

New Manager for San Francisco Bay Area Rapid Transit District Deferred Compensation Plan and San Francisco Bay Area Rapid Transit District Money Purchase Pension Plan

August 2011

GALLIARD CAPITAL MANAGEMENT: NEW MANAGER

The San Francisco Bay Area Rapid Transit District Deferred Compensation Plan and San Francisco Bay Area Rapid Transit District Money Purchase Pension Plan offer stable value funds designed to provide plan participants with a conservative investment option that seeks to provide safety of principal and a stable crediting rate. After a considerable review of its options, the BART Investment Plans Committee has selected Galliard Capital Management as the

overall stable value manager for the funds. We believe this change will benefit plan participants and enhance the plan's stable value option.

Effective August 5, 2011, Galliard will assume management responsibilities for the stable value fund. This document contains important information regarding the transition to the new funds.

ABOUT GALLIARD CAPITAL MANAGEMENT

Galliard is a specialist in stable value and fixed income management and currently manages more than \$71.6 billion in assets for institutional investors. The firm is headquartered in Minneapolis. Galliard is an independently operated subsidiary of Wells Fargo & Company. Galliard's parent, Wells Fargo, is one of the nation's largest diversified financial services companies. Galliard's investment team has been managing stable value assets for more than 20 years and is a recognized leader in managing stable value and fixed income strategies.

IMPORTANT INFORMATION REGARDING HOW THIS CHANGE WILL IMPACT CURRENT INVESTORS IN THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT DEFERRED COMPENSATION PLAN AND SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT MONEY PURCHASE PENSION PLAN STABLE VALUE OPTIONS.

When will the change take place?

Galliard will begin management of the funds on August 5, 2011. The transfer will occur at the end of the business day on August 4, 2011 and there will be no disruption to participants transaction activity.

What do I need to do?

You are not required to make any changes. If you do not wish to participate in the Stable Value Fund managed by Galliard Capital Management, you must transfer your existing stable value account balance out of the current Stable Value Fund and move it to another noncompeting investment option in the plan by August 4, 2011.

What are the key benefits of changing stable value managers?

Galliard is one of the nation's leading stable value managers and will seek to provide the following benefits:

- A conservative, time-tested approach to managing stable value portfolios;
- Stability of returns.

Will the new fund have a different management objective than the current fund?

No. The Stable Value Fund will have the same objectives—principal protection and a competitive return compared to other conservative investment options.

Will the transition to a new manager affect the dollar amount that I already accumulated in the existing Stable Value Fund?

No. There will be no change in dollar amounts or number of units held in the stable value fund. It is important to note that the full dollar amount of your current Stable Value Fund investment will remain the same when the transfer is made.

How will the Fund's assets be invested?

The Fund, managed by Galliard Capital Management, will be comprised of investment contracts issued by financial institutions and cash and/or cash equivalents (i.e., money market instruments). The types of investment contracts in which the Fund invests include Guaranteed Investment Contracts (GICs) and Security Backed Investment Contracts (book value wrappers).

Both types of contracts seek to provide participants with safety of principal and accrued interest as well as a stable crediting rate. Galliard stable value accounts focus on high quality assets and have quality guidelines that all underlying fixed income securities must be rated “investment grade” by the major rating agencies at the time of purchase. The portfolios are also broadly diversified by issue and issuer in order to reduce the impact of any one holding in the portfolio.

Does the new fund maintain a constant NAV of \$1 per share like a money market mutual fund?

No. The new stable value fund will use a rising net asset value (NAV) which is updated daily. Any interest earned, including income and capital gains, will be reflected daily in the NAV (i.e., the NAV rises from \$10.00 to \$10.01, etc).

Will Galliard declare an interest rate each quarter for the Fund?

No. The stable value option is a daily rate. A daily rate structure benefits participants by providing a rate that is more reflective of current market rates. It will also help to reduce the volatility (changes in the declared rate) from period to period. Galliard will however, project a yield range for the Fund each quarter; but there is no guarantee that the Fund will earn the projected estimated yield. The projected yield range is simply intended to aid participants in making an informed choice concerning their investment options.

How will these changes benefit me as a plan participant?

The changes will improve the overall risk profile of the San Francisco Bay Area Rapid Transit District Deferred Compensation Plan and San Francisco Bay Area Rapid Transit District Money Purchase Pension Plan stable value options (i.e. reduce credit and industry risks) by further diversifying the portfolio and provide a credited daily interest rate based on the portfolio’s actual yield of the Fund for that day. The new option will also be easy to track on a daily basis because of unit value accounting.

Who do I contact for more information?

If you have any questions regarding the plan, please contact: 800-669-7400.

Where can I find more information on the Stable Value Option?

You can find more detailed Fund information on the San Francisco Bay Area Rapid Transit District Deferred Compensation Plan and San Francisco Bay Area Rapid Transit District Money Purchase Pension Plan website at: www.bartipc.org.

How will this change be reflected in my statement?

After the transfer is completed, your next statement will show a “Transaction Out” of your existing Stable Value investment option and a “Transaction In” to the new Fund. Let’s assume an example of a participant account with a \$10,000 account balance in the existing Stable Value Fund.

Participant Account Statement

August 2011 TRANSACTION OUT of existing	- \$10,000
August 2011 TRANSACTION IN to new Stable Value Fund	+ \$10,000
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Purchase x shares of Galliard Fund at x \$ per share	
Current Value as of August 2011	\$10,000

For illustrative purposes only.

As shown above, the dollar amount from your existing Stable Value Fund option will remain the same after the transfer is made.

