



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

April 8, 2011

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

FROM: GREGORY T. LONG  
EXECUTIVE DIRECTOR

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

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

***March 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	0.06	0.06	0.00
Large Cap	0.04	0.04	0.00
Small Mid Cap	2.06	2.02	0.04
International	-2.20	-2.24	0.04

***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	0.44	0.42	0.02
Large Cap	5.92	5.92	0.00
Small Mid Cap	7.98	7.91	0.07
International	3.50	3.36	0.14

The **BlackRock Extended Equity Market Fund E** has outperformed by 7 basis points year to date primarily as a result of the optimization process. The **BlackRock EAFE Equity Index Fund E** has outperformed by 14 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>			
March 2011	548,481,187	214,876	3.9
Year-to-Date	1,317,467,658	193,072	1.5
<u>C Fund</u>			
March 2011	1,728,043,986	576,918	3.3
Year-to-Date	4,002,674,000	1,144,277	2.9
<u>S Fund</u>			
March 2011	2,089,883,287	554,393	2.7
Year-to-Date	4,490,377,873	507,120	1.1
<u>I Fund</u>			
March 2011	955,028,888	8,444,762	88.4
Year-to-Date	2,577,892,463	10,800,178	41.9

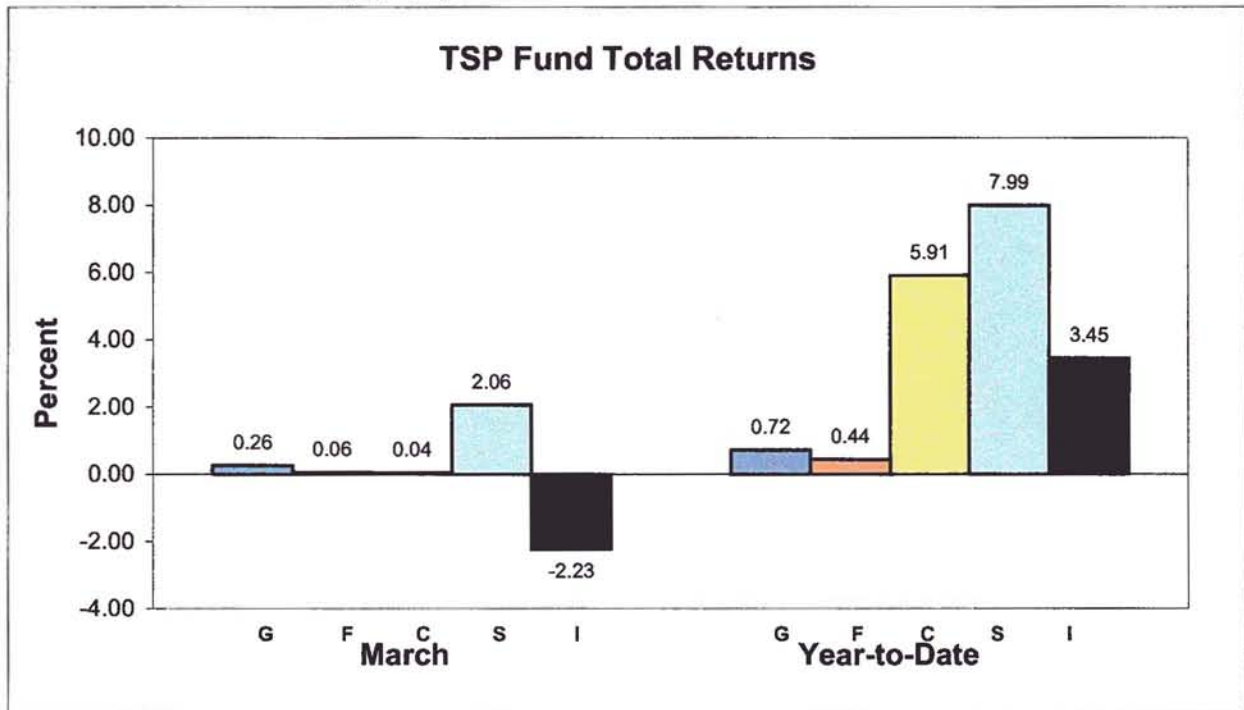
**G Fund**

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>2011</u></b>				
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
<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.

#### **March 2011**

##### **Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.06	0.06	0.00	0.06
Large Cap	0.04	0.04	0.00	0.04
Small Cap	2.06	2.06	0.00	2.02
International	-2.23	-2.20	-0.03	-2.24

#### **2011**

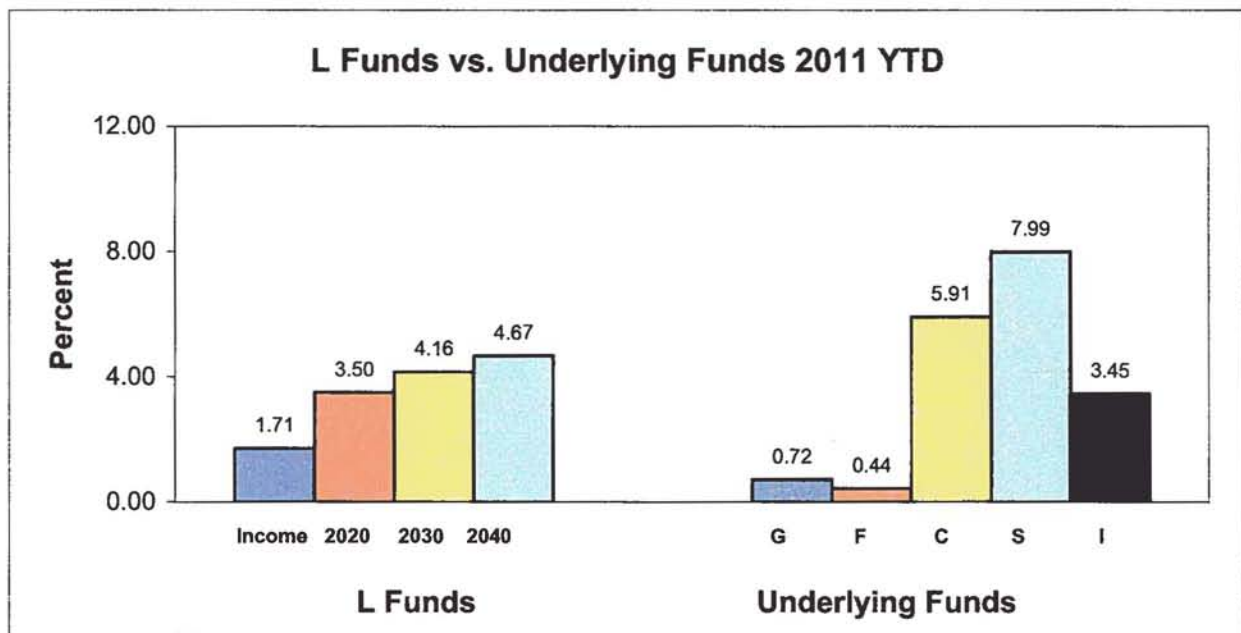
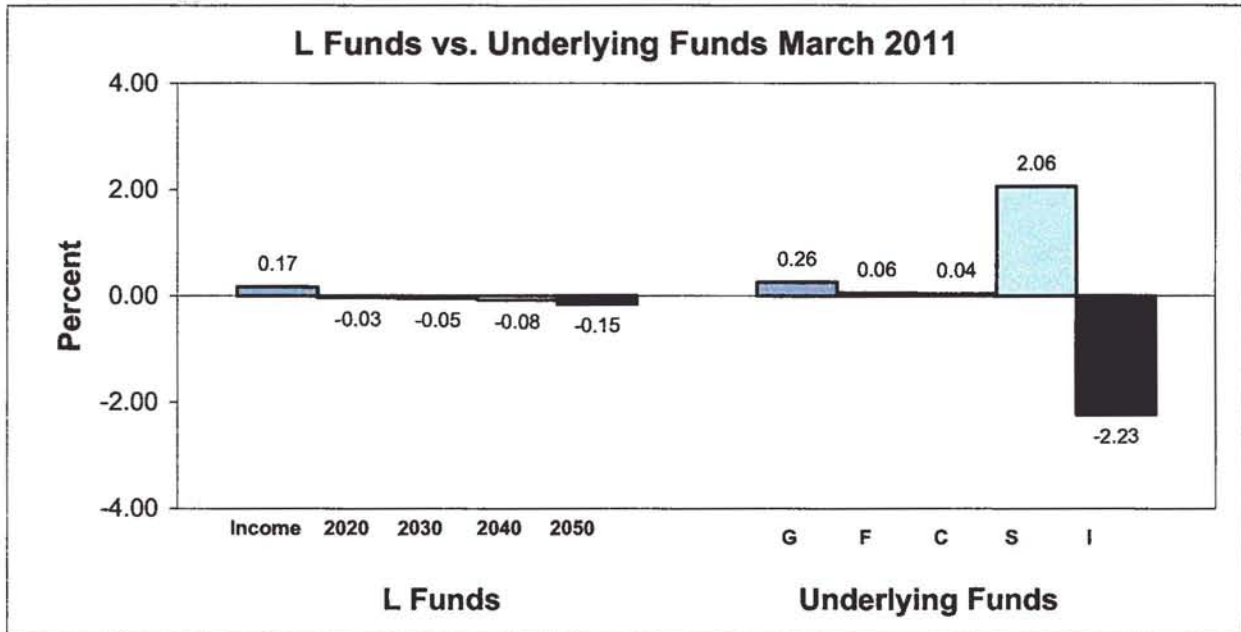
##### **Total Return %**

<u>Fund</u>	<u>TSP</u>	<u>BTC</u>	<u>Difference</u>	<u>Index</u>
Fixed Income	0.44	0.44	0.00	0.42
Large Cap	5.91	5.92	-0.01	5.92
Small Cap	7.99	7.98	0.01	7.91
International	3.45	3.50	-0.05	3.36

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 3.12%

<b>G</b>	<b>F</b>	<b>C</b>	<b>S</b>	<b>I</b>
0.48%	0.32%	3.46%	6.68%	1.02%

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

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

- Participants moved over \$1 billion from the equity funds (but not the L Funds) to the G and F Funds in March. (p. 7)
- 770,000 participants are investing in the L Funds, including almost 23,000 in the L 2050 Fund. (p. 10)

## **PROXY VOTING**

An audit of BTC's proxy votes voting conducted by RiskMetrics Group found no exceptions to BTC's established guidelines during the fourth quarter of 2010. A copy of the audit report is provided as Attachment 2. RiskMetrics' audit report for the first 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 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**

	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
<b>2005</b>	37%	6%	38%	9%	7%	2%	17,772	(1,169)	(1,159)	(7,602)	516	1,975	7,439	1,739,695
<b>2006</b>	34%	5%	32%	10%	10%	9%	19,531	(700)	(936)	(7,149)	(774)	3,704	5,855	2,112,668
<b>2007</b>	32%	4%	29%	9%	12%	13%	20,786	3,073	33	(6,652)	(1,505)	1,520	3,531	2,379,207
<b>2008</b>	37%	5%	25%	8%	11%	14%	21,772	19,691	349	(7,573)	(2,952)	(6,791)	(2,724)	1,637,711
<b>2009</b>	45%	5%	21%	7%	8%	14%	22,668	(3,818)	330	(1,051)	1,294	2,088	1,157	1,237,637
<b>1/31/2010</b>	43%	5%	21%	7%	9%	15%	1,818	(439)	(104)	(31)	276	(19)	317	106,109
<b>2/28/2010</b>	42%	5%	21%	7%	9%	15%	1,862	518	200	(379)	(34)	(431)	126	93,229
<b>3/31/2010</b>	42%	5%	21%	8%	9%	15%	1,900	(1,317)	(56)	51	799	(146)	669	120,856
<b>4/30/2010</b>	42%	5%	21%	8%	9%	16%	2,366	(1,310)	(277)	316	958	(186)	499	125,817
<b>5/31/2010</b>	41%	5%	21%	8%	9%	16%	1,977	3,228	512	(1,085)	(865)	(1,345)	(445)	165,061
<b>6/30/2010</b>	41%	5%	21%	8%	9%	16%	2,175	(15)	382	(224)	12	(175)	20	90,660
<b>7/31/2010</b>	42%	5%	20%	8%	8%	16%	1,897	291	532	(408)	(312)	(65)	(38)	97,944
<b>8/31/2010</b>	42%	5%	20%	8%	8%	16%	1,895	506	601	(566)	(354)	(92)	(95)	96,986
<b>9/30/2010</b>	42%	5%	20%	8%	8%	16%	2,159	(5)	112	(234)	34	(20)	113	87,245
<b>10/31/2010</b>	42%	5%	20%	8%	8%	16%	2,119	(757)	(187)	102	470	163	209	105,172
<b>11/30/2010</b>	41%	5%	20%	8%	9%	16%	2,249	(281)	(370)	73	452	(108)	234	113,425
<b>12/31/2010</b>	42%	5%	19%	8%	8%	17%	2,010	(322)	(710)	162	961	(338)	247	224,749
<b>2010</b>	42%	5%	20%	8%	9%	16%	24,426	97	635	(2,223)	2,397	(2,762)	1,856	1,427,253
<b>1/31/2011</b>	41%	5%	21%	9%	8%	16%	1,813	(694)	(443)	271	501	(115)	480	142,594
<b>2/28/2011</b>	41%	5%	20%	9%	8%	17%	1,982	883	(247)	(479)	(189)	(302)	334	153,601
<b>3/31/2011</b>	41%	5%	20%	9%	8%	17%	2,339	<b>1,345</b>	<b>151</b>	<b>(691)</b>	<b>(300)</b>	<b>(570)</b>	<b>65</b>	<b>173,787</b>



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

	L Fund Investment Balances						Allocation of L Fund Balances		
	Income (\$Mil)	2010 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	Total (\$Mil)	(%)		
							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 (\$Mil)	2020 (\$Mil)	2030 (\$Mil)	2040 (\$Mil)	2050 (\$Mil)	Total (\$Mil)	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



**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		Uniformed Services		FERS	CSRS	Uniformed Services
	#	%	#	%	#	%	(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%	14,404	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%	30,921	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%	40,046	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%	42,267	5%	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%	43,720	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%	44,205	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%	44,599	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%	45,460	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%	45,889	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%	46,075	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%	46,356	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%	46,633	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%	46,882	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%	47,045	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%	47,432	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%	47,864	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%	47,928	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%	49,088	5%	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%	49,706	5%	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%	50,184	5%	40 / 6 / 25 / 9 / 7 / 13	47 / 6 / 25 / 7 / 5 / 10	38 / 4 / 15 / 13 / 11 / 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		Income	2010	2020	2030	2040	Any L Fund
	(000s)	%	(000s)	%	(000s)	%						

<b>2005</b>	138	6%	33	5%	44	7%	16,915	46,517	67,777	55,164	50,848	214,779
<b>2006</b>	273	12%	57	9%	103	14%	34,698	87,845	137,155	124,086	132,325	433,025
<b>2007</b>	359	15%	68	11%	139	17%	45,093	108,073	175,838	168,215	196,888	566,232
<b>2008</b>	373	15%	57	10%	154	17%	48,139	103,507	174,922	179,855	211,196	584,468
<b>2009</b>	424	16%	57	10%	165	17%	53,770	110,879	195,500	204,995	244,145	647,040

<b>1/31/2010</b>	431	16%	58	10%	167	17%	54,564	111,110	198,178	207,844	247,913	657,364
<b>2/28/2010</b>	437	16%	58	10%	168	17%	55,141	111,453	200,516	211,250	251,769	663,525
<b>3/31/2010</b>	450	16%	60	11%	171	17%	56,528	112,319	206,175	217,167	259,339	680,887
<b>4/30/2010</b>	461	17%	61	11%	173	17%	57,508	112,719	210,898	222,205	266,152	694,763
<b>5/31/2010</b>	462	17%	60	11%	174	17%	57,553	112,025	210,310	223,248	267,491	696,912
<b>6/30/2010</b>	467	17%	60	11%	176	17%	58,038	112,576	212,081	225,655	270,697	702,440
<b>7/31/2010</b>	470	17%	59	11%	177	17%	58,209	112,455	213,419	227,855	273,785	706,538
<b>8/31/2010</b>	473	17%	59	11%	178	17%	58,331	112,294	214,020	229,224	276,075	710,207
<b>9/30/2010</b>	479	17%	59	11%	179	17%	58,689	111,773	216,367	232,162	280,138	716,566
<b>10/31/2010</b>	485	17%	59	11%	180	17%	59,773	101,527	221,804	235,902	285,064	723,018
<b>11/30/2010</b>	491	17%	59	11%	181	17%	60,658	96,206	226,122	239,663	290,522	731,390
<b>12/31/2010</b>	497	18%	59	11%	183	17%	130,930	0	230,231	243,512	295,619	738,720

	FERS		CSRS		Uniformed Services		Income	2020	2030	2040	2050	Any L Fund
	(000s)	%	(000s)	%	(000s)	%						

<b>1/31/2011</b>	505	18%	59	11%	184	17%	127,892	234,372	247,483	299,794	3,176	748,186
<b>2/28/2011</b>	513	18%	60	11%	187	17%	127,328	236,984	250,725	300,507	15,645	759,595
<b>3/31/2011</b>	522	18%	60	11%	189	17%	126,889	238,665	253,941	302,907	<b>22,873</b>	<b>770,657</b>

January 11, 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 4<sup>th</sup> quarter of 2010.  
Our review found that there were no exceptions to policy over this period.

Best regards,



Steven E. Friedman  
Chief Legal Officer

sef/awk/encl.

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



## MEMORANDUM

The results of our review of BlackRock's 4<sup>th</sup> quarter proxy voting are as follows:

- Votes at 49 meetings were examined.
- Votes at 25 of the meetings were for directors and/or auditor only.
- At the 24 remaining meetings, there were 40 non-director/auditor proposals. The following table illustrates the votes involved by proposal type:

Proposal	Votes
Executive stock option plan	9
Non-executive stock option plan	1
Employee share purchase plan	1
Section 162(m)	1
Advisory resolution on compensation committee reports	2
Increase in common stock	1
Increase in preferred stock	1
Approve conversion of securities	1
Approve securities transfer restrictions	1
Authorize new class of common stock	1
Merger and/or reorganization	4
Adjourn meeting	5
Classify board of directors	1
Decrease in board size	1
Permit board to amend bylaws without shareholder consent	1
Provide right to call special meeting	1
Amend certificate of incorporation	1
Other business	1
Shareholder proposal	6
<b>Total:</b>	<b>40</b>

- There were 9 votes cast on executive stock option plans; all votes were cast in favor of the plans.
- There was 1 vote cast on a non-executive stock option plan; the vote was cast in favor of the plan.
- There was 1 vote cast on a proposal to increase authorized common stock; the vote was cast in favor of the increase.
- There were 4 votes cast on mergers or major corporate transactions:
  - a) 3 votes were cast in favor of the mergers (75 percent)
  - b) 1 vote was cast against a merger (25 percent) as the transaction did not appear to weigh in shareholders' best long-term interests.
- There were 6 votes cast on shareholder proposals which included:
  - a) 1 shareholder proposal to report on political contributions; the vote was cast against the proposal.
  - b) 1 shareholder proposal to adopt a policy to prohibit political spending; the vote was cast against the proposal.
  - c) 1 shareholder proposal to require performance-based stock options; the vote was cast against the proposal.
  - d) 1 shareholder proposal to require an independent board chairman; the vote was cast against the proposal.
  - e) 1 shareholder proposal to authorize shareholders to call special meeting; the vote was cast against the proposal.
  - f) 1 shareholder proposal to establish a board committee on environmental sustainability; the vote was cast against the proposal.

There were no exceptions to policy this period.