FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005

THRIFT SAVINGS PLAN

January 4, 2008

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: JAMES B. PETRICK
CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY VENDORS – JANUARY 2008

The Board has requested that each quarter we review the TSP's primary vendors and report on their financial standing. This quarter, we have again reviewed SI International, Barclays PLC, Switch and Data, R.R. Donnelley & Sons, MetLife, and The Active Network, Incorporated.

For each vendor we have analyzed the following:

1. Current Financial Condition:

Our financial analysis consists of a review of the vendor's key financial statistics from their current income statement and balance sheet for the most recent quarter available to determine their overall financial stability. For this report, we are using quarterly report data for the second quarter of 2007. We determine whether there is evidence of stable or growing income (i.e., the profitability of the company). We also review the current balance sheet to determine 1) the current ratio of assets to liabilities to ascertain the vendor's ability to meet short term liquidity needs and 2) the ratio of total debt to total assets to ascertain the prospects for longer term profitablility. Then, we look for significant changes in current and prior periods to identify trends that may require further explanation. At the Board's request, for comparative purposes, we have included information from the second quarter 2006, and continue to provide the stock price and a statement of cash flows.

For banking and depository institutions such as Barclays PLC, the examination of assets and liabilities is a less relevant measure. In this industry, categorization of assets and capital is highly standardized so results can be weighted by risk factors. In the U.S., the Board of Governors of the Federal Reserve System (FRB) issues these risk-based capital guidelines. The guidelines are used to evaluate capital adequacy based on the perceived credit risk associated with balance sheet assets, as well as certain off-balance sheet exposures such as unfunded loan commitments, letters of credit, and derivative and foreign exchange contracts.

2. Dun & Bradstreet Credit Score:

We continue the previous practice of reviewing the Dun & Bradstreet credit scores. These scores predict the likelihood of a firm paying in a severely delinquent manner (90+ days past term) over the next twelve months. The score range is 1-5 with 1 being the lowest risk and 5 the highest risk of the firm paying in a severely delinquent manner. While this score has some descriptive value in terms of the firm's current relationship with its creditors and can disclose potential financial problems, it should only be considered one part of a firm's overall financial picture.

3. Significant Events:

This section includes a description of any significant items that could impact the company's financial situation, such as significant pending litigation or major stock issuances or redemptions.

4. Risk Mitigation:

This section describes the risk to the TSP if the vendor were to become unable to meet the terms of the TSP's contract and what steps we would take to mitigate the risk to ongoing TSP operations.

Attachments

SI International

General Information: SI International (SI) is the prime contractor for operating both FRTIB data centers, operating and maintaining the TSP record keeping system, providing incoming mail, data entry and imaging support, and operating the Clintwood Call Center. SI also administers the accounting, court ordered payments, death benefits, and payroll office liaison functions. SI relies on subcontracting support as follows: Jacob and Sundstrum, Inc. for systems programming support; Switch and Data for our Reston VA Data Center space; Sungard Workflow Solutions for some TSP record keeping support, and Sungard EXP for incoming mail, data entry and imaging support.

Assessment: SI has continued its pattern of acquisitions into 2007, which continues to result in large changes in its income statement and balance sheet items. Any volatility present due to its pursuit of strategic acquisitions is mitigated by the company's extensive portfolio of government contracts. We find no indication at this time that SI International is unable to fulfill its contractual obligations to the TSP.

On November 27, 2007, The Government Executive magazine ranked SI number 155 out of 200 top federal contractors. SI has a total of $247 million in federal contracts, $148 million with the Department of Defense and $99 million with civilian agencies. On October 11, 2007 SI announced it was named Contractor of the Year at the 5th Annual Greater Washington Government Contractor Awards in the greater than $300 million revenue for the 2006 category.

Current Financial Condition: For the first nine months of 2007, in their SEC filing, SI reported revenues of $373.6 million, an increase of 8 percent from $346.3 million reported for the same period in 2006. Federal government contract revenues continue to represent 98 percent of SI's total revenues through September 30, 2007.

- Income Statement: Through September 30, 2007, SI reported Net Income of $14.1 million, unchanged from the same period in 2006.

- Balance Sheet: Through September 30, 2007, Total Assets of $447.2 million were reported, an increase of 17 percent from $381 million at year-end 2006. Total Liabilities increased to $192 million, a 35 percent increase from $142 million reported at year-end 2006.

- Cash Flow: Through September 30, 2007, cash and cash equivalents totaled $6.8 million, a 65 percent decrease from $19.5 million at year-end 2006. The decrease in cash is attributed to the $60.1 million payment for the LOGTEC acquisition (previously discussed in the July 2007 vendor report), repayment of a note payable, and $4.7 million for capital investments.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) declined to 1.6 from 2.2 reported at year-end 2006.

- Leverage: Through September 30, 2007, Total Liabilities as a percent of Total Assets increased to 43 percent from 37 percent reported at year-end 2006.

Dun & Bradstreet Credit Score Class: 3, (moderate risk), increased from 2 (slight risk) from the previous quarter.

Stock Performance: The SI closing share price on December 31, 2007 was $27.47, down from its 52-week high of $34.87 on July 3, 2007.

Significant Events: On October 22, 2007, SI announced it is a member of the KT Consulting, Inc. team that was awarded the Information Technology Services, Program Support Services Contract with the Department of Defense Washington Headquarters Services. This contract has a one-year base period with four one-year options with an estimated value of $70 million. Over the five-year period the contract is estimated to have a value of $28 million to SI.

On October 17, 2007, SI announced that the Company is on the ARINC team that was awarded the Counterdrug/Counter Narco-Terrorism Engineering, Technical, Staff, and Management Support Services Contract with the U.S. Air Force Headquarters Air Combat Command, Homeland Defense, Civil Support, at Langley Air Force Base. The contract value to SI is $6.5 million over a three-year period.

On October 16, 2007, SI announced it won a new competitive task order under the U.S. Army's HRsolutions Indefinite Deliver/Indefinite Quantity Contract for Human Resources, Personnel Services and Support to provide services to Brooke Army Medical Center in San Antonio, TX. The task order value is $4.3 million inclusive of options and has a one-year base with two one-year options.

On October 15, 2007, SI announced it was awarded a new prime contract with the Department of Homeland Security U.S. Immigration and Customs Enforcement. SI will provide bond control specialists to review bond actions and manage case inquiries associated with alien residents' files. The contract has a six-month base period with four one-year option periods. The contract value is $20.5 million, inclusive of the options.

On October 12, 2007, SI announced it was awarded a prime contract to provide personnel administration and human resource automated systems operations supporting the military personnel services mission of the U.S. Army Garrison, Aberdeen Proving Ground. The contract has a one-year base with three one-year options. The value of this contract is $10 million if all option years are exercised.

Risk Mitigation: Should SI cease operations, we could issue letter contracts (basically an agreement that we would negotiate and fill in the details at a later point) on an emergency basis to Switch and Data to retain our Reston data center space, to Jacob and Sundstrum to continue systems programming (and perhaps expand that support to data center operations), and to Sungard to continue incoming mail and data entry and other operations as well as for expanded capabilities to maintain the TSP record keeping system, accounting, legal, and Agency interface operations.

If SI were unable to operate the Clintwood call center, the Active Network, Inc. call center in Cumberland, MD, could handle all calls pending establishment of a new call center.

The Agency is in the process of drafting a new statement of work (SOW) in preparation for the recompetition of SI record keeping services. We expect to release the solicitation in mid FY 2008, with contract award in late FY 2008, early FY 2009. A full and open competition is planned, and risk mitigation will be a principal component of the procurement strategy.

SI International
Income Statement
(in thousands)

	09/29/07 Unaudited	12/30/06	09/30/06 Unaudited	12/31/05
Revenue	$373,602	$461,970	$346,334	$397,919
Costs and expenses				
Cost of services	237,541	290,675	218,669	246,481
Selling, general, and administrative	102,681	124,847	93,830	113,015
Depreciation/Amortization	2,548	2,692	1,977	2,161
Amortization of intangible assets	2,887	3,116	2,293	2,292
Total operating expenses	345,657	421,330	316,769	363,949
Income from operations	27,945	40,640	29,565	33,970
Other income (expense)	486	88	(40)	12
Interest expense	(5,170)	(7,731)	(6,195)	(6,103)
Income (loss) before provision for income taxes	23,261	32,997	23,330	27,879
Provision for income taxes	9,121	12,844	9,215	10,942
Net income (loss)	**$14,140**	**$20,153**	**$14,115**	**$16,937**

SI International
Balance Sheet
(in thousands)

	09/29/07 Unaudited	12/30/06	09/30/06 Unaudited	12/31/05
ASSETS				
Current assets:				
Cash and cash equivalents	$6,798	$19,457	$15,632	$26,160
Marketable securities	-	-	-	7,850
Accounts receivable, net	110,618	91,972	93,046	93,633
Deferred tax asset	-	1,408	-	422
Other current assets	9,041	7,219	7,091	6,276
Total current assets	**126,457**	**120,056**	**115,769**	**134,341**
Property and equipment, net	14,770	12,372	11,601	5,908
Goodwill	264,822	220,626	220,772	173,308
Intangible assets, net	29,052	20,418	21,241	16,483
Other assets	12,083	7,661	6,288	5,655
Total assets	**447,184**	**381,133**	**375,671**	**335,695**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Note payable - line of credit	20,000	-	-	-
Current portion of long-term debt	1,004	754	839	1,000
Accounts payable	24,263	20,715	18,612	25,364
Note payable - former owner of acquired business	-	5,839	5,743	2,280
Accrued expenses and other current liabilities	33,756	28,547	27,053	29,674
Total current liabilities	**79,023**	**55,855**	**52,247**	**58,318**
Long-term debt, net of current portion	93,512	69,452	77,555	98,250
Note payable - former owner of acquired business	-	-	-	-
Deferred income tax	9,365	8,961	7,388	5,221
Other long-term liabilities	10,082	7,653	6,306	6,037
Total Liabilities	**191,982**	**141,921**	**143,496**	**167,826**
STOCKHOLDER'S EQUITY				
Common stock - $0.01 par value per share; 50,000,000 shares authorized; 12,967,377 and 11,341,222 shares issued and outstanding as of December 30, 2006 and December 31, 2005, respectively	131	130	129	114
Additional paid in capital	187,305	184,845	183,835	133,843
Retained earnings	68,205	54,065	48,027	33,912
Accumulated other comprehensive income	(439)	172	184	-
Total stockholders' equity	**255,202**	**239,212**	**232,175**	**167,869**
Total Liabilities and stockholders' equity	**$447,184**	**$381,133**	**$375,671**	**$335,695**
CURRENT RATIO: Current Assets/Current Liabilities	1.60	2.15	2.22	2.30
LEVERAGE: Total Liabilities/Total Assets	42.93%	37.24%	38.20%	49.99%

SI International
Statement of Cash Flows
(in thousands)

	09/29/07 Unaudited	12/30/06	09/30/06 Unaudited	12/31/05
Net cash provided by (used in) operating activities	12,653	32,256	20,195	26,599
Net cash used in investing activities	(71,049)	(58,981)	(57,585)	(74,821)
Net cash provided by financing activities	45,737	20,022	26,862	70,628
Net increase (decrease) in cash and cash equivalents	(12,659)	(6,703)	(10,528)	22,406
Cash and cash equivalents - beginning of the period	19,457	26,160	26,160	3,754
Cash and cash equivalents - end of the period	6,798	19,457	15,632	26,160

Barclays PLC

General Information: British-based Barclays PLC is the 11th largest bank in the world in terms of assets and 13th largest in terms of capital. On December 6, 2006, the Agency announced that Barclays Global Investors (BGI), N.A., Barclays' asset management division, was selected again to manage the TSP F, C, S, and I funds. In addition to investment management, BGI is responsible for providing custody through its subcontractor (Investor's Bank and Trust) and securities lending services to the TSP.

Assessment: Barclays PLC is a financially sound and profitable financial institution. Given its size, capital level, and profitability, the likelihood of any disruption to its TSP operations appears to be remote. Barclays exceeds the U.S. regulatory standards for well-capitalized banks.

Current Financial Condition: Barclays reports financial results on an interim and annual basis. Barclays 2007 interim results were reported in the October 2007 vendor report to the Board. Barclays 2007 annual financial statement results are expected to be announced on February 20, 2008. Barclays interim results as of June 2007 are attached. For the half year ended June 30, 2007, Barclays reported income growth of 9 percent broadly based by business and geography. Barclays reported that approximately 50 percent of its profits came from outside the UK.

As of June 30, 2007, within Barclays PLC, Barclays Global Investors (BGI), its fund division, reported a 7 percent rise in pretax profit to £388 million. BGI reported $2,013 billion (US$) of assets under management, an increase of $199 billion from $1,814 billion reported at year end 2006.

- Income Statement: As of June 30, 2007, Barclays PLC reported a before tax profit of £4.1 billion, a 12 percent increase from £3.7 billion reported for the same period in 2006.

- Balance Sheet: As of June 30, 2007, Total Assets for Barclays PLC are £1,158 billion, increased from £996.8 billion at year-end 2006. Total Liabilities reported were £1,130 billion, up 16 percent from £969.4 billion at year-end 2006.

- Cash Flow: As of June 30, 2007, cash and cash equivalents totaled £37,885 million, an increase of 22 percent from the £30,952 million reported at year-end 2006.

- Capitalization: Based on the FRB's definition, as of June 30, 2007, Barclays' reported "Tier 1" ratio of 7.7 percent significantly exceeds the regulatory standard of at least 4 percent required to be considered well-capitalized. This is improved from the 7.2 percent rating reported for the same period in 2006.

Dun & Bradstreet Credit Score Class: 3 (average risk), unchanged from the previous quarter.

Stock Performance: After reaching a 52-week high of $62.68 on June 29, 2007, the price of Barclays PLC American Depository Receipts (ADR's) as of December 31, 2007, was $40.37.

Significant Events: On November 27, 2007, Barclays announced that its nine-month earnings were underpinned by robust performances at its international retail and commercial banking units. The bank is scheduled to report full-year earnings for 2007 results on February 19, 2008. It does not report quarterly profit figures.

On November 15, 2007, Barclays disclosed write-downs from subprime lending and the related credit crunch, taking a charge of 1.3 billion pounds ($2.7 billion), a far lower provision that rumors in the market had suggested. Barclays reported the write-offs were "conservative" and taken from July to October and stem from a combination of the impact of rating agency downgrades on a broad range of collateralized debt obligations and the subsequent market downturn.

On October 5, 2007, Barclays withdrew its offer for ABN Amro, leaving the Royal Bank of Scotland and its partners to claim victory with a $101 billion bid. Barclays said it was throwing in the towel after not enough shareholders accepted the offer.

Risk Mitigation: The TSP assets in the four investment funds managed by BGI are not at risk should BGI cease operations. These assets are held in commingled trust funds, which cannot be accessed by Barclays' creditors. In the event of bankruptcy by Barclays, the actual securities could be transferred by the Agency to another investment manager. There is a risk during the transition period that the TSP might be unable to invest and disinvest participants' money in a timely fashion. Additionally, there may be transaction costs associated with transferring the assets to another investment manager, but this risk is mitigated by the terms of the current contract with Barclays, which provides for the transfer in kind of the TSP assets.

Barclays PLC
Statement of Cash Flows
(in £ millions)
2007, 2006, and 2005

	06/30/07 Unaudited	12/31/06	06/30/06 Unaudited	12/31/05
Net cash (outflow)/inflow from operating activities	2,729	10,047	9,030	3,649
Net cash outflow from investing activities	3,990	(1,154)	(1,338)	(5,292)
Net cash inflow from financing activities	410	692	1,266	1,083
Net gain on exchange rate changes on cash and cash equivalents	(196)	562	(386)	(237)
Net (decrease)/increase in cash and cash equivalents	6,933	10,147	8,572	(797)
Cash and cash equivalents - beginning of the period***	£ 30,952	20,805	20,805	21,602
Cash and cash equivalents - end of the period	£ 37,885	£ 30,952	£ 29,377	£ 20,805

*** Barclays disclosed in their 2005 annual report that the 2005 opening cash and cash equivalents balance has been adjusted by 7.1 billion GBP to reflect the application of IAS 32 and IAS 39.

Barclays PLC
Income Statement
(in £ millions)
2007, 2006, and 2005

	06/30/07 Unaudited	12/31/06	06/30/06 Unaudited	12/31/05
Interest income	12,037	21,805	10,544	17,232
Interest expense	(7,448)	(12,662)	(6,140)	(9,157)
Net interest income	4,589	9,143	4,404	8,075
Fee and commission income	4,292	8,005	4,077	6,430
Fee and commission expense	(480)	(828)	(425)	(725)
Net fee and commission income	3,812	7,177	3,652	5,705
Net trading income	2,811	3,614	2,201	2,321
Net investment income	396	962	374	858
Principal transactions	3,207	4,576	2,575	3,179
Net premiums from insurance contracts	442	1,060	510	872
Other operating income	100	214	61	147
Total income	12,150	22,170	11,202	17,978
Net claims and benefits paid on insurance contracts	(248)	(575)	(233)	(645)
Total income net of insurance claims	11,902	21,595	10,969	17,333
Impairment charges	(959)	(2,154)	(1,057)	(1,571)
Net income	10,943	19,441	9,912	15,762
Operating expenses excluding amortization of intangible assets	(6,760)	(12,538)	(6,206)	(10,448)
Amortization of intangible assets	(87)	(136)	(63)	(79)
Operating Expenses	(6,847)	(12,674)	(6,269)	(10,527)
Share of post-tax results of associates and joint ventures	-	46	30	45
Profit on disposal of subsidiaries, associates and joint ventures	5	323	-	-
Profit before tax	4,101	7,136	3,673	5,280
Tax	(1,158)	(1,941)	(1,072)	(1,439)
Profit after tax	**£ 2,943**	**£ 5,195**	**£ 2,601**	**£ 3,841**
Profit attributable to minority interests	309	624	294	394
Profit attributable to equity holders of the parent	2,634	4,571	2,307	3,447
	£ 2,943	**£ 5,195**	**£ 2,601**	**£ 3,841**

Switch & Data

General Information: Switch & Data provides data center hosting services for the TSP at two sites. The TSP's primary data center operates out of Switch and Data's Reston, VA facility under contract with SI International. The Agency has a direct contract with Switch and Data for the Pittsburgh, PA facility that houses our backup data center. The Switch and Data lease for the Reston facility was renewed in late 2006 for five years with an option to renew further. Their Pittsburgh lease extends through 2015.

Assessment: On February 8, 2007, Switch & Data completed an initial public offering (IPO) resulting in gross proceeds of $153 million. Net proceeds, after underwriting discounts and commissions and other costs related to the offering, were $139.3 million.

Current Financial Condition: In their SEC filing for the nine month period ended September 30, 2007, Switch & Data reported long-term debt of $35.4 million, substantially reduced from $140 million reported at year-end December 31, 2006.

- Income Statement: For the first nine months of 2007, Switch & Data reported Revenues of $100 million, a 22 percent increase from $82 million reported for the same period in 2006. Total costs and operating expenses increased to $96.8 million for the nine month period of 2007, a 20 percent increase over $80.9 million reported for the same period in 2006. Operating income continues to improve in the third quarter to $3.2 million from $1 million and a $3.2 million net loss was reported compared to the net loss of $10 million for the same period in 2006.

- Balance Sheet: As of September 30, 2007, Switch & Data reported Total Assets of $214.5 million, a 41 percent increase from $152 million at year-end 2006. Total Liabilities of $94.6 million were reported, a 45 percent decrease from $172 million reported at year-end 2006.

- Cash Flow: As of September 30, 2007, cash and cash equivalents totaled $45.9 million, a significant increase from $3.7 million at year-end 2006.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) improved to 2.3 as of September 30, 2007, from 0.61 at year-end 2006.

- Leverage: Through September 30, 2007, Total Liabilities as a percent of Total Assets improved to 44 percent from 113 percent reported at year-end 2006.

Stock Performance: The price of Switch and Data shares as of December 31, 2007, was $16.02 decreased from its initial public offering price of $17.00 per share and down from its 52-week high of $22.00, also on February 8, 2007.

Dun & Bradstreet Credit Score Class: 2 (slight risk), improved from 3 (average risk) from the previous quarter.

Lawsuit Issues: As reported in the previous quarter, one case has been paid and dismissed and two ongoing cases continue with respect to disputes from alleged breaches of abandoned lease agreements. One of these was a suit filed in West Palm Beach, Florida in May 2002, where the plaintiff sought damages of approximately $29.7 million. The SEC filing for the quarter ended June 30, 2007 disclosed that Switch and Data paid an agreed upon $3 million (disclosed in an April 26, 2007 SEC filing) previously accrued to settle the case. An amount of $2.6 million in excess of the $500,000 accrued in 2004 was included in the income statement as a lease litigation settlement for six months ended June 30, 2007.

Two pending lawsuits remain unchanged. One lawsuit was filed in Milwaukee, Wisconsin on May 31, 2006. In the suit, the plaintiff is seeking damages of $4.4 million in a breach of contract claim from 2000. In a second suit filed in New Orleans, Louisiana in October 2001, the plaintiff seeks damages of $3.6 million.

Significant Events: None.

Risk Mitigation: There is some operational risk to the TSP should Switch & Data fail, because of our dependence on it for both our primary data center in Reston VA under the SI contract and the backup facility in Pittsburgh under direct contract with the Agency. If Switch and Data ceased operations in the Reston facility, SI would be required by our contract with them to find an alternate way to provide those services to us because they would still have that responsibility.

If Switch & Data closed the Pittsburgh center, we would need to move our backup facility to a different data center. We could take one of two actions. We could split the primary and backup data centers between two contractors. To do so, we would need to do a competitive procurement and state the requirement for independent contractors for the two sites in an RFP. This would in effect provide notice to Switch and Data that they would not be able to compete for the second data center. An alternative would be to take the same approach as we did with the Clintwood call center, and create one data center as a Government Owned Contractor Operated (GOCO) facility. Although it is considerably more work from a contracting and operations perspective, this would give us the ability to continue operations by either issuing a letter contract to another data center contractor to operate the facility or to operate it ourselves (taking on the people as temporary employees).

We are continuing to monitor the Company's long-term viability, which includes periodic site visits and dialogue with onsite personnel to ascertain the condition and use of facilities, and timeliness of payrolls. At the same time we are researching other potential hosting companies/sites.

Switch & Data
Income Statement
(in thousands)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
Revenues	100,033	111,831	81,952	105,414
Cost and operating expenses				
Cost of revenues, exclusive of depreciation and amortization	52,506	60,405	44,562	54,800
Sales and marketing	11,703	12,324	9,227	9,846
General and administrative	11,397	10,374	7,907	9,568
Depreciation and amortization	18,624	23,485	17,366	30,206
Lease litigation settlement	2,600	-	-	-
Asset impairment	-	2,193	1,841	2,140
Total costs and operating expenses	96,830	108,781	80,903	106,560
Operating income	3,203	3,050	1,049	(1,146)
Interest income	1,229	77	71	106
Interest expense	(4,885)	(14,812)	(10,764)	(9,356)
Loss from debt extinguishment	(2,809)	-	-	(769)
Other income (expense), net	(276)	(36)	(60)	166
Income (loss) from continuing operations before minority interest and income taxes	(3,538)	(11,721)	(9,704)	(10,999)
Provision for income taxes	(118)	-	56	(69)
Loss from continuing operations	(3,656)	(11,721)	(9,648)	(11,068)
Income (loss) from discontinued operations	389	-	(411)	(206)
Net loss	**(3,267)**	**(11,721)**	**(10,059)**	**(11,274)**
Preferred stock accretions and dividends	(227,522)	(13,530)	(10,054)	(33,691)
Net loss, attribuable to common shareholders	(230,789)	(25,251)	(20,113)	(44,965)

Switch & Data
Balance Sheet
(in thousands)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
Assets				
Current assets				
Cash and cash equivalents	45,862	3,671	4,027	10,417
Accounts receivable, net of allowance for bad debts	7,039	7,516	8,007	6,927
Prepaid and other assets	2,129	1,219	1,464	1,070
Total Current assets	55,030	12,406	13,498	18,414
Property and equipment, net	95,870	65,947	66,543	64,763
Derivative asset	-	560	524	101
Goodwill	36,023	36,023	36,023	36,023
Other intangible assets, net	25,084	29,936	32,121	38,231
Other long-term assets, net	2,538	7,184	6,864	5,690
Total assets	214,545	152,056	155,573	163,222
Liabilities, Redeemable Preferred Stock and Shareholders' Deficit				
Current liabilities				
Accounts payable and accrued expenses	15,183	13,049	15,457	15,345
Current portion of unearned revenue	3,364	2,054	1,563	1,064
Current portion of deferred rent	323	368	317	230
Current portion of customer security deposits	943	790	886	916
Current portion of long-term debt	3,750	4,125	2,375	781
Total current liabilities	23,563	20,386	20,598	18,336
Derivative liability	58	-	-	8
Unearned revenue, less current portion	1,413	951	746	560
Deferred rent, less current portion	12,099	10,549	9,906	8,596
Customer security deposits, less current portion	101	285	194	282
Long-term debt, less current portion	35,376	140,031	142,375	144,156
Capital lease obligation	21,995	-	-	-
Total liabilities	94,605	172,202	173,819	171,938
Series C redeemable preferred stock	-	14,376	14,376	14,376
Series B convertible preferred stock	-	179,798	176,322	166,268
Commitments and contingencies				
Shareholders' deficit				
Common stock (Successor)	3	-	-	-
Preferred Stock (Successor)	-	-	-	-
Common Stock (Predecessor)	-	4	4	4
Series B Common Stock	-	7	7	7
Series D-2 preferred stock	-	5	5	2
Unearned stock compensation	(38)	(137)	(201)	(403)
Additional paid in capital	338,060	-	-	-
Accumulated deficit	(219,972)	(214,971)	(209,834)	(189,721)
Accumulated other comprehensive income	1,887	772	1,075	751
Total shareholders' equity (deficit)	119,940	(214,320)	(208,944)	(189,360)
Total Liabilities, Preferred Stock and Shareholders' Deficit	**214,545**	**152,056**	**155,573**	**163,222**
CURRENT RATIO: Current Assets/Current Liabilities	2.34	0.61	0.66	1.00
LEVERAGE: Total Liabilities/Total Assets	44.10%	113.25%	111.73%	105.34%

Switch & Data
Statement of Cash Flows
(in thousands)

	09/30/07 Unaudited	**12/31/06**	**09/30/06** Unaudited	**12/31/05**
Net cash provided by operating activities	26,174	16,991	11,321	25,333
Net cash used in investing activities	(20,167)	(21,073)	(16,770)	(41,516)
Net cash provided by financing activities	36,011	(2,663)	(958)	12,875
Net increase in cash and cash equivalents	42,018	(6,745)	(6,407)	(3,308)
Effect of exchange rate charges on cash	173	(1)	17	18
Cash and cash equivalents - beginning of the period	3,671	10,417	10,417	13,707
Cash and cash equivalents - end of the period	45,862	3,671	4,027	10,417

R.R. Donnelley & Sons

General Information: R.R. Donnelley & Sons of Chicago, IL was awarded the contract for bulk mailing services in March 2006. These services include printing and mailing Agency documents, education, and marketing materials to participants, beneficiaries, and third parties.

Assessment: R.R. Donnelley was ranked number one in the publishing and printing industry with a Fortune 500 ranking of 271 in 2007 and over 3,000 accounts throughout the United States, Europe, Mexico, South America, and China. There is no indication at this time that it will be unable to meet its contractual obligations to the TSP.

Current Financial Condition: Net sales for the first nine months of 2007 increased to $8,498.9 million, (an increase of 24 percent), from $6,849.1 million during the same period in 2006. Approximately 86 percent ($1.4 billion) of the increase was due to sales from the acquired facilities of Banta, Perry Judd's, OfficeTiger, and Von Hoffmann and 5 percent ($87.4 million) resulted from changes in foreign exchange rates.

- Income Statement: For the first nine months of 2007, the Company reported net earnings of $244.4 million, a decrease of 39 percent from the $401.8 million reported for the same period in 2006. The decrease is attributed to non-cash pre-tax charges reflecting the write-off of the "Moore Wallace", "OfficeTiger", and other trade names, intangible assets, higher depreciation, and amortization expense.

- Balance Sheet: As of September 30, 2007, $12.4 billion of Total Assets were reported, an increase of 27 percent from $9.6 billion reported at year-end 2006. Total Liabilities of $8.3 billion were reported, a 46 percent increase from $5.5 billion reported at year-end 2006.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) for the quarter is 1.3, decreased from 1.6 reported at year-end 2006.

- Cash Flow: As of September 30, 2007, the company reported cash and cash equivalents of $343 million, a 62 percent increase from the $211.4 million reported at year-end 2006.

- Leverage: As of September 30, 2007, Total Liabilities were about 67 percent of Total Assets, increased from 57 percent at year-end 2006.

Dun & Bradstreet Credit Score Class: 1 (lowest risk), unchanged from the previous quarter.

Stock Performance: The R.R. Donnelley & Sons closing share price on December 31, 2007 was $37.74 down from its 52-week high of $45.25 on July 19, 2007.

Significant Events: On October 24, 2007, R.R. Donnelley announced it was awarded a multi-year contract to produce 100 percent of News America Marketing SmartSource Magazine, a branded standing insert. No contract value was given, but this contract increases the supply position for R.R. Donnelley from 50 percent to 100 percent. It also extends existing agreements to provide 100 percent of the associated premedia and logistics services for this nationwide program.

On October 16, 2007, R.R. Donnelley announced that it had signed a definitive agreement to acquire Cardinal Brands, Inc., a privately-owned designer, developer, and manufacturer of document related business, consumer and hobby products, for a purchase price of $130 million before reduction for repayment of indebtedness, retirement of preferred stock and other items. The completion of this all cash deal, subject to customary closing conditions, including regulatory approval, was announced on December 28, 2007.

Risk Mitigation: The current TSP contract was effective on March 20, 2006. The Agency has received R.R. Donnelley's business continuity plan for the Moore Wallace facility and is continuing to refine the plan with R.R. Donnelley. If there were a disaster at the facilities currently producing our notices or statements, R.R. Donnelley would move that work from the affected facility to one or more of its other business sites.

R R Donnelley & Sons
Income Statement
(in millions)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
Net sales	$ 8,498.9	$ 9,316.6	$ 6,849.3	$ 8,430.2
Cost of Sales (excludes Depreciation & Amoritization shown below)	6,218.2	6,798.9	4,966.2	6,090.3
Selling, General & Administrative Expenses	976.7	1,097.6	805.8	1,044.7
Restructuring and Impairment Charges - net	361.8	206.1	37.8	419.8
Depreciation & Amortization	443.7	463.3	345.0	425.0
Total Operating Expenses	8,000.4	8,565.9	6,154.8	7,979.8
Income from Continuing Operations	498.5	750.7	694.5	450.4
Interest Expense - net	167.9	139.0	105.7	110.7
Investment and Other Income (expense) - net	2.3	(10.4)	(4.0)	(7.9)
Earnings from Continuing Operations before Income Taxes and Minority Interest	332.9	601.3	584.8	331.8
Income Tax Expense	85.5	196.0	182.1	237.4
Minority Interest	2.9	2.7	(1.0)	(1.2)
Net Earnings from Continuing Operations	244.5	402.6	403.7	95.6
Income (loss) from Discontinued Operations, net of tax	(0.1)	(2.0)	(1.9)	41.5
Net Earnings	**$ 244.4**	**$ 400.6**	**$ 401.8**	**$ 137.1**

R R Donnelley & Sons
Balance Sheet
(in millions)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
ASSETS				
Cash and cash equivalents	$ 343.0	$ 211.4	$ 250.7	$ 366.7
Restricted cash equivalents	59.6	-	-	-
Receivables, less allowance for doubtful accounts	2,160.6	1,638.6	1,654.9	1,529.1
Inventories, net	710.2	501.8	552.6	481.4
Prepaid expenses and other current assets	94.5	70.4	80.6	67.5
Deferred income taxes	126.1	94.8	144.8	177.0
Total Current Assets	3,494.0	2,517.0	2,683.6	2,621.7
Property, plant and equipment net	2,646.9	2,142.3	2,126.3	2,138.6
Goodwill	3,740.9	2,886.8	2,985.8	2,750.7
Other intangible assets net	1,329.9	1,119.8	1,145.0	1,094.3
Prepaid pension cost	771.9	638.6	518.8	514.1
Other noncurrent assets	419.3	331.3	304.9	254.3
Total Assets	**12,402.9**	**9,635.8**	**9,764.4**	**9,373.7**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Accounts payable	968.4	749.1	721.4	718.1
Accrued liabilities	1,125.8	839.2	854.0	826.9
Short-term and current portion of long-term debt	693.3	23.5	255.4	269.1
Total Current Liabilities	2,787.5	1,611.8	1,830.8	1,814.1
Long-term debt	3,602.5	2,358.6	2,358.0	2,365.4
Postretirement benefits	306.1	288.0	331.5	330.6
Deferred income taxes	779.3	604.1	584.9	596.8
Other noncurrent liabilities	774.9	645.4	608.9	541.2
Liabilities of discontinued operations	2.8	3.2	3.5	1.4
Total Liabilities	**8,253.1**	**5,511.1**	**5,717.6**	**5,649.5**
SHAREHOLDERS EQUITY				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,850.0	2,871.8	2,859.3	2,888.2
Retained earnings	1,662.0	1,615.0	1,672.7	1,439.4
Accumulated other comprehensive loss	202.5	62.1	(39.9)	(90.2)
Unearned compensation	-	-	-	(44.9)
Treasury stock, at cost	(868.4)	(727.9)	(749.0)	(772.0)
Total Shareholders Equity	**$ 4,149.8**	**$ 4,124.7**	**$ 4,046.8**	**$ 3,724.2**
Total Liabilities and Shareholders Equity	**12,402.9**	**9,635.8**	**9,764.4**	**9,373.7**
CURRENT RATIO: Current Assets/Current Liabilities	1.25	1.56	1.47	1.45
LEVERAGE: Total Liabilities/Total Assets	66.5%	57.2%	58.6%	60.3%

R. R. Donnelley & Sons
Statement of Cash Flows
(in millions)

	09/30/07 Unaudited	**12/31/06**	**09/30/06** Unaudited	**12/31/05**
Net cash provided by operating activities from continuing operations	$782.2	$903.5	$566.1	$947.5
Net cash used in investing activities	(2,228.2)	(608.4)	(500.3)	(1,602.5)
Net cash provided by financing activities	1,559.0	(457.8)	(187.9)	378.5
Effect of exchange rate charges on cash	18.6	7.4	6.1	1.4
Net increase in cash and cash equivalents	131.6	(155.3)	(116.0)	(275.1)
Cash and cash equivalents - beginning of the period	211.4	366.7	366.7	641.8
Cash and cash equivalents - end of the period	343.0	211.4	250.7	366.7

MetLife

General Information: Metropolitan Life Insurance Company (MetLife) has been the annuity provider to the Thrift Savings Plan since 1987. The contract is competitively bid every five years. In January 2006, MetLife was reawarded the TSP annuity provider contract.

Assessment: MetLife is a leading provider of insurance and financial services with operations throughout the United States and Latin America, Europe, and Asia. MetLife reaches more than 70 million customers around the world and is the largest life insurer in the United States, based on life insurance in force. MetLife's current financial position is strong and there is no indication at this time that MetLife will be unable to meet its contractual obligations to the TSP.

Current Financial Condition: MetLife reported Total Revenues of $39.2 billion for the first nine months of 2007, up 11 percent from $35.4 billion for the same period in 2006.

- Income Statement: For the first nine months of 2007, the company reported Net Income of $3.2 billion, an increase of 32 percent from the $2.4 billion reported for the same period in 2006.

- Balance Sheet: As of September 30, 2007, Total Assets of $536 billion were reported, a 7 percent increase from $527.7 billion reported at year-end 2006. Total Liabilities reported were $528 billion, a 7 percent increase from the $493.9 billion reported at year-end 2006.

- Cash Flow: As of September 30, 2007, the company reported cash and cash equivalents of $8.6 billion, a 21 percent increase from the $7.1 billion reported at year-end 2006.

- Leverage: As of September 30, 2007, Total Liabilities reported were about 94 percent of Total Assets, unchanged from year-end 2006.

- Current Ratio: N.A. (MetLife does not present current assets and current liabilities in its balance sheet presentation).

- Company Ratings: As of March 1, 2007, the time of its 2006 annual filing with the SEC, MetLife reported its insurer financial strength ratings as follows:

Rating Agency	*Rating*	*Descriptor*
A.M. Best Company	A+	Superior
Fitch Ratings	AA	Very Strong
Moody's Investor Services	Aa2	Excellent
Standard & Poor's	AA	Very Strong

Dun & Bradstreet Credit Score Class: 1 (low risk), improved from 2 (slight risk) reported in the previous quarter.

Stock Performance: The MetLife closing share price on December 31, 2007, was $61.62, down from its 52-week high of $71.23 on October 5, 2007.

Significant Events: None.

Risk Mitigation: The company ratings show that MetLife continues to have adequate reserves to pay all annuities into the future. It is the Board's practice to select only annuity providers that meet those standards. By requiring that providers be licensed to do business in all 50 states and the District of Columbia, we ensure that state insurance funds would be available to reimburse annuitants should a loss occur and that the provider would meet the most stringent state regulations.

MetLife, Inc
Income Statement
(in millions)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
Revenues				
Premiums	20,612	26,412	19,433	24,860
Universal life and investment type product policy fees	3,902	4,780	3,548	3,828
Net investment income	14,059	17,192	12,522	14,817
Other revenues	1,159	1,362	1,002	1,271
Net investment gains (losses)	(546)	(1,350)	(1,094)	(93)
Total Revenues	39,186	48,396	35,411	44,683
Expenses				
Policyholder benefits and claims	20,647	26,431	19,448	25,506
Interest credited to policyholder account balances	4,300	5,246	3,785	3,925
Policyholder dividends	1,289	1,701	1,268	1,679
Other expenses	8,487	10,797	7,782	9,267
Total Expenses	34,723	44,175	32,283	40,377
Income from continuing operations before provision for income taxes	4,463	4,221	3,128	4,306
Provision for income taxes	1,295	1,116	846	1,228
Income from continuing operations	3,168	3,105	2,282	3,078
Income from discontinued operations, net of income taxes	31	3,188	148	1,636
Net income	3,199	6,293	2,430	4,714
Preferred stock dividends	102	134	100	63
Net income available to common shareholders	3,097	6,159	2,330	4,651

MetLife, Inc.
Balance Sheet
(in millions)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
ASSETS				
Investments:				
Fixed maturities	252,372	241,928	242,356	230,050
Trading securities	824	759	780	825
Equity securities	6,250	5,094	3,177	3,338
Mortgage and consumer loans	44,849	42,239	40,141	37,190
Policy loans	10,321	10,228	10,115	9,981
Real estate and real estate joint ventures held for investment	6,359	4,978	4,422	3,910
Real estate held for sale	1	8	509	755
Other limited partnership interests	5,371	4,781	4,686	4,276
Short term investments	1,727	2,709	5,839	3,306
Other invested assets	11,258	10,428	9,194	8,078
Total investments	339,332	323,152	321,219	301,709
Cash and cash equivalents	8,627	7,107	5,924	4,018
Accrued investment income	3,952	3,347	3,380	3,036
Premiums and other receivables	16,549	14,490	14,494	12,186
Deferred policy acquisition costs	21,310	20,838	20,565	19,641
Current income tax recoverable	-	-	170	-
Assets of subsidiaries held for sale	-	1,563	-	-
Goodwill	4,909	4,897	4,916	4,797
Other assets	7,719	7,956	8,244	8,389
Separate account assets	160,679	144,365	137,274	127,869
Total Assets	**563,077**	**527,715**	**516,186**	**481,645**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Future policy benefits	131,126	127,489	125,614	123,204
Policyholder account balances	138,900	131,948	131,898	128,312
Other policyholder funds	10,345	9,139	9,100	8,331
Policyholder dividends payable	1,045	960	1,004	917
Policyholder dividend obligation	630	1,063	1,077	1,607
Short term debt	1,880	1,449	1,706	1,414
Long term debt	12,636	9,979	10,711	9,489
Junior subordinated debt securities	3,780	3,780	2,134	2,533
Shares subject to mandatory redemption	279	278	278	278
Liabilities of subsidiaries held for sale	-	1,595	-	-
Current income taxes payable	333	1,465	-	69
Deferred income taxes payable	1,323	2,278	2,319	1,706
Payables for collateral under securities loaned and other transactions	49,283	45,846	48,082	34,515
Other liabilities	16,092	12,283	13,379	12,300
Separate account liabilities	160,679	144,365	137,274	127,869
Total Liabilities	**528,331**	**493,917**	**484,576**	**452,544**
SHAREHOLDERS EQUITY				
Preferred stock	1	1	1	1
Common stock	8	8	8	8
Additional paid in capital	17,522	17,454	17,397	17,274
Retained earnings	19,342	16,574	13,195	10,865
Treasury stock, at cost	(2,183)	(1,357)	(878)	(959)
Accumulated other comprehensive income (loss)	56	1,118	1,887	1,912
Total Shareholders Equity	**34,746**	**33,798**	**31,610**	**29,101**
Total Liabilities and Shareholders Equity	**563,077**	**527,715**	**516,186**	**481,645**
LEVERAGE: Total Liabilities/Total Assets	93.8%	93.6%	93.9%	94.0%
DEBT to SHAREHOLDER EQUITY: Total Liabilities/Sholder Equity	15.21	14.61	15.33	15.55

MetLife, Inc.
Statement of Cash Flows
(in millions)

	09/30/07 Unaudited	12/31/06	09/30/06 Unaudited	12/31/05
Net cash provided by operating activities from continuing operations	6,922	6,600	5,876	8,019
Net cash used in investing activities	(15,788)	(18,886)	(20,938)	(22,617)
Net cash provided by financing activities	10,386	15,375	16,968	14,510
Change in cash and cash equivalents	1,520	3,089	1,906	(88)
Cash and cash equivalents - beginning of the period	7,107	4,018	4,018	4,106
Cash and cash equivalents - end of the period	8,627	7,107	5,924	4,018

The Active Network, Inc.

General Information: The Active Network, Inc. purchased the InfoSpherix division from Spherix in August 2007. The Active Network has confirmed its commitment to operate the call center in Cumberland, MD (and at its new building in Frostburg, MD) for the Plan under the original terms of the Spherix contract.

As a privately held firm, The Active Network is not required to make its financial statements publicly available, but has agreed to provide them to the Agency under a non-disclosure agreement.

The Company's application services are used by event organizers, parks and recreation department administrators, and sports league administrators to provide online registration, transaction processing, and data management. The Company markets its products and services in North America, Europe, and Australia/New Zealand. About 99 percent of its sales are in the United States and Canada. Revenues consist of fees received for registration services, software licensing, software maintenance, subscription revenues related to hosting arrangements, and marketing services.

Assessment: The Active Network, Incorporated was founded in 1998 and has shown a pattern of rapid growth through acquisition. During the period 2004-2006, the Company was ranked as one of the fastest growing technology companies by Deloitte & Touche and recognized as one of the fastest growing private companies in the United States by Inc. magazine.

These acquisitions have strengthened The Active Network's presence in such business segments as sports marketing, online registration, data management, and tee time reservations; however, it remains to be seen whether the Company can achieve and sustain long-term profitability. We will continue to monitor The Active Network's financial data to ensure they remain able to fulfill the terms of the call center contract.

Stock Performance: None. The Active Network, Inc. is a privately held firm.

Dun & Bradstreet Credit Score Class: 3 (moderate growth)
Significant Events: None.

Risk Mitigation: If the Active Network were unable to operate the Cumberland, MD call center, the SI call center in Clintwood, VA could handle all calls pending establishment of a new call center. The Agency intends to recompete this contract during FY 2008.