



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

MINUTES OF THE MEETING OF THE BOARD MEMBERS

July 17, 2006

Andrew M. Saul, Chairman of the Federal Retirement Thrift Investment Board, convened a telephonic meeting of the Board members on July 17, 2006, at 9:05 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; Gary A. Amelio, Executive Director; 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. Also in attendance was Megan Graziano, who was sitting in for Thomas K. Emswiler, Secretary and General Counsel, members of the Department of Labor and members of the press.

1. Approval of the minutes of the June 20, 2006, Board member meeting.

Chairman Saul entertained a motion for approval of the minutes of the June 20, 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 June 20, 2006, be approved.

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

a. Monthly Investment Activity Report.

By memorandum dated July 7, 2006 (attached), Ms. Ray provided the Board members with a report on the performance of the G, F, C, S, and I Funds during June 2006 and recommended affirmation of the current investment policy. 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 Investment Fund, and the International Stock Index Investment Fund are affirmed without change.

Ms. Ray noted that the markets were volatile across the month of June, and participants engaged in heavy trading. Ms. Ray highlighted that June was a big month for the I Fund which traded at \$2 billion. Ms. Ray believes such increased trading may be due to participants chasing returns and noted that such activity confirms the importance of the lifecycle funds which are designed to prevent participants from engaging in such trading.

Ms. Ray emphasized, however, that the percentage of participants engaging in such activity was quite low; only six percent. Mr. Amelio added that the number of outstanding loans continues to decline.

Mr. Amelio reported on the popularity and success of the near one-year old L Fund and noted that 9% of FERS participants, 7% of CSRS participants and 11% of Uniformed Services

participants have balances in the L Fund. Mr. Amelio noted that overall nearly 8% of the plan's assets are in the L Fund.

b. Quarterly Report on Vendor Financial Status.

Mr. Petrick provided the Board members with the quarterly report on vendor financial status as described in a memorandum to the Executive Director dated July 7, 2006. Mr. Petrick noted that nothing in the vendor financials was substantially different from this last report.

Mr. Petrick reported that SI International's status from the last quarterly report was relatively unchanged, and that the company turned in a "robust" performance as it continues to acquire smaller companies and enter into an increased number of contracts.

Mr. Petrick noted that generally Spherix did not appear great on paper and that the current financial condition at the company was "fairly shaky." Mr. Petrick noted that the BioSpherix side of the company was not generating much revenue. Mr. Petrick did highlight, however, that Spherix renewed several of its state park contracts and that the InfoSpherix side of the company was generating business.

Mr. Whiting noted that there was nothing to prevent the sharing of finances across these two sides of Spherix, and Mr. Petrick agreed that there was not a financial separation between the two groups. Mr. Petrick noted that the company's performance will be monitored by the Board.

Mr. Petrick reported that Barclays' financial situation looks strong even after a restructuring on June 16th.

Mr. Petrick noted that Switch & Data is a privately held company and, as such, its financial performance could not be discussed in the public session. Mr. Petrick noted, however, that the company is involved in two lawsuits; one of which required a \$3.6 million judgment. Mr. Petrick noted that the firm was found guilty of improper business practices. Chairman Saul and Mr. Sanchez noted that these suits appear significant and requested more information regarding these lawsuits at the next meeting.

Mr. Petrick reported that there are no significant financial concerns with R.R. Donnelley & Sons and that the company has resumed using the name Moore Wallace. Ms. Moran re-

ported that the transition with R.R. Donnelley is progressing, and that the company has assumed responsibility for the fulfillment process.

c. Update on TSP Participant Survey.

Mr. Long provided the Board members with an update of the participant survey as described in a memorandum to the Executive Director dated July 7, 2006. He noted that the goals of the survey include understanding participant needs and usage and raising participant awareness of TSP benefits. Mr. Long noted that the survey will be one in a series of ongoing efforts to understand the needs of the participants.

Mr. Fink inquired whether the survey will go out to a sample of participants or to all participants. Mr. Long responded that the survey will go to a statistically significant sample of participants. Mr. Long reported that the Board will hire an external vendor to determine the composition of a statistically sound cross section of participants.

Mr. Sanchez suggested to Mr. Long to ensure the sample includes men and women in the Uniformed Services who are overseas. Mr. Long noted such participants will be included in the sample.

Mr. Long noted that the Board expects to hire a vendor by August or early September, send out the survey in late September and provide a final report by year end. Chairman Saul asked if reporting by the end of the year is possible, and Mr. Long noted it would be a tight, but possible, deadline.

d. Correspondence Reports.

Mr. Trabucco and Ms. Moran provided the Board members with an update of the correspondence levels and types handled by Agency staff as described in a memorandum dated July 7, 2006. Mr. Trabucco noted that the Agency mailbag is not that large considering the size of the enterprise. He added that the majority of inquiries continue to be regarding loans and withdrawals, and for the most part, the inquiries are adequately resolved.

Mr. Amelio noted members will be provided a comprehensive report regarding forfeitures and lost participants at the August meeting.

e. Security Awareness.

Mr. Fink inquired whether the Board was aware of the recent incident at the FBI where a consultant hacked into the FBI system. Mr. Hagerty noted that he was aware of this and that his group continued its efforts to ensure participant data is adequately protected.

Chairman Saul noted that the Board's operations are increasingly run by private contractors and that it is important to do everything possible to ensure participant data is protected. Mr. Hagerty agreed.

f. Communications.

Ms. Moran presented the Board with the most recent participant mailings which focus on the year anniversary of the L Fund and further encourage participants to plan for retirement.

Chairman Saul suggested that the highlights include a yearly cumulative number. Ms. Ray responded this may result in participants chasing returns.

g. Legislative Update.

Mr. Trabucco reported that Mr. Amelio received a letter from Chairman Davis regarding his proposal on refunds. Mr. Trabucco noted in response to the letter that sufficient review will be done and that the Board will respond to the letter.

Additionally, Mr. Trabucco updated the Board regarding the issue of the Real Estate Investment Trusts (REITS) inclusion in the TSP. He noted that NAREIT contacted Ms. Ray and Ms. Ray and her staff are reviewing the analysis and information they provided the Board. Also, Mr. Trabucco called the Board's attention to the recent Heritage Foundation article on this topic.

Chairman Saul noted that a key component of the REIT discussion will be the end of year survey. He emphasized again the importance of the survey being completed by year's end.

h. Backroom Processing.

Mr. Amelio reported that the transition of work to SI and SunGard continues to progress smoothly. He noted that he and Mr. Hagerty visited SunGard recently and were impressed with the facility and staff. Mr. Amelio noted that he has a high degree of confidence in their capabilities and praised the group's ability to reduce the backlog in rollover processing.

Mr. Amelio reported that he believes that budget and billing issues with the NFC are close to resolution.

Mr. Amelio reported to the Board that he expects to come in under budget. He noted that year to date the Board is 4% below budget. He noted that this number still includes an increase in educational and security efforts.

Chairman Saul praised the Board for not only lowering costs but also providing more services for participants at this lowered cost.

i. Miscellaneous.

Mr. Fink requested a copy of the Department of Labor's (DOL) report that is referenced in a letter from Ian Dingwall, Chief Accountant of the DOL to Mr. Amelio dated June 26, 2006.

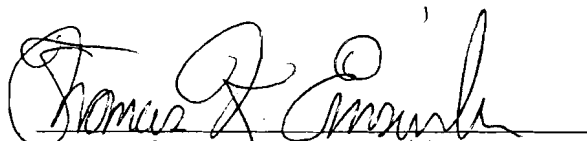
Mr. Fink inquired into Mr. Hagerty's hiring progress for the Supervisory IT Specialist. Chairman Saul emphasized the importance of this hire.

3. New Business.

Mr. Amelio reported that there was no new business.

Whereupon, there being no further business, the following motion was made, seconded, and adopted without objection and Chairman Saul adjourned the meeting at 10:09 a.m.

MOTION: That this meeting be adjourned.

  
Thomas K. Emswiler  
Secretary

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

Attachment



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

July 7, 2006

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

FROM: GARY A. AMELIO  
EXECUTIVE DIRECTOR

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

**TRACKING ERROR - BGI Funds**

**Monthly Tracking Error**

<u>Fund</u>	<u>% BGI FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	0.22	0.21	0.01
Large Cap	0.14	0.14	0.00
<b>Small Cap</b>	<b>0.47</b>	<b>0.29</b>	<b>0.18</b>
International	0.01	-0.01	0.02

**Year to Date Tracking Error**

<u>Fund</u>	<u>% BGI FUND Performance</u>	<u>% Index Performance</u>	<u>Tracking Error</u>
Fixed Income	-0.69	-0.72	0.03
Large Cap	2.73	2.71	0.02
<b>Small Cap</b>	<b>5.77</b>	<b>5.53</b>	<b>0.24</b>
<b>International</b>	<b>10.29</b>	<b>10.17</b>	<b>0.12</b>

The **Barclays Extended Equity Market Fund E** outperformed by 18 basis points in June and has outperformed by 24 basis points year to date. The outperformance is primarily related to the sampling technique used by the Fund. The Barclay's Equity Index Fund E has outperformed by 13 basis points year to date, primarily because of taxes.



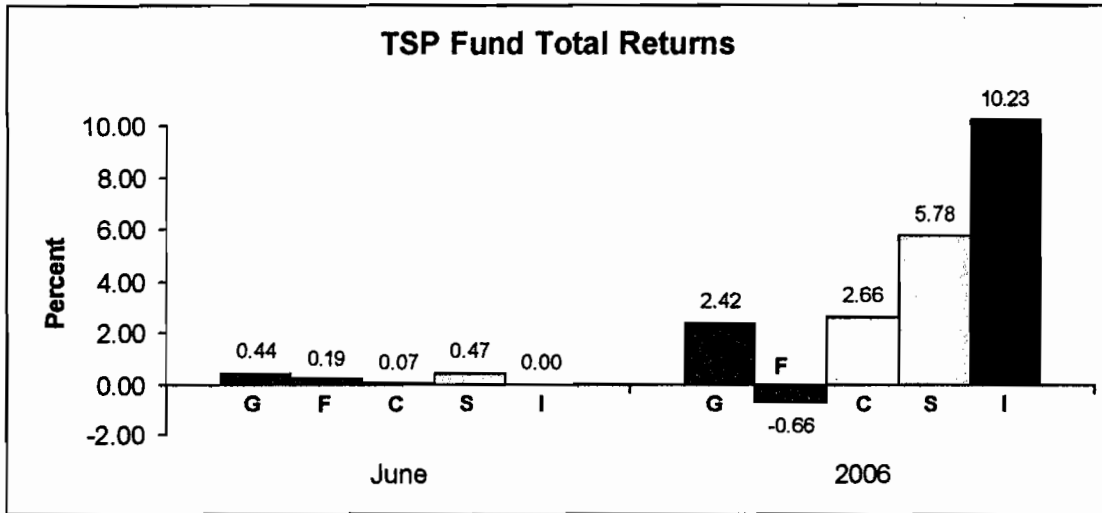
## TRADING COSTS

Trading costs in the I Fund remain higher than the other funds. Australasian markets close before BGI receives our order for the day, and the trades are executed the following morning. In times of greater volatility, such as last month, this execution lag can be costly. Trading costs are, however, relatively low.

	<u>DOLLAR AMOUNT TRADED</u>	<u>TRADING COSTS</u>	
		<u>\$</u>	<u>Basis Points</u>
<u>F Fund</u>			
June 2006	\$233,324,452	\$19,709	0.8
Year-to-date	1,182,060,518	93,837	0.8
<u>C Fund</u>			
June 2006	\$1,007,867,875	-\$66,507	-0.7
Year-to-date	4,341,606,306	72,464	0.2
<u>S Fund</u>			
June 2006	\$1,000,635,574	\$100,461	1.0
Year-to-date	3,588,964,268	353,553	1.0
<u>I Fund</u>			
June 2006	\$2,036,545,450	\$3,927,867	19.3
Year-to-date	7,437,086,061	7,649,199	10.3

**PERFORMANCE OF TSP FUNDS**

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

**June 2006**

<u>Fund</u>	<u>TSP</u>	<u>Barclays</u>	<u>Difference</u>
Fixed Income	0.19	0.22	-.03
Large Cap	0.07	0.14	-.07
Small Cap	0.47	0.47	.00
International	0.00	0.01	-.01

**Year to Date**

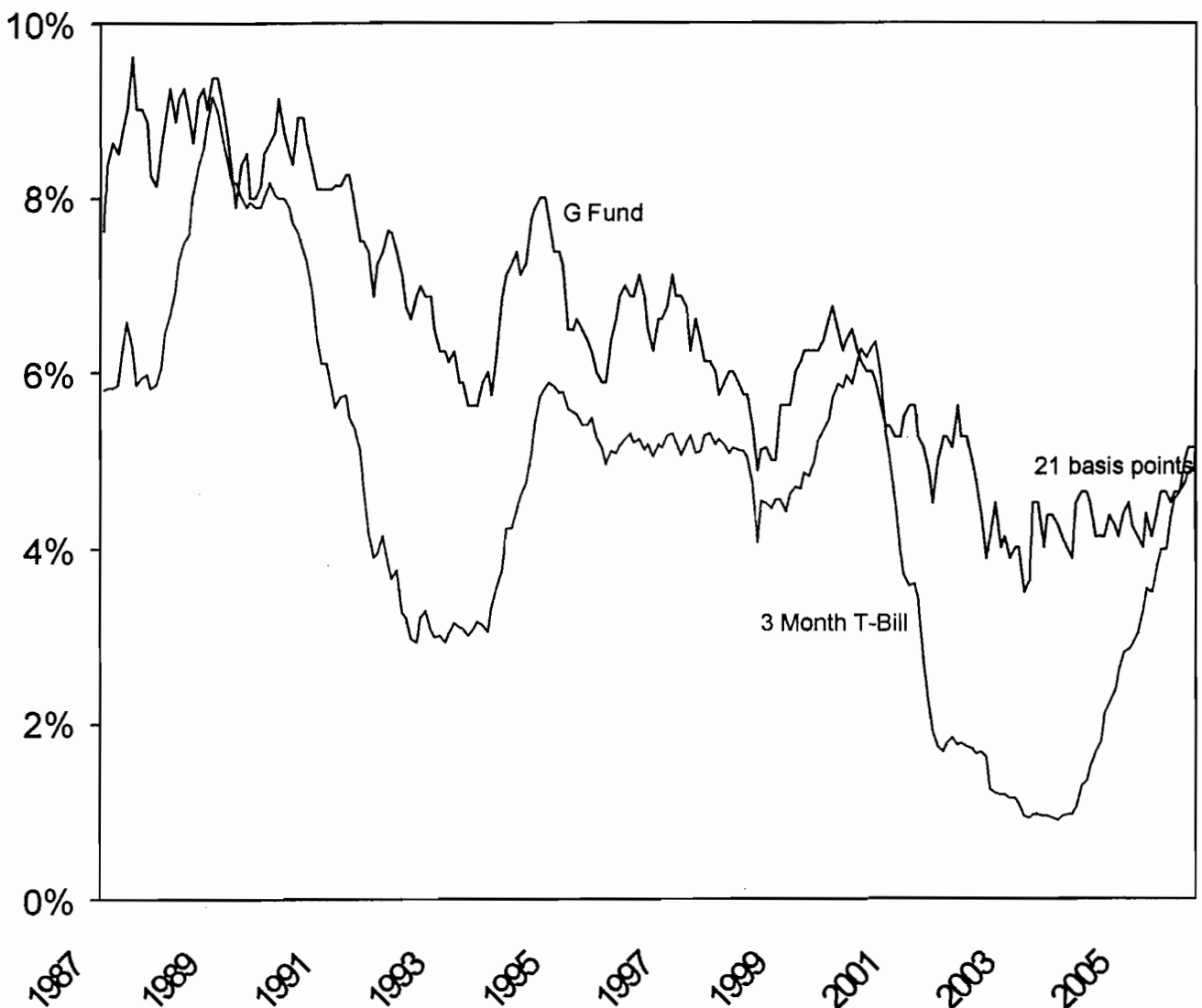
<u>Fund</u>	<u>TSP</u>	<u>Barclays</u>	<u>Difference</u>
Fixed Income	-0.66	-0.69	0.03
Large Cap	2.66	2.73	-0.07
Small Cap	5.78	5.77	0.01
International	10.23	10.29	-0.06

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

## G Fund

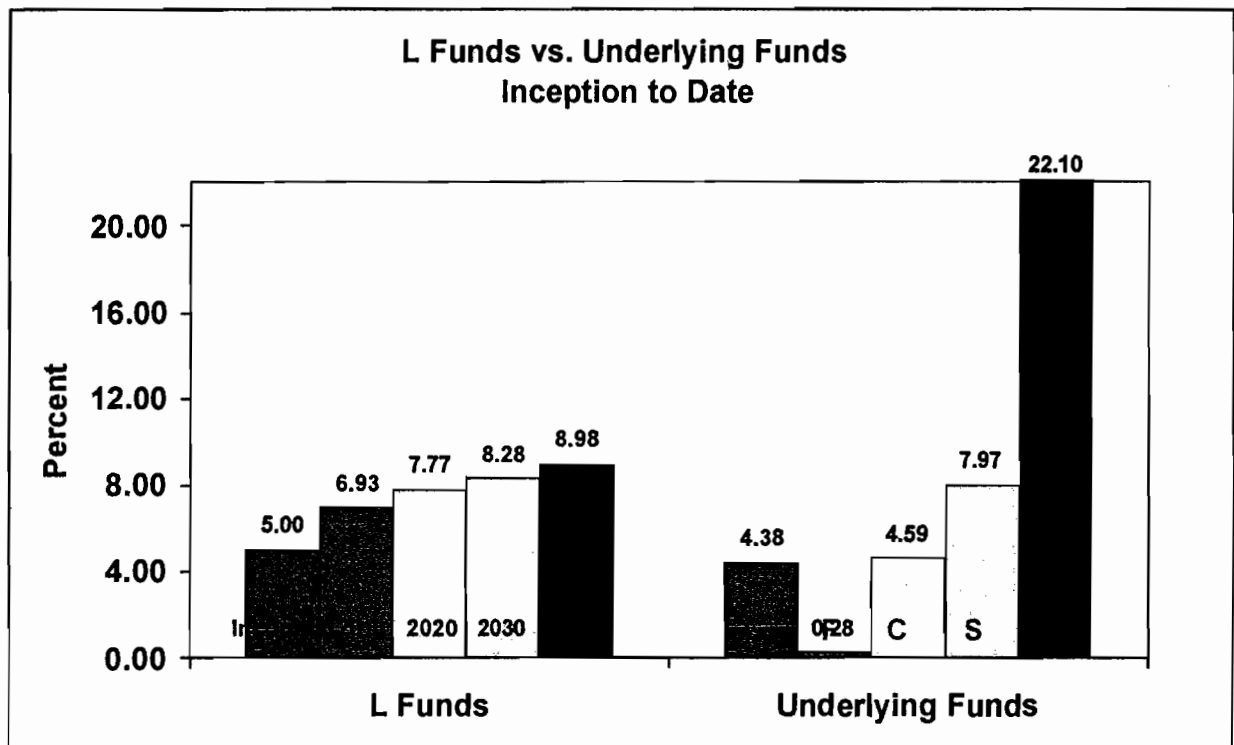
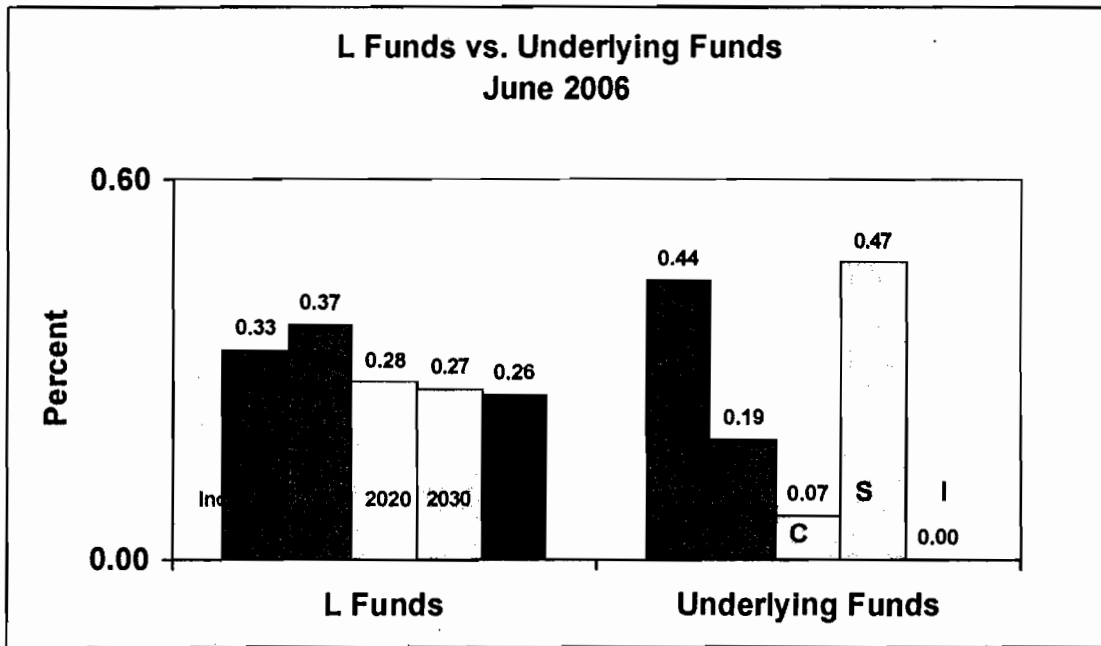
The gross G Fund return was .44% in June. The June 2006 nominal statutory G Fund interest rate (expressed on a per-annum basis) was 5.125%. The spread between the yields on 3 month Treasury Bills and the G Fund is 21 basis points.

### G Fund Rate vs. 3 Month T-Bill



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 and C funds. The Income Fund has outperformed the G Fund by 62 basis points.



## 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.

- FERS employees' account balances allocated to L Funds rose to 7%. Uniformed Services continued to have the highest percentage allocation, 8%. (p.7)
- 9% (or \$162 million) of monthly TSP contributions were allocated to L Funds, the same as last month. (p.8)
- Monthly interfund transfers into the L Funds have declined to \$134 million. (p.8)
- 11% of Uniformed Services participants have balances in the L Funds. (p.9)
- The most popular L Funds by retirement group remain 2020 for FERS, 2010 for CSRS, and 2030 for Uniformed Services. (p.9)
- The number of participants in the L Funds rose 4% to 329,072 from May's 317,704. The total balance in L Funds rose approximately 3% to \$11.6 billion from \$11.3 billion. (p.10)

## PROXY VOTING

An audit of Barclays' proxy votes voting conducted by Institutional Shareholder Services (ISS) found no exceptions to Barclays' established guidelines during the first quarter of 2006. A copy of the audit report is provided as Attachment 2. ISS's audit report for the second quarter of 2006 is not yet available. There were no changes to Barclays' proxy voting policy in the first quarter.

## RECOMMENDATION

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

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

Attachments

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

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

**THRIFT SAVINGS PLAN MONTHLY INVESTMENT ACTIVITY**  
**Contributions and Interfund Transfers**

Month end	Monthly TSP Contributions (\$ Millions)							Interfund Transfer Activity (\$ Millions)							# of ITs
	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)		
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	

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

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

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

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



INSTITUTIONAL SHAREHOLDER SERVICES

April 12, 2006

Mr. Chad Spittler  
Principal / Associate Director  
Corporate Governance & Proxy  
Barclays Global Investors  
45 Fremont Street  
San Francisco, CA 94105

Dear Chad,

Enclosed are the results of our review of proxy votes by Barclays Global Investors for the 1st quarter of 2006. Our review found that there were no exceptions to policy over this period.

Best regards,

A handwritten signature in cursive script that reads "John M. Connolly".

John M. Connolly  
President, Chief Executive Officer

jmc/awk/encl.

cc: Josephine Wang, Cheryl Gustitus, Zachary Oleksiuk, Adrian Kosinda



INSTITUTIONAL SHAREHOLDER SERVICES

## MEMORANDUM

The results of our audit of BGI's 1st quarter proxy voting were as follows:

- Votes at 50 meetings were examined.
- Votes at 15 of the 50 meetings were for directors and/or auditors only (compliance votes).
- At the remaining 35 meetings, there were 58 non-routine proposals. The following table illustrates the votes involved by proposal type:

Executive stock option plan	18
Non-employee director stock option plan	2
Section 162(m) incentive plan	2
Employee stock purchase plan	1
Increase authorized common stock	1
Stock split	2
Reverse stock split	1
Declassify board	2
Fix number of directors on board	2
Adjourn meeting	7
Merger and/or corporate reorganization	11
Eliminate supermajority	1
Eliminate floor price restrictions	1
Increase minimum compensation for trustees	1
Other business item	3
Shareholder proposal	3

- There were 18 votes cast on executive stock option plans:
  - a) 11 were voted in favor of plans (61.1 percent)
  - b) 7 were voted against approval of plans (38.9 percent)

5 plans were voted against due to excessive cost (71.4 percent).  
2 plan was voted against due repricing (28.6 percent).
  
- There were 2 votes cast on non-employee director stock option plans; votes were for approval of both plans.
  
- There were 11 votes cast on merger or major corporate transaction; all votes were for approval of the mergers.
  
- There was 1 vote cast on proposals to increase the level of authorized common stock; vote was for approval of increase in common stock.
  
- There were 3 votes cast on shareholder proposals which included:
  - a) Shareholder proposal to amend non-employee director compensation
  - b) Shareholder proposal to adopt vendor code of conduct
  - c) Shareholder proposal to declassify board of directors

Shareholder proposals to amend non-employee director compensation and to adopt vendor code of conduct were voted against. Shareholder proposal to declassify board of directors was voted for.

There were no exceptions to policy this period.