Key Features

- The F Fund offers the opportunity to earn rates of return that exceed those of money market funds over the long term (particularly during periods of declining interest rates), with relatively low risk.

- The objective of the F Fund is to match the performance of the Lehman Brothers U.S. Aggregate (LBA) Index, a broad index representing the U.S. bond market.

- The risk of nonpayment of interest or principal (credit risk) is relatively low because the fund includes only investment-grade securities and is broadly diversified. However, the F Fund has market risk (the risk that the value of the underlying securities will decline) and prepayment risk (the risk that the security will be repaid before it matures).

- Earnings consist of interest income on the securities and gains (or losses) in the value of securities.

F Fund Returns
Inception – 2007

<table>
<thead>
<tr>
<th>Period</th>
<th>F Fund*</th>
<th>LBA Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>7.09%</td>
<td>6.96%</td>
</tr>
<tr>
<td>3-Year</td>
<td>4.61%</td>
<td>4.56%</td>
</tr>
<tr>
<td>5-Year</td>
<td>4.45%</td>
<td>4.42%</td>
</tr>
<tr>
<td>10-Year</td>
<td>6.01%</td>
<td>5.97%</td>
</tr>
<tr>
<td>Since Inception</td>
<td>7.24%</td>
<td>7.56%</td>
</tr>
</tbody>
</table>

* After expenses

Growth of $100
Since Inception

* 1988 return shown is a partial year return.
**F Fund Facts**

By law, the F Fund must be invested in fixed-income securities. The Federal Retirement Thrift Investment Board has chosen to invest the F Fund in an index fund that tracks the Lehman Brothers U.S. Aggregate (LBA) Index, a broadly diversified index of the U.S. bond market.

The **LBA Index** consists of high quality fixed-income securities with maturities of more than one year. The index is comprised of Treasury and Agency bonds, asset-backed securities, and corporate and non-corporate bonds. On December 31, 2007, the LBA Index included 9,133 notes and bonds. The average LBA Index current yield was 5.33%, which means that, on an annual basis, interest income equalled approximately 5.33% of the return of the LBA Index. The average duration (a measure of interest rate risk) of the LBA Index was 4.5 years, which means that a 1% increase (decrease) in interest rates could be expected to result in a 4.5% decrease (increase) in the price of a security. New issues are added continuously to the LBA Index, and older issues drop out as they move to within one year of maturity.

**Barclays U.S. Debt Index Fund** — The F Fund is invested in the Barclays U.S. Debt Index Fund. Because the LBA Index contains such a large number of securities, it is not feasible for the Barclays U.S. Debt Index Fund to invest in each security in the index. Instead, Barclays selects a large representative sample of the various types of mortgage-backed, U.S. Government, corporate, and foreign government securities included in the overall index. Within each sector, Barclays selects securities that, as a whole, are designed to match important index characteristics such as duration, yield, and credit rating. The performance of the U.S. Debt Index Fund is evaluated on the basis of how closely its returns match those of the LBA Index.


**Note:** Participants’ interfund transfer (IFT) requests redistribute their existing account balances among the TSP funds. For each calendar month, the first two IFTs can redistribute money among any or all of the TSP funds. After that, for the remainder of the month, IFTs can only move money into the G Fund. (For participants with both civilian and uniformed services accounts, this rule applies to each account separately.)