



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

October 16, 2006

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a meeting of the Board members on October 16, 2006, at 9:02 a.m., Eastern Daylight Time. The meeting was open to the public at the Board's offices at 1250 H Street, N.W., Washington, D.C. In attendance were Thomas A. Fink of Alaska, member; Gordon J. Whiting of New York, member; Alejandro M. Sanchez of Florida, member (by telephone); Gary A. Amelio, Executive Director; Thomas K. Emswiler, Secretary and General Counsel; Mark A. Hagerty, Chief Information Officer; Gregory T. Long, Director of Product Development; Pamela-Jeanne Moran, Director, Participant Services; James B. Petrick, Chief Financial Officer; Tracey A. Ray, Chief Investment Officer; and Thomas J. Trabucco, Director, External Affairs.

1. Approval of the minutes of the September 18, 2006, Board member meeting.

Chairman Saul entertained a motion for approval of the minutes of the September 18, 2006 Board member meeting. The following motion was made, seconded, and adopted without objection:

MOTION: That the minutes of the Board member meeting held on September 18, 2006, be approved.

2. Thrift Savings Plan activity report by the Executive Director.

a. Monthly Performance Numbers.

Mr. Long reviewed the report on TSP statistics. See "Thrift Savings Fund Statistics" (attached). Chairman Saul asked whether the TSP would reach \$200 billion by the end of the year and was told that given the positive cash flows, if we also have positive markets it was likely. Chairman Saul then remarked that the TSP had doubled in four years and would be exponentially larger in four more years. He commented on all the changes that the Agency had made to improve service as the plan

grew and wondered about the changes that would be necessary to administer an even larger plan.

He then asked about plan loans. He was told the number outstanding had further declined from 768 thousand to 748 thousand. Mr. Amelio added that this represented a reduction of more than 200 thousand from when the Agency had made changes to the loan program in 2004. Chairman Saul noted that this significantly reduced the administrative burden on Agency personnel and thereby reduced administrative costs for all TSP participants.

b. Monthly Investment Activity Report.

Ms. Ray reviewed her October 6, 2006 memorandum (attached), on the performance of the G, F, C, S, and I Funds during September 2006.

Chairman Saul noted that the C Fund had returned 2.58% this month because it was heavily weighted toward large companies. He then asked when the TSP first offered L Funds and was told August 1, 2005. Mr. Amelio replied that they had projected 5 percent of TSP funds would be allocated to the L Funds after the first year and how pleased he was to see allocations of 8 percent for FERS, 7 percent for CSRS and 10 percent for uniformed services. Chairman Saul asked of those participants who choose to allocate some percent of their accounts to the TSP in the L Funds, typically what percent of their accounts were invested in the L Fund? He was told that 33 percent of the participants who had invested in the L Funds had invested 100 percent of their TSP accounts in the L Funds. Mr. Amelio remarked that this fact demonstrates that the Agency's communication materials have been very effective.

c. Legislative Report.

Mr. Trabucco reported that the Congress was in recess, but that it had passed legislation that will extend the Army pilot program allowing matching funds for recruits. Chairman Saul asked how the pilot program was going. He was told that we don't have any reports yet. The Army will make its first report to the Secretary of Defense in February of 2007. Chairman Saul noted that matching would significantly increase TSP participation rates by members of the uniformed services and that we should assist the Army in any way we can. Ms. Moran remarked that they had already prepared a pamphlet that the Army could provide to recruits and that her staff was working on a

TSP pamphlet for the parents of recruits. She noted that TSP matching was one of several enlistment incentives available to recruits. Mr. Sanchez commented that he would like to see soldiers brief the Board on the status of the Army program. Chairman Saul added that the most important question is how can we assist them. Mr. Trabucco summed up that we have pledged to help and are doing so in many ways, but, ultimately, the Army has responsibility for the program.

3. New Business.

a. Quarterly Investment Report.

Ms. Ray reviewed proxy voting changes at pages 6-8 of her attached October 6, 2006 memorandum. She then reviewed TSP fund returns and L Fund investment activity. After this discussion, the members made, seconded, and adopted the following resolution by unanimous vote:

RESOLUTION

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 Fixed Income Index Investment Fund, the Common Stock Index Investment Fund, the Small Capitalization Stock Index In-

vestment Fund, and the International Stock Index Investment Fund are affirmed without change.

b. Quarterly Vendor Review.

Mr. Petrick reviewed his October 6, 2006 memorandum entitled "Quarterly Financial Assessment of TSP's Primary Vendors--October 2006." Attached. Chairman Saul commented that Spherix appeared much more stable than at the last review, but asked how it could earn \$2.8 million through InfoSpherix, break even with BioSpherix, yet show a net loss of approximately \$200,000. Mr. Petrick promised to provide a detailed explanation at the next quarterly reports.

Chairman Saul then asked what services Switch and Data performed for the Agency. He was told it owns the buildings where the Agency has its data centers; SI International runs these data centers. He asked why we used Switch and Data and asked whether many companies offer similar services. He was told that, after the "dot-com" bust, there are fewer companies than one would expect. Switch and Data is performing to our requirements, maintains good facilities, and has maintained the same staff since we first established a business relationship with it. Mr. Fink asked whether Mr. Petrick had seen the balance sheet and, if yes, did Switch and Data have sufficient funds to cover its potential liabilities from lawsuits? Mr. Whiting added that he would like to review Switch and Data's balance sheet both today and in future meetings. Mr. Petrick explained that he had Switch and Data's balance sheet, but, since Switch and Data was not publicly traded, the Board members would need to review the balance sheet in Executive Session. The Board members agreed.

Mr. Fink asked whether R.R. Donnelly & Sons is publicly traded and was told that it is. Chairman Saul asked about rumors that Donnelly might be purchased by a privately held company. Mr. Petrick noted that he was aware of those rumors, but that he had not heard of any recent developments. Mr. Amelio stated that Donnelly did most of our mailing and that one of its facilities was near Gettysburg. He added that he did not foresee a need for the Board members to make a due diligence visit to Donnelly.

c. Participant Survey.

Mr. Long reported that we were finalizing questions, that we expected to mail the survey by the end of October, and to report on the results by the end of the year. Everything is on schedule.

Mr. Whiting asked if we were going to mail rather than e-mail the survey. He was told that we would use mail in order to ensure coverage of all participants, not just those with e-mail. Mr. Whiting then asked about the percent of surveys we expected would be completed and was told about 50 percent. Mr. Whiting asked whether the Agency offered any incentive to those who complete the survey and was told that it did not.

Mr. Fink asked to receive the final version of the survey and was promised that it would be provided. Chairman Saul asked whether we will inform all participants that we are surveying and was told that we would not, because we are only sampling the participant population. Mr. Amelio remarked that we have been very careful to ensure that survey questions are neutral and that they allow the recipients to consider the cost and benefit of any new TSP features.

d. Ennis Knupp.

Personnel from Ennis Knupp reviewed its memoranda dated September 28, 2006, and entitled "Due Diligence Risk Overview with Barclays Global Investors" and "Safety of Assets in the C, S, I, and F Funds." The review concluded that BGI's governance, risk management, and internal controls represented the best practices in the industry.

Mr. Sanchez asked how close Rancho Cordova, California, the location of BGI's disaster recover site, is to BGI's headquarters in San Francisco, CA. When told it was just outside of Sacramento, he expressed his concern over earthquakes, noting that he was from Florida and that it would never be a best practice to include a main site and a disaster recovery site in Florida. He was told that Ennis Knupp had considered this but also learned that BGI could transfer TSP functions to London or Hong Kong. In response to Mr. Fink's follow-on question, Ennis Knupp personnel stated that they had initially found Rancho Cordova's proximity to Sacramento to be troublesome, but that their concerns had been allayed when they learned that BGI had the capacity to transfer TSP functions overseas. Chairman Saul remarked that the report was very professional and that, when combined with the reports from Deloitte and Touche and the

Department of Labor, greatly assisted the Board members in managing risk.

e. Mid-Year Report.

Personnel from Deloitte and Touche reviewed its Powerpoint presentation entitled "Thrift Savings Plan June 30, 2006 Review," dated October 16, 2006. Attached. They also reviewed the document entitled "Financial Statements for the Six-Month Period Ended June 30, 2006, and the Year Ended December 31, 2005, and Independent Accountants' Report." Attached.

Mr. Petrick noted that the mid-year review is a limited scope review that is not equivalent to the full annual audit. Ms. Krause reported that Deloitte determined that it was not aware of any material modifications that would need to be made to the June 30, 2006 financial statement in order to bring it in conformity with generally accepted accounting principles.

Mr. Sanchez asked how the mid-year review differed from a full audit. Ms. Kraus explained that an audit validates evidence. The mid-year review recomputes numbers and test controls. It looks for consistency and at changes. Mr. Petrick added that a mid-year review is like a check-up; it ensures the accounting system is on track and that no problems have arisen.

Mr. Fink asked why investment expenses were already higher during the first six months of this year than during all of 2005 (\$9,851,000 compared to \$9,570,000). Mr. Petrick stated that he believed this was due to increased transaction volume, particularly in the I Fund. Mr. Fink remarked that it appeared that investment expenses in 2006 would be double 2005's expenses. Mr. Petrick remarked that these were not management fees, but rather trading costs. These are reflected each month in Ms. Ray's report.

Mr. Fink then noted that administrative expenses are much better this year than last year (on track to come in approximately \$15 million dollars lower).

Mr. Fink then asked if the recommendations from previous audits were closed and was told they are almost 100 percent completed.

Chairman Saul asked whether Deloitte believed the Agency was making progress in implementing controls. Ms. Kraus

replied that there had been tremendous progress from a year ago and that the Agency's new hires were excellent. Mr. Petrick added that the Agency had purchased a software package to track controls and that it had scheduled additional training for Agency personnel on controls.

Chairman Saul then asked whether the Agency's accounting function was working well since the transition from the National Finance Center and both Mr. Petrick and Ms. Kraus assured him that it was.

f. Associate General Counsel.

Mr. Emswiler introduced Stephen Suetterlein, the Agency's new Associate General Counsel, to the Board and he was welcomed.

g. Board Calendar.

The Board discussed the 2007 calendar and Chairman Saul expressed his preference for nine in-person meetings rather than the eight that were currently scheduled. As a consequence, the members decided to change the April telephonic meeting to a due diligence visit to Barclays Global Investors.

h. Pension Protection Act.

Mr. Amelio discussed potential plan changes prompted by the Pension Protection Act that the Agency may, after further study, recommend to the Board in 2007. These include that auto-enrollment, setting the L Funds as the default investment feature, and adding a Roth 401(k) feature. The Agency will look at the results of the participant survey, and, will likely make recommendations by next Spring. The staff will brief the Board on implementation of those elements of the Pension Protection Act that automatically apply to the TSP at the November Board member meeting.

Mr. Trabucco commented on the Pension Protection Act provision that will allow a non-spouse beneficiary to rollover a TSP distribution to an IRA. He remarked that this will require significant changes to the Agency's computer system and education materials in order to implement this change by the January 2007 effective date. Chairman Saul asked whether this would allow a child to rollover a death benefit payment to an IRA. Ms. Moran explained that it would and that the child would take payments from the IRA over the child's life expectancy.

i. Department of Labor Review of Barclays.

Mr. Petrick reported on the Department of Labor review of Barclays dated March 17, 2006 (attached) and noted that the report contained no recommendations.


Mr. Petrick then commented on Mr. Fink's earlier question regarding increased investment expenses. He explained that these were due to an increase in trading and transaction costs related to the I Fund that the expense for this year's first six months did exceed total investment expenses for 2006. Ms. Ray explained that the I Fund investment costs will always be greater than the other TSP investment Funds.

4. Closed session.

On a vote taken by the Secretary before the meeting, the members closed the meeting for a discussion of procurement and internal personnel matters.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 12:11 p.m.

MOTION: That this meeting be adjourned.


Thomas K. Emswiler
Secretary

NOTE: Ace-Federal Reporters, Inc. made a verbatim transcript of this meeting.

Attachments



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

November 7, 2006

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: TRACEY RAY 
CHIEF INVESTMENT OFFICER

SUBJECT: October 2006 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 October 2006: investment manager performance and tracking error, trading costs, TSP fund performance, and L Fund participation.

TRACKING ERROR - BGI Funds

Monthly Tracking Error - October

<u>Fund</u>	<u>% BGI FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.66	0.66	0.00
Large Cap	3.26	3.26	0.00
Small-Mid Cap	4.99	4.98	0.01
International	3.90	3.89	0.01

Year to Date Tracking Error

<u>Fund</u>	<u>% BGI FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	3.78	3.74	0.04
Large Cap	12.11	12.06	0.05
Small-Mid Cap	11.22	10.97	0.25
International	19.07	18.94	0.13

The **BGI Extended Equity Market Fund E** has outperformed by 25 basis points year to date. The outperformance is primarily related to the sampling technique used by the Fund. The **BGI EAFE Equity Index Fund E** has outperformed by 13 basis points year to date, primarily because of taxes.

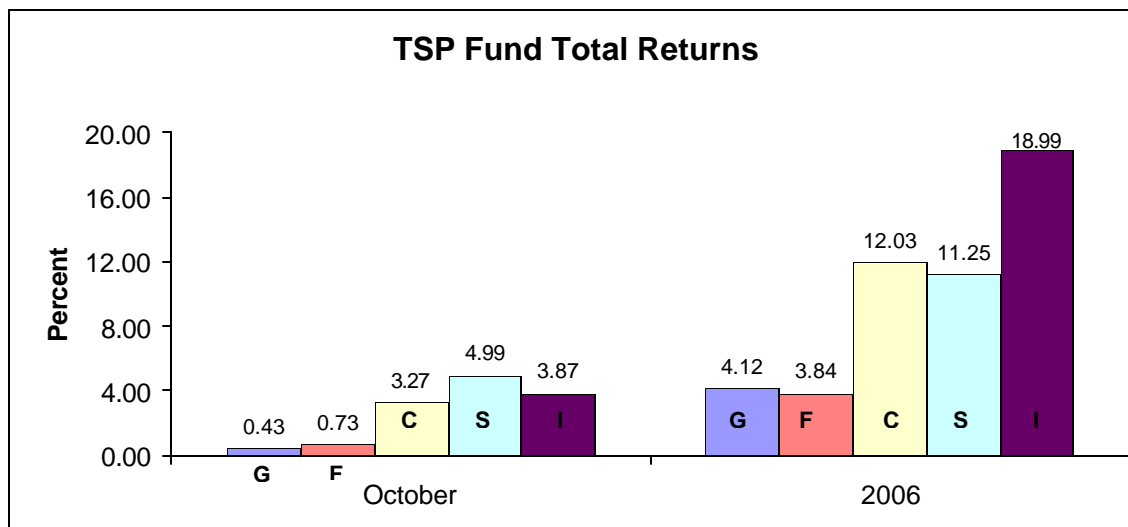
TRADING COSTS

Trading costs in the I Fund remain higher than the other funds on a year to date basis. Australasian and European markets close before BGI receives the TSP order for the day, and the trades are executed the following morning. In times of greater volatility, this execution lag can be costly.

	<u>DOLLAR AMOUNT TRADED</u>	<u>TRADING COSTS</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
October 2006	\$135,277,981	\$555	0.0
Year-to-date	1,872,778,487	141,308	0.8
<u>C Fund</u>			
October 2006	\$752,853,872	\$253,722	3.4
Year-to-date	6,961,872,439	38,991	0.1
<u>S Fund</u>			
October 2006	\$326,797,651	\$162,843	5.0
Year-to-date	5,197,262,753	1,109,499	2.1
<u>I Fund</u>			
October 2006	\$521,106,941	\$213,843	4.1
Year-to-date	10,732,478,348	11,532,339	10.7

PERFORMANCE OF TSP FUNDS

The chart below shows the G, F, C, S, and I Fund net rates of return for October 2006 and the year.



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.

October 2006

<u>Fund</u>	<u>TSP</u>	<u>BGI</u>	<u>Difference</u>
Fixed Income	0.73	0.66	0.07
Large Cap	3.27	3.26	0.01
Small-Mid Cap	4.99	4.99	0.00
International	3.87	3.90	-0.03

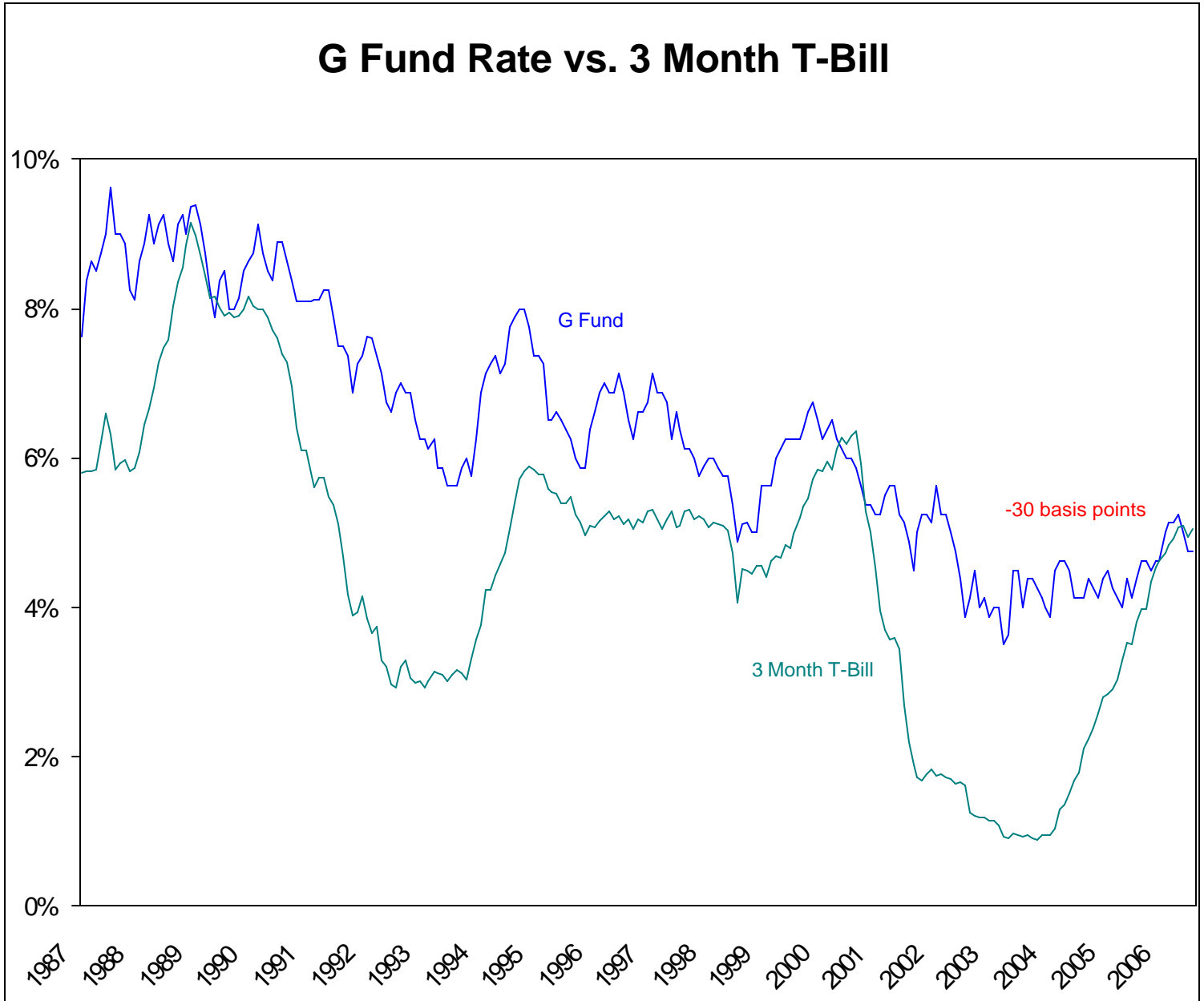
Year to Date

<u>Fund</u>	<u>TSP</u>	<u>BGI</u>	<u>Difference</u>
Fixed Income	3.84	3.78	0.06
Large Cap	12.03	12.11	-0.08
Small-Mid Cap	11.25	11.22	0.03
International	18.99	19.07	-0.08

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

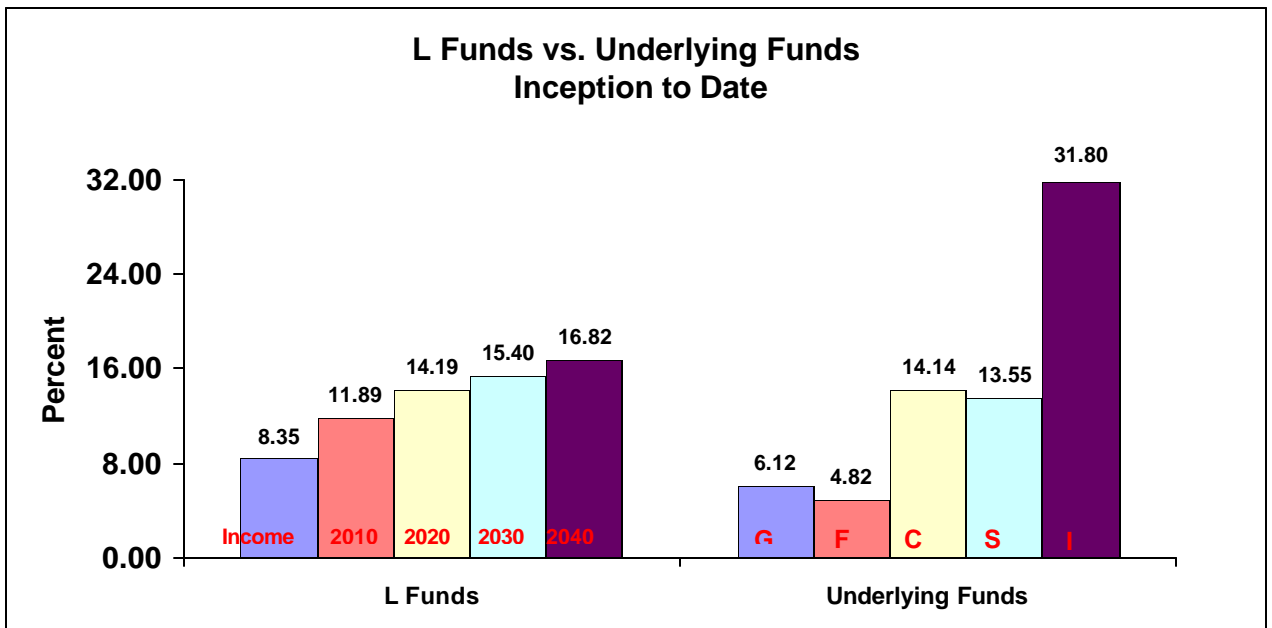
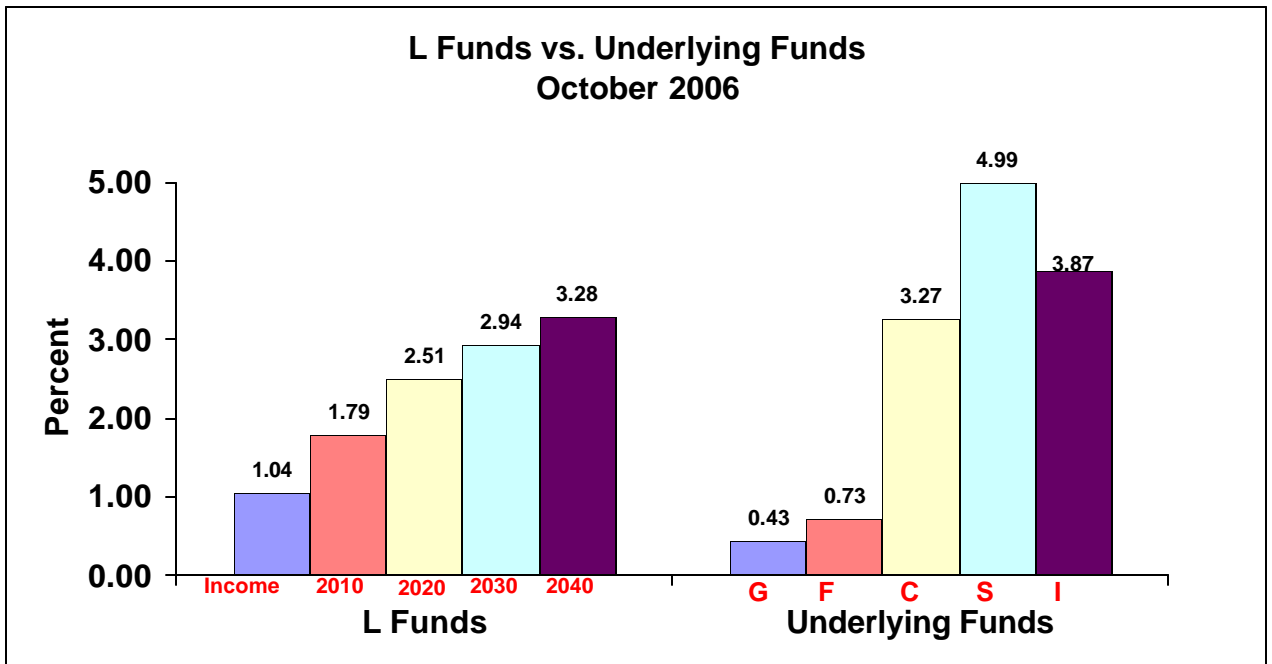
G Fund

The gross G Fund return was .43% in October. The October 2006 nominal statutory G Fund interest rate (expressed on a per-annum basis) was 4.75% versus 4.75% in September. The spread between the yield on 3 month Treasury Bills and the G Fund is -30 basis points.



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. Since inception, all of the L Funds have outperformed the G Fund. The Income Fund has outperformed the G Fund by 223 basis points. The three longest L Funds have outperformed the C Fund.



THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY

Attachment 1 provides a summary of TSP investment activity, participation rates, and monthly returns in the G, F, C, S, I, and L Funds.

- October is the first month since November of 2004 that participants have made interfund transfers into the C Fund. Participants transferred \$863 million out of the G Fund and \$682 million into the L Funds. (p.8)
- There are now 11% of FERS participants with balances in the L Funds. (p.9)
- The number of participants in the L Funds rose 5.0% to **400,816** from September's 381,719. The total balance in the L Funds rose 8.3% to **\$15.2 billion** from \$14.0 billion. (p.10)

Attachment

	Participants with Balances in Funds other than the G Fund						Allocation of Account Balances (G/F/C/S/I/L Fund)		
Month end	FERS (000s) %		CSRS (000s) %		Uniformed Services (000s) %		FERS (%) (G / F / C / S / I / L)	CSRS (%) (G / F / C / S / I / L)	Uniformed Services (%) (G / F / C / S / I / L)

1/31/2005	1,437	67%	551	77%	226	40%	38 / 7 / 44 / 6 / 5 / -	43 / 6 / 42 / 5 / 4 / -	49 / 6 / 23 / 14 / 8 / -
2/28/2005	1,442	67%	550	77%	234	40%	37 / 7 / 43 / 7 / 6 / -	42 / 6 / 41 / 6 / 5 / -	48 / 6 / 23 / 14 / 9 / -
3/31/2005	1,444	67%	546	77%	240	41%	38 / 7 / 43 / 6 / 6 / -	43 / 6 / 41 / 5 / 5 / -	49 / 6 / 22 / 14 / 9 / -
4/30/2005	1,443	67%	540	77%	244	42%	39 / 7 / 42 / 6 / 6 / -	44 / 6 / 40 / 5 / 5 / -	49 / 6 / 22 / 14 / 9 / -
5/31/2005	1,448	67%	538	77%	249	42%	39 / 7 / 42 / 7 / 5 / -	44 / 6 / 40 / 5 / 5 / -	48 / 6 / 23 / 14 / 9 / -
6/30/2005	1,451	67%	536	77%	252	42%	39 / 7 / 42 / 7 / 5 / -	44 / 6 / 40 / 5 / 5 / -	48 / 6 / 22 / 15 / 9 / -
7/31/2005	1,460	66%	536	77%	257	42%	38 / 7 / 42 / 8 / 5 / -	43 / 6 / 41 / 6 / 4 / -	47 / 6 / 22 / 16 / 9 / -
8/31/2005	1,467	67%	534	77%	265	43%	38 / 7 / 40 / 7 / 6 / 2	42 / 6 / 39 / 6 / 5 / 2	47 / 5 / 22 / 15 / 9 / 2
9/30/2005	1,474	67%	534	77%	272	43%	37 / 6 / 41 / 7 / 6 / 3	42 / 6 / 39 / 6 / 5 / 2	45 / 5 / 22 / 15 / 10 / 3
10/31/2005	1,479	67%	533	77%	277	43%	38 / 6 / 40 / 7 / 6 / 3	42 / 6 / 38 / 6 / 5 / 3	45 / 5 / 21 / 15 / 10 / 4
11/30/2005	1,490	67%	533	77%	282	43%	36 / 6 / 40 / 8 / 6 / 4	41 / 6 / 38 / 6 / 5 / 4	45 / 5 / 21 / 15 / 10 / 4
12/31/2005	1,497	67%	532	77%	287	43%	35 / 6 / 39 / 8 / 7 / 5	40 / 6 / 38 / 6 / 6 / 4	44 / 5 / 21 / 15 / 10 / 5

1/31/2006	1,506	67%	531	78%	293	44%	35 / 6 / 38 / 8 / 8 / 5	40 / 5 / 37 / 7 / 6 / 5	43 / 5 / 21 / 15 / 11 / 5
2/28/2006	1,515	67%	529	78%	302	45%	34 / 6 / 38 / 8 / 8 / 6	39 / 5 / 37 / 7 / 7 / 5	43 / 4 / 20 / 15 / 11 / 7
3/31/2006	1,520	68%	528	78%	309	45%	35 / 5 / 38 / 8 / 8 / 6	39 / 5 / 36 / 7 / 7 / 6	42 / 4 / 20 / 16 / 11 / 7
4/30/2006	1,528	68%	527	78%	316	46%	34 / 5 / 37 / 9 / 9 / 6	39 / 5 / 36 / 7 / 8 / 6	41 / 4 / 20 / 15 / 12 / 8
5/31/2006	1,525	68%	521	77%	321	46%	35 / 5 / 37 / 8 / 9 / 6	40 / 5 / 35 / 7 / 7 / 6	41 / 4 / 20 / 15 / 12 / 8
6/30/2006	1,521	67%	515	77%	325	46%	36 / 5 / 36 / 8 / 8 / 7	41 / 5 / 35 / 6 / 7 / 6	42 / 4 / 19 / 15 / 12 / 8
7/31/2006	1,521	67%	511	76%	329	46%	37 / 5 / 36 / 7 / 8 / 7	41 / 5 / 35 / 6 / 7 / 6	42 / 4 / 19 / 14 / 12 / 9
8/31/2006	1,530	67%	510	77%	334	46%	36 / 5 / 36 / 7 / 9 / 7	41 / 5 / 35 / 6 / 7 / 6	41 / 4 / 20 / 14 / 12 / 9
9/30/2006	1,537	67%	510	77%	338	47%	35 / 5 / 36 / 7 / 9 / 8	40 / 5 / 35 / 6 / 7 / 7	40 / 4 / 20 / 14 / 12 / 10
10/31/2006	1,546	67%	510	77%	342	47%	34 / 5 / 36 / 8 / 9 / 8	39 / 5 / 35 / 6 / 8 / 7	39 / 4 / 20 / 14 / 13 / 10

Month end	Monthly TSP Contributions (\$ Millions)							Interfund Transfer Activity (\$ Millions)						
	G Fund	F Fund	C Fund	S Fund	I Fund	L Funds	Total	G Fund (\$Mil)	F Fund (\$Mil)	C Fund (\$Mil)	S Fund (\$Mil)	I Fund (\$Mil)	L Funds (\$Mil)	# of ITs
1/31/2005	537	96	581	122	90		1,426	274	12	(437)	(90)	242		133,781
2/28/2005	515	90	539	119	92		1,355	(80)	(56)	(327)	23	440		118,195
3/31/2005	601	106	644	145	118		1,613	345	(164)	(519)	(105)	444		153,888
4/30/2005	528	90	541	123	103		1,385	788	30	(504)	(181)	(133)		138,842
5/31/2005	524	89	534	121	102		1,370	93	40	(177)	127	(83)		121,692
6/30/2005	615	105	623	142	117		1,602	228	(15)	(377)	354	(189)		121,318
7/31/2005	583	99	581	144	113		1,521	(283)	(61)	(266)	714	(105)		128,495
8/31/2005	560	94	567	144	111	27	1,503	(620)	(196)	(1,932)	(444)	68	3,124	217,418
9/30/2005	559	93	571	146	116	49	1,534	(160)	(179)	(1,014)	(205)	606	953	150,844
10/31/2005	510	83	501	130	108	58	1,390	(462)	(223)	(762)	(43)	260	1,230	164,470
11/30/2005	558	87	533	139	117	80	1,514	(925)	(237)	(585)	339	67	1,341	150,510
12/31/2005	562	88	541	147	125	97	1,560	(366)	(109)	(703)	27	359	792	140,242
1/31/2006	599	94	599	167	150	125	1,734	(368)	(158)	(1,223)	(15)	753	1,011	205,166
2/28/2006	524	80	510	149	138	117	1,518	(448)	(174)	(707)	300	467	562	149,164
3/31/2006	533	80	512	156	146	131	1,558	(111)	(113)	(684)	103	375	430	156,071
4/30/2006	515	77	497	155	148	133	1,525	(296)	(87)	(815)	244	676	278	158,329
5/31/2006	571	83	531	167	168	143	1,663	1,096	(108)	(839)	(462)	60	253	247,508
6/30/2006	610	88	561	177	178	162	1,776	1,662	(66)	(653)	(484)	(593)	134	214,778
7/31/2006	549	77	496	156	159	147	1,584	779	(12)	(727)	(290)	(139)	389	177,747
8/31/2006	602	84	551	171	181	173	1,762	(424)	8	(464)	(333)	593	620	166,682
9/30/2006	529	73	470	145	159	156	1,532	(689)	(42)	(152)	14	289	580	151,254
10/31/2006	520	71	468	144	161	162	1,526	(863)	(179)	110	59	191	682	179,818

Month end	Participants with Balances in the L Funds						Allocation of L Fund Balances		
	FERS		CSRS		Uniformed Services		FERS (%)	CSRS (%)	Uniformed Services (%)
	(000s)	%	(000s)	%	(000s)	%	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040	Inc/2010/2020/2030/2040

1/31/2005	-	-	-	-	-	-	-	-	-
2/28/2005	-	-	-	-	-	-	-	-	-
3/31/2005	-	-	-	-	-	-	-	-	-
4/30/2005	-	-	-	-	-	-	-	-	-
5/31/2005	-	-	-	-	-	-	-	-	-
6/30/2005	-	-	-	-	-	-	-	-	-
7/31/2005	-	-	-	-	-	-	-	-	-
8/31/2005	54	2%	13	2%	14	2%	6 / 26 / 41 / 19 / 8	14 / 50 / 29 / 4 / 3	2 / 8 / 23 / 36 / 31
9/30/2005	74	3%	17	2%	26	4%	6 / 25 / 42 / 19 / 8	14 / 50 / 29 / 4 / 3	2 / 8 / 24 / 35 / 31
10/31/2005	96	4%	23	3%	32	5%	6 / 24 / 42 / 19 / 9	14 / 50 / 29 / 4 / 3	2 / 8 / 24 / 35 / 31
11/30/2005	121	5%	29	4%	38	6%	6 / 24 / 42 / 19 / 9	13 / 51 / 29 / 4 / 3	2 / 8 / 23 / 36 / 31
12/31/2005	138	6%	33	5%	44	7%	6 / 24 / 41 / 20 / 9	13 / 50 / 30 / 4 / 3	2 / 8 / 23 / 36 / 31

1/31/2006	159	7%	37	5%	49	7%	5 / 23 / 42 / 20 / 10	13 / 48 / 30 / 5 / 4	2 / 8 / 24 / 35 / 31
2/28/2006	172	8%	40	6%	58	9%	5 / 23 / 41 / 21 / 10	12 / 49 / 30 / 5 / 4	2 / 8 / 24 / 35 / 31
3/31/2006	183	8%	42	6%	66	10%	5 / 22 / 42 / 21 / 10	12 / 48 / 31 / 5 / 4	2 / 8 / 24 / 35 / 31
4/30/2006	191	8%	43	6%	71	10%	5 / 22 / 42 / 21 / 10	11 / 49 / 31 / 5 / 4	2 / 7 / 24 / 36 / 31
5/31/2006	199	9%	44	7%	75	11%	5 / 22 / 41 / 21 / 11	11 / 48 / 31 / 5 / 5	2 / 8 / 24 / 35 / 31
6/30/2006	205	9%	45	7%	79	11%	5 / 22 / 41 / 21 / 11	12 / 48 / 31 / 5 / 4	2 / 8 / 24 / 35 / 31
7/31/2006	215	9%	46	7%	83	12%	5 / 22 / 41 / 21 / 11	11 / 48 / 32 / 5 / 4	2 / 8 / 24 / 35 / 31
8/31/2006	228	10%	49	7%	87	12%	5 / 22 / 41 / 21 / 11	11 / 48 / 31 / 5 / 5	2 / 8 / 23 / 35 / 32
9/30/2006	239	10%	51	8%	92	13%	5 / 22 / 40 / 22 / 11	11 / 47 / 31 / 6 / 5	2 / 8 / 23 / 35 / 32
10/31/2006	252	11%	53	8%	96	13%	5 / 21 / 40 / 22 / 12	11 / 46 / 32 / 6 / 5	2 / 7 / 23 / 35 / 33

Month end	L Fund Investment Balances						Number of Participant Accounts with L Fund Balances					
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	Income	2010	2020	2030	2040	Any L Fund

1/31/2005	-	-	-	-	-	-	-	-	-	-	-	-
2/28/2005	-	-	-	-	-	-	-	-	-	-	-	-
3/31/2005	-	-	-	-	-	-	-	-	-	-	-	-
4/30/2005	-	-	-	-	-	-	-	-	-	-	-	-
5/31/2005	-	-	-	-	-	-	-	-	-	-	-	-
6/30/2005	-	-	-	-	-	-	-	-	-	-	-	-
7/31/2005	-	-	-	-	-	-	-	-	-	-	-	-
8/31/2005	253	934	1,205	519	244	3,155	6,198	16,680	23,601	19,155	17,425	81,507
9/30/2005	316	1,206	1,597	697	335	4,151	8,992	24,105	34,583	28,710	26,501	116,264
10/31/2005	400	1,556	2,090	915	430	5,391	11,792	32,043	45,947	37,685	34,494	150,309
11/30/2005	489	1,988	2,713	1,186	563	6,939	14,556	40,559	58,501	47,424	43,075	188,155
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

1/31/2006	601	2,540	3,624	1,637	840	9,242	19,010	52,724	77,896	64,357	59,992	245,922
2/28/2006	625	2,681	3,883	1,797	932	9,918	20,732	57,305	86,042	72,500	68,296	270,553
3/31/2006	645	2,835	4,150	1,954	1,034	10,618	22,342	61,132	92,466	79,150	75,516	290,311
4/30/2006	661	2,937	4,368	2,081	1,117	11,164	23,466	63,779	97,479	84,242	81,169	304,888
5/31/2006	673	2,964	4,403	2,122	1,147	11,309	24,545	66,088	101,427	88,672	86,226	317,704
6/30/2006	686	3,026	4,520	2,206	1,184	11,622	25,781	68,121	105,069	92,496	90,453	329,072
7/31/2006	725	3,159	4,728	2,315	1,244	12,171	27,502	71,614	110,129	97,018	95,163	344,396
8/31/2006	770	3,386	5,089	2,518	1,395	13,158	29,354	75,840	116,410	103,073	102,558	364,701
9/30/2006	806	3,563	5,402	2,698	1,555	14,024	30,831	79,178	121,920	108,511	109,608	381,719
10/31/2006	856	3,782	5,809	2,942	1,795	15,184	32,257	82,488	127,583	114,120	117,849	400,816