

FRS Investment Plan Detailed Fund Operations ***FRS Select U.S. Stock Market Index Fund (S10)***

The FRS Select U.S. Stock Market Index Fund uses one institutional investment manager that serves in a fiduciary capacity to the FRS. Under the current contract, that manager is paid a flat asset based fee of 0.02%.

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.

A table in this document includes detailed information on the operations of the investment manager:

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

Investment Manager: Barclays Global Investors (Russell 3000 Index Product)

Targeted Share of Fund	100%	
Asset Class and Objective	Core U.S. stock fund	
Product Benchmark	Russell 3000 Index	
Marketing Company	None	
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.	
Investment Philosophy	Barclays Global Investors' (BGI) objective in managing the fund is to deliver a high quality and cost-effective index-based portfolio to institutional investors.	
Research Process	See Security Selection and Portfolio	
Security Selection	Full replication is used to invest in all of the index securities to minimize tracking error.	
Portfolio Construction	<p>Each Russell 3000 Index 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 3000 largest capitalized companies. The criterion for the selection of investments shall be the Russell 3000 Index.</p> <p>Futures and Options: 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>Securities Lending: 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"> -Rigorous credit screening of borrowers to determine capital adequacy, liquidity and operations efficiency. -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. -A minimum of 102% and 105% of the market value for domestic and international loans is required at the outset, respectively. -A daily mark-to-market procedure. -Investment policy controls applied to the investment of cash received as collateral. -Record-keeping guidelines, written agreements and regulatory reporting managed in compliance with all applicable regulatory controls of the securities lending programs of financial institutions. <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>	
Sell Discipline	Not applicable	
Portfolio Manager(s)		
Name	Investment Experience	Experience Last 5 Years
Amy Schioldager	16 years	Head of US Equity Indexing Products; at BGI since 1989
Corin Frost	13 years	Senior Portfolio Manager; at BGI since 1998
Francis Enderle	18 years	CIO - Global Index & Markets; at BGI since 1997
Ed Corallo	16 years	Portfolio Manager; at BGI since 1997



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.