

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER
ATTORNEY GENERAL BONDI**

March 19, 2013

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AGENDA

- ITEM 1. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$490,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2013 (TO BE DETERMINED).**

(See Attachment 1A)

ACTION REQUIRED

- ITEM 2. REQUEST APPROVAL TO FILE FOR NOTICE, AMENDMENTS TO THE FOLLOWING RULES SET FORTH IN RULE CHAPTER 19-3 (RULES AND REGULATIONS GOVERNING THE ORGANIZATION, MEETINGS AND PROCEDURES OF THE SBA) AND CHAPTER 19-4 (RULES AND REGULATIONS GOVERNING THE INVESTMENT POLICIES AND PROCEDURES OF THE SBA), AND TO FILE ALL OF THE RULES ALONG WITH ANY INCORPORATED DOCUMENTS FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The proposed amendments are designed to update provisions for clarification, update statutory citations, eliminate unnecessary rules and consolidate information as reported to the legislature in the SBA's 2012-2013 Annual Regulatory Plan.

RULE CHAPTER 19-3

19-3.016	Executive Director
19-3.0161	Investment Responsibilities of the Executive Director
19-3.097	Designation of Official Reporter
19-3.099	Plan
19-3.100	Format for Final Order

RULE CHAPTER 19-4

19-4.0011	Purpose
19-4.0012	Definitions
19-4.0031	General Policies and Review Procedures for Investments
19-4.0035	Florida Retirement System Defined Benefit Plan Investment Policy Statement
19-4.0041	Policies and Review Procedures for Florida Retirement System Investments in Equities
19-4.0044	Policies and Review Procedures for Foreign Obligations and Securities

Meeting of the State Board of Administration - Agenda

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- 19-4.0046 Policies and Review Procedures for Investments Authorized by Section 215.47(6), Florida Statutes
- 19-4.0051 Policies and Review Procedures for Florida Retirement System Investments in Intermediate to Long-Term Fixed Income Securities
- 19-4.006 Policies and Review Procedures for Florida Retirement System Money Market Investments
- 19-4.0071 Policies and Review Procedures for Florida Retirement System Real Property Investments

(See Attachments 2A through 2F)

ACTION REQUIRED

ITEM 3. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA'S INVESTMENTS ACT (PFIA).

Pursuant to Sections 215.473 and 215.442, F.S., the SBA is required to submit a quarterly report that includes lists of "Scrutinized Companies" with activities in Sudan and Iran. The PFIA prohibits the SBA, acting on behalf of the Florida Retirement System Trust Fund, from investing in, and requires divestment from, companies involved in certain types of business activities in or with Sudan or Iran (i.e., the "Scrutinized Companies").

(See Attachment 3A)

ACTION REQUIRED

ITEM 4. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING THAT THE SBA TRUSTEES HAVE "REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME AND FUND B MANAGEMENT SUMMARY] REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY [MATERIAL] IMPACTS," AND "HAVE CONDUCTED A REVIEW OF THE [FUND B] TRUST FUND AND THAT THE TRUST FUND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION." (SECTIONS 218.409(6)(a)1 AND 218.421(2)(a), F.S.)

During the fourth quarter of 2012, there were no material impacts. Copies of the October, November, and December 2012 reports are attached.

(See Attachments 4A through 4D)

ACTION REQUIRED

ITEM 5. REQUEST APPROVAL OF THE APPOINTMENT OF PETER COLLINS TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).

(SEE ATTACHMENT 5A)

ACTION REQUIRED

ITEM 6. QUARTERLY REPORTS PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES


- Executive Director & CIO Introductory Remarks and Standing Reports –
Ash Williams
- Major Mandates Investment Performance Reports as of December 31, 2012 –
Mike Sebastian & Kristen Doyle – Hewitt EnnisKnupp
 - Florida Retirement System Pension Plan (DB)
 - Florida Retirement System Investment Plan (DC)
 - Florida PRIME (Local Government Surplus Funds Trust Fund) and Fund B
 - Florida Hurricane Catastrophe Fund (FHCF)

(See Attachments 6A through 6H)

INFORMATION/DISCUSSION ITEMS

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: March 6, 2013



**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$490,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS, SERIES 2013 (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 2003A and 2003B Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on March 19, 2013.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2003A through 2012A (the "Outstanding Bonds"). The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$490,000,000 STATE OF FLORIDA, DEPARTMENT OF
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS,
SERIES 2013 (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 2003A and 2003B Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on March 19, 2013, authorizing the issuance and sale of the Bonds (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed bond issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2003A through 2012A (the "Outstanding Bonds"); and,

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

WHEREAS, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

WHEREAS, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the estimate of toll revenues available indicates that sufficient moneys can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the moneys pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED March 19, 2013



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

March 1, 2013

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of March 19, 2013.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 2003A through 2012A Bonds. The bonds will be issued for the purpose of refunding the outstanding Series 2003A and 2003B Bonds. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on March 19, 2013.

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage table for the program without considering the potential savings from the proposed \$490,000,000 refunding bonds;
- Enclosure 2: An estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds; and

March 1, 2013

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Enclosure 3: A draft copy of the Thirty-fourth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on March 7, 2013.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Nora Wittstruck of this office for review. Should you have any questions, please contact either myself or Nora Wittstruck at 488-4782. Your consideration in this matter is appreciated.

Very truly yours,



J. Ben Watkins III
Director

JBW\nw

Enclosures

cc: Robert Copeland
Janie Knight
Anthony Doheny

**STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS
FISCAL SUFFICIENCY REQUEST FOR NOT EXCEEDING \$490,000,000**

ESTIMATED COVERAGE TABLE

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES ¹				OUTSTANDING DEBT SERVICE ³	LESS FEDERAL SUBSIDY ⁴	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
	TURNPIKE SYSTEM	OPERATIONS & MAINTENANCE	NET					
	REVENUES	EXPENSES ²	REVENUE					
<u>Historical</u>								
2008	\$ 650,743,000	\$ 189,887,000	\$ 460,856,000	\$ 191,322,000	\$ -	\$ 191,322,000	2.41 x	
2009	604,897,000	190,603,000	414,294,000	203,145,004	-	203,145,004	2.04 x	
2010	611,596,000	172,422,000	439,174,000	224,220,717	(5,811,097)	218,409,620	2.01 x	
2011	611,946,000	180,060,000	431,886,000	243,061,034	(5,943,001)	237,118,033	1.82 x	
2012	620,201,000	173,704,000	446,497,000	249,182,170	(5,943,001)	243,239,169	1.84 x	
<u>Projected</u>								
2013	\$ 738,615,000	\$ 178,774,000	\$ 559,841,000	\$ 251,384,741	\$ (5,943,001)	\$ 245,441,740	2.28 x	
2014	758,249,000	179,457,000	578,792,000	254,173,216	(5,943,001)	248,230,214	2.33 x	
2015	768,401,000	175,200,000	593,201,000	252,076,403	(5,943,001)	246,133,402	2.41 x	
2016	789,951,000	176,259,000	613,692,000	252,153,616	(5,943,001)	246,210,614	2.49 x	
2017	816,713,000	181,197,000	635,516,000	252,214,016	(5,943,001)	246,271,014	2.58 x	
2018	846,893,000	183,805,000	663,088,000	253,382,866	(5,943,001)	247,439,864	2.68 x	
2019	858,996,000	178,532,000	680,464,000	252,340,466	(5,943,001)	246,397,464	2.76 x	
2020	888,863,000	181,921,000	706,942,000	234,026,528	(5,943,001)	228,083,527	3.10 x	
2021	920,023,000	185,401,000	734,622,000	234,020,471	(5,789,777)	228,230,694	3.22 x	
2022	953,133,000	188,896,000	764,237,000	207,403,034	(5,601,632)	201,801,402	3.79 x	
2023	987,548,000	192,619,000	794,929,000	197,953,947	(5,405,966)	192,547,981	4.13 x	
2024	987,548,000	192,619,000	794,929,000	196,940,289	(5,202,456)	191,737,833	4.15 x	
2025	987,548,000	192,619,000	794,929,000	196,364,444	(4,990,887)	191,373,557	4.15 x	
2026	987,548,000	192,619,000	794,929,000	171,191,060	(4,770,829)	166,420,231	4.78 x	
2027	987,548,000	192,619,000	794,929,000	170,942,168	(4,517,478)	166,424,690	4.78 x	
2028	987,548,000	192,619,000	794,929,000	143,849,548	(4,252,941)	139,596,607	5.69 x	
2029	987,548,000	192,619,000	794,929,000	137,538,443	(3,976,623)	133,561,820	5.95 x	
2030	987,548,000	192,619,000	794,929,000	129,772,445	(3,688,167)	126,084,278	6.30 x	
2031	987,548,000	192,619,000	794,929,000	126,778,403	(3,386,859)	123,391,544	6.44 x	
2032	987,548,000	192,619,000	794,929,000	126,458,420	(3,072,342)	123,386,078	6.44 x	
2033	987,548,000	192,619,000	794,929,000	126,134,395	(2,743,902)	123,390,493	6.44 x	
2034	987,548,000	192,619,000	794,929,000	114,855,515	(2,400,944)	112,454,571	7.07 x	
2035	987,548,000	192,619,000	794,929,000	97,041,703	(2,042,754)	94,998,949	8.37 x	
2036	987,548,000	192,619,000	794,929,000	96,666,270	(1,668,737)	94,997,533	8.37 x	
2037	987,548,000	192,619,000	794,929,000	62,558,865	(1,278,179)	61,280,686	12.97 x	
2038	987,548,000	192,619,000	794,929,000	49,609,710	(870,366)	48,739,344	16.31 x	
2039	987,548,000	192,619,000	794,929,000	49,098,528	(444,584)	48,653,944	16.34 x	
2040	987,548,000	192,619,000	794,929,000	29,258,600	-	29,258,600	27.17 x	
2041	987,548,000	192,619,000	794,929,000	13,081,875	-	13,081,875	60.77 x	
2042	987,548,000	192,619,000	794,929,000	6,303,150	-	6,303,150	126.12 x	
				\$ 4,685,573,129	\$ (113,649,431)	\$ 4,571,923,697		

¹ Historical and projected revenues and expenses through fiscal year 2023 provided by the Turnpike's traffic and revenue consultant. For fiscal years 2024 and thereafter, revenue and expense projections have been held constant. However, no representation is made that the amounts shown in any fiscal year will be collected.

² The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforceable by bondholders.

³ Includes debt service for Turnpike Revenue Bonds Series 2003A through 2012A. Excludes debt service for the 2003C Bonds which were refunded by the 2011A and 2012A Bonds and will be called on 7/1/13.

⁴ Federal subsidy payments on Build America Bonds Series 2009B

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$490,000,000 STATE OF FLORIDA, DEPARTMENT OF
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS,
SERIES 2013 (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 2003A and 2003B Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on March 19, 2013, authorizing the issuance and sale of the Bonds (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed bond issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2003A through 2012A (the "Outstanding Bonds"); and,

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

WHEREAS, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

WHEREAS, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the estimate of toll revenues available indicates that sufficient moneys can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the moneys pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED March 19, 2013

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, **Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held March 19, 2013, approving the fiscal sufficiency of an amount not exceeding \$490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 19th day of March 2013.

Ashbel C. Williams, Executive Director & CIO

(SEAL)



STATE BOARD OF ADMINISTRATION
OF FLORIDA

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RICK SCOTT
GOVERNOR
AS CHAIR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the March 19, 2013 Cabinet Meeting: Proposed
Amendments to Rule Chapters 19-3 and 19-4:
Request Approval to File the Rules for Notice and For Adoption if No
Member of the Public Timely Requests a Rule Hearing

Date: March 6, 2013 - **Revised**

ACTION REQUESTED:

The staff of the State Board of Administration ("SBA") respectfully requests that the Trustees approve filing for notice, the rules set forth below that are contained in Rule Chapters 19-3 (Rules and Regulations Governing the Organization, Meetings and Procedures of the SBA) and 19-4 (Rules and Regulations Governing the Investment Policies and Procedures of the SBA), and further to file all of the rules, along with any incorporated documents, for adoption if no member of the public timely requests a rule hearing related to these rules.

The proposed amendments are designed to update provisions for clarification, update certain statutory citations, eliminate unnecessary rules and consolidate information as reported to the Legislature in the SBA's 2012-2013 Annual Regulatory Plan. The main substantive changes are being made to Rule 19-3.016. These changes are: (a) The authority of the Executive Director & CIO to bring suit, file claims or take any other legal actions or proceedings in the name of the SBA is being added; and (b) Provisions are added to provide that the Executive Director may execute, or delegate the authority to execute, final orders issued pursuant to Chapter 120, Florida Statutes. The other changes in both Rule Chapter 19-3 and 19-4 mostly are non-substantive, and involve the elimination of unnecessary rules and provide the update and clarification of remaining information.

The proposed rule amendments are as follows:

RULE CHAPTER 19-3:

19-3.016 Executive Director

Amendments are being made to add provisions to Rule 19-3.016, F.A.C., setting forth the authority of the Executive Director & CIO to bring suit, file claims or take any other legal actions or proceedings in the name of the SBA, and to manage, settle or resolve any claim or action brought against the SBA. Provisions also are added to provide that the Executive Director may execute, or delegate the authority to execute, final orders issued pursuant to Chapter 120, Florida Statutes. Provisions also are added to permit the Executive Director & CIO to adopt, implement, modify and terminate internal policies and procedures. Remaining changes serve to clarify current provisions.

19-3.0161 Investment Responsibilities of the Executive Director

Provisions are added to make it clear that revisions to Investment Policy Statements must be submitted to the Investment Advisory Council for review, and that such statements must be submitted to the Board for approval. Other revisions are for clarification purposes.

19-3.097 Designation of Official Reporter

This rule is being repealed. The information is covered by rules promulgated by the Department of State and, thus, is unnecessary.

19-3.099 Plan

Amendments are being made to clarify that Final Orders are to be obtained from the Agency Clerk of the State Board of Administration, and that the charge for such orders is no more than cost.

19-3.100 Format for Final Order

There is no statutory authority for this rule and, therefore, the rule is being repealed.

RULE CHAPTER 19-4

19-4.0011 Purpose

This rule merely introduces the substantive rules set forth in Rule Chapter 19-4. The rule, while creating no harm, does not fall within the definition of “rule” set forth under Section 120.52(16), Florida Statutes. The rule is being repealed as being unnecessary.

19-4.0012 Definitions

Definitions are being updated. The rule was last amended in 1986 and the current definitions do not reflect statutory amendments.

19-4.0031 General Policies and Review Procedures for Investments

Amendments are being made to update the terms set forth, to update procedures to reflect current practices, and to revise a statutory provision.

19-4.0035 Florida Retirement System Defined Benefit Plan Investment Policy Statement

This is a new proposed rule designed to advise the public of the existence of the most recent version of the Investment Policy Statement for the Florida Retirement System (“FRS”) Defined Benefit Plan and also advise the public how to obtain copies of this statement.

19-4.0041 Policies and Review Procedures for Florida Retirement System Investments in Equities

This rule is being repealed as it merely repeats statutory provisions.

19-4.0044 Policies and Review Procedures for Foreign Obligations and Securities

This rule is being repealed as it merely repeats statutory provisions.

19-4.0046 Policies and Review Procedures for Investments Authorized by Section 215.47(6), Florida Statutes

This rule is being repealed as it merely repeats statutory provisions.

19-4.0051 Policies and Review Procedures for Florida Retirement System Investments in Intermediate to Long-Term Fixed Income Securities

This rule is being repealed as it merely repeats statutory provisions.

**19-4.006 Policies and Review Procedures for Florida Retirement System Money
Market Investments**

This rule is being repealed as it merely repeats statutory provisions.

**19-4.0071 Policies and Review Procedures for Florida Retirement System Real
Property Investments**

This rule is being repealed as it merely repeats statutory provisions.

Attachments: Proposed Amended Rule Chapters 19-3 and 19-4
Incorporated Form- Investment Policy Statement for the Florida
Retirement System (“FRS”) Defined Benefit Plan

Proposed Amendments to Rule Chapter 19-3, F.A.C.

19-3.016 Executive Director.

The Executive Director, who shall act as the Board's chief administrative and investment officer, shall be selected by and serve at the pleasure of the Board. The Board has hereby delegated authority to act in the following areas to the Executive Director or his or her designee:

(1) To negotiate, enter into, ~~and~~ execute, amend and terminate purchases, contracts, leases, lease-purchases, licenses and agreements relating to real, personal and mixed property, services, commodities and capital outlay items required for the day-to-day operations of the Board.

(2) To negotiate, enter into, ~~and~~ execute, amend and terminate contracts ~~and~~ agreements, license applications, account opening or maintenance documents, and all related documents as necessary and/or appropriate to carry out the administrative, investment and debt functions of the Board.

(3) To control and disburse funds to carry out the constitutional and statutory duties of the Board.

(4) Make final decisions on ~~Take final agency action in~~ all personnel matters, including discipline, involving Board employees, unless otherwise specifically directed by the Board.

(5) To transfer funds between categories of approved funds provided no category is increased or decreased by more than five percent of the total approved budget by all action taken.

(6) To transfer funds between object codes of a category of approved funds without limitation.

(7) To add, delete, reclassify and transfer authorized salaried positions so long as the total approved and budgeted positions are not exceeded.

(8) Authorize and pay travel expenses and per diem under Section 112.061, Florida Statutes. Authorize and pay membership dues under Section 216.345, Florida Statutes, when such membership is essential to the statutory duties and responsibilities of the Board or, with respect to constitutional duties and responsibilities of the Board, when such membership is essential to the constitutional duties and responsibilities of the Board.

(9) To act as custodian of the records and property of the Board.

(10) To act as agent for service of process, as representative to organizations in which the Board is a member or officer and as official liaison with agencies or other bodies of the State, other states, the Federal Government and the public.

(11) To bring suit, file claims, or take legal action or proceedings in the name of the Board, or to defend the Board in any suit, claim or other legal action or proceeding against the Board; and to manage, settle and/or recover any claim or other legal action or proceeding brought by or against the Board. ~~To immediately bring to the Board, in writing, and secure the Board's approval of any proposed legal action to be taken by or on behalf of the Board, except in defense of litigation instituted against the Board. However, where the emergent nature of a matter requires immediate action and it is not possible to present the matter to a regular or special meeting of the Board, then the Executive Director may take appropriate legal action subject to ratification at the next regular or special meeting of the Board.~~

(12)(a) To issue declaratory statements pursuant to Section 120.565, F.S.:

(b) To review and execute, or to delegate the authority to review and execute, all final orders issued pursuant to Section 120.569 and 120.57, Florida Statutes;

(c) To grant variances and waivers from rules pursuant to Section 120.542, F.S.:

(d) To initiate all rule development ~~rulemaking and adopt internal procedures and~~

guidelines.

(e) To adopt, implement, modify and terminate internal procedures, policies and guidelines.

(13) To perform or facilitate such other functions as may be necessary or appropriate to supervise, direct, conduct and administer the day-to-day duties of the State Board of Administration, as authorized by law or by rules and policies adopted by the Board.

(14) The Executive Director shall keep each member of the Board advised of controversial or major policy issues arising in the State Board of Administration and shall place such matters upon its agenda when directed by any member of the Board.

(15) The management and the execution of the investment and debt responsibilities of the Board shall be under the direction and supervision of the Executive Director, subject to such limitations and restrictions as may be prescribed by the Board.

(16) To authorize and designate futures and options markets as authorized in Section 215.47, Florida Statutes.

(17) To assess and collect fees for authorized services provided by the Board for certain services performed for any agency, judicial branch or fund ~~one-time or non-recurring activities unattributed to specific Fund beneficiaries~~ and to deposit the fees in and to expend funds from the Administrative Expense Trust Fund. The services for which fees may be assessed and collected include but are not limited to the following:

(a) Processing of interest rate waiver applications.

(b) Collecting of undistributed account balances.

(c) Escrow restructuring.

~~(d) Unattributed investment gains.~~

~~(d)(e)~~ Reproduction fees.

~~(e)(f)~~ Fees paid for the services of General Counsel relating to private non-trust related entities.

~~(f)(g)~~ Equitable surcharges on investment earnings.

~~(g)(h)~~ Administration and legal work fees.

~~(h)(i)~~ These fees may be deposited in the Administrative Expense Trust Fund and expended only for lawful purposes of the Board.

Rulemaking Specific Authority 215.52, 215.62(5), 215.835, 215.84(5), 216.345(3), 218.412 FS. Law Implemented 112.061, 215.44(2)(b), 215.441, 215.515, 215.69, 215.84, 216.345(2), 218.409(7) FS. History—New 7-13-75, Amended 4-10-84, 12-25-85, Formerly 19-3.16, Amended 12-11-89, 10-21-90, 6-4-91, 6-16-94,_____.

19-3.0161 Investment Responsibilities of the Executive Director.

The Executive Director has the responsibility and authority to organize and manage the ongoing investment activities of the Board Fund, ~~consistent with the Total Fund Investment Plan~~. The Executive Director is responsible for implementing approved investment objectives, policies and strategies. ~~Fund objectives and policies~~ All Investment Policy Statements shall be submitted to the Board for approval. The Executive Director shall periodically review such policy statements ~~policies~~ and shall ~~may~~ submit proposed Investment Policy Statement ~~policy~~ revisions to the Investment Advisory Council for review. The Executive Director's management of funds ~~the Fund~~ may include tactical changes in particular portfolio holdings in accordance with approved policies. The intent is to provide the Executive Director with sufficient authority

and operating flexibility to make prudent and professional investment decisions in response to changing market and economic conditions, and otherwise to ensure that the Board fulfills its fiduciary duties.

Rulemaking Specific Authority 120.53(1), 215.52 FS. Law Implemented 215.44, 215.45, 215.47, 215.475, 215.52 FS. History—New 12-25-85, Formerly 19-3.161, Amended 12-18-88,
_____.

19-3.097 Designation of Official Reporter.

(1) ~~The Board shall comply with subsections 1S-6.003(2), (3), (4), and Rule 1S-6.005, F.A.C., by publishing and indexing by subject matter pursuant to Rule number 1S-6.004 each final order that must be indexed and made available to the public as determined and selected by the Board pursuant to the Rule 1S-6.006, F.A.C.~~

(2) ~~The Board shall publish its reporter. Copies of the reporter are available from the Board.~~

Rulemaking Specific Authority 120.533(1) FS. Law Implemented 120.53(4) FS. History—New 4-23-92. Repealed _____.

19-3.099 Plan.

(1) The Board shall subsequently number final orders as rendered that are required to be indexed or listed. The Board shall make the final orders, subject matter index, and the list available for public inspection and copying, at no more than cost to the public .

(2) The Agency Board Clerk shall assist the public in obtaining information pertaining to final orders.

(3) The Board maintains and stores such final orders, index, and list in the offices of the Board at 1801 Hermitage Boulevard, Tallahassee, Florida 32308, or P. O. Box 13300, Tallahassee, Florida 32317-3300. The office is open to the public between the hours of 8:00 a.m. to 5:00 p.m., excluding holidays and weekends.

Rulemaking Specific Authority 120.533(1)(j) FS. Law Implemented Ch. 91-30, § 10, Laws of Florida. History—New 4-23-92, Amended 3-24-96, _____.

19-3.100 Format for Final Order.

~~The following format for a final order shall be used:~~

STATE BOARD OF ADMINISTRATION _____
Petitioner, _____)
vs. _____) Case or File No. _____
Respondent, _____) Final Order No. _____

In re: (Brief statement of subject and substantive statute, rule, etc., construed)
Order Category

~~Statement of the Case and Statement of Recommended Order if Applicable~~

~~Findings of Fact~~

~~Conclusions of Law~~

~~Statement of Order~~

~~Done and ordered this ____ day of ____, 199__ in (city), (county), Florida.~~

~~By: ____/s/~~

~~____ Title~~

~~Attest: ____/s/~~

~~____ Title~~

~~Copies furnished to:~~

~~Filed this ____ day~~

~~of ____, 199__.~~

~~____/s/~~

~~____ (Agency Clerk)~~

Rulemaking ~~Specific~~ Authority 120.533(1)(b), (i), (j) FS. Law Implemented 120.53(2) FS.
History—New 4-23-92. Repealed _____.

Proposed Amendments to Rule Chapter 19-3, F.A.C. - Final Version

19-3.016 Executive Director.

The Executive Director, who shall act as the Board's chief administrative and investment officer, shall be selected by and serve at the pleasure of the Board. The Board has hereby delegated authority to act in the following areas to the Executive Director or his or her designee:

(1) To negotiate, enter into, execute, amend and terminate purchases, contracts, leases, lease-purchases, licenses and agreements relating to real, personal and mixed property, services, commodities and capital outlay items required for the day-to-day operations of the Board.

(2) To negotiate, enter into, execute, amend and terminate contracts, agreements, license applications, account opening or maintenance documents, and all related documents as necessary and/or appropriate to carry out the administrative, investment and debt functions of the Board.

(3) To control and disburse funds to carry out the constitutional and statutory duties of the Board.

(4) Make final decisions on all personnel matters, including discipline, involving Board employees, unless otherwise specifically directed by the Board.

(5) To transfer funds between categories of approved funds provided no category is increased or decreased by more than five percent of the total approved budget by all action taken.

(6) To transfer funds between object codes of a category of approved funds without limitation.

(7) To add, delete, reclassify and transfer authorized salaried positions so long as the total approved and budgeted positions are not exceeded.

(8) Authorize and pay travel expenses and per diem under Section 112.061, Florida Statutes. Authorize and pay membership dues under Section 216.345, Florida Statutes, when such membership is essential to the statutory duties and responsibilities of the Board or, with respect to constitutional duties and responsibilities of the Board, when such membership is essential to the constitutional duties and responsibilities of the Board.

(9) To act as custodian of the records and property of the Board.

(10) To act as agent for service of process, as representative to organizations in which the Board is a member or officer and as official liaison with agencies or other bodies of the State, other states, the Federal Government and the public.

(11) To bring suit, file claims, or take legal action or proceedings in the name of the Board, or to defend the Board in any suit, claim or other legal action or proceeding against the Board; and to manage, settle and/or recover any claim or other legal action or proceeding brought by or against the Board.

(12)(a) To issue declaratory statements pursuant to Section 120.565, F.S.;

(b) To review and execute, or to delegate the authority to review and execute, all final orders issued pursuant to Section 120.569 and 120.57, Florida Statutes;

(c) To grant variances and waivers from rules pursuant to Section 120.542, F.S.;

(d) To initiate all rule development;

(e) To adopt, implement, modify and terminate internal procedures, policies and guidelines.

(13) To perform or facilitate such other functions as may be necessary or appropriate to supervise, direct, conduct and administer the day-to-day duties of the State Board of Administration, as authorized by law or by rules and policies adopted by the Board.

(14) The Executive Director shall keep each member of the Board advised of controversial or

major policy issues arising in the State Board of Administration and shall place such matters upon its agenda when directed by any member of the Board.

(15) The management and the execution of the investment and debt responsibilities of the Board shall be under the direction and supervision of the Executive Director, subject to such limitations and restrictions as may be prescribed by the Board.

(16) To authorize and designate futures and options markets as authorized in Section 215.47, Florida Statutes.

(17) To assess and collect fees for authorized services provided by the Board for certain services performed for any agency, judicial branch or fund and to deposit the fees in and to expend funds from the Administrative Expense Trust Fund. The services for which fees may be assessed and collected include but are not limited to the following:

- (a) Processing of interest rate waiver applications.
- (b) Collecting of undistributed account balances.
- (c) Escrow restructuring.
- (d) Reproduction fees.
- (e) Fees paid for the services of General Counsel relating to private non-trust related entities.
- (f) Equitable surcharges on investment earnings.
- (g) Administration and legal work fees.

(h) These fees may be deposited in the Administrative Expense Trust Fund and expended only for lawful purposes of the Board.

Rulemaking Authority 215.52, 215.62(5), 215.835, 215.84(5), 216.345(3), 218.412 FS. Law Implemented 112.061, 215.44(2)(b), 215.441, 215.515, 215.69, 215.84, 216.345(2), 218.409(7) FS. History—New 7-13-75, Amended 4-10-84, 12-25-85, Formerly 19-3.16, Amended 12-11-89, 10-21-90, 6-4-91, 6-16-94,_____.

19-3.0161 Investment Responsibilities of the Executive Director.

The Executive Director has the responsibility and authority to organize and manage the ongoing investment activities of the Board. The Executive Director is responsible for implementing approved investment objectives, policies and strategies. All Investment Policy Statements shall be submitted to the Board for approval. The Executive Director shall periodically review such policy statements and shall submit proposed Investment Policy Statement revisions to the Investment Advisory Council for review. The Executive Director's management of funds may include tactical changes in particular portfolio holdings in accordance with approved policies. The intent is to provide the Executive Director with sufficient authority and operating flexibility to make prudent and professional investment decisions in response to changing market and economic conditions, and otherwise to ensure that the Board fulfills its fiduciary duties.

Rulemaking Authority 120.53(1), 215.52 FS. Law Implemented 215.44, 215.45, 215.47, 215.475, 215.52 FS. History—New 12-25-85, Formerly 19-3.161, Amended 12-18-88,_____.

19-3.097 Designation of Official Reporter.

Rulemaking Authority 120.533(1) FS. Law Implemented 120.53(4) FS. History—New 4-23-92. Repealed _____.

19-3.099 Plan.

(1) The Board shall subsequently number final orders as rendered that are required to be

indexed or listed. The Board shall make the final orders, subject matter index, and the list available for public inspection and copying, at no more than cost. .

(2) The Agency Clerk shall assist the public in obtaining information pertaining to final orders.

(3) The Board maintains and stores such final orders, index, and list in the offices of the Board at 1801 Hermitage Boulevard, Tallahassee, Florida 32308, or P. O. Box 13300, Tallahassee, Florida 32317-3300. The office is open to the public between the hours of 8:00 a.m. to 5:00 p.m., excluding holidays and weekends.

Rulemaking Authority 120.533(1)(j) FS. Law Implemented Ch. 91-30, § 10, Laws of Florida. History—New 4-23-92, Amended 3-24-96,_____.

19-3.100 Format for Final Order.

Rulemaking Authority 120.533(1)(b), (i), (j) FS. Law Implemented 120.53(2) FS. History—New 4-23-92. Repealed _____.

Proposed Amendments to Rule Chapter 19-4, F.A.C.

19-4.0012 Definitions.

As used in this chapter, the following words will have the following meanings, unless some other meaning is plainly indicated:

~~(1) Normal Portfolio — That allocation of funds among asset classes that is viewed as neutral. When all asset classes are fairly priced relative to each other considering volatility and price, this would be the position of the portfolio.~~

~~(1)(2) Strategy — Strategy consists of determining the appropriate risk-return tradeoffs for the total fund in light of the investment objectives and individual asset classes. Strategic actions include setting the allocation of funds among asset classes as well as among subasset class categories.~~

(2) Fund- Fund shall mean the Florida Retirement System Defined Benefit Plan Trust.

~~(3) Tactics — Tactics consists of change in specific security holdings made regularly during the course of investment activity that do not materially change the expected risk or return of the total fund or of the asset class portfolio involved. Such tactical actions may include purchase or sale of specific securities, options and futures, substitutions or exchanges, transfers of funds to and from individual managers or portfolios, and the like, common to the professional management of a pension investment portfolio.~~

~~(4) Return — Return shall mean total return, including both current income and change in capital market value.~~

~~(5) Risk — Risk shall mean the potential underperformance versus the investment objective for loss measured in the best available and most appropriate manners for the Fund each asset class.~~

~~(6) Synthetic securities — Securities created through the combination of cash market instruments, such as U.S. Treasury Bills, with futures market positions which, when taken together, mimic the characteristics of a cash market security or group of securities.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.44, 215.47 FS. History—New 12-25-85, Formerly 19-4.012, Amended 12-14-86,_____.

19-4.0031 General Policies and Review Procedures for Investments.

~~(1) The Fund shall be invested pursuant to the provisions set forth in the Florida Statutes, including but not limited to Sections 215.47 and 215.44, F.S. The Board shall approve an Total Fund Investment Policy Statement Plan which includes, among other items, the investment objectives of the Fund and evaluation criteria necessary to measure the investment performance of the Fund. Performance evaluation will focus on the Fund's rate of return over a period of time sufficient to permit the inherent benefits of the individual asset classes to be reflected.~~

~~(2) The Executive Director shall present to the Investment Advisory Council a continuing review and study of its general portfolio strategy to meet the objectives of the Fund. A continuous review of the overall economic conditions shall be included.~~

~~(3) Changes in security holdings are the responsibility of the Executive Director, and must conform with standards of professional investment practice and prudence. Changes in security holdings shall be reported to the Trustees on a monthly basis.~~

~~(4) The Executive Director shall govern the day-to-day operation of the various aspects of~~

portfolio management consistent with the ~~Total Fund Investment Policy Statement Plan~~.

(5) The Executive Director shall from time to time, or when directed by the Investment Advisory Council or the Board, present recommendations to the Board concerning investment activity not otherwise authorized by Sections 215.44-215.53, F.S. Such new investment activity is authorized under authority in Section 215.47(6), F.S. The Executive Director shall monitor investment authority so granted, and ensure that the total of such investments does not exceed the statutory limit.

(6) For the purpose of implementing Section 215.47, F.S., any security, interest or investment vehicle or obligation issued by a private entity, trust or organization holding investments authorized by Section 215.47 will be considered an investment authorized by Section 215.47 provided that the predominant function of the entity, trust or organization is to hold and/or manage said underlying investments.

(7) The term “consistent with sound investment policy,” which is contained in Section 121.153(1)(c); the term “consistent with the investment policy set forth in Sections 215.44(2) and 215.47(10)(9),” which is contained in Section 121.153(2)(a); and terms of similar meaning, which exist or shall exist in the laws of Florida, relating to the responsibility of the Board to perform its investment functions in accordance with accepted fiduciary standards, or words of like import, shall mean that the Board, in addition to complying with the aforecited laws, in performing its investment duties in accordance with these laws shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C), to wit: A fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and

(a) For the exclusive purpose of:

1. Providing benefits to participants and their beneficiaries; and
2. Defraying reasonable expenses of administering the plan;

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person ~~man~~ acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) By diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

(8) For the purpose of implementing Section 215.44(2), F.S., and Section 215.47(10)(9), F.S. (1989), the Executive Director shall not violate or cause the violation of any exclusive U. S. federal laws, including but not limited to the federal securities laws, which pre-empt the laws of the State of Florida pertaining to the investment activities of the Board. Particular emphasis shall be given to ensure that a violation of Section 10 of the Securities Exchange Act of 1934, as well as Rule 10b-5 of the Securities and Exchange Commission (“SEC”), does not occur with respect to the release of material non-public or confidential insider information (“insider information”). Insider information is considered to include, but not be limited to, information relating to the investment activities of the Board (i) which if released by the provider of the information to the Board would cause the provider to violate any of the above-cited laws or (ii) information which if released by the Board to an individual would enable this individual to take advantage of uninformed investors. For the purposes of this subsection ~~19-4.0031(8), F.A.C.~~, the term “material” has the same meaning as given in SEC Rule 12b-2 which is: “The term “material,” when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters to which there is a substantial likelihood that a reasonable investor would attach importance in determining whether to buy or sell the securities

registered.” The Securities and Exchange Act of 1934, as well as SEC Rules 10b-5 and 12b-2, can be obtained by accessing the SEC website at sec.gov and clicking on the Laws & Regulations section

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History—New 2-10-82, Amended 12-25-85, Formerly 19-4.031, Amended 12-14-86, 12-10-87, 12-18-88, 6-1-89, 12-11-89, 2-13-90, 3-9-06.

19-4.0035 Florida Retirement System Defined Benefit Plan Investment Policy Statement.

The Florida Retirement System Defined Benefit Plan Investment Policy Statement, as approved by the Trustees of the State Board of Administration on February 9, 2012, is hereby adopted and incorporated by reference. The Investment Policy Statement may be obtained by contacting: State Board of Administration, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308, or by accessing the sbafla.com website.

Rulemaking Authority 212.52 FS. Law Implemented 215.475 FS. History—New _____.

19-4.0041 Policies and Review Procedures for Florida Retirement System Investments in Equities.

~~(1) The objectives of the total equity portfolio is to maximize return subject to the need to maintain a diversified portfolio to achieve a return highly correlated with that of a broad market standard in support of the strategy development process.~~

~~(2) The equity holdings shall be diversified relative to a broad market standard and both the market and non market elements of risk in equity portfolio(s) shall be monitored by the Executive Director regularly and reported to the Board and Investment Advisory Council. Supplementary standards may be included regularly or from time to time at the discretion of the Board or Executive Director to provide desired perspective on the effectiveness of investment management and on the market environment.~~

~~(3) No specific approved list of potential holdings shall be required.~~

~~(4) Although individual portfolios may not meet the equity objectives, the net result of additions, deletions, and weighting changes in issues and portfolios held shall be made consistent with the objectives of the total equity portfolio.~~

~~(5) Equity investment changes resulting in material changes in total equity portfolio diversification and market risk shall be in conformance with prior strategies approved by the Board.~~

~~(6) The Executive Director shall approve guidelines for the management of the individual portfolios within the total equity portfolio.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History—New 2-10-82, Amended 9-27-83, 12-25-85, (4) Transferred to 19-4.045, Formerly 19-4.041, Amended 12-14-86. Repealed _____.

19-4.0044 Policies and Review Procedures for Foreign Obligations and Securities.

~~In implementing the authority granted to the Board in Section 215.47, F.S., to invest in foreign obligations and securities, the Executive Director is authorized to enter into spot and forward foreign currency exchange contracts in connection with the purchase of these obligations and securities.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.47(5) FS. History—New 12-10-87. Repealed.

19-4.0046 Policies and Review Procedures for Investments Authorized by Section 215.47(6), Florida Statutes.

~~(1) The Board hereby delegates the authority for the Executive Director or his designee to invest in all obligations, securities, and investments (“investments”) authorized by Section 215.47(6), F.S. This delegation constitutes “final approval of investments by the Board” as such term is used in Section 215.44(6), F.S.~~

~~(2) If said investments described in the preceding subsection are not publicly traded securities, options, financial futures, or similar instruments, the Executive Director or his designee shall present the proposed plan for investment to the Investment Advisory Council prior to engaging in these investment activities. The proposed plan must satisfy the criteria set forth for such plan in section 215.47(6), F.S.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.47(6) FS. History—New 12-20-87, Amended 12-11-89. Repealed.

19-4.0051 Policies and Review Procedures for Florida Retirement System Investments in Intermediate to Long-Term Fixed Income Securities.

~~(1) The objective of the management of the fixed income portfolio is to maximize the expected long-term return subject to the need to achieve a return highly correlated with that of a broad market standard in support of the strategy development process.~~

~~(2) The fixed income holdings shall be diversified relative to a broad market standard and both market and nonmarket risk shall be regularly monitored and reported to the Board and Investment Advisory Council. Supplementary standards may be included at the discretion of the Executive Director or the Board to provide perspective on the effectiveness of investment management.~~

~~(3) No specific approved list of potential holdings shall be required.~~

~~(4) Although individual portfolios may not meet the fixed income objectives, the net results of additions, deletions, and weighting changes in issues and portfolios shall be consistent with the objectives of the total fixed income portfolio.~~

~~(5) Fixed income investment changes resulting in material changes in total fixed income portfolio diversification and market risk shall be in conformance with the prior strategies approved by the Board.~~

~~(6) The Executive Director shall approve guidelines for the management of the individual portfolios within the total fixed income portfolio.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS.

History—New 2-10-82, Amended 12-25-85, Formerly 19-4.051. Repealed_____.

19-4.006 Policies and Review Procedures for Florida Retirement System Money Market Investments.

~~(1) The holdings in money market instruments, consistent with the Total Fund Investment Plan, shall be of high quality and ready marketability, with maturities diversified appropriately with respect to the expected cash flow obligations of the funds.~~

~~(2) The objective of the money market investments shall be:~~

~~(a) To earn interest, with a high degree of safety and liquidity.~~

~~(b) To provide ready reserves for meeting irregular payout obligations and for investment in other asset classes.~~

~~(c) To serve as a risk-reducing asset class within the context of the total Fund.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History—New 2-10-82, Amended 12-25-85, Formerly 19-4.06, Amended 12-18-88. Repealed_____.

19-4.0071 Policies and Review Procedures for Florida Retirement System Real Property Investments.

~~(1) Investments, consistent with the Total Fund Investment Plan, shall be concentrated in income-producing real estate. Selected investments are expected to provide returns commensurate with market risk characteristics for the specific investment. Primary consideration shall focus on income-producing potential determined by the quality, quantity and durability of the revenues as well as the potential for asset value appreciation. Preservation of the capital investment shall be of paramount importance in all cases.~~

~~(2) Operating and financial reporting procedures shall provide a timely and accurate picture of operation results.~~

Rulemaking Specific Authority 215.52 FS. Law Implemented 215.47(2)(i) FS. History—New 11-9-83, Formerly 19-4.08, Amended 12-25-85, Formerly 19-4.071, Amended 12-18-88, 5-16-90. Repealed_____.

Proposed Amendments to Rule Chapter 19-4, F.A.C. - Final Version

19-4.0012 Definitions.

As used in this chapter, the following words will have the following meanings, unless some other meaning is plainly indicated:

(1) Strategy – Strategy consists of determining the appropriate risk-return tradeoffs for the total fund in light of the investment objectives.

(2) Fund- Fund shall mean the Florida Retirement System Defined Benefit Plan Trust.

(3) Tactics – Tactics consists of change in specific security holdings made regularly during the course of investment activity that do not materially change the expected risk or return of the total fund or of the asset class portfolio involved.

(4) Return – Return shall mean total return, including both current income and change in market value.

(5) Risk – Risk shall mean the potential underperformance versus the investment objective measured in the best available and most appropriate manners for the Fund.

(6) Synthetic securities – Securities created through the combination of cash market instruments, such as U.S. Treasury Bills, with futures market positions which, when taken together, mimic the characteristics of a cash market security or group of securities.

Rulemaking Authority 215.52 FS. Law Implemented 215.44, 215.47 FS. History–New 12-25-85, Formerly 19-4.012, Amended 12-14-86,_____.

19-4.0031 General Policies and Review Procedures for Investments.

(1) The Fund shall be invested pursuant to the provisions set forth in the Florida Statutes, including but not limited to Sections 215.47 and 215.44, F.S. The Board shall approve an Investment Policy Statement which includes, among other items, the investment objectives of the Fund and evaluation criteria necessary to measure the investment performance of the Fund.

(2) The Executive Director shall present to the Investment Advisory Council a continuing review and study of its general portfolio strategy to meet the objectives of the Fund. A continuous review of the overall economic conditions shall be included.

(3) Changes in security holdings are the responsibility of the Executive Director, and must conform with standards of professional investment practice and prudence.

(4) The Executive Director shall govern the day-to-day operation of the various aspects of portfolio management consistent with the Investment Policy Statement.

(5) The Executive Director shall from time to time, or when directed by the Investment Advisory Council or the Board, present recommendations to the Board concerning investment activity not otherwise authorized by Sections 215.44-215.53, F.S. Such new investment activity is authorized under authority in Section 215.47(6), F.S. The Executive Director shall monitor investment authority so granted, and ensure that the total of such investments does not exceed the statutory limit.

(6) For the purpose of implementing Section 215.47, F.S., any security, interest or investment vehicle or obligation issued by a private entity, trust or organization holding investments authorized by Section 215.47 will be considered an investment authorized by Section 215.47 provided that the predominant function of the entity, trust or organization is to hold and/or manage said underlying investments.

(7) The term “consistent with sound investment policy,” which is contained in Section

121.153(1)(c); the term “consistent with the investment policy set forth in Sections 215.44(2) and 215.47(10),” which is contained in Section 121.153(2)(a); and terms of similar meaning, which exist or shall exist in the laws of Florida, relating to the responsibility of the Board to perform its investment functions in accordance with accepted fiduciary standards, or words of like import, shall mean that the Board, in addition to complying with the aforecited laws, in performing its investment duties in accordance with these laws shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C), to wit: A fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and

(a) For the exclusive purpose of:

1. Providing benefits to participants and their beneficiaries; and

2. Defraying reasonable expenses of administering the plan;

(b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) By diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

(8) For the purpose of implementing Section 215.44(2), F.S., and Section 215.47(10), F.S., the Executive Director shall not violate or cause the violation of any exclusive U. S. federal laws, including but not limited to the federal securities laws, which pre-empt the laws of the State of Florida pertaining to the investment activities of the Board. Particular emphasis shall be given to ensure that a violation of Section 10 of the Securities Exchange Act of 1934, as well as Rule 10b-5 of the Securities and Exchange Commission (“SEC”), does not occur with respect to the release of material non-public or confidential insider information (“insider information”). Insider information is considered to include, but not be limited to, information relating to the investment activities of the Board (i) which if released by the provider of the information to the Board would cause the provider to violate any of the above-cited laws or (ii) information which if released by the Board to an individual would enable this individual to take advantage of uninformed investors. For the purposes of this subsection, the term “material” has the same meaning as given in SEC Rule 12b-2 which is: “The term “material,” when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters to which there is a substantial likelihood that a reasonable investor would attach importance in determining whether to buy or sell the securities registered.” The Securities and Exchange Act of 1934, as well as SEC Rules 10b-5 and 12b-2, can be obtained by accessing the SEC website at sec.gov and clicking on the Laws & Regulations section.

Rulemaking Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History—New 2-10-82, Amended 12-25-85, Formerly 19-4.031, Amended 12-14-86, 12-10-87, 12-18-88, 6-1-89, 12-11-89, 2-13-90, 3-9-06, _____.

19-4.0035 Florida Retirement System Defined Benefit Plan Investment Policy Statement.

The Florida Retirement System Defined Benefit Plan Investment Policy Statement, as approved by the Trustees of the State Board of Administration on February 9, 2012, is hereby

adopted and incorporated by reference. The Investment Policy Statement may be obtained by contacting: State Board of Administration, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308, or by accessing the sbafla.com website.

Rulemaking Authority 212.52 FS. Law Implemented 215.475 FS. History–New _____.

19-4.0041 Policies and Review Procedures for Florida Retirement System Investments in Equities.

Rulemaking Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History–New 2-10-82, Amended 9-27-83, 12-25-85, (4) Transferred to 19-4.045, Formerly 19-4.041, Amended 12-14-86. Repealed_____.

19-4.0044 Policies and Review Procedures for Foreign Obligations and Securities.

Rulemaking Authority 215.52 FS. Law Implemented 215.47(5) FS. History–New 12-10-87. Repealed_____.

19-4.0046 Policies and Review Procedures for Investments Authorized by Section 215.47(6), Florida Statutes.

Rulemaking Authority 215.52 FS. Law Implemented 215.47(6) FS. History–New 12-20-87, Amended 12-11-89. Repealed_____.

19-4.0051 Policies and Review Procedures for Florida Retirement System Investments in Intermediate to Long-Term Fixed Income Securities.

Rulemaking Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History–New 2-10-82, Amended 12-25-85, Formerly 19-4.051. Repealed_____.

19-4.006 Policies and Review Procedures for Florida Retirement System Money Market Investments.

Rulemaking Authority 215.52 FS. Law Implemented 215.44, 215.45, 215.47 FS. History–New 2-10-82, Amended 12-25-85, Formerly 19-4.06, Amended 12-18-88. Repealed_____.

19-4.0071 Policies and Review Procedures for Florida Retirement System Real Property Investments.

Rulemaking Authority 215.52 FS. Law Implemented 215.47(2)(i) FS. History–New 11-9-83, Formerly 19-4.08, Amended 12-25-85, Formerly 19-4.071, Amended 12-18-88, 5-16-90. Repealed_____.

FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT

I. DEFINITIONS

Absolute Real Target Rate of Return - The total rate of return by which the FRS Portfolio must grow, in excess of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), in order to achieve the long-run investment objective.

Asset Class - An asset class is an aggregation of one or more portfolios with the same principal asset type.¹ For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Global Equity asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

Asset Type - An asset type is a category of investment instrument such as common stock or bond.

Portfolio - A portfolio is the basic organization unit of the FRS Fund. Funds are managed within portfolios. A portfolio will typically contain one principal asset type (common stocks, for example), but may contain other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

II. OVERVIEW OF THE FRS AND SBA

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Florida Retirement System (FRS). The investment of retirement assets is one aspect of the activity involved in the overall administration of the Florida Retirement System. The Division of Retirement (DOR), the administrative agency for the FRS, provides full accounting and administration of benefits and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the FRS. The State Legislature has the responsibility of setting contribution and benefit levels, and providing the statutory guidance for the administration of the FRS.

III. THE BOARD

The State Board of Administration has the authority and responsibility for the investment of FRS assets. The Board consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Board has statutory responsibility for the

¹ The Strategic Investments asset class is an exception, purposefully established to potentially contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

investment of FRS assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 215.44(2)(a) and 215.47(9), Florida Statutes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of FRS assets. An Investment Advisory Council (IAC) is appointed by the Board. The IAC meets quarterly, and is charged with the review and study of general portfolio objectives, policies and strategies, including a review of investment performance.

The mission of the State Board of Administration is to provide superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards.

IV. THE EXECUTIVE DIRECTOR

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of investment assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints. The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the

responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board and is authorized to directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group(s) to regularly review, document and formally escalate guideline compliance exceptions and events that may have a material impact on the Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such compliance exceptions, with input from the Investment Advisory Council and Audit Committee as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan in light of actuarial studies and recommending changes to the Board when appropriate.

V. INVESTMENT OBJECTIVES

The investment objective of the Board is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and keeps the plan cost at a reasonable level. To achieve this, a long-term real return approximating 5% per annum (compounded and net of investment expenses) should be attained, consistent with the actuarial investment return assumption of 7.75%. As additional considerations, the Board seeks to avoid excessive risk in long-term cost trends. To manage these risks, the volatility of annual returns should be reasonably controlled.

The Board's principal means for achieving this goal is through investment directives to the Executive Director. The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the Board's investment objective within an appropriate risk management framework. The Board establishes asset classes, sets target allocations and reasonable ranges around them for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

VI. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

The Board's investment objective is an absolute one: achieve a specific rate of return, the absolute real target rate of return. In order to achieve it, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the

authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will equal or exceed the absolute real target rate of return long-term and will thus assure achievement of the Board's investment objective.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is failing to earn the absolute real target rate of return over long periods

of time, and the asset mix is developed to minimize this risk. In selecting the Target Portfolio, the Board considers information from actuarial valuation reviews and asset/liability studies of the FRS, as well as asset class risk and return characteristics. In addition, the timing of cash demands on the portfolio to honor benefit payments and other liabilities are an important consideration. Potential asset mixes are thus evaluated with respect to their expected return, volatility and liquidity.

The Target Portfolio defined in Tables 2 (i.e., 2a and 2b, as applicable) and, 4 has a long-term expected compound annual real return that approximates the absolute real target rate of return. To achieve the absolute real target rate of return or actuarial return, material market risk must be borne (i.e., year to year volatility of returns). For example, in 2008 the Trust Fund's net managed real return was -26.81% compared to gains of 17.56% in 2009 and 21.48% in 2003. While downside risk is considerably greater over shorter horizons, the natural investment horizon for the Trust Fund is the long-term. Table 1 illustrates a modeled estimate of the Target Portfolio's potential range of real returns that could result over longer-term investment horizons. Over a 15-year investment horizon there is an 80 percent probability that the Target Portfolio will experience a compound annual real return between -0.5% and 9.9% and a 90 percent probability that the Target Portfolio will experience a compound annual real return between -2.7% and 10.9%.

Table 1: Expected Risk in Target Portfolio's Real Returns

Time Horizon	5 th Percentile Real Return	10 th Percentile Real Return	90 th Percentile Real Return	95th Percentile Real Return
10 Years	-4.9%	-2.8%	10.3%	11.4%
15 Years	-2.7%	-0.5%	9.9%	10.9%
20 Years	-1.3%	0.4%	9.5%	10.3%
25 Years	-0.7%	1.0%	9.1%	10.1%
30 Years	-0.2%	1.5%	9.0%	9.8%

Although the Target Portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Florida Retirement System Trust Fund (FRSTF). These figures are used solely in developing directives for fund management that will raise the probability of success in achieving the absolute

real target rate of return. The Executive Director is held responsible not for specifically achieving the absolute real target rate of return in each period, but rather for doing at least as well as the market using the Target Portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes. The Board establishes ranges for tactical allocations, as shown in Table 2 (i.e., 2a and 2b, as applicable).

The Executive Director is directed by the Trustees to seek expanded statutory authority to invest in alternative investments (i.e., private equity, venture capital, distress funds, hedge funds and certain other investments described at s. 215.47(15), Florida Statutes) beyond the current limit of 10%. The policy allocation in Table 2a would be effective upon such expanded authority becoming effective in law. Upon the effective date of this policy statement, but prior to obtaining such expanded statutory investment authority, a Transitional Asset Allocation Policy described in Table 2b would govern.

Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges

<i>Table 2a: Expanded Authority</i>			
Asset Class	Target Allocation	Policy Range Low	Policy Range High
Global Equity	52%	44%	60%
Fixed Income	24%	16%	32%
Real Estate	7%	2%	12%
Private Equity	5%	0%	7%
Strategic Investments	11%	0%	20%
Cash Equivalents	1%	0%	9%
Total Fund	100%	--	--

(Continued) Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges

Table 2b: Transitional

Asset Class	Target Allocation	Policy Range Low	Policy Range High
Global Equity	56%	48%	64%
Fixed Income	26%	18%	34%
Real Estate	7%	2%	12%
Private Equity	4%	0%	7%
Strategic Investments	6%	0%	20%
Cash Equivalents	1%	0%	9%
Total Fund	100%	--	--

For purposes of determining compliance with these policy ranges, an asset class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type.² An asset type is a category of investment instrument such as common stock or bond. For example, all of the portfolios whose principal asset type is bonds would be aggregated together as the Fixed Income asset class. As such, it would contain primarily—but not exclusively—the principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the FRS Portfolio will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty (30) consecutive business days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

The asset allocation is established in concert with the investment objective, capital market expectations, projected actuarial liabilities, and resulting cash flows. Table 3 indicates estimated net cash flows (employer contributions minus benefit payments) and associated probabilities that are implicit in this policy statement, assuming the Legislature adheres to system funding provisions in current law. Additionally, the annualized income yield of the fund is projected to approximate 2% to 3%.

² The Strategic Investments asset class is an exception, purposefully established to potentially contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

Table 3: Estimated Net Cash Flow (\$ millions/ % Fund)

	In 5 Years	In 10 Years
10 th Percentile	-\$3,982/ -3.1%	-\$7,353/ -3.5%
25 th Percentile	-\$3,781/ -2.8%	-\$6,480/ -3.1%
Median	-\$3,575/ -2.6%	-\$5,282/ -2.8%
75 th Percentile	-\$3,288/ -2.4%	-\$3,233/ -2.3%
90 th Percentile	-\$1,872/ -2.1%	-\$705/ -0.8%

VII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The indices identified in Table 4 are used as the primary benchmarks for the authorized asset classes.

Table 4: Authorized Target Indices

Asset Class	Index
Global Equity	A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act
Fixed Income	The Barclays Capital U.S. Aggregate Index
Real Estate	An average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 90%, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%
Private Equity	The Russell 3000 index return plus a fixed premium return of 300 basis points per annum
Strategic Investments	A weighted-average of individual portfolio level benchmark returns
Cash Equivalents	iMoneyNet First Tier Institutional Money Market Funds Net Index

The return on the Target Portfolio shall be calculated as an average of the returns to the target indices indicated in Table 5 weighted by the target allocations indicated by Table 2 (i.e., 2a and

2b, as applicable), but adjusted for floating allocations. The policy allocation for Strategic Investments, Private Equity and Real Estate would all “float” against Global Equity (i.e., limited short-term liquidity available for rebalancing and benefit payments means that their policy allocations would equal their actual allocations).

Measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns. For asset classes with floating allocations the basis of tactical measurement shall be the asset class’s actual share.

Performance measurement of the effectiveness of the implementation of the Private Equity asset class shall be based on an internal rate of return (IRR) methodology, applied over significant periods of time. Performance measurement of the effectiveness of the implementation of the Private Equity and Strategic Investments asset classes shall be assessed relative to both the applicable index in Table 4 and:

- For Private Equity, a fund-based private equity benchmark (e.g., from Venture Economics or Cambridge Associates).
- For Strategic Investments, the CPI, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), plus 5%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.

VIII. ASSET CLASS PORTFOLIO MANAGEMENT

General Asset Class and Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:

- Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.

- Private Equity, Real Estate and Strategic Investments asset classes shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
 - Financial, operational and investment expertise and resources;
 - Alignment of interests;
 - Transparency and repeatability of investment process; and
 - Controls on leverage.

Strategic Investments Guidelines

The objective of the asset class is to proactively identify and utilize non-traditional and multi-asset class investments, on an opportunistic and strategic basis, in order to accomplish one or more of the following:

- Generate long-term incremental returns in excess of a 5% annualized real rate of return, commensurate with risk.
- Diversify the FRS Pension Plan assets.
- Provide a potential hedge against inflation.
- Increase investment flexibility, across market environments, in order to access evolving or opportunistic investments outside of traditional asset classes and effective risk-adjusted portfolio management strategies.

Strategic Investments may include, but not be limited to, direct investments authorized by s. 215.47, Florida Statutes or investments in capital commitment partnerships, hedge funds or other vehicles that make or involve non-traditional, opportunistic and/or long or short investments in marketable and nonmarketable debt, equity, and/or real assets (e.g., real estate, infrastructure, or commodities). Leverage may be utilized subject to appropriate controls.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2007-88, Laws of Florida, the “Protecting Florida’s Investments Act.” Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.473(6), Florida Statutes.

IX. REPORTING

The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the FRS by the Board's independent performance evaluation consultant.

The following formal periodic reports to the Board shall be the responsibility of the Executive Director:

- An annual report on the SBA and its investment portfolios, including that of the FRS.
- A monthly report on performance and investment actions taken.
- Special investment reports pursuant to Section 215.44-215.53, Florida Statutes.

X. IMPLEMENTATION SCHEDULE

This policy statement shall be effective upon approval of the Board

Protecting Florida's Investments Act (PFIA)

Quarterly Report – March 19, 2013

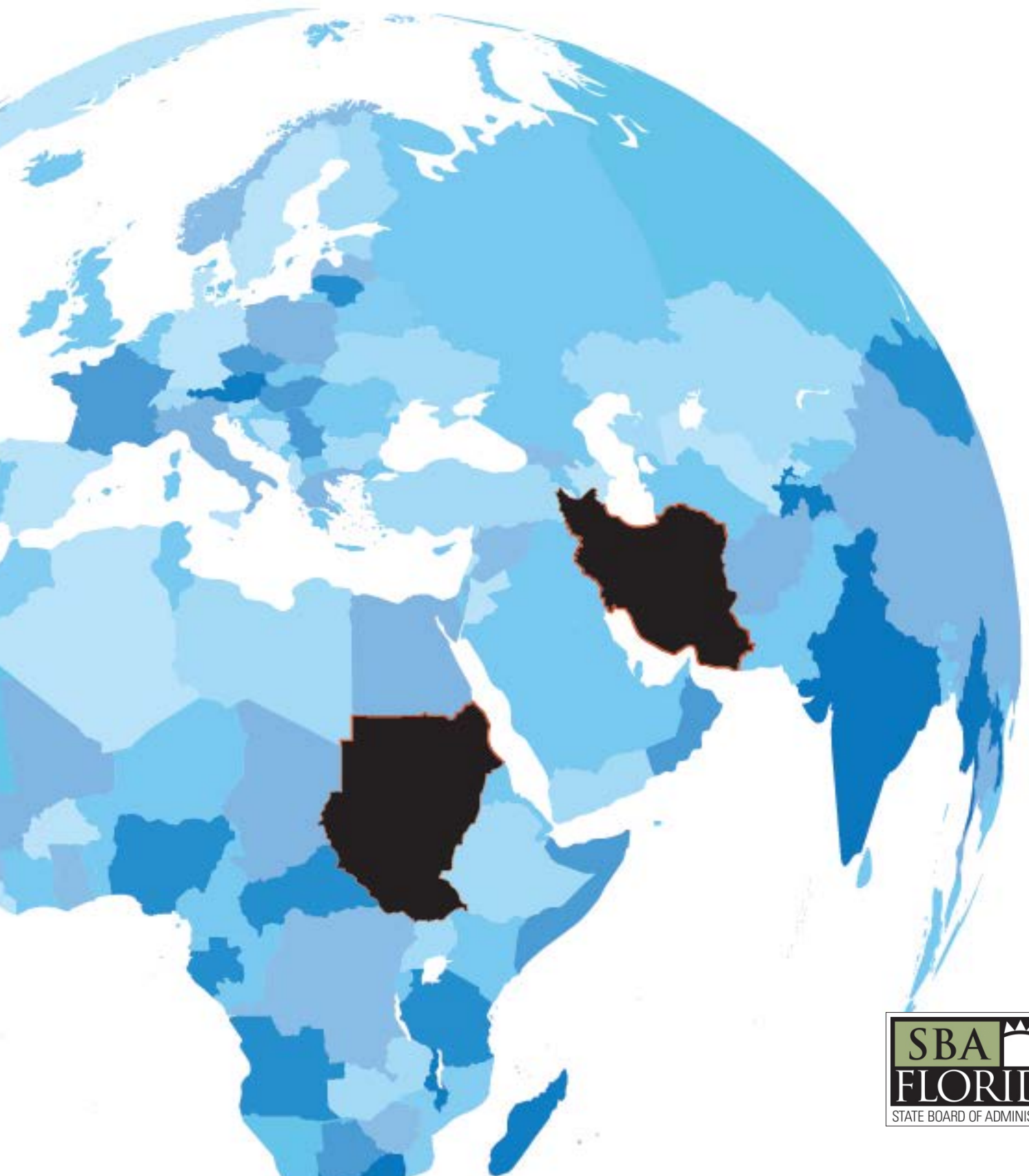


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About the State Board of Administration

The statutory mandate of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

As of December 31, 2012, the net asset value of total funds under SBA management was approximately \$158.7 billion. The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

The SBA's mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

We encourage you to review additional information about the SBA and FRS on our website at www.sbafla.com.

Introduction

On June 8, 2007, the Protecting Florida's Investments Act ("PFIA") was signed into law. The PFIA requires the State Board of Administration ("SBA"), acting on behalf of the Florida Retirement System Trust Fund (the "FRSTF"), to assemble and publish a list of "Scrutinized Companies" that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies' securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes.

Primary Requirements of the PFIA

The PFIA created new reporting, engagement, and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.
2. Quarterly presentation to the Trustees of a "Scrutinized Companies" list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA's website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.
3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients' assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.
4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.
5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.
6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company's initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.
7. Reporting to each member of the Board of Trustees, President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.
8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.

- a. A summary of correspondence with engaged companies;
 - b. A listing of all investments sold, redeemed, divested, or withdrawn;
 - c. A listing of all prohibited investments;
 - d. A description of any progress related to external managers offering PFIA compliant funds; and
 - e. A list of all publicly traded securities held directly by the state.
9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.
10. Relevant Sudan or Iran portions of the PFIA are discontinued if the Congress or President of the United States passes legislation, executive order, or other written certification that:
 - a. Darfur genocide has been halted for at least 12 months;
 - b. Sanctions imposed against the Government of Sudan are revoked;
 - c. Government of Sudan honors its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons;
 - d. Government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
 - e. Sanctions imposed against the government of Iran are revoked; or
 - f. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.
12. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in section 215.473, Florida Statutes.

Definition of a Scrutinized Company

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of Section 215.473, F.S.

Sudan:

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

Iran:

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments with the effect of significantly enhancing Iran's petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries which can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether or not companies are affiliated, examining parent company-subsidary ownership on a pro rata basis.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our "External Research Providers". Below is a brief description of our External Research Providers, which are maintained to provide input from multiple sources.

1. **Conflict Risk Network (CRN).** CRN is a network of institutional investors, financial service providers and related stakeholders and is a project of the Genocide Intervention Network / Save Darfur Coalition (GI-NET/SDC), a non-profit organization that works to prevent and stop genocide and mass atrocities. In support of GI-NET/SDC's overall mission, CRN acts as an intermediary between the business and investment communities, engaging companies operating in GINET/SDC's Areas of Concern, including Sudan. CRN was formerly known as the Sudan Divestment Task Force (SDTF).
2. **MSCI ESG Research (MSCI).** MSCI combined, through acquisition, the resources of the RiskMetrics Group (Institutional Shareholder Services) and KLD Research & Analytics (KLD). MSCI delivers proxy voting and corporate governance analysis to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **IW Financial (IWF).** IWF is a provider of environmental, social, and governance research and consulting. IWF partners with Conflict Securities Advisory Group (CSAG) to provide clients with detailed information on the business ties of publicly traded companies in Sudan and Iran.
4. **Jantzi-Sustainalytics, Inc. (Jantzi).** Jantzi provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Jantzi's company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

Staff members within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 400 companies and affiliates with reported links to Sudan or Iran:

Company disclosures:

- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

Investment/Finance Organizations:

- Industry Analysts
- Index Providers (e.g., Russell)
- Other Institutional Investors/Private Investors

U.S Government Agencies:

- U.S. Department of State
- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- U.S. Government Accountability Office (GAO)
- SEC Office of Global Security (EDGAR)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Non-Governmental Organizations (NGOs):

- American Enterprise Institute (AEI)
- Amnesty International
- Yale University (Allard K. Lowenstein International Human Rights Project)
- Human Rights Watch

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Any other publicly available information.

Using the previous information sources, the SBA has developed two separate categorizations of a company's involvement in Sudan and/or Iran.

1. **“Scrutinized”** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3. [Sudan] or Section 215.473 (4)(t)1. [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.
2. **“Continued Examination”** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3. [Sudan] or Section 215.473, (4)(t)1. [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as “Continued Examination” the SBA will begin an engagement process to clarify each firm's current business relationships.

Key Changes Since the Previous PFIA Quarterly Report

Sudan

Companies added to the Sudan Scrutinized List this quarter:

- **None**

Companies removed from the Sudan Scrutinized List this quarter:

- **None**

Companies added to the Sudan Continued Examination List this quarter:

- **None**

Companies removed from the Sudan Continued Examination List this quarter:

- **GAZ Group**
- **Kencana Petroleum Berhad**
- **KEPCO Plant Service & Engineering Co Ltd**
- **Korea Electric Power (KEPCO)**

Recent Sudan developments: Sudanese President Omar al-Bashir and South Sudanese President Salva Kiir met in the Ethiopian capital Addis Ababa (January 2013) to address implementing the terms of reconciliation signed last September. The agreements call for a demilitarized zone along the border, authorize resumption of oil production, and open the border to future trade. However, oil production remains suspended and both countries were reported to have massed troops at the border as of last report.

Iran

Companies added to the Iran Scrutinized List this quarter:

- **China BlueChemical Ltd**
 - Added as a majority-owned subsidiary of CNOOC Ltd., a company on the Iran Scrutinized List
- **Mangalore Refinery & Petrochemicals Ltd**
 - Added as a majority-owned subsidiary of Oil & Natural Gas Corp (ONGC), a company on the Iran and Sudan Scrutinized Lists (Mangalore is already on the Sudan Scrutinized List.)

Companies removed from the Iran Scrutinized List this quarter:

- **Maire Technimont**
 - Downgraded by one of three external research providers.
- **Shanghai Zhenhua Heavy Industry Co. Ltd.**
 - Downgraded by one of three external research providers.

Companies added to the Iran Continued Examination List this quarter:

- **Maire Technimont**
- **Shanghai Zhenhua Heavy Industry Co. Ltd.**

Companies removed from the Iran Continued Examination List this quarter:

- **Aker Solutions ASA (fka Aker Kvaerner ASA)**
- **Liquefied Natural Gas LNG**
- **Repsol YPF**

Table 1: Scrutinized Companies with Activities in Sudan
New companies on the list are shaded and in bold. (There were no new companies this quarter.)

Company	Country of Incorporation	Date of Initial Scrutinized Classification
AREF Energy Holdings Co	Kuwait	July 28, 2009
AviChina Industry & Technology Company Limited	China	September 19, 2007
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPEC) Sinopec	China	September 19, 2007
CNPC General Capital Ltd	China	June 26, 2012
CNPC Golden Autumn	China	September 18, 2012
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Electricity Generating Public Co	Thailand	September 19, 2007
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Groupe ONA (ONA SA)	Morocco	November 9, 2010
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	China	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co. Ltd	China	July 28, 2009
Kingdream PLC	China	April 14, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
LS Industrial Systems	South Korea	September 20, 2011
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd	Malaysia	April 14, 2009
Oil India Ltd.	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	September 18, 2012

Company	Country of Incorporation	Date of Initial Scrutinized Classification
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Power Sdn Bhd	Malaysia	September 20, 2011
Ranhill Powertron Sdn	Malaysia	April 14, 2009
Sinopec Finance	China	April 14, 2009
Sinopec Group Overseas Development 2012 Ltd	China	June 26, 2012
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	46	

No companies were removed from the Sudan Scrutinized List during the quarter.

Table 2: Continued Examination Companies with Activities in Sudan
New companies on the list are shaded and in bold. (There were no new companies this quarter.)

Company	Country of Incorporation
Alstom	France
Alstom Projects India	India
AREF Investment Group	Kuwait
ASEC Company for Mining S.A.E.	Egypt
Bharat Heavy Electricals, Ltd	India
Bollore Group	France
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Drake & Scull International PJSC	United Arab Emirates
EI Sewedy Cables Holding Company	Egypt
Glencore International AG	Switzerland
Hafei Aviation Industry Co Ltd	China
Infotel Broadband Services Ltd	India
JX Holdings Inc.	Japan
KMCOB Capital Bhd	Malaysia
Mercator Lines Limited (Mercator Lines Singapore)	India
Muhibbah Engineering Bhd	Malaysia
Nam Fatt	Malaysia
Nippo Corporation	Japan
Nippon Oil Finance	Japan
PetroFac	United Kingdom
PT Pertamina Persero	Indonesia
PTT Public Company Ltd	Thailand
Reliance Industries Ltd	India
Scomi Engineering Bhd	Malaysia
Scomi Group Bhd	Malaysia
Seadrill Ltd	Bermuda
Sinohydro	China
Statesman Resources Ltd	Canada
Sudan Telecommunications (Sudatel)	Sudan
Wartsila Oyj	Finland
Wuhan Boiler Company	China
# of Companies	34

Companies **removed** from the Sudan Continued Examination List during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>GAZ Group</i>	<i>Russia</i>
<i>Kencana Petroleum Berhad</i>	<i>Malaysia</i>
<i>KEPCO Plant Service & Engineering Co Ltd</i>	<i>South Korea</i>
<i>Korea Electric Power (KEPCO)</i>	<i>South Korea</i>

Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector

New companies on the list are shaded and in bold.

Company	Country of Incorporation	Date of Initial Scrutinized Classification
China BlueChemical Ltd	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
Daelim Industrial Co Ltd	South Korea	June 16, 2011
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Mangalore Refinery & Petrochemicals Ltd	India	March 19, 2013
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd.	Malaysia	April 14, 2009
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
PetroChina	China	September 19, 2007
Petroleum Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
# of Iran Scrutinized Companies	29	

Companies **removed** from the Iran Scrutinized List during the quarter.

Removed Company	Country of Incorporation
Maire Technimont	Italy
Shanghai Zhenhua Heavy Industry Co. Ltd.	China

Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran
New companies on the list are shaded and in bold.

Company	Country of Incorporation
China Communications Construction Co	China
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GAIL (India) Limited, aka GAIL Ltd.	India
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Hyundai Engineering & Construction Co.	South Korea
Hyundai Heavy Industries	South Korea
INA-Industrija Nafta DD	Croatia
Lukoil OAO	Russia
Maire Technimont	Italy
Oil India Ltd.	India
Petrofac Ltd.	United Kingdom
Petronet LNG Ltd.	India
PetroVietnam Drilling and Well Services Joint Stock Co.	Vietnam
Saipem SpA	Italy
Sasol Ltd.	South Africa
Shanghai Zhenhua Heavy Industry Co. Ltd.	China
Technip	France
# of Companies	18

Companies removed from the Iran Continued Examination List during the quarter.

Removed Company	Country of Incorporation
Aker Solutions ASA (fka Aker Kvaerner ASA)	Norway
Liquefied Natural Gas LNG	Australia
Repsol YPF	Spain

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007, Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008, letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Moved to Sudan Continued Examination List
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Dongfeng Motor Group Co. Ltd.	No	Sudan Scrutinized Classification Continues
Electricity Generating PCL	No	Sudan Scrutinized Classification Continues
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Moved to Iran Continued Examination List
Gazprom	Yes; November 1, 2007	Iran Scrutinized Classification Continues
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Moved to Sudan Continued Examination List
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List
Lundin International SA	No	Removed from Sudan Scrutinized List
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List

Company	Company Responsive to SBA Communications	Status
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Ranhill Bhd	Yes; October 22, 2008	Sudan Scrutinized Classification Continues
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized and CE Lists
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007, Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bolloré Group	No	Sudan CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd	No	Moved to Iran Scrutinized List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore International AG	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Iran CE Classification Continues
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Sudan CE Classification Continues
Nam Fatt	No	Sudan CE Classification Continues
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

Company	Company Responsive to SBA Communications	Continued Examination Status
PTT Public Company Limited	Yes; October 1, 2010	Sudan CE Classification Continues
Saipem	Yes; December 12, 2007	Removed from Iran List
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Iran CE Classification Continues
Seadrill Management AS	Yes; September 20, 2010	Sudan CE Classification Continues
Siam Cement Group (SCG)	Yes; September 24, 2010	Iran CE Classification Continues
Siemens AG	Yes; October 22, 2009 October 8, 2010	Removed from Iran CE List
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Iran CE Classification Continues
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Sudan CE Classification Continues
Technip	Yes; April 30, 2010 and November 30, 2010	Iran CE Classification Continues
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Sudan CE Classification Continues
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Iran CE Classification Continues

Key Dates for PFIA Activities

June 8, 2007 — Legislation's effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by the State.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

January 25, 2008 — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA's prior request for the necessary information.

July 1, 2008 — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

September 18, 2008 — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

March 1, 2010— Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

Quarterly Reporting—SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010

July 29, 2010
November 9, 2010
February 22, 2011
June 16, 2011
September 20, 2011
December 6, 2011
March 20, 2012
June 26, 2012
September 18, 2012
December 11, 2012
March 19, 2013

Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list.	\$1,298,759,246.45

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

Table 7: List of Prohibited Investments (Scrutinized Companies)***New companies on the list are shaded and in bold.***

(Mangalore Refinery & Petrochemicals Ltd was already a Prohibited Investment due to earlier placement on the Sudan Scrutinized List, but it has been added to the Iran Scrutinized List this quarter as well.)

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
AREF Energy Holdings Co.	Sudan	Kuwait	July 28, 2009	Yes
AviChina Industry & Technology Company Limited	Sudan	China	September 19, 2007	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Prior to 3/19/2014
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNPC General Capital Ltd	Sudan	China	June 26, 2012	Yes
CNPC Golden Autumn	Sudan	China	September 18, 2012	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
Daelim Industrial Co Ltd	Iran	South Korea	June 16, 2011	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Electricity Generating Public Co	Sudan	Thailand	September 19, 2007	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Groupe ONA (ONA SA)	Sudan	Morocco	November 9, 2010	Yes
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	Sudan	China	September 19, 2007	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes
Jinan Diesel Engine	Sudan	China	July 28, 2009	Yes
Kingdream PLC	Sudan	China	April 14, 2009	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
LS Industrial Systems	Sudan	South Korea	September 20, 2011	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Midciti Resources Sdn Bhd	Sudan	Malaysia	September 19, 2007	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
MISC Capital Ltd.	Sudan & Iran	Malaysia	April 14, 2009	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petrolia Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	Sudan	Malaysia	September 18, 2012	Yes
Ranhill Bhd	Sudan	Malaysia	September 16, 2008	Yes
Ranhill Power Sdn Bhd	Sudan	Malaysia	September 20, 2011	Yes
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Sinopec Finance	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan	China	June 26, 2012	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
# of Prohibited Investments	53	-	-	

Companies removed from the Prohibited Investments List this quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>Maire Technimont</i>	<i>Italy</i>
<i>Shanghai Zhenhua Heavy Industry Co. Ltd.</i>	<i>China</i>

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

As of January 31, 2012, the SBA held the following shares in China BlueChemical Ltd in accounts subject to the PFIA divestiture requirements. As of this report, the company has been added to the Prohibited Investments List and is subject to full divestment within one year (prior to 3/19/2014).

Issuer	Shares	Market Value
China BlueChemical Ltd	13,788,000	\$9,902,541.45

Summary of Progress, SBA Investment Manager Engagement Efforts

On August 20, 2007, the SBA sent letters to 66 external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found within the [PFIA information section](#) of the SBA's website. Please observe the electronic report's notes page for important clarifying explanations of included data.

For more information, please contact:

State Board of Administration of Florida (SBA)
Investment Programs & Governance
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308
www.sbafla.com

or send an email to:

pfia@sbafla.com





**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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**RICK SCOTT
GOVERNOR
AS CHAIRMAN
JEFF ATWATER
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

March 19, 2013

Honorable Joseph Abruzzo
Alternating Chair
Joint Legislative Auditing Committee
12300 Forest Hill Blvd., Suite 200
Wellington, Florida 33414-5787

Honorable Lake Ray
Alternating Chair
Joint Legislative Auditing Committee
1615 Huffingham Rd.
Jacksonville, Florida 32216-2797

Dear Senator Abruzzo and Representative Ray:

Pursuant to section 218.409(6)(a)1, Florida Statutes, the Trustees of the State Board of Administration are required to "provide a quarterly report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [on the Florida PRIME and Fund B Management Summary] and actions taken, if any, to address any [material] impacts," and "have conducted a review of the [Fund B] trust fund and that the trust fund is in compliance with the requirements of this section." (Sections 218.409(6)(a)1 and 218.421(2)(a), F.S.)

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period October 1 through December 31, 2012, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Ashbel C. Williams".

Ashbel C. Williams
Executive Director & CIO

ACW/db
Attachments

cc: Honorable Rob Bradley
Honorable Alan Hays
Honorable Jeremy Ring
Honorable Wilton Simpson
Honorable Daphne Campbell
Honorable Gayle Harrell
Honorable Daniel Raulerson
Honorable Ray Rodrigues
Honorable Cynthia Stafford
Ms. Kathy Dubose, Director



Monthly Summary Report for October 2012

Including Fund B

State Board of Administration

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FUND B

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Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from October 1, 2012 through October 31, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

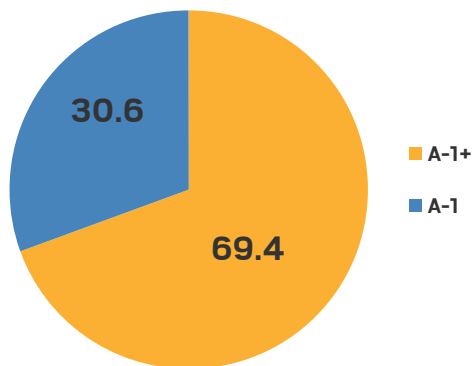
There were no developments during October 2012 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION OCTOBER 31, 2012

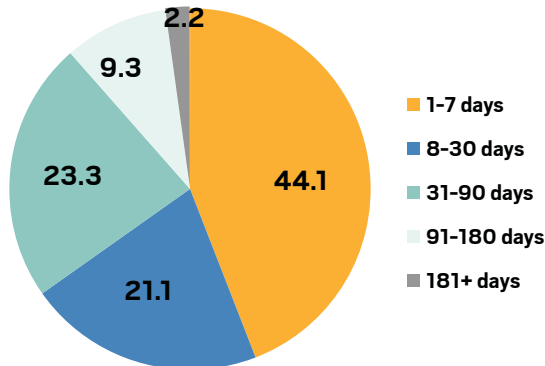
Florida PRIME Assets

\$ 5,868,876,240

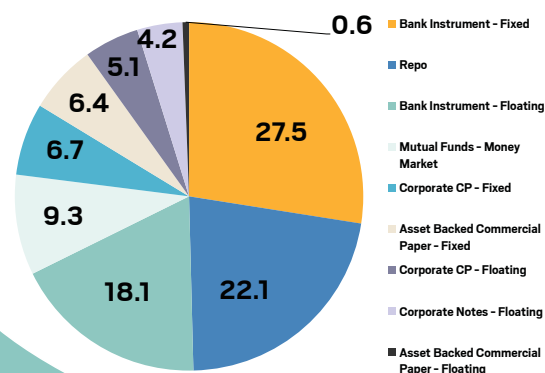
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

OCTOBER 2012 MARKET CONDITIONS

Repo rates and overnight rates have been static at around 20 to 22 basis points. For a few days in late October we witnessed a slight dip into the high teens. Further, the rates are up compared to the early part of 2012. However, we expect these rates to decline as we head toward the end of the year and into 2013. This means we expect to see a slight decrease in the overall gross yields for government funds. The reason is twofold: First, the Federal Reserve's "Operation Twist" is coming to an end. Although only a mild positive from a rate perspective, it has put additional collateral into the marketplace and has held rates a little firmer than they might have been otherwise. In addition, the Fed's promise of open-ended purchases of mortgage-backed securities takes those instruments off the market, leading to declining rates overall, including repo rates.

For a different reason yields are expected to decline for prime funds. The LIBOR/cash-yield curve has come in drastically and flattened, partly as a result of the health of the European banks and improvements in the overall credit markets. While that is a good thing from an economic growth perspective, on the spread basis, we are getting less spread for the issuers today versus what we had been seeing.

We are closely watching the potential December 31, 2012 expiration of the FDIC's unlimited insurance on non-interest bearing checking accounts. Of course, this would not mean that all coverage would cease, just that we would revert back to the \$250,000 per account limit per account in force prior to 2008. It would take affirmative congressional action to change this scenario, but do not discount the powerful lobbying by bankers' associations who hope to have the unlimited coverage extended and keep those assets in those community banks.

If, in fact, unlimited insurance does expire, the larger higher-quality banking institutions will probably see little change. Less creditworthy smaller institutions might face new competition with their investors likely looking for a new home for that

OCTOBER 31, 2012

Top Holdings (%) and Average Maturity

1. Bank of America Corp.	5.5%
2. Sumitomo Mitsui Financial Group, Inc.	5.5%
3. Royal Bank of Canada, Montreal	5.3%
4. Rabobank Nederland NV, Utrecht	5.3%
5. Deutsche Bank AG	5.2%
6. Federated Prime Obligations Fund	4.7%
7. Canadian Imperial Bank of Commerce	4.7%
8. J.P. Morgan Chase & Co.	4.3%
9. Bank of Montreal	4.3%
10. Federated Prime Cash Obligations Fund	4.3%

Average Effective Maturity (WAM)

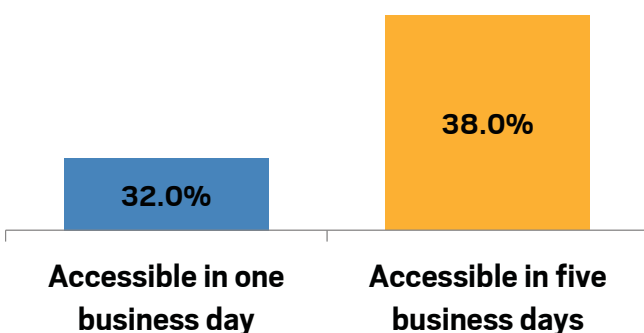
38.7 Days

Weighted Average Life (Spread WAM)

84.1 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

cash. Probable destinations include shorter-term securities from those particular institutions, direct-market Treasury and agency securities, and, of course, money funds that invest in Treasury and agency securities. Those investors are interested in alternatives that feature similar risk with governmental support, similar return and similar liquidity characteristics.

PORTFOLIO INVESTMENT STRATEGY

As of the end of October 2012, Florida PRIME pool assets were down \$500 million to \$5.9 billion, having reached their seasonal lows, as expected, in October. Assets are expected to increase with the incoming tax receipts. During October, the gross yield for Florida PRIME increased one basis point to 0.34%, reflecting slightly higher overnight repurchase agreement (repo) rates. The weighted average maturity of the pool, at 39 days, and the weighted average life, at 84 days, were unchanged from September's month-end figures.

Management purchases in October were concentrated in variable rate paper, largely in the banking sector, and the pool saw a slight increase in fixed-rate corporate notes in the one-year area.

Overall, exposure to variable rate instruments was up 2% to make up 26% percent of the portfolio. Bank instruments were up 2% to make up 27% of the pool. Fixed-rate commercial paper instruments were down by 8% to make up 13% of the pool. The pool's repurchase agreement position was up 2% to 22%, and investments in other securities, which include money market funds and corporate notes, were up 2% to make up 12% of the pool.

CASH FLOWS

Summary of Cash Flows

October 2012	Florida PRIME
Opening Balance (10/01/12)	\$ 6,368,613,753
Participant Deposits	655,003,966
Transfers from Fund B	7,430,000
Gross Earnings	1,653,106
Participant Withdrawals	(1,163,673,661)
Fees	(150,924)
Closing Balance (10/31/12)	\$ 5,868,876,240
Net Change over Month	(499,737,513)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$499.7 million during October 2012.

This change in value consisted of positive flows of \$655 million in participant deposits, \$7.4 million in transfers from Fund B and \$1.7 million in earnings. Negative flows consisted of \$1.16 billion in participant withdrawals and about \$151,000 in fees.

Overall, the fund ended the month with a closing balance of \$5.87 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

October 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 51,781.27	\$ 1.02
Federated Investment Management Fee	84,755.35	1.66
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,499.99	0.11
S&P Rating Maintenance Fee	3,303.28	0.06
Audit/External Review Fees	5,467.43	0.11
Total Fees	\$ 150,923.99	2.96

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$6,118,744,996.

FINANCIAL STATEMENT DISCLOSURES NOW AVAILABLE

For the period ending September 30, 2012, the SBA has released PRIME and Fund B's Financial Statement Disclosures. The disclosures are available on the Florida PRIME website.

<https://www.sbafla.com/prime>

FUND PERFORMANCE THROUGH OCTOBER 31, 2012

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.29%	0.10%	0.19%
3 mos	0.30%	0.10%	0.20%
12 mos	0.31%	0.09%	0.21%
3 yrs	0.28%	0.12%	0.15%
5 yrs	0.87%	0.82%	0.05%
10 yrs	2.06%	1.85%	0.21%
Since 1.96	3.26%	3.04%	0.22%

Net asset value at month end: \$5,869.6 m

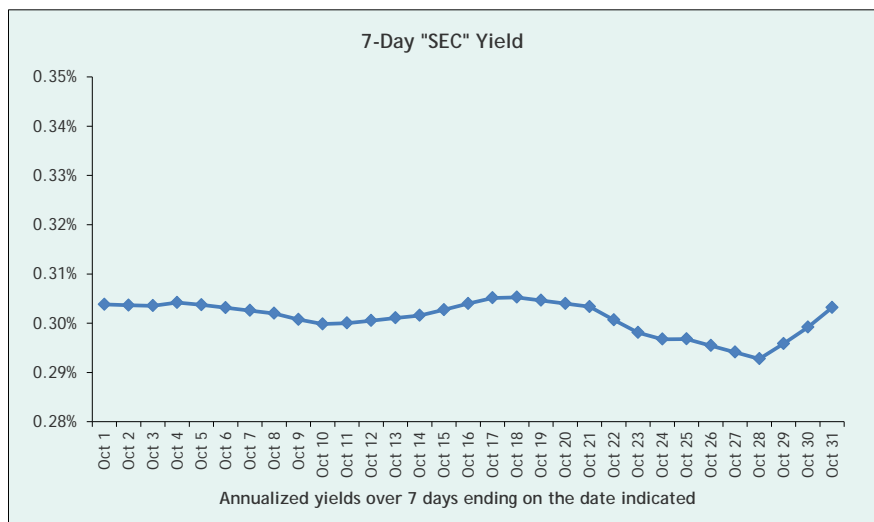
NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

The 7-day yield = net income earned over a 7-day period / average units outstanding over the period / 7 times 365.

Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding,

an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

**INVENTORY OF HOLDINGS
OCTOBER 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Australia & New Zealand Banking Group, Melbourne, May 03, 2013	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	05/03/13	11/05/12	100,000,000	0.39	\$ 100,000,000	\$ 100,000,000	\$ 0
Bank of America N.A. BNOTE	BANK NOTE	0.44	11/19/12		40,000,000	0.45	40,000,000	40,004,640	4,640
Bank of America N.A. BNOTE	BANK NOTE	0.42	12/14/12		50,000,000	0.43	50,000,000	50,007,930	7,930
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.33	11/01/12		795,000,000	0.33	795,000,000	795,000,000	0
Bank of America, N.A. BNOTE	BANK NOTE	0.42	12/10/12		200,000,000	0.43	200,000,000	200,003,800	3,800
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	10/15/13		100,000,000	0.39	100,000,000	100,174,070	174,070
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	03/04/13	11/05/12	50,000,000	0.40	50,000,000	50,024,800	24,800
Bank of Montreal, Sep 16, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	09/16/13	12/17/12	100,000,000	0.41	100,000,000	100,000,000	0
Bank of Nova Scotia, Toronto, May 09, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.37	05/09/13	11/09/12	50,000,000	0.37	50,000,000	50,033,350	33,350
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	11/30/12		75,000,000	0.35	75,000,000	75,009,368	9,368
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.33	12/12/12		50,000,000	0.34	50,000,000	50,008,160	8,160
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		30,000,000	0.31	30,000,000	30,004,293	4,293
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	11/13/12		20,200,000	0.36	20,200,000	20,201,458	1,458
Canadian Imperial Bank of Commerce, Apr 24, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	04/24/13	11/26/12	275,000,000	0.30	275,000,000	275,025,025	25,025

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Denver, CO City & County School District No. 01, Series 2011 A-3, Dec 15, 2037	VARIABLE RATE DEMAND NOTE	0.18	12/15/37	11/07/12	12,000,000	0.18	12,000,000	12,000,000	0
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	11/05/12		95,000,000	0.39	95,000,000	95,002,765	2,765
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	11/08/12		35,000,000	0.39	35,000,000	35,001,631	1,631
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	11/09/12		95,000,000	0.36	95,000,000	95,004,275	4,275
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	02/28/13		80,000,000	0.36	80,002,663	80,013,312	10,649
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.35	11/01/12		500,000,000	0.35	500,000,000	500,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	11/01/12		14,570,117	0.01	14,570,117	14,570,117	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		01/02/13		105,000,000	0.46	104,917,313	104,955,900	38,588
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		02/04/13		70,000,000	0.42	69,923,467	69,953,709	30,242
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		03/20/13		66,000,000	0.41	65,897,333	65,914,530	17,197
Fairway Finance Co. LLC, Jan 11, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.26	01/11/13	11/12/12	10,000,000	0.26	10,000,000	9,999,880	(120)
Fairway Finance Co. LLC, Mar 06, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.25	03/06/13	11/06/12	23,500,000	0.26	23,500,000	23,498,426	(1,575)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.14	11/01/12	11/01/12	251,394,641	0.15	251,394,641	251,394,641	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.13	11/01/12	11/01/12	276,752,835	0.15	276,752,835	276,752,835	0

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
General Electric Capital Corp. CP	COMMERCIAL PAPER		11/19/12		50,000,000	0.36	49,990,764	49,996,040	5,276
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		1,000,000	0.41	1,012,829	1,013,116	287
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		500,000	0.41	506,414	506,558	144
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		24,410,000	0.41	24,723,139	24,730,162	7,022
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,514,627	24,512,742	(1,885)
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		20,281,000	0.56	20,365,865	20,366,363	498
General Electric Capital Corp., Sr. Unsec'd. Note, 5.400%, 09/20/2013	CORPORATE BOND	5.40	09/20/13		1,670,000	0.41	1,743,730	1,741,140	(2,590)
General Electric Capital, Sr. Unsec'd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,367,537	7,372,032	4,495
J.P. Morgan Chase & Co., Feb 28, 2013	VARIABLE RATE COMMERCIAL PAPER	0.36	02/28/13	11/28/12	200,000,000	0.37	200,000,000	200,000,000	0
Massachusetts Development Finance Agency, (Boston University), (Series U-3), 10/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.18	10/01/40	11/01/12	32,600,000	0.18	32,600,000	32,600,000	0
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.20	11/15/42	11/07/12	53,900,000	0.22	53,900,000	53,900,000	0
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.22	01/01/28	11/01/12	13,500,000	0.22	13,500,000	13,500,000	0
National Australia Bank Ltd., Melbourne CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.38	11/19/12		100,000,000	0.38	100,000,263	100,013,450	13,187
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	04/10/13		200,000,000	0.38	200,000,000	200,044,600	44,600

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	04/15/13		110,000,000	0.36	\$ 110,000,000	\$ 110,015,169	\$ 15,169
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.23	06/01/32	11/01/12	35,235,000	0.23	35,235,000	35,235,000	0
Royal Bank of Canada, Montreal, Dec 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.36	12/04/13	11/05/12	160,000,000	0.41	160,000,000	159,983,680	(16,320)
Royal Bank of Canada, Montreal, Dec 21, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/21/12	12/21/12	82,000,000	0.45	82,000,000	82,005,658	5,658
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	02/06/13	11/06/12	50,000,000	0.52	50,000,000	50,038,050	38,050
Royal Bank of Canada, Montreal, May 22, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	05/22/13	11/23/12	18,000,000	0.46	18,000,000	17,945,564	(54,436)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/27/12		23,000,000	0.31	22,994,825	22,995,343	518
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/07/12		100,000,000	0.32	99,993,972	99,995,140	1,168
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		11/13/12		95,000,000	0.26	94,991,081	94,990,804	(277)
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.19	07/01/29	11/01/12	9,310,000	0.18	9,310,000	9,310,000	0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	12/04/12		30,000,000	0.33	30,000,000	30,002,829	2,829
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.31	12/10/12		200,000,000	0.32	200,000,000	200,019,980	19,980
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		50,000,000	0.31	50,000,000	50,004,765	4,765
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		40,000,000	0.31	40,000,000	40,003,812	3,812

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Toronto Dominion Bank, Jul 26, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	07/26/13	01/28/13	50,000,000	0.32	\$ 50,000,000	\$ 50,040,500	\$ 40,500
Toronto Dominion Bank, Sep 13, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	09/13/13	12/13/12	125,000,000	0.40	125,000,000	125,063,500	63,500
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/13/12		50,000,000	0.41	49,992,778	49,997,425	4,647
Toyota Motor Credit Corp., Sr. Note, .6551%, 1/14/2013	CORPORATE BOND	0.54	01/14/13	01/14/13	12,100,000	0.55	12,107,779	12,112,874	5,096
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,101,932	15,107,820	5,888
Wells Fargo Bank, N.A., Nov 20, 2013	VARIABLE RATE BANK NOTE	0.43	11/20/13	11/20/12	100,000,000	0.37	100,000,000	99,989,800	(10,200)
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		12/27/12		100,000,000	0.41	99,936,667	99,980,050	43,383
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		01/03/13		100,000,000	0.41	99,928,889	99,976,410	47,521
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/01/12		13,200,000	0.25	13,199,908	13,199,945	36
					<u>5,866,840,593</u>		<u>\$5,867,176,367</u>	<u>\$5,867,869,234</u>	<u>\$692,867</u>

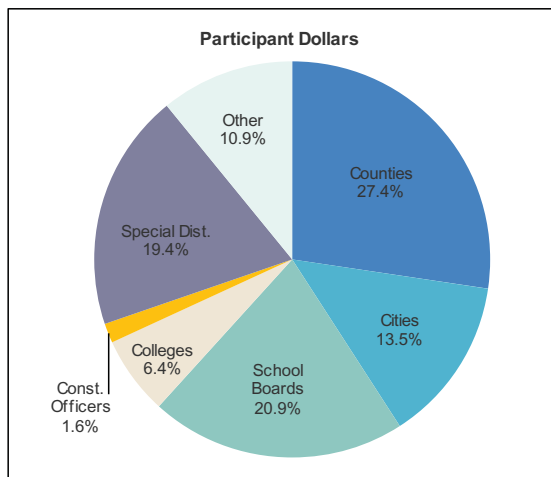
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

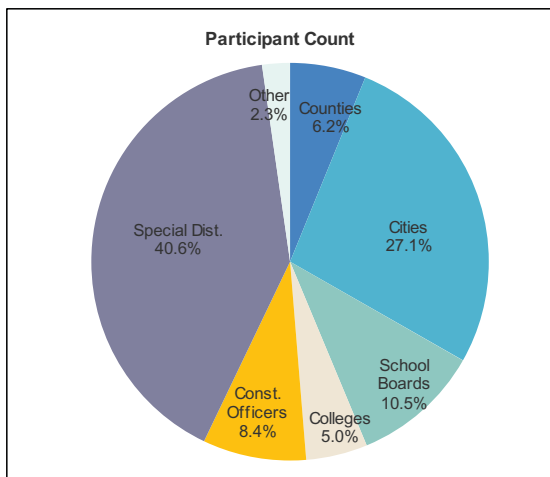
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - OCTOBER 31, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	6.4%	5.0%
Top 10	38.4%	1.2%	Top 10	5.8%	1.2%
\$100 million or more	52.5%	2.0%	\$100 million or more	2.7%	0.1%
\$10 million up to \$100 million	38.1%	9.0%	\$10 million up to \$100 million	3.0%	1.0%
\$1 million up to \$10 million	8.4%	17.8%	\$1 million up to \$10 million	0.7%	1.3%
Under \$1 million	1.0%	71.1%	Under \$1 million	0.01%	2.6%
Counties	27.4%	6.2%	Constitutional Officers	1.6%	8.4%
Top 10	23.4%	1.2%	Top 10	1.1%	1.2%
\$100 million or more	18.6%	0.7%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.0%	1.4%	\$10 million up to \$100 million	0.6%	0.2%
\$1 million up to \$10 million	0.7%	1.2%	\$1 million up to \$10 million	0.9%	1.7%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.1%	6.5%
Municipalities	13.5%	27.1%	Special Districts	19.4%	40.6%
Top 10	8.1%	1.2%	Top 10	13.9%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	8.6%	0.5%
\$10 million up to \$100 million	10.6%	2.4%	\$10 million up to \$100 million	8.3%	1.9%
\$1 million up to \$10 million	2.5%	5.6%	\$1 million up to \$10 million	2.1%	4.6%
Under \$1 million	0.3%	19.1%	Under \$1 million	0.4%	33.6%
School Boards	20.9%	10.5%	Other	10.9%	2.3%
Top 10	18.2%	1.2%	Top 10	10.7%	1.2%
\$100 million or more	15.5%	0.5%	\$100 million or more	7.1%	0.2%
\$10 million up to \$100 million	4.1%	1.5%	\$10 million up to \$100 million	3.4%	0.6%
\$1 million up to \$10 million	1.1%	2.9%	\$1 million up to \$10 million	0.4%	0.6%
Under \$1 million	0.1%	5.6%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$5,868,876,240



Total Participant Count: 842

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - OCTOBER 2012

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days ¹	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ²	Pass
Demand Feature and Guarantor Diversification	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. ³	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹ The fund may use floating rate government securities to extend the limit up to 120 days

² This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by

³ This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

TRADING ACTIVITY FOR OCTOBER 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys</i>					\$	\$	\$	\$
DEUTSCHE BANK AGCDYAN	02/28/13	10/17/12	10/17/12	50,000,000	50,001,859	-	50,001,859	-
DEUTSCHE BANK AGCDYAN	02/28/13	10/17/12	10/17/12	30,000,000	30,001,115	-	30,001,115	-
GENERAL ELECTRIC CAPITAL CORP	09/20/13	10/10/12	10/15/12	1,670,000	1,747,371	6,263	1,753,634	-
GENERAL ELECTRIC CAPITAL CORP	09/16/13	10/09/12	10/12/12	24,410,000	24,741,732	33,055	24,774,787	-
GENERAL ELECTRIC CAPITAL CORP	09/16/13	10/11/12	10/16/12	500,000	506,715	781	507,496	-
GENERAL ELECTRIC CAPITAL CORP	09/16/13	10/12/12	10/17/12	1,000,000	1,013,390	1,615	1,015,005	-
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY	10/01/40	10/23/12	10/23/12	32,600,000	32,600,000	3,073	32,603,073	-
RABOBANK NEDERLAND,CDYAN	04/10/13	10/09/12	10/11/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/10/13	10/09/12	10/11/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/10/13	10/09/12	10/11/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/10/13	10/09/12	10/11/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/15/13	10/11/12	10/15/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/15/13	10/11/12	10/15/12	50,000,000	50,000,000	-	50,000,000	-
RABOBANK NEDERLAND,CDYAN	04/15/13	10/11/12	10/15/12	10,000,000	10,000,000	-	10,000,000	-
SOCIETE GENERALE NOCP	11/13/12	10/11/12	10/11/12	50,000,000	49,988,083	-	49,988,083	-
SOCIETE GENERALE NOCP	11/13/12	10/11/12	10/11/12	45,000,000	44,989,275	-	44,989,275	-
TOYOTA MOTOR CREDIT CORP	01/14/13	10/11/12	10/15/12	12,100,000	12,109,438	-	12,109,438	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	50,000,000	49,999,750	-	49,999,750	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	50,000,000	49,999,750	-	49,999,750	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	50,000,000	49,999,750	-	49,999,750	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	50,000,000	49,999,750	-	49,999,750	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	50,000,000	49,999,750	-	49,999,750	-
WINDMILL FUNDING COCPABS4	10/24/12	10/23/12	10/23/12	32,060,000	32,059,840	-	32,059,840	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/02/12	10/02/12	1,767,694	1,767,694	-	1,767,694	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/04/12	10/04/12	6,762,947	6,762,947	-	6,762,947	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/09/12	10/09/12	1,008,248	1,008,248	-	1,008,248	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/12/12	10/12/12	191,194	191,194	-	191,194	-

TRADING ACTIVITY FOR OCTOBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/16/12	10/16/12	3,470,254	3,470,254	-	3,470,254	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/17/12	10/17/12	1,872,060	1,872,060	-	1,872,060	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/19/12	10/19/12	1,487,081	1,487,081	-	1,487,081	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/22/12	10/22/12	937,767	937,767	-	937,767	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/26/12	10/26/12	4,301,170	4,301,170	-	4,301,170	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/31/12	10/31/12	8,621,863	8,621,863	-	8,621,863	-
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	10/01/12	10/01/12	33,113	33,113	-	33,113	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	10/01/12	10/01/12	34,402	34,402	-	34,402	-
DEUTSCHE BANK	10/02/12	10/01/12	10/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/02/12	10/01/12	10/01/12	892,000,000	892,000,000	-	892,000,000	-
DEUTSCHE BANK	10/03/12	10/02/12	10/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/03/12	10/02/12	10/02/12	890,000,000	890,000,000	-	890,000,000	-
DEUTSCHE BANK	10/04/12	10/03/12	10/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/04/12	10/03/12	10/03/12	925,000,000	925,000,000	-	925,000,000	-
DEUTSCHE BANK	10/05/12	10/04/12	10/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/05/12	10/04/12	10/04/12	1,065,000,000	1,065,000,000	-	1,065,000,000	-
DEUTSCHE BANK	10/09/12	10/05/12	10/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/09/12	10/05/12	10/05/12	1,080,000,000	1,080,000,000	-	1,080,000,000	-
DEUTSCHE BANK	10/10/12	10/09/12	10/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/10/12	10/09/12	10/09/12	1,075,000,000	1,075,000,000	-	1,075,000,000	-
DEUTSCHE BANK	10/11/12	10/10/12	10/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/11/12	10/10/12	10/10/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	10/12/12	10/11/12	10/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/12/12	10/11/12	10/11/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	10/15/12	10/12/12	10/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/15/12	10/12/12	10/12/12	870,000,000	870,000,000	-	870,000,000	-
DEUTSCHE BANK	10/16/12	10/15/12	10/15/12	500,000,000	500,000,000	-	500,000,000	-

TRADING ACTIVITY FOR OCTOBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	10/16/12	10/15/12	10/15/12	945,000,000	945,000,000	-	945,000,000	-
DEUTSCHE BANK	10/17/12	10/16/12	10/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/17/12	10/16/12	10/16/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	10/18/12	10/17/12	10/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/18/12	10/17/12	10/17/12	860,000,000	860,000,000	-	860,000,000	-
DEUTSCHE BANK	10/19/12	10/18/12	10/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/19/12	10/18/12	10/18/12	850,000,000	850,000,000	-	850,000,000	-
DEUTSCHE BANK	10/22/12	10/19/12	10/19/12	300,000,000	300,000,000	-	300,000,000	-
BANK OF AMERICA TRIPARTY	10/22/12	10/19/12	10/19/12	1,050,000,000	1,050,000,000	-	1,050,000,000	-
DEUTSCHE BANK	10/23/12	10/22/12	10/22/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/23/12	10/22/12	10/22/12	880,000,000	880,000,000	-	880,000,000	-
DEUTSCHE BANK	10/24/12	10/23/12	10/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/24/12	10/23/12	10/23/12	525,000,000	525,000,000	-	525,000,000	-
DEUTSCHE BANK	10/25/12	10/24/12	10/24/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/25/12	10/24/12	10/24/12	795,000,000	795,000,000	-	795,000,000	-
DEUTSCHE BANK	10/26/12	10/25/12	10/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/26/12	10/25/12	10/25/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	10/29/12	10/26/12	10/26/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/29/12	10/26/12	10/26/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	10/31/12	10/29/12	10/29/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/31/12	10/29/12	10/29/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	11/01/12	10/31/12	10/31/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/01/12	10/31/12	10/31/12	795,000,000	795,000,000	-	795,000,000	-
Total Buys				30,006,827,794	\$30,007,245,361	\$44,786	\$30,007,290,148	-

TRADING ACTIVITY FOR OCTOBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities					\$	\$	\$	\$
ATLANTIC ASSET SECURITIZATION LLC	10/04/12	10/04/12	10/04/12	19,400,000	19,400,000	-	19,400,000	-
BANK OF TOKYO-MITSUCDYAN	10/18/12	10/18/12	10/18/12	20,000,000	20,000,000	-	20,000,000	-
BANK OF TOKYO-MITSUCDYAN	10/22/12	10/22/12	10/22/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	10/26/12	10/26/12	10/26/12	100,000,000	100,000,000	-	100,000,000	-
BARCLAYS BANK PLCDDYAN	10/30/12	10/30/12	10/30/12	40,000,000	40,000,000	-	40,000,000	-
CREDIT AGRICOLE NORTH AMERICA INC	10/01/12	10/01/12	10/01/12	195,000,000	195,000,000	-	195,000,000	-
DEUTSCHE BANK AGCDYAN	10/15/12	10/15/12	10/15/12	51,500,000	51,500,000	-	51,500,000	-
FCAR OWNER TRUST, ACPABS3	10/09/12	10/09/12	10/09/12	8,800,000	8,800,000	-	8,800,000	-
FAIRWAY FINANCE CO, CPABS4	10/10/12	10/10/12	10/10/12	4,200,000	4,200,000	-	4,200,000	-
GENERAL ELECTRIC CA CP	10/04/12	10/04/12	10/04/12	100,000,000	100,000,000	-	100,000,000	-
GENERAL ELECTRIC CAPITAL CORP	10/19/12	10/19/12	10/19/12	15,413,000	15,413,000	-	15,413,000	-
ING (U.S.) FUNDING CP	10/04/12	10/04/12	10/04/12	64,000,000	64,000,000	-	64,000,000	-
JPMORGAN CHASE & CO	10/01/12	10/01/12	10/01/12	23,520,000	23,520,000	-	23,520,000	-
SOCIETE GENERALE NORTH AMERICA INC	10/11/12	10/11/12	10/11/12	100,000,000	100,000,000	-	100,000,000	-
SOCIETE GENERALE PARIS	10/12/12	10/12/12	10/12/12	90,000,000	90,000,000	-	90,000,000	-
STARBIRD FUNDING CORP CP ABS	10/03/12	10/03/12	10/03/12	33,400,000	33,400,000	-	33,400,000	-
STARBIRD FUNDING CORP	10/15/12	10/15/12	10/15/12	66,000,000	66,000,000	-	66,000,000	-
WINDMILL FUNDING CORP	10/15/12	10/15/12	10/15/12	82,000,000	82,000,000	-	82,000,000	-
WINDMILL FUNDING COCPABS4	10/24/12	10/24/12	10/24/12	282,060,000	282,060,000	-	282,060,000	-
DEUTSCHE BANK	10/01/12	10/01/12	10/01/12	400,000,000	400,000,000	-	400,000,000	-
BANK OF AMERICA TRIPARTY	10/01/12	10/01/12	10/01/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	10/02/12	10/02/12	10/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/02/12	10/02/12	10/02/12	892,000,000	892,000,000	-	892,000,000	-
DEUTSCHE BANK	10/03/12	10/03/12	10/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/03/12	10/03/12	10/03/12	890,000,000	890,000,000	-	890,000,000	-
DEUTSCHE BANK	10/04/12	10/04/12	10/04/12	500,000,000	500,000,000	-	500,000,000	-

TRADING ACTIVITY FOR OCTOBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Maturities (continued)</i>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	10/04/12	10/04/12	10/04/12	925,000,000	925,000,000	-	925,000,000	-
DEUTSCHE BANK	10/05/12	10/05/12	10/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/05/12	10/05/12	10/05/12	1,065,000,000	1,065,000,000	-	1,065,000,000	-
DEUTSCHE BANK	10/09/12	10/09/12	10/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/09/12	10/09/12	10/09/12	1,080,000,000	1,080,000,000	-	1,080,000,000	-
DEUTSCHE BANK	10/10/12	10/10/12	10/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/10/12	10/10/12	10/10/12	1,075,000,000	1,075,000,000	-	1,075,000,000	-
DEUTSCHE BANK	10/11/12	10/11/12	10/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/11/12	10/11/12	10/11/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	10/12/12	10/12/12	10/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/12/12	10/12/12	10/12/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	10/15/12	10/15/12	10/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/15/12	10/15/12	10/15/12	870,000,000	870,000,000	-	870,000,000	-
DEUTSCHE BANK	10/16/12	10/16/12	10/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/16/12	10/16/12	10/16/12	945,000,000	945,000,000	-	945,000,000	-
DEUTSCHE BANK	10/17/12	10/17/12	10/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/17/12	10/17/12	10/17/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	10/18/12	10/18/12	10/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/18/12	10/18/12	10/18/12	860,000,000	860,000,000	-	860,000,000	-
DEUTSCHE BANK	10/19/12	10/19/12	10/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/19/12	10/19/12	10/19/12	850,000,000	850,000,000	-	850,000,000	-
DEUTSCHE BANK	10/22/12	10/22/12	10/22/12	300,000,000	300,000,000	-	300,000,000	-
BANK OF AMERICA TRIPARTY	10/22/12	10/22/12	10/22/12	1,050,000,000	1,050,000,000	-	1,050,000,000	-
DEUTSCHE BANK	10/23/12	10/23/12	10/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/23/12	10/23/12	10/23/12	880,000,000	880,000,000	-	880,000,000	-
DEUTSCHE BANK	10/24/12	10/24/12	10/24/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/24/12	10/24/12	10/24/12	525,000,000	525,000,000	-	525,000,000	-

TRADING ACTIVITY FOR OCTOBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
					\$	\$	\$	\$
Maturities (continued)								
DEUTSCHE BANK	10/25/12	10/25/12	10/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/25/12	10/25/12	10/25/12	795,000,000	795,000,000	-	795,000,000	-
DEUTSCHE BANK	10/26/12	10/26/12	10/26/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/26/12	10/26/12	10/26/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	10/29/12	10/29/12	10/29/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/29/12	10/29/12	10/29/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	10/31/12	10/31/12	10/31/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	10/31/12	10/31/12	10/31/12	865,000,000	865,000,000	-	865,000,000	-
Total Maturities				30,452,293,000	\$30,452,293,000	-	\$30,452,293,000	-
Sells								
CITY OF NEW YORK NY	04/01/42	10/03/12	10/03/12	17,550,000	17,550,000	125	17,550,125	-
ROYAL BANK OF CANADA/NEW YORK NY	12/21/12	10/04/12	10/04/12	18,000,000	18,008,460	2,897	18,011,357	8,460
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/01/12	10/01/12	616,052	616,052	-	616,052	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/03/12	10/03/12	865,060	865,060	-	865,060	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/05/12	10/05/12	1,272,018	1,272,018	-	1,272,018	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/05/12	10/05/12	3,869,868	3,869,868	-	3,869,868	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/10/12	10/10/12	2,606,936	2,606,936	-	2,606,936	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/11/12	10/11/12	961,565	961,565	-	961,565	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/15/12	10/15/12	769,308	769,308	-	769,308	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/18/12	10/18/12	36,821	36,821	-	36,821	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/18/12	10/18/12	286,142	286,142	-	286,142	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/18/12	10/18/12	3,288,397	3,288,397	-	3,288,397	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/23/12	10/23/12	139,172	139,172	-	139,172	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/24/12	10/24/12	869,076	869,076	-	869,076	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/24/12	10/24/12	191,194	191,194	-	191,194	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/24/12	10/24/12	181,857	181,857	-	181,857	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/24/12	10/24/12	1,833,191	1,833,191	-	1,833,191	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	10/25/12	10/25/12	816,633	816,633	-	816,633	-
Total Sells				54,153,291	\$54,161,751	\$3,022	\$54,164,773	\$8,460

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$7.43 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economies can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others could have adverse consequences. The SBA and Apollo Global Management's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during October 2012 that had a material impact on the liquidity or operation of Fund B.

FUND B

FUND B DISTRIBUTIONS

RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of October 2012, investors cumulatively received distributions from Fund B totaling \$1.75 billion or 87.3% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of October 31, 2012, their remaining amortized cost was \$462.0 million,

or 81.0% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$245.1 million or 96.0% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%
05/04/12	\$ 5,275,000	\$ 1,724,650,000	\$ 284,801,941	85.8%
06/05/12	\$ 7,050,000	\$ 1,731,700,000	\$ 277,751,941	86.2%
07/04/12	\$ 5,450,000	\$ 1,737,150,000	\$ 272,301,941	86.4%
08/06/12	\$ 4,500,000	\$ 1,741,650,000	\$ 267,801,941	86.7%
09/07/12	\$ 5,150,000	\$ 1,746,800,000	\$ 262,651,941	86.9%
10/04/12	\$ 7,430,000	\$ 1,754,230,000	\$ 255,221,941	87.3%

FUND B MONTHLY DISTRIBUTION DETAIL

October 2012 Distribution Detail Including Receipts by Source For the period 9/8/12 - 10/4/12		Fund B Participant Allocation		Expense Allocation
Beginning Balance	\$	-	\$	27,884.71
Receipts:				
Florida East	\$	1,463,165.60		
Florida West	\$	3,010,710.35		
Florida Funding I	\$	498,604.80		
Florida Funding II	\$	2,457,506.56		
Overnight Investments	\$	16.47		
Total Receipts	\$	7,430,003.78		
Distributions:				
Allocation to/from Expense Reserve	\$	(3.78)	\$	3.78
Expenses Paid			\$	(2,111.59)
Participant Distribution	\$	(7,430,000.00)		
Ending Balance	\$	-	\$	25,776.90

FUND B

INVENTORY OF HOLDINGS - AS OF OCTOBER 31, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		3,525,761	0.00	\$ 3,525,761	\$ 3,525,761	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	10/26/12	73,776,499	0.56	\$ 73,776,499	\$ 57,126,349	\$ (16,650,149)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	10/26/12	175,025,947	0.56	\$ 175,025,947	\$ 105,145,319	\$ (69,880,629)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	10/29/12	119,776,589	0.28	\$ 119,776,589	\$ 28,492,713	\$ (91,283,877)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	10/29/12	89,946,290	0.38	\$ 89,939,118	\$ 50,801,019	\$ (39,138,098)
Total Value of Investments			<u>462,051,086</u>		<u>\$462,043,914</u>	<u>\$245,091,161</u>	<u>(\$216,952,753)</u>

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value are not predictive of the ultimate amount likely to be realized from these securities. Fund B’s investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a four- to five-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

The securities held in Fund B result from workouts of the LGIP’s original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - OCTOBER 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) periodic distributions to participants. Apollo Global Management can also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of October 2012, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - OCTOBER 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	10/02/12	10/02/12	16	16	0	16	0
DREYFUS GOVERNMENT CASH MANAGEMENT	10/31/12	10/31/12	3,502,027	3,502,027	0	3,502,027	0
Total Buys			<u>3,502,044</u>	<u>3,502,044</u>	<u>\$0</u>	<u>\$3,502,044</u>	<u>\$0</u>
Sells							
FLORIDA FUNDING I LLC	10/30/12	10/30/12	413,621	413,621	0	413,621	0
FLORIDA EAST FUNDING LLC	10/30/12	10/30/12	1,029,116	1,029,116	0	1,029,116	0
FLORIDA WEST FUNDING LLC	10/30/12	10/30/12	1,141,505	1,141,505	0	1,141,505	0
FLORIDA FUNDING II	10/30/12	10/30/12	730,383	730,383	0	730,383	58
DREYFUS GOVERNMENT CASH MANAGEMENT	10/01/12	10/01/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	10/03/12	10/03/12	25,764	25,764	0	25,764	0
DREYFUS GOVERNMENT CASH MANAGEMENT	10/03/12	10/03/12	1,952,061	1,952,061	0	1,952,061	0
DREYFUS GOVERNMENT CASH MANAGEMENT	10/04/12	10/04/12	7,430,000	7,430,000	0	7,430,000	0
DREYFUS GOVERNMENT CASH MANAGEMENT	10/16/12	10/16/12	2,043	2,043	0	2,043	0
Total Sells			<u>12,724,551</u>	<u>12,724,551</u>	<u>0</u>	<u>12,724,551</u>	<u>58</u>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

Our Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.



STATE BOARD OF ADMINISTRATION
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Federated



Monthly Summary Report for November 2012

Including Fund B

State Board of Administration

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FUND B

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Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from November 1, 2012 through November 30, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

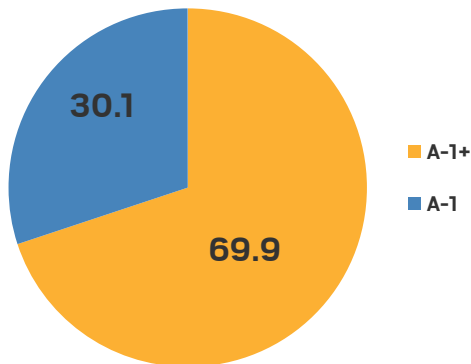
There were no developments during November 2012 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION NOVEMBER 30, 2012

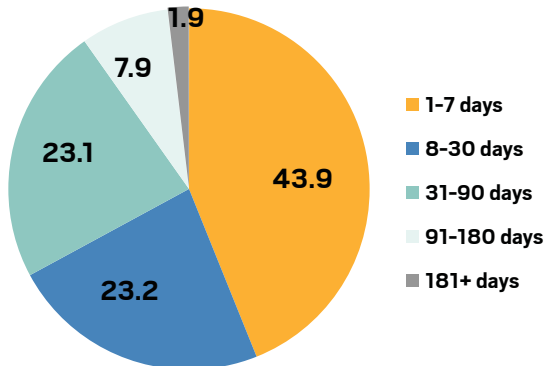
Florida PRIME Assets

\$ 6,666,986,395

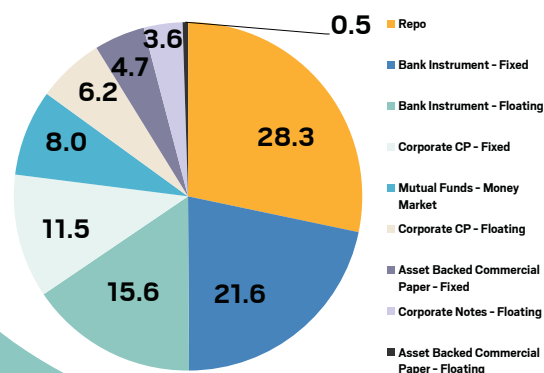
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

NOVEMBER 2012 MARKET CONDITIONS

Things are looking pretty good right now. The recovery continues to plod along, as it has for months, with the notable highlights of housing, which has been exhibiting some real strength, and employment, which also shows real promise. Hurricane Sandy, while devastating to those who suffered damage, has not had the huge overall economic impact as feared when we first saw the extent of the destruction. The elections did not leave much wake, either. All the major players are still in place, and the issues are the same. (The markets do not like change, even if that change might be good.) If we can keep on the same track, without any major disruptions, we seem to be headed—albeit slowly—in the right direction.

All this positive news might bring fears of inflation, but there is still a lot of headwind out there. We are taking advantage of year-end opportunities in the marketplace and seeing better pricing a bit further out the yield curve as we get past year-end, as well. As a result, we have decided to lengthen the weighted average maturity of our government holdings in the portfolios. For quite some time, we were targeting from 40 to 50 days, but we have lengthened that target to 45 to 55 days. The yield curve is shaped right now in a way that allows us to do that and retain a relatively good yield.

We are watching concerns about the potential expiration of the FDIC's unlimited insurance on non-interest bearing checking accounts at the end of the year. A bill has been proposed to extend the coverage for two years, but we have not seen a lot of traction, or even details, on that proposal. There might be some political backing for extending the coverage only for smaller community banks below a certain size level, where there might be some more concerns. Were the extension to fail, though, we could see large inflows into money funds at the end of December and beginning of January. And if, in fact, unlimited coverage expires, and we wait until late December or early January to go further out on the yield curve, we would be left with less in the way of opportunities.

NOVEMBER 30, 2012

Top Holdings (%) and Average Maturity

1. Sumitomo Mitsui Financial Group, Inc.	4.8%
2. Westpac Banking Corp. Ltd., Sydney	4.7%
3. Rabobank Nederland NV, Utrecht	4.6%
4. Royal Bank of Canada, Montreal	4.3%
5. Bank of America Corp.	4.3%
6. Federated Prime Obligations Fund	4.2%
7. Canadian Imperial Bank of Commerce	4.1%
8. Toyota Motor Corp.	3.9%
9. J.P. Morgan Chase & Co.	3.8%
10. Bank of Montreal	3.8%

Average Effective Maturity (WAM)

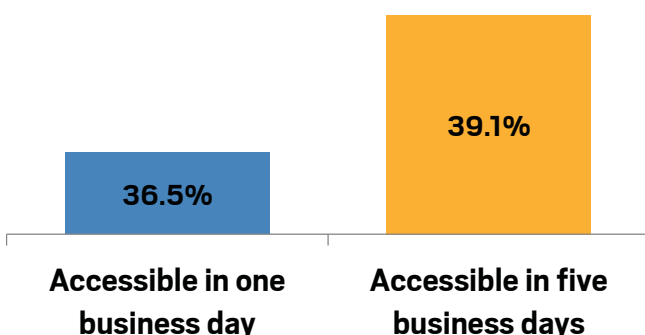
34.2 Days

Weighted Average Life (Spread WAM)

74.6 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

Going forward into the New Year, it looks like we are going to see more of the same slow growth: an improving economy; better credit metrics; continued debate and discussion about the stability of European markets; extended, prolonged discussion of regulations; and for the near future, continued low interest rates. We do see some more positive aspects as we chug along. All this steady progress has to add up, and the one thing that can cure all problems is a strong, growing economy. Of course, all this is predicated on policymakers in Washington working out a compromise on the debt ceiling and the "fiscal cliff." Given the way we made it through Hurricane Sandy, it would be a shame if we hit a speed bump over a man-made, and avoidable, disaster.

PORTFOLIO INVESTMENT STRATEGY

As of the end of November 2012, Florida PRIME pool assets were up \$798 million to \$6.7 billion, as the pools moved into the State of Florida's prime tax collection months of November through January. During November, the gross yield for Florida PRIME decreased four basis points largely because of the significant inflow and the need to determine the best purchases beyond overnight securities as cash has started to come in. Also as a result of the inflow, the weighted average maturity of the pool came down 5 days to 34 days, and the weighted average life was down to 75 days from 84 days at the end of October. Management purchases in November were concentrated in shorter term asset-backed commercial paper instruments and bank-related instruments in the two- to three-month range, and in a barbell strategy, purchases were made in longer dated variable rate bank instruments in the six- to twelve-month range when value could be found.

Overall, exposure to fixed rate commercial paper instruments was up by 3% and the pool's repurchase agreement position was up 6% to 28%. Other sectors were down, with exposure to variable rate instruments down 1%, bank instruments down 6% to make up 21% of the pool, and investments in other securities, which include money market funds, down 2%.

CASH FLOWS

Summary of Cash Flows

November 2012	Florida PRIME
Opening Balance (11/01/12)	\$ 5,868,876,240
Participant Deposits	1,758,267,875
Transfers from Fund B	3,500,000
Gross Earnings	1,506,207
Participant Withdrawals	(965,017,541)
Fees	(146,386)
Closing Balance (11/30/12)	\$ 6,666,986,395
Net Change over Month	798,110,156

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net inflow of \$798.1 million during November 2012.

This change in value consisted of positive flows of \$1.76 billion in participant deposits, \$3.5 million in transfers from Fund B and \$1.5 million in earnings. Negative flows consisted of \$965.0 million in participant withdrawals and about \$146,000 in fees.

Overall, the fund ended the month with a closing balance of \$6.67 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

November 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 49,299.80	\$ 0.94
Federated Investment Management Fee	81,035.55	1.55
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	7,446.39	0.14
S&P Rating Maintenance Fee	3,196.72	0.06
Audit/External Review Fees	5,291.08	0.10
Total Fees	\$ 146,386.21	2.80

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$6,267,931,317.

FINANCIAL STATEMENT DISCLOSURES NOW AVAILABLE

For the period ending September 30, 2012, the SBA has released PRIME and Fund B's Financial Statement Disclosures. The disclosures are available on the Florida PRIME website.

<https://www.sbafla.com/prime>

FUND PERFORMANCE THROUGH NOVEMBER 30, 2012

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.28%	0.10%	0.18%
3 mos	0.30%	0.10%	0.20%
12 mos	0.31%	0.10%	0.21%
3 yrs	0.28%	0.12%	0.16%
5 yrs	0.88%	0.74%	0.13%
10 yrs	2.04%	1.84%	0.20%
Since 1.96	3.24%	3.02%	0.22%

Net asset value at month end: \$6,667.4 m

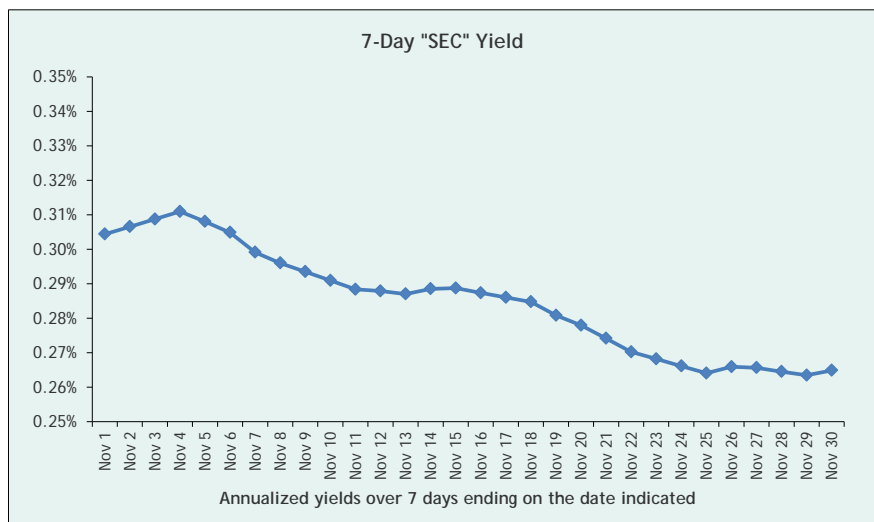
NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

The 7-day yield = net income earned over a 7-day period / average units outstanding over the period / 7 times 365.

Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding,

an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

**INVENTORY OF HOLDINGS
NOVEMBER 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Australia & New Zealand Banking Group, Melbourne, Jun 04, 2013	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	06/04/13	12/04/12	100,000,000	0.39	100,000,000	100,000,200	200
BNP Paribas SA, Medium Term Note, Series 2, 2.125%, 12/21/2012	CORPORATE BOND	2.13	12/21/12		4,256,000	0.35	4,259,769	4,259,047	(722)
Bank of America N.A. BNOTE	BANK NOTE	0.42	12/14/12		50,000,000	0.43	50,000,000	50,003,885	3,885
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.23	12/03/12		1,190,000,000	0.23	1,190,000,000	1,190,000,000	0
Bank of America, N.A. BNOTE	BANK NOTE	0.42	12/10/12		200,000,000	0.43	200,000,000	200,000,600	600
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	10/15/13		100,000,000	0.39	100,000,000	100,088,190	88,190
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	03/04/13	12/04/12	50,000,000	0.40	50,000,000	50,021,000	21,000
Bank of Montreal, Sep 16, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	09/16/13	12/17/12	100,000,000	0.41	100,000,000	100,000,000	0
Bank of Nova Scotia, Toronto, May 09, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.36	05/09/13	12/10/12	50,000,000	0.36	50,000,000	50,027,950	27,950
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.33	12/12/12		50,000,000	0.34	50,000,000	50,002,330	2,330
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		30,000,000	0.31	30,000,000	30,005,127	5,127
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/11/13		85,000,000	0.26	85,000,000	84,995,223	(4,777)
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	02/07/13		100,000,000	0.25	100,000,000	100,011,490	11,490
Canadian Imperial Bank of Commerce, May 24, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	05/24/13	12/24/12	275,000,000	0.30	275,000,000	275,000,000	0

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		05/15/13		50,000,000	0.29	49,935,444	49,943,515	8,071
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		01/18/13		100,000,000	0.28	99,961,889	99,962,120	231
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		01/30/13		90,000,000	0.28	89,957,300	89,953,794	(3,506)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	02/28/13		80,000,000	0.36	80,001,997	80,019,968	17,971
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.25	12/03/12		700,000,000	0.25	700,000,000	700,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	12/03/12		2,759,267	0.01	2,759,267	2,759,267	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		01/02/13		105,000,000	0.46	104,956,688	104,982,675	25,988
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		02/04/13		70,000,000	0.42	69,947,383	69,974,849	27,466
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		03/20/13		66,000,000	0.41	65,919,333	65,951,602	32,269
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		01/09/13		21,000,000	0.23	20,994,633	20,995,800	1,167
Fairway Finance Co. LLC, Jan 11, 2013	VARIABLE RATE COMMERCIAL PAPER- ABS-4(2)	0.25	01/11/13	12/11/12	10,000,000	0.25	10,000,000	10,000,360	360
Fairway Finance Co. LLC, Mar 06, 2013	VARIABLE RATE COMMERCIAL PAPER- ABS-4(2)	0.25	03/06/13	12/06/12	23,500,000	0.25	23,500,000	23,500,611	611
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.13	12/03/12	12/03/12	251,425,892	0.13	251,425,892	251,425,892	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.12	12/03/12	12/03/12	276,785,702	0.11	276,785,702	276,785,702	0

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
General Electric Capital Corp., Sep 20, 2013	VARIABLE EURO MEDIUM TERM NOTE	0.38	09/20/13	12/20/12	3,000,000	0.49	2,997,969	2,987,316	(10,653)
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		1,000,000	0.41	1,011,626	1,011,329	(297)
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		500,000	0.41	505,813	505,665	(148)
General Electric Capital Corp., Sr. Note, 1.875%, 09/16/2013	CORPORATE BOND	1.88	09/16/13		24,410,000	0.41	24,693,782	24,686,541	(7,242)
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,469,137	24,464,459	(4,678)
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		20,281,000	0.56	20,328,967	20,326,247	(2,720)
General Electric Capital Corp., Sr. Unsec'd. Note, 5.400%, 09/20/2013	CORPORATE BOND	5.40	09/20/13		1,670,000	0.41	1,736,903	1,735,472	(1,431)
General Electric Capital, Sr. Unsec'd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,347,797	7,347,832	35
J.P. Morgan Chase & Co., Feb 28, 2013	VARIABLE RATE COMMERCIAL PAPER	0.36	02/28/13	12/28/12	200,000,000	0.36	200,000,000	200,000,000	0
Massachusetts Development Finance Agency, (Boston University), (Series U-3), 10/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.14	10/01/40	12/06/12	32,600,000	0.18	32,600,000	32,600,000	0
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.13	11/15/42	12/05/12	53,000,000	0.16	53,000,000	53,000,000	0
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.22	01/01/28	12/06/12	13,500,000	0.22	13,500,000	13,500,000	0
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	04/10/13		200,000,000	0.38	200,000,000	200,079,880	79,880
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	04/15/13		110,000,000	0.36	110,000,000	110,037,312	37,312

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.17	06/01/32	12/06/12	35,235,000	0.19	\$ 35,235,000	\$ 35,235,000	\$ 0
Royal Bank of Canada, Montreal, Dec 21, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/21/12	12/21/12	62,000,000	0.45	62,000,000	62,002,418	2,418
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	02/06/13	02/06/13	50,000,000	0.39	50,000,000	50,022,400	22,400
Royal Bank of Canada, Montreal, Jan 03, 2014	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.36	01/03/14	12/04/12	160,000,000	0.37	160,000,000	159,974,560	(25,440)
Royal Bank of Canada, Montreal, May 22, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	05/22/13	12/24/12	18,000,000	0.45	18,000,000	17,945,564	(54,436)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/21/13		50,000,000	0.25	49,971,181	49,971,990	809
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		01/08/13		75,000,000	0.31	74,975,625	74,977,898	2,273
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	01/18/13		100,000,000	0.33	100,000,000	100,008,160	8,160
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.19	07/01/29	12/06/12	9,310,000	0.19	9,310,000	9,310,000	0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	12/04/12		30,000,000	0.33	30,000,000	30,000,432	432
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.31	12/10/12		200,000,000	0.32	200,000,000	200,006,660	6,660
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		50,000,000	0.31	50,000,000	50,006,210	6,210
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		40,000,000	0.31	40,000,000	40,004,968	4,968
Toronto Dominion Bank, Jul 26, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	07/26/13	01/28/13	50,000,000	0.32	50,000,000	50,022,500	22,500

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Toronto Dominion Bank, Sep 13, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	09/13/13	12/13/12	125,000,000	0.40	125,000,000	125,021,500	21,500
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/28/13		125,000,000	0.21	124,956,979	124,965,588	8,608
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/29/13		125,000,000	0.21	124,956,250	124,964,588	8,338
Toyota Motor Credit Corp., Sr. Note, .6551%, 1/14/2013	CORPORATE BOND	0.54	01/14/13	01/14/13	12,100,000	0.55	12,104,667	12,107,260	2,593
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,083,511	15,089,070	5,559
Wells Fargo Bank, N.A., Dec 20, 2013	VARIABLE RATE BANK NOTE	0.43	12/20/13	12/20/12	100,000,000	0.43	100,000,000	99,986,700	(13,300)
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		12/27/12		100,000,000	0.41	99,970,000	99,993,500	23,500
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		01/03/13		100,000,000	0.41	99,962,222	99,990,960	28,738
Westpac Banking Corp. Ltd., Sydney, May 29, 2013	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.26	05/29/13	12/31/12	115,000,000	0.26	115,000,000	114,987,925	(12,075)
					<u>6,669,049,861</u>		<u>\$6,669,122,728</u>	<u>\$6,669,549,099</u>	<u>\$426,371</u>

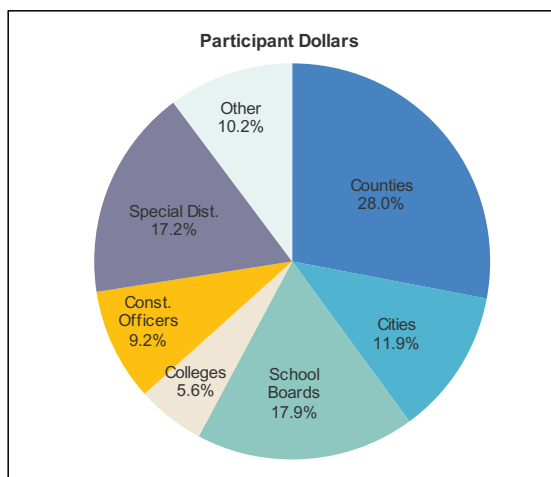
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

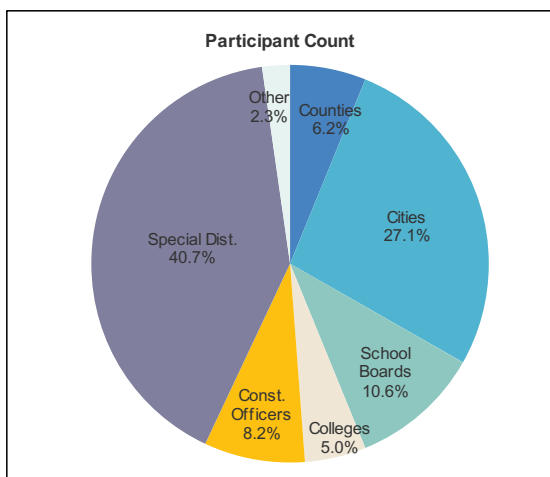
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - NOVEMBER 30, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	5.6%	5.0%
Top 10	35.5%	1.2%	Top 10	4.9%	1.2%
\$100 million or more	56.1%	2.4%	\$100 million or more	2.4%	0.1%
\$10 million up to \$100 million	35.5%	9.0%	\$10 million up to \$100 million	2.4%	1.0%
\$1 million up to \$10 million	7.5%	17.3%	\$1 million up to \$10 million	0.7%	1.3%
Under \$1 million	0.9%	71.3%	Under \$1 million	0.01%	2.6%
Counties	28.0%	6.2%	Constitutional Officers	9.2%	8.2%
Top 10	23.6%	1.2%	Top 10	1.1%	1.2%
\$100 million or more	18.8%	0.7%	\$100 million or more	7.7%	0.4%
\$10 million up to \$100 million	8.5%	1.4%	\$10 million up to \$100 million	0.6%	0.2%
\$1 million up to \$10 million	0.7%	1.3%	\$1 million up to \$10 million	0.7%	1.3%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	6.3%
Municipalities	11.9%	27.1%	Special Districts	17.2%	40.7%
Top 10	7.1%	1.2%	Top 10	12.6%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	6.6%	0.4%
\$10 million up to \$100 million	9.3%	2.4%	\$10 million up to \$100 million	8.5%	1.9%
\$1 million up to \$10 million	2.3%	5.7%	\$1 million up to \$10 million	1.8%	4.4%
Under \$1 million	0.3%	19.0%	Under \$1 million	0.4%	34.1%
School Boards	17.9%	10.6%	Other	10.2%	2.3%
Top 10	15.3%	1.2%	Top 10	10.1%	1.2%
\$100 million or more	12.7%	0.5%	\$100 million or more	7.8%	0.4%
\$10 million up to \$100 million	4.0%	1.7%	\$10 million up to \$100 million	2.1%	0.5%
\$1 million up to \$10 million	1.0%	2.7%	\$1 million up to \$10 million	0.3%	0.6%
Under \$1 million	0.1%	5.7%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$6,666,986,395



Total Participant Count: 842

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - NOVEMBER 2012

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
<u>Florida PRIME's Investment Policy</u>	
Securities must be USD denominated.	Pass
<u>Ratings requirements</u>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days ¹	Pass
<u>Maturity</u>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<u>Issuer Diversification</u>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ²	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<u>Money Market Mutual Funds</u>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<u>Concentration Tests</u>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. ³	Pass
<u>S&P Requirements</u>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹ The fund may use floating rate government securities to extend the limit up to 120 days

² This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by

³ This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

TRADING ACTIVITY FOR NOVEMBER 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys					\$	\$	\$	\$
BNP PARIBAS	12/21/12	11/29/12	12/03/12	4,256,000	4,259,769	40,698	4,300,467	-
BANK OF TOKYO-MITSUCDYAN	03/11/13	11/09/12	11/09/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	03/11/13	11/09/12	11/09/12	35,000,000	35,000,000	-	35,000,000	-
BARCLAYS BANK PLCCDYAN	02/07/13	11/14/12	11/14/12	50,000,000	50,000,000	-	50,000,000	-
BARCLAYS BANK PLCCDYAN	02/07/13	11/14/12	11/14/12	50,000,000	50,000,000	-	50,000,000	-
COMMONWEALTH BANK OCP4-2	05/15/13	11/26/12	11/26/12	50,000,000	49,933,889	-	49,933,889	-
CREDIT AGRICOLE NORCP	01/18/13	11/16/12	11/16/12	50,000,000	49,975,500	-	49,975,500	-
CREDIT AGRICOLE NORCP	01/18/13	11/16/12	11/16/12	50,000,000	49,975,500	-	49,975,500	-
CREDIT AGRICOLE NORCP	01/30/13	11/27/12	11/27/12	50,000,000	49,975,111	-	49,975,111	-
CREDIT AGRICOLE NORCP	01/30/13	11/27/12	11/27/12	40,000,000	39,980,089	-	39,980,089	-
FCAR OWNER TRUST, ACPABS3	01/09/13	11/09/12	11/09/12	21,000,000	20,991,816	-	20,991,816	-
SALISBURY RECEIVABLECPABS4	02/21/13	11/27/12	11/27/12	50,000,000	49,970,139	-	49,970,139	-
SOCIETE GENERALE NOCP	01/08/13	11/07/12	11/07/12	50,000,000	49,974,167	-	49,974,167	-
SOCIETE GENERALE NOCP	01/08/13	11/07/12	11/07/12	25,000,000	24,987,083	-	24,987,083	-
SOCIETE GENERALE, PCDYAN	01/18/13	11/14/12	11/14/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	01/18/13	11/14/12	11/14/12	50,000,000	50,000,000	-	50,000,000	-
TOYOTA MOTOR CREDIT CP	01/28/13	11/27/12	11/27/12	50,000,000	49,981,917	-	49,981,917	-
TOYOTA MOTOR CREDIT CP	01/28/13	11/27/12	11/27/12	50,000,000	49,981,917	-	49,981,917	-
TOYOTA MOTOR CREDIT CP	01/28/13	11/27/12	11/27/12	25,000,000	24,990,958	-	24,990,958	-
TOYOTA MOTOR CREDIT CP	01/29/13	11/27/12	11/27/12	50,000,000	49,981,625	-	49,981,625	-
TOYOTA MOTOR CREDIT CP	01/29/13	11/27/12	11/27/12	50,000,000	49,981,625	-	49,981,625	-
TOYOTA MOTOR CREDIT CP	01/29/13	11/27/12	11/27/12	25,000,000	24,990,813	-	24,990,813	-
WESTPAC BANKING CORP	05/29/13	11/28/12	11/29/12	50,000,000	50,000,000	-	50,000,000	-
WESTPAC BANKING CORP	05/29/13	11/28/12	11/29/12	50,000,000	50,000,000	-	50,000,000	-
WESTPAC BANKING CORP	05/29/13	11/28/12	11/29/12	15,000,000	15,000,000	-	15,000,000	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/05/12	11/05/12	1,629,118	1,629,118	-	1,629,118	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/06/12	11/06/12	2,210,501	2,210,501	-	2,210,501	-

TRADING ACTIVITY FOR NOVEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/08/12	11/08/12	1,847,709	1,847,709	-	1,847,709	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/13/12	11/13/12	4,250,431	4,250,431	-	4,250,431	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/15/12	11/15/12	1,018,535	1,018,535	-	1,018,535	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/19/12	11/19/12	1,983,668	1,983,668	-	1,983,668	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/20/12	11/20/12	2,264,314	2,264,314	-	2,264,314	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/21/12	11/21/12	4,369,121	4,369,121	-	4,369,121	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/23/12	11/23/12	74,612	74,612	-	74,612	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/28/12	11/28/12	774,256	774,256	-	774,256	-
GENERAL ELECTRIC CAPITAL CORP	09/20/13	11/19/12	11/20/12	3,000,000	2,997,900	1,925	2,999,825	-
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	11/01/12	11/01/12	31,250	31,250	-	31,250	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	11/01/12	11/01/12	32,868	32,868	-	32,868	-
DEUTSCHE BANK	11/02/12	11/01/12	11/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/02/12	11/01/12	11/01/12	740,000,000	740,000,000	-	740,000,000	-
DEUTSCHE BANK	11/05/12	11/02/12	11/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/05/12	11/02/12	11/02/12	740,000,000	740,000,000	-	740,000,000	-
DEUTSCHE BANK	11/06/12	11/05/12	11/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/06/12	11/05/12	11/05/12	855,000,000	855,000,000	-	855,000,000	-
DEUTSCHE BANK	11/07/12	11/06/12	11/06/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/07/12	11/06/12	11/06/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	11/08/12	11/07/12	11/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/08/12	11/07/12	11/07/12	925,000,000	925,000,000	-	925,000,000	-
DEUTSCHE BANK	11/09/12	11/08/12	11/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/09/12	11/08/12	11/08/12	950,000,000	950,000,000	-	950,000,000	-
DEUTSCHE BANK	11/13/12	11/09/12	11/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/13/12	11/09/12	11/09/12	1,030,000,000	1,030,000,000	-	1,030,000,000	-
DEUTSCHE BANK	11/14/12	11/13/12	11/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/14/12	11/13/12	11/13/12	1,220,000,000	1,220,000,000	-	1,220,000,000	-

TRADING ACTIVITY FOR NOVEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
DEUTSCHE BANK	11/15/12	11/14/12	11/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/15/12	11/14/12	11/14/12	990,000,000	990,000,000	-	990,000,000	-
DEUTSCHE BANK	11/16/12	11/15/12	11/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/16/12	11/15/12	11/15/12	930,000,000	930,000,000	-	930,000,000	-
DEUTSCHE BANK	11/19/12	11/16/12	11/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/19/12	11/16/12	11/16/12	835,000,000	835,000,000	-	835,000,000	-
DEUTSCHE BANK	11/20/12	11/19/12	11/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/20/12	11/19/12	11/19/12	1,075,000,000	1,075,000,000	-	1,075,000,000	-
DEUTSCHE BANK	11/21/12	11/20/12	11/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/21/12	11/20/12	11/20/12	1,065,000,000	1,065,000,000	-	1,065,000,000	-
BANK OF AMERICA TRIPARTY	11/26/12	11/21/12	11/21/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
DEUTSCHE BANK	11/26/12	11/21/12	11/21/12	500,000,000	500,000,000	-	500,000,000	-
DEUTSCHE BANK	11/26/12	11/21/12	11/21/12	300,000,000	300,000,000	-	300,000,000	-
DEUTSCHE BANK	11/27/12	11/26/12	11/26/12	950,000,000	950,000,000	-	950,000,000	-
BANK OF AMERICA TRIPARTY	11/27/12	11/26/12	11/26/12	1,055,000,000	1,055,000,000	-	1,055,000,000	-
DEUTSCHE BANK	11/28/12	11/27/12	11/27/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	11/28/12	11/27/12	11/27/12	920,000,000	920,000,000	-	920,000,000	-
DEUTSCHE BANK	11/29/12	11/28/12	11/28/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	11/29/12	11/28/12	11/28/12	1,080,000,000	1,080,000,000	-	1,080,000,000	-
DEUTSCHE BANK	11/30/12	11/29/12	11/29/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/30/12	11/29/12	11/29/12	1,040,000,000	1,040,000,000	-	1,040,000,000	-
DEUTSCHE BANK	12/03/12	11/30/12	11/30/12	700,000,000	700,000,000	-	700,000,000	-
BANK OF AMERICA TRIPARTY	12/03/12	11/30/12	11/30/12	1,190,000,000	1,190,000,000	-	1,190,000,000	-
Total Buys				30,348,742,382	\$30,348,416,200	\$42,623	\$30,348,458,823	\$0

TRADING ACTIVITY FOR NOVEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities					\$	\$	\$	\$
BANK OF AMERICA NABNOTE	11/19/12	11/19/12	11/19/12	40,000,000	40,000,000	-	40,000,000	-
BANK OF TOKYO-MITSUCDYAN	11/30/12	11/30/12	11/30/12	75,000,000	75,000,000	-	75,000,000	-
BARCLAYS BANK PLCCDYAN	11/13/12	11/13/12	11/13/12	20,200,000	20,200,000	-	20,200,000	-
NATIONAL AUSTRALIA CDEUR	11/19/12	11/19/12	11/19/12	100,000,000	100,000,000	-	100,000,000	-
DEUTSCHE BANK AGCDYAN	11/05/12	11/05/12	11/05/12	95,000,000	95,000,000	-	95,000,000	-
DEUTSCHE BANK AGCDYAN	11/08/12	11/08/12	11/08/12	35,000,000	35,000,000	-	35,000,000	-
DEUTSCHE BANK AGCDYAN	11/09/12	11/09/12	11/09/12	95,000,000	95,000,000	-	95,000,000	-
GENERAL ELECTRIC CA CP	11/19/12	11/19/12	11/19/12	50,000,000	50,000,000	-	50,000,000	-
SALISBURY RECEIVABLES COMPANY LLC	11/27/12	11/27/12	11/27/12	23,000,000	23,000,000	-	23,000,000	-
SHEFFIELD RECEIVABLECPABS4	11/07/12	11/07/12	11/07/12	100,000,000	100,000,000	-	100,000,000	-
SOCIETE GENERALE NOCP	11/13/12	11/13/12	11/13/12	95,000,000	95,000,000	-	95,000,000	-
TOYOTA MOTOR CREDIT CP	11/13/12	11/13/12	11/13/12	50,000,000	50,000,000	-	50,000,000	-
WINDMILL FUNDING COCPABS4	11/01/12	11/01/12	11/01/12	13,200,000	13,200,000	-	13,200,000	-
DEUTSCHE BANK	11/01/12	11/01/12	11/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/01/12	11/01/12	11/01/12	795,000,000	795,000,000	-	795,000,000	-
DEUTSCHE BANK	11/02/12	11/02/12	11/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/02/12	11/02/12	11/02/12	740,000,000	740,000,000	-	740,000,000	-
DEUTSCHE BANK	11/05/12	11/05/12	11/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/05/12	11/05/12	11/05/12	740,000,000	740,000,000	-	740,000,000	-
DEUTSCHE BANK	11/06/12	11/06/12	11/06/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/06/12	11/06/12	11/06/12	855,000,000	855,000,000	-	855,000,000	-
DEUTSCHE BANK	11/07/12	11/07/12	11/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/07/12	11/07/12	11/07/12	845,000,000	845,000,000	-	845,000,000	-
DEUTSCHE BANK	11/08/12	11/08/12	11/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/08/12	11/08/12	11/08/12	925,000,000	925,000,000	-	925,000,000	-
DEUTSCHE BANK	11/09/12	11/09/12	11/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/09/12	11/09/12	11/09/12	950,000,000	950,000,000	-	950,000,000	-

TRADING ACTIVITY FOR NOVEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Maturities (continued)</i>					\$	\$	\$	\$
DEUTSCHE BANK	11/13/12	11/13/12	11/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/13/12	11/13/12	11/13/12	1,030,000,000	1,030,000,000	-	1,030,000,000	-
DEUTSCHE BANK	11/14/12	11/14/12	11/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/14/12	11/14/12	11/14/12	1,220,000,000	1,220,000,000	-	1,220,000,000	-
DEUTSCHE BANK	11/15/12	11/15/12	11/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/15/12	11/15/12	11/15/12	990,000,000	990,000,000	-	990,000,000	-
DEUTSCHE BANK	11/16/12	11/16/12	11/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/16/12	11/16/12	11/16/12	930,000,000	930,000,000	-	930,000,000	-
DEUTSCHE BANK	11/19/12	11/19/12	11/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/19/12	11/19/12	11/19/12	835,000,000	835,000,000	-	835,000,000	-
DEUTSCHE BANK	11/20/12	11/20/12	11/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/20/12	11/20/12	11/20/12	1,075,000,000	1,075,000,000	-	1,075,000,000	-
DEUTSCHE BANK	11/21/12	11/21/12	11/21/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/21/12	11/21/12	11/21/12	1,065,000,000	1,065,000,000	-	1,065,000,000	-
BANK OF AMERICA TRIPARTY	11/26/12	11/26/12	11/26/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
DEUTSCHE BANK	11/26/12	11/26/12	11/26/12	500,000,000	500,000,000	-	500,000,000	-
DEUTSCHE BANK	11/26/12	11/26/12	11/26/12	300,000,000	300,000,000	-	300,000,000	-
DEUTSCHE BANK	11/27/12	11/27/12	11/27/12	950,000,000	950,000,000	-	950,000,000	-
BANK OF AMERICA TRIPARTY	11/27/12	11/27/12	11/27/12	1,055,000,000	1,055,000,000	-	1,055,000,000	-
DEUTSCHE BANK	11/28/12	11/28/12	11/28/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	11/28/12	11/28/12	11/28/12	920,000,000	920,000,000	-	920,000,000	-
DEUTSCHE BANK	11/29/12	11/29/12	11/29/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	11/29/12	11/29/12	11/29/12	1,080,000,000	1,080,000,000	-	1,080,000,000	-
DEUTSCHE BANK	11/30/12	11/30/12	11/30/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	11/30/12	11/30/12	11/30/12	1,040,000,000	1,040,000,000	-	1,040,000,000	-
Total Maturities				29,481,400,000	\$29,481,400,000	\$0	\$29,481,400,000	\$0

TRADING ACTIVITY FOR NOVEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Sells</i>					\$	\$	\$	\$
MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	11/15/42	11/07/12	11/07/12	900,000	900,000	-	900,000	-
DENVER PUBLIC SCHOOLS	12/15/37	11/19/12	11/20/12	12,000,000	12,000,000	317	12,000,317	-
ROYAL BANK OF CANADA/NEW YORK NY	12/21/12	11/06/12	11/06/12	20,000,000	20,006,880	11,391	20,018,271	6,880
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/01/12	11/01/12	5,981,983	5,981,983	-	5,981,983	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/02/12	11/02/12	38,869	38,869	-	38,869	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/02/12	11/02/12	4,301,170	4,301,170	-	4,301,170	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/02/12	11/02/12	2,204,687	2,204,687	-	2,204,687	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/07/12	11/07/12	1,487,081	1,487,081	-	1,487,081	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/07/12	11/07/12	121,134	121,134	-	121,134	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/07/12	11/07/12	1,135,597	1,135,597	-	1,135,597	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/09/12	11/09/12	489,736	489,736	-	489,736	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/14/12	11/14/12	435,193	435,193	-	435,193	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/14/12	11/14/12	3,786	3,786	-	3,786	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/14/12	11/14/12	2,928,630	2,928,630	-	2,928,630	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/16/12	11/16/12	2,210,501	2,210,501	-	2,210,501	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/16/12	11/16/12	1,551,318	1,551,318	-	1,551,318	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/26/12	11/26/12	296,390	296,390	-	296,390	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/26/12	11/26/12	1,321,801	1,321,801	-	1,321,801	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/26/12	11/26/12	1,866,489	1,866,489	-	1,866,489	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/27/12	11/27/12	1,018,535	1,018,535	-	1,018,535	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/27/12	11/27/12	117,179	117,179	-	117,179	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/27/12	11/27/12	2,551,430	2,551,430	-	2,551,430	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/29/12	11/29/12	86,660	86,660	-	86,660	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	11/30/12	11/30/12	2,084,946	2,084,946	-	2,084,946	-
Total Sells				65,133,114	\$65,139,994	\$11,708	\$65,151,702	\$6,880

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$3.5 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economies can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others could have adverse consequences. The SBA and Apollo Global Management's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during November 2012 that had a material impact on the liquidity or operation of Fund B.

FUND B

FUND B DISTRIBUTIONS

RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of November 2012, investors cumulatively received distributions from Fund B totaling \$1.76 billion or 87.5% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of November 30, 2012, their remaining amortized cost was \$458.7 million,

or 82.3% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$245.2 million or 97.4% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%
05/04/12	\$ 5,275,000	\$ 1,724,650,000	\$ 284,801,941	85.8%
06/05/12	\$ 7,050,000	\$ 1,731,700,000	\$ 277,751,941	86.2%
07/04/12	\$ 5,450,000	\$ 1,737,150,000	\$ 272,301,941	86.4%
08/06/12	\$ 4,500,000	\$ 1,741,650,000	\$ 267,801,941	86.7%
09/07/12	\$ 5,150,000	\$ 1,746,800,000	\$ 262,651,941	86.9%
10/04/12	\$ 7,430,000	\$ 1,754,230,000	\$ 255,221,941	87.3%
11/06/12	\$ 3,500,000	\$ 1,757,730,000	\$ 251,721,941	87.5%

FUND B MONTHLY DISTRIBUTION DETAIL

November 2012 Distribution Detail Including Receipts by Source For the period 10/5/12 - 11/6/12		Fund B Participant Allocation		Expense Allocation
Beginning Balance	\$	-	\$	25,776.90
Receipts:				
Florida East	\$	1,066,718.00		
Florida West	\$	1,230,058.37		
Florida Funding I	\$	443,808.68		
Florida Funding II	\$	761,442.42		
Overnight Investments	\$	8.35		
Total Receipts	\$	3,502,035.82		
Distributions:				
Allocation to/from Expense Reserve	\$	(2,035.82)	\$	2,035.82
Expenses Paid			\$	(2,101.37)
Participant Distribution	\$	(3,500,000.00)		
Ending Balance	\$	-	\$	25,711.35

FUND B

INVENTORY OF HOLDINGS - AS OF NOVEMBER 30, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		4,736,093	0.00	\$ 4,736,093	\$ 4,736,093	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	11/27/12	72,801,707	0.56	\$ 72,801,707	\$ 56,662,198	\$ (16,139,509)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	11/27/12	172,978,935	0.56	\$ 172,978,935	\$ 105,091,301	\$ (67,887,635)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	11/28/12	119,404,849	0.45	\$ 119,404,849	\$ 28,443,461	\$ (90,961,388)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	11/28/12	88,839,049	0.66	\$ 88,831,965	\$ 50,274,354	\$ (38,557,611)
Total Value of Investments			<u>458,760,633</u>		<u>\$458,753,549</u>	<u>\$245,207,407</u>	<u>(\$213,546,143)</u>

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value are not predictive of the ultimate amount likely to be realized from these securities. Fund B's investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a four- to five-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

The securities held in Fund B result from workouts of the LGIP's original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - NOVEMBER 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) periodic distributions to participants. Apollo Global Management can also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of November 2012, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - NOVEMBER 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	11/02/12	11/02/12	8	8	0	8	0
DREYFUS GOVERNMENT CASH MANAGEMENT	11/29/12	11/29/12	4,712,457	4,712,457	0	4,712,457	0
Total Buys			<u>4,712,466</u>	<u>4,712,466</u>	<u>\$0</u>	<u>\$4,712,466</u>	<u>\$0</u>
Sells							
FLORIDA FUNDING I LLC	11/29/12	11/29/12	371,740	371,740	0	371,740	0
FLORIDA EAST FUNDING LLC	11/29/12	11/29/12	974,792	974,792	0	974,792	0
FLORIDA WEST FUNDING LLC	11/29/12	11/29/12	2,047,012	2,047,012	0	2,047,012	0
FLORIDA FUNDING II	11/29/12	11/29/12	1,107,241	1,107,241	0	1,107,241	88
DREYFUS GOVERNMENT CASH MANAGEMENT	11/01/12	11/01/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	11/06/12	11/06/12	3,500,000	3,500,000	0	3,500,000	0
DREYFUS GOVERNMENT CASH MANAGEMENT	11/16/12	11/16/12	2,068	2,068	0	2,068	0
DREYFUS GOVERNMENT CASH MANAGEMENT	11/16/12	11/16/12	8	8	0	8	0
Total Sells			<u>8,002,918</u>	<u>8,002,918</u>	<u>0</u>	<u>8,002,918</u>	<u>88</u>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

Our Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.



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Monthly Summary Report for December 2012

Including Fund B

State Board of Administration

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Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from December 1, 2012 through December 31, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

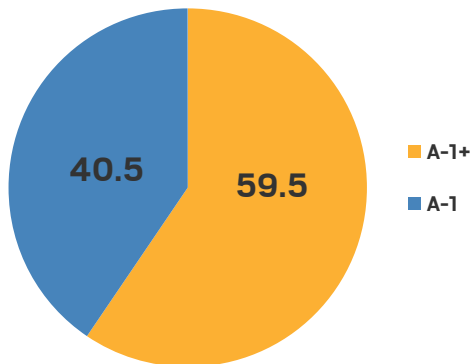
There were no developments during December 2012 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION DECEMBER 31, 2012

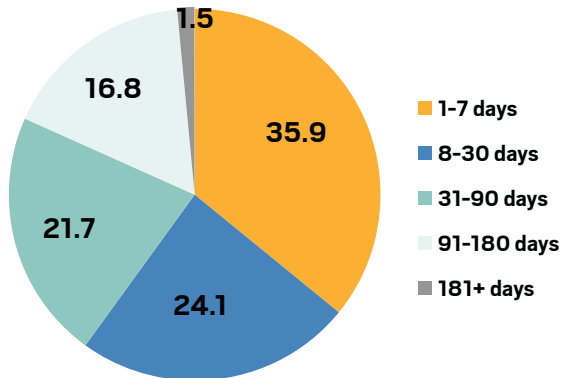
Florida PRIME Assets

\$ 8,476,195,715

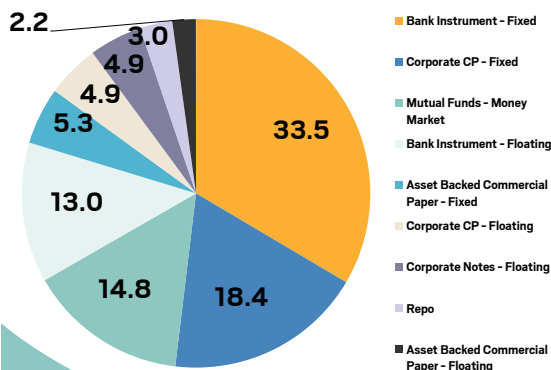
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

DECEMBER 2012 MARKET CONDITIONS

As we head into a new year, the money market world faces interest rate pressure from a number of different directions. The Federal Reserve's continued commitment to easing and its recent announcement to stick with the program as long as the U.S. unemployment rate remained above 6.5% does not come as a surprise. Many observers thought the Fed would set some sort of marker in 2013, but it is somewhat surprising they did so in December 2012. It is also interesting that the threshold level is closer than expected. (There is always the option of changing the threshold level, as the Fed left plenty of wiggle room, if the goal ends up being too easy to achieve and we end up hitting the 6.5% target in mid-year 2013.)

While the specific issues associated with the fiscal cliff seem to be resolved in extra innings, there are other battles in Washington that could put some speed bumps in the way of the recovery, such as the expected showdown in February when Congress will need to raise the \$16.4 trillion federal borrowing limit. As far as the money market world is concerned, the impact of a failure to solve the fiscal cliff by the December 31 deadline was limited, as long as the deal came through before the associated tax increases, spending cuts and cutting of services kicked in. While the parties in Washington may have squeaked through this particular battle, the bigger fight continues.

As of December 31, 2012, we saw the death of the proposed Senate bill to extend the FDIC's Transaction Account Guarantee (TAG) Program of unlimited insurance on non-interest bearing checking accounts. No extension was granted. As a result we are likely to see additional cash flow into money market funds. With supply steady and demand increasing, we expect lower rates in the first quarter. While some action may take place to revive the protections, if only for smaller banks, we are still foresee lower rates in the first quarter.

Short-term rates last month provided a pleasant surprise by remaining fairly firm. We expected overnight rates drop down

DECEMBER 31, 2012

Top Holdings (%) and Average Maturity

1. Dreyfus Government Cash Management Fund	8.6%
2. Sumitomo Mitsui Financial Group, Inc.	4.9%
3. Bank of Nova Scotia, Toronto	4.8%
4. Mizuho Financial Group, Inc.	4.7%
5. Mitsubishi UFJ Financial Group, Inc.	4.6%
6. Bank of Montreal	4.4%
7. J.P. Morgan Chase & Co.	4.2%
8. Toronto Dominion Bank	3.8%
9. Rabobank Nederland NV, Utrecht	3.7%
10. Credit Suisse Group AG	3.5%

Average Effective Maturity (WAM)

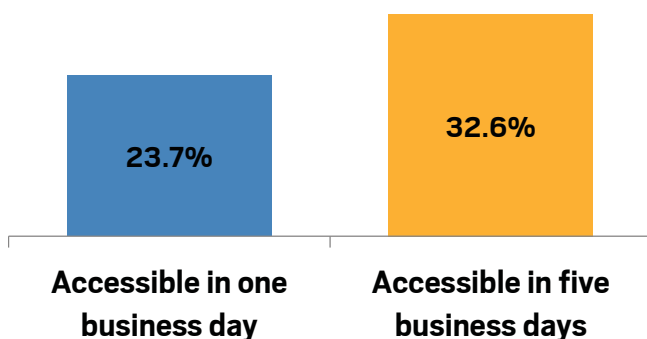
44.0 Days

Weighted Average Life (Spread WAM)

79.7 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

into the low teens or even single digits, simply because of all the additional purchases by the Fed, but we did not see that. At the beginning of December, overnight rates were hovering at 20-22 basis points, and closed the month in the 18-20 basis point range, which is, all things considered, a very slight change. Treasuries have gotten more expensive, a function of younger people seeking out the safety of the government market, and not knowing what to expect over year end from a credit perspective, with the fiscal cliff continuing to hover over the economy.

PORTFOLIO INVESTMENT STRATEGY

As of the end of December 2012, Florida PRIME pool assets were up \$1.8 billion to \$8.48 billion, as the pool's assets were fully at the height of the State of Florida's tax collection season. As management worked to get that money invested, the gross yield for Florida PRIME decreased five basis points, largely because of a decrease in London interbank offered rates (LIBOR) throughout 2012, the significant inflow of cash, and the need to reinvest at lower rates than where the pool had previously been invested. As a result of the inflow and purchases in longer term securities, the weighted average maturity of the pool went out 10 days to 44 days, and the weighted average life was out to 80 days from 75 days at the end of November. During December investments were made in fixed and floating-rate instruments, across various security types and maturity ranges of the money market yield curve. Management purchases in December were heavily focused on banking instruments, targeted between 30 days to one year, with additional purchases in asset-backed commercial paper instruments, where purchases were made between 60 and 120 days.

Overall, exposure to bank instruments increased significantly, up 12% to make up 33% of the pool, fixed-rate commercial paper instruments were up by 7% to make up 23% of the pool, and investments in other securities, which include money market funds, were up 8% to make up 18% of the pool.

CASH FLOWS

Summary of Cash Flows		
December 2012	Florida PRIME	
Opening Balance (12/01/12)	\$	6,666,986,395
Participant Deposits		3,985,708,380
Transfers from Fund B		4,710,000
Gross Earnings		1,870,850
Participant Withdrawals		(2,182,878,802)
Fees		(201,109)
Closing Balance (12/31/12)	\$	8,476,195,715
Net Change over Month		1,809,209,319

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net inflow of \$1.81 billion during December 2012.

This change in value consisted of positive flows of \$3.99 billion in participant deposits, \$4.7 million in transfers from Fund B and \$1.9 million in earnings. Negative flows consisted of \$2.18 billion in participant withdrawals and about \$201,000 in fees.

Overall, the fund ended the month with a closing balance of \$8.48 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

December 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 67,253.24	\$ 1.07
Federated Investment Management Fee	116,144.71	1.84
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	8,823.76	0.14
S&P Rating Maintenance Fee	3,303.28	0.05
Audit/External Review Fees	5,467.43	0.09
Total Fees	\$ 201,109.09	3.19

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$7,571,591,055.

FINANCIAL STATEMENT DISCLOSURES NOW AVAILABLE

For the period ending September 30, 2012, the SBA has released PRIME and Fund B's Financial Statement Disclosures. The disclosures are available on the Florida PRIME website.

<https://www.sbafla.com/prime>

FUND PERFORMANCE THROUGH DECEMBER 31, 2012

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.25%	0.09%	0.16%
3 mos	0.27%	0.10%	0.18%
12 mos	0.31%	0.10%	0.21%
3 yrs	0.28%	0.12%	0.16%
5 yrs	0.80%	0.67%	0.13%
10 yrs	2.03%	1.83%	0.20%
Since 1.96	3.23%	3.01%	0.22%

Net asset value at month end: \$8,476.7 m

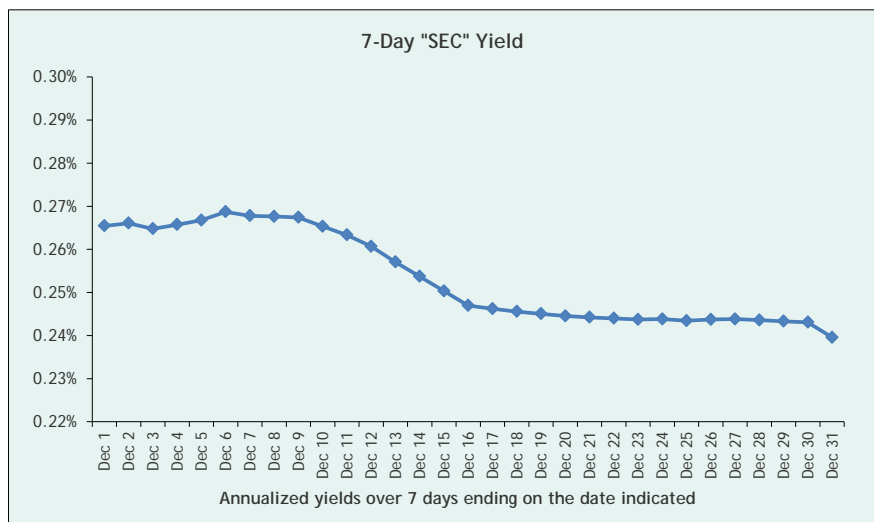
NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

The 7-day yield = net income earned over a 7-day period / average units outstanding over the period / 7 times 365.

Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding,

an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

**INVENTORY OF HOLDINGS
DECEMBER 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
ANZ National (Int'l) Ltd. CP4-2	COMMERCIAL PAPER - 4-2		06/04/13		100,000,000	0.30	99,875,139	99,907,290	32,151
ANZ National (Int'l) Ltd. CP4-2	COMMERCIAL PAPER - 4-2		06/10/13		100,000,000	0.30	99,870,306	99,901,020	30,714
Australia & New Zealand Banking Group, Melbourne, Jul 03, 2013	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	07/03/13	01/04/13	100,000,000	0.39	100,000,000	100,000,400	400
Bank of America N.A. BNOTE	BANK NOTE	0.32	03/18/13		225,000,000	0.33	225,000,000	225,000,000	0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.21	01/02/13		150,000,000	0.21	150,000,000	150,000,000	0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	10/15/13		100,000,000	0.39	100,000,000	100,047,590	47,590
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.31	02/11/13		20,000,000	0.20	20,002,561	20,002,320	(241)
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	01/07/13		90,000,000	0.20	90,000,000	89,999,820	(180)
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	03/04/13	01/04/13	50,000,000	0.40	50,000,000	50,014,400	14,400
Bank of Montreal, Sep 16, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	09/16/13	03/18/13	100,000,000	0.33	100,000,000	100,028,500	28,500
Bank of Nova Scotia, Toronto CP	COMMERCIAL PAPER		01/02/13		300,000,000	0.02	299,999,667	299,997,990	(1,677)
Bank of Nova Scotia, Toronto, May 09, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.36	05/09/13	01/09/13	50,000,000	0.37	50,000,000	50,023,000	23,000
Bank of Nova Scotia, Toronto, Sr. Unsecd. Note, 2.250%, 01/22/2013	CORPORATE BOND	2.25	01/22/13		58,810,000	0.22	58,880,856	58,874,691	(6,165)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		30,000,000	0.31	30,000,000	30,002,289	2,289
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/11/13		85,000,000	0.26	85,000,000	85,001,641	1,641
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	04/17/13		75,000,000	0.27	75,000,000	74,997,758	(2,243)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	01/04/13		200,000,000	0.17	200,000,000	200,000,000	0
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	02/07/13		100,000,000	0.25	100,000,000	100,009,490	9,490
Canadian Imperial Bank of Commerce, Jun 24, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	06/24/13	01/24/13	275,000,000	0.30	275,000,000	274,967,825	(32,175)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		05/15/13		50,000,000	0.29	49,947,500	49,954,065	6,565
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		01/07/13		160,000,000	0.19	159,994,089	159,991,904	(2,185)
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		01/30/13		90,000,000	0.28	89,979,000	89,980,497	1,497
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	04/26/13		300,000,000	0.27	300,000,000	300,000,000	0
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	02/28/13		80,000,000	0.36	80,001,309	80,015,704	14,395
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	01/14/13		200,000,000	0.20	200,000,000	200,000,000	0
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.25	01/02/13		100,000,000	0.25	100,000,000	100,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	01/02/13		725,957,281	0.01	725,957,281	725,957,281	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		01/02/13		105,000,000	0.46	104,997,375	104,999,066	1,691
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		02/04/13		70,000,000	0.42	69,972,097	69,988,226	16,129
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		03/20/13		66,000,000	0.41	65,942,067	65,970,597	28,530
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		01/09/13		21,000,000	0.23	20,998,793	20,999,160	368
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		02/01/13		70,000,000	0.22	69,986,311	69,989,360	3,049
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		04/09/13		20,000,000	0.30	19,984,050	19,984,942	892
Fairway Finance Co. LLC, Jan 11, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.25	01/11/13	01/11/13	10,000,000	0.26	10,000,000	10,000,180	180
Fairway Finance Co. LLC, Jun 10, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.24	06/10/13	01/10/13	30,000,000	0.25	30,000,000	29,997,390	(2,610)
Fairway Finance Co. LLC, Jun 17, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.24	06/17/13	01/17/13	50,000,000	0.24	50,000,000	49,995,450	(4,550)
Fairway Finance Co. LLC, Jun 18, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.24	06/18/13	01/18/13	75,000,000	0.24	75,000,000	74,993,175	(6,825)
Fairway Finance Co. LLC, Mar 06, 2013	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.25	03/06/13	01/07/13	23,500,000	0.26	23,500,000	23,501,269	1,269

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.10	01/02/13	01/02/13	251,453,310	0.10	251,453,310	251,453,310	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.09	01/02/13	01/02/13	276,813,417	0.10	276,813,417	276,813,417	0
General Elec Cap Corp, Sr. Note, 1.875%, 9/16/2013	CORPORATE BOND	1.88	09/16/13		1,000,000	0.41	1,010,383	1,009,862	(521)
General Elec Cap Corp, Sr. Note, 1.875%, 9/16/2013	CORPORATE BOND	1.88	09/16/13		500,000	0.41	505,192	504,931	(261)
General Elec Cap Corp, Sr. Note, 1.875%, 9/16/2013	CORPORATE BOND	1.88	09/16/13		24,410,000	0.41	24,663,447	24,650,731	(12,716)
General Electric Capital Corp., Sep 20, 2013	VARIABLE EURO MEDIUM TERM NOTE	0.31	09/20/13	03/20/13	3,000,000	0.41	2,998,183	2,992,575	(5,608)
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,422,131	24,416,908	(5,223)
General Electric Capital Corp., Sr. Unsec'd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		20,281,000	0.56	20,290,839	20,286,740	(4,100)
General Electric Capital, Sr. Unsec'd. Note, 5.4%, 9/20/2013	CORPORATE BOND	5.40	09/20/13		1,670,000	0.41	1,729,849	1,729,412	(437)
General Electric Capital, Sr. Unsec'd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		50,000,000	0.26	50,163,611	50,134,100	(29,511)
General Electric Capital, Sr. Unsec'd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		65,000,000	0.26	65,213,426	65,174,330	(39,096)
General Electric Capital, Sr. Unsec'd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,327,398	7,326,597	(801)
J.P. Morgan Chase & Co., Feb 28, 2013	VARIABLE RATE COMMERCIAL PAPER	0.36	02/28/13	01/28/13	200,000,000	0.36	200,000,000	200,031,800	31,800
JPMorgan Chase & Co CP	COMMERCIAL PAPER		06/12/13		100,000,000	0.29	99,873,222	99,944,460	71,238
Market Street Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/04/13		30,922,000	0.21	30,910,636	30,911,666	1,030
Market Street Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/05/13		16,090,000	0.21	16,083,993	16,084,536	543
Massachusetts Development Finance Agency, (Boston University), (Series U-3), 10/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.08	10/01/40	01/03/13	32,600,000	0.14	32,600,000	32,600,000	0
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.10	11/15/42	01/02/13	53,000,000	0.13	53,000,000	53,000,000	0
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	03/05/13		100,000,000	0.27	100,000,000	99,996,440	(3,560)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
							\$	\$	\$
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	03/12/13		100,000,000	0.27	100,000,000	99,996,050	(3,950)
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	03/13/13		50,000,000	0.27	50,000,000	50,000,000	0
Mizuho Funding LLC CP4-2	COMMERCIAL PAPER - 4-2		03/15/13		100,000,000	0.27	99,944,500	99,948,820	4,320
Mizuho Funding LLC CP4-2	COMMERCIAL PAPER - 4-2		04/01/13		50,000,000	0.27	49,965,875	49,965,875	0
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.22	01/01/28	01/03/13	13,500,000	0.22	13,500,000	13,500,000	0
Nordea Bank Finland PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	02/22/13		100,000,000	0.21	100,002,928	100,010,200	7,272
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	04/10/13		200,000,000	0.38	200,000,000	200,083,180	83,180
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	04/15/13		110,000,000	0.36	110,000,000	110,041,624	41,624
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.13	06/01/32	01/03/13	35,235,000	0.16	35,235,000	35,235,000	0
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	02/06/13	02/06/13	50,000,000	0.39	50,000,000	50,007,650	7,650
Royal Bank of Canada, Montreal, Jan 03, 2014	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.36	01/03/14	01/04/13	160,000,000	0.37	160,000,000	160,002,400	2,400
Royal Bank of Canada, Montreal, May 22, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	05/22/13	01/22/13	18,000,000	0.46	18,000,000	17,998,614	(1,386)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/21/13		50,000,000	0.25	49,981,945	49,984,470	2,525
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		01/02/13		80,000,000	0.26	79,998,867	79,998,976	109
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		02/01/13		75,000,000	0.33	74,978,667	74,983,643	4,976
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	01/18/13		100,000,000	0.33	100,000,000	100,006,000	6,000
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.19	07/01/29	01/03/13	9,310,000	0.19	9,310,000	9,310,000	0
State Street Bank and Trust Co., Jan 13, 2014	VARIABLE RATE BANK NOTE	0.36	01/13/14	01/18/13	125,000,000	0.36	125,000,000	125,000,000	0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/14/13		100,000,000	0.26	100,000,000	99,997,900	(2,100)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2012

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	04/01/13		200,000,000	0.26	\$ 200,000,000	\$ 199,989,800	\$ (10,200)
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.16	01/04/13		27,000,000	0.16	27,000,000	26,999,892	(108)
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		50,000,000	0.31	50,000,000	50,003,815	3,815
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	01/25/13		40,000,000	0.31	40,000,000	40,003,052	3,052
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	01/16/13		45,000,000	0.20	44,999,999	45,000,360	361
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	06/17/13		100,000,000	0.28	100,000,000	100,018,600	18,600
Toronto Dominion Bank, Jul 26, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	07/26/13	01/28/13	50,000,000	0.32	50,000,000	50,026,950	26,950
Toronto Dominion Bank, Sep 13, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	09/13/13	03/13/13	125,000,000	0.31	125,000,000	125,071,750	71,750
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/28/13		125,000,000	0.21	124,979,583	124,991,463	11,879
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/29/13		125,000,000	0.21	124,978,854	124,991,050	12,196
Toyota Motor Credit Corp., Sr. Note, Series MTN, 1/14/2013	CORPORATE BOND	0.54	01/14/13	01/14/13	12,100,000	0.55	12,101,452	12,101,997	545
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,064,475	15,070,320	5,845
Wells Fargo Bank, N.A., Jan 17, 2014	VARIABLE RATE BANK NOTE	0.36	01/17/14	01/22/13	100,000,000	0.36	100,000,000	99,999,000	(1,000)
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		01/03/13		100,000,000	0.41	99,996,667	99,999,500	2,833
Westpac Banking Corp. Ltd., Sydney, May 29, 2013	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.26	05/29/13	01/29/13	115,000,000	0.27	115,000,000	114,994,595	(5,405)
					<u>8,468,869,009</u>		<u>\$8,468,986,248</u>	<u>\$8,469,488,649</u>	<u>\$502,400</u>

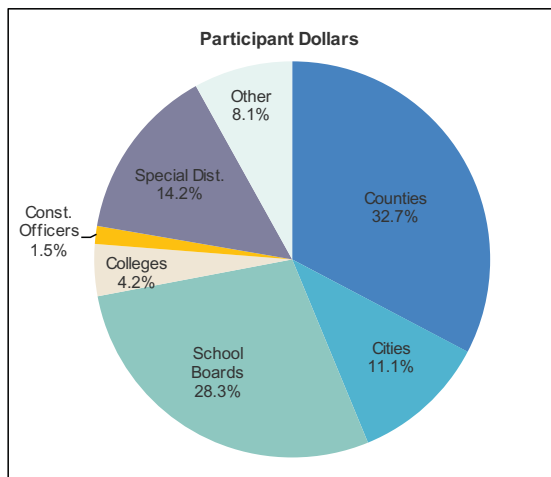
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

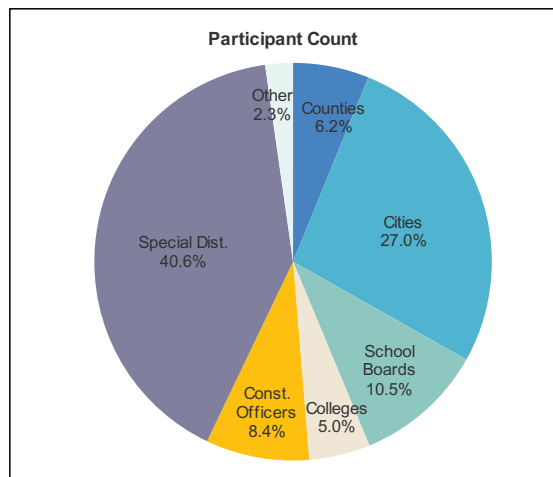
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - DECEMBER 31, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	4.2%	5.0%
Top 10	41.2%	1.2%	Top 10	3.8%	1.2%
\$100 million or more	57.9%	2.4%	\$100 million or more	1.8%	0.1%
\$10 million up to \$100 million	35.2%	10.0%	\$10 million up to \$100 million	1.7%	0.7%
\$1 million up to \$10 million	6.2%	17.2%	\$1 million up to \$10 million	0.7%	1.4%
Under \$1 million	0.7%	70.5%	Under \$1 million	0.02%	2.7%
Counties	32.7%	6.2%	Constitutional Officers	1.5%	8.4%
Top 10	27.2%	1.2%	Top 10	0.9%	1.2%
\$100 million or more	25.0%	0.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	7.2%	1.4%	\$10 million up to \$100 million	0.8%	0.5%
\$1 million up to \$10 million	0.5%	1.1%	\$1 million up to \$10 million	0.6%	1.2%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	6.8%
Municipalities	11.1%	27.0%	Special Districts	14.2%	40.6%
Top 10	6.6%	1.2%	Top 10	9.8%	1.2%
\$100 million or more	1.7%	0.1%	\$100 million or more	4.8%	0.4%
\$10 million up to \$100 million	7.3%	2.5%	\$10 million up to \$100 million	7.9%	2.3%
\$1 million up to \$10 million	1.8%	5.7%	\$1 million up to \$10 million	1.3%	4.3%
Under \$1 million	0.2%	18.7%	Under \$1 million	0.3%	33.8%
School Boards	28.3%	10.5%	Other	8.1%	2.3%
Top 10	23.7%	1.2%	Top 10	7.9%	1.2%
\$100 million or more	18.4%	0.5%	\$100 million or more	6.1%	0.4%
\$10 million up to \$100 million	8.6%	2.1%	\$10 million up to \$100 million	1.7%	0.5%
\$1 million up to \$10 million	1.2%	3.0%	\$1 million up to \$10 million	0.3%	0.6%
Under \$1 million	0.1%	5.0%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$8,476,195,715



Total Participant Count: 844

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - DECEMBER 2012

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as, the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
<u>Florida PRIME's Investment Policy</u>	
Securities must be USD denominated.	Pass
<u>Ratings requirements</u>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days ¹	Pass
<u>Maturity</u>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<u>Issuer Diversification</u>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ²	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<u>Money Market Mutual Funds</u>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<u>Concentration Tests</u>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. ³	Pass
<u>S&P Requirements</u>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹ The fund may use floating rate government securities to extend the limit up to 120 days

² This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by

³ This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

TRADING ACTIVITY FOR DECEMBER 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys					\$	\$	\$	\$
ANZ NATIONAL (INT'LCP4-2)	06/04/13	12/04/12	12/05/12	50,000,000	49,927,097	-	49,927,097	-
ANZ NATIONAL (INT'LCP4-2)	06/04/13	12/04/12	12/05/12	50,000,000	49,927,097	-	49,927,097	-
ANZ NATIONAL (INT'LCP4-2)	06/10/13	12/06/12	12/07/12	50,000,000	49,925,486	-	49,925,486	-
ANZ NATIONAL (INT'LCP4-2)	06/10/13	12/06/12	12/07/12	50,000,000	49,925,486	-	49,925,486	-
BANK OF AMERICA N,ABNOTE	03/18/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	03/18/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	03/18/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	03/18/13	12/10/12	12/10/12	25,000,000	25,000,000	-	25,000,000	-
BANK OF AMERICA N,ABNOTE	03/18/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF MONTREAL (CCDYAN)	02/11/13	12/13/12	12/13/12	20,000,000	20,003,658	22,044	20,025,703	-
BANK OF MONTREAL (CCDYAN)	01/07/13	12/05/12	12/05/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF MONTREAL (CCDYAN)	01/07/13	12/05/12	12/05/12	40,000,000	40,000,000	-	40,000,000	-
BANK OF NOVA SCOTIA	01/22/13	12/17/12	12/19/12	50,000,000	50,093,100	459,375	50,552,475	-
BANK OF NOVA SCOTIA	01/22/13	12/17/12	12/19/12	8,810,000	8,826,404	80,942	8,907,346	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF NOVA SCOTIA/NEW YORK	01/02/13	12/31/12	12/31/12	50,000,000	49,999,944	-	49,999,944	-
BANK OF TOKYO-MITSUCDYAN	04/17/13	12/04/12	12/04/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	04/17/13	12/04/12	12/04/12	25,000,000	25,000,000	-	25,000,000	-
BANK OF TOKYO-MITSUCDYAN	01/04/13	12/28/12	12/28/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	01/04/13	12/28/12	12/28/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	01/04/13	12/28/12	12/28/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	01/04/13	12/28/12	12/28/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT AGRICOLE NORCP	12/18/12	12/11/12	12/11/12	39,000,000	38,998,483	-	38,998,483	-
CREDIT AGRICOLE NORCP	12/26/12	12/19/12	12/19/12	50,000,000	49,998,056	-	49,998,056	-
CREDIT AGRICOLE NORCP	12/26/12	12/19/12	12/19/12	50,000,000	49,998,056	-	49,998,056	-
CREDIT AGRICOLE NORCP	12/26/12	12/19/12	12/19/12	50,000,000	49,998,056	-	49,998,056	-
CREDIT AGRICOLE NORCP	01/07/13	12/31/12	12/31/12	50,000,000	49,998,153	-	49,998,153	-
CREDIT AGRICOLE NORCP	01/07/13	12/31/12	12/31/12	50,000,000	49,998,153	-	49,998,153	-
CREDIT AGRICOLE NORCP	01/07/13	12/31/12	12/31/12	50,000,000	49,998,153	-	49,998,153	-
CREDIT AGRICOLE NORCP	01/07/13	12/31/12	12/31/12	10,000,000	9,999,631	-	9,999,631	-
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-

TRADING ACTIVITY FOR DECEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
CREDIT SUISSE, ZURICDYAN	04/26/13	12/27/12	12/27/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	01/14/13	12/11/12	12/11/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	01/14/13	12/11/12	12/11/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	01/14/13	12/11/12	12/11/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	01/14/13	12/11/12	12/11/12	50,000,000	50,000,000	-	50,000,000	-
FCAR OWNER TRUST, ACPABS3	02/01/13	12/03/12	12/03/12	50,000,000	49,981,667	-	49,981,667	-
FCAR OWNER TRUST, ACPABS3	02/01/13	12/03/12	12/03/12	20,000,000	19,992,667	-	19,992,667	-
FCAR OWNER TRUST, ACPABS3	04/09/13	12/10/12	12/10/12	20,000,000	19,980,667	-	19,980,667	-
FAIRWAY FINANCE LLC	06/10/13	12/06/12	12/10/12	30,000,000	30,000,000	-	30,000,000	-
FAIRWAY FINANCE LLC	06/17/13	12/11/12	12/17/12	50,000,000	50,000,000	-	50,000,000	-
FAIRWAY FINANCE LLC	06/18/13	12/18/12	12/18/12	50,000,000	50,000,000	-	50,000,000	-
FAIRWAY FINANCE LLC	06/18/13	12/18/12	12/18/12	25,000,000	25,000,000	-	25,000,000	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GENERAL ELECTRIC CO CP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,250	-	49,998,250	-
GOTHAM FUNDING CORPCPABS4	12/20/12	12/19/12	12/19/12	46,246,000	46,245,743	-	46,245,743	-
JPMORGAN CHASE COCP	06/12/13	12/12/12	12/12/12	50,000,000	49,929,222	-	49,929,222	-
JPMORGAN CHASE COCP	06/12/13	12/12/12	12/12/12	50,000,000	49,929,222	-	49,929,222	-
MARKET STREET FUNDICPABS4	03/04/13	12/05/12	12/05/12	30,922,000	30,905,946	-	30,905,946	-
MARKET STREET FUNDICPABS4	03/05/13	12/05/12	12/05/12	16,090,000	16,081,553	-	16,081,553	-
MIZUHO CORPORATE BACDYAN	03/05/13	12/03/12	12/03/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDYAN	03/05/13	12/03/12	12/03/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDYAN	03/12/13	12/04/12	12/04/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDYAN	03/12/13	12/04/12	12/04/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDYAN	03/13/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO FUNDING LLCCP4-2	03/15/13	12/06/12	12/06/12	50,000,000	49,962,875	-	49,962,875	-
MIZUHO FUNDING LLCCP4-2	03/15/13	12/06/12	12/06/12	50,000,000	49,962,875	-	49,962,875	-
MIZUHO FUNDING LLCCP4-2	04/01/13	12/31/12	12/31/12	50,000,000	49,965,875	-	49,965,875	-
NORDEA BANK FINLANDCDYAN	02/22/13	12/13/12	12/13/12	50,000,000	50,001,961	24,917	50,026,878	-
NORDEA BANK FINLANDCDYAN	02/22/13	12/13/12	12/13/12	50,000,000	50,001,961	24,917	50,026,878	-
SOCIETE GENERALE NOCP	12/18/12	12/11/12	12/11/12	50,000,000	49,998,056	-	49,998,056	-
SOCIETE GENERALE NOCP	12/18/12	12/11/12	12/11/12	4,500,000	4,499,825	-	4,499,825	-
SOCIETE GENERALE NOCP	12/24/12	12/18/12	12/18/12	50,000,000	49,998,333	-	49,998,333	-
SOCIETE GENERALE NOCP	12/24/12	12/18/12	12/18/12	20,000,000	19,999,333	-	19,999,333	-
SOCIETE GENERALE NORTH AMERICA INC	01/02/13	12/26/12	12/26/12	50,000,000	49,997,521	-	49,997,521	-
SOCIETE GENERALE NORTH AMERICA INC	01/02/13	12/26/12	12/26/12	30,000,000	29,998,513	-	29,998,513	-

TRADING ACTIVITY FOR DECEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
SOCIETE GENERALE NOCP	02/01/13	12/18/12	12/18/12	50,000,000	49,980,000	-	49,980,000	-
SOCIETE GENERALE NOCP	02/01/13	12/18/12	12/18/12	25,000,000	24,990,000	-	24,990,000	-
STARBIRD FUNDING COCPABS4	12/31/12	12/28/12	12/28/12	50,000,000	49,999,292	-	49,999,292	-
STATE STREET BANK AND TRUST CO	01/15/16	12/13/12	12/18/12	50,000,000	50,000,000	-	50,000,000	-
STATE STREET BANK AND TRUST CO	01/15/16	12/13/12	12/18/12	50,000,000	50,000,000	-	50,000,000	-
STATE STREET BANK AND TRUST CO	01/15/16	12/13/12	12/18/12	25,000,000	25,000,000	-	25,000,000	-
SUMITOMO MITSUI BANC DYAN	03/14/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	03/14/13	12/10/12	12/10/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	04/01/13	12/13/12	12/13/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	04/01/13	12/13/12	12/13/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	04/01/13	12/13/12	12/13/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	04/01/13	12/13/12	12/13/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	04/01/13	12/13/12	12/13/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	01/04/13	12/28/12	12/28/12	27,000,000	27,000,000	-	27,000,000	-
TORONTO DOMINION BAC DYAN	01/16/13	12/12/12	12/12/12	45,000,000	44,999,997	13,750	45,013,747	-
TORONTO DOMINION BAC DYAN	06/17/13	12/19/12	12/19/12	50,000,000	50,000,000	-	50,000,000	-
TORONTO DOMINION BAC DYAN	06/17/13	12/19/12	12/19/12	50,000,000	50,000,000	-	50,000,000	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/04/12	12/04/12	918,119	918,119	-	918,119	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/05/12	12/05/12	4,099,877	4,099,877	-	4,099,877	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/07/12	12/07/12	6,529,904	6,529,904	-	6,529,904	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/11/12	12/11/12	3,795,028	3,795,028	-	3,795,028	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/13/12	12/13/12	1,421,968	1,421,968	-	1,421,968	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/14/12	12/14/12	1,347,315	1,347,315	-	1,347,315	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/18/12	12/18/12	7,025,020	7,025,020	-	7,025,020	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/21/12	12/21/12	1,454,765	1,454,765	-	1,454,765	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/26/12	12/26/12	4,694,395	4,694,395	-	4,694,395	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/27/12	12/27/12	82,811	82,811	-	82,811	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/31/12	12/31/12	722,218,694	722,218,694	-	722,218,694	-
GENERAL ELECTRIC CAPITAL CORP	01/31/13	12/10/12	12/13/12	25,000,000	25,129,750	923,785	26,053,535	-
GENERAL ELECTRIC CAPITAL CORP	01/31/13	12/10/12	12/13/12	40,000,000	40,207,600	1,478,056	41,685,656	-
GENERAL ELECTRIC CAPITAL CORP	01/31/13	12/12/12	12/17/12	50,000,000	50,237,500	1,871,181	52,108,681	-
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	12/01/12	12/01/12	27,419	27,419	-	27,419	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	12/01/12	12/01/12	27,715	27,715	-	27,715	-
DEUTSCHE BANK	12/04/12	12/03/12	12/03/12	975,000,000	975,000,000	-	975,000,000	-
BANK OF AMERICA TRIPARTY	12/04/12	12/03/12	12/03/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
DEUTSCHE BANK	12/05/12	12/04/12	12/04/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/05/12	12/04/12	12/04/12	770,000,000	770,000,000	-	770,000,000	-
DEUTSCHE BANK	12/06/12	12/05/12	12/05/12	725,000,000	725,000,000	-	725,000,000	-
BANK OF AMERICA TRIPARTY	12/06/12	12/05/12	12/05/12	1,100,000,000	1,100,000,000	-	1,100,000,000	-
DEUTSCHE BANK	12/07/12	12/06/12	12/06/12	800,000,000	800,000,000	-	800,000,000	-

TRADING ACTIVITY FOR DECEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	12/07/12	12/06/12	12/06/12	960,000,000	960,000,000	-	960,000,000	-
DEUTSCHE BANK	12/10/12	12/07/12	12/07/12	720,000,000	720,000,000	-	720,000,000	-
BANK OF AMERICA TRIPARTY	12/10/12	12/07/12	12/07/12	1,100,000,000	1,100,000,000	-	1,100,000,000	-
DEUTSCHE BANK	12/11/12	12/10/12	12/10/12	950,000,000	950,000,000	-	950,000,000	-
BANK OF AMERICA TRIPARTY	12/11/12	12/10/12	12/10/12	1,150,000,000	1,150,000,000	-	1,150,000,000	-
DEUTSCHE BANK	12/12/12	12/11/12	12/11/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/12/12	12/11/12	12/11/12	760,000,000	760,000,000	-	760,000,000	-
DEUTSCHE BANK	12/13/12	12/12/12	12/12/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/13/12	12/12/12	12/12/12	1,225,000,000	1,225,000,000	-	1,225,000,000	-
DEUTSCHE BANK	12/14/12	12/13/12	12/13/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	12/14/12	12/13/12	12/13/12	530,000,000	530,000,000	-	530,000,000	-
DEUTSCHE BANK	12/17/12	12/14/12	12/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	12/17/12	12/14/12	12/14/12	1,160,000,000	1,160,000,000	-	1,160,000,000	-
DEUTSCHE BANK	12/18/12	12/17/12	12/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	12/18/12	12/17/12	12/17/12	1,225,000,000	1,225,000,000	-	1,225,000,000	-
DEUTSCHE BANK	12/19/12	12/18/12	12/18/12	900,000,000	900,000,000	-	900,000,000	-
BANK OF AMERICA TRIPARTY	12/19/12	12/18/12	12/18/12	1,130,000,000	1,130,000,000	-	1,130,000,000	-
DEUTSCHE BANK	12/20/12	12/19/12	12/19/12	900,000,000	900,000,000	-	900,000,000	-
BANK OF AMERICA TRIPARTY	12/20/12	12/19/12	12/19/12	700,000,000	700,000,000	-	700,000,000	-
DEUTSCHE BANK	12/21/12	12/20/12	12/20/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/21/12	12/20/12	12/20/12	1,070,000,000	1,070,000,000	-	1,070,000,000	-
DEUTSCHE BANK	12/24/12	12/21/12	12/21/12	800,000,000	800,000,000	-	800,000,000	-
BANK OF AMERICA TRIPARTY	12/24/12	12/21/12	12/21/12	1,010,000,000	1,010,000,000	-	1,010,000,000	-
DEUTSCHE BANK	12/26/12	12/24/12	12/24/12	800,000,000	800,000,000	-	800,000,000	-
BANK OF AMERICA TRIPARTY	12/26/12	12/24/12	12/24/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	12/27/12	12/26/12	12/26/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/27/12	12/26/12	12/26/12	905,000,000	905,000,000	-	905,000,000	-
DEUTSCHE BANK	12/28/12	12/27/12	12/27/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/28/12	12/27/12	12/27/12	580,000,000	580,000,000	-	580,000,000	-
DEUTSCHE BANK	12/31/12	12/28/12	12/28/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/31/12	12/28/12	12/28/12	820,000,000	820,000,000	-	820,000,000	-
DEUTSCHE BANK	01/02/13	12/31/12	12/31/12	100,000,000	100,000,000	-	100,000,000	-
BANK OF AMERICA TRIPARTY	01/02/13	12/31/12	12/31/12	150,000,000	150,000,000	-	150,000,000	-
Total Buys				38,711,211,030	\$38,711,225,218	\$4,898,965	\$38,716,124,183	\$0

TRADING ACTIVITY FOR DECEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
					\$	\$	\$	\$
Maturities								
BNP PARIBAS	12/21/12	12/21/12	12/21/12	4,256,000	4,256,000	-	4,256,000	-
BANK OF AMERICA N.A.	12/10/12	12/10/12	12/10/12	200,000,000	200,000,000	-	200,000,000	-
BANK OF AMERICA N.A.	12/14/12	12/14/12	12/14/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO MITSUBISHI LTD	12/12/12	12/12/12	12/12/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT AGRICOLE NORCP	12/18/12	12/18/12	12/18/12	39,000,000	39,000,000	-	39,000,000	-
CREDIT AGRICOLE NORCP	12/26/12	12/26/12	12/26/12	150,000,000	150,000,000	-	150,000,000	-
GENERAL ELECTRIC CO CP	12/18/12	12/18/12	12/18/12	300,000,000	300,000,000	-	300,000,000	-
GOTHAM FUNDING CORPCPABS4	12/20/12	12/20/12	12/20/12	46,246,000	46,246,000	-	46,246,000	-
ROYAL BANK OF CANADA/NEW YORK NY	12/21/12	12/21/12	12/21/12	62,000,000	62,000,000	-	62,000,000	-
SOCIETE GENERALE NOCP	12/18/12	12/18/12	12/18/12	54,500,000	54,500,000	-	54,500,000	-
SOCIETE GENERALE NOCP	12/24/12	12/24/12	12/24/12	70,000,000	70,000,000	-	70,000,000	-
STARBIRD FUNDING COCPABS4	12/31/12	12/31/12	12/31/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANKING CORP	12/04/12	12/04/12	12/04/12	30,000,000	30,000,000	-	30,000,000	-
SUMITOMO MITSUI BANKING CORP	12/10/12	12/10/12	12/10/12	200,000,000	200,000,000	-	200,000,000	-
WESTPAC BANKING CORCP	12/27/12	12/27/12	12/27/12	100,000,000	100,000,000	-	100,000,000	-
DEUTSCHE BANK	12/03/12	12/03/12	12/03/12	700,000,000	700,000,000	-	700,000,000	-
BANK OF AMERICA TRIPARTY	12/03/12	12/03/12	12/03/12	1,190,000,000	1,190,000,000	-	1,190,000,000	-
DEUTSCHE BANK	12/04/12	12/04/12	12/04/12	975,000,000	975,000,000	-	975,000,000	-
BANK OF AMERICA TRIPARTY	12/04/12	12/04/12	12/04/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
DEUTSCHE BANK	12/05/12	12/05/12	12/05/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/05/12	12/05/12	12/05/12	770,000,000	770,000,000	-	770,000,000	-
DEUTSCHE BANK	12/06/12	12/06/12	12/06/12	725,000,000	725,000,000	-	725,000,000	-
BANK OF AMERICA TRIPARTY	12/06/12	12/06/12	12/06/12	1,100,000,000	1,100,000,000	-	1,100,000,000	-
DEUTSCHE BANK	12/07/12	12/07/12	12/07/12	800,000,000	800,000,000	-	800,000,000	-
BANK OF AMERICA TRIPARTY	12/07/12	12/07/12	12/07/12	960,000,000	960,000,000	-	960,000,000	-
DEUTSCHE BANK	12/10/12	12/10/12	12/10/12	720,000,000	720,000,000	-	720,000,000	-
BANK OF AMERICA TRIPARTY	12/10/12	12/10/12	12/10/12	1,100,000,000	1,100,000,000	-	1,100,000,000	-
DEUTSCHE BANK	12/11/12	12/11/12	12/11/12	950,000,000	950,000,000	-	950,000,000	-
BANK OF AMERICA TRIPARTY	12/11/12	12/11/12	12/11/12	1,150,000,000	1,150,000,000	-	1,150,000,000	-
DEUTSCHE BANK	12/12/12	12/12/12	12/12/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/12/12	12/12/12	12/12/12	760,000,000	760,000,000	-	760,000,000	-
DEUTSCHE BANK	12/13/12	12/13/12	12/13/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/13/12	12/13/12	12/13/12	1,225,000,000	1,225,000,000	-	1,225,000,000	-
DEUTSCHE BANK	12/14/12	12/14/12	12/14/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	12/14/12	12/14/12	12/14/12	530,000,000	530,000,000	-	530,000,000	-
DEUTSCHE BANK	12/17/12	12/17/12	12/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	12/17/12	12/17/12	12/17/12	1,160,000,000	1,160,000,000	-	1,160,000,000	-
DEUTSCHE BANK	12/18/12	12/18/12	12/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	12/18/12	12/18/12	12/18/12	1,225,000,000	1,225,000,000	-	1,225,000,000	-
DEUTSCHE BANK	12/19/12	12/19/12	12/19/12	900,000,000	900,000,000	-	900,000,000	-
BANK OF AMERICA TRIPARTY	12/19/12	12/19/12	12/19/12	1,130,000,000	1,130,000,000	-	1,130,000,000	-
DEUTSCHE BANK	12/20/12	12/20/12	12/20/12	900,000,000	900,000,000	-	900,000,000	-
BANK OF AMERICA TRIPARTY	12/20/12	12/20/12	12/20/12	700,000,000	700,000,000	-	700,000,000	-

TRADING ACTIVITY FOR DECEMBER 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)					\$	\$	\$	\$
DEUTSCHE BANK	12/21/12	12/21/12	12/21/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/21/12	12/21/12	12/21/12	1,070,000,000	1,070,000,000	-	1,070,000,000	-
DEUTSCHE BANK	12/24/12	12/24/12	12/24/12	800,000,000	800,000,000	-	800,000,000	-
BANK OF AMERICA TRIPARTY	12/24/12	12/24/12	12/24/12	1,010,000,000	1,010,000,000	-	1,010,000,000	-
DEUTSCHE BANK	12/26/12	12/26/12	12/26/12	800,000,000	800,000,000	-	800,000,000	-
BANK OF AMERICA TRIPARTY	12/26/12	12/26/12	12/26/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	12/27/12	12/27/12	12/27/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/27/12	12/27/12	12/27/12	905,000,000	905,000,000	-	905,000,000	-
DEUTSCHE BANK	12/28/12	12/28/12	12/28/12	1,000,000,000	1,000,000,000	-	1,000,000,000	-
BANK OF AMERICA TRIPARTY	12/28/12	12/28/12	12/28/12	580,000,000	580,000,000	-	580,000,000	-
DEUTSCHE BANK	12/31/12	12/31/12	12/31/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	12/31/12	12/31/12	12/31/12	820,000,000	820,000,000	-	820,000,000	-
Total Maturities				36,706,002,000	36,706,002,000	0	36,706,002,000	0
Sells								
CREDIT AGRICOLE NORCP	01/18/13	12/14/12	12/14/12	50,000,000	49,988,333	-	49,988,333	1,944
CREDIT AGRICOLE NORCP	01/18/13	12/14/12	12/14/12	50,000,000	49,988,333	-	49,988,333	1,944
SOCIETE GENERALE NOCP	01/08/13	12/18/12	12/18/12	50,000,000	49,992,125	-	49,992,125	875
SOCIETE GENERALE NOCP	01/08/13	12/18/12	12/18/12	25,000,000	24,996,063	-	24,996,063	438
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/03/12	12/03/12	92,708	92,708	-	92,708	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/03/12	12/03/12	175,460	175,460	-	175,460	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/06/12	12/06/12	1,642,231	1,642,231	-	1,642,231	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/06/12	12/06/12	74,612	74,612	-	74,612	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/06/12	12/06/12	774,256	774,256	-	774,256	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/06/12	12/06/12	3,580,553	3,580,553	-	3,580,553	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/10/12	12/10/12	918,119	918,119	-	918,119	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/10/12	12/10/12	519,324	519,324	-	519,324	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/10/12	12/10/12	2,113,670	2,113,670	-	2,113,670	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/12/12	12/12/12	4,416,235	4,416,235	-	4,416,235	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/12/12	12/12/12	539,341	539,341	-	539,341	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/17/12	12/17/12	755,142	755,142	-	755,142	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/19/12	12/19/12	6,326,704	6,326,704	-	6,326,704	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/20/12	12/20/12	698,492	698,492	-	698,492	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/24/12	12/24/12	1,802,053	1,802,053	-	1,802,053	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/24/12	12/24/12	813,480	813,480	-	813,480	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/28/12	12/28/12	608,489	608,489	-	608,489	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/28/12	12/28/12	1,347,315	1,347,315	-	1,347,315	-
DREYFUS GOVT CASH MGMT FUND	10/01/13	12/28/12	12/28/12	3,191,700	3,191,700	-	3,191,700	-
Total Sells				205,389,882	\$205,354,737	\$0	\$205,354,737	\$5,201

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$4.7 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economies can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others could have adverse consequences. The SBA and Apollo Global Management's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during December 2012 that had a material impact on the liquidity or operation of Fund B.

FUND B

FUND B DISTRIBUTIONS

RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of December 2012, investors cumulatively received distributions from Fund B totaling \$1.76 billion or 87.7% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of December 31, 2012, their remaining amortized cost was \$454.2 million,

or 83.9% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$242.8 million or 98.3% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%
05/04/12	\$ 5,275,000	\$ 1,724,650,000	\$ 284,801,941	85.8%
06/05/12	\$ 7,050,000	\$ 1,731,700,000	\$ 277,751,941	86.2%
07/04/12	\$ 5,450,000	\$ 1,737,150,000	\$ 272,301,941	86.4%
08/06/12	\$ 4,500,000	\$ 1,741,650,000	\$ 267,801,941	86.7%
09/07/12	\$ 5,150,000	\$ 1,746,800,000	\$ 262,651,941	86.9%
10/04/12	\$ 7,430,000	\$ 1,754,230,000	\$ 255,221,941	87.3%
11/06/12	\$ 3,500,000	\$ 1,757,730,000	\$ 251,721,941	87.5%
12/07/12	\$ 4,710,000	\$ 1,762,440,000	\$ 247,011,941	87.7%

FUND B MONTHLY DISTRIBUTION DETAIL

December 2012 Distribution Detail Including Receipts by Source For the period 11/7/12 - 12/7/12		Fund B Participant Allocation		Expense Allocation
Beginning Balance	\$	-	\$	25,711.35
Receipts:				
Florida East	\$	1,009,343.53		
Florida West	\$	2,128,982.43		
Florida Funding I	\$	417,016.12		
Florida Funding II	\$	1,157,115.30		
Overnight Investments	\$	7.93		
Total Receipts	\$	4,712,465.31		
Distributions:				
Allocation to/from Expense Reserve	\$	(2,465.31)	\$	2,465.31
Expenses Paid			\$	(2,134.34)
Participant Distribution	\$	(4,710,000.00)		
Ending Balance	\$	-	\$	26,042.32

FUND B

INVENTORY OF HOLDINGS - AS OF DECEMBER 31, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		4,001,068	0.00	\$ 4,001,068	\$ 4,001,068	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	12/27/12	71,817,517	0.56	\$ 71,817,517	\$ 56,046,936	\$ (15,770,581)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	12/27/12	171,779,707	0.56	\$ 171,779,707	\$ 104,882,342	\$ (66,897,365)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	12/26/12	118,811,342	0.18	\$ 118,811,342	\$ 28,222,905	\$ (90,588,437)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	12/28/12	87,793,525	0.17	\$ 87,786,524	\$ 49,664,781	\$ (38,121,743)
Total Value of Investments			<u>454,203,159</u>		<u>\$454,196,158</u>	<u>\$242,818,032</u>	<u>(\$211,378,126)</u>

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value are not predictive of the ultimate amount likely to be realized from these securities. Fund B’s investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a four- to five-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

The securities held in Fund B result from workouts of the LGIP’s original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - DECEMBER 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) periodic distributions to participants. Apollo Global Management can also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of December 2012, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - DECEMBER 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	12/04/12	12/04/12	8	8	0	8	0
DREYFUS GOVERNMENT CASH MANAGEMENT	12/31/12	12/31/12	3,977,036	3,977,036	0	3,977,036	0
Total Buys			<u>3,977,044</u>	<u>3,977,044</u>	<u>\$0</u>	<u>\$3,977,044</u>	<u>\$0</u>
Sells							
FLORIDA FUNDING I LLC	12/31/12	12/31/12	593,507	593,507	0	593,507	0
FLORIDA EAST FUNDING LLC	12/31/12	12/31/12	984,190	984,190	0	984,190	0
FLORIDA WEST FUNDING LLC	12/31/12	12/31/12	1,199,228	1,199,228	0	1,199,228	0
FLORIDA FUNDING II	12/31/12	12/31/12	1,045,524	1,045,524	0	1,045,524	83
DREYFUS GOVERNMENT CASH MANAGEMENT	12/03/12	12/03/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	12/07/12	12/07/12	4,710,000	4,710,000	0	4,710,000	0
DREYFUS GOVERNMENT CASH MANAGEMENT	12/20/12	12/20/12	2,010	2,010	0	2,010	0
Total Sells			<u>8,534,519</u>	<u>8,534,519</u>	<u>0</u>	<u>8,534,519</u>	<u>83</u>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

Our Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.



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Peter H. Collins

Mr. Collins is Co-Founder and Managing Principal of Forge Capital Partners, LLC (“Forge” or “FCP”) a private equity firm headquartered in Tampa, Florida. Mr. Collins directs all private equity activities for Forge Capital Partners (FCP) and is the CEO of FCP's series of institutional real estate funds. Forge’s real estate funds are focused on acquiring and developing income-producing commercial and multi-family real estate throughout the southeast and Puerto Rico. Over the past eleven years, Mr. Collins has overseen the purchase and/or development of approximately 5 million square feet of commercial property, the purchase and sale of over 3,000 apartments and the acquisition of other businesses with a combined value of over \$1.5 billion.

Prior to co-founding Forge Capital Partners, Mr. Collins was a Partner and Managing Director at Rock Creek Capital, a private equity firm located in Jacksonville, Florida. Prior to joining Rock Creek, Mr. Collins served as a Manager with the Florida State Board of Administration (Florida's Public Pension Fund) in Tallahassee. During this time, Mr. Collins was directly engaged with major economic issues involving the Florida Hurricane Catastrophe Fund, The Florida Division of Bond Finance and The Department of Treasury. Prior to his service with the State Board of Administration, Mr. Collins served four years as Chief of Staff to Florida State Senator Charles Williams. In this capacity, he was regularly involved with major economic and social issues impacting the State of Florida.

Mr. Collins received both a Bachelor of Science in Finance and a MBA from Florida State University. Mr. Collins is a frequent guest speaker and lecturer on private equity and real estate across the country. Mr. Collins is a member of the Urban Land Institute (ULI), the International Council of Shopping Centers (ICSC), a member of the Board of Trustees of the Florida State University Foundation and a Trustee of the Boy Scouts of America National Foundation. Mr. Collins and his wife Jennifer have been married for 19 years and have 4 children.

**MINUTES
INVESTMENT ADVISORY COUNCIL
DECEMBER 10, 2012**

A meeting of the Investment Advisory Council (IAC) was held on Monday, December 10, 2012, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida.

Members Present: Martin Garcia, Vice Chair
Chuck Cobb
Les Daniels
Rob Gidel
Will Harrell
Chuck Newman
Michael Price
Gary Wendt

Member Absent: David Grain

CALL TO ORDER/APPROVAL OF MINUTES

Mr. Martin Garcia, Vice Chair, called the meeting to order at 1:00 PM. He requested that anyone participating by telephone identify themselves for the benefit of the court reporter: Mr. Charles Pettinato and Mr. Michael Commaroto from Apollo Capital Management were participating via telephone. Mr. Garcia requested a motion to approve the minutes of the September 17, 2012 IAC meeting. The motion to approve the minutes was made by Mr. Les Daniels, seconded by Mr. Chuck Newman, and approved without objection.

OPENING REMARKS/REPORTS

Mr. Ash Williams, Executive Director and Chief Investment Officer, welcomed the meeting's participants and then provided an overview of the SBA's performance and market factors. Mr. Williams also provided an overview of the outstanding audit issues and the work of the compensation subcommittee.

FUND B SURPLUS FUNDS TRUST FUND COLLATERAL UPDATE

Mr. Michael Commaroto, Apollo Capital Management, provided a market overview related to Fund B holdings. Questions were posed from IAC members and answered by SBA staff and Apollo Capital Management, along with a conversation among participants. At the request of the IAC, Mr. SigRist provided a brief historic overview of Fund B holdings.

COMPENSATION STUDY

Mr. Chuck Newman provided a short overview of the organizational meeting of the IAC's Compensation Subcommittee, including discussions about the Sunshine Law, and the role of the IAC in relation to compensation. The Subcommittee proposed to the IAC that they accept the recommendation from Mercer and the staff that, subject to approval by the Trustees, the Subcommittee take on direct oversight of the pay level of the Executive Director/CIO and share accountability with the Executive Director/CIO for the pay level of the Deputy Executive Director. Mercer recommended leaving other direct oversight to the Executive Director/CIO, consistent with maintaining management's delegated authority for other SBA positions. The Subcommittee would have oversight of the overall compensation program and strategy for other employees. The specific language regarding the role was clarified and the motion passed. A second motion formally constituting the Subcommittee with members Mr. Daniels, Mr. Wendt, Mr. Garcia, Mr. Price, and Mr. Newman was made, seconded, and approved without objection.

CORPORATE GOVERNANCE REVIEW

Mr. Mike McCauley, Senior Officer – Investment Programs & Governance for the SBA, provided background on the program and the SBA's approach to corporate governance, proxy voting activities, activism efforts from the past year, and plans for 2013. Questions from IAC members were posed and answered.

MAJOR MANDATE PERFORMANCE REVIEWS

Mr. Mike Sebastian, Hewitt EnnisKnupp, provided a brief presentation on the major benchmarks for the FRS Pension Plan, investment objectives, performance compared to benchmarks over various periods of time, and reviews of rolling performance. Conversation between IAC members, Hewitt EnnisKnupp and SBA staff ensued, with Mr. Kevin SigRist providing an overview of items scheduled to be covered in the March 2013 meeting. Questions from the IAC were posed and answered regarding 2008's impact on returns, and the 7.75% actuarial assumed rate of return versus 5% real return objective.

Mr. Sebastian then provided the major mandate overview, including performance over various time periods for the FRS Pension Plan, the FRS Investment Plan, the Florida Hurricane Catastrophe Fund, the Lawton Chiles Endowment Fund, and Florida PRIME.

PUBLIC MARKETS PROGRAM REVIEW

Mr. Kevin SigRist opened the public markets program review by providing the basis for the presentation from Mercer. Mr. Brian Birnbaum, Mercer Investment Consulting, provided an overview of the public markets program including the guiding principles for the portfolio. The presentation reviewed the 2010 business model review of the portfolio and the conclusions. Questions from the IAC were posed and answered. The presentation provided a review of performance versus benchmarks, and performance of the global equity portfolio since its consolidation. Questions were again posed from the IAC and answered by Mr. Birnbaum and Mr. SigRist. Mr. Birnbaum then presented Mercer's efforts over the past year for the SBA. Questions were posed and answered, and an extensive conversation followed between IAC members, Mercer, and SBA staff. Mr. Birnbaum concluded his presentation with an overview of the SBA's risk budgeting policy for Global Equities.

INVESTMENT PLAN PRODUCT REVIEW

Mr. Kevin SigRist provided introductory remarks and an overview of the SBA's review of the investment plan from its inception. Ms. Jordan Nault, Mercer Investment Consulting, provided Mercer's assessment of the investment plan investment options, including the types and number of products, as well as Mercer's recommendations for new options, including streamlined, easy to understand fund options. Questions from the IAC were answered by Ms. Nault and Mr. SigRist. Ms. Nault highlighted the increased use of target date funds in other defined contribution plans. Additional questions were answered, along with an explanation from Mr. Ron Poppell of the current participation in balanced funds. Mercer presented its recommendations, including consolidation of options, and the current fund offerings and fees associated with those options. Mr. Williams suggested that SBA staff take direction from the discussion and consolidate the availability of certain exposures within broader products that fulfill a more subject-oriented niche and portfolio.

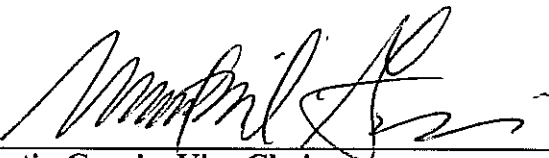
MEMBER PREFERENCES FOR CONTENT AND DELIVERY OF FUTURE MEETINGS/OPEN AGENDA ITEMS/OPEN DISCUSSION

Mr. Ash Williams provided an overview of standing agenda items for future IAC meetings. A discussion ensued, providing clarification of how input from the IAC will be handled and the follow-up at future meetings.

AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURN

Mr. Garcia acknowledged Mr. Rob Gidel's service to the IAC. Mr. Williams thanked Mr. Gidel for his service and dedication to the IAC and presented him with a plaque. Mr. Gidel thanked the members and made brief remarks.

There were no comments from the audience. Mr. Garcia requested a motion to adjourn the meeting. Mr. Michael Price made the motion to adjourn, seconded by Mr. Gary Wendt. The meeting adjourned at 4:20 PM.



Martin Garcia, Vice Chairman

3/5/13

Date

(Further meeting information can be found in the written transcripts of the meeting kept by the State Board of Administration.)



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ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Board of Trustees
From: Daniel Wolfson, Chairman
Participant Local Government Advisory Council (PLGAC)
Date: February 28, 2013
Subject: Quarterly Update – Florida PRIME

The Participant Local Government Advisory Council (the "Council") last met on November 29, 2012 and is scheduled to meet again on March 27, 2013. Over the prior quarter, the Council continued to oversee the operations and investment management of Florida PRIME and Fund B, reviewing several issues as well as the current market environment for Fund B securities.

CASH FLOWS / PERFORMANCE

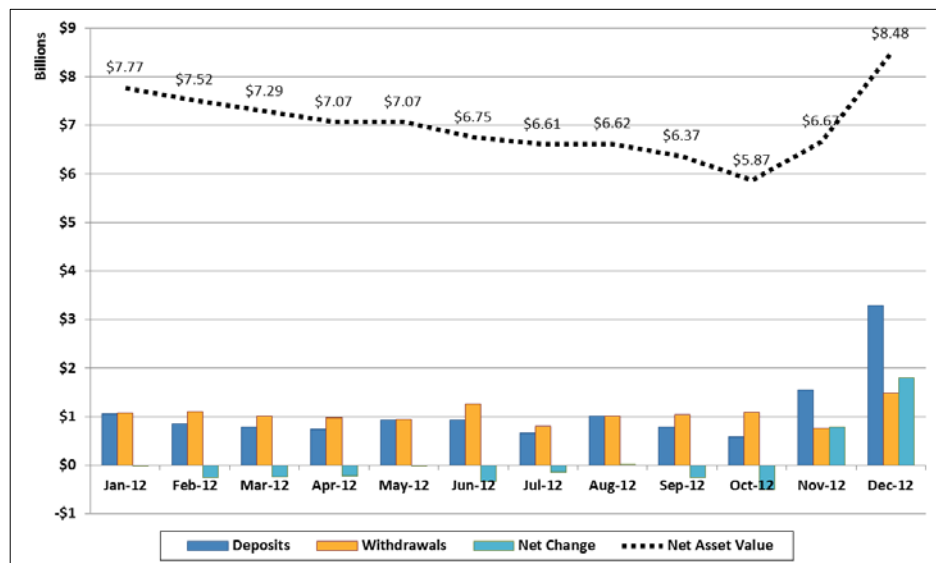
- Over the quarter ending December 31, 2012, participant deposits totaled \$6.39 billion; participant withdrawals totaled \$4.31 billion, for a net increase of approximately \$2.10 billion.
- During the 4th quarter, Florida PRIME delivered an aggregate \$5.03 million in investment earnings.
- Performance of Florida PRIME has been strong over short and long-term time periods. For the period ending December 31, 2012, Florida PRIME generated excess returns (performance above the pool's benchmark) of approximately 17 basis points (0.17 percent, annualized) over the last three months, 21 basis points (0.21 percent) over the last 12 months, and 16 basis points (0.16 percent) over the last 36 months.

POOL CHARACTERISTICS

- As of December 31, 2012, the total market value of Florida PRIME was \$8.48 billion.
- As of December 31, 2012, the investment pool had a 7 Day SEC Yield equal to 0.24 percent, a Weighted Average Maturity (WAM) equal to 44.0 days, and a Weighted Average Life (WAL or Spread WAM) equal to 79.7 days.

FUND B

- Fund B continues to pay principal and interest, with cumulative distributions to participants of approximately \$1.77 billion through the December 2012 monthly distribution, with remaining principal owed to participants equal to approximately \$247 million.
- As of December 31, 2012, 87.7 percent of the original principal in Fund B has been returned to participants.
- As the U.S. residential housing market continues to improve, the fundamentals of non-agency residential mortgage-backed securities (RMBS) held within Fund B continued to strengthen throughout the quarter, raising the underlying value of collateral assets. As of December 31, 2012, the estimated liquidation value of Fund B securities was equal to 98.3 percent of remaining participant principal positions.





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Date: February 28, 2013
To: Board of Trustees
From: Kimberly Ferrell, Audit Committee Chair
Subject: Quarterly Audit Committee Report

The State Board of Administration (SBA) Audit Committee met on December 11, 2012 and February 11, 2013. The following were the results of those meetings:

I. External Audit

- A. We discussed the results of the following audits/assessments:
 - 1. Ernst & Young's financial statement audits of the SBA's eight wholly-owned companies with September 30, 2012 year-end
 - 2. Ernst & Young's network security assessment follow-up
- B. We also reviewed the related network security assessment report, audited financial statements, reports on agreed upon procedures, tax compliance, internal control over financial reporting, and compliance with debt agreements.

All of the audited financial statements received an unqualified or clean opinion. The agreed upon procedures did not disclose major findings.

II. Internal Audit

- A. We reviewed the following Office of Internal Audit (OIA) reports:
 - 1. Securities Class Actions Operational Audit
 - 2. Fiscal Year 2012-13 Second Quarter Follow-up Audit which included prior recommendations from four reports:
 - a. OIA Accounting Reconciliations Operational Audit
 - b. OIA Private Equity Operational Audit
 - c. OIA Real Estate Third Follow-up Audit, and
 - d. OIA Real Estate Fourth Follow-up Audit.
- B. We also received a progress report from the Chief Audit Executive (CAE) related to the OIA Annual Audit Plan for the fiscal year 2012-2013, the 99 engagements that are currently in progress, the external auditors' reports reviewed by the OIA before the reports were finalized, status of Categories A and B recommendations, and OIA implementation of an electronic workpaper system.

C. Open Recommendations

The tables below summarize the progress made on open recommendations as of January 31, 2013. Additional details related to open recommendations are presented in Appendices 1, 2, and 3.

CATEGORY "A" RECOMMENDATIONS

	As of 11/2/2012	Changes from 11/2 to 1/31	As of 1/31/2013
Total Number of Recommendations	415	22	437
Closed Recommendations	(386)	(16)	(402)
Open Recommendations	29	6	35

CATEGORY "B" RECOMMENDATIONS

	As of 11/2/2012	Changes from 11/2 to 1/31	As of 1/31/2013
Total Number of Recommendations	143	0	143
Closed Recommendations	(109)	0	(109)
Open Recommendations	34	0	34

Breakdown of Category B Open Recommendations:

	As of 11/2/2012	Changes from 11/2 to 1/31	As of 1/31/2013
Not yet implemented	18	(7)	11
Partially implemented and the remainder is in progress	5	(2)	3
Implemented, per SBA Management	11	9	20
Open Recommendations	34	0	34

Category "A" refers to recommendations made either by internal or external auditors. OIA monitors and performs follow-up procedures on these recommendations in accordance with the *IIA Standard 2500.A1*.¹ In certain cases, follow-up procedures are performed by external auditors.

Category "B" refers to recommendations made by consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery

¹ *Standard 2500.A1- The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.*

preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the *IIA Standard* 2500.C1². Please note that the *IIA Standard* does **not** require the CAE to establish a follow-up process for consulting engagements, but the OIA does take into account the disposition of these recommendations when performing a risk assessment for purposes of establishing the nature, timing, and scope of audit engagements involving the affected areas.

Of the 34 open items in Category “B”, 11 are reported as not yet implemented (NYI) and three are partially implemented. Ten (10) of the 11 NYI recommendations came from the work conducted by Crowe Horwath and their follow-up of governance work conducted by Deloitte. These items will be part of a distinct follow up progress activity by the SBA’s Chief Risk & Compliance Officer (CRCO), discussed below. The other NYI recommendation pertains to work done by BDA Global in 2010. The SBA engaged BDA Global to conduct a review to determine if its Continuity of Operations Program provides reasonable assurance that the SBA has the ability to timely recover from a major disruption or disaster and continue critical business functions as defined by the goals of the program. The three recommendations that are reported as partially implemented refer to the governance work done by Deloitte in 2009.

III. Enterprise Risk Management and Compliance

A. Compliance Activities

As part of the continuous compliance program, the CRCO reported no material compliance exceptions were discovered during the period since the last Audit Committee meeting of November 13, 2012. Implementation of the Charles River automated compliance system for the Global Equity asset class is underway. An automated compliance system for the Fixed Income asset class using the Bloomberg is also being evaluated.

B. Progress on the implementation of Crowe Horwath’s recommendations

Of the 63 Crowe Horwath recommendations, ten remain open at the time of this report. The CRCO has extended two of the remaining implementation dates in the following areas: testing of the system of internal controls and refinement of processes to monitor compliance with the non-investment manager contracts. The remaining recommendations are progressing as planned, with implementation by March 31, 2013 or June 30, 2013.

C. Risk Management Activities

With the implementation of Barra total fund risk system, a new summarized quarterly Enterprise Risk Management report has been developed for distribution to the Trustees, Investment Advisory Council, and Audit Committee. This report includes relevant statistics from the risk model as well as other risk indicator metrics for the organization. Efforts will be ongoing to refine visibility into risks faced by the SBA.

² *Standard 2500.C1-The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.*

IV. Other Audit Committee Initiatives

A. Coordination of Audit Plans with the State of Florida Auditor General

The Committee held a special meeting on December 11, 2012 with representatives of the State of Florida Auditor General (AG). The focus of the discussion was coordination of audit plans in order to avoid duplication of efforts and to achieve better audit coverage of the SBA. The impact of the AG's information technology (IT) operational audit on the OIA audit plan and the available SBA resources were also discussed. The CAE advised the Committee that it would not be possible for the SBA IT unit to accommodate all of the IT projects in the current OIA audit plan given that the AG will move forward with their IT operational audit. The CAE presented and the Audit Committee approved a revised OIA audit plan for the fiscal year 2012-13.

The Committee acknowledged the difficulty in allocating resources to these engagements as the AG's audit plan does not identify specific areas that will be the subject of operational audit. In this regard, the Committee passed a motion requiring OIA to communicate the projects in its audit plan to the AG prior to the finalization of the OIA audit plan. The intent is to facilitate additional communication and coordination between the agencies resulting in a more efficient allocation of resources.

B. OIA and Enterprise Risk Management (ERM) Collaboration

At the Committee's request, OIA and ERM developed a plan to increase their risk assessment collaboration. To the extent practicable and allowed by the audit standards, OIA and RMC will work closely to share results of risk assessments, review risk management issues and concerns, assess risk responses, and ensure relevant risk information is communicated to relevant parties.

The first joint risk assessment questionnaire will be released in March 2013.

APPENDIX 1
STATUS OF CATEGORY “A” RECOMMENDATIONS
AS OF 1/31/2013

1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2007	1	0	0	1	2.9%
2011	1	1	3	5	14.3%
2012	6	2	2	10	28.6%
2013	8	6	5	19	54.2%
	16	9	10	35	100%
	46%	26%	28%		

2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating				Status				%
		High	Medium	Low	Total	NYI	PIRP	OTV	Total	
Test of the SBA Disaster Recovery Plan (OIA)	7/31/2007	1			1	1			1	2.9%
Network Security Assessment (Ernst & Young)	9/27/2011		1		1	1			1	2.9%
Internet, Intranet, Wireless, Web Application and Social Engineering Security Assessments (Ernst & Young)	9/29/2011	1		3	4		3	1	4	11.3%
Defined Contribution Programs Operational Audit (OIA)	6/15/2012	2			2		2		2	5.7%
Accounting Reconciliations Operational Audit (OIA)	9/14/2012			1	1	1			1	2.9%
Private Equity Operational Audit (OIA)	10/25/2012	4	2	1	7	6		1	7	20.0%
Florida Growth Fund Investments Have Increased & Recipients Report Employment Growth (OPPAGA)	1/9/2013			1	1	1			1	2.9%
Local Government Surplus Funds Trust Fund Financial Statement Audit (Auditor General)	1/17/2013			1	1	1			1	2.9%
Fund B Surplus Funds Trust Fund Operational Audit (Auditor General)	1/18/2013			1	1	1			1	2.9%
Securities Class Actions Operational Audit (OIA)	2/1/2013	6	2		8	8			8	22.8%
Intranet, Internet, Web Application and Internal Network Configuration Regression Assessments (Ernst & Young)	2/6/2013	2	4	2	8	3		5	8	22.8%
		16	9	10	35	23	5	7	35	100%

Category A - Recommendations were made by either by internal or external auditors. The Office of Internal Audit (OIA) monitors and performs follow-up procedures on these recommendations in accordance with the IIA Standard 2500. A.1

NYI - Not Yet Implemented

PIRP - Partially Implemented and the Remainder is in Progress

OTV - OIA to Verify

APPENDIX 2
STATUS OF CATEGORY “B” RECOMMENDATIONS
AS OF 1/31/2013

1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2009	2	3	2	7	20.5%
2010	2	0	0	2	5.9%
2011	2	18	5	25	73.6%
	6	21	7	34	100%
	18%	62%	20%		

2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating				Status				%
		High	Medium	Low	Total	NYI	PIRP	IMP	Total	
Compliance Program Assessment Phase 1 – Strategic Analysis – Investment Management Compliance Program Review (Deloitte & Touche)	1/15/2009	1	3	2	6		2	4	6	17.6%
Compliance Program Assessment Phase 2: Governance Structure and Compliance Department Implementation (Deloitte)	6/16/2009	1			1		1		1	2.9%
COOP Assessment (BDA Global)	8/23/2010	2			2	1		1	2	5.9%
Evaluation and Recommendations Related to the Compliance Program (Crowe Horwath)	10/21/2011	2	18	5	25	10		15	25	73.6%
		6	21	7	34	11	3	20	34	100%

- Category B** - Recommendations are made by the non-investment consultants and cover areas related to risk management, internal controls, compliance, ethics, special investigations, etc. The OIA monitors the disposition of recommendations in accordance with the IIA Standard 2500.C1.
- The Office of Internal Audit does not perform any follow-up procedures on the Category B recommendations.
- NYI** - Not Yet Implemented
- PIRP** - Partially Implemented and the Remainder is in Progress
- IMP** - Implemented, as represented by SBA management

APPENDIX 3
STATUS OF ALL RECOMMENDATIONS (CATEGORIES A & B COMBINED)
AS OF 1/31/2013

1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2007	1	0	0	1	1.4%
2009	2	3	2	7	10.1%
2010	2	0	0	2	2.9%
2011	3	19	8	30	43.5%
2012	6	2	2	10	14.5%
2013	8	6	5	19	27.6%
	22	30	17	69	100%
	32%	46%	27%		

2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating				Status					%
		High	Medium	Low	Total	NYI	PIRP	OTV	IMP	Total	
Test of the SBA Disaster Recovery Plan (OIA)	7/31/2007	1			1	1				1	1.4%
Compliance Program Assessment Phase 1 – Strategic Analysis – Investment Management Compliance Program Review (Deloitte & Touche)	1/15/2009	1	3	2	6		2		4	6	8.7%
Compliance Program Assessment Phase 2: Governance Structure and Compliance Department Implementation (Deloitte & Touche)	6/16/2009	1			1		1			1	1.4%
COOP Assessment (BDA Global)	8/23/2010	2			2	1			1	2	2.9%
Network Security Assessment (Ernst & Young)	9/27/2011		1		1	1				1	1.4%
Internet, Intranet, Wireless, Web Application and Social Engineering Security Assessments (Ernst & Young)	9/29/2011	1		3	4		3	1		4	5.8%
Evaluation and Recommendations Related to the Compliance Program (Crowe Horwath)	10/21/2011	2	18	5	25	10			15	25	36.3%
Defined Contribution Programs Operational Audit (OIA)	6/15/2012	2			2		2			2	2.9%
Accounting Reconciliations Operational Audit (OIA)	9/14/2012			1	1	1				1	1.4%
Private Equity Operational Audit (OIA)	10/25/2012	4	2	1	7	6		1		7	10.2%
Florida Growth Fund Investments Have Increased & Recipients Report Employment Growth (OPPAGA)	1/9/2013			1	1	1				1	1.4%
Local Government Surplus Funds Trust Fund Financial Statement Audit (Auditor General)	1/17/2013			1	1	1				1	1.4%
Fund B Surplus Funds Trust Fund Operational Audit (Auditor General)	1/18/2013			1	1	1				1	1.4%
Securities Class Actions Operational Audit (OIA)	2/1/2013	6	2		8	8				8	11.7%
Intranet, Internet, Web Application and Internal Network Configuration Regression Assessments (Ernst & Young)	2/6/2013	2	4	2	8	3		5		8	11.7%
		22	30	17	69	34	8	7	20	69	100%

NYI - Not Yet Implemented
PIRP - Partially Implemented and the Remainder is in Progress
OTV - OIA to Verify
IMP - Implemented, as represented by SBA management



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ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

To: Ash Williams
From: Michael McCauley
Date: March 1, 2013
Subject: Board of Trustees Meeting – Standing Report / Investment Programs & Governance

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The SBA's Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) met last on December 17, 2012 and is scheduled to meet next on March 28, 2013. The Proxy Committee continues to discuss ongoing governance issues including the volume and trends for recent proxy votes, significant proxy votes, corporate governance investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA).

GLOBAL EQUITY PROXY VOTING

For the calendar year ending December 31, 2012, the SBA executed 9,432 votes on public company proxies covering 84,655 individual voting items, including director elections, audit firm ratifications, executive compensation plans, mergers, acquisitions, and other management and shareowner proposals. The SBA voted "for" 79.93 percent of all executed proxy votes. The table below provides major statistics on the SBA's proxy voting activities through the last 12 months ending December 31, 2012:

Votes in Favor of Directors 80.2% (FY2012=77.0%)	Votes with Management 81.1% (FY2012=78.2%)
Votes in Favor of Auditors 92.1% (FY2012=91.3%)	Total Ballot Items Voted 84,655 (FY2012=84,881)
Votes in Favor of All Governance Proposals 73.2% (FY2012=66.7%)	Total Proxies Voted 9,432 (FY2012=9,420)

During the prior quarter ending December 31, 2012, the SBA cast proxy votes in 57 countries, with the top 5 countries comprised of the United States (245 votes), Australia (206), Hong Kong (108), the United Kingdom (55), and South Africa (44).

REGIONAL MARKET FOCUS—AUSTRALIA/NEW ZEALAND

The second year under Australia's controversial "two strikes" law took place during 2012. Starting on July 1, 2011, a company incurred a first "strike" if it recorded at least 25 percent against votes on its

remuneration. If the company receives at least 25 percent against votes on the 2012 remuneration report, the company will incur a second "strike" and shareowners must also vote on a "spill resolution" to determine whether a general meeting should be called to consider the election of certain directors on the board ("spill meeting"). There were 23 companies within the S&P/ASX 300 Australian stock index that faced a potential second strike and subsequent board spill meeting in 2012.

During 2012, roughly 83.5 percent of S&P/ASX 300 remuneration reports received more than 75 percent support from investors. There was an uptick in the support of S&P/ASX 300 companies receiving a majority vote against their remuneration reports. Although there were 23 large capitalization companies that recorded a "first strike" against their remuneration reports in 2011, nearly all of these companies received substantial support of their compensation reports in 2012 after taking significant steps to address investor concerns.

According to Glass, Lewis & Co., only two companies in the S&P/ASX 300 stock index, Cabcharge Australia Limited and Linc Energy Limited, recorded a second strike during 2012, with 69 and 71 percent, respectively. Investors voted against the conditional board spill resolutions at each of their 2012 annual shareowner meetings, removing the possibility of director turnover. The SBA voted against the spill resolution at Cabcharge, and did not cast a vote at the Linc meeting. "New Zealand listed companies, unlike their Australian counterparts, are not required to publish remuneration reports in their annual reports, let alone be subject to an annual advisory vote on the remuneration report. As a result, there is limited disclosure on remuneration issues at New Zealand companies. One area where companies are required to provide disclosure is on directors' fees, and companies are subject to a fee cap on directors' fees, which may only be increased upon shareholder approval."¹

EXECUTIVE COMPENSATION RESEARCH

The SBA recently completed an in-depth study on the effectiveness of performance measures within long-term incentive compensation plans (LTIPs). The study's researcher, Farient Advisors LLC, found that a number of companies operating within a variety of industries are using performance metrics poorly correlated to shareowner value. The study provides the most definitive answer to date on a critical question—are companies choosing their long-term incentive metrics wisely for the most sustainable benefit to shareowners? Data from 1998-2011 were used in the research, capturing the top 750 companies in market capitalization for each year covered, for what comprised a database of over 1,800 companies. The study found that, in aggregate, performance metrics are generally well-aligned with shareowner value. Earnings growth, followed by returns and revenue growth, has the greatest impact on stock prices. This result matches the usage patterns for financial metrics in long-term incentives: earnings growth is the most popular financial measure, followed by returns and revenue growth. The study's researchers found that approximately half of all industry groups could use some improvement in their selection of performance measures. The companies in these industries either are not using the metrics that are most strongly correlated to value or, when the overall correlations of financial metrics to shareowner value are poor, they are not sufficiently using TSR as a direct measure of shareowner performance.

The key takeaways for shareowners and boards of directors to consider when they design and evaluate long-term incentive compensation plans include: 1) Companies should undertake their own analysis to determine which measures of performance have the most influence on shareowner value. Various

¹ Smith, Daniel J. and Michael Chandler. "2012 Voting Season Preview – Australia and New Zealand." MSCI Institutional Shareholder Services. Published September 19, 2012.

measurement definitions (for example, approaches to depreciation, capital expenditures, asset definitions, and other items) could make a significant difference to shareowner value and should be given careful consideration; 2) Companies should identify two or three key metrics that appropriately balance growth and returns and demonstrate a proven link to value. If overall correlations to value are poor for existing long-term incentive plans, a board should change the metrics; and 3) Investors are likely to increase engagement activities around executive compensation in general, and specifically on performance metrics. In communicating with investors, companies should present compelling evidence as to how various measures of performance will lead to enhanced shareowner value.

The SBA has adopted policies to evaluate the design features and individual components utilized within LTIPs, in order to understand what incentives are created and how performance against those measures impacts shareowner value. The performance metrics selected, as determined by the company and its board of directors, are deemed by many observers to be the best measures of corporate success. Investors and other interested stakeholders wish to validate that these metrics are in fact linked to total shareowner return (TSR). SBA staff will incorporate the results of this research study into its policy framework and proxy voting decision-making on executive compensation items. A copy of the SBA's summary brief is posted within the corporate governance section of our website.

REGULATORY DEVELOPMENTS & OTHER COMMENTARY

On November 7, 2012, SBA staff submitted a comment letter to the Toronto Stock Exchange (TSX) regarding proposed amendments to the TSX Company Manual for a mandatory policy requiring majority voting in uncontested director elections. Subsequently, the TSX amended the TSX Company Manual in relation to director elections. The amendments become effective December 31, 2012 and include requirements for issuers to elect directors annually (i.e., no classified board term structures), to elect directors individually (no slate voting), to publicly disclose the votes received for the election of each director, to disclose if they have adopted a majority voting policy for uncontested director elections, and to disclose to the exchange if a director receives a majority of withhold votes, if they do not have a majority voting policy.

On January 31, 2013, SBA staff submitted a comment letter to the Securities and Exchange Board of India (SEBI), providing input on the Consultative Paper on Review of Corporate Governance Norms in India, aimed at modernizing the 50 year old Companies Act. Passed by the Lower House of the Parliament (Lok Sabha) in December 2012, the Upper House (Rajya Sabha) is expected to grant its approval shortly. The Companies Act, 1956 will then cede to the Companies Bill, 2011, bringing in legislation that is meant to better align corporate management in India to global standards. This includes provisions for better disclosure and accountability, a fixed term for auditors, enhanced shareholder participation, and guidelines for directors' remuneration.

2013 GLOBAL ENGAGEMENT

SBA staff continues to implement the work plan on corporate engagement aimed at improving the corporate governance practices of approximately 13 companies (both U.S. and Non-U.S. firms). During the first quarter, SBA staff finalized a contract with a major engagement service provider and has begun to work with a group of international investors targeting these companies. The primary governance elements of the initiative involve companies with one or more of the following areas of concern: 1) classified boards (annual elections); 2) proxy access (ability to nominate directors); 3) majority voting (>50% election standard); 4) one-share/one-vote (dual class shares, etc.); 5) executive compensation (pay for performance, long-term incentive plan design, etc.); 6) procedural (voting by poll, financial disclosures, etc.); 7) minority shareowner rights (director elections, state-owned enterprises, etc.).

Covering the foreign corporation subset, on February 18th the SBA sent a letter to Petrobras, the largest energy company in Brazil, requesting the inclusion of a list of director candidates for the positions of members of the board of directors and fiscal board (Conselho Fiscal) at the upcoming General Meeting of the Company, scheduled to take place in March. SBA staff is working with its engagement provider as well as a large group of institutional investors in a dialogue with members of the company's management and securities regulators in Brazil.

On the domestic front, the SBA continued its partnership with the Harvard Law School's Shareholder Rights Project (SRP), submitting shareowner proposals at a half-dozen U.S. companies for the 2013 proxy season. The shareowner proposals urge a repeal of the companies' classified board structure and a transition to annual director elections. As of late February, among the six S&P 500 and Fortune 500 companies the SBA targeted, three firms (Manpower Inc., NII Holdings, Inc., and SPX Corporation) have provided the SBA with a written commitment to legally adopt an annual election process for all board members. The change is normally implemented over several years, with individual directors standing for election (or re-election) annually beginning in the year their existing term expires. The remaining three companies (Netflix, Inc., Huntsman Corporation, and NCR Corporation) are scheduled to conduct shareowner votes on the proposals during their 2013 annual shareowner meetings. Empirical evidence shows several benefits of declassified boards, including greater board sensitivity to firm performance in deciding executive compensation and CEO retention, better acquisition decisions, and higher valuation. The Council of Institutional Investors, the American Funds, BlackRock, Fidelity, TIAA-CREF and The Vanguard Group all advocate annual elections for directors and have proxy voting policies to vote in favor of board declassification. The two leading proxy advisors, ISS and Glass Lewis, urge their clients to vote for declassifying boards.

JOINT CORPORATE/INVESTOR INITIATIVE

In February, SBA staff began to participate in an advisory capacity on the Task Force on Corporate/Investor Engagement developed by The Conference Board Governance Center. Events of the past decade, from accounting scandals to the global financial crisis, have served to damage the reputation of business, contributing to a distrust of business in general. Globally, according to the 2013 Edelman Trust Barometer®, less than 20 percent of respondents trust business leaders. The Task Force was formed to bring directors of public companies and investors together to find solutions that will create a stronger corporate governance system and help to restore trust in business.



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EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO
From: Maureen M. Hazen, General Counsel *Maureen M. Hazen*
Date: February 28, 2013
Subject: Office of General Counsel: Standing Report to Trustees
For Period November 17, 2012 – February 26, 2013

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 26 new agreements – including 4 private equity investments, 4 real estate investments, and 3 strategic investments; (ii) 144 contract amendments, addenda or renewals; and (iii) 1 contract termination.

SBA Litigation.

(a) Passive. As of February 26, 2013, the SBA was monitoring (as an actual or putative passive member of the class) 458 securities class actions. From November 1, 2012 through January 31, 2013¹, the SBA collected recoveries in the amount of \$3,893,864.21 as a passive member in 41 securities class actions.

(b) Active. (i) Abu Dhabi Commercial Bank v. Morgan Stanley & Co. (Cheyne Litigation). During the period covered by this report, the Court denied Defendant's motion to dismiss the SBA for lack of subject matter jurisdiction. The Court has scheduled the trial to begin on May 6, 2013. The Plaintiffs' expert witness will testify that the SBA's damages are approximately \$30 million.

(ii) In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) originally filed in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). Pursuant to a plan approved in the bankruptcy proceeding, the claim was transferred to the U.S. District Court, Southern District of New York (the "Court") and consolidated with additional parallel cases for multi-district litigation. The SBA

¹ As of the date of this report, recoveries made in February, 2013 were not yet available.

received approximately \$11 million in connection with this leveraged buy-out. Pursuant to the Court master scheduling order, the Court has stayed all answer and motion filing deadlines pending resolution of similar issues in a parallel class case.

(iii) *In re Lyondell Litigation*. On January 17, 2012, the SBA was served a complaint (along with other defendants) filed in the U.S. Bankruptcy Court, Southern District of New York alleging damages for fraudulent conveyance and seeking the return of proceeds received by all defendant investors that tendered stock in a leveraged merger of Lyondell Chemical Company (which subsequently declared bankruptcy). The SBA received approximately \$32 million in connection with stock tendered in the leveraged merger. On March 12, 2012, the SBA filed a Joinder to existing Motions to Dismiss, which also preserved other defenses applicable to the SBA. The Court has yet to rule on the Motions.

(iv) *Williams v. Scott (FRS Contribution Litigation)*. On June 20, 2011, various plaintiffs filed a complaint against the Trustees and the Secretary of DMS challenging the constitutionality of Senate Bill 2100 (the legislation mandating the deduction of 3% of employees' salaries for contribution into the Florida Retirement System). On March 6, 2012, the trial court ruled the law unconstitutional as to its application to employees who were members of the FRS prior to July 1, 2011. The Court heard oral argument on September 7, 2012. On January 17, 2013, the Court overturned the trial court's order and held that the entirety of the law is constitutional.

(c) *FRS Investment Plan*. During the period from November 17, 2012 through February 26, 2013, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the "Investment Plan"). The SBA issued seven (7) Final Orders, received notice of filing of six (6) new cases, and continued to litigate twelve (12) cases that were pending during the periods covered by previous reports, including defending two (2) appellate cases.

Other Matters.

(a) *Public Records Requests*. During the period covered by this report, the General Counsel's Office received 31 new public records requests and provided responses to 24 requests. As of the date of this report, the General Counsel's Office continues to work on 15 open requests.

(b) *SBA Rules*. (i) On November 26, 2012, the SBA filed for adoption amendments to Rules 19-11.001(19) and 19-11.003(4), F.A.C. which update and clarify certain information pertaining to rollovers in the Florida Retirement System Investment Plan. These amendments were required to be adopted by December 13, 2012, pursuant to the terms of an Internal Revenue Service determination letter that found that the Investment Plan continues to meet the qualification requirements of IRC Section 401(a), despite the fact that amendments have been made to the Investment Plan since its inception. Together with these amendments, the SBA made some minor technical revisions to Rules 19-11.002, 19-11.005, 19-11.006, 19-11.007, 19-11.011 and 19-11.012, F.A.C. and adopted updated forms that had been developed since the last series of amendments. In the interest of efficiency, the SBA simultaneously filed for adoption a few minor technical amendments to Rule Chapter 19-13, F.A.C., made for clarification purposes.

(ii) On February 6, 2013, the Joint Administrative Procedures Committee completed its review of the proposed amendments to Rule Chapter 19-3 and 19-4, F.A.C., and indicated that the rules could proceed to the rulemaking process with a few minor technical changes. On February 12, 2013, SBA staff filed the proposed rules with the Office of Fiscal Accountability and Regulatory Reform. On February 19, 2013 a rule development workshop notice was published in the Florida Administrative Register. The proposed amendments are designed to update provisions for clarification, delete unnecessary rules and consolidate information as reported to the Legislature in the SBA's 2012-2013 Annual Regulatory Plan. The rules are anticipated to be presented at the Trustees' meeting schedule for March 19, 2013. If the Trustees approve the filing for notice and adoption if no member of the public timely requests a rule hearing, then SBA staff contemplate the rules will be filed for adoption by April 22, 2013.



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MEMORANDUM

DATE: March 1, 2013
TO: Board of Trustees
FROM: Ken Chambers, Inspector General
SUBJECT: Quarterly Report on SBA Inspector General Activities

The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing investment protection principles (IPP) compliance; and handling special projects as directed by the Executive Director.

Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is annually required for all employees in the areas of sexual harassment, public records and sunshine law, and information systems security. Certain "Affected Employees" are also required to participate in annual training on insider trading and personal investment activities. All SBA employees have completed their required training courses for this year.
- During the period November 21, 2012 to February 28, 2013, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy.

Investment Protection Principles Compliance

In September 2002, the Trustees of the SBA adopted Investment Protection Principles (IPPs) for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. Subsequently, principles have been developed to cover investment consultants. The IPPs are geared toward

promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity and fixed income investment managers, broker-dealers, and investment consultants.

Consultant Independence and Disclosure Certifications for 2012 were submitted to all applicable SBA consultants in January. The certifications have been received from all consultants, indicating full compliance with the principles. The IPP certifications for the equity, fixed income and real estate investment managers were disseminated in late January. Most of the certifications have been completed and returned, and the compliance results for all of the investment managers will be included in the next Trustee's report.

SBA Fraud Hotline

Since July 2006, The Network Inc. has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA Internal Control and Fraud Policy.

To date, no reports or tips have been received by the Hotline for 2013.

Review of Travel Processes and Procedures

For the 2012-13 fiscal year, Strategic Objective 12-04 was established by the SBA to evaluate the efficiency of key processes and allocation of resources across department and business functions. As part of SO 12-04, the SBA's travel process/procedures were identified as an area for evaluation. A work group has been established, with the Inspector General taking the lead role for the group. The work group's goal is to identify any inefficient processes related to employee travel and to make any necessary recommendations to management to improve the process.

cc: Ash Williams



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AS SECRETARY
ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

DATE: February 25, 2013
TO: Ash Williams
FROM: Eric Nelson
SUBJECT: Trustee Update – March 2013

Attached is Risk Management and Compliance's quarterly summarized compliance report as of December 31, 2012 for transmission to the Trustees, Investment Advisory Council and Audit Committee. Where possible, compliance data being reported is current information as of the date of this memorandum.

Additionally, a new summarized quarterly "Enterprise Risk Management Report" has been developed and is attached for distribution to the Trustees, Investment Advisory Council and Audit Committee. This report includes relevant statistics from the BarraOne risk model as well as other risk indicator metrics for the organization. Efforts will be ongoing to refine visibility into risks faced by the SBA and enhancements/supplements will be ongoing for the next several quarters as the risk reporting process matures.

Finally, the following is a brief status report of Risk Management and Compliance activities and initiatives completed or in progress during the period 11/26/12 through 2/25/13:

- As part of the continuous compliance program, no material compliance exceptions were discovered during the period 11/26/12 through 2/25/13.
- Of the sixty-three initial Crowe Horwath recommendations, ten remain open at the time of this report. Risk Management and Compliance has extended two of the remaining implementation dates in the following areas: 1) testing of the system of internal controls and 2) refinement of processes to monitor compliance with the non-investment manager contracts. With the exception of these two recommendations, all remaining recommendations are progressing as planned, with implementation expected by 3/31/13 or 6/30/13.
- During January, Risk Management staff participated in vendor interviews for securities lending providers as part of an ongoing competitive procurement process.

- Risk Management staff conducted a strategic planning update meeting on 12/18/12 with senior management staff to review/assess progress on the SBA's ten current strategic objectives.
- The fixed income trading process (including associated trade settlement and compliance processes) was evaluated by an internally staffed task force that conducted a detailed process mapping exercise. Outside firms/funds were also benchmarked to obtain best practice data. The report (including a number of improvement recommendations for consideration) was presented to the Risk and Compliance Committee at their quarterly meeting on 2/13/13. The Senior Investment Officer-Fixed Income has been assigned responsibility for evaluating the recommendations in conjunction with representatives from Financial Operations and Risk Management and Compliance.
- Several staff members from Risk Management and Compliance are contacting several of our investment providers and other public funds to determine how they are establishing governance and controls over automated compliance systems. This topic is relevant as the SBA is in the midst of implementing a new automated order management and compliance system in the Global Equity asset class and evaluating expanding the usage of the Bloomberg system for trading and compliance purposes in the Fixed Income asset class.
- Risk Management staff continues to be actively engaged in documenting the system of internal controls to mitigate risks across the organization. Efforts have focused on identifying both preventative and detective controls and key risk indicators for monitoring and reporting.

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SBA Risk Management and Compliance

Compliance Report for Quarter Ended December 31, 2012



A. STATUTORY / REGULATORY COMPLIANCE		STATUS
1	Chapter 215.47, F.S. - Investments	All investments statutorily permitted
2	Chapter 215.4755, F.S. - Certification and disclosure requirements for investment advisers and managers	All investments within statutory limits
3	Quarterly Report to Joint Legislative Auditing Committee on Florida PRIME and Fund B	All conflict of interest certifications received
4	Protecting Florida's Investment Act Compliance (Iran/Sudan)	Monthly Florida PRIME reports for quarter ending 9/30/12 reviewed and approved by SBA Trustees and sent to the JLAC on 12/11/12
5	SEC Form 13F - Institutional investment managers that have discretion over \$100 million in Section 13(f) securities	No violations reported - latest quarterly report approved by Trustees on 12/11/12
6	SEC Form 13H - Large Trader Registration	All securities reported to the SEC
7	CFTC Form 40 - Statement of Reporting Trader	No changes to report for the quarter
8	Basket Clause Securities	No reporting required for the quarter
B. INVESTMENT POLICY STATEMENTS APPROVED BY TRUSTEES		No proposed plans for such investments were reported to the IAC as of December 31, 2012
B. INVESTMENT POLICY STATEMENTS APPROVED BY TRUSTEES		STATUS
1	FRS Pension Plan	Asset allocation within specified ranges
2	FRS Investment Plan	Performance measured to approved benchmarks
3	Lawton Chiles Endowment Fund	Education requirements in compliance
4	Florida PRIME	Investment Plan Administrator and Bundled Provider requirements in compliance
5	Fund B Surplus Fund	Performance measured to approved benchmarks
6		Asset allocation within specified ranges
7		Performance measured to approved benchmarks
8		Portfolio securities and transactions in compliance with Investment Policy Statement
9		Federated conducted monthly stress tests - results reported to the Investment Oversight Group on 2/27/13
10		Daily NAV and other high risk ranked parameters independently verified and in compliance
11		Received all new account disclosure statements
12		Securities and transactions independently reviewed and all principal and interest payments distributed to participants net of fees
C. ETHICS / CONFLICTS OF INTEREST		STATUS
1	Ethics Policy	Annual certifications of compliance completed by all employees for FY 2012-13
2	Insider Trading Policy	No compliance violations reported
3	Personal Investment Activity Policy and Annual Certifications	All required employees completed training and annual compliance certifications for FY 2012-13
4	Personal Investment Activity Policy	All personal investment holdings reports received for new employees
5	Conflict of Interest Certification - SBA Employees participating in selection process for external investment manager or private market investments	No personal trading violations detected for the quarter
6	Mandatory Employee Training	All certifications executed
7	Audit Committee Annual Independence Statements	All mandatory training requirements fulfilled for FY 2012-13
		Signed at 2/11/13 Audit Committee meeting for calendar year 2013

SBA Risk Management and Compliance

Compliance Report for Quarter Ended December 31, 2012



D. GOVERNANCE AND POLICY OVERSIGHT		STATUS
1	Governance and Oversight Group Meetings	Senior Investment Group and Senior Operations Group did not meet in December 2012 and the Emergency Management Team (EMT) did not meet during the quarter; however, the EMT meeting was moved to January 2013
2	Investment Portfolio Guidelines Compliance (# of portfolios) FRS: Global Equity and REIT Portfolios Fixed Income & High Yield Portfolios Private Market Asset Classes Other Non-FRS mandates / Trust Funds	No material compliance violations through 12/31/12 No material compliance violations through 12/31/12 No material compliance violations as of 9/30/12 (one quarter lag) No material compliance violations through 12/31/12
3	External Investment Manager and Private Market Investment Acquisition	Acquisition checklists completed for all new managers and funds Placement Agent disclosures received and reviewed on all new investments and amended contracts with economic impact
4	External Investment Manager and Private and Public Market Investment Retention and Termination	One Public Market External Investment Manager terminated during the quarter due to performance
5	Internal Trading Policy	Twelve exceptions reported to the Fixed Income Investment Oversight Group during the quarter - all exceptions addressed
6	Derivative Instruments Usage	Verified usage permitted by policy Reviewed counterparty risk exposures - within historically normal ranges
7	Leverage Usage	Reviewed direct-owned real estate loan-to-value exposures as of 9/30/12 - within investment portfolio guidelines
8	Trading Counterparty Management	Approved trading counterparty list updated as of 12/26/12 Approved authorized trader list updated as of 1/14/13 Asset class trading volumes within monitoring standards Global Equity quarterly trade cost analysis performed and reviewed on 12/14/12
9	Rebalancing and Liquidity Assessments	All funds currently within policy operating ranges
10	Risk Budget	Aggregate active investment risks (sources, levels and trends) reviewed by Senior Investment Group as of 2/25/13
11	New Investment Vehicles and Programs	No new investment vehicles approved during the quarter
12	Securities Lending	No material compliance violations
13	Investment Valuation	All direct-owned real estate properties externally appraised within last 12 months (unless newly acquired, in foreclosure, or in the process of being sold) Public Market Securities: 100.0% (valued as of 12/31/12) Real Estate: 99.4% (valued as of 09/30/12 or later) Private Equity: 99.3% (valued as of 09/30/12 or later) Strategic Investments: 98.2% (valued as of 09/30/12 or later)
14	Private Market Allocation Policies	Real Estate: within intra-asset class allocation ranges Private Equity: certain categories outside intra-asset class operating ranges - ED&CIO notified Strategic Investments: certain categories outside intra-asset class operating ranges ED & CIO notified
15	Performance Measurement	All calculations performed in compliance with policy
16	Procurement	4 ITN's in progress, one new ITN during the quarter

ENTERPRISE RISK MANAGEMENT REPORT

4th QUARTER 2012



OFFICE OF RISK MANAGEMENT AND COMPLIANCE

Prepared as of: 2/25/13

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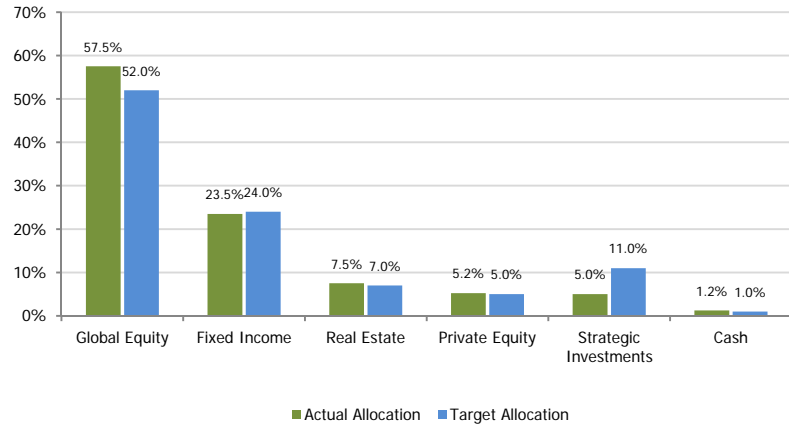
SBA Enterprise Risk Management Residual Risk Summary FY 2012-2013

Residual Risk
 Low
 Moderate
 High
 Low Moderate
 High Moderate

<p>◆ 1. Investment Management Risk</p> <p>◆ 1.A. Policy Risk</p> <p>◆ 1.A.i. Investment Policy Design Risk</p> <p>4 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 1.A.ii. Investment Objective Risk</p> <p>2 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>★ 1.A.iii. Capital Market Assumption Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>★ 1.A.iv. Liability Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>◆ 1.B. Implementation Risk</p> <p>◆ 1.B.i. Strategic Risk</p> <p>17 Strategic Objectives</p> <p>7 Business Unit Objectives</p> <p>◆ 1.B.ii. Portfolio Under Performance Risk</p> <p>8 Strategic Objectives</p> <p>9 Business Unit Objectives</p> <p>▲ 1.B.iii. Trading Risk</p> <p>2 Strategic Objectives</p> <p>2 Business Unit Objectives</p> <p>▲ 1.B.iv. Asset Transition Risk</p> <p>1 Strategic Objective</p> <p>1 Business Unit Objective</p> <p>▲ 1.B.v. Model Risk</p> <p>1 Strategic Objective</p> <p>2 Business Unit Objectives</p> <p>▲ 1.B.vi. Due Diligence Risk</p> <p>3 Strategic Objectives</p> <p>1 Business Unit Objective</p>	<p>1.B. Implementation Risk (cont.)</p> <p>◆ 1.B.vii. Leverage Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 1.B.viii. Aggregate Issuer/Counterparty Credit Risk</p> <p>2 Strategic Objectives</p> <p>5 Business Unit Objectives</p> <p>◆ 1.C. Inherent Risk</p> <p>◆ 1.C.i. Market/Systematic Risk - Credit Risk</p> <p>▲ 1.C.i.a. Credit Risk</p> <p>0 Strategic Objectives</p> <p>3 Business Unit Objectives</p> <p>▲ 1.C.i.b. Interest Rate Risk</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 1.C.i.c. Inflation Risk</p> <p>No Current Initiatives Identified</p> <p>◆ 1.C.i.d. Liquidity Risk</p> <p>2 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>▲ 1.C.i.e. Currency Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>★ 1.C.i.f. Systemic Risk</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 1.C.i.i. Idiosyncratic / Unsystematic Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p>	<p>◆ 2. Governance/Management Risk</p> <p>◆ 2.A. Resource Allocation Risk</p> <p>6 Strategic Objectives</p> <p>4 Business Unit Objectives</p> <p>◆ 2.B. Governance Policy Design Risk</p> <p>1 Strategic Objective</p> <p>5 Business Unit Objectives</p> <p>◆ 2.C. Fiduciary/Ethics Risk</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 2.D. Management Execution Risk</p> <p>5 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 3. Communication/Public Affairs/Reputational Risk</p> <p>5 Strategic Objectives</p> <p>4 Business Unit Objectives</p> <p>★ 4. Legislative/Political Risk</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 5. Compliance Risk</p> <p>◆ 5.A. Laws, Rules & Regulations</p> <p>1 Strategic Objective</p> <p>5 Business Unit Objectives</p> <p>▲ 5.B. SBA Policies</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 5.C. Investment Policy Guidelines</p> <p>1 Strategic Objective</p> <p>1 Business Unit Objective</p> <p>▲ 5.D. Contractual Agreements</p> <p>2 Strategic Objectives</p> <p>2 Business Unit Objectives</p> <p>◆ 6. Fraud/Misconduct/Internal Controls Risk</p> <p>◆ 6.A. Internal Staff</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 6.B. Service Providers</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p>	<p>6. Fraud/Misconduct/Internal Controls Risk (cont.)</p> <p>◆ 6.C. External Parties</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>◆ 7. Service Provider Risk</p> <p>▲ 7.A. Financial Condition</p> <p>No Current Initiatives Identified</p> <p>◆ 7.B. Service Level Quality</p> <p>1 Strategic Objective</p> <p>8 Business Unit Objectives</p> <p>▲ 7.C. Key Personnel</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 7.D. Premature/Unexpected Service Termination</p> <p>No Current Initiatives Identified</p> <p>▲ 8. Client Relationship Risk</p> <p>▲ 8.A. Service Delivery</p> <p>0 Strategic Objectives</p> <p>3 Business Unit Objectives</p> <p>▲ 8.B. Education</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 8.C. Communication/Reporting</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 8.D. Allocation of Investment Opportunities</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 9. Operational Risk</p> <p>▲ 9.A. Cash Management</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 9.B. Trade Settlement</p> <p>1 Strategic Objective</p> <p>4 Business Unit Objectives</p> <p>◆ 9.C. Transaction Processing</p> <p>1 Strategic Objective</p> <p>1 Business Unit Objective</p> <p>◆ 9.C.i. Incoming/Outgoing Wire Processing</p> <p>No Current Initiatives Identified</p>	<p>▲ 9. Operational Risk (cont.)</p> <p>◆ 9.C.ii. Check Processing/Disbursement</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 9.C.iii. Client Deposit/Redemption Processing</p> <p>No Current Initiatives Identified</p> <p>▲ 9.C.iv. Corporate Actions and Income Collections Processing</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 9.D. Asset Reconciliation</p> <p>No Current Initiatives Identified</p> <p>◆ 9.E. Accounting and Financial Reporting</p> <p>1 Strategic Objective</p> <p>4 Business Unit Objectives</p> <p>▲ 9.F. Valuation</p> <p>0 Strategic Objectives</p> <p>5 Business Unit Objectives</p> <p>▲ 9.G. Performance Measurement</p> <p>1 Strategic Objective</p> <p>4 Business Unit Objectives</p> <p>◆ 9.H. Internal System Reliability/Electronic Data Integrity Risk</p> <p>6 Strategic Objectives</p> <p>12 Business Unit Objectives</p> <p>◆ 9.I. FHCF/DC Program-Specific Risks</p> <p>1 Strategic Objective</p> <p>7 Business Unit Objectives</p> <p>▲ 9.J. Proxy Voting</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>▲ 9.K. External Corporate Governance</p> <p>0 Strategic Objectives</p> <p>4 Business Unit Objectives</p> <p>◆ 10. Human Capital Risk</p> <p>◆ 10.A. Recruitment and Retention</p> <p>2 Strategic Objectives</p> <p>0 Business Unit Objectives</p>	<p>◆ 10. Human Capital Risk (cont.)</p> <p>▲ 10.B. Training and Development</p> <p>4 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>★ 10.C. Key Person/Succession</p> <p>3 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>◆ 11. Security Risk</p> <p>◆ 11.A. Physical Security</p> <p>◆ 11.A.i. Employee Security</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 11.A.ii. Facility Security</p> <p>0 Strategic Objectives</p> <p>1 Business Unit Objective</p> <p>◆ 11.B. Network/System Security</p> <p>No Current Initiatives Identified</p> <p>▲ 11.C. Information Security & Records Management</p> <p>1 Strategic Objective</p> <p>3 Business Unit Objectives</p> <p>◆ 12. Business Continuity/Infrastructure Risk</p> <p>◆ 12.A. Facilities</p> <p>1 Strategic Objective</p> <p>0 Business Unit Objectives</p> <p>▲ 12.B. Communication Systems</p> <p>No Current Initiatives Identified</p> <p>◆ 12.C. Data/System Recovery</p> <p>2 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>◆ 12.D. Process Recovery</p> <p>3 Strategic Objectives</p> <p>0 Business Unit Objectives</p> <p>▲ 13. Legal Risk</p> <p>▲ 13.A. Contract Development</p> <p>0 Strategic Objectives</p> <p>10 Business Unit Objectives</p> <p>▲ 13.B. Legal Advisory</p> <p>No Current Initiatives Identified</p> <p>◆ 13.C. Litigation</p> <p>0 Strategic Objectives</p> <p>3 Business Unit Objectives</p>
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Asset Allocation and Investment Performance as December 31, 2012

Asset Class Allocation vs. Target Allocation Under Expanded Legislative Authority



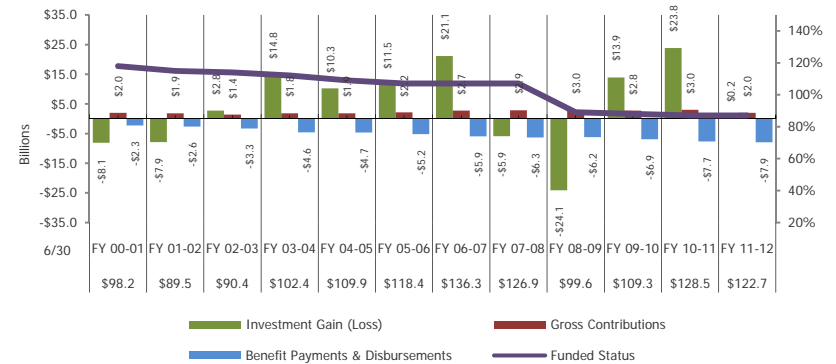
FRS Pension Plan Performance versus Long Term Target and Aggregate Benchmark



One Year Asset Class Key Performance and Risk Measures Ranking

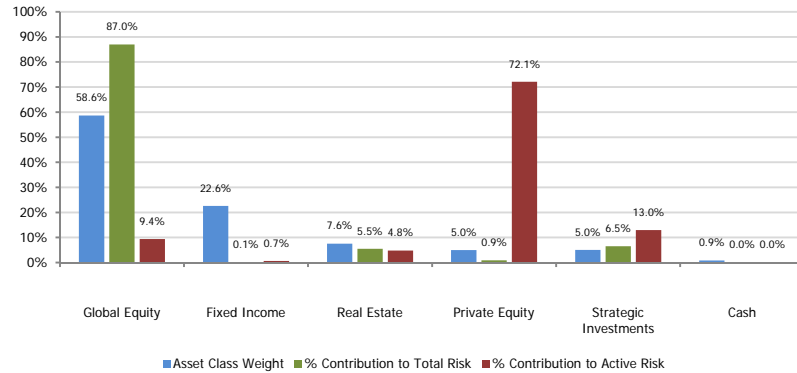
Actual Return	Active Return	Realized Total Risk	Predicted Total Risk	Realized Active Risk	Predicted Active Risk
Global Equity Comp History 17.76%	Strategic Investments 6.08%	Global Equity Comp History 13.20%	Private Equity 19.83%	Private Equity 13.33%	Private Equity 11.51%
Strategic Investments 15.18%	Real Estate 2.22%	Total Fund Asset Allocation 8.26%	Global Equity 18.23%	Real Estate 2.88%	Strategic Investments 3.86%
Real Estate 14.38%	Fixed Income 2.14%	Total Fund 7.55%	Real Estate 13.35%	Strategic Investments 2.82%	Real Estate 2.63%
Total Fund 14.15%	Total Fund 1.31%	Private Equity 3.79%	Total Fund 12.21%	Total Fund 0.81%	Total Fund .68%
Total Fund Asset Allocation 12.72%	Global Equity Comp History 1.27%	Real Estate 3.74%	Fixed Income 3.65%	Global Equity Comp History 0.59%	Global Equity .58%
Private Equity 12.40%	Cash ex STIPFRS 0.23%	Fixed Income 2.04%	Strategic Investments 3.32%	Fixed Income 0.50%	Fixed Income .26%
Fixed Income 6.36%	Total Fund Asset Allocation - 0.12%	Strategic Investments 1.95%	Cash 0.00%	Total Fund Asset Allocation 0.09%	Cash 0.00%
Cash ex STIPFRS 0.30%	Private Equity - 7.01%	Cash ex STIPFRS 0.01%	Total Fund Asset Allocation NA	Cash ex STIPFRS 0.01%	Total Fund Asset Allocation NA

FRS Pension Plan Cash Flows and Funded Status as of June 30, 2012

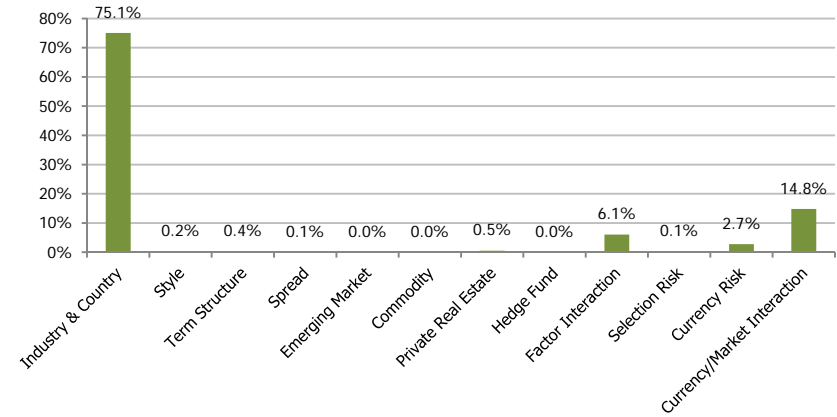


BarraOne Total Fund Risk Model Investment Risk Measures as of December 31, 2012

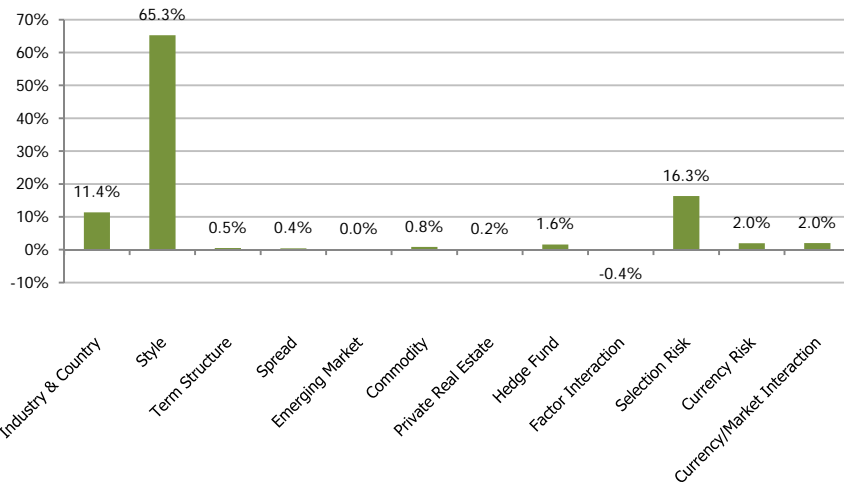
Asset Class Allocation vs Contribution to Predicted Total and Active Risk



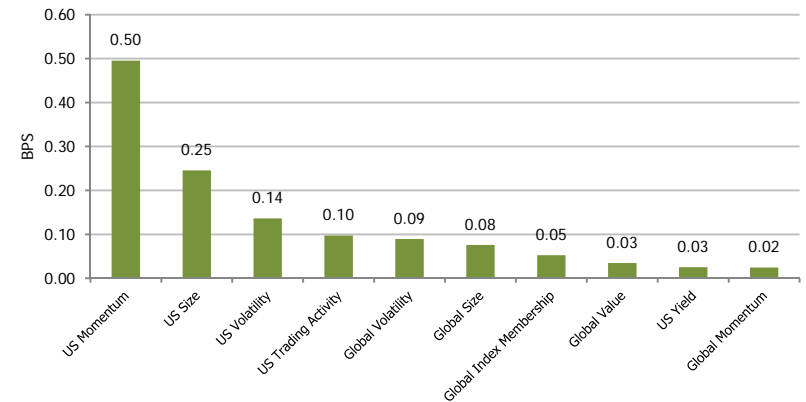
Contribution to Total Risk by Factor Decomposition



Contribution to Active Risk by Factor Decomposition

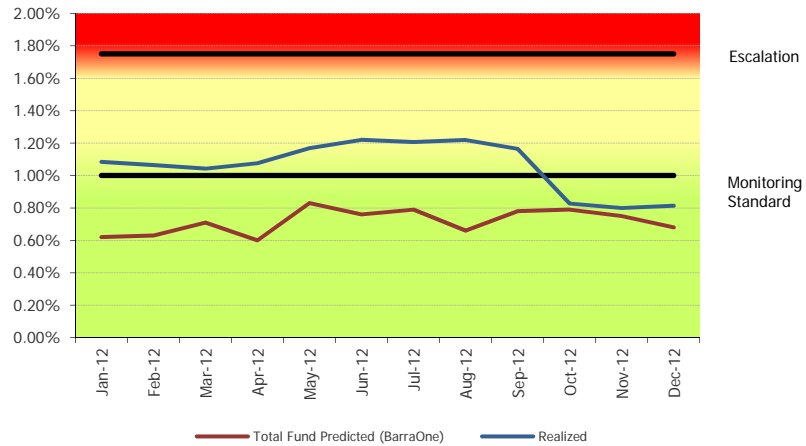


Active Risk Style Factor Exposure

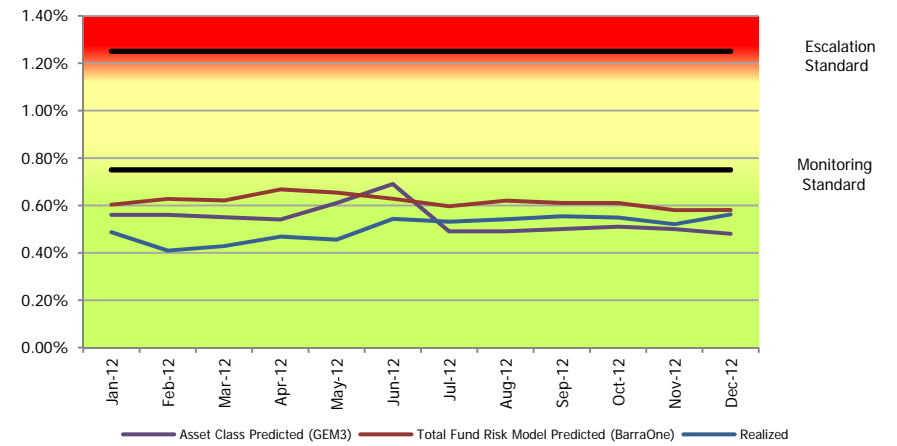


Rolling 12 Month BarraOne Total Fund Risk Model Predicted and Realized Active Risk as of December 31, 2012

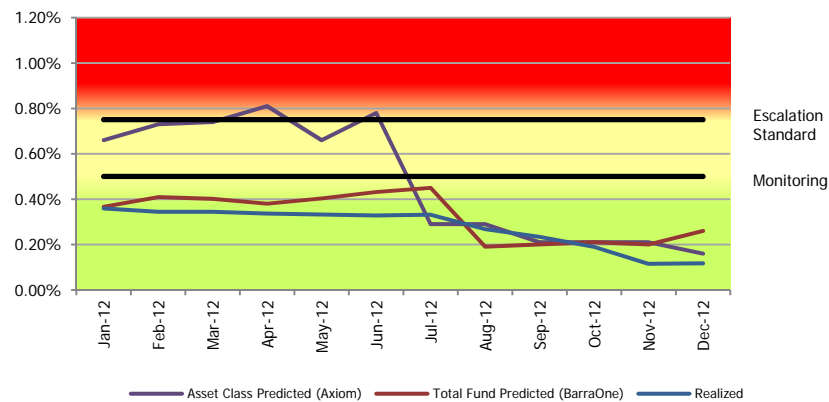
Total Plan Active Risk



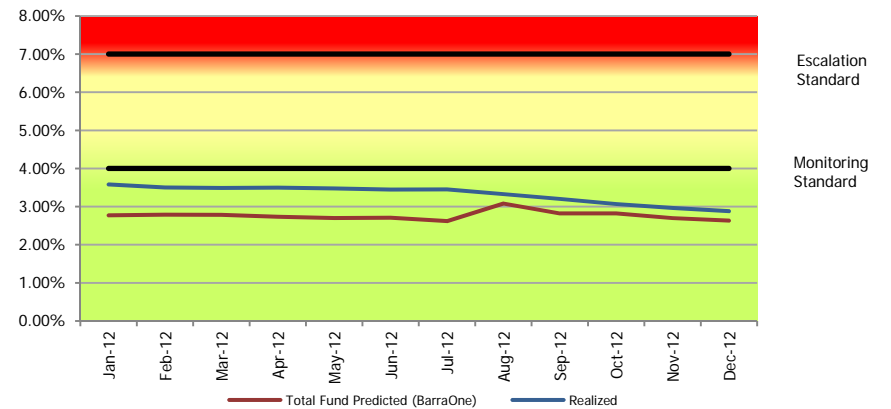
Global Equity Active Risk



Fixed Income Active Risk

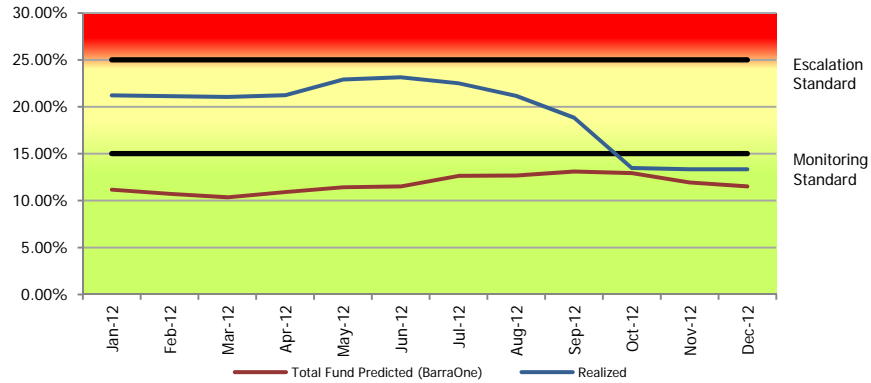


Real Estate Active Risk

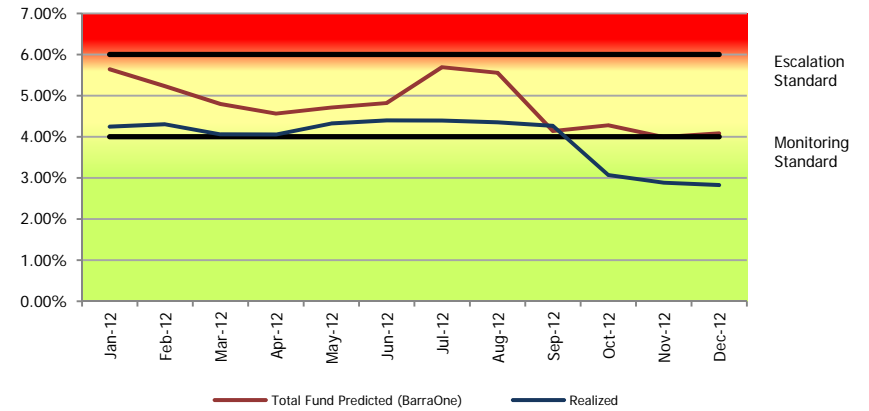


Rolling 12 Month BarraOne Total Fund Risk Model Predicted and Realized Active Risk as of December 31, 2012

Private Equity Active Risk

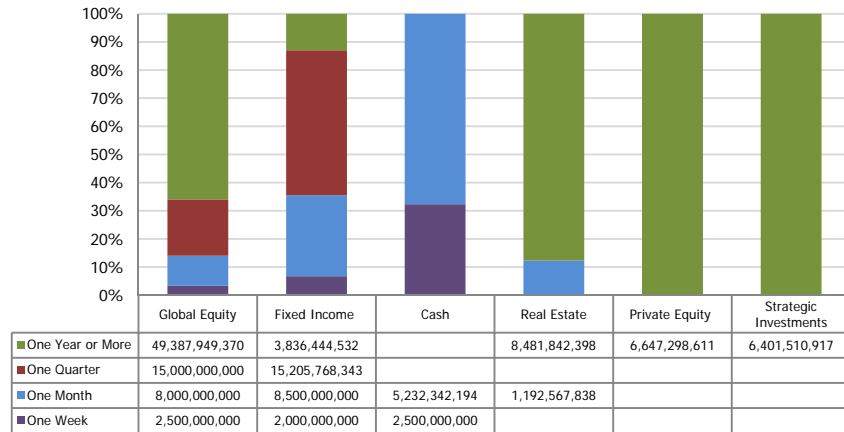


Strategic Investments Active Risk

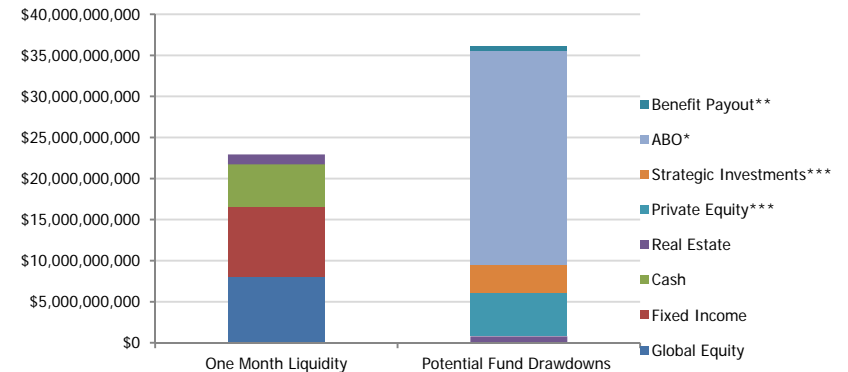


Liquidity Measures as of December 31, 2012

FRS Pension Plan Projected Liquidation Time Frame by Asset Class



FRS Pension Plan Projected One Month Liquidity vs Maximum Potential Drawdowns



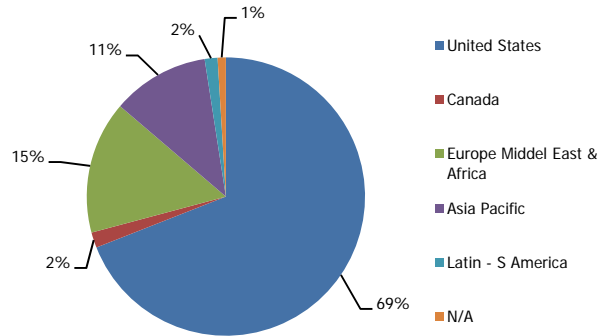
*Accumulated Benefit Obligation is based on actuarial valuation as of July 1, 2012

**Benefit Payments represent highest monthly payout recorded over the previous 12 month period

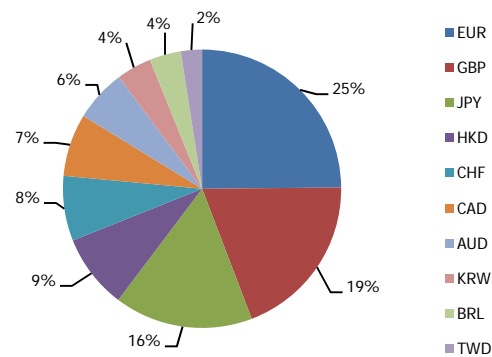
***Unfunded capital commitments as of December 31, 2012

BarraOne Total Fund Risk Model Currency Exposure as of December 31, 2012

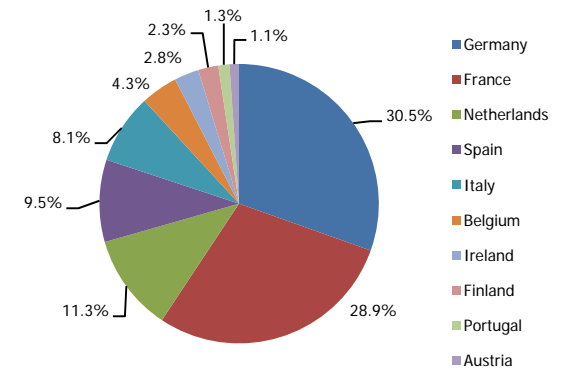
Currency Exposure by Region



Non-Dollar Currency Exposure



Euro by Country of Exposure



BarraOne Total Fund Risk Model Stress Testing Estimates as of December 31, 2012

Historical Scenarios

Scenario	Initial Market Value	
	\$127,621,269,634	
1972-1974 Oil Crisis	Final Market Value	Value at Risk
	\$96,729,071,393	\$30,892,198,241
2001 Dot-com Slowdown	Final Market Value	Value at Risk
	\$100,457,006,994	\$27,164,262,640
2008 Credit Crisis	Final Market Value	Value at Risk
	\$106,774,916,482	\$20,846,353,152

Potential Scenarios

Scenario	Initial Market Value	
	\$127,621,269,634	
Eurozone Breakup - Italy 30% recovery	Final Market Value	Value at Risk
	\$122,116,715,261	\$5,988,742,239
Eurozone Breakup - Spain 30% recovery	Final Market Value	Value at Risk
	\$119,453,221,645	\$8,168,047,989
Eurozone Breakup - Greece 30% recovery	Final Market Value	Value at Risk
	\$118,063,415,319	\$9,557,854,315

Value at Risk (95% Confidence Level)

Time Horizon	Initial Market Value	
	\$127,621,269,634	
One Month	Final Market Value	Value at Risk
	\$120,048,204,617	\$7,573,065,017
One Year	Final Market Value	Value at Risk
	\$101,990,560,898	\$25,630,708,736

Counterparty Exposure – Top Exposures as of December 31, 2012

Counterparty Exposure Through Non-Standard Settlement by Market Value

Broker/Dealer	Market Value (Millions)
Toronto Dominion	1.5
Wells Fargo	1.5
Goldman Sachs	0.8
United Kingdom of Great Britain and Northern Ireland	0.5
Deutsche Bank	0.4

Counterparty Exposure Through Non-Standard Settlement by Notional Amount

Broker/Dealer	Notional Amount (Millions)
Toronto Dominion	210.6
JP Morgan	77.8
State Street	0.4

Counterparty Exposure Through OTC Derivatives by Market Value

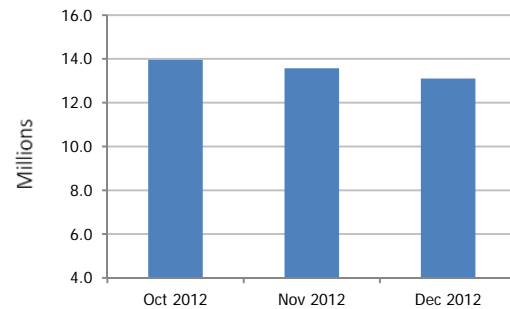
Broker/Dealer	Market Value (Millions)
Citi Group	0.4
Blackrock	0.1

Counterparty Exposure Through OTC Derivatives by Notional Amount

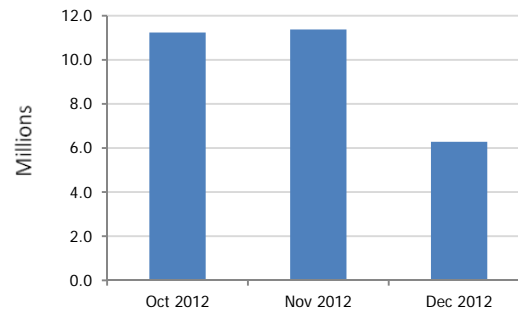
Broker/Dealer	Notional Amount (Millions)
Blackrock	26.5
Citi Group	7.5

Excess Futures Collateral as of December 31, 2012

UBS (Global Equity)

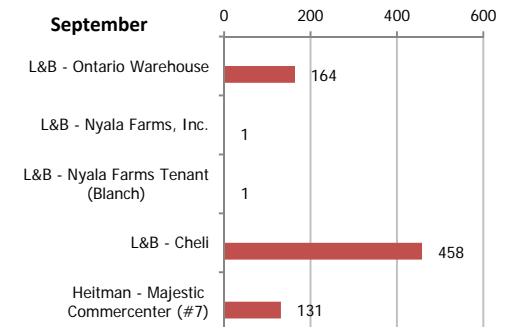


Barclays (Fixed Income)



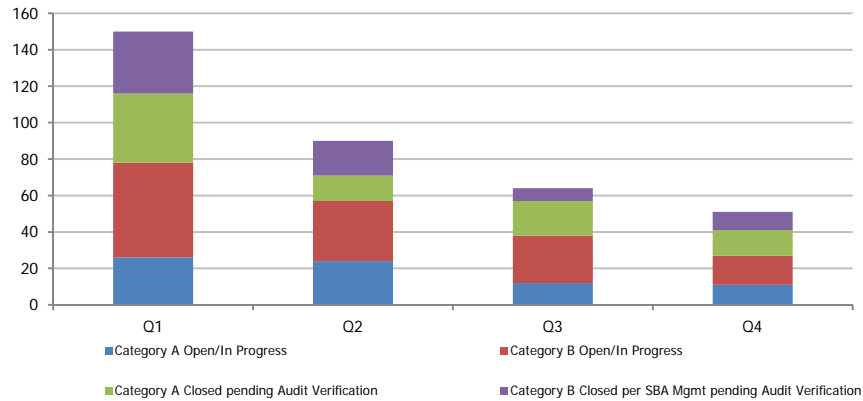
Cash Exposure as of December 31, 2012

Real Estate Cash Exposure in Excess of FDIC Coverage



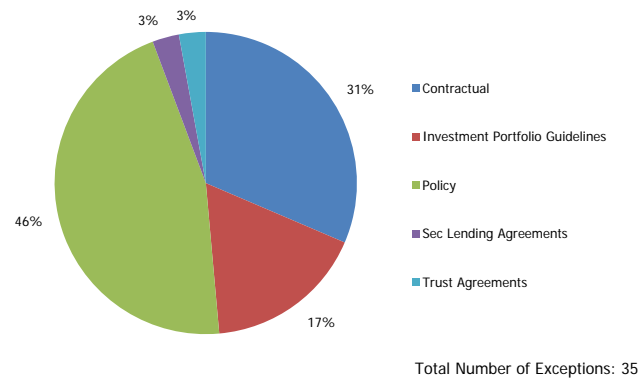
Governance/Management Risk

Audit(Category A) and Consultant(Category B) Recommendations

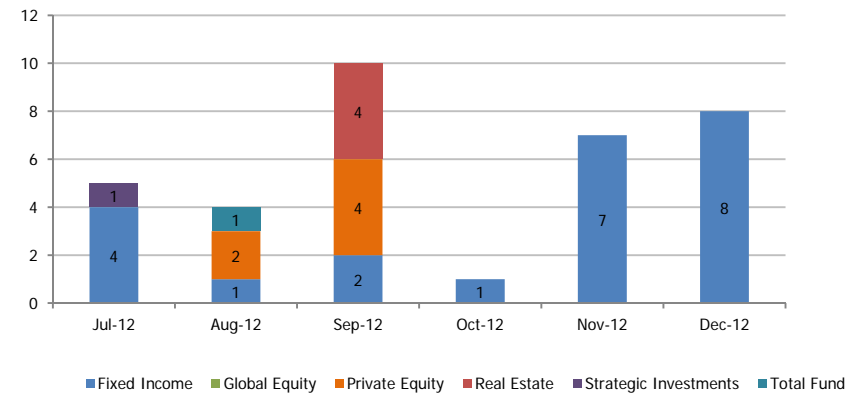


Compliance Risk

Compliance Exceptions by Category FY to 12/31/2012

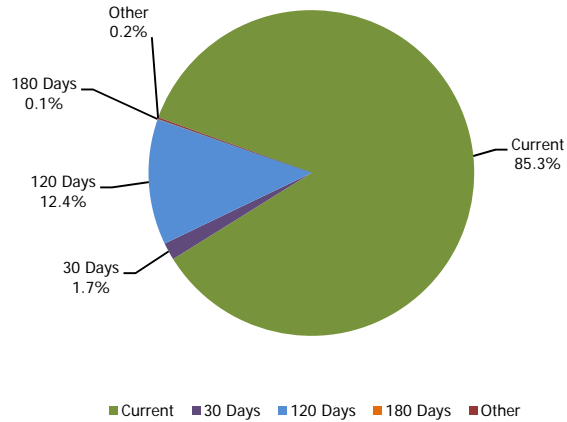


Compliance Exceptions by Asset Class FY to 12/31/2012



Valuation Aging as of December 31, 2012

FRS Pension Plan Asset Valuation Aging

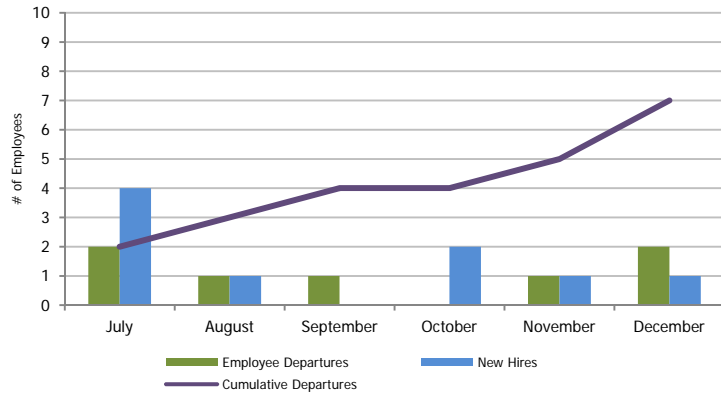


Rolling 12 Month FRS Pension Plan Asset Valuation Aging

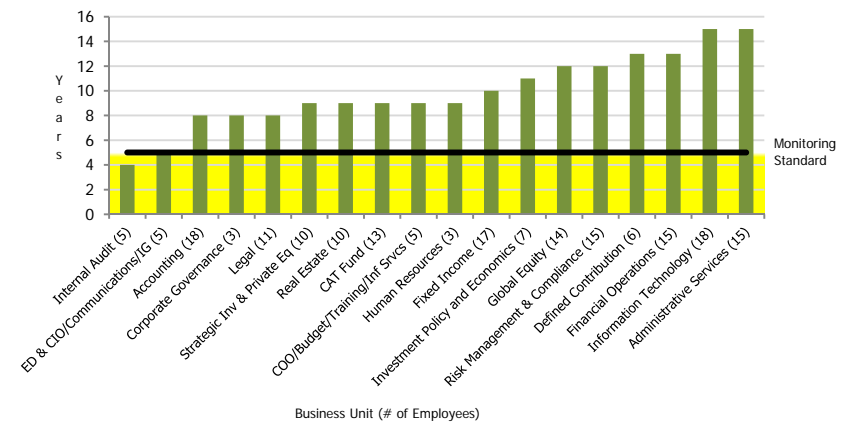
Trend Line Forthcoming

Human Capital Measures as of December 31, 2012

Hiring Activity Fiscal Year to Date

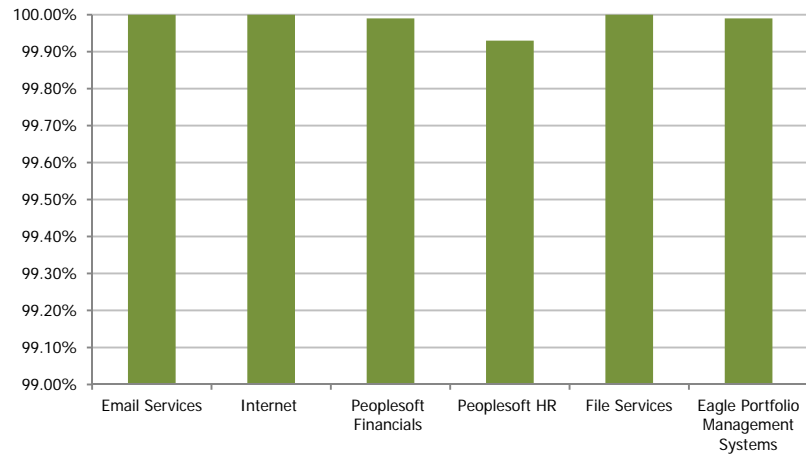


Average Years of SBA Service by Business Unit

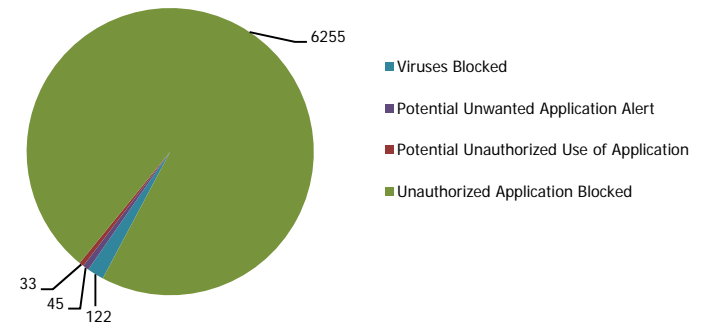


Information Technology/Security Measures

Average Critical Systems Uptime – April 2012 Thru January 2013



Workstation Security Events and Alerts – October 2012 Thru December 2012



Key Near Term Projects

Liquidity Management Study

Implementation of Charles River Order Management and Compliance System

OMGEO Upgrade for Trade Settlement Processing

Compensation Study

Asset Liability Study

Securities Lending Provider Search

Implement Contact Relationship Management (CRM) System

Expand Disaster Recovery Testing

Evaluate Feasibility of Foreign Currency Overlay Program

Real Estate Appraisal Administration Procurement

Prepare for Centralized Clearing of OTC Derivatives

Glossary

Asset Allocation/ Investment Performance

Actual Return – the portfolio performance return actually earned

Active Return – actual portfolio return minus the benchmark return

Funded Status – comparison of the FRS Pension Plan projected assets to its liabilities

Long Term Target – FRS Pension Plan performance target which is calculated by adding the monthly percent change in the Consumer Price Index to the real return rate of 5%

Realized Total Risk – standard deviation of actual returns

Realized Active Risk – standard deviation of active returns

Total Fund Aggregate Benchmark – sum of the products of asset class target benchmarks at their respective asset class weights

BarraOne

Currency Risk – risk arising from holdings in assets that are denominated in currencies other than the numeraire currency; a measure of exchange rates and short-term interest rates

Currency/Market Interaction – the correlation between local market and currency bets; a measure of diversification

Emerging Market – spread associated with bonds issued in an external currency by an emerging market sovereign or by a company domiciled in an emerging market country

Factor Interaction – the measure of covariance among risk factors

Hedge Fund – a measure of risk correlated to characteristics of certain hedge fund styles

Industry – risk due to exposure to specific industries

Momentum – sustained relative performance and its effect on risk

Private Real Estate – risk attributable to property type and location factors

Predicted Total Risk – asset class exposure to factors multiplied by the factor volatility and correlation

Predicted Active Risk – asset class active exposure multiplied by the volatility and correlation

Risk Factors – a characteristic shared by a group of securities that influences the volatility of returns which is used to determine correlations between assets

Selection Risk – risk that is specific to an asset and is uncorrelated (or negligibly correlated) with the risks of other assets; non-factor component of risk

Size – systematic return and risk differences between large-cap and small-cap stocks

Spread – risk due to exposure to spread movements, a risk factor that captures typical movements in term structure spreads

Style – risk factor that characterizes equity's fundamental or market-based characteristics such as Size, Value, Momentum and Volatility

Term Structure – risk due to exposure to term structure movements

Trading Activity – measures the relative activity of a firm's shares in the market

Value – distinguishes between value stocks and growth stocks using the ratio of book-value of equity to market capitalization

Volatility – captures security price changes using measures of standard deviation over long term historical periods and high-low cumulative range of prices over the last 12 months

Appendix

Stress Testing Scenarios – BarraOne stress testing scenarios are constructed by applying shocks to equity prices, interest rates, foreign exchange rates, credit spreads and commodity prices that mimic actual movements during the period covered by the chosen scenario or constructed based on possible outcomes in the event that a hypothetical event were to actually take place.

Oil Crisis – The Oil Crisis scenario is based on market conditions experienced during December 1972- September 1974. The shocks applied in this scenario are a 26% average decrease in global stocks, 263% average increase in copper, silver and crude oil and an increase in near term US Treasury interest rates.

2001 Dot-com Slowdown – The Dot-com slowdown scenario is based on actual market conditions during March 2001-October 2002. The shocks applied are an average decrease in global equity prices of 19.82%, a decline in foreign exchange rates of 6.64%, a decrease in commodity prices of 3.85%, 290 basis point increase in credit spreads and a 5% decrease in near term US Treasury interest rates while longer term rates are not subject to a material change.

2008 Credit Crisis – The 2008 Credit Crisis scenario is based on actual market conditions during September 2008-November 2008. The shocks applied are a 35% decrease in equity prices, 11% decrease in foreign exchange rates, 33% commodity price decline, a widening of credit spreads of 121 basis points and a decrease in short term and long term interest rates.

Eurozone Breakup Italy – The Eurozone Breakup Italy scenario assumes a Eurozone breakup leading to default on Italian government debt and subsequent 30% recovery. The shocks applied are 30% decrease in Italian equity prices, 30% decrease in EUR/USD exchange rate and 664 basis point increase in European bond spreads.

Eurozone Breakup Spain – The Eurozone Break up Spain scenario assumes a Eurozone breakup leading to default on Spanish government debt and subsequent 30% recovery. The shocks applied are 30% decrease in Spanish equity prices, 30% decrease in EUR/USD exchange rate and 664 basis point increase in European bond spreads.

Eurozone Breakup Greece – The Eurozone Break up Greece scenario assumes a Eurozone breakup leading to default on Greek government debt and subsequent 30% recovery. The shocks applied are 30% decrease in Greek equity prices, 20% decrease in EUR/USD exchange rate and 407 basis point increase in European bond spreads.



State Board of Administration of Florida

Major Mandate Review
Fourth Quarter 2012

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME and Fund B Review
7. Appendix

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Executive Summary

Fourth Quarter 2012

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Executive Summary

- The major mandates outperformed their respective benchmarks over all longer time periods through December 31, 2012, with the exception of the CAT Operating Fund.
- The Pension Plan outperformed its Performance Benchmark during the fourth quarter and over the trailing one-, three-, five-, ten- and fifteen-year time periods.
 - Global Equity, and specifically Foreign Equities, has been the main source of value added over the trailing one- and five-year time periods. Fixed Income and Strategic Investments have also added value.
- The Pension Plan ranked in the top decile of the TUCS Top Ten Defined Benefit Plan universe over the trailing one-year period and ranked in the top half of the universe over the trailing five-year period. Over the trailing ten-year period, the Pension Plan performed in line with the median plan's performance.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark during the fourth quarter and over all trailing periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark over all trailing periods, primarily due to strong domestic and foreign equity performance.
- The CAT Funds and Florida PRIME continued to outperform their respective benchmarks over both short and long time periods, with the exception of the CAT Operating Fund.
 - The CAT Operating Fund modestly trailed its benchmark over the trailing five-year period, primarily due to weak performance during the 2008 credit crisis.

State Board of Administration of Florida Florida Retirement System

Pension Plan Review
Fourth Quarter 2012

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Executive Summary

- The Pension Plan assets totaled \$128.6 billion as of December 31, 2012, which represents a \$1.7 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten- and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the five- and fifteen-year periods, but outperformed over the trailing one-, three-, ten-, twenty- and twenty five-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
 - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type and investment strategy.
 - Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt EnnisKnupp and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

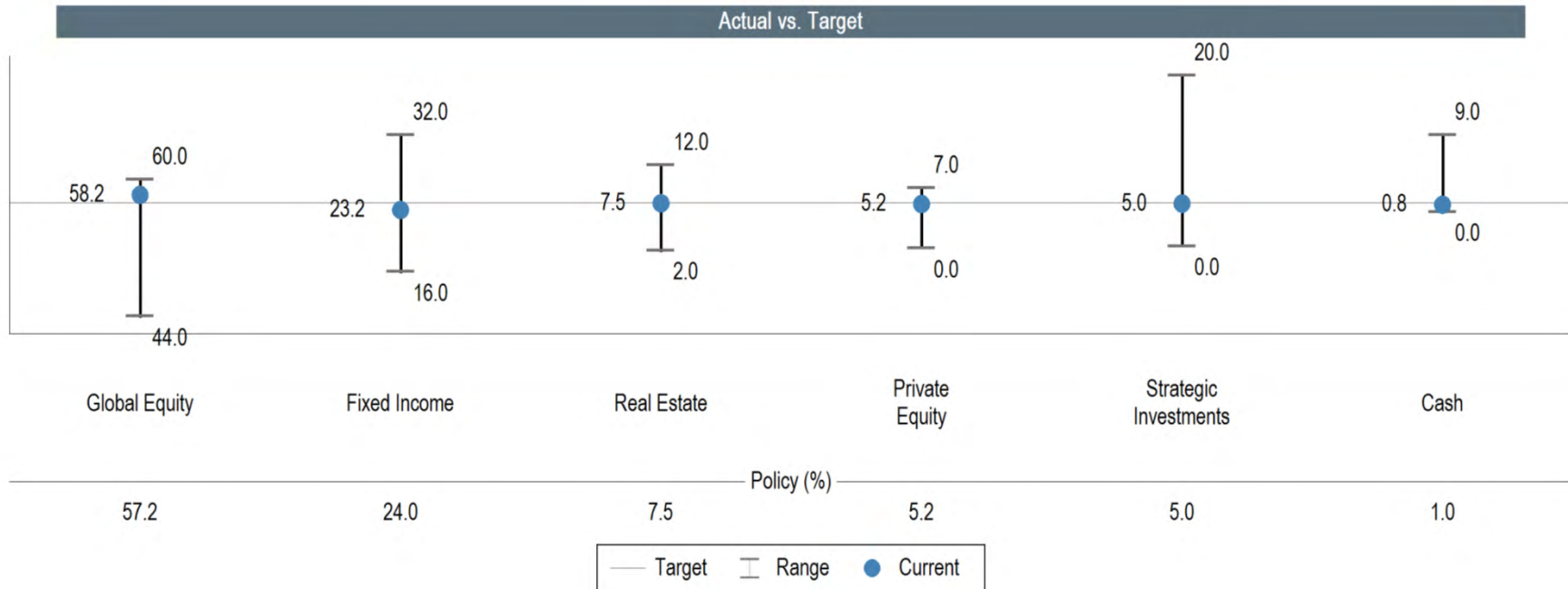
FRS Pension Plan Change in Market Value Periods Ending 12/31/2012

Summary of Cash Flows		
	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$126,890,448,838	\$122,745,973,551
+/- Net Contributions/(Withdrawals)	(\$1,414,857,726)	(\$3,175,983,555)
Investment Earnings	\$3,138,446,704	\$9,044,047,820
= Ending Market Value	\$128,614,037,816	\$128,614,037,816
Net Change	\$1,723,588,978	\$5,868,064,265

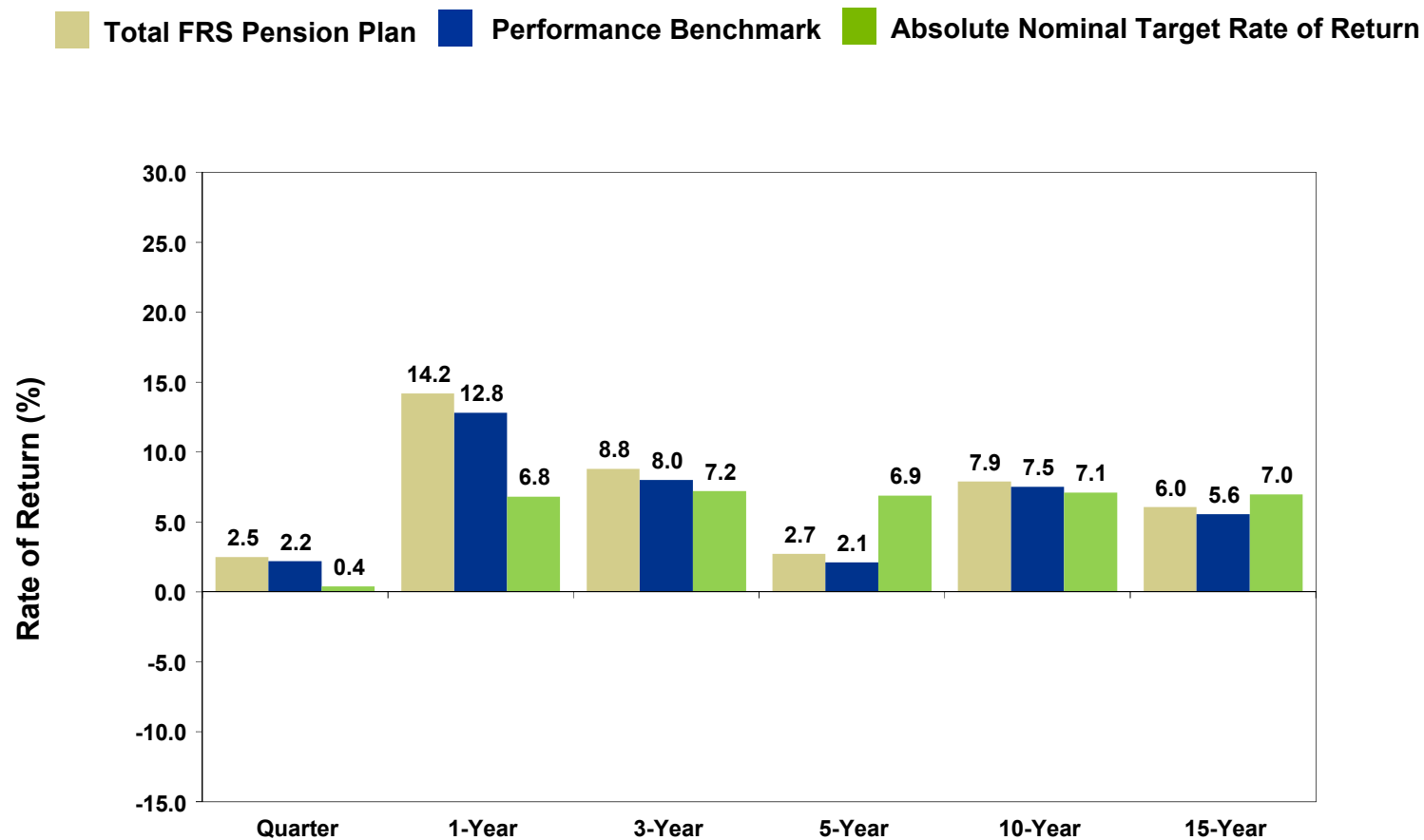
*Period July 2012 – December 2012

Asset Allocation as of 12/31/2012

Total Fund Assets = \$128.6 Billion

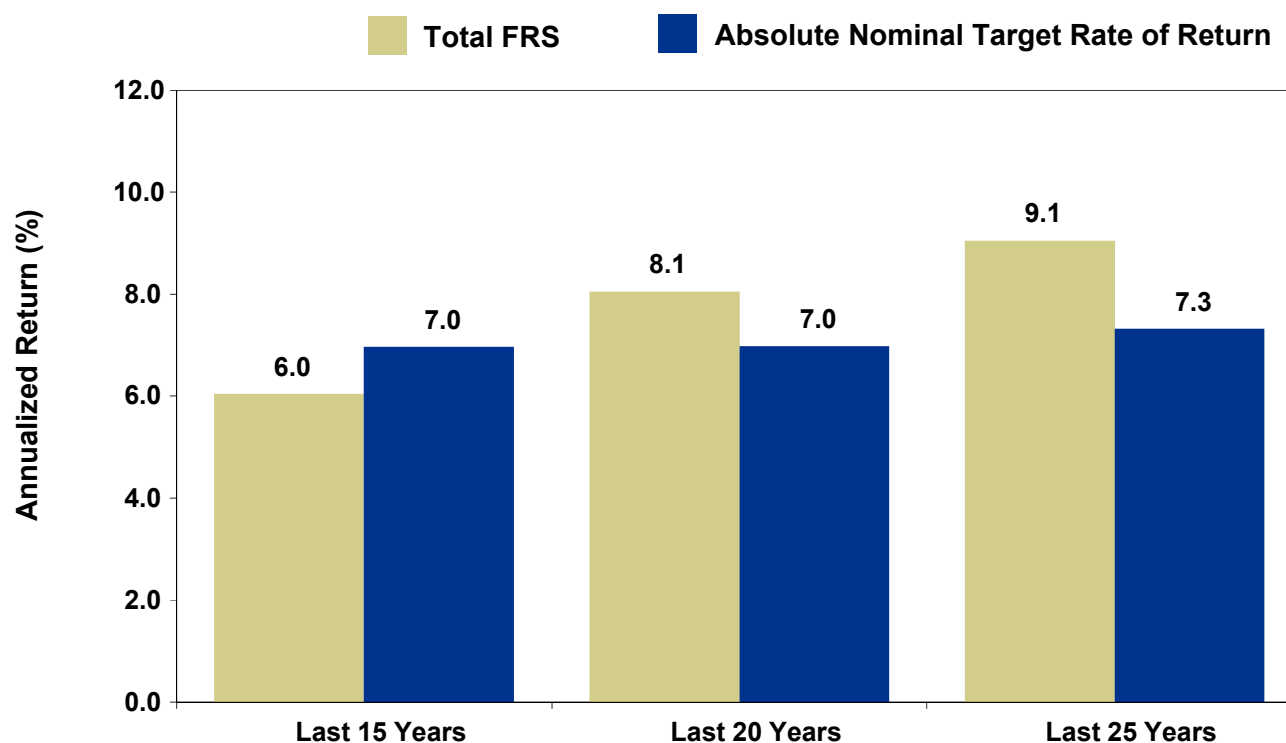


FRS Pension Plan Investment Results Periods Ending 12/31/2012



FRS Pension Plan Investment Results Periods Ending 12/31/2012

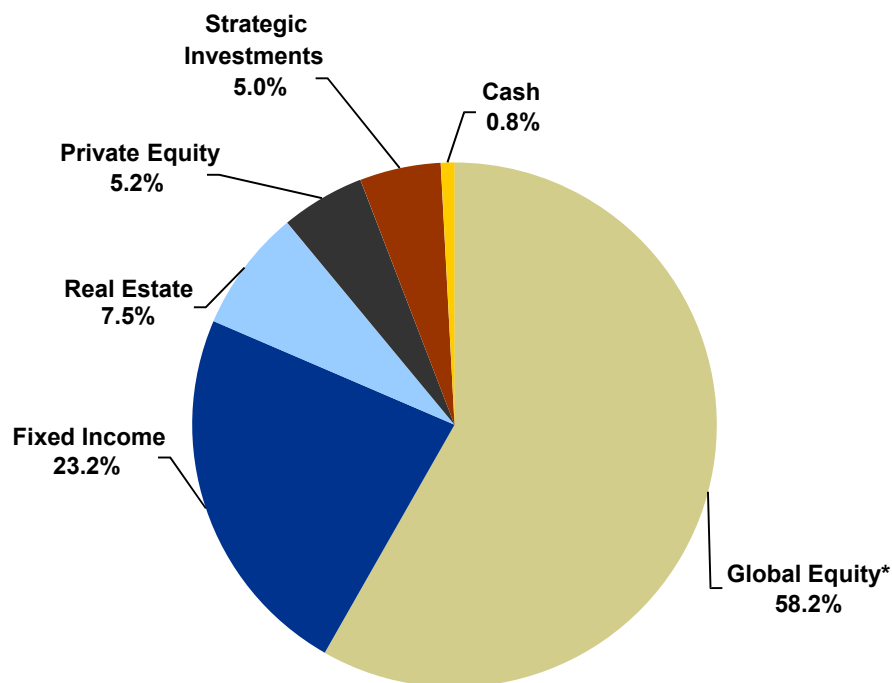
Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



Comparison of Asset Allocation As of 12/31/2012

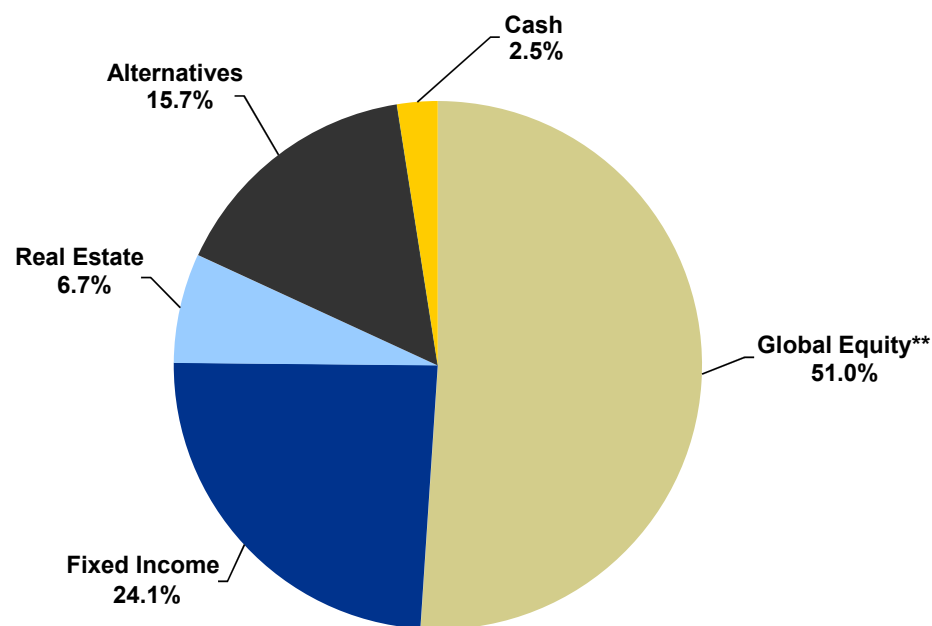
FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND



*Global Equity Allocation: 25.7% Domestic Equities; 29.6% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

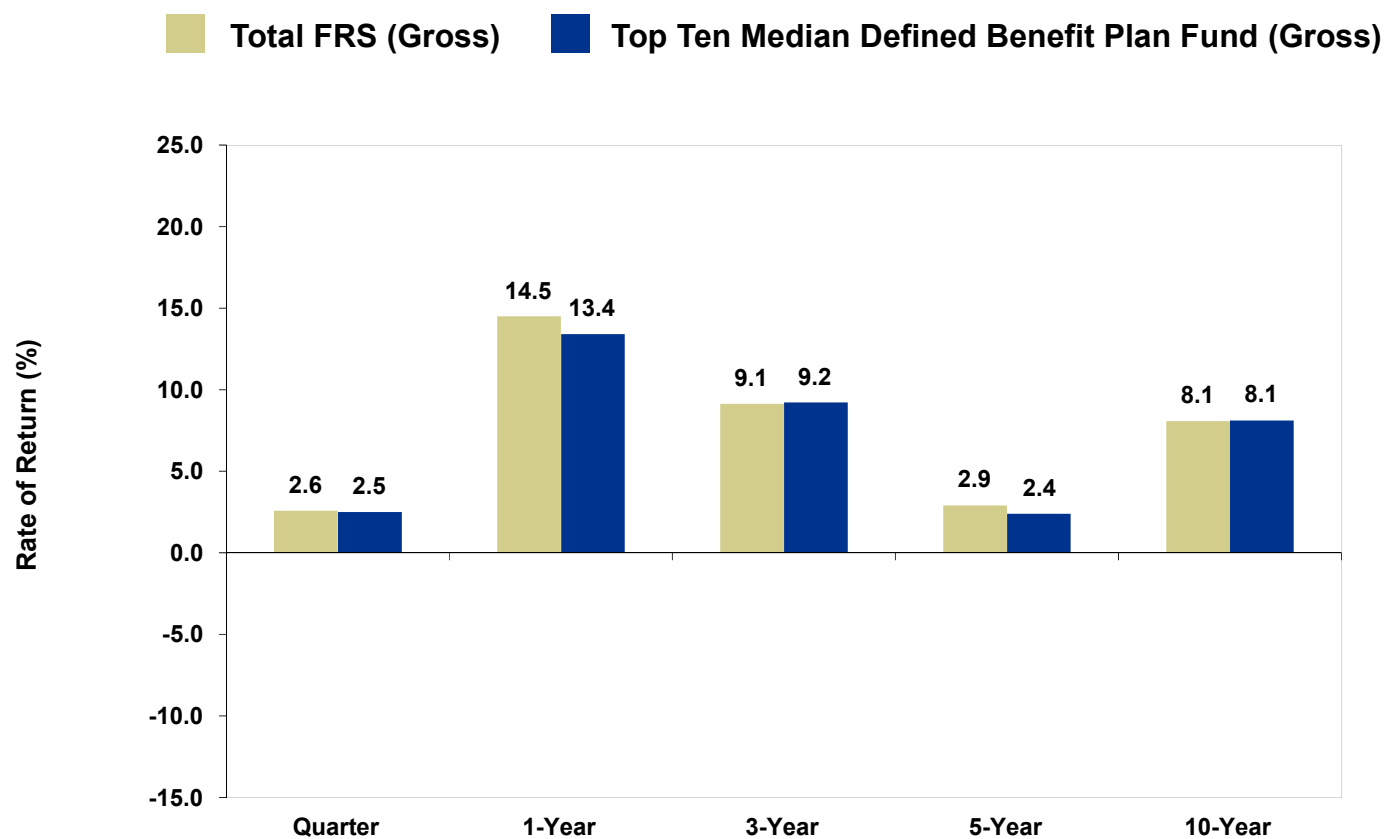
TUCS TOP TEN



**Global Equity Allocation: 25.9% Domestic Equities; 25.1% Foreign Equities.

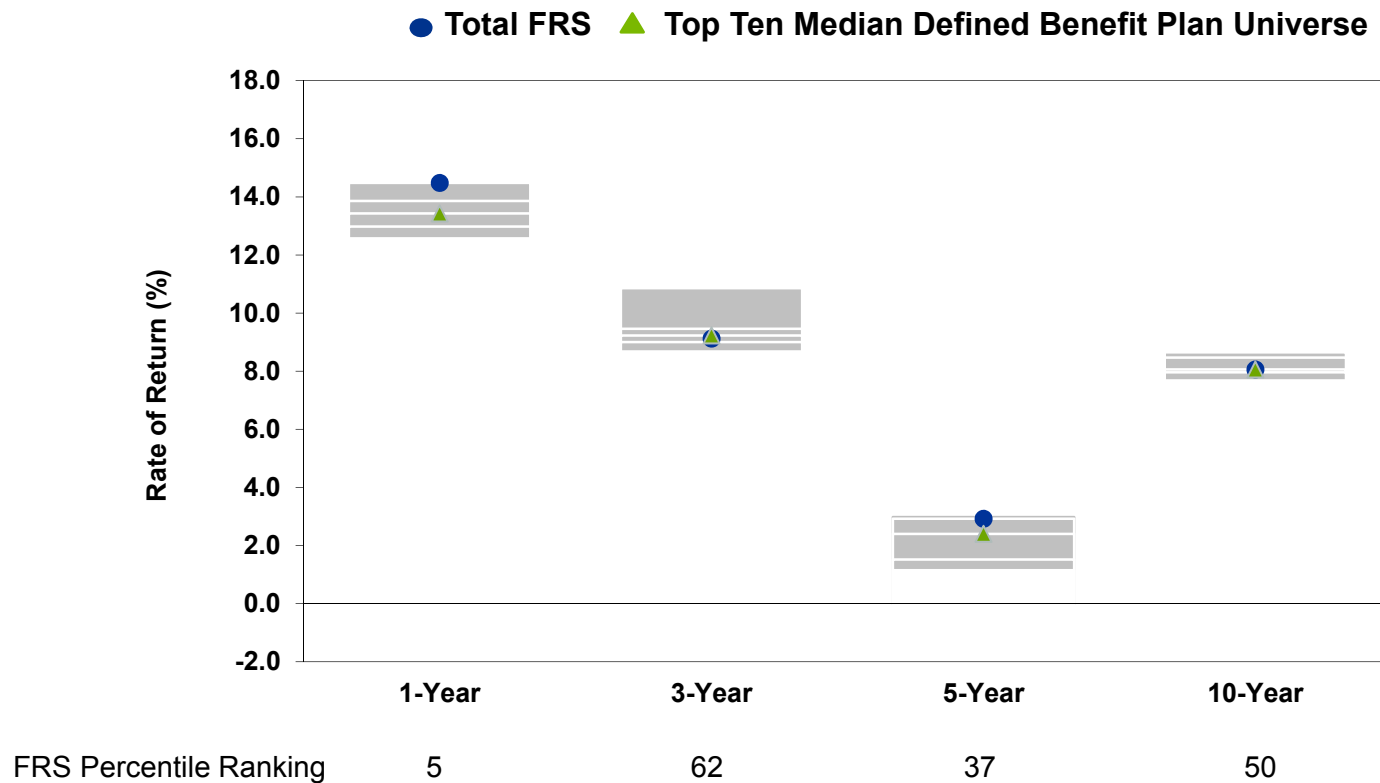
Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 12/31/2012



Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 12/31/2012



Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

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State Board of Administration of Florida Florida Retirement System

Investment Plan Review
Fourth Quarter 2012

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Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five- and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The Investment Plan Expense Ratio for the FRS Investment Plan is lower, on average, when compared to a defined contribution peer group and is significantly lower than the average corporate and public defined benefit plan.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 12/31/2012

	One-Year	Three-Year	Five-Year
FRS Investment Plan	10.5%	7.2%	2.3%
<i>Total Plan Aggregate Benchmark*</i>	9.7	6.8	1.8
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.8	0.4	0.5

Periods Ending 12/31/2011

	Five-Year Average Return	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	1.75%	0.69%	0.22%
<i>Peer Group</i>	1.78**	0.12**	0.24***
FRS Investment Plan vs. Peer Group	-0.03	0.57	-0.02

*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

**Represents the U.S. Median plan return based on the CEM 2011 Survey that included 166 U.S. defined contribution plans with aggregate assets totaling \$1,017 billion. The median DC plan in the universe has \$2.5 billion in assets and the average DC plan has \$6.1 billion in assets.

***Source: CEM Benchmarking 2011 Report – Custom Peer Group for FSBA of 19 DC plans including corporate and public plans with assets between \$2.0 - \$12.6 billion.

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State Board of Administration of Florida CAT Fund Review

Fourth Quarter 2012

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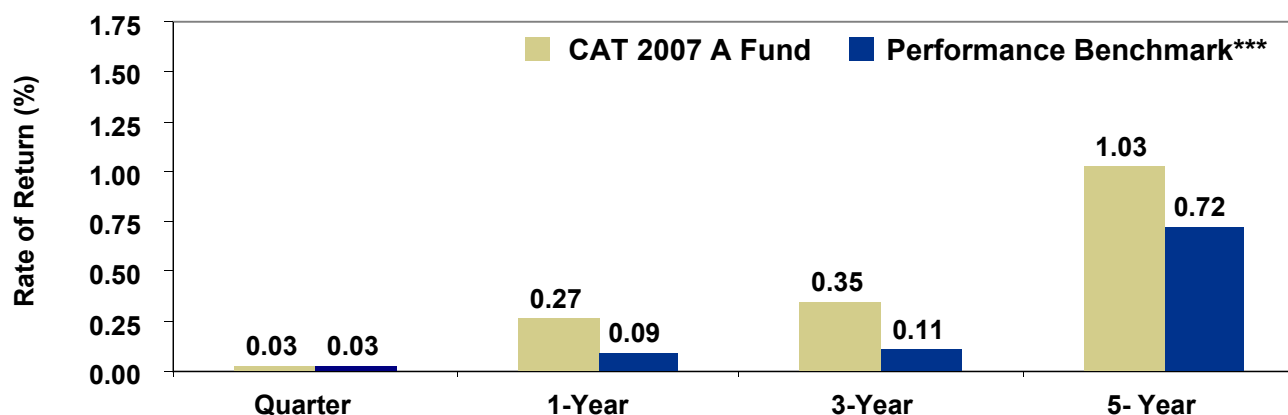
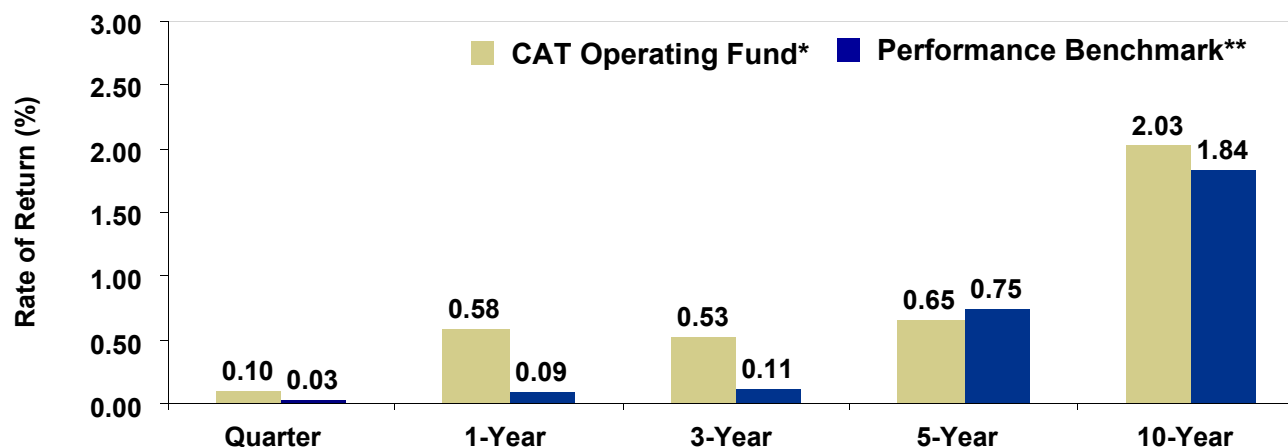
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Executive Summary

- Performance of the CAT Funds on both an absolute and relative basis has been strong over short- and long-term time periods. The CAT Operating Fund did underperform over the five-year period mostly due to poor performance during the 2008 credit crisis.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results

Periods Ending 12/31/2012



*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

***Performance Benchmark: The CAT 2007 A Fund was benchmarked to the Merrill Lynch 1-Month LIBOR from March 2008 to December 2009. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

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State Board of Administration of Florida Lawton Chiles Endowment Fund Review

Fourth Quarter 2012

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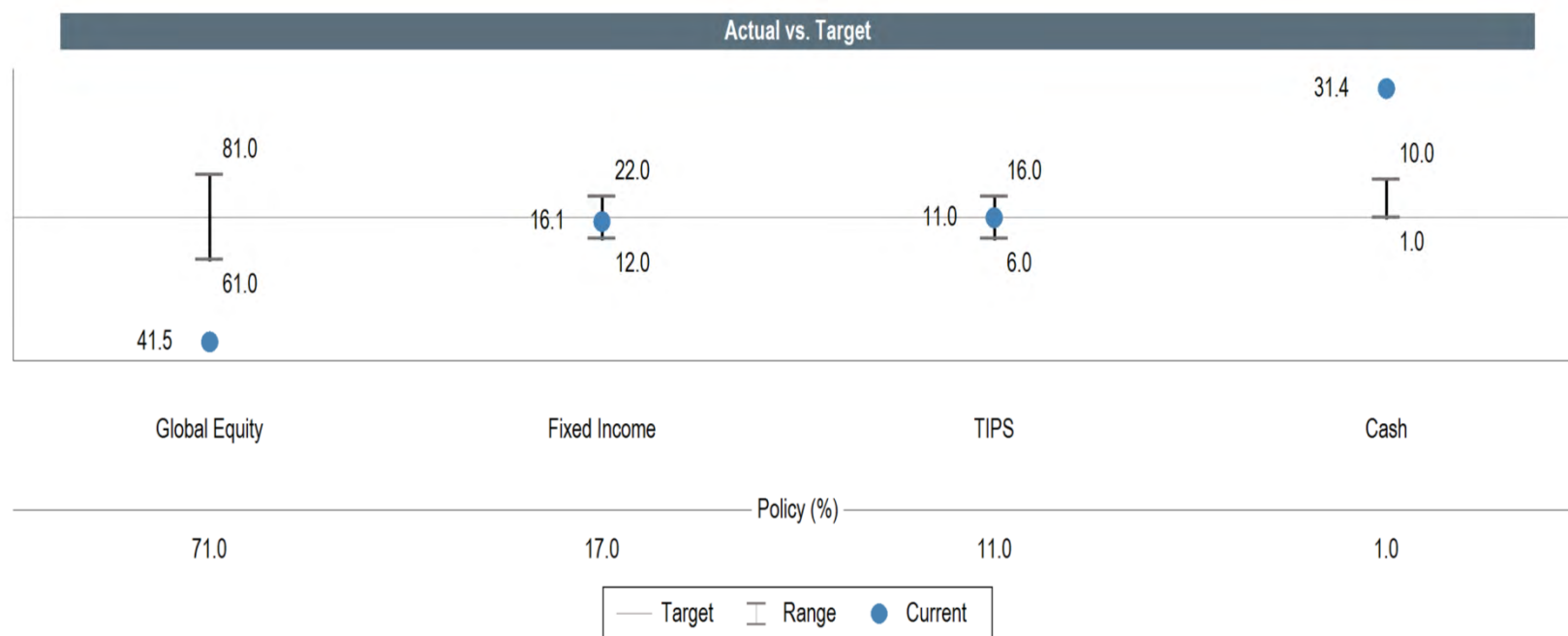
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Executive Summary

- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
 - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
 - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$821.9 million as of December 31, 2012.
- The Endowment's return outperformed that of its Target over the trailing one-, three-, five- and ten-year time periods.

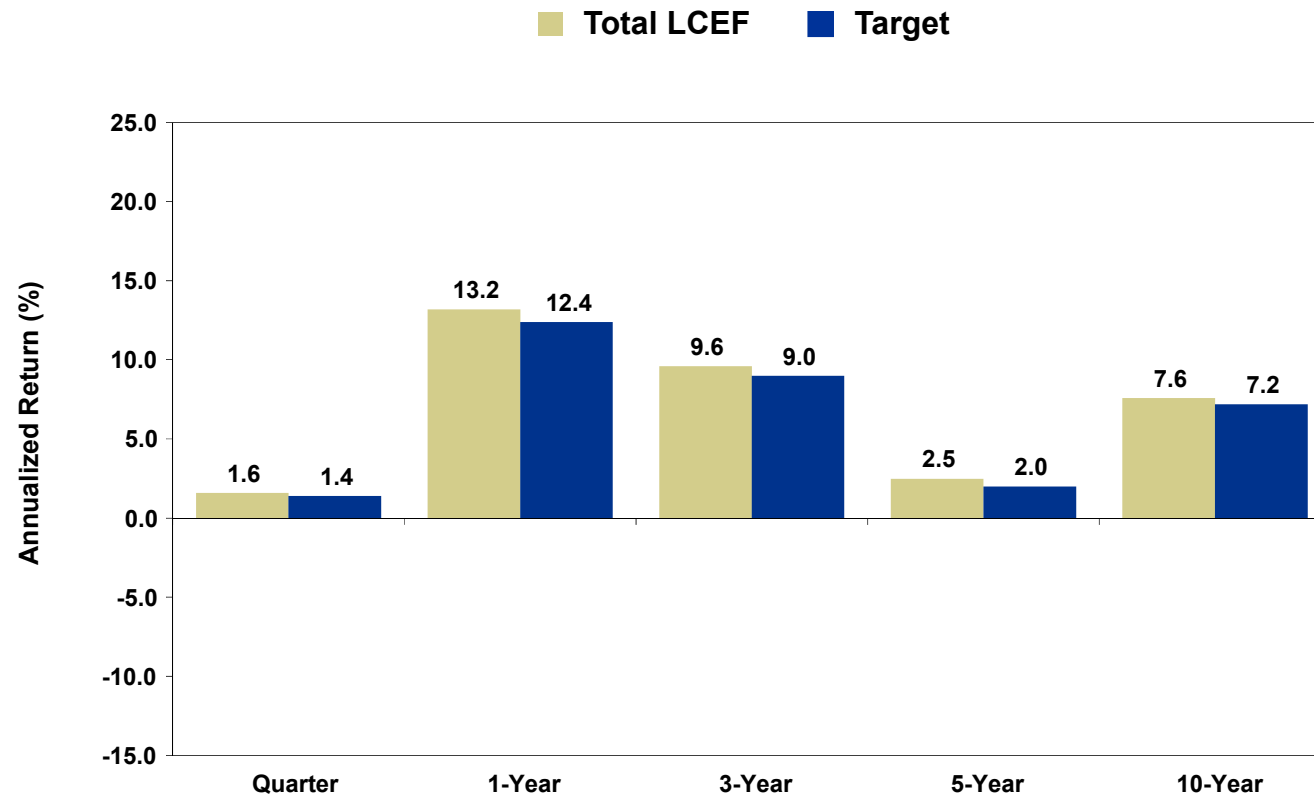
Asset Allocation as of 12/31/2012

Total LCEF Assets = \$821.9 Million



Note: In anticipation of an extraordinary payout expected in June 2013, the Endowment currently has a large cash balance. Per the LCEF Investment Policy Statement, this allows for the suspension of normal asset allocation procedures. In particular, policy weights become equal to month-end actual weights, and policy ranges are not applicable. Once the mandated payout has been made, target allocations and policy ranges will revert to the values above.

LCEF Investment Results Periods Ending 12/31/2012



State Board of Administration of Florida Florida PRIME and Fund B Review

Fourth Quarter 2012

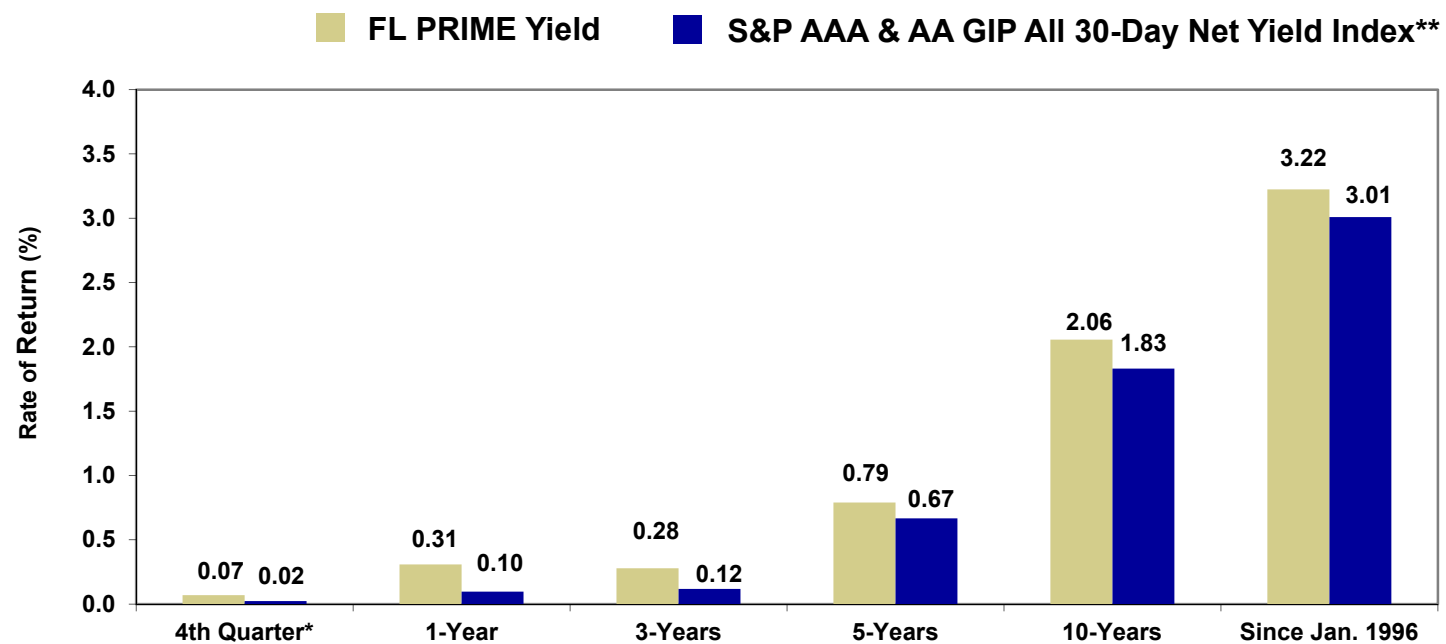
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Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME on both an absolute and relative basis has been strong over short- and long-term time periods.
- As of December 31, 2012, the total market value of Florida PRIME was \$8.48 billion.
- Hewitt EnnisKnupp, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

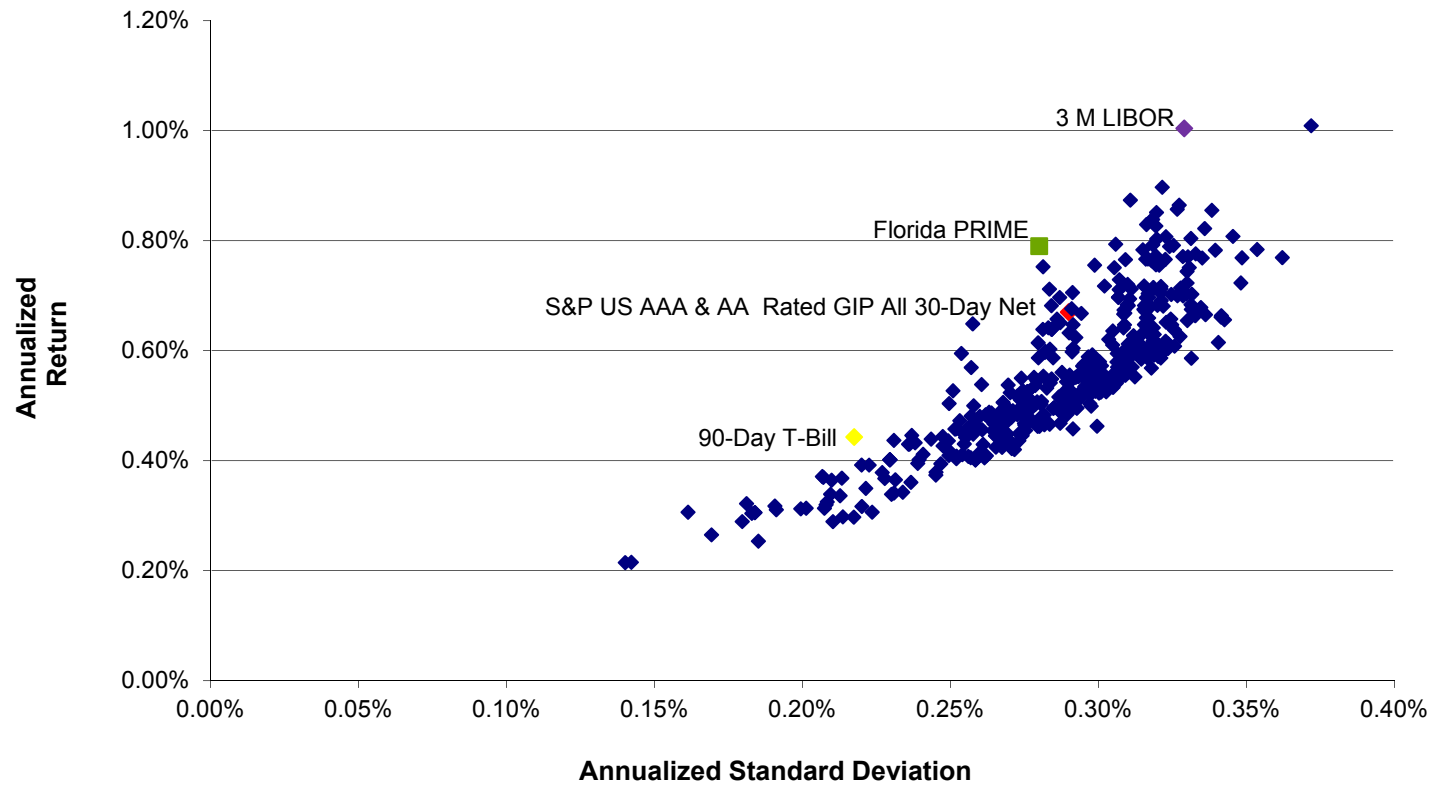
Florida PRIME Investment Results Periods Ending 12/31/2012



*Returns less than one year are not annualized.

**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

Florida PRIME Risk vs. Return 5 Years Ending 12/31/2012



Fund B Change in Market Value Period Ending 12/31/2012

Cash Flows as of 12/31/2012	Fourth Quarter	Fiscal YTD*
Opening Balance	\$249,230,111	\$231,848,908
Participant Distributions	(\$15,640,000)	(\$30,740,000)
Expenses Paid	(\$6,347)	(\$10,846)
Price Change	\$9,234,268	\$41,719,970
Closing Balance	\$242,818,032	\$242,818,032
Change	(\$6,412,079)	\$10,969,124

*Period July 2012 – December 2012

- As of December 2012, 87.7% of the original principal in Fund B has been returned to participants.

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Appendix

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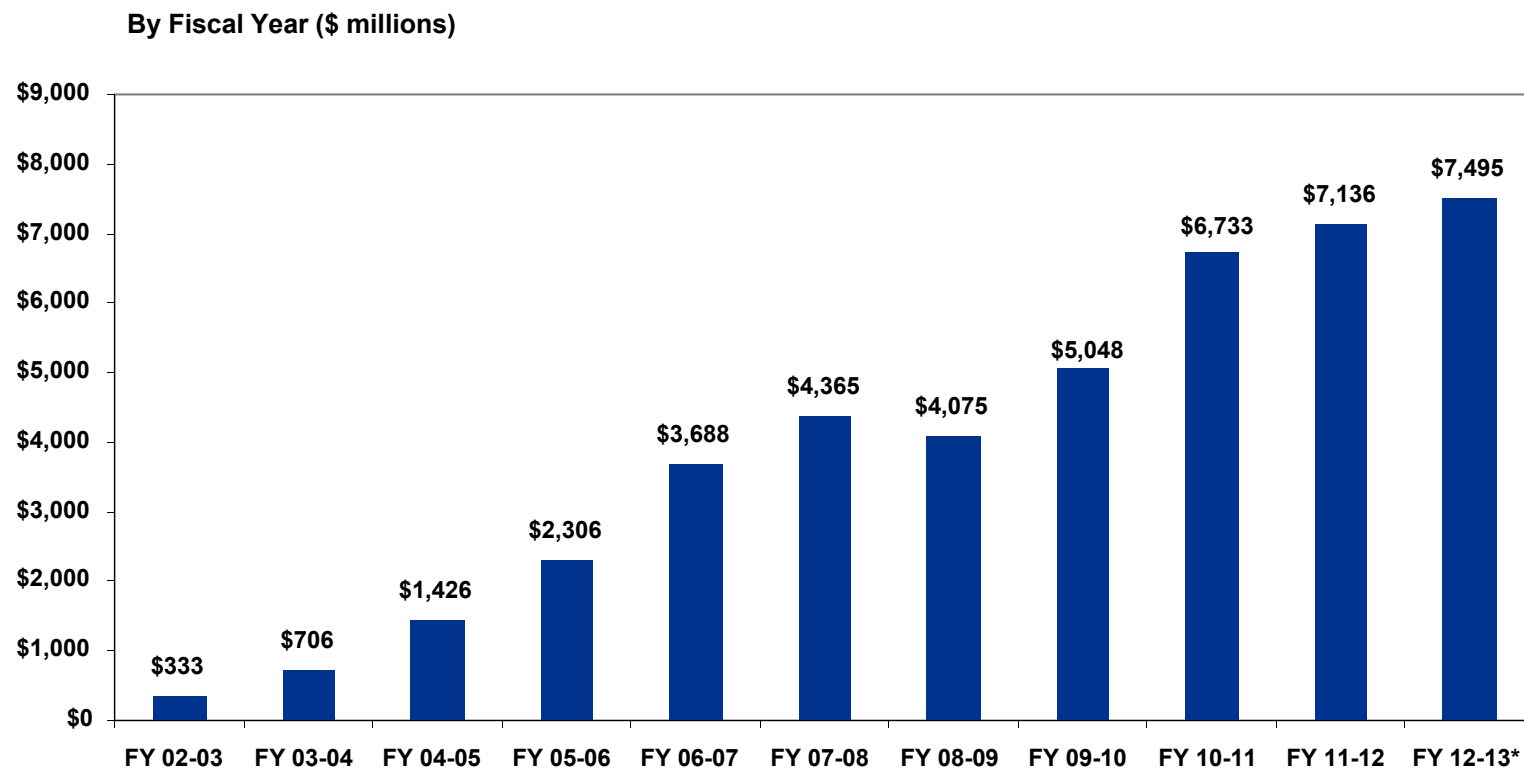
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.35%	0.85%
Mid Cap Equity	0.38%	0.97%
Small Cap Equity	0.89%	1.05%
International Equity	0.40%	1.05%
Diversified Bonds	0.26%	0.54%
Balanced Funds	0.05%	0.90%
Money Market	0.06%	0.23%

*Average fee if multiple products in category as of 12/31/2012.

**Source: Morningstar as of 12/31/2012.

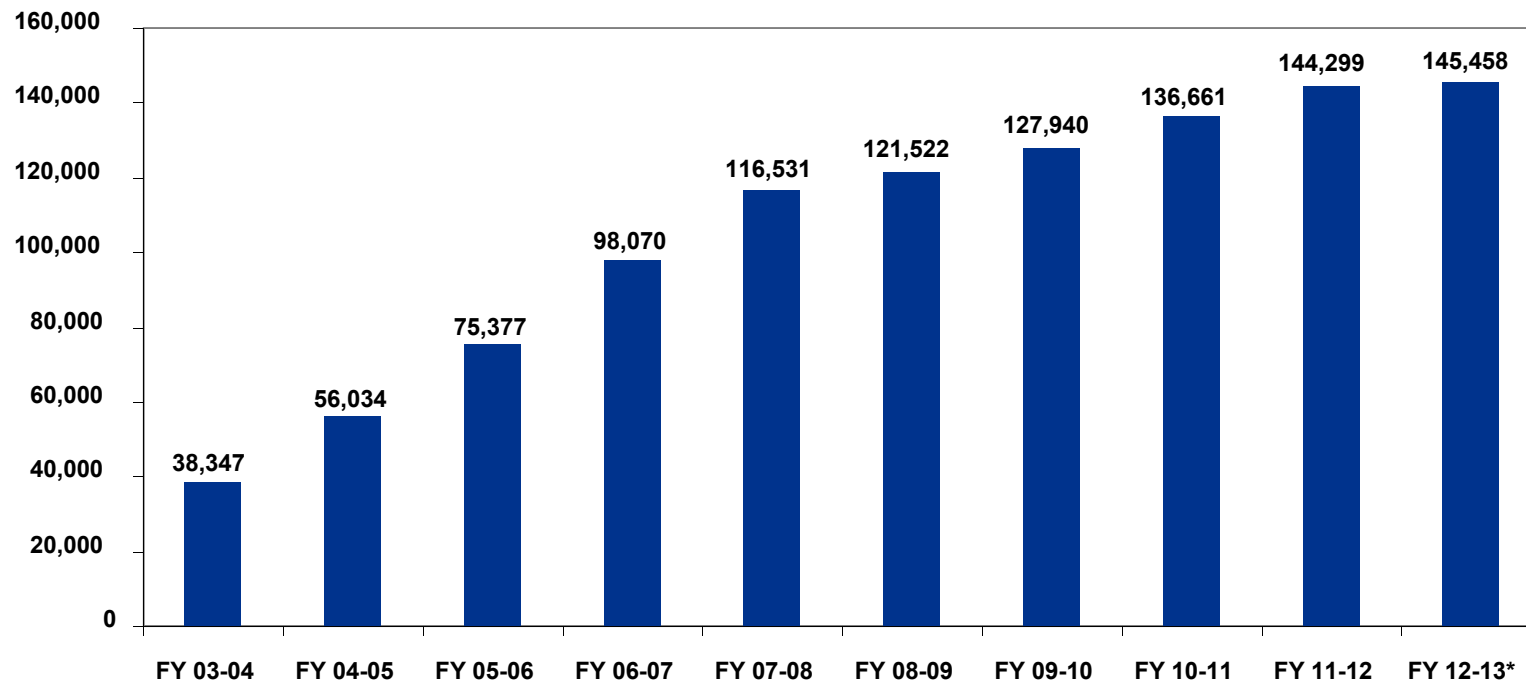
Investment Plan Fiscal Year End Assets Under Management



*Period Ending 12/31/2012

Source: Investment Plan Administrator

Investment Plan Membership



***Period Ending 12/31/2012**

Source: Investment Plan Administrator

Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The State Board of Administration of Florida (SBA) manages five FHCF accounts, the CAT Fund (Operating Fund), the CAT 2006 A Fund (Post-Event Tax-Exempt Revenue Bonds), the CAT 2007 A Fund (Pre-Event Floating Rate Taxable Notes), the CAT 2008 A Fund (Post-Event Tax-Exempt Revenue Bonds), and the CAT 2010 A Fund (Post-Event Tax-Exempt Revenue Bonds).
- Both the CAT Fund (Operating Fund) and the CAT 2007 A Fund are internally managed portfolios benchmarked to a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- The CAT 2006 A Fund, the CAT 2008 A Fund and the CAT 2010 A Fund are invested in State and Local Government Series (SLGS) securities.
- As of December 31, 2012, the total value of all FHCF accounts was \$8.5 billion.

CAT Operating Fund Characteristics

Period Ending 12/31/2012

Effective Maturity Schedule	
O/N* - 14 Days	28.8%
15 - 30 Days	6.1%
31 - 60 Days	7.6%
61 - 90 Days	5.1%
91 - 120 Days	7.3%
121 - 150 Days	5.7%
151 - 180 Days	4.9%
181 - 210 Days	6.7%
211 - 240 Days	3.5%
241 - 270 Days	1.8%
271 - 300 Days	3.5%
301 - 365 Days	6.6%
366 - 732 Days	5.9%
733 - 1,098 Days	5.5%
1,099 - 1,875 Days	1.1%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	50.6%
AA	10.6%
A	37.7%
BBB	0.0%
Non-Investment Grade	1.1%
Total % of Portfolio:	100.0%

*O/N stands for overnight.

CAT 2007 A Fund Characteristics

Period Ending 12/31/2012

Effective Maturity Schedule	
O/N* - 14 Days	100.0%
15 - 30 Days	0.0%
31 - 60 Days	0.0%
61 - 90 Days	0.0%
91 - 120 Days	0.0%
121 - 150 Days	0.0%
151 - 180 Days	0.0%
181 - 210 Days	0.0%
211 - 240 Days	0.0%
241 - 270 Days	0.0%
271 - 300 Days	0.0%
301 - 365 Days	0.0%
366 - 732 Days	0.0%
733 - 1,098 Days	0.0%
1,099 - 1,875 Days	0.0%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	52.9%
AA	13.5%
A	33.6%
BBB	0.0%
Non-Investment Grade	0.0%
Total % of Portfolio:	100.0%

*O/N stands for overnight.

Florida PRIME Characteristics

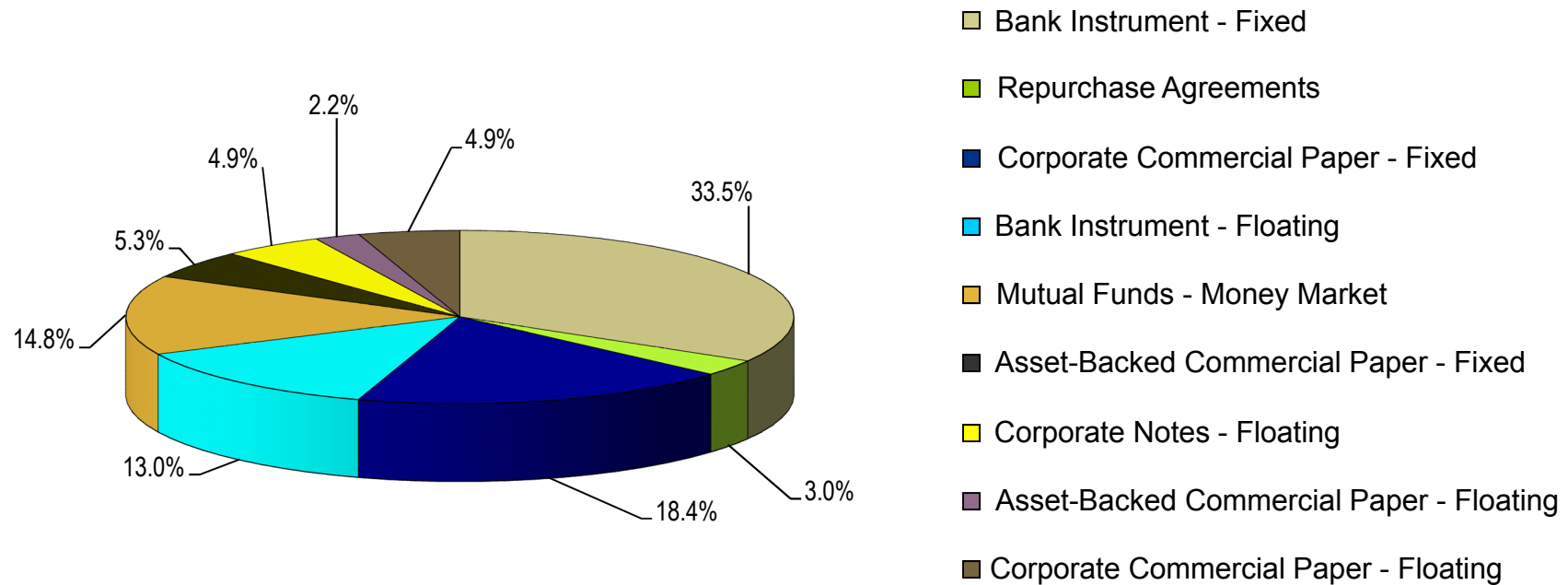
Quarter Ending 12/31/2012

Cash Flows as of 12/31/2012	Fourth Quarter	Fiscal YTD*
Opening Balance	\$6,368,613,753	\$6,752,444,139
Participant Deposits	\$6,398,980,221	\$9,085,587,420
Transfers from Fund B	\$15,640,000	\$30,740,000
Gross Earnings	\$5,030,163	\$10,657,716
Participant Withdrawals	(\$4,311,570,004)	(\$7,402,247,756)
Fees	(\$498,419)	(\$985,806)
Closing Balance (12/31/2012)	\$8,476,195,715	\$8,476,195,715
Change	\$2,107,581,962	\$1,723,751,576

*Period July 2012 – December 2012

Florida PRIME Characteristics Quarter Ending 12/31/2012

Portfolio Composition



Florida PRIME Characteristics

Period Ending 12/31/2012

Effective Maturity Schedule	
1-7 days	35.9%
8-30 days	24.1
31-90 days	21.7
91-180 days	16.8
181+ days	1.5
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	59.5%
A-1	40.5
Total % of Portfolio:	100.0%



State Board of Administration of Florida

Major Mandate Review
Fourth Quarter 2012

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2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME and Fund B Review
7. Appendix

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Executive Summary

Fourth Quarter 2012



Executive Summary

- The major mandates outperformed their respective benchmarks over all longer time periods through December 31, 2012, with the exception of the CAT Operating Fund.
- The Pension Plan outperformed its Performance Benchmark during the fourth quarter and over the trailing one-, three-, five-, ten- and fifteen-year time periods.
 - Global Equity, and specifically Foreign Equities, has been the main source of value added over the trailing one- and five-year time periods. Fixed Income and Strategic Investments have also added value.
- The Pension Plan ranked in the top decile of the TUCS Top Ten Defined Benefit Plan universe over the trailing one-year period and ranked in the top half of the universe over the trailing five-year period. Over the trailing ten-year period, the Pension Plan performed in line with the median plan's performance.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark during the fourth quarter and over all trailing periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark over all trailing periods, primarily due to strong domestic and foreign equity performance.
- The CAT Funds and Florida PRIME continued to outperform their respective benchmarks over both short and long time periods, with the exception of the CAT Operating Fund.
 - The CAT Operating Fund modestly trailed its benchmark over the trailing five-year period, primarily due to weak performance during the 2008 credit crisis.

State Board of Administration of Florida Florida Retirement System

Pension Plan Review Fourth Quarter 2012



Executive Summary

- The Pension Plan assets totaled \$128.6 billion as of December 31, 2012, which represents a \$1.7 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten- and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the five- and fifteen-year periods, but outperformed over the trailing one-, three-, ten-, twenty- and twenty five-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
 - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type and investment strategy.
 - Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt Ennisknupp and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value Periods Ending 12/31/2012

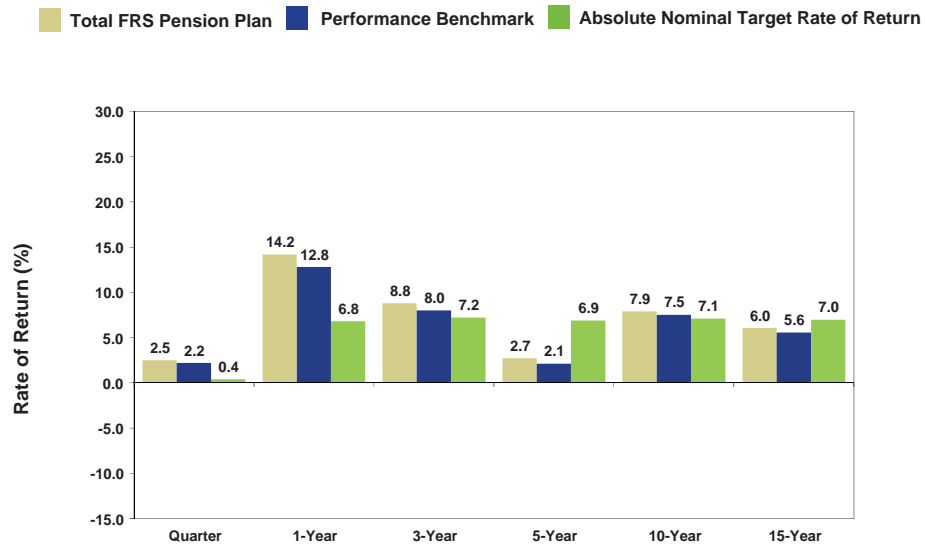
Summary of Cash Flows		
	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$126,890,448,838	\$122,745,973,551
+/- Net Contributions/(Withdrawals)	(\$1,414,857,726)	(\$3,175,983,555)
Investment Earnings	\$3,138,446,704	\$9,044,047,820
= Ending Market Value	\$128,614,037,816	\$128,614,037,816
Net Change	\$1,723,588,978	\$5,868,064,265

*Period July 2012 – December 2012

Asset Allocation as of 12/31/2012 Total Fund Assets = \$128.6 Billion



FRS Pension Plan Investment Results Periods Ending 12/31/2012

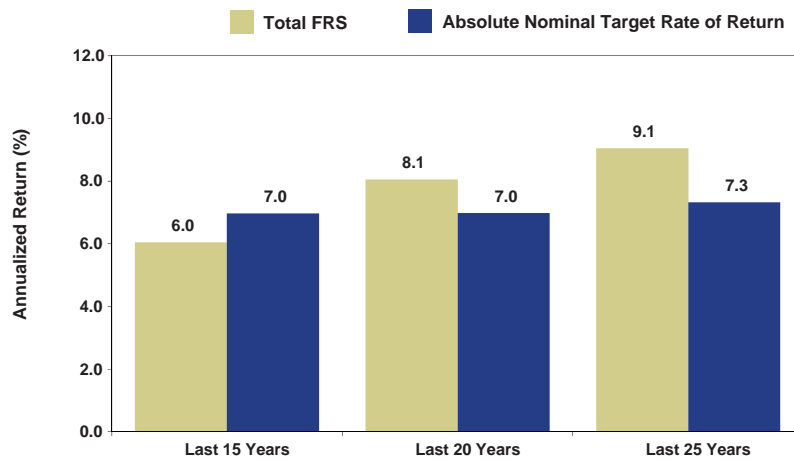


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FRS Pension Plan Investment Results Periods Ending 12/31/2012

Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective

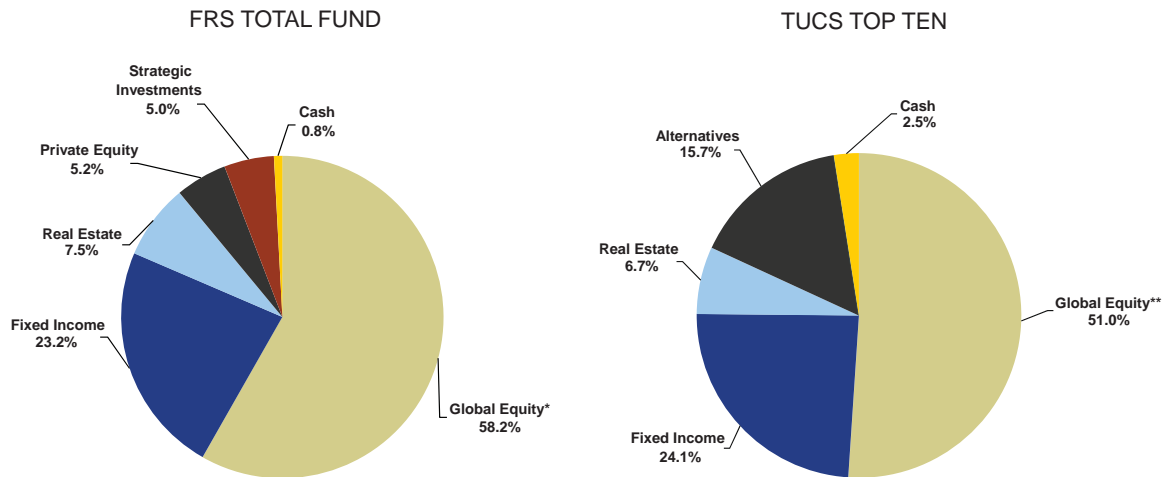


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Comparison of Asset Allocation As of 12/31/2012

FRS Pension Plan vs. Top Ten Defined Benefit Plans



*Global Equity Allocation: 25.7% Domestic Equities; 29.6% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

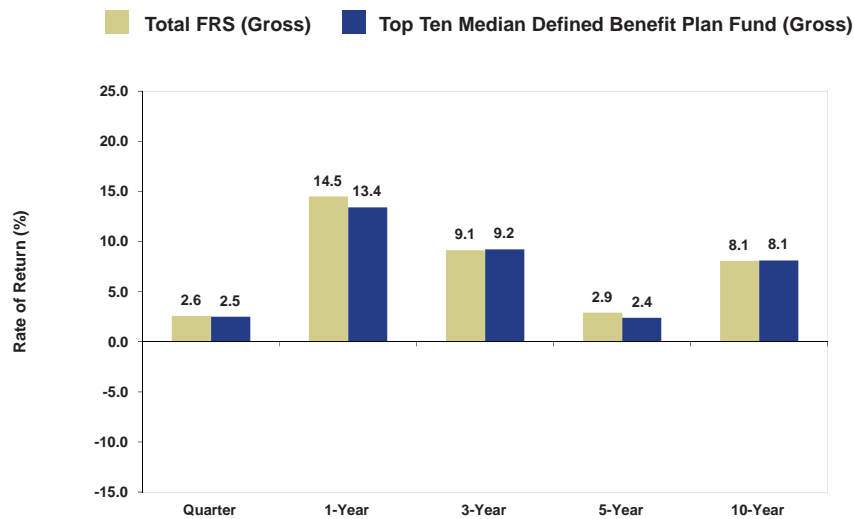
**Global Equity Allocation: 25.9% Domestic Equities; 25.1% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

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FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 12/31/2012

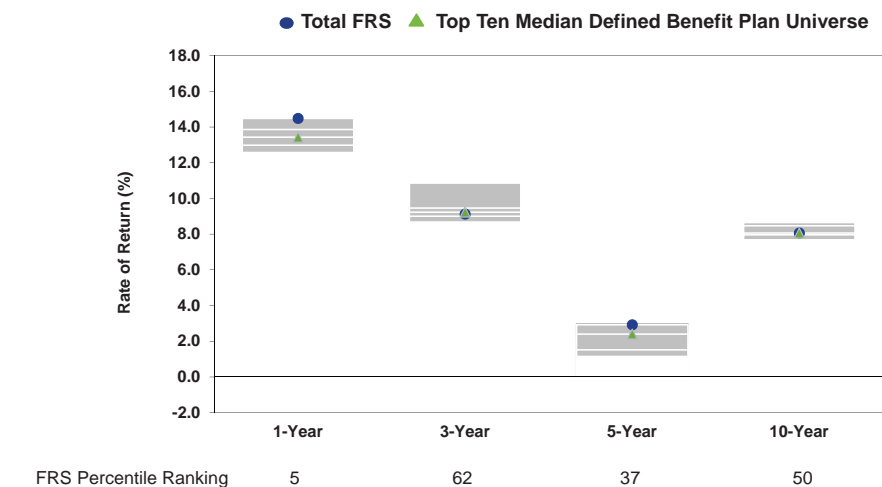


Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

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Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 12/31/2012



Note: The TUCS Top Ten Universe includes \$985.2 billion in total assets. The median fund size was \$55.8 billion and the average fund size was \$98.5 billion.

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State Board of Administration of Florida Florida Retirement System

Investment Plan Review Fourth Quarter 2012



Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five- and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The Investment Plan Expense Ratio for the FRS Investment Plan is lower, on average, when compared to a defined contribution peer group and is significantly lower than the average corporate and public defined benefit plan.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 12/31/2012

	One-Year	Three-Year	Five-Year
FRS Investment Plan	10.5%	7.2%	2.3%
<i>Total Plan Aggregate Benchmark*</i>	9.7	6.8	1.8
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.8	0.4	0.5

Periods Ending 12/31/2011

	Five-Year Average Return	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	1.75%	0.69%	0.22%
<i>Peer Group</i>	1.78**	0.12**	0.24***
FRS Investment Plan vs. Peer Group	-0.03	0.57	-0.02

*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

**Represents the U.S. Median plan return based on the CEM 2011 Survey that included 166 U.S. defined contribution plans with aggregate assets totaling \$1,017 billion. The median DC plan in the universe has \$2.5 billion in assets and the average DC plan has \$6.1 billion in assets.

***Source: CEM Benchmarking 2011 Report – Custom Peer Group for FSBA of 19 DC plans including corporate and public plans with assets between \$2.0 - \$12.6 billion.

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State Board of Administration of Florida CAT Fund Review

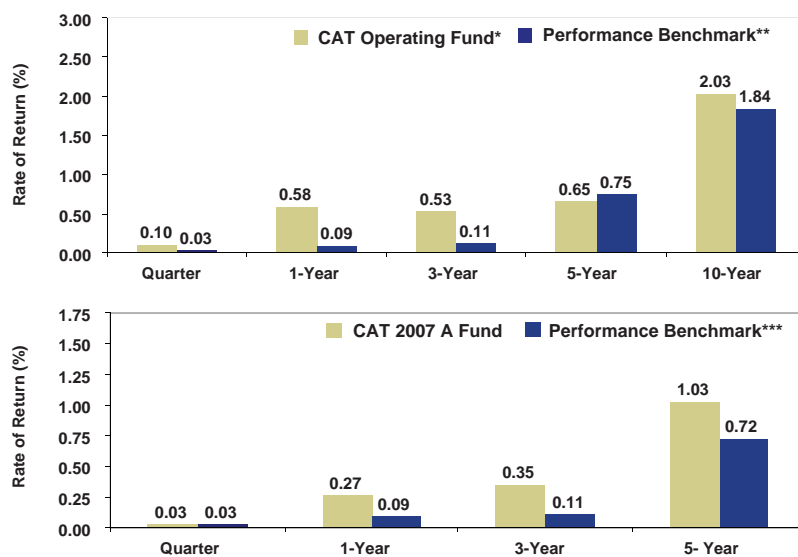
Fourth Quarter 2012



Executive Summary

- Performance of the CAT Funds on both an absolute and relative basis has been strong over short- and long-term time periods. The CAT Operating Fund did underperform over the five-year period mostly due to poor performance during the 2008 credit crisis.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results Periods Ending 12/31/2012



*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

***Performance Benchmark: The CAT 2007 A Fund was benchmarked to the Merrill Lynch 1-Month LIBOR from March 2008 to December 2009. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

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State Board of Administration of Florida Lawton Chiles Endowment Fund Review

Fourth Quarter 2012



Executive Summary

- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
 - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
 - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$821.9 million as of December 31, 2012.
- The Endowment's return outperformed that of its Target over the trailing one-, three-, five- and ten-year time periods.

Asset Allocation as of 12/31/2012

Total LCEF Assets = \$821.9 Million

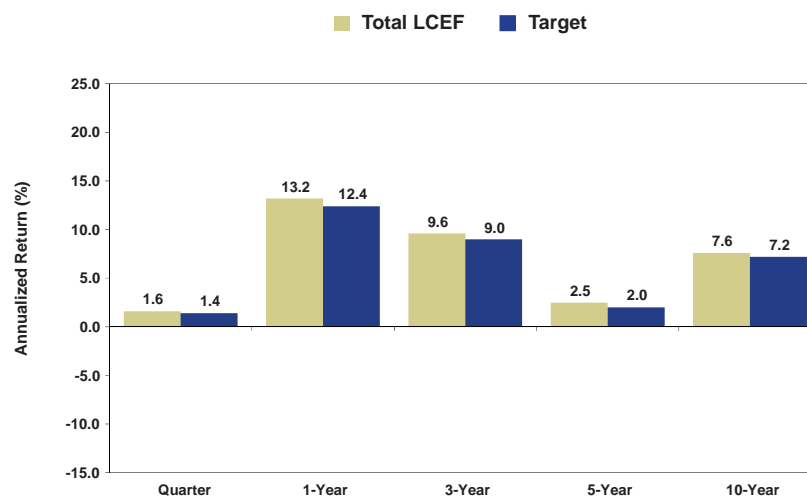


Note: In anticipation of an extraordinary payout expected in June 2013, the Endowment currently has a large cash balance. Per the LCEF Investment Policy Statement, this allows for the suspension of normal asset allocation procedures. In particular, policy weights become equal to month-end actual weights, and policy ranges are not applicable. Once the mandated payout has been made, target allocations and policy ranges will revert to the values above.

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LCEF Investment Results

Periods Ending 12/31/2012



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State Board of Administration of Florida Florida PRIME and Fund B Review

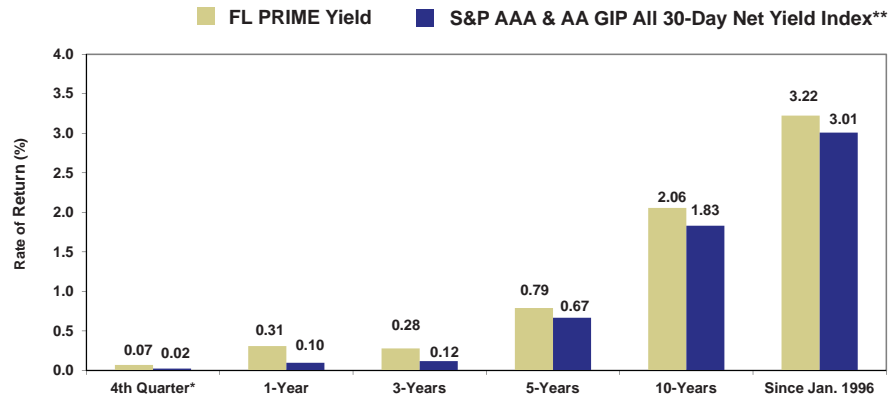
Fourth Quarter 2012



Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME on both an absolute and relative basis has been strong over short- and long-term time periods.
- As of December 31, 2012, the total market value of Florida PRIME was \$8.48 billion.
- Hewitt EnnisKnupp, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

Florida PRIME Investment Results Periods Ending 12/31/2012



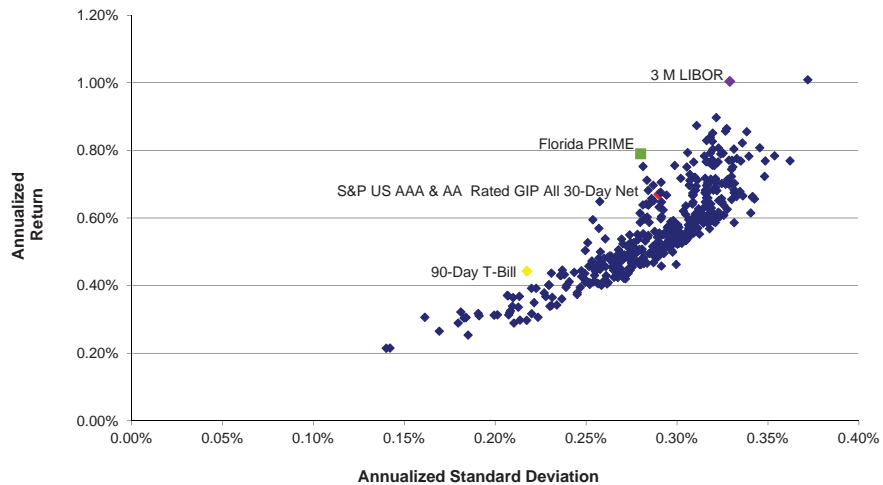
*Returns less than one year are not annualized.

**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

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Florida PRIME Risk vs. Return 5 Years Ending 12/31/2012



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Fund B Change in Market Value Period Ending 12/31/2012

Cash Flows as of 12/31/2012	Fourth Quarter	Fiscal YTD*
Opening Balance	\$249,230,111	\$231,848,908
Participant Distributions	(\$15,640,000)	(\$30,740,000)
Expenses Paid	(\$6,347)	(\$10,846)
Price Change	\$9,234,268	\$41,719,970
Closing Balance	\$242,818,032	\$242,818,032
Change	(\$6,412,079)	\$10,969,124

*Period July 2012 – December 2012

- As of December 2012, 87.7% of the original principal in Fund B has been returned to participants.

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Appendix



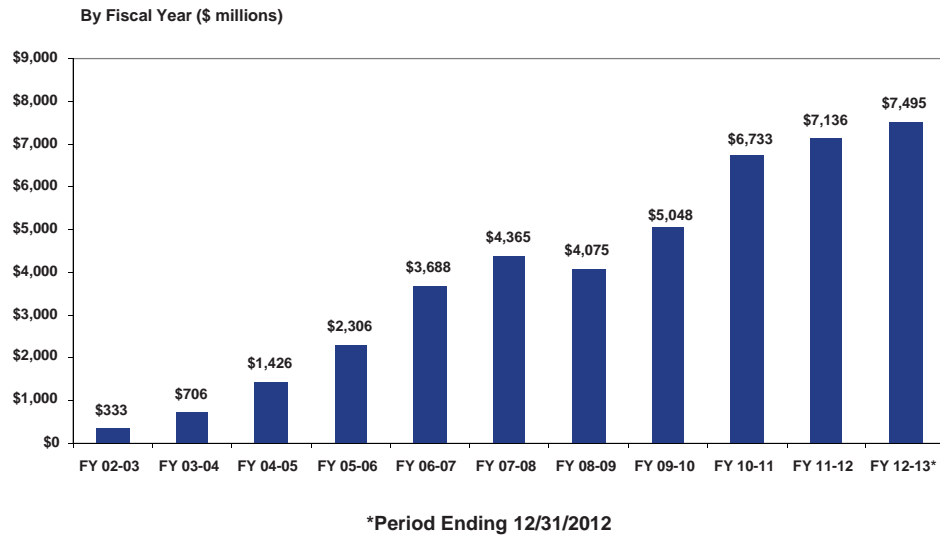
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.35%	0.85%
Mid Cap Equity	0.38%	0.97%
Small Cap Equity	0.89%	1.05%
International Equity	0.40%	1.05%
Diversified Bonds	0.26%	0.54%
Balanced Funds	0.05%	0.90%
Money Market	0.06%	0.23%

*Average fee if multiple products in category as of 12/31/2012.

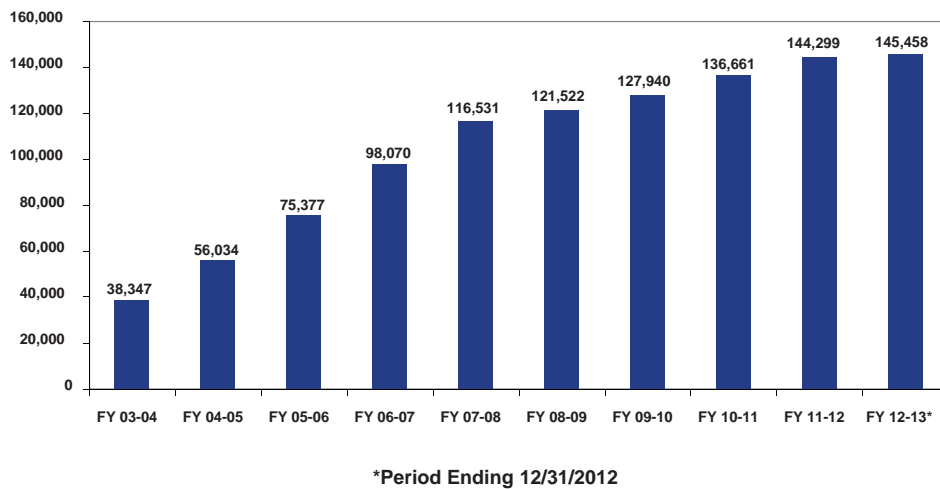
**Source: Morningstar as of 12/31/2012.

Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

Investment Plan Membership



Source: Investment Plan Administrator

Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The State Board of Administration of Florida (SBA) manages five FHCF accounts, the CAT Fund (Operating Fund), the CAT 2006 A Fund (Post-Event Tax-Exempt Revenue Bonds), the CAT 2007 A Fund (Pre-Event Floating Rate Taxable Notes), the CAT 2008 A Fund (Post-Event Tax-Exempt Revenue Bonds), and the CAT 2010 A Fund (Post-Event Tax-Exempt Revenue Bonds).
- Both the CAT Fund (Operating Fund) and the CAT 2007 A Fund are internally managed portfolios benchmarked to a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- The CAT 2006 A Fund, the CAT 2008 A Fund and the CAT 2010 A Fund are invested in State and Local Government Series (SLGS) securities.
- As of December 31, 2012, the total value of all FHCF accounts was \$8.5 billion.

CAT Operating Fund Characteristics Period Ending 12/31/2012

Effective Maturity Schedule	
O/N* - 14 Days	28.8%
15 - 30 Days	6.1%
31 - 60 Days	7.6%
61 - 90 Days	5.1%
91 - 120 Days	7.3%
121 - 150 Days	5.7%
151 - 180 Days	4.9%
181 - 210 Days	6.7%
211 - 240 Days	3.5%
241 - 270 Days	1.8%
271 - 300 Days	3.5%
301 - 365 Days	6.6%
366 - 732 Days	5.9%
733 - 1,098 Days	5.5%
1,099 - 1,875 Days	1.1%
Total % of Portfolio:	100.0%
S & P Credit Quality Composition	
AAA	50.6%
AA	10.6%
A	37.7%
BBB	0.0%
Non-Investment Grade	1.1%
Total % of Portfolio:	100.0%

*O/N stands for overnight.

CAT 2007 A Fund Characteristics Period Ending 12/31/2012

Effective Maturity Schedule	
O/N* - 14 Days	100.0%
15 - 30 Days	0.0%
31 - 60 Days	0.0%
61 - 90 Days	0.0%
91 - 120 Days	0.0%
121 - 150 Days	0.0%
151 - 180 Days	0.0%
181 - 210 Days	0.0%
211 - 240 Days	0.0%
241 - 270 Days	0.0%
271 - 300 Days	0.0%
301 - 365 Days	0.0%
366 - 732 Days	0.0%
733 - 1,098 Days	0.0%
1,099 - 1,875 Days	0.0%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	52.9%
AA	13.5%
A	33.6%
BBB	0.0%
Non-Investment Grade	0.0%
Total % of Portfolio:	100.0%

*O/N stands for overnight.

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Florida PRIME Characteristics Quarter Ending 12/31/2012

Cash Flows as of 12/31/2012	Fourth Quarter	Fiscal YTD*
Opening Balance	\$6,368,613,753	\$6,752,444,139
Participant Deposits	\$6,398,980,221	\$9,085,587,420
Transfers from Fund B	\$15,640,000	\$30,740,000
Gross Earnings	\$5,030,163	\$10,657,716
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Change	\$2,107,581,962	\$1,723,751,576

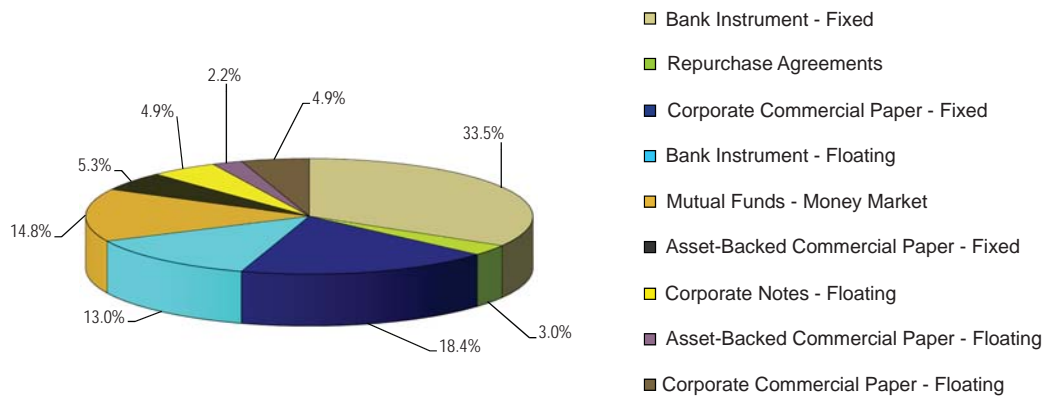
*Period July 2012 – December 2012

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Florida PRIME Characteristics Quarter Ending 12/31/2012

Portfolio Composition



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Florida PRIME Characteristics Period Ending 12/31/2012

Effective Maturity Schedule	
1-7 days	35.9%
8-30 days	24.1
31-90 days	21.7
91-180 days	16.8
181+ days	1.5
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	59.5%
A-1	40.5
Total % of Portfolio:	100.0%

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State Board of Administration of Florida

FRS Pension Plan

Fourth Quarter 2012

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www.hewittennisknupp.com

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Market Environment

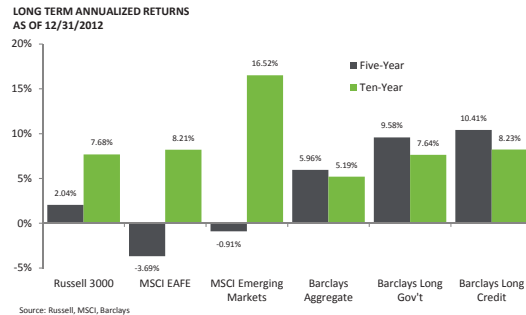
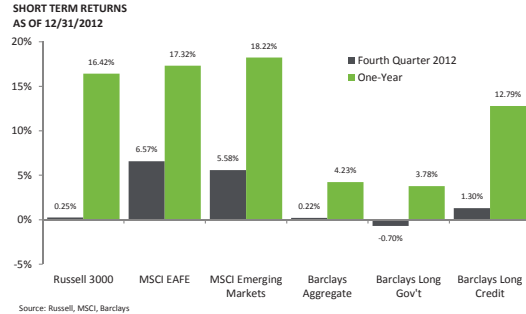
Fourth Quarter 2012

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Market Highlights

Returns of the Major Capital Markets					
	Fourth Quarter	Periods Ending 12/31/2012			
		1-Year	3-Year	5-Year	10-Year
Domestic Stock Indices					
Dow Jones U.S. Total Stock Market Index	0.2%	16.4%	11.4%	2.2%	8.0%
Russell 3000 Index	0.3%	16.4%	11.2%	2.0%	7.7%
S&P 500 Index	-0.4%	16.0%	10.9%	1.7%	7.1%
Russell 2000 Index	1.9%	16.4%	12.3%	3.6%	9.7%
Global Stock Indices					
MSCI All Country World IMI Index	3.0%	16.4%	7.0%	-0.7%	8.6%
MSCI All Country World ex-U.S. IMI Index	5.7%	17.0%	4.2%	-2.6%	10.2%
MSCI EAFE Index	6.6%	17.3%	3.6%	-3.7%	8.2%
MSCI Emerging Markets Index	5.6%	18.2%	4.7%	-0.9%	16.5%
Domestic/Foreign Bond Indices					
Barclays Aggregate Bond Index	0.2%	4.2%	6.2%	6.0%	5.2%
Barclays Long Gov't Index	-0.7%	3.8%	13.6%	9.6%	7.6%
Barclays Long Credit Index	1.3%	12.8%	13.5%	10.4%	8.2%
Barclays Long Gov't/Credit Index	0.5%	8.8%	13.7%	10.2%	8.0%
SSB Non-U.S. WGBI Index	-2.4%	1.5%	4.0%	5.2%	6.4%

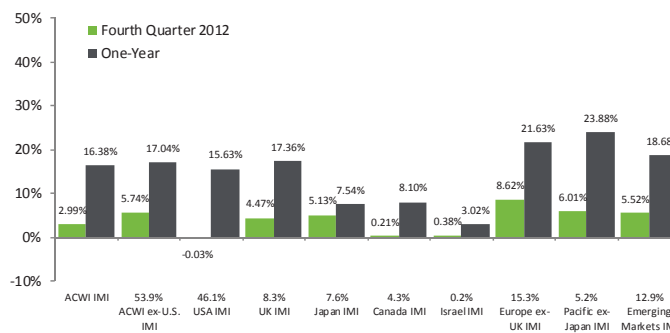


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Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS AS OF 12/31/2012



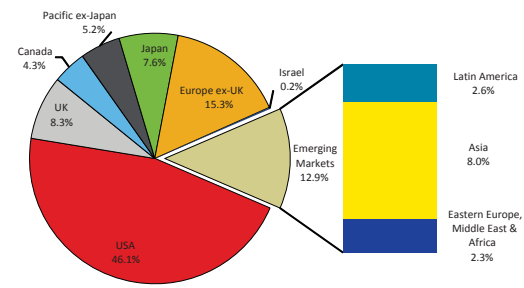
- Positive economic data and a lessening of Eurozone debt crisis worries helped during the fourth quarter, but the impending "fiscal cliff" kept risk appetites in check.
- Most equity markets around the world posted positive returns during the quarter. The best performing market was Europe ex-UK, and the worst performing market was the U.S. with "fiscal cliff" concerns impeding equities in the U.S.

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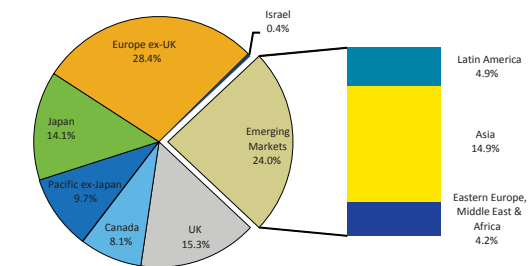
Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2012



Source: MSCI

MSCI ALL COUNTRY WORLD EX U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/2012



Source: MSCI

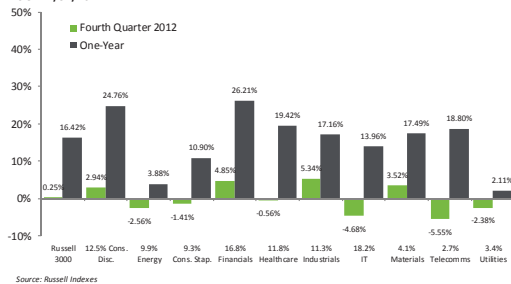
- The two exhibits on this slide illustrate the percent each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

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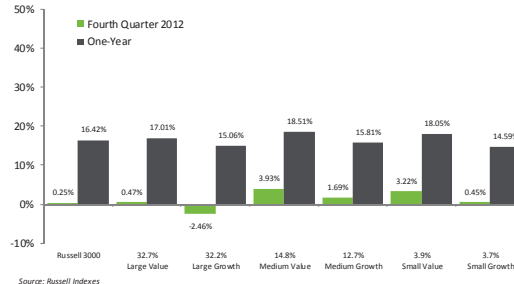
U.S. Equity Markets

RUSSELL GICS SECTOR RETURNS
AS OF 12/31/2012



Source: Russell Indexes

RUSSELL STYLE RETURNS
AS OF 12/31/2012



Source: Russell Indexes

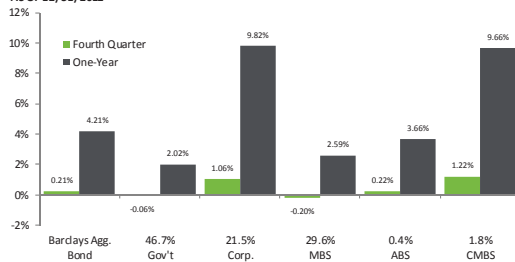
- Generally positive U.S. economic data was overshadowed by the "fiscal cliff," which led to significant uncertainty during the quarter.
- The Russell 3000 rose 0.25% during the quarter and returned 16.42% during 2012.
- The Industrials, Financials, and Materials sectors were the best performing sectors during the fourth quarter, posting returns of 5.34%, 4.85%, and 3.52%, respectively. The Telecommunications and Information Technology sectors were the worst performing areas, producing returns of -5.55% and -4.68%, respectively, during the fourth quarter.
- Mid cap outperformed both small cap and large cap during the fourth quarter. Value outperformed growth across all capitalization segments of the market during the quarter.

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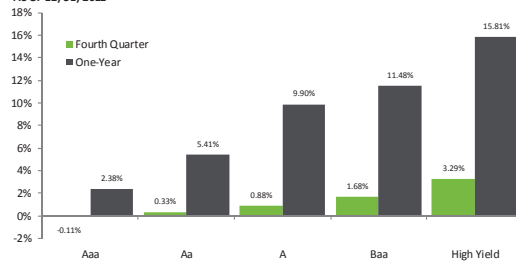
U.S. Fixed Income Markets

BARCLAYS AGGREGATE RETURNS BY SECTOR
AS OF 12/31/2012



Source: Barclays Live

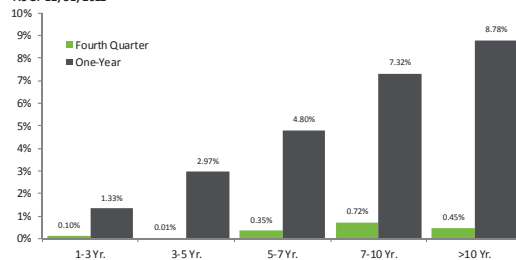
BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS
AS OF 12/31/2012



Source: Barclays Live

- The Barclays Aggregate Bond Index returned 0.21% in the fourth quarter.
- Corporate bonds and commercial mortgage-backed securities were the strongest performing sectors, returning 1.06% and 1.22%, respectively, over the course of the fourth quarter.
- In the investment grade market, lower quality bonds outperformed higher quality bonds. This held true for the quarter and for the full year 2012.
- High yield bonds outperformed investment grade bonds as investors sought yield in a low interest rate environment.
- From a maturity perspective, the 7-10 year range performed the strongest with a return of 0.72% during the fourth quarter.

BARCLAYS AGGREGATE RETURNS BY MATURITY
AS OF 12/31/2012



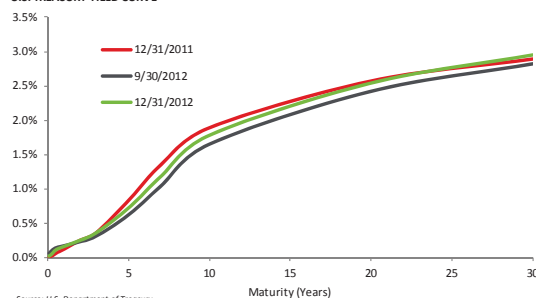
Source: Barclays Live

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U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS



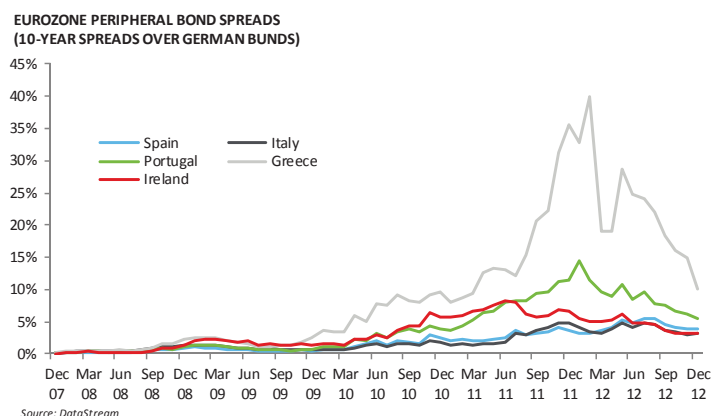
Source: U.S. Department of Treasury

- The Treasury yield curve steepened during the quarter; both the intermediate (1 to 10 years) and the long-term segments of the yield curve rose.
- The 10-year U.S. Treasury yield ended the quarter at a yield of 1.78%, roughly 13 basis points higher than its level at the beginning of the quarter.
- 10-year TIPS yields remained in negative territory, but rose by 10 basis points to -0.67% over the quarter.

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European Fixed Income Markets



- Greece was one of the focal points of the Eurozone debt crisis during the quarter as speculation rose on whether it would obtain a second tranche of bailout funds. On November 26, European leaders, the European Central Bank, and the International Monetary Fund reached an agreement to release the next €34 billion tranche of bailout money to Greece. This was generally viewed positively by market participants and led to a reduction in Greek spreads over German Bunds.
- 10-year yield spreads over German Bunds decreased for the rest of the Eurozone periphery as well over the quarter.

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Credit Spreads

Spread (bps)	12/31/2012	9/30/2012	12/31/2011	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	53	49	87	4	-34
Long Gov't	4	4	6	0	-1
Long Credit	180	191	239	-11	-59
Long Gov't/Credit	109	114	131	-5	-22
MBS	50	24	75	26	-26
CMBS	124	155	308	-31	-184
ABS	43	44	99	-1	-56
Corporate	141	156	234	-15	-93
High Yield	511	551	699	-40	-188
Global Emerging Markets	293	332	464	-39	-171

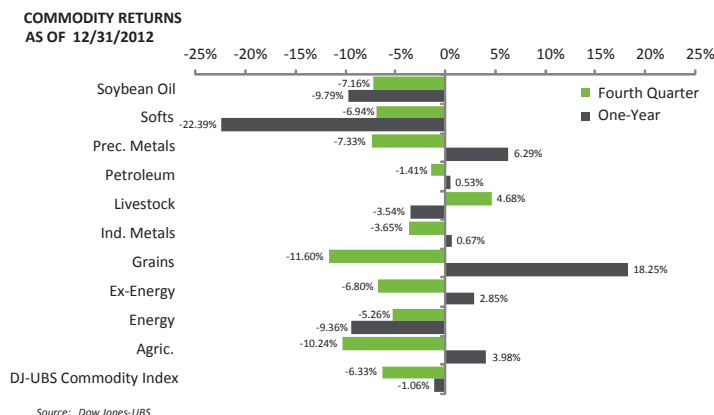
Source: Barclays Live

- Credit spreads fell across most markets during the quarter with the exception of MBS.
- Fixed income markets that saw the largest drops in spreads were High Yield, Global Emerging Markets, and CMBS.
- Credit spreads across every segment as of December 31, 2012 were lower relative to a year prior.

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Commodities

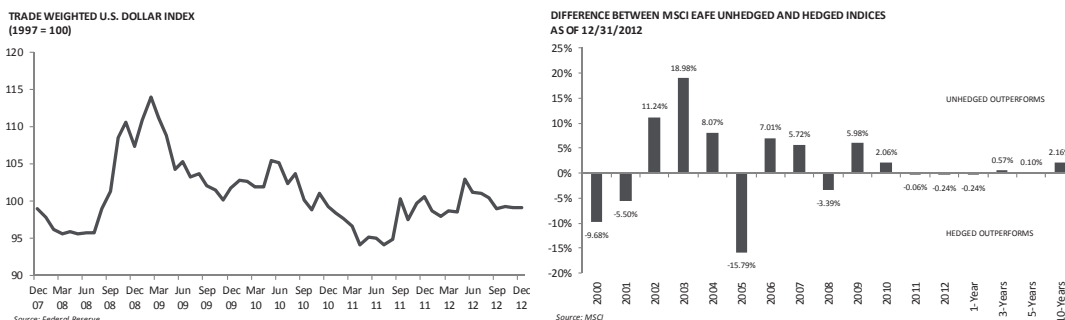


- Driven by negative returns across most market sectors, the Dow Jones-UBS Commodity Index decreased by 6.33% during the fourth quarter.
- The strongest and only positive performing segment of the market was livestock with a return of 4.68% during the quarter.
- Grains and Agriculture were the worst performing sectors of the market during the fourth quarter with returns of -11.60% and -10.24%, respectively.

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Currency

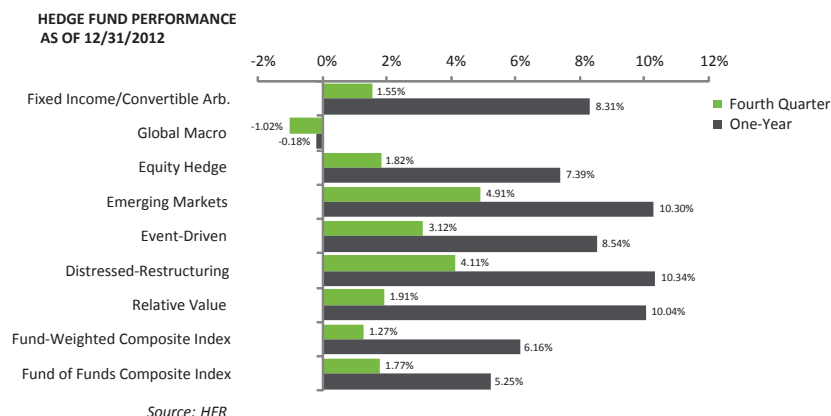


- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar marginally appreciated during the quarter and the one year period.
- The MSCI EAFE Unhedged Index slightly underperformed the MSCI EAFE 100% Hedged Index during the year-to-date period reflecting the appreciation of the U.S. dollar. The Unhedged index outperformed the Hedged index during the trailing 3-, 5-, and 10-year periods.

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Hedge Fund Markets Overview



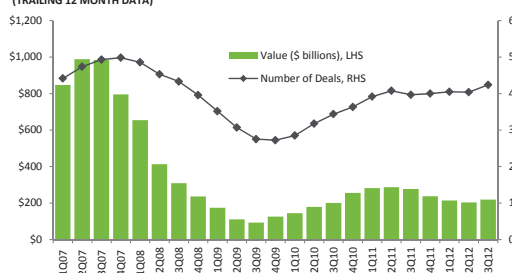
- Except for Global Macro, all major hedge fund strategies types posted positive returns in the fourth quarter and for the full year 2012. The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 1.27% and 1.77%, respectively, during the fourth quarter.
- Emerging Markets and Distressed-Restructuring strategies were the strongest performers during the quarter gaining 4.91% and 4.11%, respectively.

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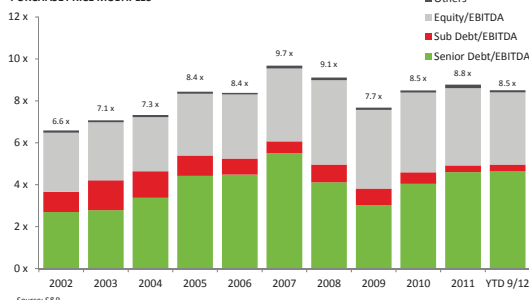
Private Equity Market Overview – Q3 2012

LTM GLOBAL SPONSOR M&A DEAL VOLUME AND VALUE (TRAILING 12 MONTH DATA)



Source: ThomsonOne

PURCHASE PRICE MULTIPLES



Source: S&P

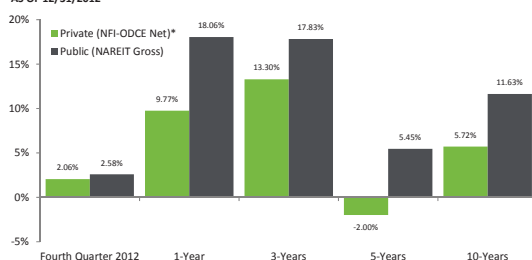
- **Fundraising:** Continues to improve: LTM levels (\$263B) healthy but not excessive levels. Remains well below pre-crisis levels (\$490B). Overhang significant (\$785B) but decreasing.
- **Buyout:** Deal volume vacillating quarter to quarter, but flat to slightly trending up. Small and middle market deals comprise bulk of activity although increasing activity seen in the large market. Purchase price multiples remained relatively steady for last three years; large cap is above its 10 year average while middle market is below its 10 year average. European activity remains slow due to economic uncertainty.
- **Venture capital:** YTD investment levels (\$20B) lagging strong levels in 2011. Meaningful shift over last 1.5 years to later stage deals with a commensurate increase in series C in pre-money valuations and a decrease in series A and B pre-money valuations; YTD exit activity down 14% due to reduced M&A activity, number of IPOs flat with 2011.
- **Mezzanine:** U.S. mezzanine lenders continue to target smaller transactions as getting squeezed out of larger transactions in favor of high yield. YTD sub debt usage in large cap deals represented smallest percentage of total purchase price multiple in last 15 years.
- **Distressed Debt:** Investment activity remains low due to high refinance activity and continued low high-yield default rates; looking forward to 2013-2014, attractive opportunities exist primarily in mid to lower cap market due to fragile economy and reduced leveraged loan capacity.
- **Secondaries:** \$16 billion raised YTD, expect second highest year of fundraising; YTD volume of \$18.5 billion lagging 2011 but still robust. Pricing discounts flat at 11% for Buyout and decreasing slightly to 25% for Venture.
- **Infrastructure:** YTD Fundraising down from 2011, new infrastructure debt funds being raised. Activity plateaued at lower levels due to debt availability and increased regulation in Europe.

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U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS
AS OF 12/31/2012



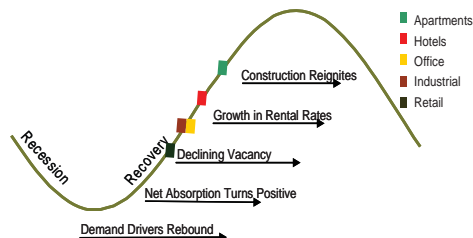
*Fourth quarter returns are preliminary
Sources: NCREIF, NAREIT

2013 U.S. Real Estate Outlook:

- The U.S. economy is expected to remain in a slow-growth mode for much of 2013. While still supporting a continuation of measured improvements in real estate fundamentals (e.g., net absorption, occupancies, and now more broadly some rent growth), the pace of improvement is expected to remain modest.
- Real Estate returns are expected to continue their path of moderation given the sector's robust pricing rebound over the past few years. Consensus forecast range for the NPI is 6–9% (Core real estate), which is still generally in line with the sector's long-term average.
 - If Core buyers accept lower yields for real estate absent attractive income alternatives in other asset classes, returns could reach the high end of the range. On the flip side, policies meant to address long-term government fiscal issues could deliver a short-term economic shock, placing returns at the lower end of the range, at best.
- Uncertainty stemming from the negative scenarios that could play out through multiple macro economic/political issues will likely keep investors cautious in early 2013. Thus, we expect growth in transaction volumes to remain muted versus typical rebound periods. We anticipate the market will continue to seek the safety of current yield provided by Core, which remains historically attractive relative to other asset classes.
 - The current low interest rate environment continues to support price recovery/growth, and this is expected to persist as the U.S. Federal Reserve has indicated it will support a low interest rate environment until sustained economic growth is evident.
- New supply is expected to become more noticeable in 2013, first entering through the apartment sector, though select industrial development has also begun. As an asset class, however, new deliveries are still well restrained.
 - The ramp up in multifamily supply is expected to slow that segment's positive momentum in 2013, though not derail it—selective pruning of apartment holdings in high supply markets should be up for consideration.

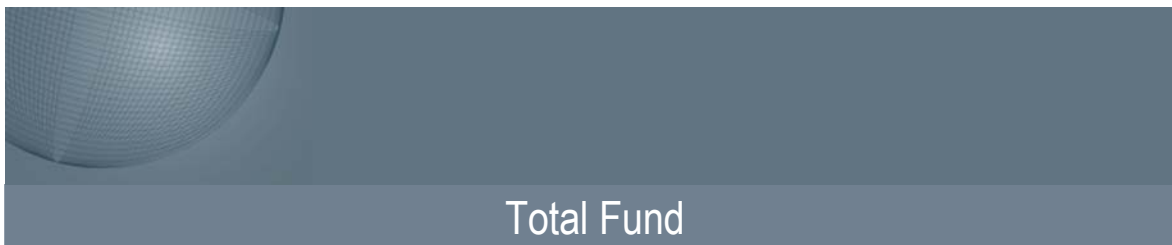
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CURRENT POSITION IN REAL ESTATE RECOVERY CYCLE



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Total Fund	As of December 31, 2012	\$128,614.0 Million and 100.0% of Fund
Highlights		

Executive Summary

- Performance of the Pension Plan, when measured against the Performance Benchmark, has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt EnnisKnupp and SBA staff revisits the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- Over the trailing one-, three-, five- and ten-year periods, the Total Fund outperformed the Performance Benchmark. During the fourth quarter, the Fund returned 2.5% and outperformed its Benchmark by 0.3 percentage points.

Asset Allocation

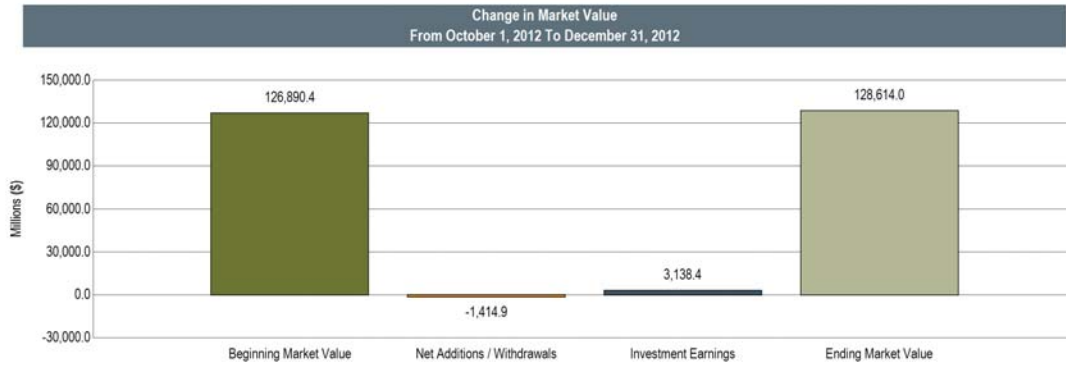
- The Fund assets total \$128.6 billion as of December 31, 2012, which represents a \$1.7 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was overweight to global equity with corresponding marginal underweights to fixed income and cash.

Total Fund

As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Plan Summary



Summary of Cash Flows

Sources of Portfolio Growth	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$126,890,448,838	\$122,745,973,551
Net Additions/Withdrawals	(\$1,414,857,726)	(\$3,175,983,555)
Investment Earnings	\$3,138,446,704	\$9,044,047,820
Ending Market Value	\$128,614,037,816	\$128,614,037,816

*Period July 2012 - December 2012

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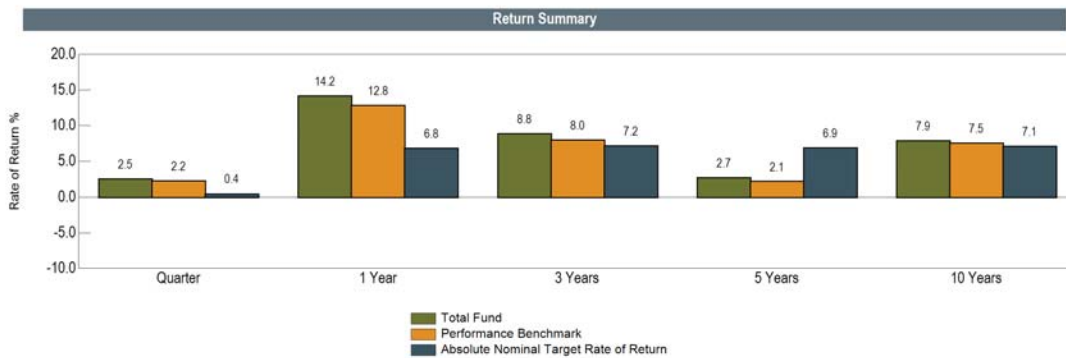
Total Fund

As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Plan Performance

Benchmark: Performance Benchmark



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Total Fund

As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Trailing Period Performance

Ending December 31, 2012													
	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
Total Fund	128,614,037,816	100.0	100.0	2.5	26	14.2	14	8.8	46	2.7	45	7.9	29
<i>Performance Benchmark</i>				2.2	44	12.8	56	8.0	80	2.1	61	7.5	39
<i>Absolute Nominal Target Rate of Return</i>				0.4	98	6.8	98	7.2	92	6.9	1	7.1	60
Global Equity*	74,887,949,579	58.2	57.2	3.1	--	17.8	--	8.5	--	0.5	--	7.9	--
<i>Asset Class Target</i>				3.0	--	16.5	--	7.3	--	-0.3	--	7.6	--
Domestic Equities	33,001,415,890	25.7	--	0.2	79	16.3	50	11.5	25	2.2	32	7.7	40
<i>Asset Class Target</i>				0.2	76	16.4	41	11.2	35	2.0	40	7.7	40
Foreign Equities	38,122,208,273	29.6	--	5.8	68	19.3	27	6.2	6	-1.0	6	10.6	13
<i>Asset Class Target</i>				5.8	79	17.2	84	4.2	79	-2.6	54	9.9	36
Global Equities	3,764,325,206	2.9	--	1.9	--	15.6	--	6.4	--	-1.4	--	--	--
<i>Benchmark</i>				2.6	--	16.0	--	7.0	--	-0.9	--	--	--
Fixed Income	29,880,754,008	23.2	24.0	0.5	65	6.4	61	7.7	50	6.6	47	5.8	52
<i>Asset Class Target</i>				0.2	91	4.2	89	6.2	85	5.9	74	5.4	65
Private Equity	6,647,298,611	5.2	5.2	3.3	--	12.4	--	12.9	--	3.9	--	7.1	--
<i>Asset Class Target</i>				2.1	--	19.4	--	14.2	--	5.9	--	11.7	--
<i>Secondary Target**</i>				3.2	--	14.0	--	15.1	--	5.6	--	14.3	--
Real Estate	9,674,410,236	7.5	7.5	3.0	29	14.4	7	11.2	45	0.9	13	8.4	18
<i>Asset Class Target</i>				2.8	31	12.2	23	12.1	35	-0.4	20	4.3	97
Strategic Investments	6,436,029,670	5.0	5.0	3.8	--	15.2	--	9.8	--	0.2	--	--	--
<i>Short-Term Target</i>				2.5	--	9.1	--	5.6	--	-1.2	--	--	--
Cash	1,087,595,712	0.8	1.0	0.1	--	0.3	--	0.3	--	-0.7	--	1.2	--
<i>iMoneyNet First Tier Institutional Money Market Funds Net Index</i>				0.0	--	0.1	--	0.1	--	0.8	--	2.0	--

Benchmark and universe descriptions can be found in the Appendix.

* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

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Total Fund

As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Calendar Year Performance

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank
Total Fund	14.2	14	-0.5	71	13.5	37	20.8	36	-26.7	49	9.1	28	14.6	33	7.8	40	12.0	47	23.8	40
<i>Performance Benchmark</i>	12.8	56	-1.2	84	12.9	52	19.5	46	-26.1	47	8.9	32	14.4	38	7.3	62	11.5	54	24.5	28
<i>Absolute Nominal Target Rate of Return</i>	6.8	98	8.1	4	6.6	98	7.9	99	5.1	1	8.9	33	6.6	96	7.6	47	7.4	96	6.1	98
Global Equity*	17.8	--	-6.5	--	15.9	--	33.7	--	-39.9	--	8.4	--	17.5	--	8.6	--	14.4	--	32.3	--
<i>Asset Class Target</i>	16.5	--	-7.9	--	15.1	--	33.8	--	-40.4	--	8.5	--	18.4	--	8.7	--	14.1	--	33.2	--
Domestic Equities	16.3	50	1.6	21	17.2	65	28.8	46	-37.4	48	5.3	52	14.7	61	6.3	76	12.3	44	30.2	72
<i>Asset Class Target</i>	16.4	41	1.0	30	16.9	70	28.3	55	-37.3	45	5.1	53	15.7	40	6.1	88	11.9	68	31.1	68
Foreign Equities	19.3	27	-12.9	45	15.2	7	42.7	9	-44.4	37	16.1	39	26.4	31	16.1	46	21.3	29	39.8	28
<i>Asset Class Target</i>	17.2	84	-14.6	80	13.0	41	43.7	8	-46.1	78	16.4	30	26.7	28	16.6	39	20.9	32	40.8	17
Global Equities	15.6	--	-5.7	--	10.4	--	32.8	--	-41.8	--	10.2	--	20.0	--	9.4	--	15.4	--	--	--
<i>Benchmark</i>	16.0	--	-6.7	--	13.1	--	34.6	--	-42.1	--	11.8	--	21.1	--	11.3	--	16.4	--	--	--
Fixed Income	6.4	61	7.6	45	9.2	34	14.4	46	-3.9	43	6.7	29	4.7	39	2.8	28	5.0	51	6.0	56
<i>Asset Class Target</i>	4.2	89	7.8	38	6.5	92	5.9	91	5.2	9	7.2	21	4.7	38	2.5	45	4.7	67	5.1	67
Private Equity	12.4	--	8.0	--	18.6	--	-12.1	--	-4.3	--	16.5	--	12.2	--	12.9	--	0.6	--	10.3	--
<i>Asset Class Target</i>	19.4	--	4.0	--	19.9	--	32.8	--	-32.8	--	9.6	--	20.2	--	10.6	--	16.5	--	33.8	--
<i>Secondary Target**</i>	14.0	--	14.2	--	17.2	--	-9.8	--	-4.5	--	30.1	--	22.9	--	36.0	--	19.1	--	11.6	--
Real Estate	14.4	7	14.5	18	5.1	70	-22.8	30	-1.5	28	13.6	43	22.5	6	17.2	85	17.4	22	12.2	28
<i>Asset Class Target</i>	12.2	23	15.3	12	8.8	61	-29.7	63	-1.1	23	12.1	68	6.5	95	8.8	99	7.8	99	11.6	31
Strategic Investments	15.2	--	5.5	--	8.9	--	22.0	--	-37.4	--	--	--	--	--	--	--	--	--	--	--
<i>Short-Term Target</i>	9.1	--	4.2	--	3.5	--	20.8	--	-33.6	--	--	--	--	--	--	--	--	--	--	--
Cash	0.3	--	0.3	--	0.4	--	1.7	--	-5.8	--	4.1	--	5.1	--	3.4	--	1.4	--	1.2	--
<i>iMoneyNet First Tier Institutional Money Market Funds Net Index</i>	0.1	--	0.1	--	0.2	--	0.7	--	3.0	--	5.4	--	5.1	--	3.4	--	1.4	--	1.1	--

* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

22

Total Fund

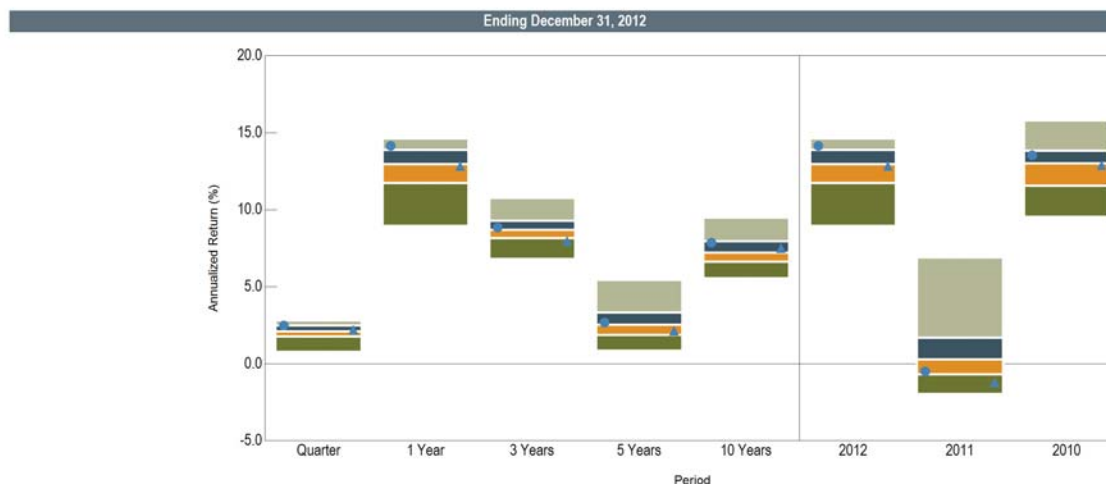
As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Universe Comparison

Benchmark: Performance Benchmark

Universe: Public Funds >\$1B Net



	Return (Rank)							
5th Percentile	2.8	14.6	10.8	5.4	9.5	14.6	6.9	15.8
25th Percentile	2.5	13.9	9.3	3.4	8.0	13.9	1.7	13.8
Median	2.1	13.0	8.7	2.6	7.2	13.0	0.3	13.0
75th Percentile	1.8	11.8	8.2	1.9	6.6	11.8	-0.7	11.6
95th Percentile	0.8	9.0	6.8	0.9	5.6	9.0	-2.0	9.6
# of Portfolios	67	65	64	64	56	65	72	67
● Total Fund	2.5 (26)	14.2 (14)	8.8 (46)	2.7 (45)	7.9 (29)	14.2 (14)	-0.5 (71)	13.5 (37)
▲ Performance Benchmark	2.2 (44)	12.8 (56)	8.0 (80)	2.1 (61)	7.5 (39)	12.8 (56)	-1.2 (84)	12.9 (52)

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Total Fund

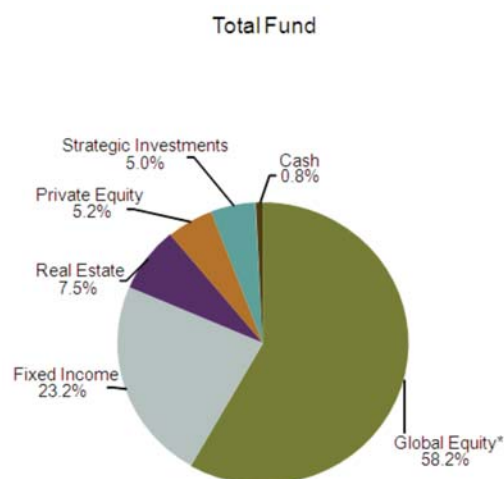
As of December 31, 2012

\$128,614.0 Million and 100.0% of Fund

Universe Asset Allocation Comparison

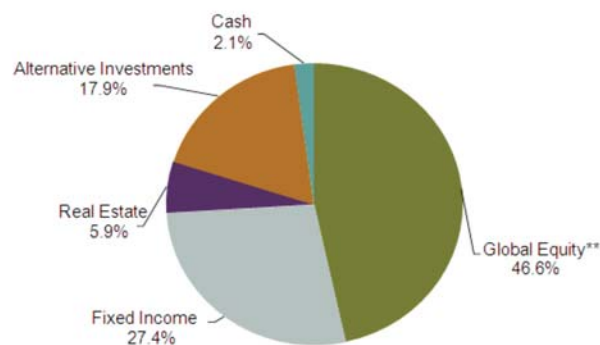
Benchmark: Performance Benchmark

Universe: Public Funds >\$1B Net



*Global Equity Allocation: 25.7% Domestic Equities; 29.6% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

BNY Mellon Public Funds > \$1B Net Universe



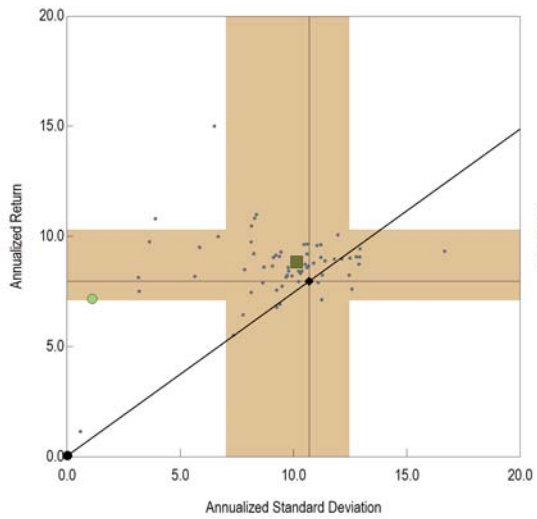
**Global Equity Allocation: 27.2% Domestic Equities; 19.4% Foreign Equities.

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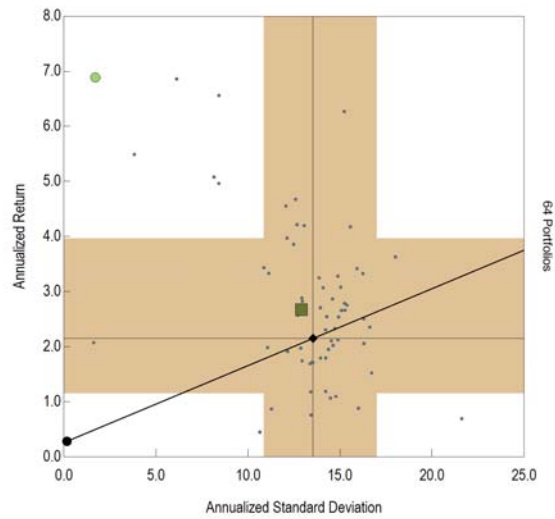
Risk Profile

Benchmark: Performance Benchmark

Universe: Public Funds >\$1B Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012

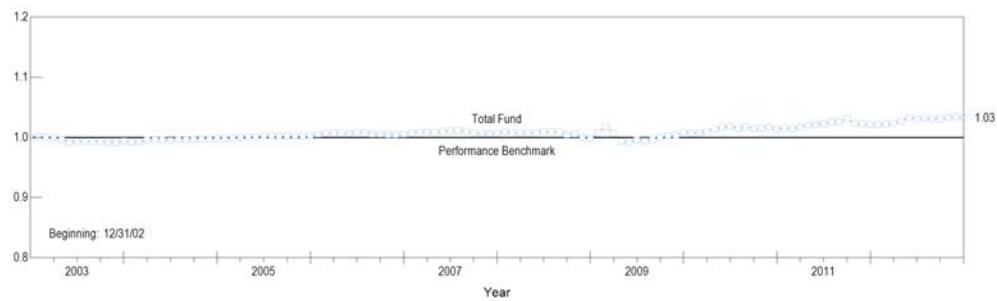
- Total Fund
- Performance Benchmark
- Absolute Nominal Target Rate of Return
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

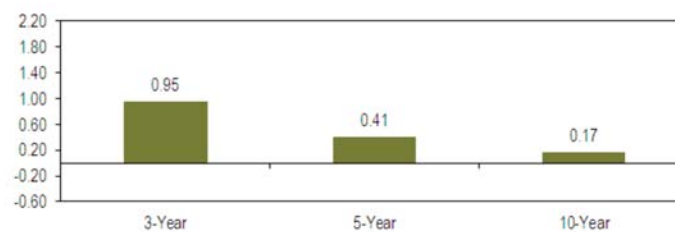
- Total Fund
- Performance Benchmark
- Absolute Nominal Target Rate of Return
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B Net

25

Attribution

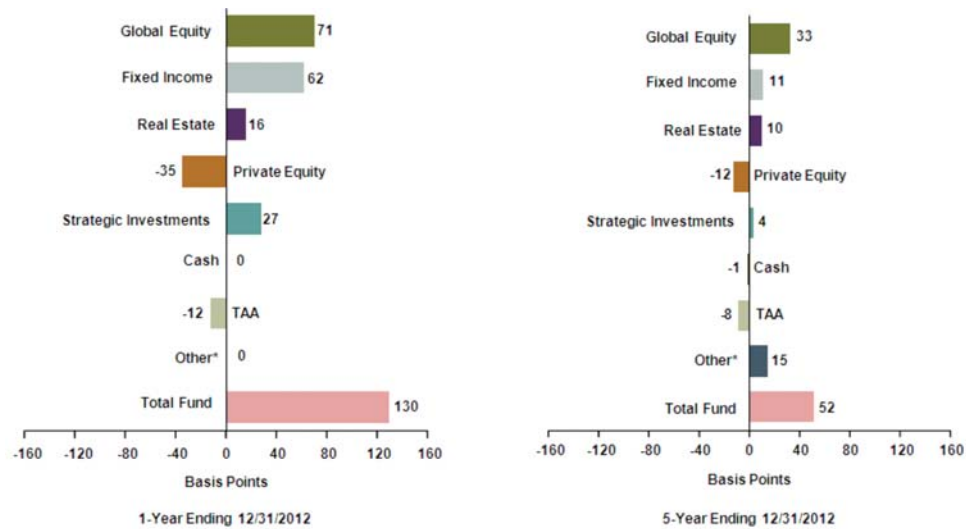
Ratio of Cumulative Wealth
10 Years Ending December 31, 2012

Total FRS Pension Plan Information Ratio



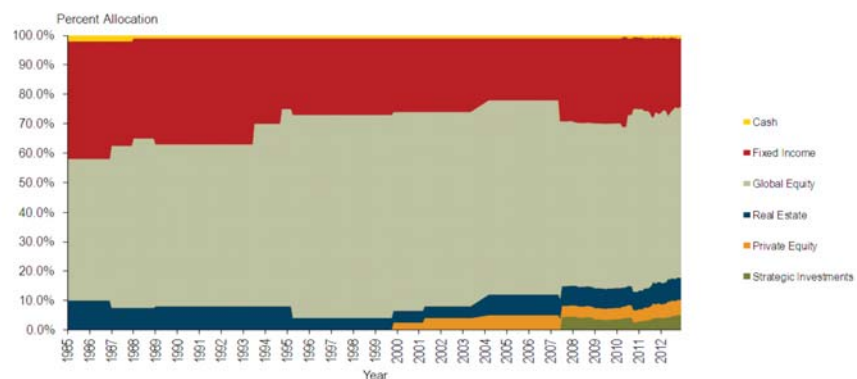
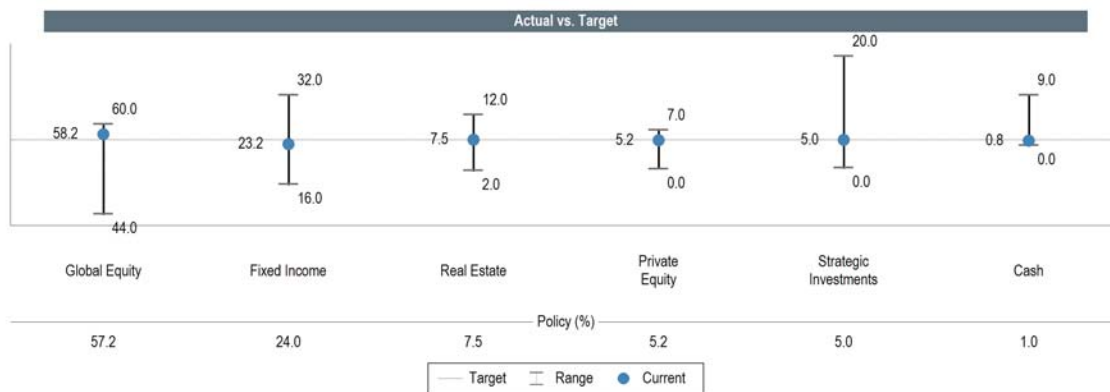
26

Attribution



*Other includes legacy accounts, securities lending, and unexplained differences due to methodology.

Asset Allocation



Global Equity

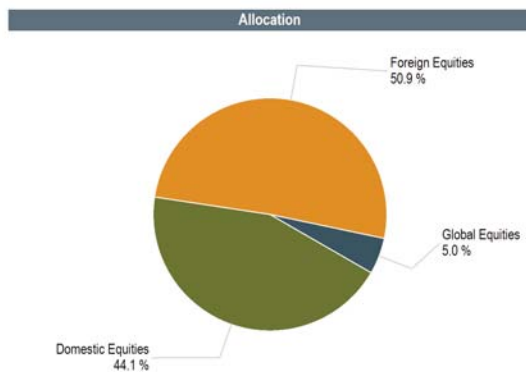
Global Equity*

As of December 31, 2012

\$74,887.9 Million and 58.2% of Fund

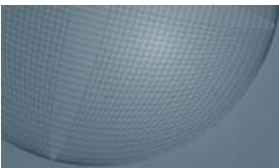
Overview

Benchmark: Asset Class Target



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

Note: The current Global Equity benchmark, the Asset Class Target, is a custom version of the MSCI ACWI IMI which excludes companies divested under provisions of the Protecting Florida's Investment Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities' historical benchmarks.



Domestic Equities

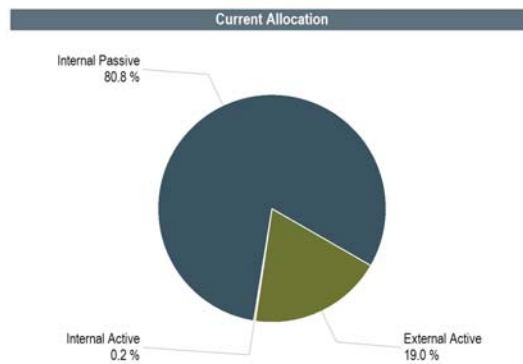
Domestic Equities

As of December 31, 2012

\$33,001.4 Million and 25.7% of Fund

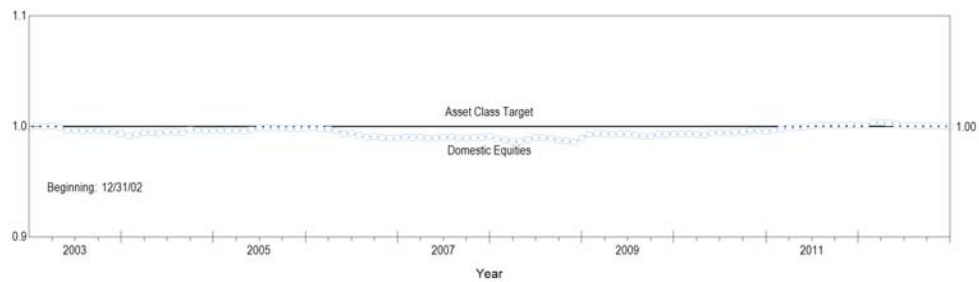
Overview

Benchmark: Asset Class Target



Overview

Quarterly Excess Performance

Ratio of Cumulative Wealth
10 Years Ending December 31, 2012

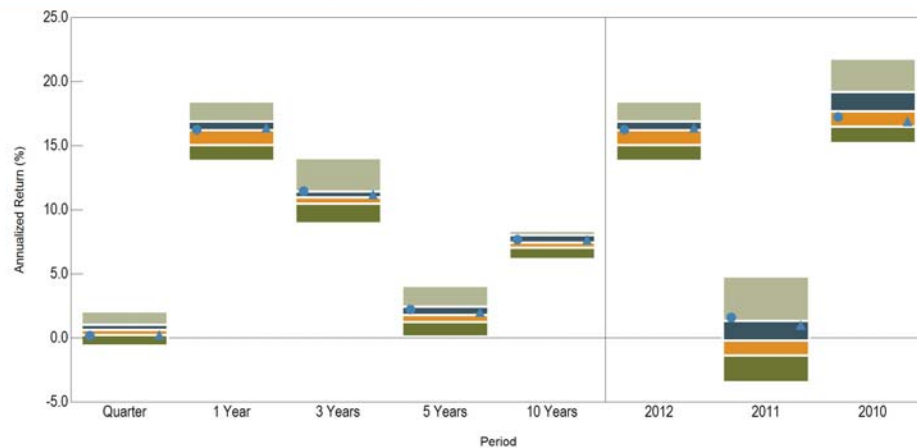
33

Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - US Eq Net

Ending December 31, 2012



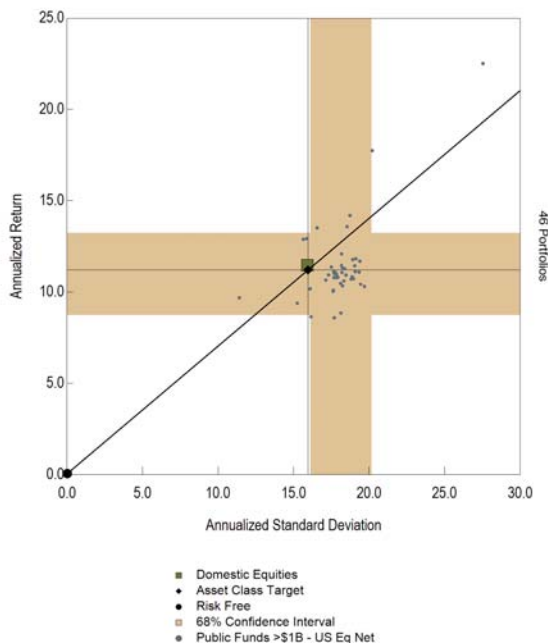
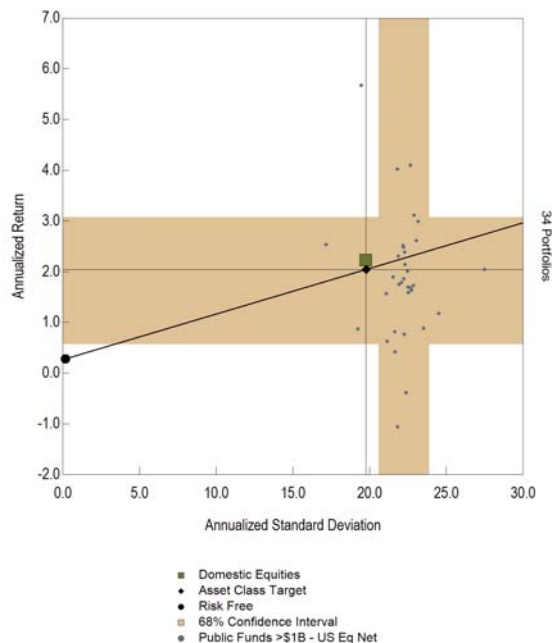
	Return (Rank)							
5th Percentile	2.1	18.4	14.0	4.1	8.4	18.4	4.8	21.8
25th Percentile	1.0	16.9	11.4	2.5	8.1	16.9	1.4	19.2
Median	0.6	16.3	11.0	1.8	7.5	16.3	-0.2	17.7
75th Percentile	0.3	15.1	10.5	1.3	7.1	15.1	-1.3	16.5
95th Percentile	-0.6	13.9	9.0	0.1	6.2	13.9	-3.4	15.2
# of Portfolios	49	48	46	34	20	48	51	46
● Domestic Equities	0.2 (79)	16.3 (50)	11.5 (25)	2.2 (32)	7.7 (40)	16.3 (50)	1.6 (21)	17.2 (65)
▲ Asset Class Target	0.2 (76)	16.4 (41)	11.2 (35)	2.0 (40)	7.7 (40)	16.4 (41)	1.0 (30)	16.9 (70)

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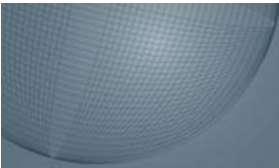
Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - US Eq Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

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Foreign Equities

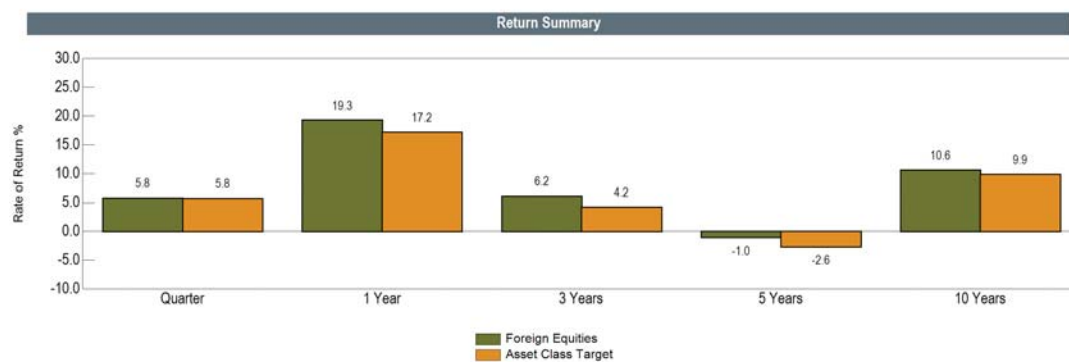
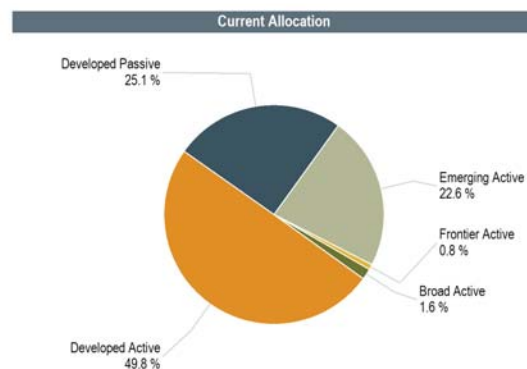
Foreign Equities

As of December 31, 2012

\$38,122.2 Million and 29.6% of Fund

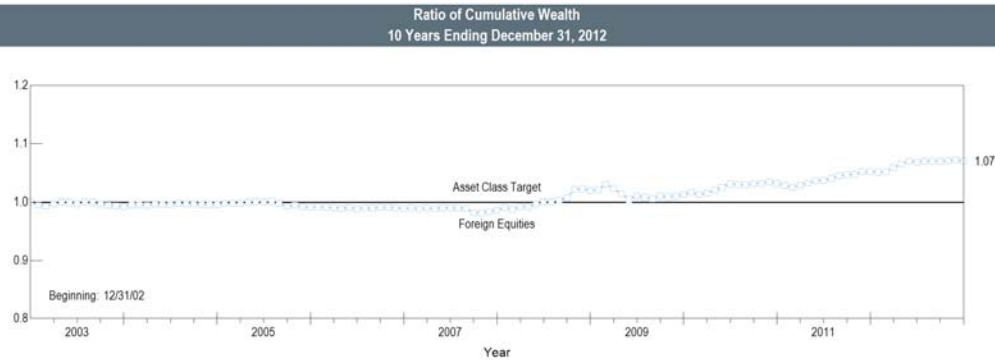
Overview

Benchmark: Asset Class Target



Overview

Benchmark: Asset Class Target

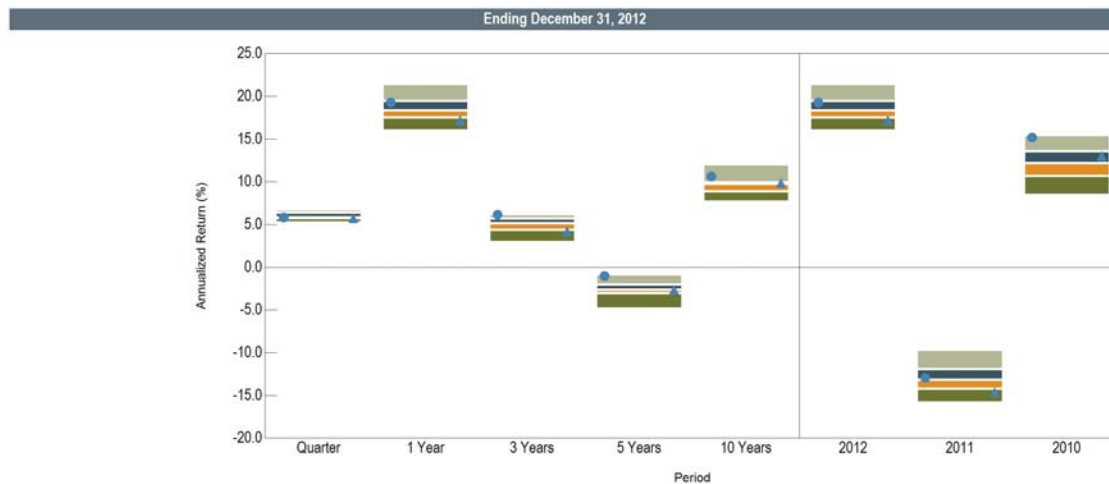


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Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - Non-US Eq Net



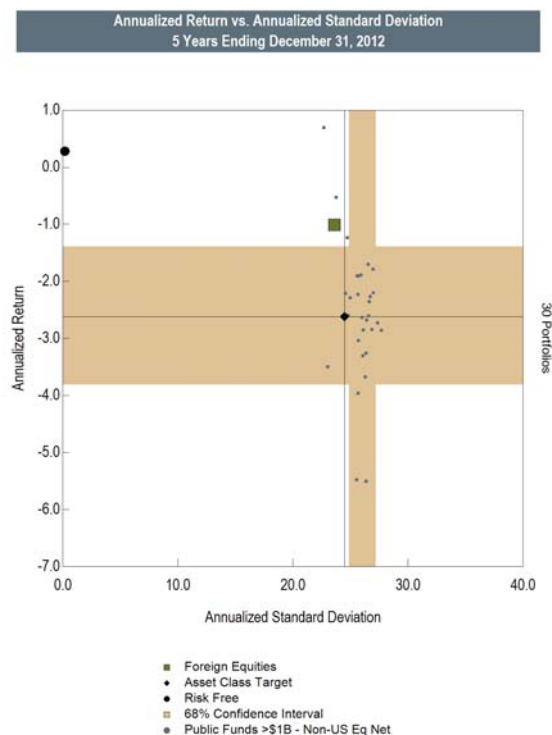
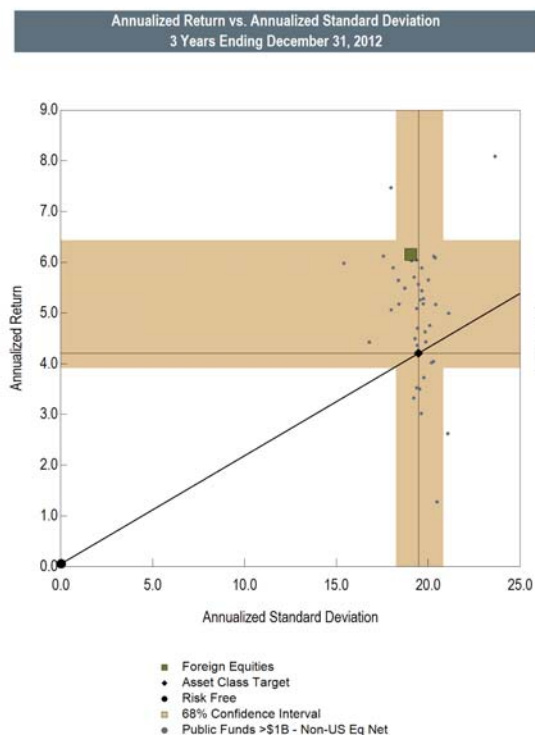
	Return (Rank)							
5th Percentile	6.7	21.5	6.2	-0.8	12.0	21.5	-9.7	15.5
25th Percentile	6.4	19.5	5.8	-2.0	10.0	19.5	-11.9	13.6
Median	5.9	18.4	5.2	-2.6	9.8	18.4	-13.1	12.2
75th Percentile	5.8	17.6	4.4	-3.0	8.9	17.6	-14.2	10.7
95th Percentile	5.3	16.1	3.0	-4.8	7.7	16.1	-15.8	8.5
# of Portfolios	43	41	40	30	17	41	45	40
● Foreign Equities	5.8 (68)	19.3 (27)	6.2 (6)	-1.0 (6)	10.6 (13)	19.3 (27)	-12.9 (45)	15.2 (7)
▲ Asset Class Target	5.8 (79)	17.2 (84)	4.2 (79)	-2.6 (54)	9.9 (36)	17.2 (84)	-14.6 (80)	13.0 (41)

40

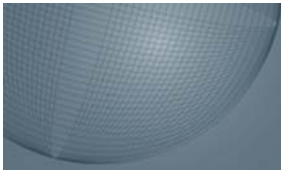
Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - Non-US Eq Net



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Global Equities

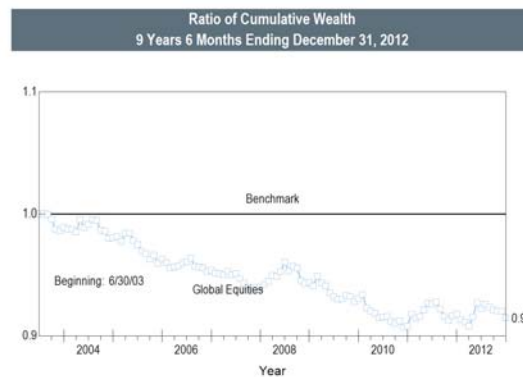
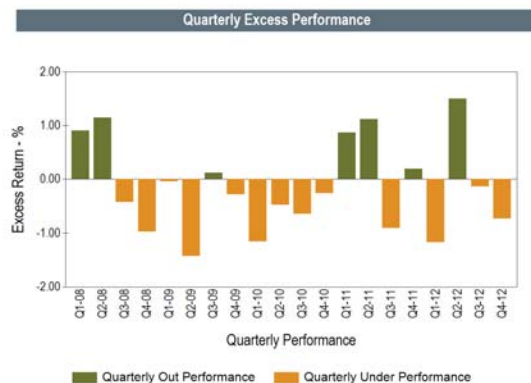
Global Equities

As of December 31, 2012

\$3,764.3 Million and 2.9% of Fund

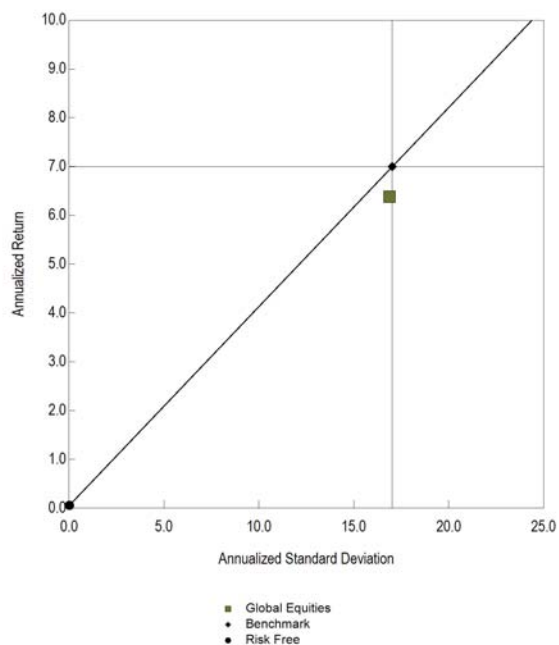
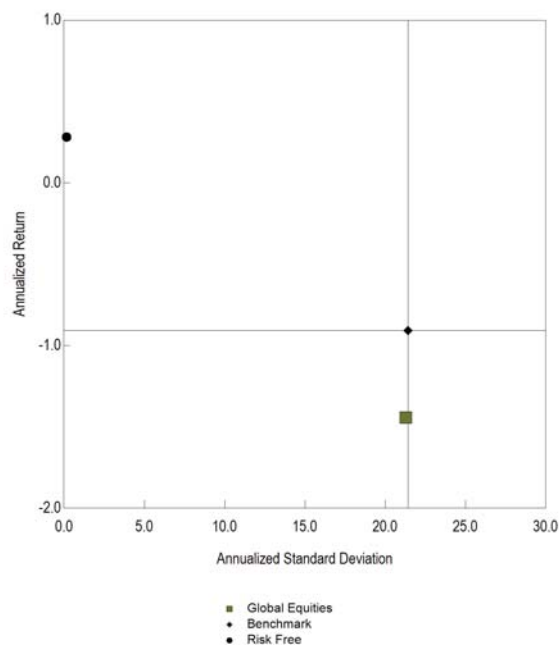
Overview

Benchmark: Aggregate Benchmark

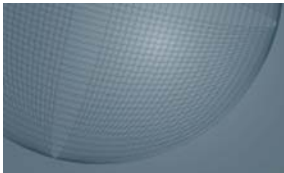


Risk Profile

Benchmark: Aggregate Benchmark

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

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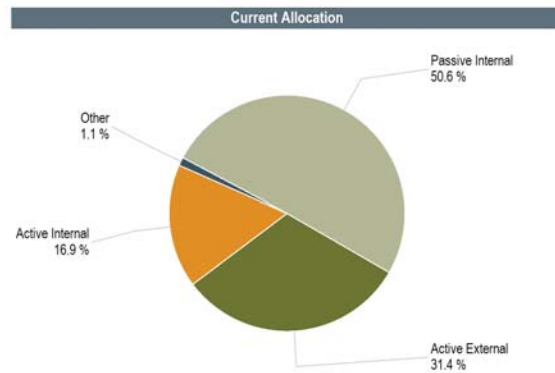


Fixed Income

Fixed Income As of December 31, 2012 \$29,880.8 Million and 23.2% of Fund

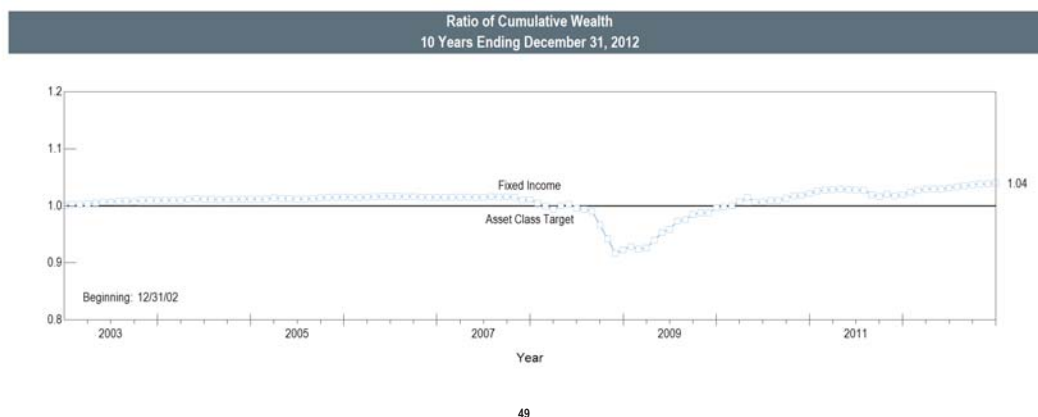
Overview

Benchmark: Asset Class Target



Overview

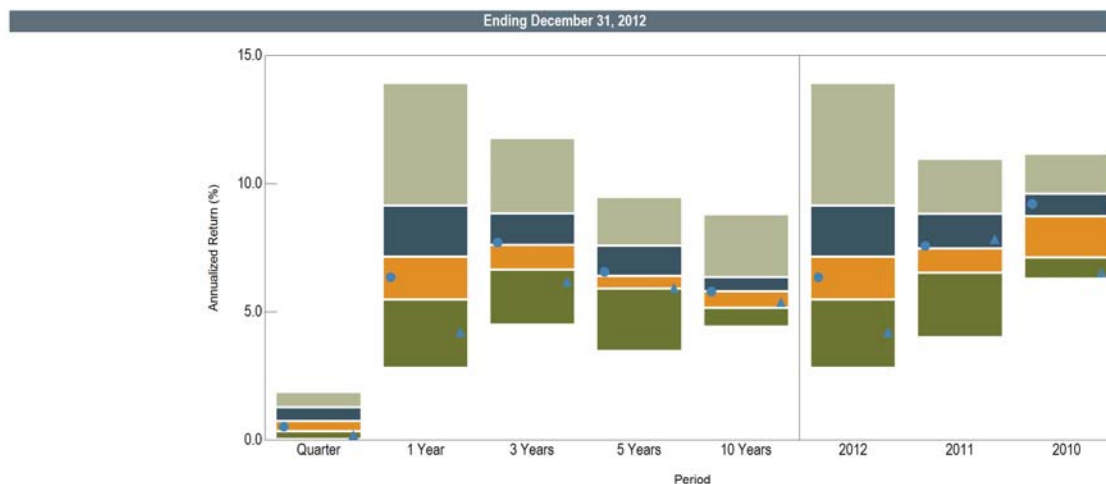
Benchmark: Asset Class Target



Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - US FI Net

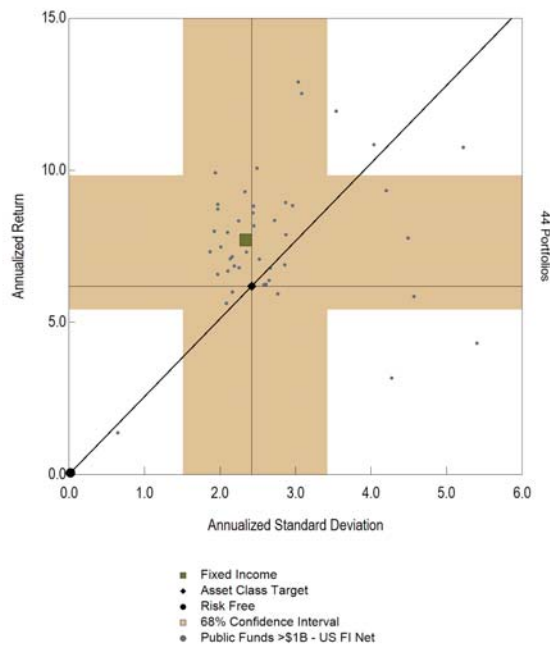
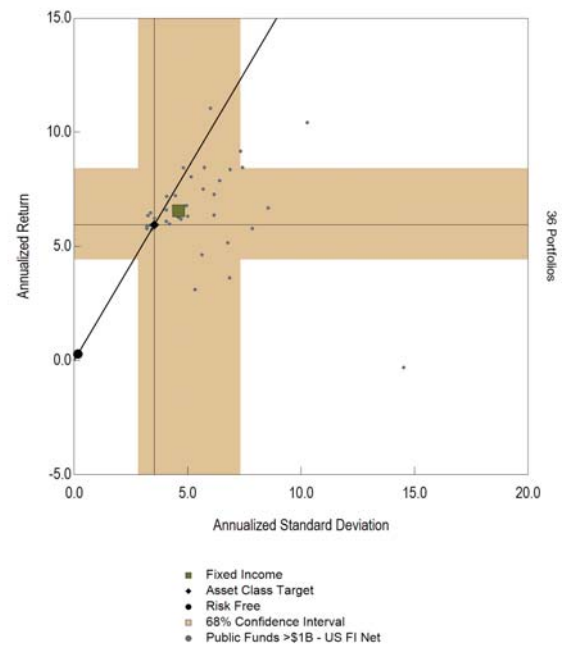


	Return (Rank)							
5th Percentile	1.9	13.9	11.8	9.5	8.8	13.9	11.0	11.2
25th Percentile	1.3	9.2	8.8	7.6	6.4	9.2	8.8	9.6
Median	0.8	7.2	7.6	6.4	5.8	7.2	7.5	8.8
75th Percentile	0.4	5.5	6.7	5.9	5.2	5.5	6.5	7.1
95th Percentile	0.1	2.8	4.5	3.5	4.4	2.8	4.0	6.3
# of Portfolios	49	48	44	36	22	48	51	47
● Fixed Income	0.5 (65)	6.4 (61)	7.7 (50)	6.6 (47)	5.8 (52)	6.4 (61)	7.6 (45)	9.2 (34)
▲ Asset Class Target	0.2 (91)	4.2 (89)	6.2 (85)	5.9 (74)	5.4 (65)	4.2 (89)	7.8 (38)	6.5 (92)

Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >\$1B - US FI Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

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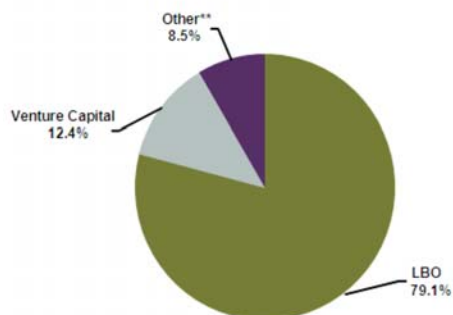


Private Equity

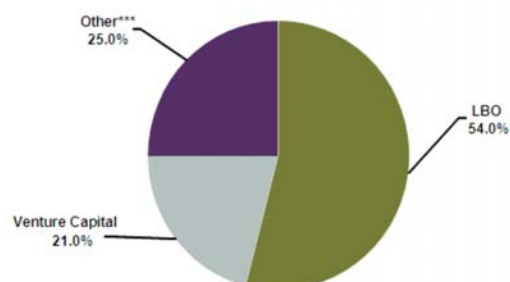
Private Equity As of December 31, 2012 \$6,647.3 Million and 5.2% of Fund

Overview

FRS Private Equity by Market Value*



Venture Economics by Market Value*



* Allocation data is as of September 30, 2012.

** Other for the FRS Private Equity consists of Growth Capital, Secondary and PE Cash.

*** Other for the Venture Economics consists of Generalist, Mezzanine, Energy, Turnaround/Distressed Debt, and Other Private Equity/Special Situations.

Venture Economics universe is comprised of 696 LBO, 1,353 Venture Capital, and 303 Other Private Equity sub-sectors provided by Thomson Reuters. Aggregate net asset value in the universe is \$659,118 million as of quarter-end.

Time-Weighted Investment Results

Benchmark: Asset Class Target



** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

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Time-Weighted Investment Results

Benchmark: Asset Class Target



** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

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Time-Weighted Investment Results

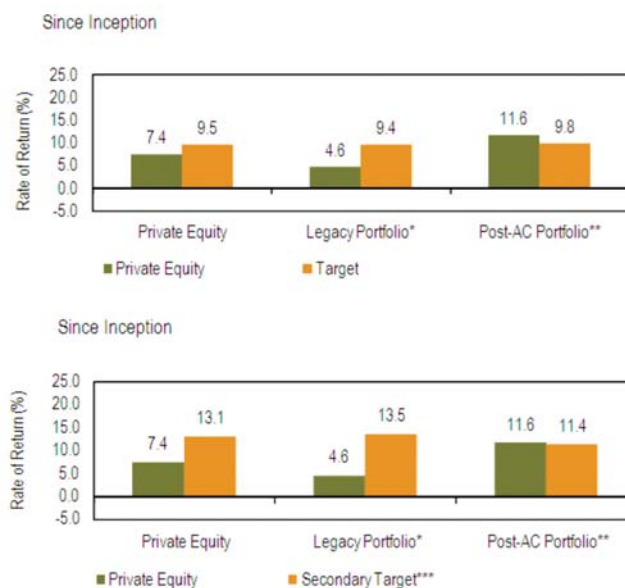
Benchmark: Asset Class Target



** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

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Dollar-Weighted Investment Results



* The Inception Date for the Legacy Portfolio is January 1989.

** The Inception Date for the Post-AC Portfolio is September 2000.

*** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

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Private Equity Dollar-Weighted Performance
Cumulative Performance Measures Since Inception Through December 31, 2012

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Corporate Partners	CLOSED	N/A	-\$133,709,385	\$0	N/A
Liberty Partners I, L.P.	CLOSED	N/A	-\$267,090,548	\$0	N/A
Thomas H. Lee Equity Fund IV, L.P.	CLOSED	N/A	\$12,688,674	\$0	N/A
TSG Capital Fund III, L.P.	CLOSED	N/A	\$46,347,448	\$72,830	N/A
Ripplewood Partners I, L.P.	CLOSED	N/A	-\$75,695,566	\$0	N/A
Liberty Partners IV, L.P.	CLOSED	N/A	\$66,000,789	\$0	N/A
Liberty Partners II, L.P.	18.52	\$659,789,821	-\$228,721,093	\$1,900,000	10.8%
Cypress Equity Group Trust Fund	17.32	\$15,000,000	-\$10,471,321	\$482,204	16.3%
Centre Capital Investors II, L.P.	16.97	\$200,000,000	\$50,090,328	\$219,784	-4.2%
Liberty Partners III, L.P.	16.52	\$506,208,481	-\$506,801	\$3,000,000	0.2%
Carlyle Partners II, L.P.	16.31	\$200,000,000	-\$282,775,120	\$1,576,943	20.0%
Hicks, Muse, Tate & Furst Fund III, L.P.	15.82	\$200,000,000	\$23,251,221	\$21,626,558	-0.1%
Lexington Co-Investment Partners, L.P.	14.97	\$500,000,000	-\$140,419,457	\$9,083,035	5.6%
Apollo Investment Fund IV, L.P.	14.53	\$250,000,000	-\$165,947,082	\$3,157,863	8.5%
Chartwell Capital Investors II, L.P.	14.21	\$50,000,000	-\$12,451,250	\$10,106,514	5.5%
Hicks, Muse, Tate & Furst Fund IV, L.P.	14.09	\$400,000,000	\$141,908,790	\$11,055,674	-7.1%
Liberty Partners V, L.P.	13.85	\$329,664,359	-\$20,633,122	\$31,382,389	2.8%
Green Equity Investors III, L.P.	13.80	\$60,000,000	-\$65,616,553	\$5,581,698	21.4%
Willis Stein & Partners II, L.P.	13.74	\$40,000,000	\$16,660,823	\$1	-9.6%
Carlyle Partners III, L.P.	12.34	\$200,000,000	-\$253,740,243	\$673,523	22.9%
Willis Stein & Partners III, L.P.	12.07	\$100,000,000	\$8,169,799	\$5,581,407	-0.4%
Ripplewood Partners II, L.P.	11.85	\$100,000,000	\$17,696,433	\$40,615,481	5.7%
Lexington Capital Partners IV, L.P.	11.72	\$200,000,000	-\$132,679,924	\$15,555,173	19.4%
Apollo Investment Fund V, L.P.	11.63	\$150,000,000	-\$185,358,025	\$41,845,845	37.3%
Thomas H. Lee Equity Fund V, L.P.	11.50	\$50,000,000	-\$24,078,752	\$7,292,793	13.2%
Hicks, Muse, Tate & Furst Fund V, L.P.	11.16	\$25,000,000	-\$18,658,674	\$1,814,755	19.6%
Liberty Partners VI, L.P.	10.97	\$595,484,687	\$291,395,996	\$153,469,359	-4.7%
Lexington Capital Partners V, L.P.	10.39	\$100,000,000	-\$40,872,396	\$23,256,186	19.3%
Lexington Co-Investment Partners II, L.P.	10.27	\$500,000,000	-\$342,195,008	\$212,202,575	25.0%
Wellspring Capital Partners III, L.P.	9.65	\$50,000,000	-\$55,392,226	\$2,852,984	27.3%
Green Equity Investors IV, L.P.	9.33	\$100,000,000	\$31,312,085	\$127,576,081	12.4%
Top Tier Venture Capital II	9.26	\$120,000,000	\$62,100,359	\$84,370,271	3.2%
Gores Capital Partners I, L.P.	8.95	\$50,000,000	-\$7,281,207	\$21,174,081	13.8%
Platinum Equity Capital Partners I, L.P.	8.90	\$50,000,000	-\$50,152,872	\$14,825,417	58.7%

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Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through December 31, 2012

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Pantheon Venture Partners II, L.P.	8.89	\$100,000,000	\$65,047,500	\$82,247,806	4.8%
FS Equity Partners V, L.P.	8.68	\$50,000,000	-\$28,331,800	\$11,798,178	15.8%
TPG Partners IV, L.P.	8.59	\$50,000,000	-\$12,360,382	\$26,149,351	14.8%
GS Partners Ventures, LLC	8.51	\$200,000,000	\$146,197,697	\$181,392,978	4.4%
Kelso Investment Associates VII, L.P.	8.51	\$50,000,000	\$3,925,674	\$36,605,073	12.6%
Fairview Ventures Fund II, L.P.	8.51	\$50,000,000	\$37,915,920	\$35,055,258	-1.4%
Hellman & Friedman Capital Partners V, L.P.	8.06	\$75,000,000	-\$56,146,492	\$41,233,781	27.3%
Kohlberg Investors V, L.P.	8.01	\$45,000,000	\$22,046,338	\$30,927,851	4.2%
New Mountain Partners II, L.P.	7.97	\$50,000,000	-\$12,881,825	\$19,170,218	12.2%
Top Tier Venture Capital III	7.72	\$75,000,000	\$50,418,591	\$59,977,953	3.5%
Carlyle Partners IV, L.P.	7.68	\$75,000,000	-\$1,484,504	\$53,085,090	11.6%
Warburg Pincus Private Equity IX, L.P.	7.33	\$75,000,000	\$22,113,637	\$70,033,377	10.1%
Pomona Capital VI, L.P.	7.30	\$50,000,000	\$19,764,290	\$31,754,035	5.7%
Lexington Co-Investment Partners 2005, L.P.	7.30	\$500,000,000	\$305,914,892	\$336,308,479	1.4%
Liberty Partners VII, L.P.	7.19	\$290,808,542	\$54,218,478	\$30,017,105	-4.9%
Lexington Capital Partners VI-B, L.P.	7.07	\$100,000,000	\$43,762,607	\$62,863,620	5.3%
Apollo Investment Fund VI, L.P.	7.07	\$200,000,000	\$116,981,675	\$189,612,482	7.3%
Wellspring Capital Partners IV, L.P.	6.93	\$75,000,000	\$22,357,222	\$45,764,682	7.1%
Blackstone Capital Partners V, L.P.	6.80	\$150,000,000	\$121,337,319	\$129,243,908	1.3%
TowerBrook Investors II, L.P.	6.75	\$75,000,000	\$12,160,202	\$41,413,157	9.4%
Thoma Cressey Fund VIII, L.P.	6.74	\$50,000,000	-\$74,118	\$47,123,874	14.8%
TPG Partners V, L.P.	6.52	\$100,000,000	\$69,716,550	\$57,252,081	-3.3%
Fairview Ventures Fund III, L.P.	6.51	\$75,000,000	\$46,955,500	\$59,311,490	8.1%
Lindsay Goldberg & Bessemer II, L.P.	6.38	\$100,000,000	\$35,156,356	\$70,250,803	7.9%
Permira IV, L.P.	6.38	€ 50,000,000	\$40,805,632	\$53,901,814	5.0%
Grove Street Partners Buyouts, LLC	6.26	\$150,000,000	\$77,387,455	\$100,647,353	7.2%
Thomas H. Lee Equity Fund VI, L.P.	6.13	\$75,000,000	\$50,159,565	\$57,702,970	2.9%
First Reserve Fund XI, L.P.	6.13	\$100,000,000	\$75,456,387	\$84,700,718	2.6%
3i Europartners Vb L.P.	6.13	€ 59,000,000	\$62,199,623	\$39,641,116	-10.3%
RCP Advisors Fund IV, LLC	6.01	\$50,000,000	\$26,212,969	\$38,214,509	8.0%
Hellman & Friedman Capital Partners VI, L.P.	5.96	\$100,000,000	\$33,008,688	\$57,407,749	6.5%
Providence Equity Partners VI, L.P.	5.80	\$50,000,000	\$37,372,778	\$45,012,699	4.5%
Carlyle Partners Europe III	5.78	€ 49,000,000	\$42,395,905	\$44,678,115	1.4%
Green Equity Investors V, L.P.	5.67	\$100,000,000	\$60,311,324	\$101,801,571	16.4%
Gores Capital Partners II, L.P.	5.44	\$50,000,000	\$15,571,046	\$29,609,708	10.1%
New Mountain Partners III, L.P.	5.40	\$100,000,000	\$69,598,957	\$83,921,965	7.4%
Carlyle Partners V, L.P.	5.26	\$200,000,000	\$94,188,065	\$136,349,828	9.1%
Kohlberg Investors VI, L.P.	5.23	\$50,000,000	\$8,889,048	\$30,046,356	16.0%

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Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through December 31, 2012

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Apollo Investment Fund VII, L.P.	5.21	\$200,000,000	\$62,714,518	\$146,911,312	21.0%
Platinum Equity Capital Partners II, L.P.	5.21	\$75,000,000	\$32,528,662	\$56,700,776	12.2%
Kelso Investment Associates VIII, L.P.	5.21	\$100,000,000	\$65,546,485	\$63,873,881	-1.4%
RCP Advisors, LLC (Fund V)	5.16	\$50,000,000	\$26,699,242	\$31,646,615	5.8%
Warburg Pincus X	5.12	\$150,000,000	\$123,313,242	\$144,673,380	4.9%
Top Tier Venture Capital IV	4.90	\$100,000,000	\$70,211,758	\$85,676,427	8.6%
TPG Partners VI, L.P.	4.71	\$200,000,000	\$117,578,682	\$132,280,512	5.2%
PAI Europe V	4.63	€ 27,500,000	\$29,135,230	\$30,136,792	1.2%
Pomona Capital VII, L.P.	4.52	\$50,000,000	\$21,052,817	\$31,291,158	11.0%
GS Partners Ventures II, LLC	4.52	\$200,000,000	\$97,818,766	\$109,311,422	7.0%
Advent International GPE VI	4.49	\$58,000,000	\$46,996,276	\$65,538,103	15.3%
Thoma Bravo Fund IX	4.46	\$50,000,000	\$8,128,158	\$50,304,093	35.5%
TowerBrook Investors III, L.P.	4.46	\$150,000,000	\$67,322,116	\$97,175,757	15.3%
CVC European Equity Partners V	4.46	€ 70,000,000	\$44,727,368	\$63,027,057	11.2%
Lindsay Goldberg III	4.46	\$100,000,000	\$51,346,438	\$51,117,300	-0.3%
KKR European Fund III	4.35	€ 40,000,000	\$35,950,369	\$35,852,124	-0.1%
Ares Corporate Opportunities Fund III	4.28	\$100,000,000	\$32,549,478	\$78,616,989	23.9%
RCP Advisors, LLC (Fund VI)	4.24	\$50,000,000	\$23,409,142	\$23,444,343	0.1%
Blackstone Capital Partners VI	4.15	\$200,000,000	\$43,109,946	\$44,632,481	4.4%
Cressey & Company Fund IV	4.15	\$50,000,000	\$23,012,941	\$21,228,572	-4.0%
First Reserve Fund XII	4.13	\$200,000,000	\$150,330,177	\$149,772,510	-0.1%
Carlyle Asia Growth Partners IV	4.04	\$75,000,000	\$38,594,983	\$36,784,484	-2.2%
Charterhouse Capital Partners IX	3.68	€ 70,000,000	\$38,412,136	\$44,424,990	7.2%
Top Tier Special Opportunities Fund	3.60	\$12,450,000	\$10,901,180	\$10,283,032	-2.4%
Riverside Capital Appreciation Fund V	3.54	\$75,000,000	\$45,993,990	\$54,477,660	6.9%
FS Equity Partners VI	3.43	\$75,000,000	\$46,015,700	\$52,452,085	7.2%
Energy Capital Partners II	3.42	\$100,000,000	\$43,594,456	\$57,175,103	12.3%
KPS Special Situations Fund III	3.27	\$50,000,000	\$25,256,496	\$28,522,662	8.7%
Gores Capital Partners III, L.P.	3.26	\$125,000,000	\$64,161,802	\$50,212,403	-20.9%
Charlesbank Equity Fund VII, L.P.	3.19	\$75,000,000	\$26,741,985	\$31,337,272	8.8%
Lexington Capital Partners VII	3.08	\$200,000,000	\$81,750,384	\$110,056,552	17.0%
3i Growth Capital Fund	2.77	€ 40,000,000	\$29,907,758	\$24,298,564	-8.3%
Riverside Europe Fund IV, L.P.	2.54	€ 40,000,000	\$38,904,844	\$34,596,973	-6.9%
TA XI	2.43	\$100,000,000	\$44,750,000	\$48,597,008	6.1%

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Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through December 31, 2012

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Snow Phipps II, L.P.	2.39	\$50,000,000	\$17,892,565	\$19,443,679	6.3%
Pantheon Global Secondary Fund IV, L.P.	2.37	\$100,000,000	\$32,874,828	\$42,270,040	18.9%
JH Whitney VII	2.22	\$75,000,000	\$28,531,592	\$29,154,858	1.9%
Trident V	2.18	\$75,000,000	\$30,851,834	\$29,684,720	-3.1%
RCP Fund VII	2.08	\$50,000,000	\$13,999,995	\$11,385,402	-21.6%
EnerVest Energy XII-A	2.01	\$60,000,000	\$51,942,627	\$51,715,692	-0.4%
EnCap Energy Capital Fund VIII	1.87	\$75,000,000	\$23,647,608	\$28,334,022	20.2%
Cortec Group V	1.71	\$50,000,000	\$17,109,469	\$15,502,396	-18.5%
Montagu Private Equity Fund IV	1.61	€ 40,000,000	\$17,043,344	\$16,112,444	-8.3%
Wellspring Capital Partners V	1.50	\$150,000,000	\$38,795,157	\$34,233,892	-13.6%
GS Partners Buyouts II	1.45	\$200,000,000	\$26,233,373	\$25,176,202	-6.4%
Fairview Special Opportunities Fund	1.43	\$110,000,000	\$19,494,635	\$17,654,925	-15.9%
ABRY Partners VII	1.40	\$75,000,000	\$38,325,660	\$39,720,854	5.5%
Heilman & Friedman Capital Partners VII, L.P.	1.39	\$200,000,000	\$53,048,287	\$48,952,019	-7.1%
Berkshire Fund VIII	1.35	\$60,000,000	\$8,932,241	\$7,490,732	-23.5%
BC European Capital IX	1.29	€ 70,000,000	\$29,063,656	\$30,837,112	11.6%
Strategic Investors Fund V-A	1.26	\$125,000,000	\$23,016,012	\$22,256,077	-4.5%
Francisco Partners III	1.18	\$75,000,000	\$29,812,500	\$28,096,028	-7.9%
TPG Growth II	1.03	\$100,000,000	\$13,977,616	\$11,743,839	-29.2%
TrueBridge/FLSBA Special Purpose, LLC	0.95	\$50,000,000	\$9,225,000	\$9,107,738	"
TrueBridge - Kauffman Fellows Endowment Fund II	0.95	\$100,000,000	\$38,488,514	\$37,114,037	"
Lexington Co-Investment Partners 2005 II (Pool III)	0.88	\$500,000,000	\$114,547,479	\$111,179,576	"
Platinum Equity Capital Partners III	0.77	\$200,000,000	\$81,356,393	\$74,531,763	"
Denham Commodity Partners Fund VI	0.75	\$100,000,000	\$14,965,316	\$11,893,694	"
Thoma Bravo Fund X	0.74	\$100,000,000	\$54,453,108	\$53,795,410	"
Providence Equity Partners VII	0.65	\$150,000,000	\$11,586,210	\$12,497,923	"
Warburg Pincus Private Equity XI	0.61	\$200,000,000	\$43,371,585	\$41,042,641	"
AXA Secondary Fund V	0.56	\$100,000,000	\$37,794,377	\$47,136,627	"
Summit Partners Growth Equity Fund VII-A	0.55	\$60,000,000	\$8,750,000	\$8,447,160	"
RCP Fund VIII	0.51	\$50,000,000	\$2,535,131	\$2,238,021	"
Strategic Investors Fund V-A Opportunity, L.P.	0.46	\$50,000,000	\$7,506,961	\$7,500,000	"
Green Equity Investors VI	0.17	\$200,000,000	\$18,140,659	\$18,140,029	"
Ares Corporate Opportunities Fund IV, L.P.	0.15	\$200,000,000	\$6,794,149	\$6,319,149	"
Apax VIII	0.17	\$157,584,000	\$9,458,804	\$8,686,717	"
Advent International GPE VII	0.07	€ 80,000,000	\$15,745,695	\$14,626,200	"
Silver Lake Partners IV, L.P.	**	\$100,000,000	\$48,854	\$0	**
GS Partners Ventures III, LLC	**	\$150,000,000	\$26,794	\$0	**
Carlyle Partners VI, L.P.	**	\$200,000,000	\$59,885	\$0	**
Liberty Partners Group II	**	\$12,625,000	\$646,731	-\$1,269	**
Private Equity Aggregate			\$2,730,007,062	\$6,575,031,265	7.4%

*IRR returns less than one year are not reported.

**Account has not been funded. Net Paid in Capital indicates fees paid.

Real Estate

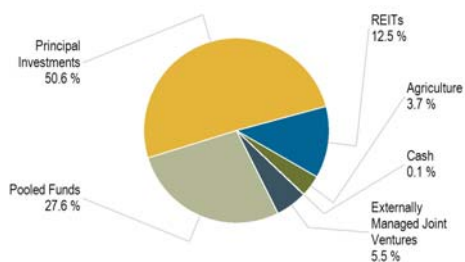
Real Estate

As of December 31, 2012

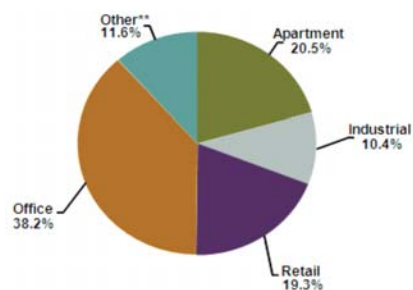
\$9,674.4 Million and 7.5% of Fund

Overview

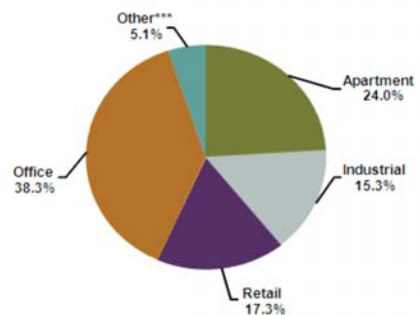
Current Allocation



FRS*



NFI-ODCE Index*



*Property Allocation data is as of September 30, 2012. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.

***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Health Care, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

Overview

Benchmark: Asset Class Target



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Principal Investments

Benchmark: NCREIF NPI Index



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Pooled Funds

Benchmark: NFI-ODCE Index Net of Fees



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REITs

Benchmark: FTSE EPRA/NAREIT Developed Index



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Real Estate Pooled Funds Time-Weighted Performance				
Performance Measures Through December 31, 2012				
<u>Name</u>	<u>Inception Date</u>	<u>Commitment</u>	<u>Net Asset Value</u>	<u>Since Inception Managed Return</u>
Pooled Funds				
Beacon Capital SP Fund VI	Sep-07	\$100,000,000	\$34,636,797	-17.7%
Black Rock Granite Fund	Sep-03	\$150,000,000	\$95,247,178	1.9%
Blackrock Retail Opportunity Fund	Nov-07	\$60,000,000	\$15,030,579	-35.9%
Blackstone RE Partners VII	May-12	\$300,000,000	\$135,072,995	13.3%
Blackstone Real Estate Partners VI	Oct-07	\$200,000,000	\$237,642,277	1.3%
Brookfield-Fairfield US Multi	Sep-12	\$50,000,000	\$25,139,823	4.3%
Carlyle Realty Partners VI	Feb-12	\$83,000,000	\$26,843,658	11.6%
Diamond Property Fund	Aug-06	\$100,000,000	\$39,267,794	-13.2%
Enhanced Property Fund	May-07	\$100,000,000	\$64,927,731	-4.7%
Hines US Office Value Added Fund II	Sep-07	\$135,437,699	\$54,377,627	-26.1%
JP Morgan Pooled Fund	Sep-03	\$250,000,000	\$294,289,437	7.0%
JP Morgan Special Situation Fund	Jan-08	\$150,000,000	\$110,856,973	-5.7%
Prime Property Fund	Jun-06	\$250,000,000	\$258,681,282	3.1%
Principal Financial Group Pooled Fund	Oct-03	\$175,000,000	\$218,715,910	5.2%
Prudential PRISA	Apr-05	\$250,000,000	\$239,199,901	3.1%
Prudential PRISA Fund II	Sep-07	\$145,000,000	\$127,505,622	-4.6%
Prudential PRISA III	Jan-08	\$150,000,000	\$158,332,617	-7.8%
Rockpoint Real Estate Fund III, L.P.	Jan-08	\$100,000,000	\$77,507,379	-61.9%
RREEF America REIT Pooled Fund	Jul-03	\$250,000,000	\$223,010,368	5.1%
UBS Pooled Fund	Jul-03	\$200,000,000	\$227,869,720	6.5%
Total Pooled Funds		\$3,198,437,699	\$2,664,155,669	2.7%

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Strategic Investments

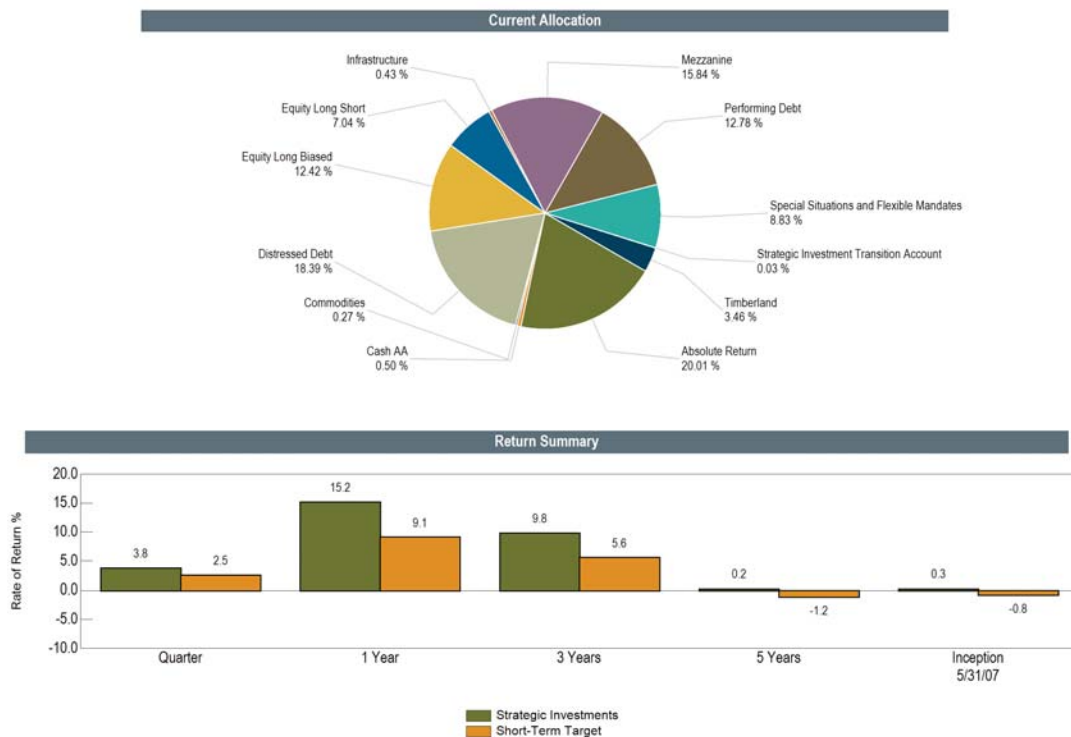
Strategic Investments

As of December 31, 2012

\$6,436.0 Million and 5.0% of Fund

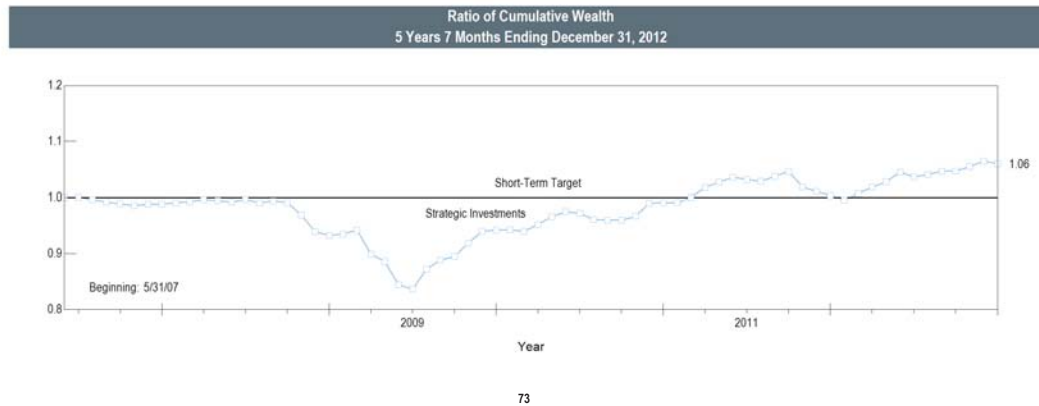
Overview

Benchmark: Short-Term Target



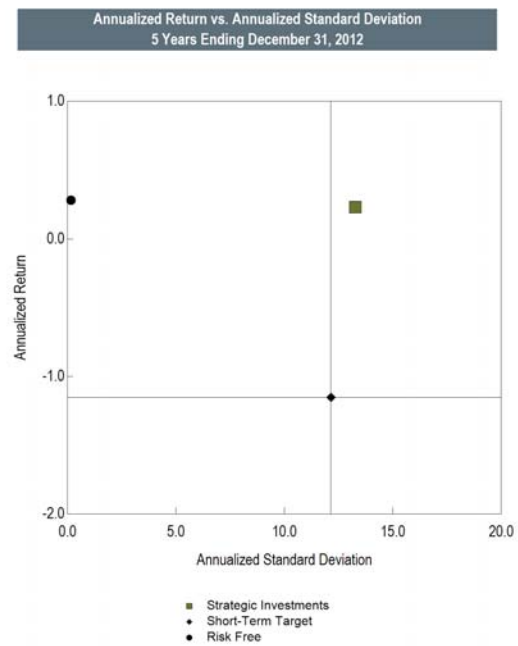
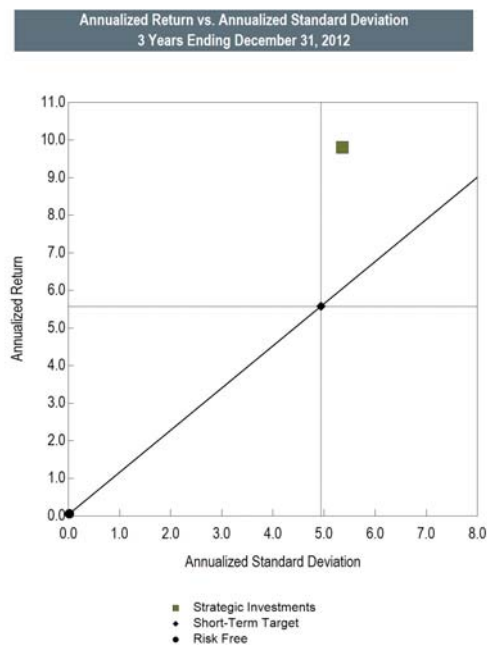
Overview

Benchmark: Short-Term Target



Risk Profile

Benchmark: Short-Term Target



Strategic Investments Value-Added Returns													
For Time Periods Ending December 2012													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Performing Debt													
<i>Senior Loans:</i>													
ABRY Advanced Securities Fund II	\$150,000,000	46.86%	7.16%	39.69%							6.84%	7.19%	-0.34%
Apollo Credit Liquidity Fund	\$238,233,051	57.65%	7.16%	50.48%	20.04%	7.28%	12.76%	12.41%	7.06%	5.36%	12.41%	7.06%	5.36%
Audax Credit Opportunities	\$200,000,000	7.84%	7.16%	0.68%							6.89%	7.42%	-0.53%
Blackstone Credit Liquidity Partners, L.P.	\$250,000,000	11.48%	7.16%	4.32%	22.36%	7.28%	15.08%	10.83%	7.06%	3.77%	10.83%	7.06%	3.77%
Providence TMT Debt Opportunity Fund II, L.P.	\$100,000,000	17.08%	7.16%	9.92%							6.98%	7.64%	-0.66%
Providence TMT Special Situation Fund	\$150,000,000	20.75%	7.16%	13.59%	12.29%	7.28%	5.01%				10.59%	6.92%	3.68%
TAC 2007 (TPG Credit Fund)	\$321,326,676	24.36%	7.16%	17.20%	7.31%	7.28%	0.03%	2.87%	7.06%	-4.18%	2.87%	7.06%	-4.18%
<i>High Yield:</i>													
Neuberger Berman High Yield		15.26%	15.78%	-0.52%	11.46%	11.73%	-0.27%	10.38%	9.57%	0.81%	8.96%	8.43%	0.53%
Absolute Return													
<i>Multi-strategy Hedge Funds:</i>													
Gruss Global Investors Fund	\$200,000,000	3.32%	10.63%	-7.31%							1.07%	-0.48%	1.55%
Mason Capital Fund	\$200,000,000	-5.16%	10.63%	-15.79%							-0.91%	-1.35%	0.45%
OZ Domestic Partners II, L.P.	\$150,000,000										4.74%	6.17%	-1.42%
Taconic Opportunity Fund	\$150,000,000	10.38%	10.63%	-0.25%							1.91%	-1.82%	3.73%
York Capital Management L.P.	\$150,000,000										5.06%	6.17%	-1.11%
<i>Opportunistic Debt Hedge Funds:</i>													
Anchorage Capital Fund	\$150,000,000	11.98%	11.77%	0.22%							9.74%	8.82%	0.92%
King Street Capital Fund	\$200,000,000	8.54%	11.77%	-3.22%							1.69%	1.93%	-0.24%
Distressed Debt													
<i>Corporate Securities/Structured Products:</i>													
ABRY Advanced Securities Fund	\$150,000,000	57.60%	7.16%	50.44%	20.42%	7.28%	13.13%				20.34%	6.17%	14.17%
Blackstone/GSO Capital Solutions Fund	\$100,000,000	13.79%	7.16%	6.63%							14.35%	7.55%	6.80%
CVI Credit Value Fund A	\$100,000,000	32.67%	7.16%	25.50%							16.15%	7.84%	8.31%
Goldman Sachs Distressed Opportunities, L.P.	\$150,000,000	-6.45%	7.16%	-13.61%	3.91%	7.28%	-3.37%	-5.07%	4.82%	-9.89%	1.10%	9.28%	-8.18%
Oaktree Opportunities Fund VIII, L.P.	\$100,000,000	15.60%	7.16%	8.44%							7.83%	7.38%	0.45%
Oaktree Opportunities Fund VIIIb, L.P.	\$50,000,000	9.65%	7.16%	2.49%							3.20%	6.80%	-3.61%
OCM Opportunities Fund VIIb	\$50,000,000	28.22%	7.16%	21.05%	14.47%	7.28%	7.19%	11.59%	4.82%	6.77%	11.19%	3.84%	7.35%
PCG Special Situations Partners, L.P.	\$150,000,000	8.65%	7.16%	1.49%	4.37%	7.28%	-2.91%	-1.02%	4.82%	-5.84%	6.36%	9.95%	-3.59%
Special Situation Partners II	\$100,000,000	19.37%	7.16%	12.21%	15.37%	7.28%	8.09%	8.24%	4.82%	3.42%	5.44%	4.74%	0.70%
Varde Fund X, L.P.	\$100,000,000	13.71%	7.16%	6.54%							6.68%	7.47%	-0.80%
Wayzata Opportunities Fund II	\$50,000,000	18.74%	7.16%	11.58%	16.63%	7.28%	9.34%	12.66%	4.82%	7.84%	12.66%	4.82%	7.84%
<i>Real Estate Distressed Debt:</i>													
Bayview Opportunity Master Fund II b	\$100,000,000	19.24%	7.16%	12.08%							9.71%	7.42%	2.29%
Colony Distressed Credit Fund II	\$75,000,000	7.22%	7.16%	0.06%							6.65%	6.77%	-0.12%
Morgan Stanley Mezzanine Partners Pooled Fund	\$177,500,000	-12.78%	7.16%	-19.95%	-7.06%	7.28%	-14.34%	-23.10%	7.06%	-30.16%	-23.10%	7.06%	-30.16%
Square Mile Partners III	\$100,000,000	22.50%	7.16%	15.34%	11.90%	7.28%	4.61%				4.63%	7.20%	-2.57%
Tricon IX	\$105,000,000	11.88%	7.16%	4.71%	8.49%	7.28%	1.21%				8.63%	6.36%	2.27%
Tricon XI A, L.P.	\$100,000,000										-1.06%	2.09%	-3.14%


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Strategic Investments Value-Added Returns (continued)													
For Time Periods Ending December 2012													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Mezzanine													
<i>Corporate Mezzanine:</i>													
ABRY Senior Equity III, L.P.	\$60,000,000	15.48%	7.16%	8.32%							9.87%	7.55%	2.31%
Carlyle Mezzanine Partners II, L.P.	\$150,000,000	7.44%	7.16%	0.27%	5.78%	7.28%	-1.51%				5.15%	6.27%	-1.12%
Crescent Mezzanine Partners VI	\$150,000,000										0.00%	2.62%	-2.62%
Falcon Strategic Partners III	\$75,000,000	11.80%	7.16%	4.64%	15.02%	7.28%	7.74%				15.40%	7.34%	8.06%
GSO Capital Opportunities Fund	\$200,000,000	24.14%	7.16%	16.97%	21.46%	7.28%	14.18%				17.66%	6.27%	11.38%
GSO Capital Opportunities Fund II	\$150,000,000	22.97%	7.16%	15.81%							21.03%	6.77%	14.27%
Levine Leichtman Capital Partners IV	\$100,000,000	32.25%	7.16%	25.09%	29.59%	7.28%	22.31%				29.59%	7.28%	22.31%
TCW Crescent Mezzanine Partners V	\$150,000,000	15.32%	7.16%	8.16%	10.57%	7.28%	3.29%				8.48%	6.36%	2.11%
VSS Structured Capital II	\$75,000,000	15.45%	7.16%	8.28%	9.39%	7.28%	2.11%				0.96%	7.36%	-6.40%
<i>Real Estate Mezzanine:</i>													
Blackrock Carbon Capital III	\$100,000,000	11.26%	7.16%	4.10%	8.72%	7.28%	1.44%				6.89%	7.20%	-0.31%
Principal RE Debt (SBAF Mortgage Fund)	\$300,000,000	12.16%	7.16%	5.00%	4.58%	7.28%	-2.70%				4.45%	7.24%	-2.78%
Equity Long/Short													
Highline Capital Partners	\$150,000,000	3.70%	8.21%	-4.50%							0.01%	-1.11%	1.13%
Scopia PX LLC	\$100,000,000										1.62%	1.42%	0.20%
Scout Capital Partners II LP	\$200,000,000										-0.57%	1.58%	-2.16%
Equity Long Biased													
<i>Activist Equity:</i>													
Cevian Capital II	\$100,000,000	25.26%	19.12%	6.14%							14.80%	4.24%	10.56%
KV Partners	\$250,000,000	11.01%	19.31%	-8.30%							-6.85%	6.97%	-13.82%
P2 Capital Fund	\$100,000,000	26.32%	16.35%	9.97%							16.24%	12.22%	4.02%
Starboard Value and Opportunity Fund	\$125,000,000	20.53%	16.35%	4.18%							11.98%	1.61%	10.38%
<i>GP Investments:</i>													
Blackstone Unit Trusts		11.83%	16.42%	-4.58%	8.29%	11.20%	-2.91%	-2.42%	2.04%	-4.46%	-6.80%	1.51%	-8.32%
Lexington GP Holdings	\$41,250,000	7.92%	7.16%	0.75%							29.34%	7.38%	21.96%
Providence Equity Global Group	\$75,000,000										1.78%	2.62%	-0.85%

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Strategic Investments Value-Added Returns (continued)													
For Time Periods Ending December 2012													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Timberland													
Boston Timber Opportunities	\$300,000,000										-0.50%	2.07%	-2.57%
Jackson Timberland Opportunities	\$150,000,000										-0.30%	1.49%	-1.79%
Infrastructure													
Global Infrastructure Partners II, L.P.	\$150,000,000										12.94%	2.35%	10.59%
Commodities													
RK Mine Finance Fund II LP	\$100,000,000										-2.86%	1.14%	-4.00%
Special Situations and Flexible Mandates													
Special Situations:													
Airline Credit Opportunities II	\$75,000,000	14.40%	7.16%	7.24%							12.64%	7.84%	4.79%
Flexible Mandates:													
CVI Global Value Fund A-Class P	\$250,000,000	21.50%	7.16%	14.34%	19.33%	7.28%	12.05%				19.96%	6.36%	13.59%
Florida Growth Fund	\$250,000,000	8.48%	7.16%	1.32%	5.47%	7.28%	-1.81%				-1.10%	7.30%	-8.40%
Florida Growth Fund Tranche II	\$250,000,000										-4.11%	3.68%	-7.79%
GI Partners III	\$100,000,000	20.43%	7.16%	13.27%	12.99%	7.28%	5.70%				9.53%	7.20%	2.32%
Cash													
Strategic Investments Cash		0.31%	0.07%	0.25%	0.33%	0.11%	0.22%	-0.32%	0.79%	-1.11%	-0.32%	0.79%	-1.11%
Strategic Investments		15.18%	9.10%	6.08%	9.80%	5.58%	4.22%	0.23%	-1.15%	1.38%	0.26%	-0.77%	1.03%
Value-Added returns are managed returns minus benchmark returns.													
Terminated portfolios are not shown individually but are included in the aggregate.													

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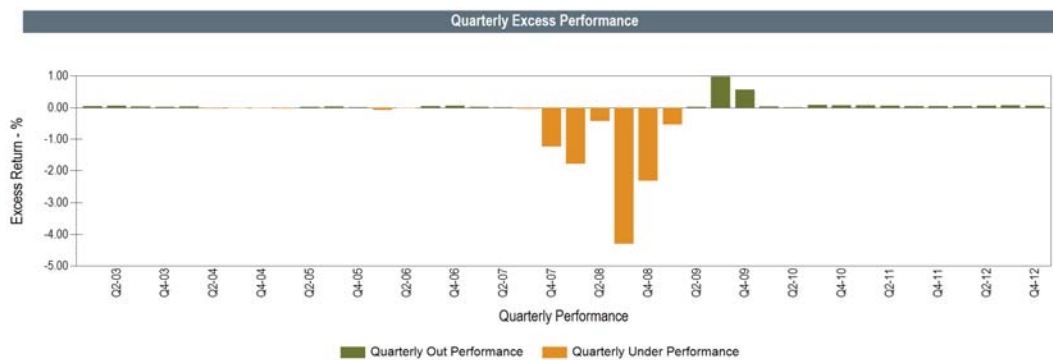
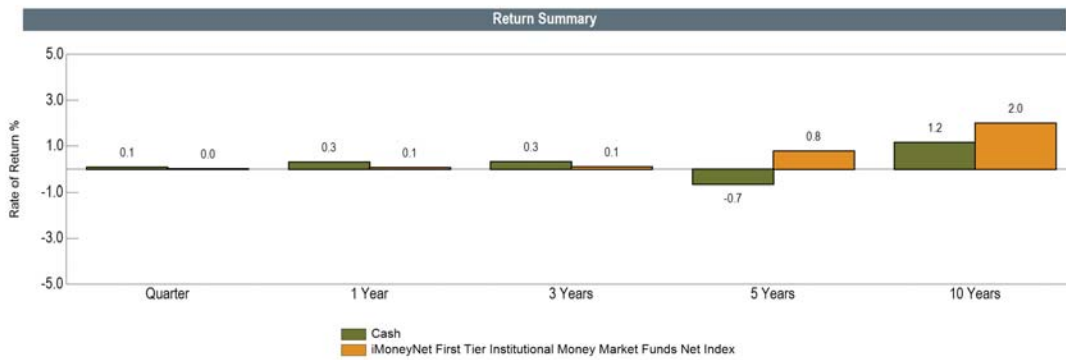


Cash

Cash As of December 31, 2012 \$1,087.6 Million and 0.8% of Fund

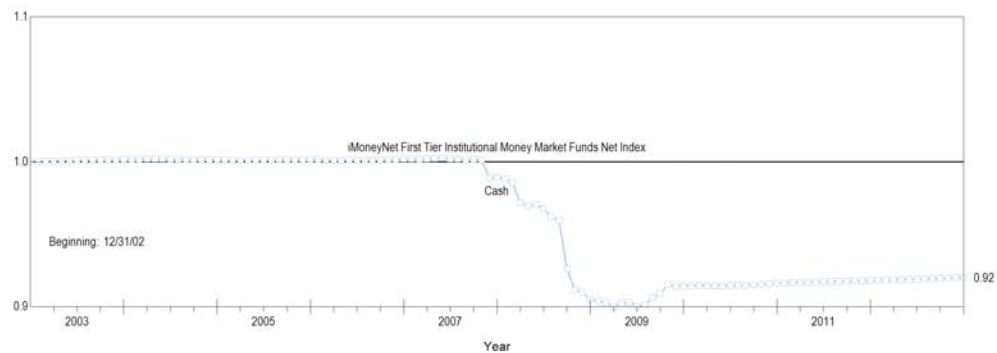
Overview

Benchmark: iMoneyNet First Tier Institutional Money Market Funds Net Index



Overview

Benchmark: iMoneyNet First Tier Institutional Money Market Funds Net Index

Ratio of Cumulative Wealth
10 Years Ending December 31, 2012

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Appendix

As of December 31, 2012

Securities Lending

FRS Pension Plan

LOANS						
Lending Agent	Lendable Base	Market Value on Loan	% on Loan	Intrinsic Market Value on Loan #	% Intrinsic on Loan	Return (basis points)
Bank of New York Mellon	\$64,333,862,475	\$2,239,025,937	3.48%	\$2,037,131,263	90.98%	101
Deutsche Bank	\$23,209,479,767	\$2,115,449,716	9.11%	\$1,575,317,792	74.47%	14
Total FRS Pension Plan	\$87,543,342,242	\$4,354,475,653	4.97%	\$3,612,449,055	82.96%	
REINVESTMENT						
Lending Agent	Book Value	Market Value	Unrealized Gain/(Loss)	Return (basis points)		
Bank of New York Mellon	\$2,191,029,776	\$2,108,913,942	(\$82,115,834)	23		
Deutsche Bank	\$2,000,648,072	\$1,999,734,799	(\$913,273)	23		
Total FRS Pension Plan	\$4,191,677,848	\$4,108,648,741	(\$83,029,107)			
EARNINGS (December 2012)						
Lending Agent	SBA Net Income	Gross Earnings from Reinvestment of Cash Collateral	Gross Earnings from Non-cash Collateral	Gross Earnings on Loans		
Bank of New York Mellon	\$2,227,677	\$459,672	\$6,831	\$2,008,652		
Deutsche Bank	\$543,999	\$425,233	\$0	\$254,766		
Total FRS Pension Plan	\$2,771,676	\$884,905	\$6,831	\$2,263,418		

Intrinsic value loans are those made at or below the federal funds rate.

Appendix

Returns Of The Major Capital Markets						
	Fourth Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.2	16.4	11.4	2.2	7.9	4.9
S&P 500 Index	-0.4	16.0	10.9	1.7	7.1	4.5
Russell 3000 Index	0.2	16.4	11.2	2.0	7.7	4.8
Russell 1000 Value Index	1.5	17.5	10.9	0.6	7.4	5.3
Russell 1000 Growth Index	-1.3	15.3	11.4	3.1	7.5	3.6
Russell MidCap Value Index	3.9	18.5	13.4	3.8	10.6	8.0
Russell MidCap Growth Index	1.7	15.8	12.9	3.2	10.3	6.1
Russell 2000 Value Index	3.2	18.0	11.6	3.5	9.5	7.2
Russell 2000 Growth Index	0.4	14.6	12.8	3.5	9.8	4.0
Domestic Bond Indices:						
Barclays Capital Aggregate Index	0.2	4.2	6.2	5.9	5.2	6.0
Barclays Capital Govt/Credit Index	0.4	4.8	6.7	6.1	5.2	6.0
Barclays Capital Long Govt/Credit Index	0.4	8.8	13.6	10.2	8.0	8.0
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.3	1.9	2.9	3.1	4.3
Barclays Capital U.S. MBS Index	-0.2	2.6	4.7	5.7	5.1	5.8
Barclays Capital High Yield Index	3.3	15.8	11.9	10.3	10.6	7.1
Barclays Capital Universal Index	0.6	5.5	6.7	6.2	5.6	6.1
Real Estate Indices:						
NCREIF Property Index	2.5	10.5	12.6	2.1	8.4	9.2
NCREIF ODCE Index	2.1	9.8	13.3	-2.0	5.7	7.1
Dow Jones Real Estate Securities Index	2.3	17.1	17.9	4.9	11.6	8.8
FTSE NAREIT US Real Estate Index	3.1	19.7	18.4	5.7	11.8	8.9
Foreign/Global Stock Indices:						
MSCI All Country World Index	2.9	16.1	6.6	-1.2	8.1	4.5
MSCI All Country World IMI	3.0	16.4	7.0	-0.7	8.6	5.0
MSCI All Country World ex-U.S. Index	5.8	16.8	3.9	-2.9	9.7	5.3
MSCI All Country World ex-U.S. IMI	5.7	17.0	4.2	-2.6	10.2	5.7
MSCI All Country World ex-U.S. Small Cap Index	4.9	18.5	6.5	-0.4	13.2	8.0
MSCI EAFE Index	6.6	17.3	3.6	-3.7	8.2	4.4
MSCI EAFE IMI	6.5	17.6	4.0	-3.4	8.6	4.8
MSCI EAFE Index (in local currency)	7.5	17.3	2.6	-4.3	5.4	2.5
MSCI Emerging Markets IMI	5.5	18.7	4.6	-0.7	16.6	7.9
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-2.4	1.5	3.9	5.2	6.4	5.9
Citigroup Hedged World Gov't Bond Index	1.2	5.5	4.0	4.5	4.3	5.3
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.3	1.4	2.2
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	0.8	2.0	2.9
Inflation Index:						
Consumer Price Index	-0.8	1.7	2.1	1.8	2.4	2.4

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Historical Policy Allocation

	Global Equity (%)	Domestic Equity (%)	Foreign Equity (%)	Global Equity Legacy (%)	Strategic Investments (%)	Fixed Income (%)	Real Estate (%)	Private Equity (%)	High Yield (%)	Cash (%)
12/31/2012	57.2	--	--	--	5.0	24.0	7.5	5.2	--	1.0
09/30/2012	57.6	--	--	--	4.7	24.0	7.6	5.2	--	1.0
06/30/2012	55.6	--	--	--	4.4	26.0	7.7	5.3	--	1.0
03/31/2012	57.1	--	--	--	4.0	26.0	7.2	4.7	--	1.0
12/31/2011	56.8	--	--	--	4.1	26.0	7.2	4.9	--	1.0
09/30/2011	57.6	--	--	--	3.7	26.0	6.9	4.7	--	1.0
06/30/2011	59.1	--	--	--	3.2	26.0	6.4	4.3	--	1.0
03/31/2011	60.0	--	--	--	2.6	26.0	6.3	4.0	--	1.0
12/31/2010	59.6	--	--	--	2.9	26.0	6.3	4.3	--	1.0
09/30/2010	58.1	--	--	--	4.2	26.0	6.5	4.2	--	1.0
06/30/2010	--	36.5	19.2	--	3.9	26.9	6.7	3.8	1.9	1.0
03/31/2010	--	36.6	19.3	--	3.7	27.0	6.7	3.9	1.9	1.0
12/31/2009	--	36.6	19.3	--	3.6	27.0	6.7	3.9	1.9	1.0
09/30/2009	--	36.7	19.3	--	3.5	27.0	6.8	3.9	1.9	1.0
06/30/2009	--	36.7	19.3	--	3.4	27.1	6.8	3.9	1.9	1.0
03/31/2009	--	36.6	19.3	--	3.6	27.0	6.8	3.9	1.9	1.0
12/31/2008	--	36.5	19.2	--	4.0	26.9	6.7	3.8	1.9	1.0
09/30/2008	--	36.4	19.1	--	4.3	26.8	6.7	3.8	1.9	1.0
06/30/2008	--	36.4	19.2	--	4.2	26.8	6.7	3.8	1.9	1.0
03/31/2008	--	36.4	19.1	--	4.5	26.7	6.7	3.8	1.8	1.0
12/31/2007	--	37.2	18.7	--	4.5	26.7	6.7	3.8	1.4	1.0
09/30/2007	--	38.1	17.8	--	4.4	26.8	6.7	3.8	1.4	1.0
06/30/2007	--	41.6	14.4	--	4.4	26.8	6.7	3.8	1.4	1.0
03/01/04 - 03/31/04	--	49.0	14.0	3.0	--	21.0	7.0	5.0	--	1.0
02/02/04 - 02/29/04	--	49.0	14.0	3.0	--	21.4	6.7	4.9	--	1.0
01/01/04 - 02/01/04	--	50.0	14.0	2.0	--	21.8	6.4	4.8	--	1.0
12/01/03 - 12/31/03	--	50.0	14.0	2.0	--	22.2	6.1	4.7	--	1.0
11/03/03 - 11/30/03	--	50.5	13.5	2.0	--	22.6	5.8	4.6	--	1.0
10/29/03 - 11/02/03	--	50.5	13.5	2.0	--	23.0	5.5	4.5	--	1.0
10/01/03 - 10/28/03	--	51.0	13.0	2.0	--	23.0	5.5	4.5	--	1.0
09/01/03 - 09/30/03	--	52.5	12.5	1.0	--	23.4	5.2	4.4	--	1.0
08/01/03 - 08/31/03	--	52.5	12.5	1.0	--	23.8	4.9	4.3	--	1.0
07/01/03 - 07/31/03	--	52.5	12.5	1.0	--	24.2	4.6	4.2	--	1.0
06/02/03 - 06/30/03	--	52.5	12.5	1.0	--	24.6	4.3	4.1	--	1.0
04/01/01 - 06/01/03	--	54.0	12.0	0.0	--	25.0	4.0	4.0	--	1.0
10/31/99 - 03/31/01	--	55.5	12.0	0.0	--	25.0	4.0	2.5	--	1.0
03/31/95 - 10/31/99	--	61.0	8.0	0.0	--	26.0	4.0	0.0	--	1.0
09/30/94 - 03/31/95	--	59.0	8.0	0.0	--	24.0	8.0	0.0	--	1.0
06/30/93 - 09/30/94	--	59.0	3.0	0.0	--	29.0	8.0	0.0	--	1.0
11/30/88 - 06/30/93	--	55.0	0.0	0.0	--	36.0	8.0	0.0	--	1.0
12/31/87 - 11/30/88	--	50.0	5.0	0.0	--	36.5	7.5	0.0	--	1.0
12/31/86 - 12/31/87	--	50.0	5.0	0.0	--	35.5	7.5	0.0	--	2.0
12/31/84 - 12/31/86	--	48.0	0.0	0.0	--	40.0	10.0	0.0	--	2.0

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Appendix

Total FRS Assets

Performance Benchmark - A combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark - A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA).

Total Domestic Equities

Performance Benchmark - The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark - A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World Ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% of the MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% of the IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark - Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

Appendix

Total Fixed Income

Performance Benchmark - The Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark - The domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark - A combination of 90% of the NCREIF ODCE Index, net of fees, and 10% of the FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% of the NCREIF ODCE Index, gross of fees, and 10% of the Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark - Long-term, 5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

Total Cash

Performance Benchmark - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

Appendix

Description of Benchmarks

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$200 million or greater. The index is a broad measure of the performance of the investment-grade U.S. fixed income market.

Consumer Price Index (CPI) - The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index - Designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

iMoneyNet First Tier Institutional Money Market Funds Net Index - An average of non-governmental institutional funds that do not hold any second tier securities. It includes money market mutual funds, net of fees, that invest in commercial paper, bank obligations and short-term investments in the highest ratings category and is open to corporations and fiduciaries only.

MSCI All Country World Investable Market Index - A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index - The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund - A universe comprised of 67 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$681.1 billion as of quarter-end and the average market value was \$21.2 billion.

Domestic Equity - A universe comprised of 49 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$172.6 billion as of quarter-end and the average market value was \$5.8 billion.

Foreign Equity - A universe comprised of 43 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$131.6 billion as of quarter-end and the average market value was \$5.1 billion.

Fixed Income - A universe comprised of 49 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$186.0 billion as of quarter-end and the average market value was \$5.8 billion.

Real Estate - A universe comprised of 21 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$32.8 billion as of quarter-end and the average market value was \$2.7 billion.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Universe Comparison - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.



An Aon Company

State Board of Administration of Florida

FRS Investment Plan

Fourth Quarter 2012

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FRS Investment Plan

FRS Investment Plan

As of December 31, 2012

\$7,494.9 Million and 100.0% of Fund

Trailing Period Performance

	Market Value (\$)	% of Portfolio	Ending December 31, 2012									
			2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
FRS Investment Plan	7,494,921,316	100.0	1.3	--	10.5	--	7.2	--	2.3	--	6.8	--
<i>Total Plan Aggregate Benchmark</i>			1.2	--	9.7	--	6.8	--	1.8	--	6.5	--
Balanced Funds	3,274,429,459	43.7	1.4	--	9.7	--	6.7	--	1.8	--	6.7	--
FRS Select Conservative Balanced Fund	720,755,907	9.6	0.8	--	5.2	--	4.8	--	3.1	--	5.2	--
<i>Conservative Balanced Fund Target Benchmark</i>			0.6	--	4.8	--	4.5	--	2.7	--	4.7	--
FRS Select Moderate Balanced Fund	1,964,169,191	26.2	1.5	--	10.4	--	7.1	--	1.9	--	6.8	--
<i>Moderate Balanced Fund Target Benchmark</i>			1.3	--	9.9	--	6.9	--	1.4	--	6.7	--
FRS Select Aggressive Balanced Fund	589,504,360	7.9	2.0	--	12.8	--	7.5	--	0.4	--	7.3	--
<i>Aggressive Balanced Fund Target Benchmark</i>			1.7	--	12.5	--	7.4	--	0.3	--	7.5	--
Cash	955,086,461	12.7	0.1	1	0.3	1	0.3	1	0.7	23	2.0	1
FRS Select Yield Plus Money Market Active Fund	955,086,461	12.7	0.1	1	0.3	1	0.3	1	0.7	23	2.0	1
<i>iMoneyNet 1st Tier Institutional Net Index</i>			0.0	32	0.1	27	0.1	20	0.8	9	2.0	1
TIPS	360,089,292	4.8	0.7	--	7.1	--	9.0	--	7.1	--	6.7	--
FRS Select TIPS Fund	360,089,292	4.8	0.7	40	7.1	18	9.0	11	7.1	25	6.7	18
<i>Barclays Capital US TIPS</i>			0.7	41	7.0	23	8.9	22	7.0	33	6.7	18
Fixed Income	720,975,834	9.6	0.6	62	6.0	69	6.8	66	6.6	46	5.8	42
FRS Select U.S. Bond Enhanced Index Fund	156,582,012	2.1	0.2	89	4.4	99	6.3	97	6.3	94	5.4	99
<i>Barclays Aggregate Bond Index</i>			0.2	88	4.2	99	6.2	97	5.9	95	5.2	99
Pyramis Intermediate Duration Pool Fund	77,249,508	1.0	0.4	73	4.9	82	5.9	86	5.5	79	4.9	74
<i>Barclays Int Aggregate</i>			0.2	86	3.6	95	5.2	95	5.4	82	4.8	79
FRS Select High Yield Fund	157,128,753	2.1	2.7	75	12.9	85	10.8	65	--	--	--	--
<i>Barclays Capital U.S. High Yield BA/B 1% Issuer Cap Index</i>			3.2	49	14.7	58	11.8	18	--	--	--	--
PIMCO Total Return Fund	330,015,562	4.4	1.1	26	10.2	14	7.6	38	8.2	12	6.7	15
<i>Barclays Aggregate Bond Index</i>			0.2	84	4.2	86	6.2	80	5.9	67	5.2	63

Trailing Period Performance

Ending December 31, 2012													
	Market Value (\$)	% of Portfolio	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	
Domestic Equity	1,688,777,023	22.5	0.7	58	16.9	29	12.2	26	3.2	28	8.5	40	
FRS Select U.S. Stock Market Index Fund	281,401,067	3.8	0.2	45	16.5	27	11.3	12	2.2	23	7.7	25	
<i>Russell 3000 Index</i>			0.2	44	16.4	29	11.2	13	2.0	24	7.7	27	
FRS Select U.S. Large Value Stock Fund	201,682,378	2.7	1.1	52	15.4	52	10.5	27	1.1	49	--	--	
<i>Russell 1000 Value Index</i>			1.5	36	17.5	24	10.9	20	0.6	56	--	--	
QMA Mid Cap Quantitative Core Fund	283,523,721	3.8	4.5	13	20.4	10	15.8	4	6.0	10	--	--	
<i>S&P 400 MidCap</i>			3.6	28	17.9	28	13.6	15	5.1	16	--	--	
FRS Select U.S. Large Growth Stock Active Fund	96,927,092	1.3	-1.1	60	16.0	42	10.1	42	3.4	16	7.3	47	
<i>Russell 1000 Growth Index</i>			-1.3	67	15.3	53	11.4	20	3.1	19	7.5	41	
Pioneer Fund	124,362,431	1.7	0.1	51	10.3	93	7.1	88	0.2	74	6.4	75	
<i>S&P 500 Index</i>			-0.4	68	16.0	40	10.9	19	1.7	34	7.1	38	
Fidelity Growth Company Fund	316,463,690	4.2	-2.3	90	18.8	15	13.2	6	4.0	11	11.3	3	
<i>Russell 3000 Growth Index</i>			-1.2	64	15.2	54	11.5	18	3.2	19	7.7	36	
American Beacon Small Cap Value Fund	123,014,100	1.6	4.2	29	16.5	46	12.2	44	5.4	39	--	--	
<i>Russell 2000 Value Index</i>			3.2	63	18.0	33	11.6	57	3.5	79	--	--	
T. Rowe Price Small Cap Stock Fund	238,041,479	3.2	1.8	22	18.0	11	16.0	10	7.6	2	10.5	30	
<i>Russell 2000 Index</i>			1.9	21	16.3	25	12.2	55	3.6	41	9.7	54	
Fidelity Low Priced Stock Fund	23,361,066	0.3	3.3	52	18.8	25	12.9	31	5.1	9	11.4	11	
<i>Russell 2500 Value Index</i>			4.1	25	19.2	22	12.9	31	4.5	25	10.2	34	
International/Global Equity	495,563,248	6.6	6.1	62	18.6	50	5.0	42	-1.6	27	9.1	39	
FRS Select Foreign Stock Index Fund	143,425,275	1.9	6.7	45	17.6	66	4.3	57	-2.9	47	8.9	44	
<i>MSCI World ex USA</i>			5.9	65	16.4	75	3.6	68	-3.4	55	8.6	50	
American Funds New Perspective Fund	187,582,284	2.5	4.2	32	21.0	16	8.2	35	1.7	19	10.3	18	
<i>MSCI All Country World Index Net</i>			2.9	62	16.3	52	7.1	58	-1.1	61	7.7	65	
American Funds Euro-Pacific Growth Fund	164,555,689	2.2	5.6	76	19.6	28	4.4	43	-1.1	13	--	--	
<i>MSCI All Country World ex-U.S. Index</i>			5.9	72	17.4	69	4.3	48	-3.1	45	--	--	

Calendar Year Performance

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
FRS Investment Plan	10.5	--	0.7	--	10.6	--	18.4	--	-23.2	--	7.8	--	12.4	--	7.4	--
<i>Total Plan Aggregate Benchmark</i>	9.7	--	0.9	--	10.2	--	16.8	--	-23.4	--	6.1	--	13.9	--	6.1	--
Balanced Funds	9.7	--	1.4	--	9.2	--	16.4	--	-22.8	--	7.7	--	13.9	--	6.9	--
FRS Select Conservative Balanced Fund	5.2	--	3.9	--	5.3	--	9.3	--	-7.3	--	8.5	--	7.1	--	4.4	--
<i>Conservative Balanced Fund Target Benchmark</i>	4.8	--	4.0	--	4.8	--	8.7	--	-8.0	--	7.6	--	6.7	--	4.0	--
FRS Select Moderate Balanced Fund	10.4	--	1.2	--	10.0	--	17.2	--	-23.8	--	7.4	--	14.2	--	6.8	--
<i>Moderate Balanced Fund Target Benchmark</i>	9.9	--	1.3	--	9.7	--	15.9	--	-24.5	--	7.0	--	14.7	--	6.8	--
FRS Select Aggressive Balanced Fund	12.8	--	-0.9	--	11.3	--	20.9	--	-32.2	--	8.2	--	17.6	--	8.6	--
<i>Aggressive Balanced Fund Target Benchmark</i>	12.5	--	-0.8	--	11.0	--	21.1	--	-32.4	--	7.5	--	18.6	--	8.5	--
Cash	0.3	1	0.2	1	0.3	2	0.3	41	2.4	46	5.4	2	5.2	1	3.5	1
FRS Select Yield Plus Money Market Active Fund	0.3	1	0.2	1	0.3	2	0.3	41	2.4	46	5.4	2	5.2	1	3.5	1
<i>iMoneyNet 1st Tier Institutional Net Index</i>	0.1	27	0.1	25	0.2	7	0.7	4	3.0	4	5.4	1	5.2	1	3.3	1
TIPS	7.1	--	13.6	--	6.4	--	11.3	--	-2.0	--	11.7	--	0.5	--	2.8	--
FRS Select TIPS Fund	7.1	18	13.6	9	6.4	28	11.3	27	-2.0	46	11.7	19	0.5	34	2.8	22
<i>Barclays Capital US TIPS</i>	7.0	23	13.6	9	6.3	41	11.4	26	-2.4	54	11.6	20	0.4	43	2.8	20
Fixed Income	6.0	69	6.7	53	7.6	56	11.7	59	1.4	29	6.9	16	4.8	24	2.7	13
FRS Select U.S. Bond Enhanced Index Fund	4.4	99	7.9	75	6.7	97	6.5	59	5.9	32	7.1	18	4.3	58	2.5	57
<i>Barclays Aggregate Bond Index</i>	4.2	99	7.8	76	6.5	97	5.9	60	5.2	33	7.0	20	4.3	57	2.4	59
Pyramis Intermediate Duration Pool Fund	4.9	82	5.9	70	7.0	67	11.9	58	-1.7	43	6.0	42	4.8	26	2.2	48
<i>Barclays Int Aggregate</i>	3.6	95	6.0	69	6.1	88	6.5	91	4.9	13	7.0	14	4.6	33	2.0	63
FRS Select High Yield Fund	12.9	85	6.0	10	13.6	77	--	--	--	--	--	--	--	--	--	--
<i>Barclays Capital U.S. High Yield BA/B 1% Issuer Cap Index</i>	14.7	58	6.9	3	13.9	65	--	--	--	--	--	--	--	--	--	--
PIMCO Total Return Fund	10.2	14	4.0	91	8.7	33	13.7	48	4.7	15	8.9	2	3.9	82	2.8	11
<i>Barclays Aggregate Bond Index</i>	4.2	86	7.8	17	6.5	81	5.9	92	5.2	10	7.0	15	4.3	44	2.4	30

Calendar Year Performance

	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank
Domestic Equity	16.9	29	0.3	36	20.4	35	30.9	36	-36.5	40	5.2	51	14.1	64	8.2	32
FRS Select U.S. Stock Market Index Fund	16.5	27	1.0	44	17.1	12	28.6	42	-37.2	53	5.2	60	15.7	37	6.2	52
Russell 3000 Index	16.4	29	1.0	44	16.9	13	28.3	43	-37.3	56	5.1	63	15.7	34	6.1	53
FRS Select U.S. Large Value Stock Fund	15.4	52	1.6	27	15.2	33	20.8	66	-35.2	36	--	--	--	--	--	--
Russell 1000 Value Index	17.5	24	0.4	37	15.5	29	19.7	73	-36.8	57	--	--	--	--	--	--
QMA Mid Cap Quantitative Core Fund	20.4	10	0.1	22	28.9	13	36.5	50	-36.8	27	8.3	55	11.9	53	11.6	42
S&P 400 MidCap	17.9	28	-1.7	35	26.6	26	37.4	46	-36.2	25	8.0	56	10.3	63	12.5	31
FRS Select U.S. Large Growth Stock Active Fund	16.0	42	1.2	25	13.6	70	41.5	25	-37.3	25	11.9	66	4.1	84	13.3	16
Russell 1000 Growth Index	15.3	53	2.6	13	16.7	42	37.2	38	-38.4	36	11.8	66	9.1	38	5.3	70
Pioneer Fund	10.3	93	-4.2	82	16.2	19	24.9	70	-34.1	17	5.1	64	16.9	18	6.8	42
S&P 500 Index	16.0	40	2.1	22	15.1	31	26.5	54	-37.0	44	5.5	50	15.8	32	4.9	65
Fidelity Growth Company Fund	18.8	15	0.9	26	20.8	12	41.5	25	-40.7	52	20.2	21	9.8	31	13.8	15
Russell 3000 Growth Index	15.2	54	2.2	18	17.6	33	37.0	38	-38.4	36	11.4	71	9.5	35	5.2	71
American Beacon Small Cap Value Fund	16.5	46	-4.0	52	26.2	47	35.4	31	-31.9	57	-6.4	50	14.7	73	5.8	61
Russell 2000 Value Index	18.0	33	-5.5	63	24.5	72	20.6	91	-28.9	35	-9.8	79	23.5	9	4.7	74
T. Rowe Price Small Cap Stock Fund	18.0	11	-0.1	29	32.5	21	38.5	37	-33.3	7	-1.7	90	12.8	44	8.4	37
Russell 2000 Index	16.3	25	-4.2	65	26.9	57	27.2	83	-33.8	7	-1.6	90	18.4	9	4.6	71
Fidelity Low Priced Stock Fund	18.8	25	0.2	11	21.0	74	39.4	29	-36.0	26	3.4	69	18.0	15	8.9	53
Russell 2500 Value Index	19.2	22	-3.4	56	24.8	42	27.7	90	-32.0	14	-7.3	99	20.2	9	7.7	65
International/Global Equity	18.6	50	-11.3	25	10.1	63	34.8	43	-40.9	17	15.0	36	23.2	76	14.9	52
FRS Select Foreign Stock Index Fund	17.6	66	-11.8	31	9.2	68	32.3	52	-42.5	32	12.7	49	25.8	48	14.7	55
MSCI World ex USA	16.4	75	-12.2	35	8.9	70	33.7	47	-43.6	41	12.4	51	25.7	49	14.5	58
American Funds New Perspective Fund	21.0	16	-7.4	48	13.0	49	37.7	32	-37.7	24	16.3	30	20.1	53	11.5	56
MSCI All Country World Index Net	16.3	52	-5.5	36	11.8	59	30.0	60	-40.7	48	9.0	59	20.1	53	10.0	64
American Funds Euro-Pacific Growth Fund	19.6	28	-13.3	42	9.8	62	39.6	18	-40.3	10	19.3	15	22.3	84	21.4	12
MSCI All Country World ex-U.S. Index	17.4	69	-13.3	43	11.6	44	32.5	42	-43.1	39	11.6	60	26.9	27	14.0	59

Asset Allocation

	Total Market Value	% of Portfolio	U.S. Equity	Non-U.S. Equity	Balanced	Fixed Income	TIPS	Cash
Balanced Funds								
FRS Select Conservative Balanced Fund	\$720,755,907	9.6%			\$720,755,907			
FRS Select Moderate Balanced Fund	\$1,964,169,191	26.2%			\$1,964,169,191			
FRS Select Aggressive Balanced Fund	\$589,504,360	7.9%			\$589,504,360			
Cash								
FRS Select Yield Plus Money Market Active Fund	\$955,086,461	12.7%						\$955,086,461
TIPS								
FRS Select TIPS Fund	\$360,089,292	4.8%					\$360,089,292	
Fixed Income								
FRS Select U.S. Bond Enhanced Index Fund	\$156,582,012	2.1%				\$156,582,012		
Pyramis Intermediate Duration Pool Fund	\$77,249,508	1.0%				\$77,249,508		
FRS Select High Yield Fund	\$157,128,753	2.1%				\$157,128,753		
PIMCO Total Return Fund	\$330,015,562	4.4%				\$330,015,562		
Domestic Equity								
FRS Select U.S. Stock Market Index Fund	\$281,401,067	3.8%	\$281,401,067					
FRS Select U.S. Large Value Stock Fund	\$201,682,378	2.7%	\$201,682,378					
QMA Mid Cap Quantitative Core Fund	\$283,523,721	3.8%	\$283,523,721					
FRS Select U.S. Large Growth Stock Active Fund	\$96,927,092	1.3%	\$96,927,092					
Pioneer Fund	\$124,362,431	1.7%	\$124,362,431					
Fidelity Growth Company Fund	\$316,463,690	4.2%	\$316,463,690					
American Beacon Small Cap Value Fund	\$123,014,100	1.6%	\$123,014,100					
T. Rowe Price Small Cap Stock Fund	\$238,041,479	3.2%	\$238,041,479					
Fidelity Low Priced Stock Fund	\$23,361,066	0.3%	\$23,361,066					
International/Global Equity								
FRS Select Foreign Stock Index Fund	\$143,425,275	1.9%		\$143,425,275				
American Funds New Perspective Fund	\$187,582,284	2.5%		\$187,582,284				
American Funds Euro-Pacific Growth Fund	\$164,555,689	2.2%		\$164,555,689				
Total	\$7,494,921,316	100.0%	\$1,688,777,023	\$495,563,248	\$3,274,429,459	\$720,975,834	\$360,089,292	\$955,086,461
Percent of Total			22.5%	6.6%	43.7%	9.6%	4.8%	12.7%

Asset Allocation

Asset Allocation as of 12/31/2012							
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	TIPS	Cash	Total	% of Total
FRS Select Conservative Balanced Fund	43,245,354	57,660,473	273,887,245	93,698,268	252,264,568	720,755,907	9.6%
FRS Select Moderate Balanced Fund	549,967,374	392,833,838	1,021,367,979			1,964,169,191	26.2%
FRS Select Aggressive Balanced Fund	253,486,875	147,376,090	188,641,395			589,504,360	7.9%
Total Balanced Funds	\$ 846,699,603	\$ 597,870,401	\$ 1,483,896,619	\$ 93,698,268	\$ 252,264,568	\$ 3,274,429,459	43.7%
FRS Select Yield Plus Money Market Active Fund					955,086,461	955,086,461	12.7%
Total Cash	\$ -	\$ -	\$ -	\$ -	\$ 955,086,461	\$ 955,086,461	12.7%
FRS Select TIPS Fund				360,089,292		360,089,292	4.8%
Total TIPS	\$ -	\$ -	\$ -	\$ 360,089,292	\$ -	\$ 360,089,292	4.8%
FRS Select U.S. Bond Enhanced Index Fund			156,582,012			156,582,012	2.1%
Pyramis Intermediate Duration Pool Fund			77,249,508			77,249,508	1.0%
FRS Select High Yield Fund			157,128,753			157,128,753	2.1%
PIMCO Total Return Fund			330,015,562			330,015,562	4.4%
Total Fixed Income	\$ -	\$ -	\$ 720,975,834	\$ -	\$ -	\$ 720,975,834	9.6%
FRS Select U.S. Stock Market Index Fund	281,401,067					281,401,067	3.8%
FRS Select U.S. Large Value Stock Fund	201,682,378					201,682,378	2.7%
QMA Mid Cap Quantitative Core Fund	283,523,721					283,523,721	3.8%
FRS Select U.S. Large Growth Stock Active Fund	96,927,092					96,927,092	1.3%
Pioneer Fund	124,362,431					124,362,431	1.7%
Fidelity Growth Company Fund	316,463,690					316,463,690	4.2%
American Beacon Small Cap Value Fund	123,014,100					123,014,100	1.6%
T. Rowe Price Small Cap Stock Fund	238,041,479					238,041,479	3.2%
Fidelity Low Priced Stock Fund	23,361,066					23,361,066	0.3%
Total Domestic Equity	\$ 1,688,777,023	\$ -	\$ -	\$ -	\$ -	\$ 1,688,777,023	22.5%
FRS Select Foreign Stock Index Fund		143,425,275				143,425,275	1.9%
American Funds New Perspective Fund	77,283,901	93,228,395			17,069,988	187,582,284	2.5%
American Funds Euro-Pacific Growth Fund	164,556	151,391,234	1,151,890		11,848,010	164,555,689	2.2%
Total International/Global Equity	\$ 77,448,457	\$ 388,044,904	\$ 1,151,890	\$ -	\$ 28,917,997	\$ 495,563,248	6.6%
Total Portfolio	\$ 2,612,925,082	\$ 985,915,305	\$ 2,206,024,343	\$ 453,787,560	\$ 1,236,269,026	\$ 7,494,921,316	100.0%
Percent of Total	34.86%	13.15%	29.43%	6.05%	16.49%	100.0%	

Manager Scorecard

Statistics Summary							
3 Years Ending December 31, 2012							
	Annualized Return (%)	Annualized Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio	Up Market Capture Ratio (%)	Down Market Capture Ratio (%)
FRS Investment Plan	7.15%	8.48%	0.84	0.46%	0.69	103.15%	100.87%
FRS Select Conservative Balanced Fund	4.78%	2.69%	1.76	0.26%	1.00	104.13%	99.07%
FRS Select Moderate Balanced Fund	7.10%	7.75%	0.91	0.45%	0.41	101.00%	99.37%
FRS Select Aggressive Balanced Fund	7.53%	11.01%	0.68	0.68%	0.20	99.82%	98.96%
FRS Select Yield Plus Money Market Active Fund	0.25%	0.01%	17.08	0.03%	4.64	237.03%	--
FRS Select TIPS Fund	8.99%	4.40%	2.03	0.16%	0.58	100.16%	97.33%
FRS Select U.S. Bond Enhanced Index Fund	6.34%	2.45%	2.57	0.14%	1.02	101.87%	97.82%
Pyramis Intermediate Duration Pool Fund	5.93%	2.22%	2.65	0.65%	1.09	119.37%	151.40%
FRS Select High Yield Fund	10.78%	5.87%	1.83	0.84%	-1.21	92.89%	100.31%
PIMCO Total Return Fund	7.62%	3.26%	2.32	2.74%	0.52	117.35%	72.73%
FRS Select U.S. Stock Market Index Fund	11.29%	15.98%	0.70	0.07%	1.24	100.32%	99.91%
FRS Select U.S. Large Value Stock Fund	10.54%	15.77%	0.66	1.19%	-0.27	99.33%	100.75%
QMA Mid Cap Quantitative Core Fund	15.82%	19.15%	0.82	1.89%	1.16	109.94%	100.24%
FRS Select U.S. Large Growth Stock Active Fund	10.08%	16.86%	0.59	2.69%	-0.47	102.59%	107.41%
Pioneer Fund	7.07%	16.65%	0.42	2.59%	-1.47	94.24%	111.19%
Fidelity Growth Company Fund	13.15%	18.17%	0.72	4.00%	0.42	125.09%	112.62%
American Beacon Small Cap Value Fund	12.16%	20.87%	0.58	2.94%	0.20	103.76%	100.81%
T. Rowe Price Small Cap Stock Fund	16.04%	19.87%	0.80	2.35%	1.61	100.60%	89.86%
Fidelity Low Priced Stock Fund	12.92%	16.25%	0.79	5.07%	0.01	83.91%	86.46%
FRS Select Foreign Stock Index Fund	4.26%	19.24%	0.22	1.99%	0.31	100.74%	98.79%
American Funds New Perspective Fund	8.22%	16.55%	0.49	2.59%	0.44	98.27%	94.83%
American Funds Euro-Pacific Growth Fund	4.43%	18.91%	0.23	2.69%	0.04	93.82%	96.26%

Appendix

Market Returns

	Fourth Quarter	1-Year	Annualized Periods Ending 12/31/12			
			3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.2	16.4	11.4	2.2	7.9	4.9
S&P 500 Index	-0.4	16.0	10.9	1.7	7.1	4.5
Russell 3000 Index	0.2	16.4	11.2	2.0	7.7	4.8
Russell 1000 Value Index	1.5	17.5	10.9	0.6	7.4	5.3
Russell 1000 Growth Index	-1.3	15.3	11.4	3.1	7.5	3.6
Russell MidCap Value Index	3.9	18.5	13.4	3.8	10.6	8.0
Russell MidCap Growth Index	1.7	15.8	12.9	3.2	10.3	6.1
Russell 2000 Value Index	3.2	18.0	11.6	3.5	9.5	7.2
Russell 2000 Growth Index	0.4	14.6	12.8	3.5	9.8	4.0
Domestic Bond Indices:						
Barclays Capital Aggregate Index	0.2	4.2	6.2	5.9	5.2	6.0
Barclays Capital Govt/Credit Index	0.4	4.8	6.7	6.1	5.2	6.0
Barclays Capital Long Govt/Credit Index	0.4	8.8	13.6	10.2	8.0	8.0
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.3	1.9	2.9	3.1	4.3
Barclays Capital U.S. MBS Index	-0.2	2.6	4.7	5.7	5.1	5.8
Barclays Capital High Yield Index	3.3	15.8	11.9	10.3	10.6	7.1
Barclays Capital Universal Index	0.6	5.5	6.7	6.2	5.6	6.1
Real Estate Indices:						
NCREIF Property Index	2.5	10.5	12.6	2.1	8.4	9.2
NCREIF ODCE Index	2.1	9.8	13.3	-2.0	5.7	7.1
Dow Jones Real Estate Securities Index	2.3	17.1	17.9	4.9	11.6	8.8
FTSE NAREIT US Real Estate Index	3.1	19.7	18.4	5.7	11.8	8.9
Foreign/Global Stock Indices:						
MSCI All Country World Index	2.9	16.1	6.6	-1.2	8.1	4.5
MSCI All Country World IMI	3.0	16.4	7.0	-0.7	8.6	5.0
MSCI All Country World ex-U.S. Index	5.8	16.8	3.9	-2.9	9.7	5.3
MSCI All Country World ex-U.S. IMI	5.7	17.0	4.2	-2.6	10.2	5.7
MSCI All Country World ex-U.S. Small Cap Index	4.9	18.5	6.5	-0.4	13.2	8.0
MSCI EAFE Index	6.6	17.3	3.6	-3.7	8.2	4.4
MSCI EAFE IMI	6.5	17.6	4.0	-3.4	8.6	4.8
MSCI EAFE Index (in local currency)	7.5	17.3	2.6	-4.3	5.4	2.5
MSCI Emerging Markets IMI	5.5	18.7	4.6	-0.7	16.6	7.9
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-2.4	1.5	3.9	5.2	6.4	5.9
Citigroup Hedged World Gov't Bond Index	1.2	5.5	4.0	4.5	4.3	5.3
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.3	1.4	2.2
Hewlett EnnisKnupp STIF Index	0.1	0.2	0.3	0.8	2.0	2.9
Inflation Index:						
Consumer Price Index	-0.8	1.7	2.1	1.8	2.4	2.4

Benchmark Descriptions

Balanced Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

Barclays Inflation Index - Measures the performance of the U.S. Treasury Inflation-Protected Securities ("TIPS") market.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Barclays U.S. High Yield BA/B 1% Issuer Cap Index - An index composed of non-investment grade corporate debt denominated in U.S. dollars. The issues have to have an outstanding par value of \$150 million or greater and at least one year of maturity remaining.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 3000 Growth Index - Measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Benchmark Descriptions

Russell 2000 Value Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Index - An index that measures the performance of approximately 2000 small capitalization stocks.

Russell 2500 Value Index - A capitalization-weighted index representing those companies within the Russell 2500 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

S&P 400 Mid-Cap Index - A market capitalization-weighted index of stocks in all major industries in the mid-range of the U.S. stock market.

S&P 500 Index - A capitalization-weighted stock index consisting of 500 of the largest publicly traded U.S. stocks by capitalization.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 21 emerging countries, but excluding the U.S.

MSCI All Country World Index Net - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI World ex-U.S. Index - A capitalization-weighted index of stocks representing 22 developed country stock markets, including Canada and excluding the U.S. market.

Description of Universes

FRS Select Yield Plus Money Market Active Fund - A money market universe calculated and provided by Morningstar.

FRS Select TIPS Fund - An inflation-protected bond universe calculated and provided by Morningstar.

FRS Select U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Morningstar.

Pyramis Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Morningstar.

FRS Select High Yield Fund - A high yield bond fixed income universe calculated and provided by Morningstar.

PIMCO Total Return Fund - A broad intermediate-term fixed income universe calculated and provided by Morningstar.

FRS Select U.S. Stock Market Index Fund - A large-cap blend universe calculated and provided by Morningstar.

FRS Select U.S. Large Value Stock Fund - A large-cap value universe calculated and provided by Morningstar.

QMA Mid Cap Quantitative Core Fund - A mid-cap universe calculated and provided by Morningstar.

FRS Select U.S. Large Growth Stock Active Fund - A large-cap growth universe calculated and provided by Morningstar.

Pioneer Fund - A large-cap blend universe calculated and provided by Morningstar.

Fidelity Growth Company Fund - A large-cap growth universe calculated and provided by Morningstar.

American Beacon Small Cap Value Fund - A small-cap value universe calculated and provided by Morningstar.

Description of Universes

T. Rowe Price Small Cap Stock Fund - A small-cap growth universe calculated and provided by Morningstar.

Fidelity Low Priced Stock Fund - A mid-cap blend universe calculated and provided by Morningstar.

FRS Select Foreign Stock Index Fund - A foreign blend universe calculated and provided by Morningstar.

American Funds New Perspective Fund - A global stock universe calculated and provided by Morningstar.

American Funds Euro-Pacific Growth Fund - A foreign large blend universe calculated and provided by Morningstar.

Hewitt ennisknupp

An Aon Company

Lawton Chiles Endowment Fund

Fourth Quarter 2012

Hewitt EnnisKnupp, Inc.

10 South Riverside Plaza, Suite 1600

Chicago, IL 60606

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fax: 1-312-715-1952

www.hewitennisknupp.com

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11	Global Equity
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19	TIPS
23	Cash Equivalents
27	Appendix

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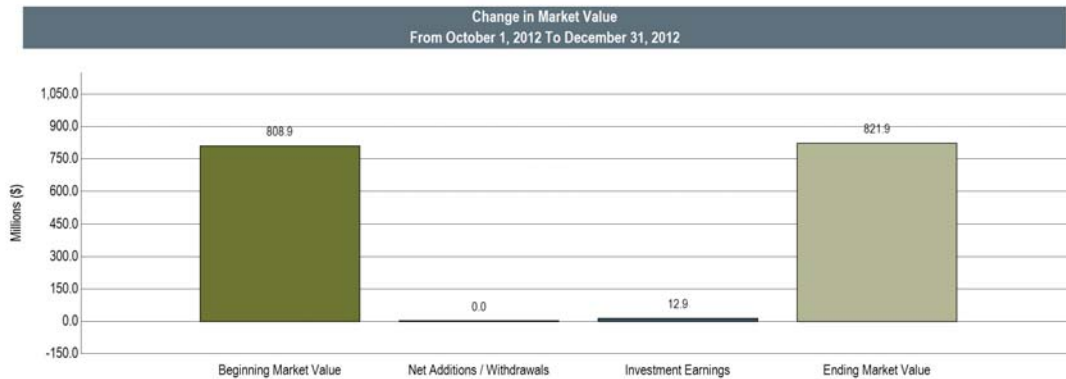
LCEF Total Fund

LCEF Total Fund

As of December 31, 2012

\$821.9 Million and 100.0% of Fund

Plan Summary



Summary of Cash Flows

Sources of Portfolio Growth	Fourth Quarter	Fiscal YTD*
Beginning Market Value	\$808,927,188	\$776,130,661
Net Additions/Withdrawals	\$30,770	\$30,770
Investment Earnings	\$12,920,959	\$45,717,486
Ending Market Value	\$821,878,917	\$821,878,917

*Period July 2012 - December 2012

Plan Performance

Benchmark: Total Endowment Target



3

Trailing Period Performance

Ending December 31, 2012													
	Market Value (\$)	% of Portfolio	Policy %	2012 Q4 (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
LCEF Total Fund	821,878,917	100.0	100.0	1.6	82	13.2	22	9.6	10	2.5	32	7.6	52
<i>Total Endowment Target</i>				1.4	90	12.4	34	9.0	15	2.0	43	7.2	66
Global Equity*	341,167,299	41.5	41.5	3.5	--	20.4	--	11.7	--	1.9	--	8.4	--
<i>Global Equity Target</i>				3.1	--	19.4	--	10.7	--	1.5	--	8.2	--
Fixed Income	132,255,178	16.1	16.1	0.3	90	4.6	89	6.4	78	5.9	75	5.2	63
<i>Barclays Aggregate Bond Index</i>				0.2	90	4.2	92	6.2	81	5.9	73	5.2	66
TIPS	90,261,337	11.0	11.0	0.8	--	7.2	--	8.9	--	7.5	--	7.0	--
<i>Barclays U.S. TIPS</i>				0.7	--	7.0	--	8.9	--	7.0	--	6.7	--
Cash Equivalents	258,194,993	31.4	31.4	0.1	--	1.3	--	1.1	--	1.3	--	2.3	--
<i>S&P US AAA & AA Rated GIP 30D Net Yield Index</i>				0.0	--	0.1	--	0.2	--	0.7	--	1.9	--

Benchmark and universe descriptions are provided in the Appendix.

*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

Due to the mandated payout scheduled for June 30, 2013, Target Allocations will float at the actual month-end average balances.

Calendar Year Performance

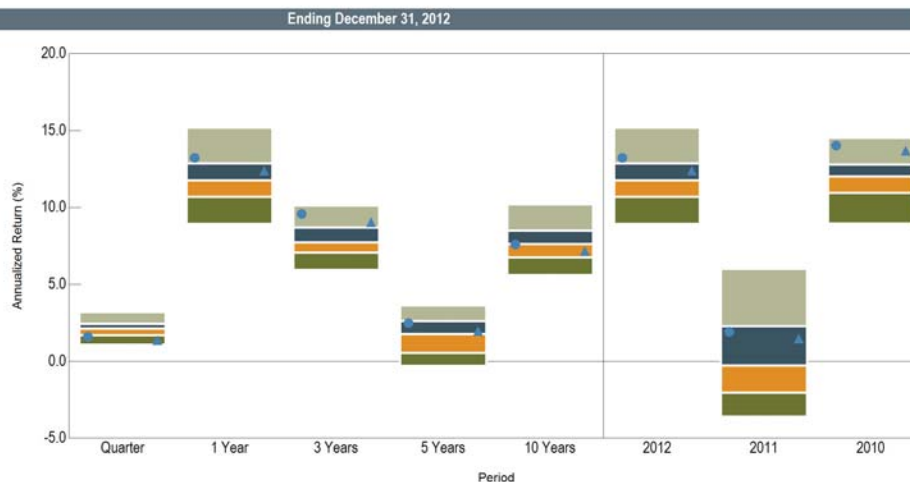
	2012 (%)	Rank	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank
LCEF Total Fund	13.2	22	1.9	31	14.0	11	21.2	28	-29.2	74	6.3	92	15.0	40	7.4	69	12.0	54	25.0	25
<i>Total Endowment Target</i>	12.4	34	1.5	34	13.7	14	19.6	35	-28.9	74	6.5	89	14.0	52	6.7	80	12.1	51	24.9	25
Global Equity*	20.4	--	-1.1	--	17.0	--	30.8	--	-39.6	--	6.8	--	17.4	--	8.5	--	12.7	--	32.3	--
<i>Global Equity Target</i>	19.4	--	-2.2	--	16.1	--	30.5	--	-39.2	--	7.2	--	17.8	--	7.9	--	13.5	--	32.8	--
Fixed Income	4.6	89	7.6	32	7.0	73	4.6	85	5.8	14	7.3	43	4.4	35	2.7	24	4.4	69	4.1	90
<i>Barclays Aggregate Bond Index</i>	4.2	92	7.8	29	6.5	75	5.9	78	5.2	20	7.0	50	4.3	37	2.4	54	4.3	70	4.1	90
TIPS	7.2	--	13.6	--	6.1	--	13.3	--	-2.0	--	12.4	--	0.8	--	2.9	--	8.8	--	8.4	--
<i>Barclays U.S. TIPS</i>	7.0	--	13.6	--	6.3	--	11.4	--	-2.4	--	11.6	--	0.4	--	2.8	--	8.5	--	8.4	--
Cash Equivalents	1.3	--	0.1	--	2.0	--	2.6	--	0.5	--	5.4	--	5.2	--	3.3	--	1.4	--	1.2	--
<i>S&P US AAA & AA Rated GIP 30D Net Yield Index</i>	0.1	--	0.2	--	0.3	--	0.7	--	2.3	--	4.7	--	5.1	--	3.4	--	1.4	--	1.1	--

*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

Universe Comparison

Benchmark: Total Endowment Target

Universe: Endowments Net



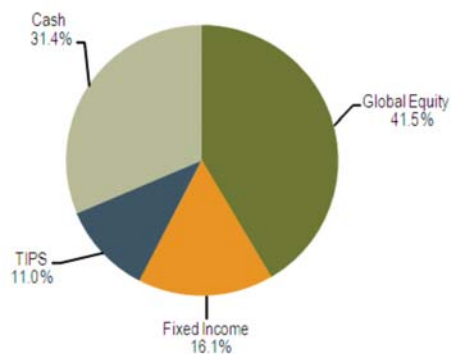
	Return (Rank)															
5th Percentile	3.2		15.2		10.1		3.6		10.2		15.2		6.0		14.5	
25th Percentile	2.5		12.9		8.7		2.6		8.5		12.9		2.3		12.8	
Median	2.1		11.8		7.7		1.8		7.6		11.8		-0.3		12.0	
75th Percentile	1.7		10.7		7.1		0.6		6.8		10.7		-2.0		11.0	
95th Percentile	1.1		8.9		5.9		-0.3		5.6		8.9		-3.6		9.0	
# of Portfolios	80		77		69		66		54		77		83		78	
● LCEF Total Fund	1.6	(82)	13.2	(22)	9.6	(10)	2.5	(32)	7.6	(52)	13.2	(22)	1.9	(31)	14.0	(11)
▲ Total Endowment Target	1.4	(90)	12.4	(34)	9.0	(15)	2.0	(43)	7.2	(66)	12.4	(34)	1.5	(34)	13.7	(14)

Universe Asset Allocation Comparison

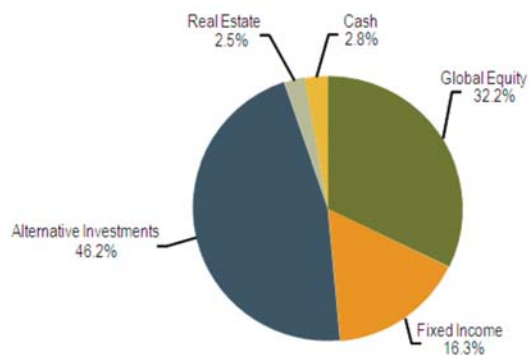
Benchmark: Total Endowment Target

Universe: Endowments Net

LCEF Total Fund



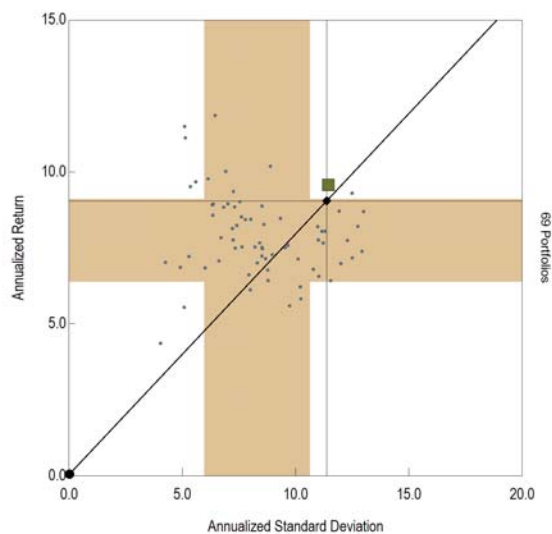
BNY Mellon Endowment Universe



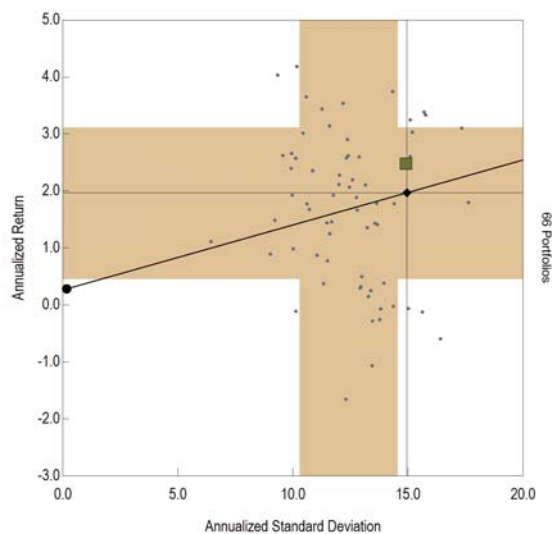
Risk Profile

Benchmark: Total Endowment Target

Universe: Endowments Net

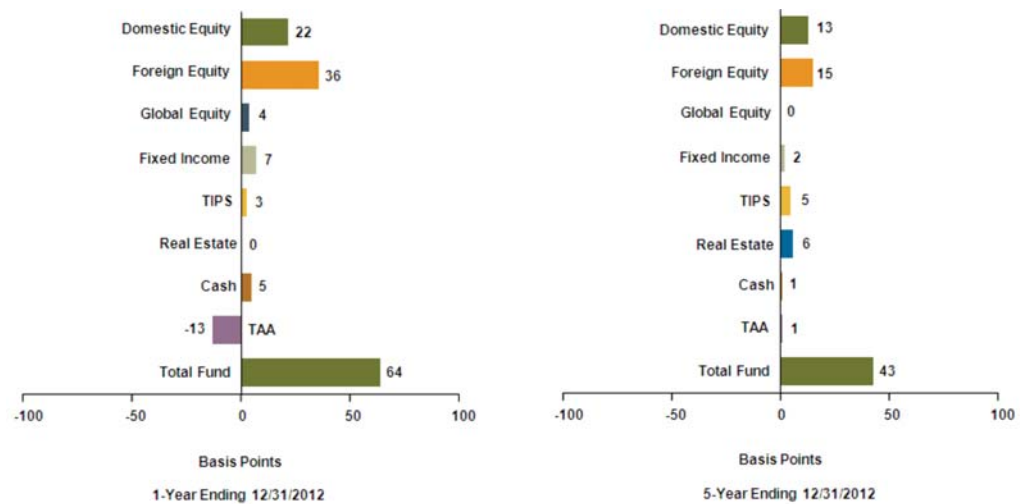
Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012

- LCEF Total Fund
- Total Endowment Target
- Risk Free
- 68% Confidence Interval
- Endowments Net

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

- LCEF Total Fund
- Total Endowment Target
- Risk Free
- 68% Confidence Interval
- Endowments Net

Attribution



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Global Equity

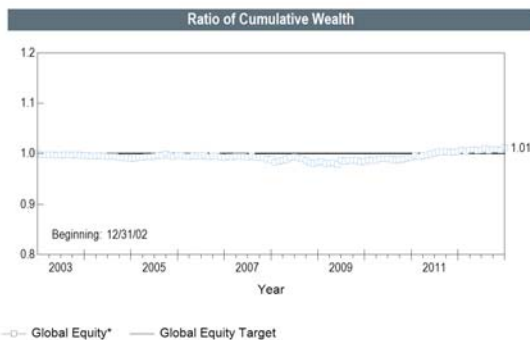
Global Equity*

As of December 31, 2012

\$341.2 Million and 41.5% of Fund

Overview

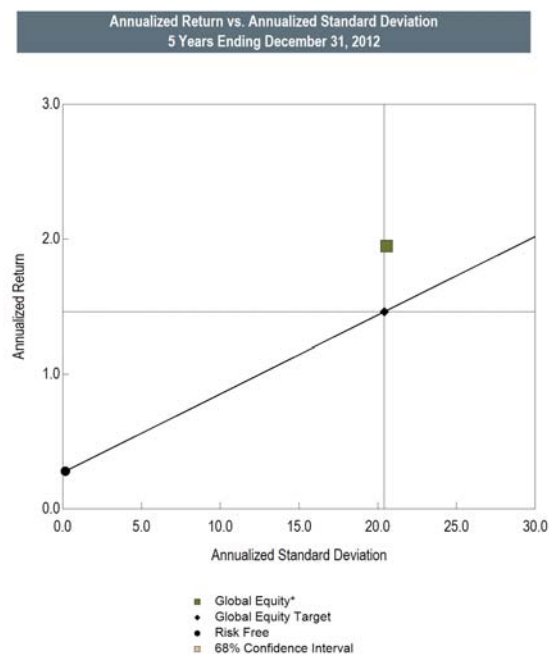
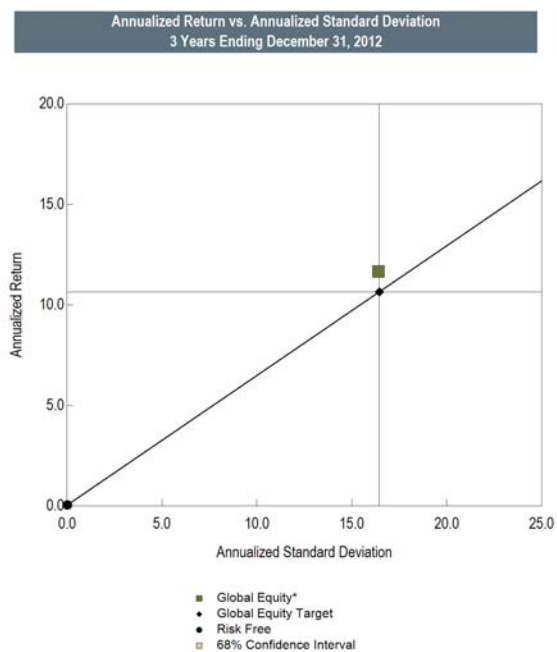
Benchmark: Global Equity Target



*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

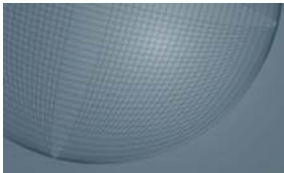
Risk Profile

Benchmark: Global Equity Target



*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

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Fixed Income

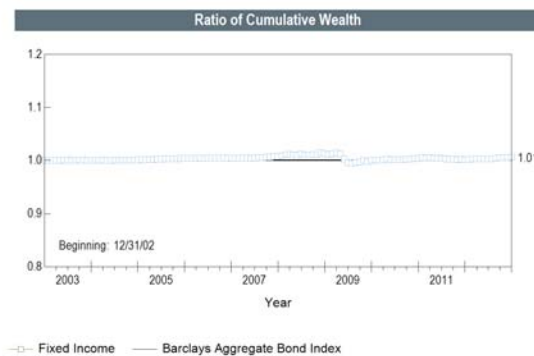
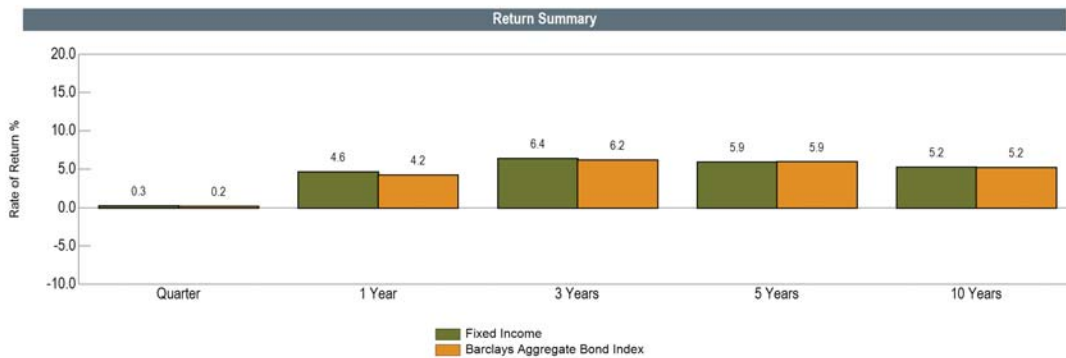
Fixed Income

As of December 31, 2012

\$132.3 Million and 16.1% of Fund

Overview

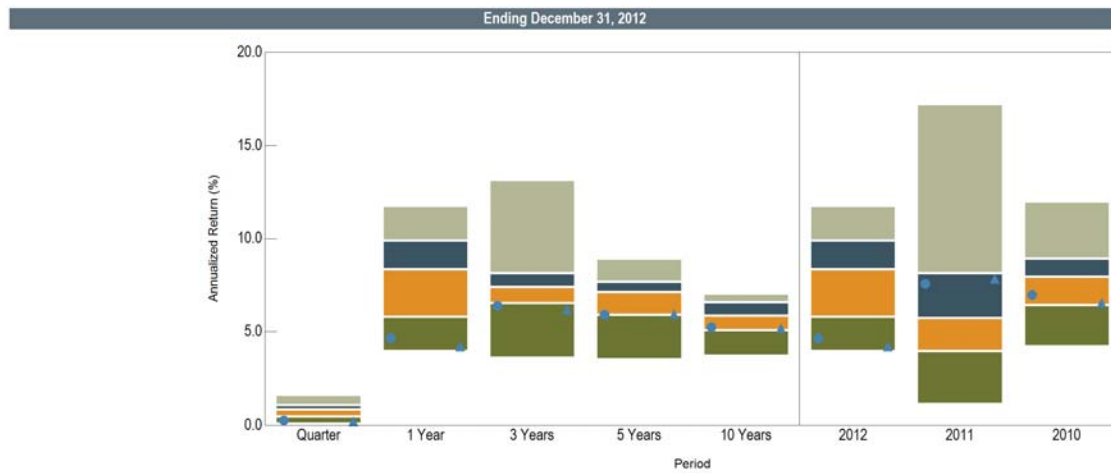
Benchmark: Barclays Aggregate Bond Index



Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: Endowments - US FI Net



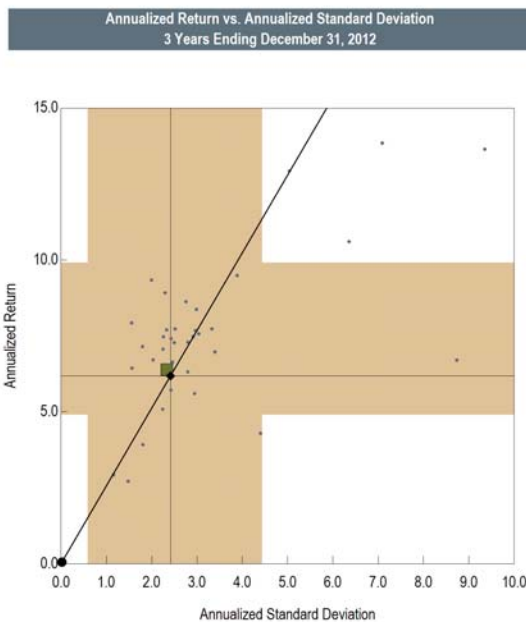
	Return (Rank)							
5th Percentile	1.6	11.7	13.1	8.9	7.0	11.7	17.2	12.0
25th Percentile	1.1	9.9	8.1	7.7	6.6	9.9	8.1	8.9
Median	0.9	8.4	7.4	7.1	5.9	8.4	5.7	8.0
75th Percentile	0.5	5.8	6.5	5.9	5.1	5.8	4.0	6.4
95th Percentile	0.1	4.0	3.6	3.5	3.7	4.0	1.2	4.2
# of Portfolios	52	49	35	28	20	49	49	41
● Fixed Income	0.3 (90)	4.6 (89)	6.4 (78)	5.9 (75)	5.2 (63)	4.6 (89)	7.6 (32)	7.0 (73)
▲ Barclays Aggregate Bond Index	0.2 (90)	4.2 (92)	6.2 (81)	5.9 (73)	5.2 (66)	4.2 (92)	7.8 (29)	6.5 (75)

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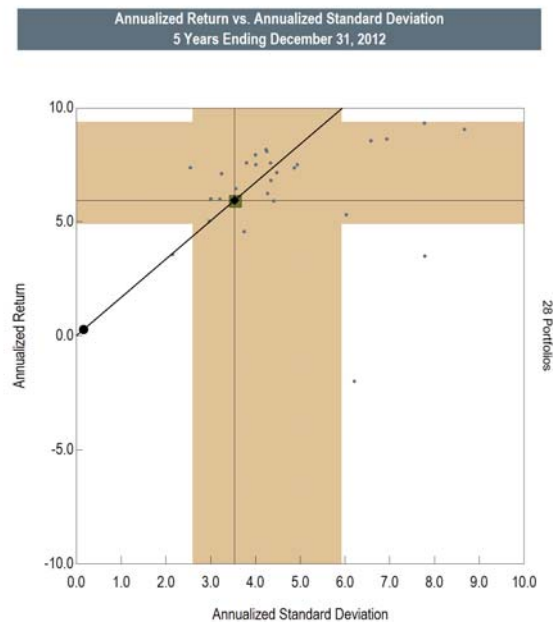
Risk Profile

Benchmark: Barclays Aggregate Bond Index

Universe: Endowments - US FI Net

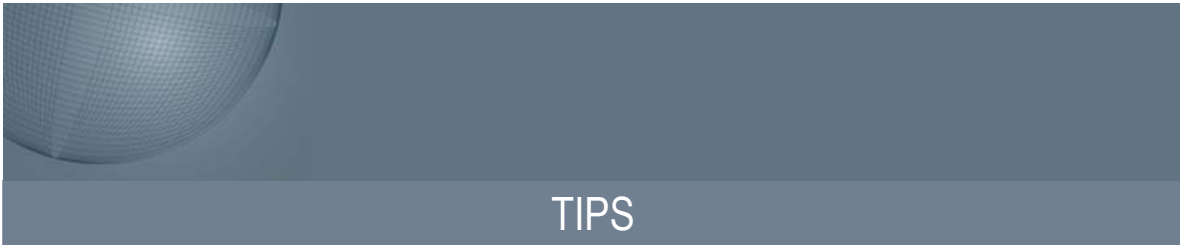


■ Fixed Income
● Barclays Aggregate Bond Index
● Risk Free
■ 68% Confidence Interval
● Endowments - US FI Net



■ Fixed Income
● Barclays Aggregate Bond Index
● Risk Free
■ 68% Confidence Interval
● Endowments - US FI Net

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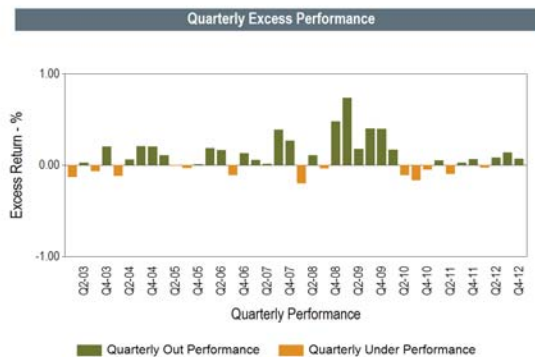
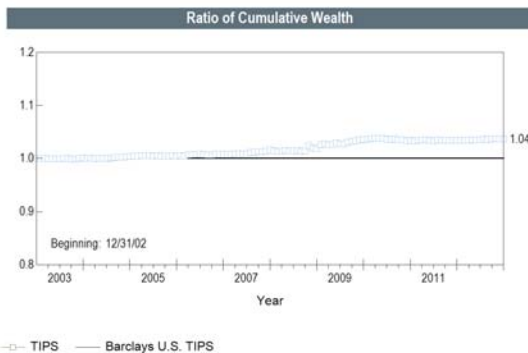
TIPS

As of December 31, 2012

\$90.3 Million and 11.0% of Fund

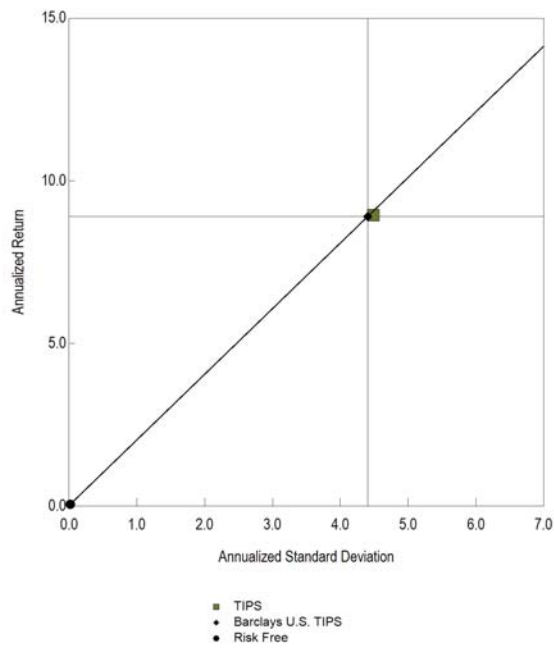
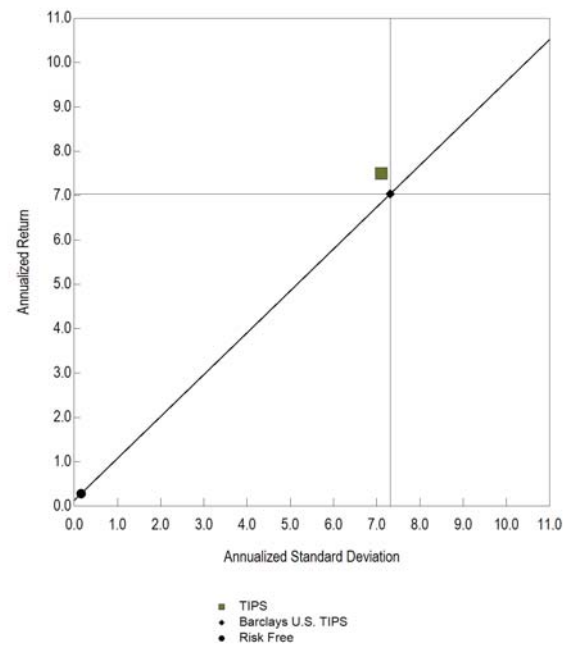
Overview

Benchmark: Barclays U.S. TIPS



Risk Profile

Benchmark: Barclays U.S. TIPS

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

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Cash Equivalents

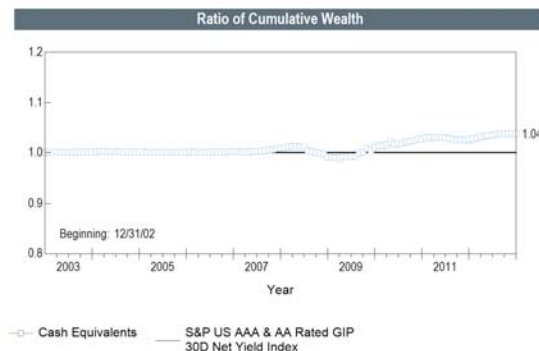
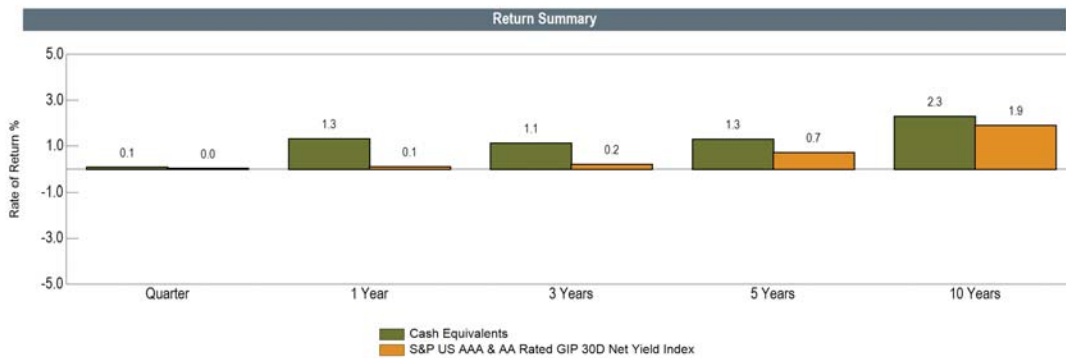
Cash Equivalents

As of December 31, 2012

\$258.2 Million and 31.4% of Fund

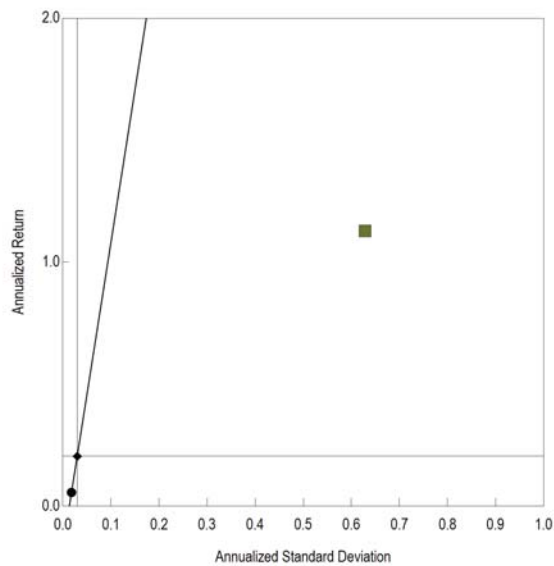
Overview

Benchmark: S&P US AAA & AA Rated GIP 30D Net Yield Index

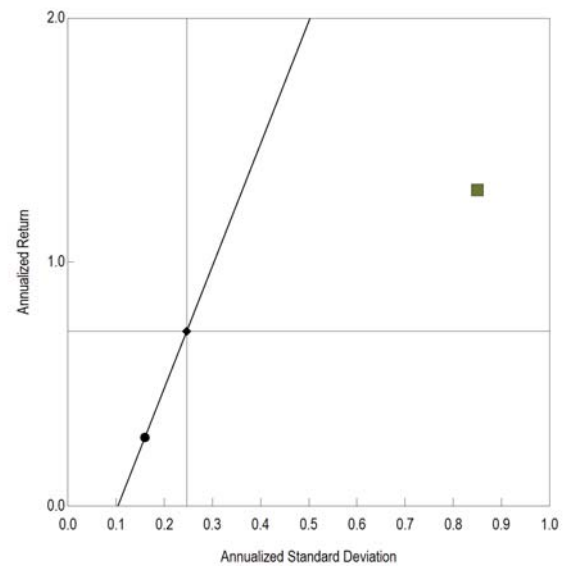


Risk Profile

Benchmark: S&P US AAA & AA Rated GIP 30D Net Yield Index

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2012

■ Cash Equivalents
• S&P US AAA & AA Rated GIP 30D Net Yield Index
• Risk Free

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2012

■ Cash Equivalents
• S&P US AAA & AA Rated GIP 30D Net Yield Index
• Risk Free

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Appendix

As of December 31, 2012

Securities Lending

Lawton Chiles Endowment Fund

LOANS

Lending Agent	Lendable Base	Market Value on Loan	% on Loan	Return (basis points)
Bank of New York Mellon	\$397,740,746	\$8,986,184	2.26%	97
Total Lawton Chiles Endowment Fund	\$397,740,746	\$8,986,184	2.26%	97

REINVESTMENT

Lending Agent	Book Value	Market Value	Unrealized Gain/(Loss)	Return (basis points)
Bank of New York Mellon	\$8,882,166	\$8,880,239	(\$1,927)	20
Total Lawton Chiles Endowment Fund	\$8,882,166	\$8,880,239	(\$1,927)	20

Market Returns

	Fourth Quarter	1-Year	Annualized Periods Ending 12/31/12			
			3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.2	16.4	11.4	2.2	7.9	4.9
S&P 500 Index	-0.4	16.0	10.9	1.7	7.1	4.5
Russell 3000 Index	0.2	16.4	11.2	2.0	7.7	4.8
Russell 1000 Value Index	1.5	17.5	10.9	0.6	7.4	5.3
Russell 1000 Growth Index	-1.3	15.3	11.4	3.1	7.5	3.6
Russell MidCap Value Index	3.9	18.5	13.4	3.8	10.6	8.0
Russell MidCap Growth Index	1.7	15.8	12.9	3.2	10.3	6.1
Russell 2000 Value Index	3.2	18.0	11.6	3.5	9.5	7.2
Russell 2000 Growth Index	0.4	14.6	12.8	3.5	9.8	4.0
Domestic Bond Indices:						
Barclays Capital Aggregate Index	0.2	4.2	6.2	5.9	5.2	6.0
Barclays Capital Govt/Credit Index	0.4	4.8	6.7	6.1	5.2	6.0
Barclays Capital Long Govt/Credit Index	0.4	8.8	13.6	10.2	8.0	8.0
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.3	1.9	2.9	3.1	4.3
Barclays Capital U.S. MBS Index	-0.2	2.6	4.7	5.7	5.1	5.8
Barclays Capital High Yield Index	3.3	15.8	11.9	10.3	10.6	7.1
Barclays Capital Universal Index	0.6	5.5	6.7	6.2	5.6	6.1
Real Estate Indices:						
NCREIF Property Index	2.5	10.5	12.6	2.1	8.4	9.2
NCREIF ODCE Index	2.1	9.8	13.3	-2.0	5.7	7.1
Dow Jones Real Estate Securities Index	2.3	17.1	17.9	4.9	11.6	8.8
FTSE NAREIT US Real Estate Index	3.1	19.7	18.4	5.7	11.8	8.9
Foreign/Global Stock Indices:						
MSCI All Country World Index	2.9	16.1	6.6	-1.2	8.1	4.5
MSCI All Country World IMI	3.0	16.4	7.0	-0.7	8.6	5.0
MSCI All Country World ex-U.S. Index	5.8	16.8	3.9	-2.9	9.7	5.3
MSCI All Country World ex-U.S. IMI	5.7	17.0	4.2	-2.6	10.2	5.7
MSCI All Country World ex-U.S. Small Cap Index	4.9	18.5	6.5	-0.4	13.2	8.0
MSCI EAFE Index	6.6	17.3	3.6	-3.7	8.2	4.4
MSCI EAFE IMI	6.5	17.6	4.0	-3.4	8.6	4.8
MSCI EAFE Index (in local currency)	7.5	17.3	2.6	-4.3	5.4	2.5
MSCI Emerging Markets IMI	5.5	18.7	4.6	-0.7	16.6	7.9
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-2.4	1.5	3.9	5.2	6.4	5.9
Citigroup Hedged World Gov't Bond Index	1.2	5.5	4.0	4.5	4.3	5.3
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.3	1.4	2.2
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	0.8	2.0	2.9
Inflation Index:						
Consumer Price Index	-0.8	1.7	2.1	1.8	2.4	2.4

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Benchmark Descriptions

LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 9/1/2012 forward, a custom version of the MSCI ACWI IMI which excludes companies that derive their revenue from sales of tobacco and tobacco related products. Prior to September 2012, the benchmark is a weighted average of both Domestic Equity's and Foreign Equity's historical benchmarks.

Total Domestic Equity

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

Total Foreign Equity

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 44 countries, but excluding the United States. The index includes 23 developed and 21 emerging market countries, and excludes tobacco companies.

Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The Index also includes credit card, auto, and home equity loan-backed securities. This Index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.

Universe Descriptions

LCEF Total Fund

A universe comprised of 80 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$202.5 billion as of quarter-end and the average market value was \$2.2 billion.

Total Fixed Income

A universe comprised of 52 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$21.8 billion as of quarter-end and the average market value was \$283.3 million.

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Universe Comparison - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.