



Thrift Savings Plan

S FUND

Small Capitalization Stock Index Investment Fund

Fund Information

As of December 31, 2008

Net Assets

\$11.3 billion

2008 Administrative Expenses

\$0.19 per \$1,000
account balance,
.019% (1.9 basis points)

Benchmark Index

Dow Jones U.S.
Completion TSM Index
www.djindexes.com

Asset Manager

BlackRock Institutional Trust
Company, N.A.

Returns

| | S Fund* | Dow Jones U.S. Completion TSM Index |
|--------------------------------|---------|-------------------------------------|
| 1-Year | -38.32% | -39.03% |
| 3-Year | -9.13% | -9.52% |
| 5-Year | -0.44% | -0.76% |
| 10-Year | N/A | 1.65% |
| Since Inception May 1, 2001 | 1.48% | 1.36% |

* After expenses

Growth of \$100

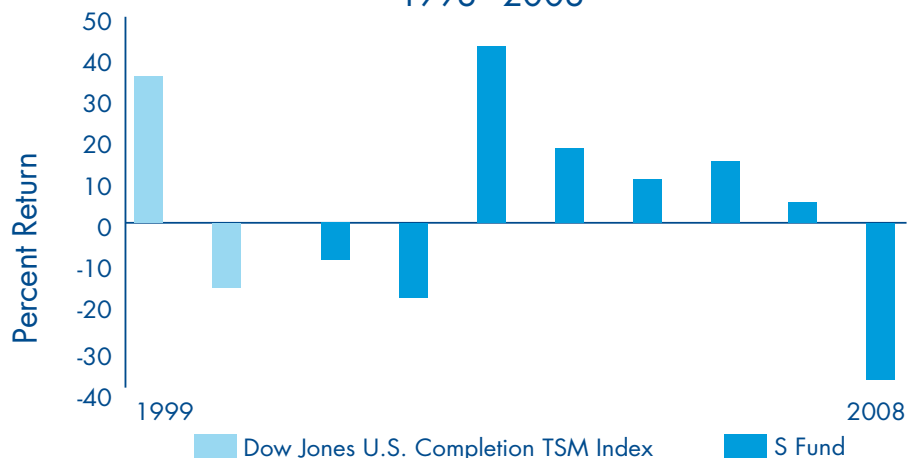
Since Inception



Key Features

- The S Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of small and medium-sized U.S. companies.
- The objective of the S Fund is to match the performance of the Dow Jones U.S. Completion Total Stock Market Index, a broad market index made up of stocks of U.S. companies not included in the S&P 500 Index.
- There is a risk of loss if the Dow Jones U.S. Completion TSM Index declines in response to changes in overall economic conditions (market risk).
- Earnings consist of gains (or losses) in the prices of stocks, and dividend income.

S Fund Returns* 1998-2008



* Prior to the S Fund's inception on May 1, 2001, the return shown is the return of the Dow Jones U.S. Completion TSM Index (without deductions for management fees, trading costs, or administrative expenses); the 2001 return is a blended return.

Dow Jones U.S. Completion TSM Index Top Ten Holdings as of December 31, 2008

Company

Berkshire Hathaway, Inc. (Class A stock)
Genentech, Inc.
Visa, Inc.
Accenture Ltd.
Liberty Media Corp.
Annaly Capital Management, Inc.
Delta Airlines, Inc.
First Solar, Inc.
Bunge Ltd.
OGE Energy Corp.

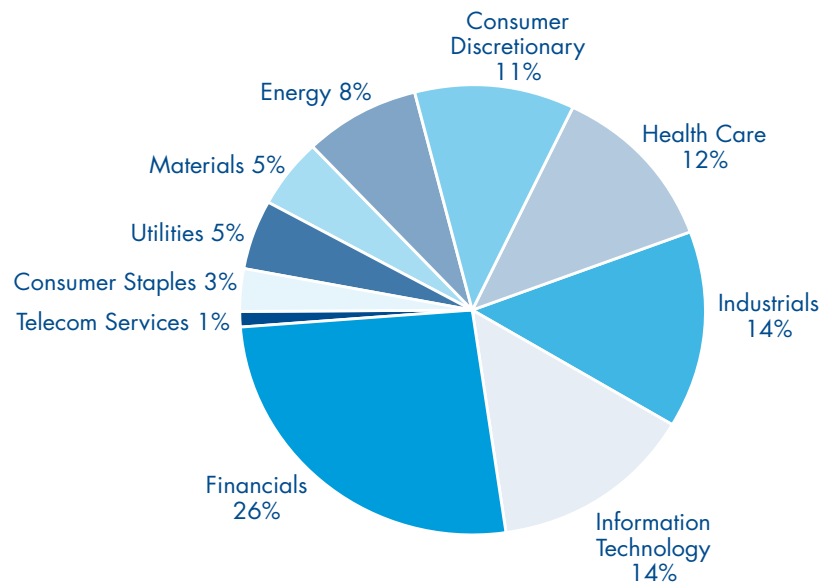
S FUND FACTS

By law, the S Fund must be invested in a portfolio designed to replicate the performance of an index of U.S. common stocks, excluding those that are held in the C Fund. The Federal Retirement Thrift Investment Board has chosen as its benchmark the Dow Jones U.S. Completion Total Stock Market Index, which tracks the performance of the actively traded non-S&P 500 stocks in the U.S. stock market.

The **Dow Jones U.S. Completion Total Stock Market Index** is an index of all actively traded U.S. common stocks that are not included in the S&P 500 Index. The index is designed to be the broadest measure of the non-S&P 500 domestic stock markets. As of December 31, 2008, the index was comprised of 4,092 common stocks (including 138 Real Estate Investment Trusts (REITs), which accounted for 5.5% of the market value of the index). The Dow Jones U.S. Completion TSM Index made up approximately 24% of the market value of the U.S. stock markets; the S&P 500 accounted for the other 76%. Thus, the combined S Fund and C Fund cover virtually the entire U.S. stock market.

The Dow Jones U.S. Completion TSM Index is weighted by float-adjusted market capitalization, in which a company's market value and its weighting in the index are calculated using the number of shares that are freely traded, rather than all outstanding shares. Shares that are not freely traded, such as the holdings of controlling shareholders and their families, company management, and other companies, are excluded from the calculation. A company's weighting in the index is the float-adjusted market value of the company (that is, the share price multiplied by the number of freely traded shares outstanding) as a percentage of the combined float-adjusted market value of all companies in the index. As of December 31, 2008, the largest 100 companies in the Dow Jones U.S. Completion TSM Index represented 29.2% of the index.

Dow Jones U.S. Completion TSM Index Major Industry Groups December 31, 2008



BlackRock's Extended Market Index Fund—The S Fund is invested in BlackRock's Extended Market Index Fund. The Dow Jones U.S. Completion TSM Index contains a large number of stocks, including illiquid stocks with low trading volume and stocks with prices lower than \$1.00 per share. Therefore, it is not efficient for BlackRock's Extended Market Index Fund to invest in every stock in the index. The BlackRock fund holds the stocks of most of the companies in the index with market values greater than \$1 billion. However, a mathematical sampling technique is used to select among the smaller stocks. BlackRock's mathematical model considers size and industry group to match the industry weights in the index. Within each industry group, BlackRock selects stocks that, together, are expected to produce a return that is very close to the industry's return in the Dow Jones U.S. Completion TSM Index. The performance of the Extended Market Index Fund is evaluated on the basis of how closely its returns match those of the Dow Jones U.S. Completion TSM Index. A portion of Extended Market Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts of the S&P 400 and Russell 2000 (other broad equity indexes).

The S Fund invests in BlackRock's Extended Market Index Fund by purchasing shares of BlackRock's Extended Market Index Fund "E," which, in turn, holds a liquidity pool and shares of BlackRock's Extended Market Index Master Fund. As of December 31, 2008, S Fund holdings constituted \$10.9 billion of the Extended Market Index Master Fund, which itself held \$16.2 billion in securities.

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.)