

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
FlexShares iBoxx 5-Year Target Duration TIPS Index Fund		45-2846523	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Randal Rein	312-630-1872	rr36@ntrs.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
50 S. LaSalle Street		Chicago, IL 60603	
8 Date of action		9 Classification and description	
10/31/14		Common Stock - Regulated Investment Company	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
33939L605	N/A	TDTF	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On August 7, 2014, and September 8, 2014, FlexShares iBoxx 5-Year Target Duration TIPS Index Fund paid a distribution to common shareholders of record as of August 5, 2014, and September 4, 2014, respectively. A portion of the August 7, 2014 distribution and the full amount of the September 8, 2014 distribution constitutes a non-taxable return of capital.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The portion of the distribution that constitutes a non-taxable return of capital will decrease a U.S. taxpayer's basis in the shares of FlexShares iBoxx 5-Year Target Duration TIPS Index Fund. The non-taxable return of capital is as follows:

	Per Share Reduction of
Distributions Payable On:	Basis in Common Stock
August 7, 2014	\$0.034873
September 8, 2014	\$0.033019

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ FlexShares iBoxx 5-Year Target Duration TIPS Index Fund's current and accumulated earnings were compared to distributions paid during the year ended October 31, 2014. The non-taxable return of capital represents the amount of distributions paid during the taxable year ended October 31, 2014 in excess of FlexShares iBoxx 5-Year Target Duration TIPS Index Fund's current and accumulated earnings and profits under IRC Section 316.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
[Internal Revenue Code Sections 301, 316, 852.](#)

18 Can any resulting loss be recognized? ▶ [No.](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____
[See Part II, Item 15 of this form for the per share amounts and dates of distributions impacted by this organizational action.](#)
[This organizational action is reportable with respect to calendar year 2014.](#)

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ _____

Print your name ▶ [Randal Rein](#) Title ▶ [Treasurer and Principal Financial Officer](#)

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.