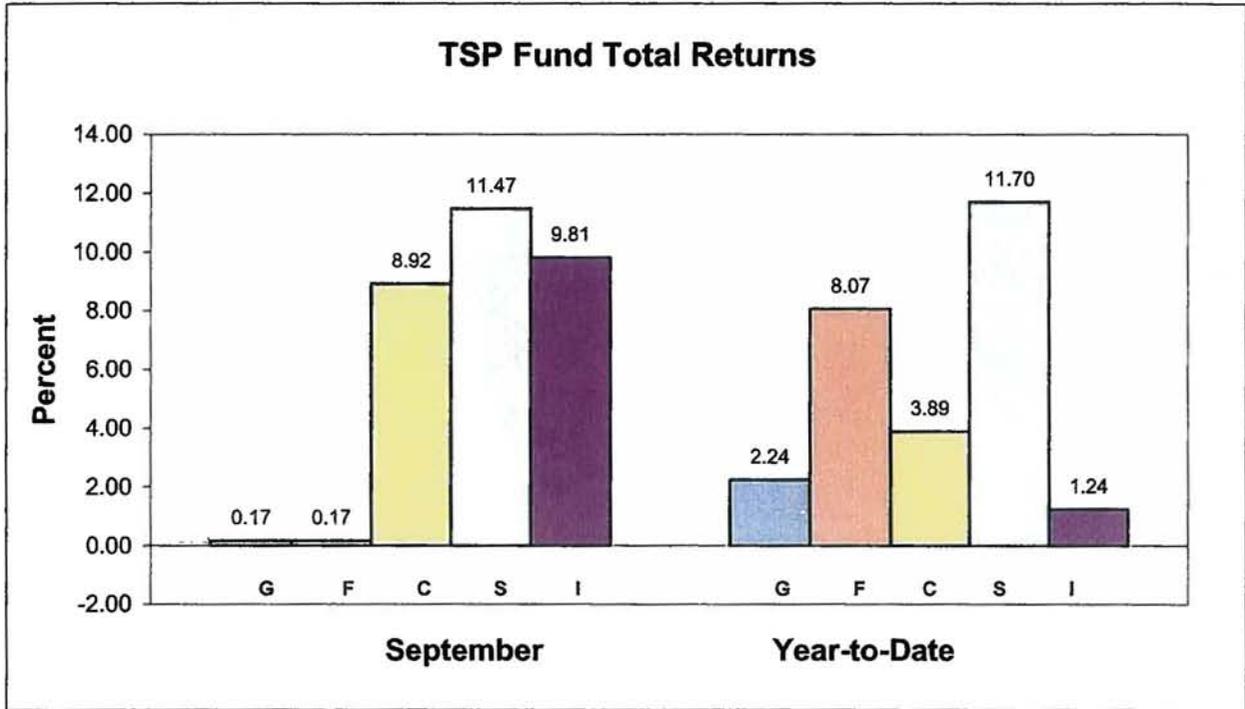
**G Fund**

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.

	<b><u>G Fund</u></b>	<b><u>3-month T-bill</u></b>	<b><u>10 year T-note</u></b>	<b><u>30 year T-bond</u></b>
<b><u>2010</u></b>				
October	2.13%	0.16%	2.51%	3.69%
September	2.13	0.14	2.47	3.52
August	2.50	0.15	2.91	3.99
July	2.63	0.17	2.93	3.89
June	2.88	0.16	3.29	4.21
May	3.25	0.16	3.66	4.52
April	3.38	0.14	3.83	4.71
March	3.13	0.13	3.61	4.56
February	3.13	0.08	3.59	4.49
January	3.50	0.08	3.84	4.64
<b><u>2009</u></b>				
December	2.88	0.05	3.20	4.19
November	3.13	0.06	3.39	4.23
October	3.00	0.08	3.31	4.05
September	3.25	0.13	3.40	4.18
August	3.25	0.18	3.48	4.30
July	3.25	0.19	3.54	4.33
June	3.25	0.14	3.46	4.34
May	2.88	0.15	3.12	4.03
April	2.50	0.20	2.67	3.54
March	2.88	0.27	3.02	3.71
February	2.75	0.13	2.84	3.60
January	2.13	0.02	2.21	2.68

**Performance of TSP Funds**

The chart below shows the G, F, C, S, and I Fund net rates of return.



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

**September 2010**

**Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.17	0.17	0.00	0.11
Large Cap	8.92	8.93	-0.01	8.92
Small Cap	11.47	11.46	0.01	11.38
International	9.81	9.81	0.00	9.80

**2010**

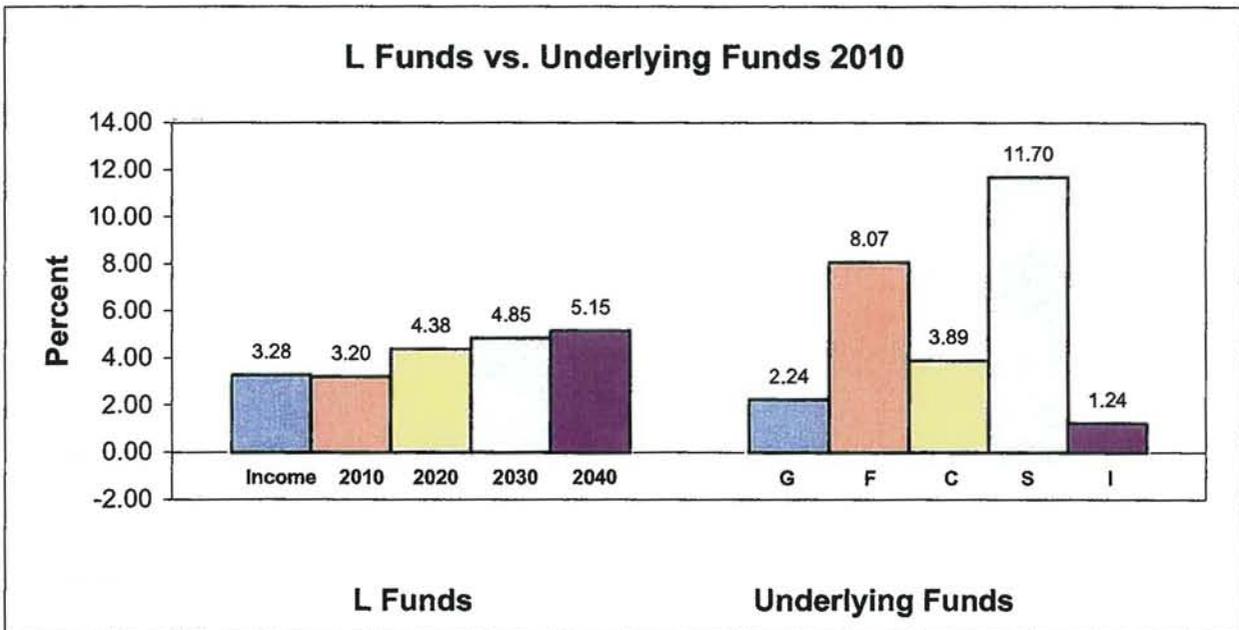
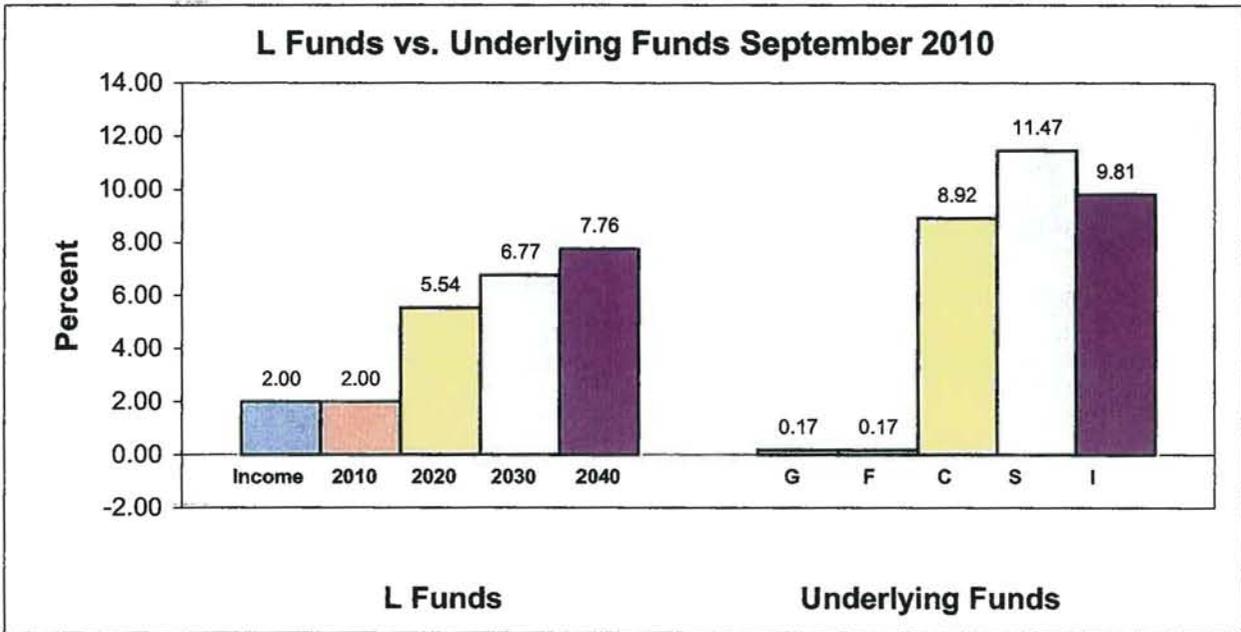
**Total Return %**

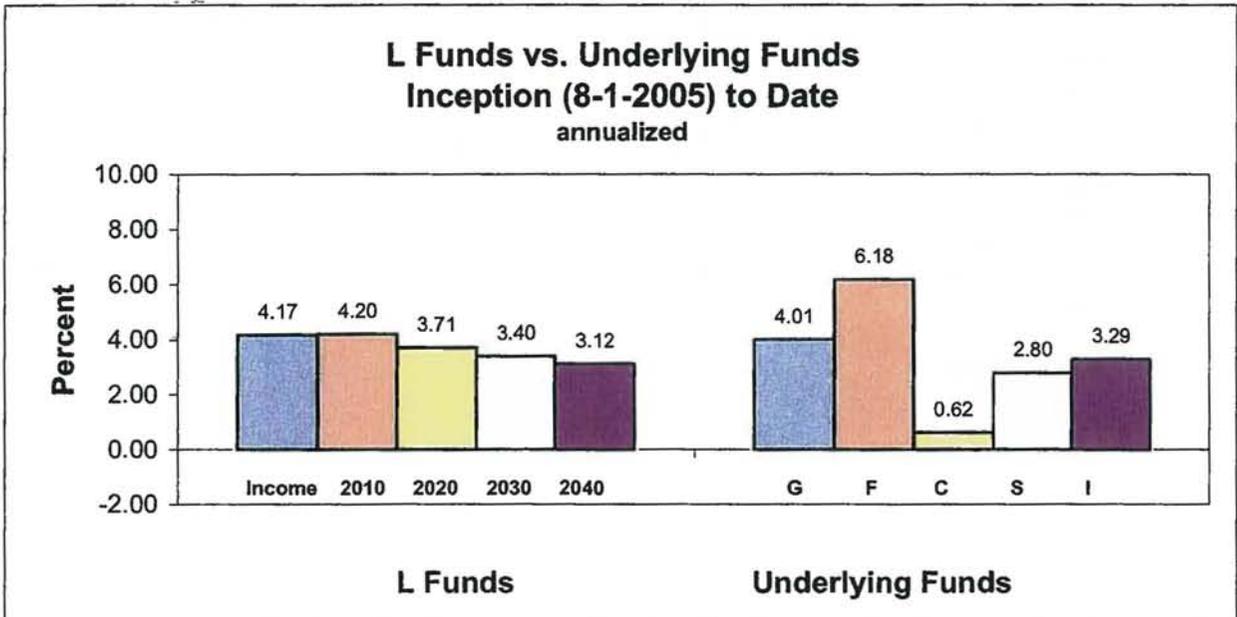
<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	8.07	8.09	-0.02	7.94
Large Cap	3.89	3.91	-0.02	3.89
Small Cap	11.70	11.67	0.03	11.37
International	1.24	1.26	-0.02	1.07

The TSP Funds closely tracked the BTC 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.





**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**

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

- Total investment balance in the L Funds exceeded \$30 billion in September. (p. 9)
- The number of participants with L Fund balances increased to 716,566. (p. 11)

**PROXY VOTING**

An audit of BTC's proxy votes voting conducted by RiskMetrics Group found no exceptions to BTC's established guidelines during the second quarter of 2010. A copy of the audit report is provided as Attachment 2. RiskMetrics' audit report for the third quarter of 2010 is not yet available.

**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 BlackRock 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.

Attachment

**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	(637)	(1,550)	(2,387)	1,515	3,059	N/A	1,409,778
12/31/2005	36%	6%	35%	9%	8%	6%	1,560	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695
12/31/2006	33%	5%	30%	9%	11%	11%	1,569	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668
12/31/2007	33%	4%	27%	9%	13%	14%	1,619	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207
12/31/2008	43%	4%	23%	7%	9%	13%	1,936	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711
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
9/30/2009	45%	5%	21%	7%	9%	14%	1,907	(894)	142	(61)	174	433	206	101,509
10/31/2009	44%	5%	21%	7%	9%	14%	2,117	(658)	172	(104)	143	221	226	107,237
11/30/2009	43%	5%	21%	7%	9%	14%	1,847	(150)	201	(172)	(119)	104	136	89,240
12/31/2009	43%	5%	21%	7%	9%	15%	2,019	(614)	(99)	106	225	63	319	81,386
1/31/2010	43%	5%	21%	7%	9%	15%	1,818	(439)	(104)	(31)	276	(19)	317	106,109
2/28/2010	42%	5%	21%	7%	9%	15%	1,862	518	200	(379)	(34)	(431)	126	93,229
3/31/2010	42%	5%	21%	8%	9%	15%	1,900	(1,317)	(56)	51	799	(146)	669	120,856
4/30/2010	42%	5%	21%	8%	9%	16%	2,366	(1,310)	(277)	316	958	(186)	499	125,817
5/31/2010	41%	5%	21%	8%	9%	16%	1,977	3,228	512	(1,085)	(865)	(1,345)	(445)	165,061
6/30/2010	41%	5%	21%	8%	9%	16%	2,175	(15)	382	(224)	12	(175)	20	90,660
7/31/2010	42%	5%	20%	8%	8%	16%	1,897	291	532	(408)	(312)	(65)	(38)	97,944
8/31/2010	42%	5%	20%	8%	8%	16%	1,895	506	601	(566)	(354)	(92)	(95)	96,986
9/30/2010	42%	5%	20%	8%	8%	16%	2,159	(5)	112	(234)	34	(20)	113	87,245

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Investment Balances and Investment Allocations**

Month end	L Fund Investment Balances						Allocation of L Fund Balances		
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	FERS (%) Inc/2010/2020/2030/2040	CSRS (%) Inc/2010/2020/2030/2040	Uniformed Services (%) Inc/2010/2020/2030/2040
12/31/2005	542	2,235	3,092	1,362	664	7,895	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31
12/31/2006	917	4,081	6,418	3,335	2,126	16,877	4 / 21 / 40 / 22 / 13	11 / 45 / 32 / 6 / 6	2 / 7 / 22 / 35 / 34
12/31/2007	1,237	5,326	8,801	4,970	3,547	23,881	4 / 19 / 39 / 23 / 15	10 / 42 / 34 / 7 / 7	2 / 6 / 21 / 34 / 37
12/31/2008	968	4,001	6,593	4,031	2,725	18,318	5 / 19 / 37 / 24 / 15	11 / 44 / 33 / 7 / 5	2 / 7 / 20 / 34 / 37
1/31/2009	936	3,874	6,257	3,817	2,571	17,455	5 / 19 / 37 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
2/28/2009	882	3,606	5,731	3,529	2,365	16,113	5 / 19 / 37 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
3/31/2009	884	3,580	5,959	3,777	2,571	16,771	4 / 19 / 38 / 24 / 15	11 / 45 / 33 / 6 / 5	2 / 7 / 20 / 34 / 37
4/30/2009	913	3,741	6,526	4,207	2,912	18,299	4 / 18 / 37 / 25 / 16	11 / 43 / 33 / 7 / 6	2 / 6 / 19 / 34 / 39
5/31/2009	953	3,905	7,022	4,564	3,200	19,644	4 / 17 / 38 / 25 / 16	11 / 42 / 34 / 7 / 6	2 / 6 / 19 / 34 / 39
6/30/2009	976	3,959	7,207	4,691	3,311	20,144	4 / 17 / 38 / 25 / 16	11 / 42 / 34 / 7 / 6	2 / 6 / 19 / 34 / 39
7/31/2009	1,007	4,094	7,714	5,069	3,615	21,499	4 / 17 / 37 / 25 / 17	10 / 42 / 35 / 7 / 6	2 / 6 / 19 / 34 / 39
8/31/2009	1,040	4,199	8,135	5,347	3,852	22,573	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 6 / 19 / 34 / 39
9/30/2009	1,081	4,283	8,500	5,635	4,090	23,589	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 5 / 19 / 34 / 40
10/31/2009	1,118	4,317	8,545	5,659	4,092	23,731	4 / 16 / 37 / 26 / 17	10 / 41 / 36 / 7 / 6	2 / 5 / 19 / 34 / 40
11/30/2009	1,151	4,410	8,945	5,960	4,337	24,803	4 / 15 / 38 / 26 / 17	10 / 40 / 37 / 7 / 6	2 / 5 / 19 / 34 / 40
12/31/2009	1,205	4,479	9,290	6,219	4,558	25,751	4 / 15 / 37 / 26 / 18	11 / 39 / 36 / 8 / 6	2 / 5 / 19 / 34 / 40
1/31/2010	1,250	4,467	9,310	6,197	4,534	25,758	4 / 15 / 38 / 26 / 17	11 / 38 / 37 / 8 / 6	2 / 5 / 19 / 34 / 40
2/28/2010	1,275	4,511	9,585	6,449	4,705	26,525	4 / 15 / 37 / 26 / 18	11 / 38 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
3/31/2010	1,374	4,646	10,317	6,964	5,113	28,414	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
4/30/2010	1,439	4,673	10,727	7,247	5,344	29,430	4 / 14 / 38 / 26 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
5/31/2010	1,381	4,533	10,093	6,819	4,950	27,776	4 / 14 / 38 / 26 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
6/30/2010	1,374	4,521	9,938	6,724	4,867	27,424	4 / 14 / 38 / 26 / 18	12 / 37 / 37 / 8 / 6	2 / 5 / 18 / 34 / 41
7/31/2010	1,392	4,610	10,468	7,205	5,256	28,931	4 / 14 / 37 / 27 / 18	11 / 36 / 39 / 8 / 6	2 / 5 / 18 / 34 / 41
8/31/2010	1,378	4,577	10,258	7,046	5,142	28,401	4 / 14 / 37 / 27 / 18	11 / 37 / 38 / 8 / 6	2 / 5 / 18 / 34 / 41
9/30/2010	1,426	4,645	10,988	7,664	5,651	30,374	4 / 13 / 37 / 27 / 19	11 / 36 / 39 / 8 / 6	2 / 4 / 18 / 34 / 42

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**

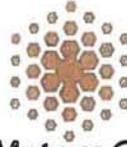
**Allocation of Account Balances**

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
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
9/30/2009	111,413	4%	19,650	3%	42,983	4%	45/6/24/6/8/11	53/6/23/4/6/8	43/4/14/11/12/16
10/31/2009	113,061	4%	19,823	3%	43,248	4%	45/6/24/6/8/11	54/6/22/4/6/8	44/4/14/10/12/16
11/30/2009	114,474	4%	19,897	4%	43,502	4%	44/6/25/6/8/11	53/6/23/4/6/8	42/4/15/11/12/16
12/31/2009	116,137	4%	20,090	4%	43,720	4%	44/6/25/6/8/11	53/6/23/4/6/8	42/4/15/11/12/16
1/31/2010	118,281	4%	20,351	4%	44,205	4%	45/6/24/6/8/11	52/6/23/5/6/8	43/4/15/11/11/16
2/28/2010	119,943	4%	20,445	4%	44,599	4%	44/6/25/7/7/11	52/6/23/5/5/9	43/4/15/11/11/16
3/31/2010	123,912	5%	21,145	4%	45,460	4%	42/6/25/7/8/12	49/6/24/6/6/9	41/4/15/12/11/17
4/30/2010	126,152	5%	21,536	4%	45,889	4%	41/6/26/8/7/12	50/6/24/6/5/9	41/4/15/12/11/17
5/31/2010	125,730	5%	21,106	4%	46,075	4%	45/6/24/7/6/12	52/6/23/6/4/9	42/5/14/12/10/17
6/30/2010	126,459	5%	21,035	4%	46,356	4%	45/7/23/7/6/12	53/7/22/5/4/9	43/5/14/11/10/17
7/31/2010	127,315	5%	20,945	4%	46,633	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17
8/31/2010	127,879	5%	20,808	4%	46,882	4%	44/7/23/7/7/12	52/7/22/5/5/9	42/5/14/11/11/17
9/30/2010	128,918	5%	20,780	4%	47,045	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**

**L Fund Participation**

Month end	Participants with Balances in the L Funds						Number of Participant Accounts with L Fund Balances					
	FERS (000s)	%	CSRS (000s)	%	Uniformed Services (000s)	%	Income	2010	2020	2030	2040	Any L Fund
12/31/2005	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779
12/31/2006	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
12/31/2007	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
12/31/2008	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
1/31/2009	375	15%	56	10%	155	17%	48,283	103,812	175,057	180,440	212,115	585,781
2/28/2009	371	15%	54	9%	155	17%	48,249	102,518	172,157	179,328	210,798	580,588
3/31/2009	372	15%	53	9%	155	16%	48,493	102,097	171,406	180,065	211,682	581,045
4/30/2009	378	15%	54	9%	157	16%	49,177	104,066	174,862	183,280	215,109	588,039
5/31/2009	383	15%	54	9%	158	17%	50,011	105,967	177,921	186,083	218,449	595,315
6/30/2009	388	15%	55	9%	159	17%	50,498	107,099	180,519	188,490	221,364	601,850
7/31/2009	392	15%	55	10%	160	17%	50,842	107,948	182,661	190,481	223,997	606,828
8/31/2009	399	15%	56	10%	161	17%	51,363	108,847	185,678	193,500	228,299	615,835
9/30/2009	404	15%	56	10%	162	17%	51,823	109,315	187,915	196,265	232,005	623,066
10/31/2009	412	15%	57	10%	163	17%	52,676	110,046	190,475	199,246	236,077	631,869
11/30/2009	418	15%	57	10%	164	17%	53,156	110,474	192,795	202,022	239,947	639,034
12/31/2009	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040
1/31/2010	431	16%	58	10%	167	17%	54,564	111,110	198,178	207,844	247,913	657,364
2/28/2010	437	16%	58	10%	168	17%	55,141	111,453	200,516	211,250	251,769	663,525
3/31/2010	450	16%	60	11%	171	17%	56,528	112,319	206,175	217,167	259,339	680,887
4/30/2010	461	17%	61	11%	173	17%	57,508	112,719	210,898	222,205	266,152	694,763
5/31/2010	462	17%	60	11%	174	17%	57,553	112,025	210,310	223,248	267,491	696,912
6/30/2010	467	17%	60	11%	176	17%	58,038	112,576	212,081	225,655	270,697	702,440
7/31/2010	470	17%	59	11%	177	17%	58,209	112,455	213,419	227,855	273,785	706,538
8/31/2010	473	17%	59	11%	178	17%	58,331	112,294	214,020	229,224	276,075	710,207
9/30/2010	479	17%	59	11%	179	17%	58,689	111,773	216,367	232,162	280,138	716,566



**RiskMetrics Group**

2099 Gaither Road  
Rockville, MD 20850

July 13, 2010

Mr. Chad Spitler  
Director  
PMG – Corporate Governance  
BlackRock  
400 Howard Street  
San Francisco, CA 94105

Dear Chad,

Enclosed are the results of our review of proxy votes by BlackRock for the 2nd quarter of 2010. Our review found that there were no exceptions to policy over this period.

Best regards,

A handwritten signature in dark ink, appearing to read 'SEF', is written over the printed name of Steven E. Friedman.

Steven E. Friedman  
Chief Legal Officer

sef/awk/encl.

cc: Richard Reynics, Ryan Myers, Cassie Traeger, Adrian Kosinda

## MEMORANDUM

The results of our review of BlackRock's 2<sup>nd</sup> quarter proxy voting are as follows:

- Votes at 312 meetings were examined.
- Votes at 157 of the 312 meetings were for directors and/or auditor only.
- At the 155 remaining meetings, there were 254 non-director/auditor proposals. The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock option plan	68
Non-employee stock option plan	5
Employee share purchase plan	17
Section 162(m)	19
Advisory resolution on compensation committee reports	22
Stock option exchange program	2
Reverse stock split	2
Increase in common stock	13
Private placement	2
Issue warrants/convertible debentures	2
Change state of incorporation	1
Merger and/or reorganization	8
Adjourn meeting	9
Reduce supermajority vote requirement	3
Adopt majority voting for non-contested director election	4
Declassify board of directors	6
Fix number of directors	4
Reduce board size	1
Provide right to call special meeting	1
Change company name	1
Other business	9
Shareholder proposal	55
<b>Total:</b>	<b>254</b>

- There were 68 votes cast on executive stock option plans:
  - a) 63 votes were cast in favor of the plans (92.6 percent)
  - b) 5 votes were cast against the plans (7.4 percent); all executive stock option plans were opposed as plans permit repricing without shareholder approval.
  
- There were 5 votes cast on non-employee stock option plans:
  - a) 4 votes were cast in favor of the plans (80 percent)
  - b) 1 vote was cast against the plans (10 percent); the plan was opposed as it permits repricing without shareholder approval.
  
- There were 2 votes cast on proposals to approve stock option exchange programs; both votes were cast in favor of the programs (100 percent).
  
- There were 13 votes cast on proposals to increase authorized common stock:
  - a) 12 votes were cast in favor of the increases (92.3 percent)
  - b) 1 vote was cast against the increases; the increase was opposed as it is intended to fund a non-shareholder approved rights plan (7.7 percent).
  
- There were 8 votes cast on mergers or major corporate transactions; all votes were cast in favor of the mergers.
  
- There were 55 votes cast on shareholder proposals which included:
  - a) 5 shareholder proposals to declassify the board of directors; the votes were cast in favor of the proposals.
  - b) 5 shareholder proposals to adopt majority voting for the election of directors; the votes were cast in favor of the proposals.
  - c) 5 shareholder proposals to reduce supermajority vote requirements; the votes were cast in favor the proposals.
  - d) 4 shareholder proposals to provide the right to act by written consent; the votes were cast in favor of the proposals.
  - e) 3 shareholder proposals to approve advisory vote on executive compensation; the votes were cast against the proposals.
  - f) 3 shareholder proposals to require independent board chair; the votes were cast against the proposals.

- g) 3 shareholder proposals to authorize shareholders to call special meeting; the votes were cast against the proposals.
- h) 3 shareholder proposals to seek sale of company assets; the votes were cast against the proposals.
- i) 2 shareholder proposals to reimburse expenses incurred by shareholders in contest election of directors; the votes were cast against the proposals.
- j) 2 shareholder proposal to increase disclosure executive compensation; the vote were cast against the proposals.
- k) 2 shareholder proposals to prepare sustainability report; the votes were cast against the proposals.
- m) 1 shareholder proposal to report on political contributions; the vote was cast against the proposal.
- n) 1 shareholder proposal to report on space-based weapons program; the vote was cast against the proposal.
- o) 1 shareholder proposal to report on climate change; the vote was cast against the proposal.
- p) 1 shareholder proposal to report on overdraft policies and practices, and impact to borrowers; the vote was cast against the proposal.
- q) 1 shareholder proposal to report on political contributions; the vote was cast against the proposal.
- r) 1 shareholder proposal to amend non-discrimination policy; the vote was cast against the proposal.
- s) 1 shareholder proposal to report and set goals related to animal testing; the vote was cast against the proposal.
- t) 1 shareholder proposal to adopt sustainable purchasing policy; the vote was cast against the proposal.
- u) 1 shareholder proposal to restrict severance agreements; the vote was cast against the proposal.
- v) 1 shareholder proposal to report on global warming lobbying activities; the vote was cast against the proposal.
- w) 1 shareholder proposal to establish stock retention/holding period policy; the vote was cast against the proposal.
- x) 1 shareholder proposal to adopt policy to retain shares following termination of employment; the vote was cast against the proposal;
- y) 1 shareholder proposal to review and assess human rights policies; the vote was cast against the proposal.
- z) 1 shareholder proposal to amend EEO policy to prohibit discrimination; the vote was cast against the proposal.
- aa) 1 shareholder proposal establish pay for superior performance; the vote was cast against the proposal.
- bb) 1 shareholder proposal to report on public policy advocacy process; the vote was cast against the proposal.
- cc) 1 shareholder proposal to report on the effect of marketing practices on the poor; the vote was cast against the proposal.

dd) 1 shareholder proposal to establish supplier human rights purchasing protocol; the vote was cast against the proposal.

There were no exceptions to policy this period.