



F FUND

Fixed Income Index Investment Fund

Fund Information

Net Assets

as of December 31, 2003
\$10.5 billion

2003 Administrative Expense Ratio

.10% (10 basis points)
\$1.00 per \$1,000 account balance

Number of Securities

4,148

Average Duration

4.4 years

Average Coupon Rate

5.43%

Benchmark Index

Lehman Brothers U.S. Aggregate bond index
www.lehman.com

Asset Manager

Barclays Global Investors

Returns

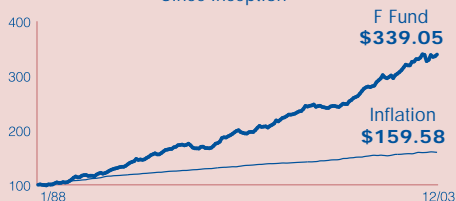
as of December 31, 2003

	F Fund ¹	LBA Index ²
1 Year	4.1	4.1
5 Year	6.7	6.6
10 Year	6.9	6.9
Since Inception Jan. 29, 1988	7.9	8.3

(See footnotes on back.)

Growth of \$100

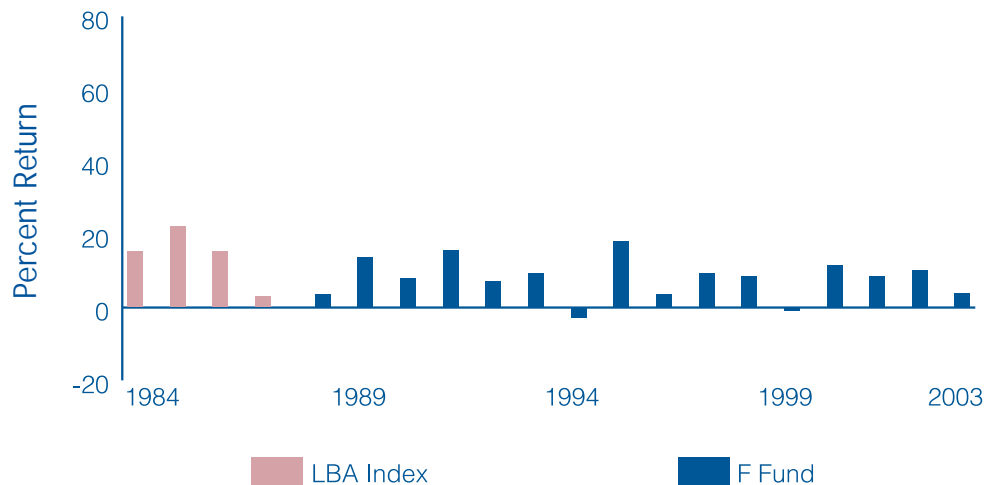
Since Inception



Key Features

- The F Fund offers the opportunity to earn rates of return that exceed those of money market funds over the long term (particularly during periods of declining interest rates), with relatively low risk.
- The objective of the F Fund is to match the performance of the Lehman Brothers U.S. Aggregate (LBA) index, a broad index representing the U.S. bond market.
- The risk of nonpayment of interest or principal (credit risk) is relatively low because the fund includes only investment grade securities and is broadly diversified. However, the F Fund has market risk (the risk that the value of the underlying securities will decline) and prepayment risk (the risk that the security will be repaid before it matures).
- Earnings consist of interest income on the securities and gains (or losses) in the value of securities resulting from changing market interest rates.

F Fund Returns* 1984 - 2003



* For periods before the inception of the F Fund, the rate shown is the return of the LBA index (without deduction for management fees, trading costs, and administrative expenses).

F FUND FACTS

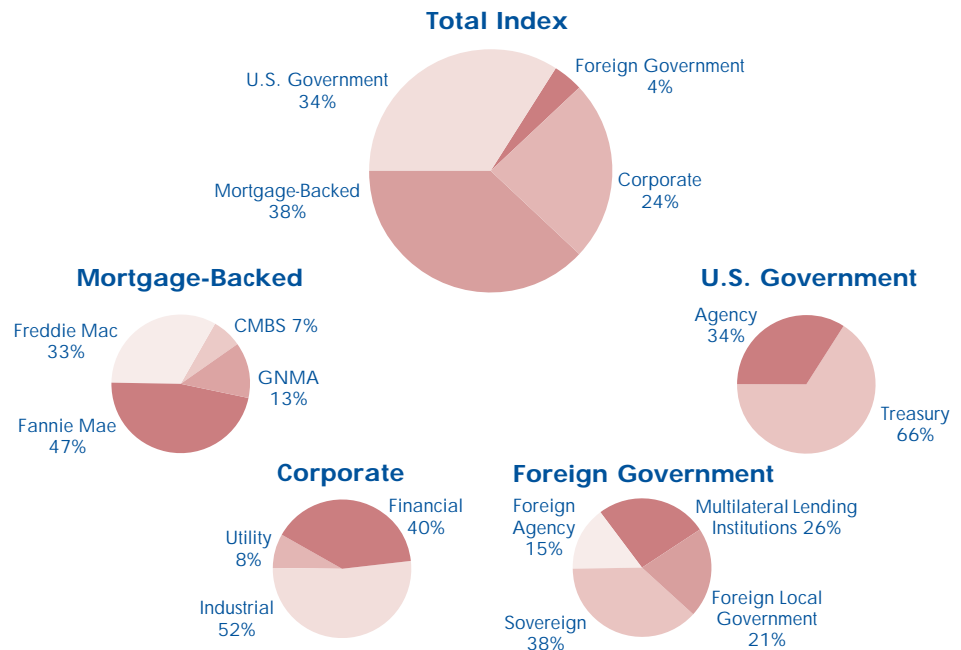
By law, the F Fund must be invested in fixed-income securities. The Board has chosen to invest the F Fund in an index fund that trades the Lehman Brothers U.S. Aggregate (LBA) index, a broadly diversified index of the U.S. bond market.

The **LBA index** consists of high quality fixed-income securities with maturities of more than one year. The index represents the U.S. Government, mortgage-backed securities, corporate, and foreign government sectors of the U.S. bond market.

On December 31, 2003, the LBA index included 6,766 notes and bonds. The average LBA index coupon rate was 5.53%, which means that, on an annual basis, interest income equalled approximately 5.53% of the face value of the securities in the LBA index. The average duration of the LBA index was 4.4 years, which means that a 1% increase (decrease) in interest rates could be expected to result in a 4.4% decrease (increase) in the price of the security. New issues are added continuously to the LBA index, and older issues drop out as they reach maturity.

LBA Index

Bond Market Sectors
December 31, 2003



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

The F Fund invests in the Barclays U.S. Debt Index Fund by purchasing shares of the Barclays U.S. Debt Index Fund “E,” which in turn holds shares of the Barclays U.S. Debt Index Master Fund. As of December 31, 2003, F Fund holdings constituted \$10.1 billion of the U.S. Debt Index Master Fund, which itself held \$25.6 billion in securities.

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Lehman Brothers, without any deduction for management fees, trading costs, and administrative expenses.