

**Replacement of American Funds Investment Company of America Fund**

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FRS Select U.S. Large Value Stock Active Fund

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## Update on Replacement of American Funds Investment Company of America Fund

The FRS Investment Plan is replacing the Investment Company of America Fund (S35) as the result of the application of the FRS Investment Manager Monitoring guidelines (found by clicking the green “\$” button in the tool bar). The plan sponsor, with the help of an independent investment consultant, reviewed various replacement investment products and selected a product that offered a disciplined value-oriented investment process, a good long-term performance history with lower volatility, and competitive fees.

The product selected as the replacement fund, the FRS Select U.S. Large Value Stock Active Fund (S25) will primarily be invested by Quantitative Management Associates (QMA), a subsidiary of Prudential Financial. QMA will invest 75% of the assets and a passive index manager (BGI) will invest the other 25% to provide daily liquidity to our participants. The total fees to participants for the new fund will be 0.19% of assets per year (\$19 per \$10,000 account balance). The Investment Company of America Fund has been available to participants in the FRS Investment Plan at an annual 0.33% fee (\$33 per \$10,000 account balance). The table below provides a hypothetical performance and fee comparison between the various funds, their peer group and the benchmark through March 31, 2007.

### Performance Comparison for FRS Investment Plan U.S. Large Cap Value Active Fund Replacement

Fund	Net Returns as of 3/31/2007*				Fees
	1 Year	3 Years	5 Years	10 Years	
Investment Company of America--A Shares FRS Investment Plan	12.77%	10.87%	8.12%	10.58%	0.33%
<i>Investment Company of America--A Shares Retail</i>	<i>12.51%</i>	<i>10.64%</i>	<i>7.80%</i>	<i>10.29%</i>	<i>0.54%</i>
FRS Select US Large Value Stock Active Fund^	16.77%	14.95%	11.01%	12.06%	0.19%
<i>Quantitative Management Associates Value Equity</i>	<i>16.76%</i>	<i>15.12%</i>	<i>11.27%</i>	<i>12.44%</i>	<i>0.25%</i>
<i>BGI Russell 1000 Value Index Fund</i>	<i>16.80%</i>	<i>14.45%</i>	<i>10.23%</i>	<i>10.86%</i>	<i>0.02%</i>
Russell 1000 Value Index	16.83%	14.42%	10.25%	10.85%	N/A
<i>Median Morningstar Large Cap Value Mutual Funds**</i>	<i>14.23%</i>	<i>12.25%</i>	<i>8.39%</i>	<i>9.32%</i>	<i>1.04%</i>
Mutual Fund Count	365	362	272	145	365

Notes: ^Simulated performance based on 75% QMA Value Equity+25% BGI Russell 1000 Value Index Fund

\* Returns illustrated are net of fees.

\*\*A Shares, No Loads, Institutional & Retirement Shares with assets > \$100 million

You can get additional fund information by clicking the green “\$” in the tool bar located on the MyFRS.com home page, or by calling the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 1, and speaking to one of the financial planners.

## FRS INVESTMENT PLAN — FUND THUMBNAIL

### FRS Select U.S. Large Value Stock Active Fund (S25)

<b>Asset Class and Fund Objective:</b>	Specialty U.S. stock fund, focusing on value-oriented large capitalization stocks
<b>Fund Type:</b>	Institutional fund
<b>Index or Active Strategy:</b>	Active fund that attempts to beat the total return of the Russell 1000 Value Index
<b>Investment Manager(s):</b>	Barclays Global Investors, Quantitative Management Associates
<b>Marketing Company:</b>	None
<b>Restrictions:</b>	Excessive Fund Trading Policy applies

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**Fees and Expenses of the Fund**

The fund **does not** have sales charges on purchases or dividend reinvestments, deferred sales charges, redemption fees or exchange fees. **Excessive trading restrictions may apply—see Detailed Fund Operations.**

**Fund Operating Expenses (deducted from your account as a percent of assets)**

	<b>FRS Select U.S. Large Value Stock Active Fund</b>	<b>Range of Fees in US Stock Funds</b>	<b>Range of Fees for Balanced Funds</b>
<b>Annual Fees in Percent of Assets</b>	0.19%	0.02% - 0.92%	0.07%-0.13%
<b>For a \$10,000 Account You Would Pay</b>			
First Year Fee	\$19	\$2 - \$92	\$7-\$13
Total Fees over 30 Years in Today's Dollars	\$595	\$60-\$3195	\$204-\$410

*Fees represent the most currently available information and are subject to change without prior notice. Fees are net of any contractual reimbursements to you.*

**Principal Investment Strategies and Risks of Investing in the Fund**

The fund seeks long-term capital value. The fund uses multiple institutional investment managers acting as fiduciaries to the FRS to help diversify risk; with sliding fee scales to deliver cost savings over time. Managers' asset shares will vary over time. The fund will be actively managed and will primarily invest in large-cap value stocks (from the 1000 largest U.S. companies), generally characterized by lower price-to-book ratios and projected higher earnings value than the U.S. stock market average. The fund seeks to identify under-priced stocks with quantitative analysis of earnings.

The fund's total return will fluctuate over a wide range, consistent with its reliance on investing in stocks. Investors in the fund should have a long-term investment horizon. The fund is not a complete investment program and returns may lag the returns of a balanced portfolio with comparable risk. The fund's emphasis on large-cap value stocks may cause it to lag the returns of the broad U.S. stock market. The fund's strategy for outperforming its benchmark may cause it to lag the benchmark as the strategy relies on predictions and incurring trading costs through security turnover. Your investment in the fund is not a bank deposit and is not insured or guaranteed by the F.D.I.C. or any other government entity. It is possible to lose money investing in the fund and returns may not keep pace with inflation.

<b>Asset Allocation as of</b>	<b>3/31/07</b>
Cash	1.00%
Bonds	0.00%
U.S. Stock	99.00%
Foreign Stock	0.00%
Other	0.00%

<b>Regional Allocation as of</b>	<b>3/31/07</b>
U.S and Canada	100.00%
Europe	0.00%
Japan	0.00%
Latin America	0.00%
Pacific Rim and other	0.00%

<b>Top 5 - Sector Exposure as of</b>	<b>3/31/07</b>
Financial Services	32.97%
Energy	15.56%
Consumer Discretionary	9.44%
Healthcare	5.67%
Utilities	5.21%

<b>Other Portfolio Measures as of Most Recent Data</b>	
Percent in Top 10 Holdings	31.61%
Number of Fund Holdings	607
Average Price Earnings Ratio	13.16
Average Effective Duration	N/A
Turnover	10.5%

*Data gathered from various third-party sources. Sector allocations are approximate and will vary over time.*

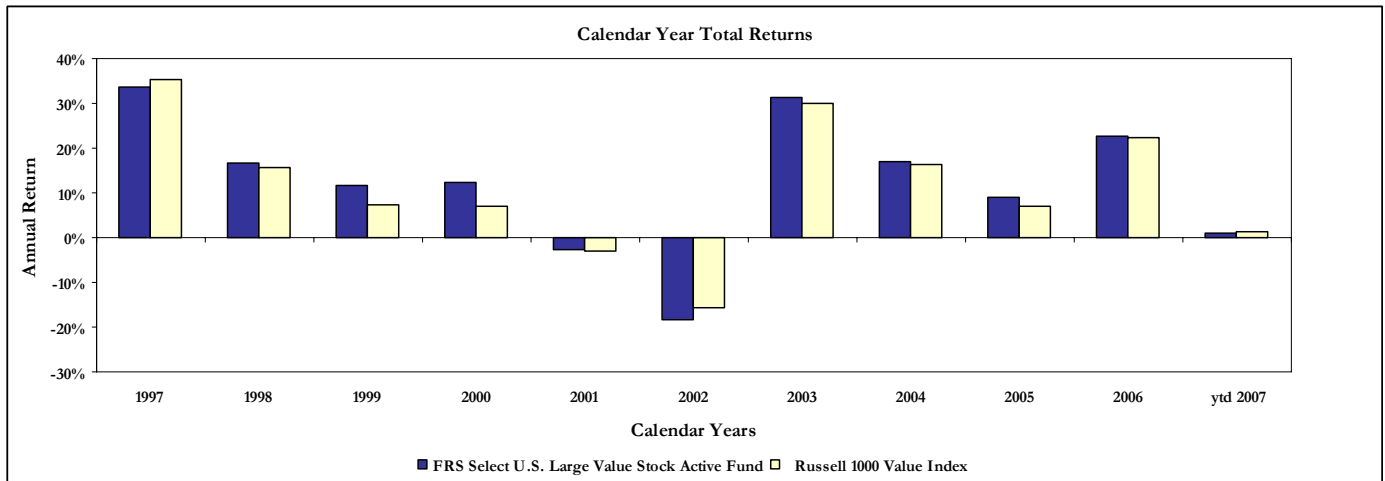
<b>Average Annual Returns and Risk for Periods Ending</b>	<b>March 31, 2007</b>		
	<b>One Year</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Average Annual Returns</b>			
Investment Fund	16.77%	11.01%	12.06%
Russell 1000 Value Index	16.83%	10.25%	10.85%
<b>Average Annual Risk (Standard Deviation)</b>			
Investment Fund	3.67%	7.09%	8.37%
Russell 1000 Value Index	3.44%	7.04%	8.19%
FRS Select Moderate Balanced Fund	4.26%	7.62%	9.42%

*Prior to July 2007, actual historical performance data has been adjusted for fees and/ or designs for multiple manager funds that are specific to the FRS.*

**Other Historical Risk Measures: 5 Year Period Ending March 31, 2007**

	<b>FRS Select U.S. Large Value Stock Active Fund</b>	<b>Range of Measure in US Stock Funds</b>			<b>Range of Measure for Balanced Funds</b>		
Beta vs. Benchmark	100.00%	79.79%	-	121.99%	99.12%	-	103.23%
Tracking Error vs. Benchmark	1.69%	0.11%	-	5.73%	0.53%	-	0.78%
Highest Quarterly Return	18.62%	11.28%	-	24.86%	5.11%	-	14.39%
Lowest Quarterly Return	-19.70%	-20.88%	-	-14.46%	-14.84%	-	-5.25%
Performance Alarms	0	0	-	3	0	-	2

For periods prior to July 2007, actual historical performance data has been adjusted for fees and/or designs for multiple manager funds that are specific to the FRS. Beta is the average percent change in the fund's return if there is a 1% change in the benchmark's return. Tracking Error is the standard deviation of the statistically unexplained difference between the fund's return and the benchmark return. Performance alarms are a statistical measure of underperformance relative to the benchmark. Multiple alarms may imply a higher risk of future underperformance.



**Fund Management and Marketing**

Investment Manager(s):	Barclays Global Investors, Quantitative Management Associates (QMA)
Portfolio Manager(s):	See <b>Detailed Fund Operations</b>
Marketing Company:	None

**Before You Choose a Fund in the FRS Investment Plan**

Keep in mind that **past performance does not guarantee future results**. So before choosing, get objective, professional guidance on what specific funds would best fit your needs and the level of risk involved. Call the MyFRS Financial Guidance Line at 1-866-44-MyFRS (1-866-446-9377; TTY 1-888-429-2160) or visit MyFRS.com for free guidance and additional information on this investment fund, including Financial Engines' *Fund Score Card* and *Detailed Fund Operations*. These reports discuss the investment strategies and other factors that may significantly affect the fund's performance. You can also make daily account transfers or withdrawals through these phone and online resources, unless the fund has transfer restrictions.

This profile is intended for use in connection with the FRS Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4. and 121.4501(15)(b), Florida Statutes incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

**FRS Investment Plan Detailed Fund Operations**  
***FRS Select U.S. Large Value Stock Active Fund (S25)***

The FRS Select U.S. Large Value Stock Active Fund was developed for the FRS Investment Plan and may use multiple institutional investment managers that serve in a fiduciary capacity. Each manager has a target share, which may be periodically changed based on funding levels and other considerations. Index managers are expected to be used as the primary liquidity vehicle to facilitate initial funding, daily transfers and rebalancing.

The historical performance and fee data for the FRS Select Funds was derived using the following approach. The FRS received historical monthly gross of fees return data for the individual investment managers or bundled provider products (for the FRS Select Balanced Funds). Historical monthly gross returns for the individual managers were adjusted for the fees applicable to the FRS. The fees used to calculate net returns were based on the highest fee tier, representing the fees charged against the first dollar invested in the Fund. This “worst case” fee scenario was also used in other fee presentations (e.g. ***Fund Profile, Investment Funds Summary***, etc.). For the FRS Select Active Funds (i.e with multiple investment managers), the FRS calculated a weighted average of the underlying managers’ historical net returns according to the target manager allocations identified in each ***Detailed Fund Operations***.

**Restrictions on Transfers:**

**Investment funds in the FRS Investment Plan are subject to excessive trading restrictions as detailed in the FRS Investment Plan Summary Plan Description and FRS Excessive Fund Trading Policy.**

Other tables in this document include detailed information on the operations of the individual investment managers:

Quantitative Management Associates, LLC  
 2 Gateway Center  
 Newark, New Jersey 07102

Barclays Global Investors  
 45 Fremont Street  
 34th Floor  
 San Francisco, CA 94105



**IMPORTANT NOTE:** The information on investment philosophy, research process, security selection, portfolio construction, sell discipline and personnel was provided to the FRS by product marketing companies or investment managers. The FRS has taken this information as given for the purposes of this document.

**Investment Manager: Quantitative Management Associates (QMA). (Large Cap Select Value Equity Product)**

<b>Targeted Share of Fund</b>	75% (actual share will vary)	
<b>Asset Class and Objective</b>	Specialty U.S. stock fund	
<b>Product Benchmark</b>	Russell 1000 Value Index	
<b>Marketing Company</b>	None	
<b>Restrictions on Transfers</b>	<b>Investment funds in the FRS Investment Plan are subject to excessive trading restrictions as detailed in the FRS Investment Plan Summary Plan Description and FRS Excessive Fund Trading Policy.</b>	
<b>Investment Philosophy</b>	QMA believes that they can generate attractive returns by investing in out-of-favor companies with low price/earnings (P/E) ratios that have historically outperformed the broad stock market averages.	
<b>Research Process</b>	QMA's proprietary quantitative model is the primary source of investment ideas and information. The quantitative model assesses a database of historical reported earnings to obtain a clear picture of each company's continuing operating earnings. These reported earnings are adjusted for non-recurring items, such as restructuring charges and gains and losses from asset sales, which distort a company's normal operating earnings.	
<b>Security Selection</b>	The model calculates a "normalized" P/E ratio for each company in the database and ranks each stock from lowest to highest adjusted P/E ratio. Stocks included in the top 20% of the model's P/E rankings (lowest P/E) are considered for possible inclusion in the portfolio.	
<b>Portfolio Construction</b>	Portfolio construction process encompasses technical screens and fundamental checks to refine the top 20% of the stock candidates selected by the model. The portfolio is built by applying a modified equal weighting approach to the list of the candidates. Position limits are generally 0.3%-1% above the benchmark weighting per individual stock holding. Maximum industry and sector constraints are also applied. This approach seeks to reduce risk relative to the portfolio's benchmark.	
<b>Sell Discipline</b>	QMA's model evaluates valuation and momentum factors to identify sale candidates. Holdings that fall in the bottom 60% of the model's P/E rankings (highest P/Es) or are out of the top 20% for 52 consecutive weeks and exhibit positive price momentum are candidates for sale.	
<b>Portfolio Manager(s)</b>		
<b>Name</b>	<b>Investment Experience</b>	<b>Experience Last 5 Years</b>
John Leib	26 years	Vice President, Portfolio Manager
Deborah Woods	28 years	Vice President, Portfolio Manager
Steve Bloom	23 years	Principal, Product Specialist
Robert Leung	11 years	Associate, Quantitative Research



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**Investment Manager: Barclays Global Investors (Russell 1000 Value Index Product)**

<b>Targeted Share of Fund</b>	25% (actual share will vary)	
<b>Asset Class and Objective</b>	Specialty U.S. stock fund	
<b>Product Benchmark</b>	Russell 1000 Value Index	
<b>Marketing Company</b>	None	
<b>Restrictions on Transfers</b>	<b>Investment funds in the FRS Investment Plan are subject to excessive trading restrictions as detailed in the FRS Investment Plan Summary Plan Description and FRS Excessive Fund Trading Policy.</b>	
<b>Investment Philosophy</b>	Barclays Global Investors' (BGI) objective in managing the fund is to deliver a high quality and cost-effective index-based portfolio to institutional investors.	
<b>Research Process</b>	See Security Selection and Portfolio Construction	
<b>Security Selection</b>	Full replication is used to invest in all of the index securities to minimize tracking error.	
<b>Portfolio Construction</b>	<p>The fund shall be invested and reinvested in a portfolio of equity securities with the objective of approximating as closely as practicable the capitalization weighted total rate of return of the segment of the United States market for publicly traded equity securities represented by the 1000 largest capitalized companies. The criterion for the selection of investments shall be the Russell 1000 Index.</p> <p><b>Futures and Options:</b> BGI does not use futures to add value; futures are used only to decrease tracking error. Futures contracts are employed within the collective funds to "equitize" cash flows. These flows are generated from dividends and other cash flows associated with securities in the portfolio. Futures contracts are purchased to provide immediate market exposure proportionate to the size of both cash flows and residual cash within the portfolio. The goal is to reduce the overall portfolio tracking error that would be incurred should cash remain unvested in the portfolio. Cash in excess of 0.15% would be equitized using futures contracts.</p> <p><b>Securities Lending:</b> Barclays' philosophy on borrower selection is to concentrate their lending to highest credit quality borrowers of those who meet stringent capital, financial and risk requirements and who are able to meet their obligations within the terms of the lending contract. Their risk management controls include:</p> <ul style="list-style-type: none"> <li>-Rigorous credit screening of borrowers to determine capital adequacy, liquidity and operations efficiency.</li> <li>-Collateral requirements that govern receipt and monitoring of collateral received in lieu of securities borrowed. BGI accepts only cash, obligations of the US Government and irrevocable letters of credit.</li> <li>-A minimum of 102% and 105% of the market value for domestic and international loans is required at the outset, respectively.</li> <li>-A daily mark-to-market procedure.</li> <li>-Investment policy controls applied to the investment of cash received as collateral.</li> <li>-Record-keeping guidelines, written agreements and regulatory reporting managed in compliance with all applicable regulatory controls of the securities lending programs of financial institutions.</li> </ul> <p>As a result of their risk controls, neither BGI nor their clients have ever experienced a loss due to collateral reinvestment, operational negligence or broker default.</p>	
<b>Sell Discipline</b>	Not applicable	
<b>Portfolio Manager(s)</b>		
<b>Name</b>	<b>Investment Experience</b>	<b>Experience Last 5 Years</b>
Amy Schioldager	17 years	Head US Equity Indexing Products; at BGI since 1989
Corin Frost	14 years	Senior Portfolio Manager; at BGI since 1998



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**FRS Select U.S. Large Value Stock Active Fund**



**Peer ranking** [What's a peer?](#)

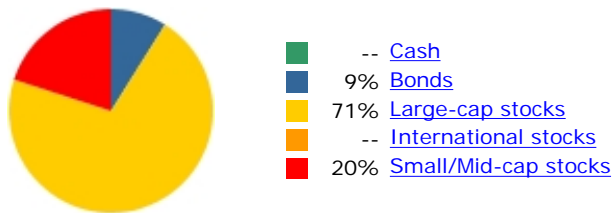
	Worst	Best
• <a href="#">Fund specific risk</a>	● ● ● ● ●	○ ○
• <a href="#">Expense (0.19%)</a>	● ● ● ● ●	○ ○
• <a href="#">Turnover (22.5%)</a>	● ● ● ● ●	○ ○
• <a href="#">Historic performance</a>	- 3 year unavailable	
	- 5 year unavailable	
	- 10 year unavailable	

The Financial Engines [Fund Score](#) measures how this fund might perform in the future relative to its peers. [See how we calculate the Fund Score](#)

## Investment style

A fund's style is a way of describing how the fund behaves.

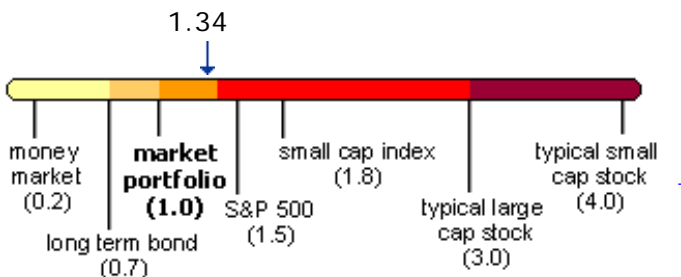
[What is style?](#)



## Investment risk

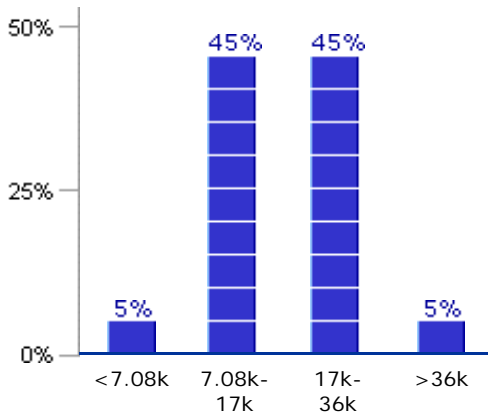
An investment's risk level is a way of describing how much and how suddenly the value of the investment might change. [csscore.riskoffund](#)

[What is risk?](#)



## Future range

This graph shows the estimated range of potential values, in today's dollars, of \$10,000 invested in this fund and held for 10 years.\*



[How did we create this graph?](#)

[Usage limitations and assumptions.](#)

\*Not a guarantee of future performance

## At a glance

**Fund Objective:** Equity: Growth and Income Funds  
**Inception Date:** July, 2007  
**Manager:** Team Managed  
**Manager Tenure:** 20 years

**Net Assets (\$ million):** \$350 (03/31/2007)  
**Expense Ratio:** 0.19%  
**Turnover:** 22.5%  
**Fund Risk:** 1.34

## Investment analysis

We start our analysis by determining the combination of asset classes that best represents this fund's [investment style](#). These asset classes (such as cash, bonds, or large cap stocks) represent distinct investment categories with different [risk](#) and return properties. We use investment style as a strong indicator of expected future performance. If style fully explained a fund's performance and we were to ignore expenses, fees, transaction costs and taxes, then this fund would have the same performance as its style benchmark.

Style is only part of the answer. Two funds with the same style can be very different depending on how they are managed. As a result, we also take into account such fund-specific attributes as [turnover](#), [expense](#), [fund-specific risk](#), load, and [historic performance](#) when creating this scorecard.

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