



# INVESTMENT PLAN

## Quarterly Newsletter

• October 2009 •

**Blackout Period ..... 1**

**Quarterly Fund Performance Summary ..... 2**

**Fund Being Replaced ..... 5**

**Hartford Annuity Quotes..... 5**

**Barcoded Forms Coming..... 6**

**TRS 711..... 6**

## Blackout Period During Transition to Hewitt Associates

As announced in the April 2009 and July 2009 editions of this newsletter, Hewitt Associates will replace ING as the FRS Investment Plan Administrator, effective January 4, 2010. In order to perform this transition process, a “blackout” period will occur from December 28, 2009 at 4:00 p.m. ET until January 4, 2010 at 9:00 a.m. ET. Enclosed you will find the official [blackout notice](#). Be sure you carefully review this notice.

During the blackout period, your Investment Plan account balance will remain invested and will be subject to market gains and losses. During this time, you will not have any access to your account (either by phone or by logging into your account via [MyFRS.com](#)) and you will not be able to direct or diversify your assets. For this reason, it is very important for you to review and consider the appropriateness of the investments in your account just prior to the blackout period. For long-term retirement security, you should give careful consideration to the importance of having a well-balanced and diversified investment portfolio across all of your assets, income, and investments. If you have any questions about whether you are appropriately diversified, please speak with an Ernst & Young financial planner by calling the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711), Monday through Friday between 9:00 a.m. and 8:00 p.m. ET.

### Keep Your Name and Address Current

Please be sure to report any change in your name or mailing address to your employer, in order to ensure you receive important information from your employer and the FRS. All active FRS employees must change their personal information through their FRS employer. Inactive or retired Investment Plan members can send a notarized letter to ING, the Investment Plan Administrator. The letter should include your Social Security number and both your old and new addresses.

The MyFRS Financial Guidance Line (1-866-446-9377) will remain open during the blackout period. However, ING representatives will be unavailable during this time. Any questions that you have during this period should be directed to Ernst & Young at Option 2. (Pension Plan questions should be directed to the Division of Retirement at Option 3.)



Blackout Notice



# Quarterly Fund Performance Summary

## Overview

This Performance Summary is organized by asset class. Thinking about asset classes is a very effective way to simplify investing and improve the odds of meeting your retirement goals. Asset classes are groups of similar investments whose values react to changes in the economy in the same basic way. Investing in a mix of asset classes, or diversifying, helps you control your risk.\* In this Summary, we use five asset classes: money market, inflation-protected securities, bonds, U.S. stocks, and foreign stocks. We also have a special category called balanced funds that provide a diversified mixture of various asset classes.

### Members' Social Security Numbers

FRS Investment Plan member records are filed according to the member's Social Security number. The State Board of Administration of Florida (SBA) collects member Social Security numbers because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

### Balanced Funds

These funds are particularly good for "one-stop shopping." They seek favorable long-term returns by keeping costs low and investing across multiple asset classes to diversify and control risk. They invest in various investment funds in different proportions to keep their overall level of risk relatively steady over time. The proportions and specific funds included in each Balanced Fund may change over time. Financial Engines, a federally registered investment advisor and fiduciary to the FRS, will periodically provide updated investment fund mixes to the FRS that they believe will provide the best balance between expected risk and return.

### Money Market Funds

These funds invest in short-term securities (financial instruments or obligations) that are high quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value; however, over the long term, returns have been modest, basically keeping pace with inflation. Money market funds are not FDIC insured or guaranteed.

### Inflation-Protected Securities Funds

These funds invest in United States Treasury inflation-protected securities (TIPS). TIPS provide two types of return. First, there's a fixed interest rate that's been around 2% to 4% since TIPS were first issued in 1997. Second, there's a return of principal (the starting amount of your investment) and interest (the additional earnings you get over time) that is "protected," or indexed to inflation. As inflation rises, so does the amount of principal and interest you receive. So if the fixed rate is 3% and inflation is 3%, you receive a total interest rate of about 6%. The day-to-day value of inflation-protected securities varies with changes in inflation and interest rates, but these funds offer a promise of keeping up with inflation that is unique to this type of investment.

### Bond Funds

These funds invest primarily in bonds, which are like IOUs – a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low. However, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest (the market sees other investments as being more attractive). Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

### U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

### Foreign Stock Funds

These funds invest primarily in equity shares or stocks issued by foreign companies. Foreign stocks are affected by additional risk factors such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risk (differences in the relative value of domestic and foreign money). Over the long term, foreign stocks have not done quite as well as U.S. stocks, but they have provided diversification benefits.

\* Note that there can be risk in holding a large portion of your account balance in a single fund (unless that fund is a reasonably diversified fund, such as a balanced fund). For further information on diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, or TTY 1-888-429-2160, or visit [MyFRS.com](http://MyFRS.com). Additional information on investing and diversification can be found on the U.S. Department of Labor's website at [www.dol.gov/ebsa/investing.html](http://www.dol.gov/ebsa/investing.html).



## What's in the Summary?

Below you'll find a brief description of the information in the Performance Summary.

- **Core Funds** invest in a very broad portion of an asset class and can help you form the “core” of your portfolio.
- **Specialty Funds** invest in a portion of an asset class and can help you fine-tune your portfolio.
- **Long-Term Fees** are the value in today's dollars of the total fees that would be charged over 30 years, assuming a \$10,000 initial investment.
- **“PB”** stands for Performance Benchmark. It allows you to see how well the fund is doing relative to the performance of the market sector it is trying to beat. Note that index funds are designed to approximate the returns of their benchmarks. Benchmarks do not have costs.
- **Management Type** is the type of investment strategy used by a fund.
  - **P** **Passively Managed** (or Index) funds follow a strategy to produce the same level and pattern of investment returns generated in a market index (such as the S&P 500® index) by buying and holding the same securities as the index itself. Index funds carry a very low fee.
  - **A** **Actively Managed** funds try to predict securities price movements in order to beat a market index. The higher fees associated with Actively Managed funds are used to support the research needed to predict market changes.

## Performance Summary as of September 30, 2009

**P** = Passively Managed Type

**A** = Actively Managed Type

Refer to [page 2](#) for a definition of these asset classes.

|   | Fees Per \$10,000 Account |                | Annual Average Investment Returns After Deducting Fees †† |               |                  |                   |
|---|---------------------------|----------------|---|---------------|------------------|-------------------|
|   | Annual Fees †             | Long-Term Fees | Previous Quarter*   | Previous Year | Previous 5 Years | Previous 10 Years |
| <b>BALANCED FUNDS</b>   |                           |                |   |               |                  |                   |
| <b>Core Balanced Funds</b>  |                           |                |   |               |                  |                   |
| FRS Select Conservative Balanced Fund <b>A</b>                              | \$8                       | \$242          | 4.58%   | 3.82%         | 4.65%            | 4.37%             |
| <i>PB: Conservative Balanced Aggregate Index</i>                            | ---                       | ---            | 4.44%   | 2.82%         | 4.05%            | 3.57%             |
| FRS Select Moderate Balanced Fund <b>A</b>                                  | \$6                       | \$194          | 10.66%  | 1.18%         | 4.26%            | 4.45%             |
| <i>PB: Moderate Balanced Aggregate Index</i>                                | ---                       | ---            | 10.28%  | 0.28%         | 3.91%            | 3.60%             |
| FRS Select Aggressive Balanced Fund <b>A</b>                                | \$4                       | \$110          | 12.73%  | -2.79%        | 3.88%            | 3.33%             |
| <i>PB: Aggressive Balanced Aggregate Index</i>                              | ---                       | ---            | 12.77%  | -2.55%        | 3.93%            | 2.71%             |
| <b>MONEY MARKET FUNDS</b>   |                           |                |   |               |                  |                   |
| <b>Core Money Market Funds</b>  |                           |                |   |               |                  |                   |
| FRS Select Yield Plus Money Market Active Fund <b>A</b>                     | \$6                       | \$188          | 0.06%   | 0.58%         | 3.44%            | 3.38%             |
| <i>PB: Institutional Money Market Average Index</i>                         | ---                       | ---            | 0.12%   | 1.16%         | 3.59%            | 3.41%             |
| <b>INFLATION-PROTECTED SECURITIES FUNDS</b>                                 |                           |                |   |               |                  |                   |
| <b>Core Inflation-Protected Securities Funds</b>                            |                           |                |   |               |                  |                   |
| FRS Select U.S. Treasury Inflation-Protected Securities Index Fund <b>P</b> | \$2                       | \$60           | 3.12%   | 5.85%         | 4.84%            | ---               |
| <i>PB: Barclays Capital TIPS Index^</i>                                     | ---                       | ---            | 3.08%   | 5.67%         | 4.79%            | ---               |
| <b>BOND FUNDS</b>   |                           |                |   |               |                  |                   |
| <b>Core Bond Funds</b>  |                           |                |   |               |                  |                   |
| FRS Select U.S. Bond Enhanced Index Fund <b>P</b>                           | \$5                       | \$151          | 3.84%   | 11.38%        | 5.39%            | 6.46%             |
| <i>PB: Barclays Capital Aggregate Bond Index^</i>                           | ---                       | ---            | 3.74%   | 10.56%        | 5.13%            | 6.30%             |
| PIMCO Total Return Fund <b>A</b>  | \$59                      | \$1,943        | 6.01%   | 18.14%        | 6.80%            | 7.37%             |
| <i>PB: Barclays Capital Aggregate Bond Index^</i>                           | ---                       | ---            | 3.74%   | 10.56%        | 5.13%            | 6.30%             |

P = Passively Managed Type  
A = Actively Managed Type

|  | Fees Per \$10,000 Account |                | Annual Average Investment Returns After Deducting Fees †† |               |                  |                   |
|--|---------------------------|----------------|---|---------------|------------------|-------------------|
|  | Annual Fees †             | Long-Term Fees | Previous Quarter*   | Previous Year | Previous 5 Years | Previous 10 Years |
| <b>BOND FUNDS - continued</b>  |                           |                |   |               |                  |                   |
| <b>Specialty Bond Funds</b>  |                           |                |   |               |                  |                   |
| Pyramis Intermediate Duration Pool Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>          | \$13                      | \$408          | 5.05%   | 10.99%        | 4.56%            | 6.04%             |
| <i>PB: Barclays Capital Intermediate Aggregate Bond Index^</i>   | ---                       | ---            | 3.21%   | 9.69%         | 5.02%            | 6.06%             |
| PIMCO High Yield Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>                            | \$56                      | \$1,835        | 15.44%  | 17.94%        | 5.09%            | 5.79%             |
| <i>PB: PIMCO High Yield Custom Index</i>   | ---                       | ---            | 11.20%  | 17.53%        | 5.35%            | 5.87%             |
| <b>U.S. STOCK FUNDS</b>  |                           |                |   |               |                  |                   |
| <b>Core U.S. Stock Funds</b>   |                           |                |   |               |                  |                   |
| FRS Select U.S. Stock Market Index Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>          | \$2                       | \$60           | 16.33%  | -6.26%        | 1.65%            | 0.78%             |
| <i>PB: Russell 3000 Index</i>  | ---                       | ---            | 16.31%  | -6.42%        | 1.56%            | 0.73%             |
| Pioneer Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>                                     | \$74                      | \$2,496        | 13.29%  | -10.02%       | 1.85%            | 1.16%             |
| <i>PB: S&amp;P 500 Index</i>   | ---                       | ---            | 15.61%  | -6.91%        | 1.02%            | -0.15%            |
| <b>Specialty U.S. Stock Funds</b>  |                           |                |   |               |                  |                   |
| FRS Select U.S. Large Value Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>    | \$19                      | \$595          | 17.98%  | -9.56%        | 1.47%            | 5.01%             |
| <i>PB: Russell 1000 Value Index</i>  | ---                       | ---            | 18.24%  | -10.62%       | 0.90%            | 2.59%             |
| Prudential Mid-Cap Quantitative Core Equity Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span> | \$35                      | \$1,109        | 19.97%  | -4.02%        | 4.12%            | 7.69%             |
| <i>PB: S&amp;P Mid-Cap 400 Index</i>   | ---                       | ---            | 19.98%  | -3.11%        | 4.53%            | 7.49%             |
| FRS Select U.S. Large Growth Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>   | \$40                      | \$1,294        | 13.93%  | 2.28%         | 3.21%            | -1.51%            |
| <i>PB: Russell 1000 Growth Index</i>   | ---                       | ---            | 13.97%  | -1.85%        | 1.86%            | -2.56%            |
| Fidelity Growth Company Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>                     | \$72                      | \$2,421        | 16.56%  | 0.94%         | 5.91%            | 2.34%             |
| <i>PB: Russell 3000 Growth Index</i>   | ---                       | ---            | 14.12%  | -2.19%        | 1.96%            | -2.28%            |
| Fidelity Low-Priced Stock Fund** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>                 | \$74                      | \$2,496        | 18.07%  | 5.04%         | 5.12%            | 11.30%            |
| <i>PB: Russell 2500 Value Index</i>  | ---                       | ---            | 22.77%  | -8.33%        | 2.51%            | 8.12%             |
| American Beacon Small-Cap Value Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>             | \$81                      | \$2,763        | 24.26%  | -4.21%        | 2.35%            | 10.19%            |
| <i>PB: Russell 2000 Value Index</i>  | ---                       | ---            | 22.70%  | -12.61%       | 1.78%            | 8.05%             |
| T. Rowe Price Small-Cap Stock Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>               | \$93                      | \$3,235        | 20.38%  | 0.49%         | 3.52%            | 7.15%             |
| <i>PB: Russell 2000 Index</i>  | ---                       | ---            | 19.28%  | -9.55%        | 2.41%            | 4.88%             |
| <b>FOREIGN STOCK FUNDS</b>   |                           |                |   |               |                  |                   |
| <b>Core Foreign Stock Funds</b>  |                           |                |   |               |                  |                   |
| FRS Select Foreign Stock Index Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>           | \$2                       | \$60           | 19.34%  | 1.70%         | 6.80%            | ---               |
| <i>PB: MSCI World ex U.S. Index</i>  | ---                       | ---            | 19.36%  | 2.89%         | 6.53%            | ---               |
| American Funds Euro-Pacific Growth Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>       | \$51                      | \$1,658        | 19.62%  | 8.98%         | 10.12%           | 6.18%             |
| <i>PB: MSCI EAFE Index</i>   | ---                       | ---            | 19.52%  | 3.80%         | 6.57%            | 2.97%             |
| <b>Global Stock Funds</b>  |                           |                |   |               |                  |                   |
| American Funds New Perspective Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>           | \$58                      | \$1,907        | 18.71%  | 4.91%         | 7.37%            | 5.77%             |
| <i>PB: MSCI World Index</i>  | ---                       | ---            | 17.45%  | -2.29%        | 3.63%            | 1.18%             |

Prior to July 2002, actual historical performance data has been adjusted for fees and/or designs for multiple manager designs specific to the FRS.

\* Not annualized.

\*\* This fund was closed to new money effective August 1, 2004.

\*\*\* These funds may have restrictions on your ability to trade. Please review the excessive fund trading policy.

† Fees and expenses are only one of several factors that you should consider when making investment decisions.

†† The performance information presented reflects past performance. Past performance is not necessarily an indication of future performance.

^ Formerly Lehman Brothers. No change was made to the underlying benchmark.



### Free Help Available

Before you change your investment plan funds, get professional financial guidance. Find out which funds fit your needs and risk tolerance. Past performance of a fund does not guarantee future results.

**CALL the MyFRS Financial Guidance Line at 1-866-446-9377 (TTY 1-888-429-2160), and Visit [MyFRS.com](http://MyFRS.com) for:**

- ✓ Free guidance and in-depth information on all investment funds offered under the FRS Investment Plan, including Financial Engines' Fund Score Cards and the Fund Profiles, Fund Details, and Investment Fund Summary, which are updated regularly. These reports discuss the fees, investment strategies, and other factors that may significantly affect the fund's performance.
- ✓ A status of all the funds under the SBA's investment manager monitoring guidelines.
- ✓ Daily account transfers or withdrawals, if the fund does not have transfer restrictions.

## PIMCO High Yield Fund Being Replaced

The PIMCO High Yield Fund (B55) is being terminated as an investment option within the FRS Investment Plan. The decision to terminate this fund was made because of a significant change in the investment philosophy of the investment fund itself and the departure of the portfolio manager.

If you are currently invested in this fund and would like to transfer the balance to an existing Investment Plan investment option, you may do so between now and December 28, 2009 at 4:00 p.m. ET. After that date, any balance you have remaining in that fund will automatically be mapped to the replacement fund, which is the FRS Select High Yield Fund (B50). The mapping will occur at the close of business on December 31, 2009. (Please note that the changeover to the new fund will occur during the blackout period, when no investment exchanges are permitted. See enclosed blackout notice and the article on [page 1](#).)

The new fund has been selected through a competitive process and has lower fees than the PIMCO High Yield Fund. Past performance and other information regarding the new fund will be available on [MyFRS.com](http://MyFRS.com) as soon as it is available.

Notification letters will be mailed to all Investment Plan members who are invested in the PIMCO High Yield Fund. You can find additional information on all funds offered by the FRS Investment Plan in the Investment Fund Summary available on [MyFRS.com](http://MyFRS.com) or through the MyFRS Financial Guidance Line. If you have questions about this change, please call the MyFRS Financial Guidance Line toll-free between 9:00 a.m. and 8:00 p.m. ET, Monday to Friday at 1-866-446-9377, Option 2 (TRS 711).

## Hartford Life Annuity Quotes

The FRS Investment Plan offers both fixed and variable annuity options through Hartford Life. The following chart shows the lifetime monthly income you would receive by purchasing a Single Life Annuity or a 100% Joint and Survivor Fixed Annuity.

### Lifetime Annuity Quotes – \$100,000 Premium

| Annuity Type | Monthly Benefit | Annuity Type       | Monthly Benefit |
|--------------|-----------------|--------------------|-----------------|
| Single Life  | \$609.46        | Joint and Survivor | \$528.02        |

**Assumptions:** The monthly benefits listed in the examples above assume you used \$100,000 of your FRS Investment Plan balance to purchase a lifetime fixed annuity from Hartford Life, the FRS Investment Plan's annuity provider. The Single Life Annuity example assumes a male, age 62; the Joint and Survivor Annuity example assumes a female spouse, age 62. A 3% cost of living increase is not included in these examples. The above examples are as of 9/15/09. Your actual annuity quotes may vary based on your individual data and circumstances (e.g., age, marital status), the movement in the fixed income investment markets, and the date you purchase the annuity. A variety of fixed and variable annuities are available for you to choose. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for additional details.

## Attend a Financial Planning Workshop

Conducted by experienced financial planners from Ernst & Young, the free FRS workshops give you practical information on financial planning topics. Workshop topics include retirement, estate & insurance planning, spending & debt management, investment planning, and more.

For a detailed description and workshop calendar, visit [MyFRS.com](http://MyFRS.com) and click the workshop button just to the left of the "User ID" field at the top of the page, or call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

## Habla Usted Español?

El Plan de Inversión tiene representantes bilingües disponibles para asistirle con sus preguntas. Llame a la Línea de Orientación Financiera (1-866-446-9377) de lunes a viernes, entre las 9:00 a.m. y 8:00 p.m. hora del Este:

- Marque 2 para hablar con un Planificador Financiero y reciba asesoramiento acerca de tu asuntos financieros.
- Marque 4 para hablar con el Administrador y tener acceso a su cuenta, modificar sus elecciones de fondos de inversión, y transferir saldos disponibles.

## Barcoded Forms Coming

One of the enhancements you will see when Hewitt Associates becomes the FRS Investment Plan Administrator is the addition of a unique barcode on all Investment Plan forms. The barcode will ensure the form is routed to the correct department at Hewitt and should speed up the processing of your forms. You will see the barcode on the enrollment forms first, beginning in October; all other forms will be barcoded by the end of November. Beginning on December 1, 2009, please use only those Investment Plan forms that have a barcode; do not use any Investment Plan forms that do not have a barcode.

All forms are available at [MyFRS.com](http://MyFRS.com) and are updated periodically (quarterly for enrollment forms) to reflect legislative changes, revised investment fund fees, etc. Whenever you need a form, please be sure to print it from [MyFRS.com](http://MyFRS.com) to be certain you are using the most up-to-date version. Do not print any forms until you need them.

## Telecommunications Relay Services 711

The MyFRS Financial Guidance Line currently has a dedicated TTY line (1-888-429-2160) so that members who are deaf, hard of hearing, or speech-impaired can communicate with the FRS by typing messages on their TTY device. Because the Federal Communications Commission has a national service called Telecommunications Relay Services (TRS) 711, the FRS is using this service, and the TTY line will be discontinued on June 30, 2010.

### How Does TRS 711 Work?

If a member who uses TTY wants to call the MyFRS Financial Guidance Line, he will use his TTY device to dial 711 and will automatically be connected to a TRS operator. He will then type the phone number for the Financial Guidance Line (1-866-446-9377) and the operator will dial the number and relay the conversation to and from the member's TTY. The Financial Guidance Line will also use the 711 service for outbound calls. Representatives will call 711 to communicate with the member through the relay service. TRS 711 communications are held in the strictest confidence so FRS members can be assured of their privacy when discussing personal financial information.

This Performance Summary 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, incorporate 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.

# **Notice of Blackout Period**

## **Important Notice Concerning Your Rights under the FRS Investment Plan**

**October 29, 2009**

1. This notice is to inform you that the Florida Retirement System Investment Plan will be replacing ING, the current FRS Investment Plan Administrator, with Hewitt Associates, effective January 4, 2010.
2. As a result of these changes, you temporarily will be unable to direct or diversify investments in your Investment Plan account, obtain a distribution from the plan, or make plan election changes. This period, during which you will be unable to exercise these rights otherwise available under the plan, is called a “blackout period.” Whether or not you are planning retirement in the near future, we encourage you to carefully consider how this blackout period may affect your retirement planning, as well as your overall financial plan.
3. The blackout period for the plan is expected to begin on December 28, 2009 at 4:00 p.m. ET and end January 4, 2010 at 9:00 a.m. ET. During this period, you can determine whether the blackout period has started or ended by calling the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711), or accessing MyFRS.com. The last day you can make any transactions, including retirement plan choice (1<sup>st</sup> or 2<sup>nd</sup> election), investment exchanges, investment election or allocation changes, or distribution requests prior to the blackout period is December 28, 2009 before 4:00 p.m. ET. See the next page for a list of important blackout dates.
4. During the blackout period you will be unable to direct or diversify the assets held in your Investment Plan account. For this reason, it is very important that you review and consider the appropriateness of your current investments in light of your inability to direct or diversify those investments during the blackout period. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income and investments. You should be aware that there is a risk to holding substantial portions of your assets in a single, undiversified fund, as these types of funds tend to have wider price swings, up and down, in short periods of time, than investments in diversified funds. Individual, undiversified funds that have wide price swings might have a large loss during the blackout period, and you would not be able to direct the sale of such funds from your account during the blackout period.
5. If you have any questions concerning this notice, you should contact the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711).

## Important Blackout Dates

|  |   |
|--|---|
| <b>October 29, 2009</b>  | Blackout notice mailed to you along with your quarterly statement. Copy will be emailed to your employer.   |
| <b>November 4, 2009</b>  | Blackout notice mailed to all members who made an Investment Plan election in October (includes both 1 <sup>st</sup> and 2 <sup>nd</sup> elections).  |
| <b>December 4, 2009</b>  | Blackout notice mailed to all members who made an Investment Plan election in November (includes both 1 <sup>st</sup> and 2 <sup>nd</sup> elections).   |
| <b>December 10, 2009</b>   | Final blackout reminder mailed to you. Copy will be emailed to your employer.   |
| <b>December 28, 2009<br/>before 4:00 p.m. ET</b>   | <b>LAST DAY</b> that you can perform any transactions, including retirement plan choice (1 <sup>st</sup> or 2 <sup>nd</sup> election), investment exchanges, investment election or allocation changes, or distribution requests.   |
| <b>December 28, 2009<br/>at 4:00 p.m. ET<br/>through January 4,<br/>2010 at 9:00 a.m. ET</b> | Official blackout period. <b>YOU WILL NOT HAVE ANY ACCESS</b> to your Investment Plan account. However, you may speak with Ernst & Young financial planners about plan questions, retirement, or financial planning issues, or call the Division of Retirement with Pension Plan questions. |
| <b>January 4, 2010<br/>at 9:00 a.m. ET</b>   | Full access to your account will resume.  |