



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

January 9, 2012

MEMORANDUM FOR BOARD MEMBERS KENNEDY, DUFFY, BILYEU,  
MCCRAY, AND JONES

FROM: GREGORY T. LONG  
EXECUTIVE DIRECTOR

SUBJECT: December 2011 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 December 2011, investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

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

***December 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	1.02	1.10	-0.08
Large Cap	1.03	1.02	0.01
Small Mid Cap	-0.04	-0.05	0.01
International	-2.03	-0.95	-1.08

***2011 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	7.89	7.84	0.05
Large Cap	2.13	2.11	0.02
Small Mid Cap	-3.41	-3.76	0.35
International	-11.79	-12.14	0.35

The BlackRock U.S. Debt Index Fund E underperformed by 8 basis points in December, primarily as a result of a secondary pricing source used on November 30. The BlackRock Extended Equity Market Fund E outperformed by 35 basis points year to date, primarily as a result of the optimization process. The BlackRock EAFE Equity Index Fund E underperformed by 108 basis points in December, and by 35 basis points year to date, primarily as a result of fair valuation on November 30, 2011, and tax effect, respectively.

**Trading Costs**

	<u>Dollar Amount Traded</u>	<u>Trading Costs</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
December	602,323,805	547,965	9.1
Year-to-Date	6,986,399,542	3,640,652	5.2
<u>C Fund</u>			
December	1,175,948,107	(252,844)	(2.2)
Year-to-Date	20,196,553,416	3,104,850	1.5
<u>S Fund</u>			
December	762,546,855	(241,397)	(3.2)
Year-to-Date	14,674,556,442	782,457	0.5
<u>I Fund</u>			
December	727,976,756	1,239,844	17.0
Year-to-Date	11,096,602,344	10,558,137	9.5

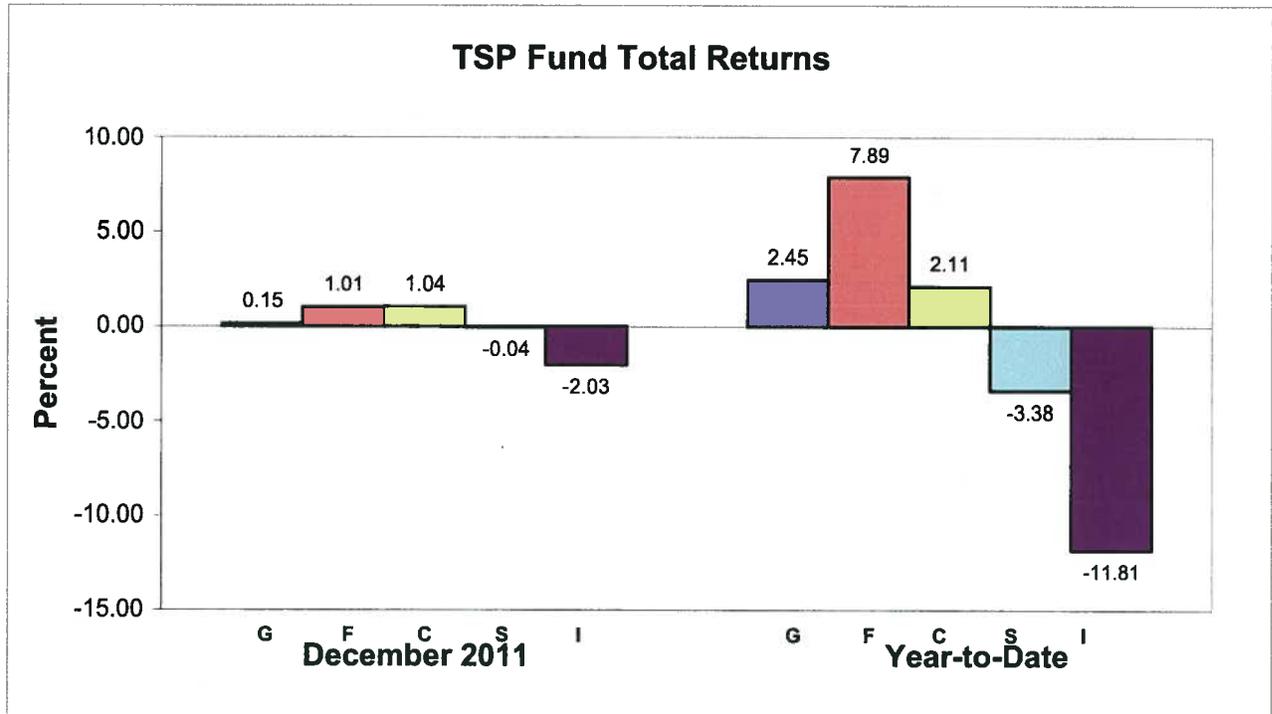
**G Fund**

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>2012</u></b>				
January	1.50%	0.01%	1.88%	2.90%
<b><u>2011</u></b>				
December	1.75%	0.00%	2.07%	3.06%
November	1.75	0.00	2.11	3.13
October	1.63	0.02	1.92	2.91
September	1.88	0.01	2.22	3.60
August	2.25	0.09	2.80	4.12
July	2.63	0.02	3.16	4.37
June	2.50	0.06	3.06	4.23
May	2.88	0.05	3.29	4.40
April	3.00	0.09	3.47	4.51
March	3.00	0.14	3.43	4.50
February	2.88	0.15	3.37	4.57
January	2.88	0.13	3.30	4.34
<b><u>2010</u></b>				
December	2.38%	0.17%	2.60%	4.11%
November	2.13	0.12	2.60	3.98
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

**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.

**December**

**Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	1.01	1.02	-0.01	1.10
Large Cap	1.04	1.03	0.01	1.02
Small Cap	-0.04	-0.04	0.00	-0.05
International	-2.03	-2.03	0.00	-0.95

**2011**

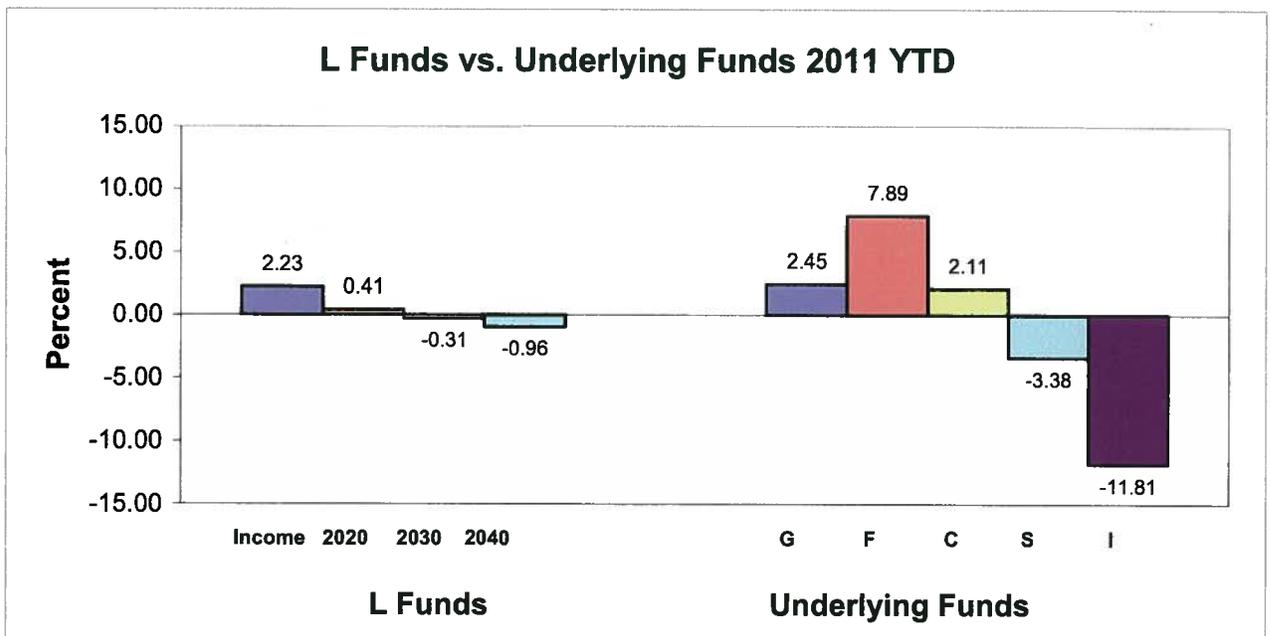
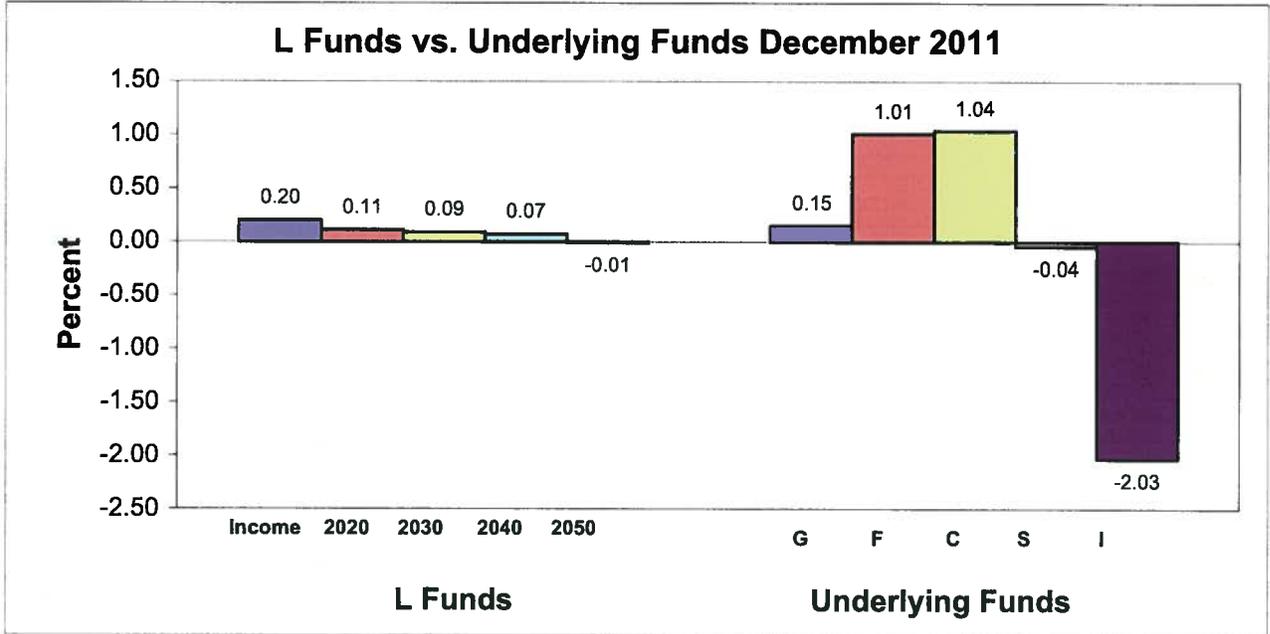
**Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	7.89	7.89	0.00	7.84
Large Cap	2.11	2.13	-0.02	2.11
Small Cap	-3.38	-3.41	0.03	-3.76
International	-11.81	-11.79	-0.02	-12.14

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.



From Inception January 31, 2011  
2050 -3.81%

G 2.21%    F 7.75%    C -0.25%    S -4.56%    I -13.89%

## **THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**

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

- Contributions to the TSP exceeded \$25 billion in 2011; the annual level of contributions in 2011 was the highest ever, and represents more than a 3% increase from 2010. (p.7.)
- Interfund transfers increased in 2011 to the highest level since introduction of transaction restrictions in 2008. (p.7.)

## **PROXY VOTING**

An audit of BTC's proxy votes voting conducted by RiskMetrics Group found no exceptions to BTC's established guidelines during the third quarter of 2011. A copy of the audit report is provided as Attachment 2. RiskMetrics' audit report for the fourth quarter of 2011 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 F, C, S, and I Funds have tracked their respective indices and have incurred low trading costs. **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

	Contributions										Interfund Transfer Activity									
	G Fund (%)	F Fund (%)	C Fund (%)	S Fund (%)	I Fund (%)	L Funds (%)	Total (\$MII)	G Fund (\$MII)	F Fund (\$MII)	C Fund (\$MII)	S Fund (\$MII)	I Fund (\$MII)	L Funds (\$MII)	# of IFTs						
2005	37%	6%	38%	9%	7%	2%	17,772	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695						
2006	34%	5%	32%	10%	10%	9%	19,531	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668						
2007	32%	4%	29%	9%	12%	13%	20,786	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207						
2008	37%	5%	25%	8%	11%	14%	21,772	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711						
2009	45%	5%	21%	7%	8%	14%	22,668	(3,818)	330	(1,051)	1,294	2,088	1,157	1,237,637						
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						
10/31/2010	42%	5%	20%	8%	8%	16%	2,119	(757)	(187)	102	470	163	209	105,172						
11/30/2010	41%	5%	20%	8%	9%	16%	2,249	(281)	(370)	73	452	(108)	234	113,425						
12/31/2010	42%	5%	19%	8%	8%	17%	2,010	(322)	(710)	162	961	(338)	247	224,749						
2010	42%	5%	20%	8%	9%	16%	24,426	97	635	(2,223)	2,397	(2,762)	1,856	1,427,253						
1/31/2011	41%	5%	21%	9%	8%	16%	1,813	(694)	(443)	271	501	(115)	480	142,594						
2/28/2011	41%	5%	20%	9%	8%	17%	1,982	883	(247)	(479)	(189)	(302)	334	153,601						
3/31/2011	41%	5%	20%	9%	8%	17%	2,339	1,345	151	(691)	(300)	(570)	65	173,787						
4/30/2011	41%	5%	20%	9%	8%	17%	2,192	(371)	(181)	(248)	522	10	268	122,475						
5/31/2011	40%	5%	20%	9%	8%	18%	2,142	(290)	310	(214)	(55)	42	207	99,151						
6/30/2011	40%	5%	20%	9%	8%	18%	2,235	1,756	574	(897)	(844)	(332)	(257)	111,724						
7/31/2011	41%	5%	20%	9%	8%	18%	1,980	5,581	(180)	(2,041)	(1,556)	(757)	(1,047)	149,823						
8/31/2011	42%	5%	19%	9%	8%	17%	1,988	1,365	687	(571)	(437)	(468)	(576)	239,363						
9/30/2011	43%	5%	19%	8%	7%	17%	2,431	(102)	582	(184)	(93)	(128)	(75)	104,089						
10/31/2011	43%	5%	19%	8%	7%	17%	2,028	159	156	(173)	(60)	(84)	8	122,878						
11/30/2011	42%	5%	19%	9%	7%	17%	2,203	147	147	(70)	75	(203)	(96)	104,938						
12/31/2011	44%	5%	19%	8%	7%	17%	1,882	503	220	(310)	(218)	(226)	31	94,105						
2011	41%	5%	20%	9%	8%	17%	25,215	10,282	1,776	(5,607)	(2,660)	(3,133)	(658)	1,618,528						

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

	L Fund Investment Balances						Allocation of L Fund Balances (%)			
	Income (\$M)	2010 (\$M)	2020 (\$M)	2030 (\$M)	2040 (\$M)	Total (\$M)	FERS	CSRS	Uniformed Services	
							Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	
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	
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	
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	
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	
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	
10/31/2010	1,572	4,145	11,773	8,077	5,998	31,565	4/11/39/27/19	12/32/42/8/6	2/4/18/34/42	
11/30/2010	1,648	3,843	12,105	8,229	6,132	31,957	4/10/39/28/19	12/29/44/9/6	2/4/18/34/42	
12/31/2010	5,404	0	12,914	8,840	6,645	33,803	14/0/38/28/20	39/0/45/9/7	5/0/18/34/43	
	Income (\$M)	2020 (\$M)	2030 (\$M)	2040 (\$M)	2050 (\$M)	Total (\$M)	FERS	CSRS	Uniformed Services	
							Inc/2020/2030/2040/2050	Inc/2020/2030/2040/2050	Inc/2020/2030/2040/2050	
1/31/2011	5,234	13,493	9,212	6,888	142	34,969	13/39/28/20/0	37/47/9/7/0	5/18/34/43/0	
2/28/2011	5,270	13,971	9,591	7,046	473	36,351	12/40/28/19/1	36/47/9/7/1	6/18/34/41/2	
3/31/2011	5,256	14,075	9,725	7,091	569	36,716	12/39/28/19/2	36/47/10/6/1	4/18/34/42/2	
4/30/2011	5,317	14,632	10,184	7,426	661	38,220	12/39/28/19/2	35/48/10/6/1	4/17/35/42/2	
5/31/2011	5,357	14,688	10,237	7,441	707	38,429	12/39/28/19/2	35/48/10/6/1	4/17/34/42/3	
6/30/2011	5,317	14,526	10,183	7,386	703	38,115	12/39/28/19/2	36/47/10/6/1	4/17/34/42/3	
7/31/2011	5,249	13,960	9,892	7,179	651	36,931	12/39/28/19/2	36/48/9/6/1	4/17/34/42/3	
8/31/2011	5,025	13,193	9,455	6,786	672	35,131	12/38/29/19/2	37/47/9/6/1	5/17/34/41/3	
9/30/2011	4,924	12,623	9,000	6,412	648	33,607	13/38/28/19/2	38/47/9/5/1	5/17/34/41/3	
10/31/2011	5,024	13,494	9,798	7,064	731	36,112	12/38/29/19/2	36/47/10/6/1	4/17/34/42/3	
11/30/2011	4,993	13,488	9,839	7,116	757	36,193	12/38/29/19/2	37/48/9/5/1	4/17/34/41/4	
12/31/2011	5,006	13,572	9,971	7,205	764	36,517	12/38/29/19/2	37/47/10/5/1	4/17/34/41/4	

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
Allocation of Account Balances

	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		FERS		CSRS		Uniformed Services (G/F/C/S/I/L)
	#	%	#	%	(G/F/C/S/I/L)	(G/F/C/S/I/L)	(G/F/C/S/I/L)		
<b>2005</b>	55,386	2%	17,220	2%	35/6/39/8/7/5	40/6/38/6/6/4	44/5/21/15/10/5		
<b>2006</b>	94,323	4%	25,860	4%	32/5/36/8/10/9	38/5/35/6/8/8	38/4/20/14/13/11		
<b>2007</b>	116,157	5%	28,753	5%	32/5/33/7/12/11	39/5/32/6/9/9	36/4/18/13/15/14		
<b>2008</b>	108,130	4%	21,470	4%	50/7/22/5/6/10	58/6/21/3/4/8	48/5/14/9/10/14		
<b>2009</b>	116,137	4%	20,090	4%	44/6/25/6/8/11	53/6/23/4/6/8	42/4/15/11/12/16		
<b>1/31/2010</b>	118,281	4%	20,351	4%	45/6/24/6/8/11	52/6/23/5/6/8	43/4/15/11/11/16		
<b>2/28/2010</b>	119,943	4%	20,445	4%	44/6/25/7/7/11	52/6/23/5/5/9	43/4/15/11/11/16		
<b>3/31/2010</b>	123,912	5%	21,145	4%	42/6/25/7/8/12	49/6/24/6/6/9	41/4/15/12/11/17		
<b>4/30/2010</b>	126,152	5%	21,536	4%	41/6/26/8/7/12	50/6/24/6/5/9	41/4/15/12/11/17		
<b>5/31/2010</b>	125,730	5%	21,106	4%	45/6/24/7/6/12	52/6/23/6/4/9	42/5/14/12/10/17		
<b>6/30/2010</b>	126,459	5%	21,035	4%	45/7/23/7/6/12	53/7/22/5/4/9	43/5/14/11/10/17		
<b>7/31/2010</b>	127,315	5%	20,945	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17		
<b>8/31/2010</b>	127,879	5%	20,808	4%	44/7/23/7/7/12	52/7/22/5/5/9	42/5/14/11/11/17		
<b>9/30/2010</b>	128,918	5%	20,780	4%	43/7/24/7/7/12	51/7/23/5/5/9	41/5/14/12/11/17		
<b>10/31/2010</b>	130,951	5%	20,806	4%	42/7/24/8/7/12	50/7/23/6/5/9	40/5/14/12/11/18		
<b>11/30/2010</b>	132,562	5%	20,764	4%	42/7/24/8/7/12	50/7/23/6/5/9	40/5/15/12/11/17		
<b>12/31/2010</b>	134,674	5%	21,025	4%	40/6/25/9/7/13	49/6/24/7/5/9	39/4/15/13/11/18		
<b>1/31/2011</b>	137,604	5%	21,090	4%	39/6/26/9/7/13	48/6/25/7/5/9	39/4/15/13/11/18		
<b>2/28/2011</b>	139,504	5%	21,218	4%	39/6/26/9/7/13	48/6/25/7/5/9	38/4/15/13/11/19		
<b>3/31/2011</b>	140,389	5%	21,134	4%	40/6/25/9/7/13	47/6/25/7/5/10	38/4/15/13/11/19		
<b>4/30/2011</b>	141,500	5%	21,207	4%	39/6/26/9/7/13	47/6/25/7/5/10	37/4/15/14/11/19		
<b>5/31/2011</b>	142,683	5%	21,277	4%	39/6/25/9/7/14	47/6/25/7/5/10	38/4/15/13/11/19		
<b>6/30/2011</b>	142,559	5%	21,058	4%	40/6/25/9/7/13	48/6/24/7/5/10	38/4/15/13/11/19		
<b>7/31/2011</b>	140,596	5%	20,473	4%	43/6/24/8/6/13	52/6/23/6/4/9	38/4/15/13/11/19		
<b>8/31/2011</b>	139,009	5%	19,877	4%	43/7/23/8/6/13	52/7/22/6/4/9	40/5/14/12/10/19		
<b>9/30/2011</b>	138,842	5%	19,688	4%	46/7/22/7/5/13	54/7/21/5/4/9	43/5/14/11/9/18		
<b>10/31/2011</b>	139,380	5%	19,539	4%	43/7/23/8/6/13	51/7/23/6/4/9	39/5/15/12/10/19		
<b>11/30/2011</b>	139,204	5%	19,342	4%	44/7/23/8/5/13	52/7/22/6/4/9	40/5/15/12/9/19		
<b>12/31/2011</b>	139,599	5%	19,253	4%	44/7/23/8/5/13	52/7/23/6/3/9	40/5/15/12/9/19		

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**L Fund Participation**

	Participants with Balances in the L Funds					Number of Participant Accounts with L Fund Balances							
	FERS		CSRS		Uniformed Services (000s)	%	Income	2010	2020	2030	2040	2050	Any L Fund
	(000s)	%	(000s)	%									
2005	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779	
2006	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025	
2007	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232	
2008	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468	
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	
10/31/2010	485	17%	59	11%	180	17%	59,773	101,527	221,804	235,902	285,064	723,018	
11/30/2010	491	17%	59	11%	181	17%	60,658	96,206	226,122	239,663	290,522	731,390	
12/31/2010	497	18%	59	11%	183	17%	130,930	0	230,231	243,512	295,619	738,720	
1/31/2011	505	18%	59	11%	184	17%	127,892	234,372	247,483	299,794	31,176	748,186	
2/28/2011	513	18%	60	11%	187	17%	127,328	236,984	250,725	300,507	15,645	759,595	
3/31/2011	522	18%	60	11%	189	17%	126,889	238,665	253,941	302,907	22,873	770,657	
4/30/2011	528	18%	60	12%	191	17%	126,806	241,486	257,383	305,966	28,163	779,089	
5/31/2011	533	19%	60	12%	192	17%	127,024	243,221	259,899	308,262	32,126	785,674	
6/30/2011	534	19%	60	12%	193	17%	126,513	242,897	260,762	308,677	34,734	787,339	
7/31/2011	550	18%	58	11%	194	17%	125,018	238,983	258,922	306,624	35,997	781,907	
8/31/2011	528	18%	57	11%	194	17%	122,453	234,539	257,007	303,831	38,922	778,913	
9/30/2011	530	18%	56	11%	195	17%	122,268	233,399	258,261	304,908	41,458	781,547	
10/31/2011	531	18%	56	11%	196	17%	121,893	236,424	259,744	306,369	43,817	783,052	
11/30/2011	533	18%	56	11%	196	17%	121,566	236,638	260,835	307,241	46,029	785,421	
12/31/2011	536	19%	55	11%	197	17%	121,564	237,321	262,098	308,186	47,832	788,326	



An MSCI Brand

October 12, 2011

Mr. Chad Spittler  
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 3<sup>rd</sup> quarter of 2011. Our review found that there were no exceptions to policy over this period.

Best regards,

A handwritten signature in blue ink that reads 'Fasil G. Michael'. The signature is fluid and cursive.

Fasil G. Michael  
Executive Director, Head of Custom Research

fgm/awk/encl.

cc: Richard Reynics, Ryan Myers, Vincent Lam, Cassandra Traeger, Adrian Kosinda

## MEMORANDUM

The results of our review of BlackRock's 3<sup>rd</sup> quarter proxy voting are as follows:

- Votes at 39 meetings were examined.
- Votes at 15 of the 39 meetings were for directors, auditors, and/or management say-on-pay (MSOP) only.
- At the 24 remaining meetings, there were 37 non-director/auditor/MSOP proposals. The following table illustrates the votes involved by proposal type:

<b>Proposal</b>	<b>Votes</b>
Executive stock option plan	10
Non-executive stock option plan	2
Employee share purchase plan	1
Section 162(m)	1
Increase in common stock	2
Increase in preferred stock	1
Issue shares in connection with acquisition	1
Reverse stock split	2
Approve convertible debentures	1
Approve conversion of securities	3
Approve sale of assets under net asset value	1
Merger and/or reorganization	3
Adjourn meeting	5
Adopt majority voting for uncontested election of directors	1
Other business	2
Shareholder proposal	1
<b>Total:</b>	<b>37</b>

- There were 10 votes cast on executive stock option plans:
  - a) 8 votes were cast in favor of the plans (80 percent);
  - b) 2 votes were cast against the plans (20 percent); both plans were opposed due to the ability to reprice options without prior shareholder approval.
  
- There were 2 votes cast on non-executive stock option plans; the votes were cast in favor of the plans.
  
- There were 2 votes cast on increases in authorized common stock; the votes were cast in favor of the authorizations.
  
- There were 4 votes cast on mergers and/or major corporate transactions; the votes were cast in favor of the transactions.
  
- There was 1 vote cast on a shareholder proposal which included a proposal to prepare sustainability report; the vote was cast against the proposal.
  
- There were 18 votes cast on management advisory votes on executive compensation; the votes were cast in favor of the advisory votes.
  
- There were 2 votes cast on management advisory votes on golden parachute compensation; the votes were cast in favor of the proposals.

There were no exceptions to policy this period.