



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

January 13, 2012

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: JAMES B. PETRICK *JBP*
CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY
VENDORS – JANUARY 2012

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 Serco Group, BlackRock Inc., Equinix Inc., R.R. Donnelley & Sons, MetLife Inc., and The Active Network, Inc. For the first time, we are including SunGard since it is a critical sub-contractor to Serco.

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 available data for the period through September 30, 2011. 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 profitability. Then, we look for significant changes from prior to current periods to identify trends that may require further explanation. For comparative purposes, we have included information from the first nine months of 2011, year-end 2010, the first nine months of 2010, and year-end 2009.

2. Dun & Bradstreet Credit Score:

We continue our 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 credi-

tors 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, mergers and acquisitions, 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

Serco Services Inc. (a subsidiary of Serco Group plc)

General Information: Serco Group plc is a business services company based in Hook, North Hampshire in the United Kingdom. In 2005, Serco acquired Resource Consultants Inc. (RCI), which expanded its capabilities in IT services, systems engineering, strategic consulting and human resource-focused business process management. In 2008, Serco acquired SI International, further broadening its capabilities in IT and professional services in North America and gaining new US government relationships. Serco now employs more than 11,500 people in over 100 locations across North America.

Serco Services Inc. is the prime contractor for managing both FRTIB data centers, operating and maintaining the information technology (IT) components of the TSP record keeping system, providing incoming mail, data entry and imaging support, and operating the Clintwood Call Center. Serco Services Inc. also administers the accounting, court ordered payments, death benefits, and payroll office liaison functions. Serco Services Inc. relies on subcontracting support as follows: ICF International (formerly Jacob and Sundstrom, Inc.) for systems programming and network engineering support for both our primary and secondary data centers; and SunGard for TSP record keeping support and maintenance of our core record keeping capabilities contained in its commercial-off-the-shelf proprietary software packages.

Assessment: Since the beginning of the financial year, Serco Group has been awarded £1.9 billion of contracts, comprising signed contracts valued at £4.2 billion and preferred bidder appointments valued at £0.2 billion. Serco Group continues to be a profitable and growing company. Serco Services Inc. has an extensive portfolio of Federal government contracts, and now serves all branches of the U.S. military, numerous civilian agencies and the intelligence community. We find no indication that Serco Services Inc. is unable to fulfill its contractual obligations to the TSP.

Current Financial Condition: Serco Group plc (Serco) provides financial results as of June 30 and December 31 of each year. We include available results below.

- **Income Statement:** For the six-month period ending June 30, 2011, Serco Group plc reported revenues of £2.2 billion, an increase of 5 percent from the £2.1 billion reported in the same period of 2010. Net profit through June 30, 2011 was £82.2 million, an increase of 10 percent from the £74.4 million reported in the first six months of 2010.
- **Balance Sheet:** At June 30, 2011, Total Assets were £2.7 billion, an increase of £0.2 billion from the £2.5 billion reported at year-end 2010. Total Liabilities were £1.8 billion, an increase of £0.1 billion from the £1.7 billion reported at year-end 2010.
- **Cash Flow:** At June 30, 2011, cash and cash equivalents totaled £305.0 million, an increase of £25.7 million from £279.3 million at year-end 2010.

- **Leverage:** At June 30, 2011, Total Liabilities as a percent of Total Assets remained flat at 67 percent from year-end 2010.
- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) increased to 1.2 from 1.1 reported at year-end 2010.

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score for Serco Services Inc. as a subsidiary of Serco Group plc, was 3, (moderate risk), unchanged from the credit score reported in the prior quarter.

Stock Performance: Serco Group plc's closing share price on December 30, 2011, was £474.00, down from its 52-week high of £618.50 on March 4, 2011. The 52-week low was £458.00 on December 14, 2011.

SAS 70/SSAE 16 Report: Not available.

Significant Events:

- December 21, 2011 – Serco was awarded a \$34 million indefinite delivery, indefinite quantity (ID/IQ) contract to provide engineering, testing, and support services to the U.S. Navy Space and Naval Warfare Systems Command (SPAWAR).
- December 7, 2011 – Serco was awarded a \$47 million ID/IQ contract to provide Manpower, Personnel, Training and Education (MPTE) planning support, policy and program analysis, financial program management, and training solutions for the U.S. Navy.

Risk Mitigation: Should Serco Services Inc. cease operations, we could issue letter contracts (an agreement to be negotiated at a later point) on an emergency basis to: a) ICF International to continue systems programming and possibly expand support to data center operations, and; b) SunGard to continue incoming mail, data entry, and other operations to maintain the TSP record keeping system, accounting, legal, and Agency interface operations.

If Serco Services Inc. were unable to operate the Virginia call center, The Active Network, Inc.'s call center in Maryland could serve as a temporary backup. The Agency is continuing to develop the requirements for a new statement of work (SOW) for the re-competition of Serco IT record keeping services. We have engaged a contractor, ASI Government, Inc., to assist in the development of the requirements and solicitation process for re-competition of this contract. We are currently planning to conduct the competition in CY 2012.

Serco Group
Income Statement
(In £ millions)

	Six Months Ended	12/31/2010	Six Months Ended	6/30/2010	12/31/2009
	Unaudited	Audited	Unaudited	Audited	
Revenue	2,245.8	4,326.7	2,140.3	3,970.0	
Cost of sales	1,912.8	3,682.4	1,824.2	3,383.2	
Gross profit	333.0	644.3	316.1	586.8	
Administrative expenses	199.2	385.6	191.7	357.1	
Adjusted operating profit	133.8	258.7	124.4	229.7	
Other expenses – amortization of intangibles arising on acquisition	8.4	17.4	8.8	17.6	
Other expenses – acquisition-related costs	3.4	-	-	-	
Total administrative expenses	11.8	17.4	8.8	17.6	
Operating profit	122.0	241.3	115.6	212.1	
Investment revenue	5.3	3.9	1.6	2.7	
Finance costs	15.5	31.3	15.8	37.7	
Profit before tax	111.8	213.9	101.4	177.1	
Tax	29.6	57.1	27.0	46.9	
Profit for the period	82.2	156.8	74.4	130.2	

**Serco Group
Balance Sheet
(In £ millions)**

	6/30/2011	12/31/2010	6/30/2010	12/31/2009
	Unaudited	Audited	Unaudited	Audited
Assets				
Current assets				
Cash and cash equivalents	305.0	279.3	313.8	319.4
Derivative financial instruments	15.2	3.9	4.1	1.4
Trade and other receivables	815.6	786.2	801.4	720.9
Current tax assets	3.9	4.0	2.9	-
Inventories	70.5	65.4	62.7	65.9
Total current assets	1,210.2	1,138.8	1,184.9	1,107.6
Non-current assets				
Goodwill	932.7	899.5	925.7	898.4
Other intangible assets	146.9	145.0	146.4	164.4
Property, plant and equipment	146.9	135.4	129.9	129.2
Trade and other receivables	201.9	156.7	206.5	181.4
Retirement benefit assets	14.9	-	-	-
Deferred tax assets	27.7	38.1	50.2	48.0
Derivative financial instruments	2.2	3.5	3.6	2.5
Total non-current assets	1,473.2	1,378.2	1,462.3	1,423.9
Total assets	2,683.4	2,517.0	2,647.2	2,531.5
Liabilities				
Current liabilities				
Trade and other payables	836.1	805.5	871.0	771.6
Current tax liabilities	9.9	19.5	19.0	14.1
Obligations under finance leases	9.0	7.1	7.3	6.0
Loans	147.0	159.5	105.9	110.7
Derivative financial instruments	4.8	2.4	5.6	5.5
Total current liabilities	1,006.8	994.0	1,008.8	907.9
Non-current liabilities				
Trade and other payables	28.6	22.2	21.8	23.1
Obligations under finance leases	17.1	19.3	19.1	18.0
Loans	457.1	354.6	498.3	543.2
Derivative financial instruments	0.9	5.2	2.8	1.7
Retirement benefit obligations	240.2	226.2	319.6	294.2
Provisions	37.2	39.6	41.0	42.3
Deferred tax liabilities	14.6	14.6	8.6	9.0
Total Long-term liabilities	795.7	681.7	911.2	931.5
Total liabilities	1,802.5	1,675.7	1,920.0	1,839.4
Equity				
Share capital	9.9	9.9	9.8	9.8
Share premium account	307.3	306.7	305.5	304.1
Capital redemption reserve	0.1	0.1	0.1	0.1
Retained earnings	625.4	568.5	496.8	444.1
Retirement benefit obligations reserve	(155.9)	(142.8)	(163.1)	(150.0)
Share-based payment reserve	63.6	58.7	54.4	49.6
Own shares reserve	(48.9)	(27.5)	(28.3)	(13.0)
Hedging and translation reserve	79.4	67.7	51.9	47.3
Equity attributable to equity holders of the parent	880.9	841.3	727.1	692.0
Non controlling interest	-	-	0.1	0.1
Total equity	880.9	841.3	727.2	692.1
Total liabilities and shareholders' equity	2,683.4	2,517.0	2,647.2	2,531.5
Current ratio: Current assets/Current liabilities	1.2	1.1	1.2	1.2
Leverage: Total liabilities/Total assets	67%	67%	73%	73%

Serco Group
Cash Flow Statement
(In £ millions)

	6/30/2011	12/31/2010	6/30/2010	12/31/2009
	Unaudited	Audited	Unaudited	Audited
Net cash inflow/(outflow) from operating activities	78.9	241.0	150.8	235.1
Net cash inflow/(outflow) from investing activities	(64.5)	(41.7)	(13.6)	(64.5)
Net cash inflow/(outflow) from financing activities	11.4	(247.5)	(145.5)	(96.7)
Change in cash and cash equivalents	25.8	(48.2)	(8.3)	73.9
Net exchange gain/(loss)	(0.1)	8.1	2.7	(5.3)
Cash and cash equivalents at beginning of period	279.3	319.4	319.4	250.8
Cash and cash equivalents at end of period	305.0	279.3	313.8	319.4

BlackRock, Inc

General Information: BlackRock, Inc. is one of the leading investment management companies in the U.S. The firm's products include a spectrum of fixed income and mutual funds, as well as investment tools, outsourcing and advisory services to institutional investors. The Company also offers risk management and investment technology services to insurance companies, finance companies, pension funds, foundations, REITs, commercial and mortgage banks, savings institutions and government agencies.

Assessment: As of September 30, 2011, BlackRock's assets under management total US\$3.345 trillion across equity, fixed income, cash management, alternative investment, real estate and advisory strategies. The company acquired Barclays Global Investors (BGI) in December 2009 under the BlackRock name, making it the largest money manager in the world. We find no indication that BlackRock is unable to fulfill its contractual obligations to the TSP.

Current Financial Condition:

- **Income Statement:** For the nine months ended September 30, 2011, BlackRock reported Total Revenue of \$6.9 billion which increased 12 percent from the \$6.1 billion reported for the same period in 2010. For the nine months ended September 30, 2011, the Company reported a Net Income of \$1.8 billion, up 27 percent from a Net Income of \$1.4 billion reported for the same period in 2010.
- **Balance Sheet:** As of September 30, 2011, Total Assets of \$174.3 billion were reported, a decrease of \$4.2 billion from the \$178.5 billion reported at year-end 2010. Total Liabilities reported were \$149.3 billion, down \$2.8 billion from the \$152.1 billion reported at year-end 2010.
- **Cash Flow:** As of September 30, 2011, the Company reported cash and cash equivalents of \$3.0 billion, a decrease of \$0.4 billion from the \$3.4 billion reported at year-end 2010.
- **Leverage:** As of September 30, 2011, Total Liabilities reported were 86 percent of Total Assets, compared to 85 percent at year-end 2010.
- **Current Ratio:** N.A. (BlackRock Inc. does not present current assets and current liabilities in its balance sheet presentation).

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 4 (higher risk) compared to a credit score of 3 (moderate risk) in the previous quarter.

Stock Performance: BlackRock Inc.'s closing share price on December 30, 2011, was \$178.24, down from its 52-week high of \$207.06 on May 3, 2011. The 52-week low was \$141.77 on October 3, 2011.

SAS 70/SSAE 16 Report: Deloitte & Touche's SAS-70 reported on the Service Auditor's Report on Controls Placed in Operation and Tests of Operating Effectiveness for Asset Management Services dated December 10, 2010. This report covers operations from December 1, 2009 through September 30, 2010, and identified no significant areas of concern to the TSP.

Significant Events:

- January 11, 2012 – BlackRock, Inc., Guggenheim Partners, LLC. ("Guggenheim"), and Claymore Investments, Inc. ("Claymore Canada") announced that BlackRock had entered into a definitive agreement to acquire Claymore Canada. Based in Toronto, Claymore is an independent Canadian subsidiary of Guggenheim Funds Services Group, a subsidiary of Guggenheim Partners, LLC.
- November 29, 2011 – BlackRock announced a quarterly cash dividend of \$1.375 per share of common stock, paid on December 23, 2011.
- In March 2011, the Company entered into a five-year \$3.5 billion unsecured revolving credit facility, which allows the Company to request an additional \$1.0 billion of borrowing capacity, subject to lender credit approval. The Company is required to maintain a leverage ratio¹ below 3 to 1, which was satisfied with a ratio of about 1 to 1 at September 30, 2011.
- In the third quarter of 2011, BlackRock continued to incur BGI integration costs. UK lease exit costs of two locations in London amounted to \$63 million while other BGI integration related expenses resulted in an additional \$90 million of costs.

Risk Mitigation: BlackRock manages the TSP's bond and equity funds. TSP assets are held in trust and cannot be accessed by BlackRock's creditors. The main risk to the TSP is that BlackRock's investment operations could be interrupted or terminated. There is a risk during the transition period, while the TSP acquires a successor investment manager, 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 BlackRock, which provides for the transfer in kind of the TSP assets.

¹ Ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less unrestricted cash.

BlackRock, Inc.
Income Statement
(in \$ millions)

	Nine Months Ended 09/30/11 Unaudited	12/31/10 Audited	Nine Months Ended 09/30/10 Unaudited	12/31/09 Audited
Revenue				
Investment advisory, administration fees and securities lending revenue				
Related parties	4,075	4,893	3,529	2,616
Other third parties	1,958	2,397	1,810	1,210
	<hr/>	<hr/>	<hr/>	<hr/>
Investment advisory, administration fees and securities lending revenue	6,033	7,290	5,339	3,826
Investment advisory performance fees	224	540	214	202
BlackRock Solutions and advisory	361	460	328	477
Distribution fees	78	116	89	100
Other revenue	158	206	149	95
Total revenue	<hr/>	<hr/>	<hr/>	<hr/>
	6,854	8,612	6,119	4,700
Expenses				
Employee compensation and benefits	2,425	3,097	2,256	1,802
Distribution and servicing costs				
Related parties	3	226	194	368
Other third parties	296	182	108	109
Amortization of deferred mutual fund sales commissions	63	102	79	100
Direct fund expenses	435	493	359	95
General and administration	1,074	1,354	945	779
Restructuring charges	117	-	-	22
Amortization of intangible assets	-	160	120	147
Total expenses	<hr/>	<hr/>	<hr/>	<hr/>
	4,413	5,614	4,061	3,422
Operating income	<hr/>	<hr/>	<hr/>	<hr/>
	2,441	2,998	2,058	1,278
Non-operating income (expense)				
Net gain (loss) on investments	18	179	117	42
Net gain (loss) on consolidated variable interest entities	(36)	(35)	(16)	-
Interest and dividend income	25	29	19	20
Interest expense	(128)	(150)	(115)	(68)
Total non-operating income (expense)	<hr/>	<hr/>	<hr/>	<hr/>
	(121)	23	5	(6)
Income before income taxes	2,320	3,021	2,063	1,272
Income tax expense	564	971	662	375
Net income	<hr/>	<hr/>	<hr/>	<hr/>
	1,756	2,050	1,401	897
Less: Net income (loss) attributable to redeemable non-controlling interests	-	3	2	2
Less: Net income (loss) attributable to nonredeemable non-controlling interests	(26)	(16)	(7)	20
Net income attributable to BlackRock, Inc.	<hr/>	<hr/>	<hr/>	<hr/>
	1,782	2,063	1,406	875

BlackRock, Inc.
Balance Sheet
(In \$ millions)

	09/30/11 Unaudited	12/31/10 Audited	09/30/10 Unaudited	12/31/09 Audited
Assets				
Cash and cash equivalents	2,983	3,367	2,636	4,708
Accounts receivable	2,073	2,095	2,052	1,718
Due from related parties	145	150	168	189
Investments	1,525	1,540	1,512	1,049
Assets of consolidated variable interest entities				
Cash and cash equivalents	70	93	91	-
Bank loans and other investments	1,638	1,312	1,293	-
Separate account assets	115,265	121,137	116,667	119,629
Collateral held under securities lending agreements	19,317	17,638	18,981	19,335
Deferred mutual fund sales commissions, net	45	66	75	103
Property and equipment (net of accumulated depreciation)	545	428	429	443
Intangible assets (net of accumulated amortization)	17,395	17,512	17,546	17,666
Goodwill	12,797	12,805	12,641	12,638
Other assets	484	316	413	588
Total assets	174,282	178,459	174,504	178,066
Liabilities				
Accrued compensation and benefits	1,105	1,520	1,146	1,482
Accounts payable and accrued liabilities	1,171	1,068	1,234	850
Due to related parties	23	57	151	490
Short-term borrowings	100	100	100	2,234
Liabilities of consolidated variable interest entities				
Borrowings	1,586	1,278	1,237	-
Other liabilities	7	7	7	-
Convertible debentures	-	67	67	243
Long-term borrowings	4,690	3,192	3,191	3,191
Separate account liabilities	115,265	121,137	116,667	119,629
Collateral liability under securities lending agreements	19,317	17,638	18,981	19,335
Deferred tax liabilities	5,366	5,477	5,548	5,518
Other liabilities	713	584	495	492
Total liabilities	149,343	152,125	148,824	153,464
Temporary equity				
Redeemable non-controlling interests	1	6	54	49
Total temporary equity	1	6	54	49
Permanent Equity				
BlackRock, Inc. stockholders' equity				
Common stock	1	1	1	1
Preferred stock	-	1	1	1
Additional paid-in capital	20,150	22,502	22,400	22,127
Retained earnings	4,736	3,723	3,260	2,436
Appropriated retained earnings	79	75	94	-
Accumulated other comprehensive (loss)	(110)	(96)	(95)	(96)
Escrow shares, common, at cost	(1)	(1)	(137)	(137)
Treasury stock, common, at cost	(128)	(111)	(124)	(3)
Total BlackRock, Inc. stockholders' equity	24,727	26,094	25,400	24,329
Nonredeemable non-controlling interests	175	189	180	224
Nonredeemable non-controlling interests of consolidated variable interest entities	36	45	46	-
Total permanent equity	24,938	26,328	25,626	24,553
Total liabilities, temporary equity and permanent equity	174,282	178,459	174,504	178,066
Total liabilities/Total assets	86%	85%	85%	86%

BlackRock, Inc.
Statement of Cash Flows
(In \$ millions)

	Nine Months Ended 09/30/11 Unaudited	12/31/10 Audited	Nine Months Ended 09/30/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities	1,953	2,488	1,415	1,399
Net cash inflow/(outflow) from investing activities	(186)	(627)	(439)	(5,519)
Net cash inflow/(outflow) from financing activities	(2,175)	(3,170)	(3,004)	6,749
Change in cash and cash equivalents	(384)	(1,341)	(2,031)	2,676
Cash and cash equivalents - beginning of the period	3,367	4,708	4,708	2,032
Cash and cash equivalents - end of the period	2,983	3,367	2,677	4,708

Equinix Inc.

General Information: Equinix, Inc. is a U.S. based public corporation that provides network-neutral data centers (IBX or "Internet Business Exchange") and interconnection services. The company offers collocation, traffic exchange and outsourced IT infrastructure solutions to enterprises, content companies, systems integrators and network service providers. Equinix has 99 data centers in 38 major metropolitan areas in 13 countries in North America, Europe and Asia, representing more than 4,600 customers. In the U.S., data centers are in 22 metropolitan areas.

Assessment: On May 3, 2010, Equinix completed its acquisition of Switch and Data, a transaction valued at about \$683.4 million. Equinix's data center hosts services for the TSP at two sites. The TSP's primary data center operates out of a northern Virginia facility and a western Pennsylvania facility houses our backup data center. Although profitability has been impaired as a result of the need to finance the Switch and Data acquisition, revenue growth and market share remain strong. We have no indication that Equinix will be unable to perform its contractual commitments.

Current Financial Condition: Results for the period ended September 30, 2011 include the operations of the ALOG Data Centers of Brazil S.A. acquisition from April 25, 2011.

- **Income Statement:** Equinix reported total revenue of \$1.176 billion for the first nine months of 2011, up 34 percent from the \$875.0 million reported for the same period in 2010. The Company reported Net Income of \$76.2 million, an increase of 230 percent from the Net Income of \$23.1 million reported in the same period in 2010.
- **Balance Sheet:** As of September 30, 2011, Total Assets of \$5.7 billion were reported, an increase of \$1.3 billion from the \$4.4 billion reported at year-end 2010. Total Liabilities were \$3.6 billion, an increase of \$1.0 billion from the \$2.6 billion at year-end 2010.
- **Cash Flow:** Cash and cash equivalents were \$370.5 million at September 30, 2011, a decrease of \$72.3 million from the \$442.8 million reported at year-end 2010.
- **Leverage:** As of September 30, 2011, Total Liabilities were 64 percent of Total Assets, increasing from 58 percent at year-end 2010.
- **Current Ratio:** As of September 30, 2011, the Current Ratio (Current Assets/Current Liabilities) was 2.0, compared to 2.4 reported at year-end 2010.

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 1 (lowest risk) compared to a credit score of 2 (low risk) in the prior quarter.

Stock Performance: Equinix's closing share price on December 30, 2011, was \$101.40, down from its 52-week high of \$105.28 on July 28, 2011. The 52-week low was \$82.03 on August 22, 2011.

SAS 70/SSAE 16 Report: Brightline CPA & Associates Inc. reported on The Independent Service Auditor's Report on a Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls dated December 19, 2011. This report covers a review of the Company's data center hosting services systems from June 1, 2011 to November 30, 2011, and identified no areas of concern to the TSP.

Significant Events:

- November 9, 2011 – Equinix opened the first phase of its second International Business Exchange (IBX) data center in Hong Kong, HK2, which was built to meet the increasing demand for premium colocation and interconnection data center services. HK2 represents a \$63 million investment and extends the platform to 99 data centers, across 38 strategic markets.
- In September 2011, Equinix entered into a \$150 million senior unsecured revolving credit facility with a group of lenders, and has a five-year term and allows a sublimit for the issuance of letters of credit of up to \$100 million and a sublimit for swing line borrowings of up to \$25 million.
- April 26, 2011 – Equinix completed the acquisition of ALOG Data Centers of Brazil S.A. in an all cash transaction. Equinix invested a total of approximately \$83 million—approximately \$68 million as part of the acquisition and approximately \$15 million to provide additional capital to fund future data center expansions.

Risk Mitigation: The merger of Switch & Data with Equinix allows for a greater number of services available to the TSP, offering a more comprehensive solution to our data center needs. As Equinix is critical to TSP operations, we will continue to closely monitor their performance.

Equinix Inc.
Income Statement
(in \$ thousands)

	Nine Months Ended 09/30/11 Unaudited	12/31/10 Audited	Nine Months Ended 09/30/10 Unaudited	12/31/09 Audited
Revenues				
Costs and operating expenses:				
Cost of revenues	1,175,530	1,220,334	875,090	882,509
Sales and marketing	638,301	674,667	481,108	483,420
General and administrative	113,769	111,104	79,586	63,584
Restructuring charges	194,258	220,781	155,961	155,324
Acquisition costs	2,186	6,734	6,243	(6,053)
	2,729	12,337	11,957	5,155
Total costs and operating expenses	951,243	1,025,623	734,855	701,430
Income from operations	224,287	194,711	140,235	181,079
Interest income	1,526	1,515	1,307	2,384
Interest expense	(126,152)	(140,475)	(101,653)	(74,232)
Other than temporary impairment recovery (loss) on investments	-	3,626	3,626	(2,590)
Loss on debt extinguishment and interest rate swaps, net	-	(10,187)	(4,831)	-
Other income (expense)	1,438	690	193	2,387
Income before taxes	101,099	49,880	38,877	109,028
Income tax (expense)/benefit	(24,582)	(12,999)	(15,756)	(39,597)
Net income	76,517	36,881	23,121	69,431
Net income attributable to redeemable non-controlling interests	(323)	-	-	-
Net income attributable to Equinix	76,194	36,881	23,121	69,431

Equinix Inc.
Balance Sheet
(in \$ thousands)

	Nine Months Ended		Nine Months Ended	
	09/30/11	12/31/10	09/30/10	12/31/09
	Unaudited	Audited	Unaudited	Audited
Assets				
Cash and cash equivalents	370,523	442,841	389,149	346,056
Short-term investments	700,246	147,192	322,979	248,508
Accounts receivable, net	144,185	116,358	115,616	64,767
Other current assets	115,344	71,657	64,067	68,556
Total Current Assets	1,330,298	778,048	891,811	727,887
Long term investments	99,419	2,806	3,223	9,803
Property, plant and equipment net	3,122,094	2,650,953	2,582,890	1,808,115
Goodwill	867,280	774,365	778,258	381,050
Intangible assets, net	153,505	150,945	155,601	51,015
Other assets	158,091	90,892	69,108	60,280
Total assets	5,730,687	4,448,009	4,480,891	3,038,150
Liabilities and shareholders' equity				
Accounts payable and accrued expenses	181,093	145,854	134,091	99,053
Accrued property, plant and equipment	90,181	91,667	97,012	109,876
Current portion of capital lease and other financing obligations	11,367	7,988	7,624	6,452
Current portion of loans payable	74,652	19,978	22,480	58,912
Current portion of convertible debt	243,176	-	-	-
Other current liabilities	55,687	52,628	49,818	41,166
Total current liabilities	656,156	318,115	311,025	315,459
Capital lease and other financing obligations, less current portion	376,848	253,945	261,929	154,577
Loans payable, less current portion	161,984	100,337	179,027	371,322
Senior notes	1,500,000	750,000	750,000	-
Convertible debt	691,520	916,337	910,495	893,706
Other liabilities	253,300	228,760	214,442	120,603
Total liabilities	3,639,808	2,567,494	2,626,918	1,855,667
Redeemable non-controlling interests	66,372	-	-	-
Shareholders' equity				
Common stock	47	46	46	39
Additional paid-in capital	2,417,781	2,341,586	2,320,107	1,665,662
Accumulated other comprehensive income/(loss)	(120,416)	(112,018)	(103,321)	(97,238)
Accumulated deficit	(272,905)	(349,099)	(362,859)	(385,980)
Total shareholders' equity	2,024,507	1,880,515	1,853,973	1,182,483
Total liabilities and shareholders' equity	5,730,687	4,448,009	4,480,891	3,038,150
Current ratio:				
Current assets/Current liabilities	2.0	2.4	2.9	2.3
Leverage:				
Total liabilities/Total assets	64%	58%	59%	61%

Equinix Inc.
Statement of Cash Flows
(in \$ thousands)

	Nine Months Ended		Nine Months Ended	
	09/30/11	12/31/10	09/30/10	12/31/09
	Unaudited	Audited	Unaudited	Audited
Net cash provided by operating activities from continuing operations	399,988	392,872	269,981	355,492
Net cash used in investing activities	(1,304,819)	(600,969)	(618,507)	(558,178)
Net cash provided by financing activities	832,111	309,686	395,675	323,598
Effect of exchange rate charges on cash	402	(4,804)	(4,056)	4,937
Net increase in cash and cash equivalents	(72,318)	96,785	43,093	125,849
Cash and cash equivalents - beginning of the period	442,841	346,056	346,056	220,207
Cash and cash equivalents - end of the period	370,523	442,841	389,149	346,056

R.R. Donnelley & Sons

General Information: R.R. Donnelley & Sons and Company 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 247 in 2011, and has locations throughout North America, Latin America, Asia and Europe. The Company reported annual losses for 2007, 2008 and 2009 related to restructuring in light of reduced printing demand. However this appears to have paid off in a return to profitability in 2010 and 2011. There is no indication at this time that it will be unable to meet its contractual obligations to the TSP.

Current Financial Condition:

- **Income Statement:** For the nine months ending September 30, 2011, R.R. Donnelley reported net sales of \$7.9 billion, up 8 percent from the \$7.3 billion reported in the same period of 2010. The Company reported net income of \$204.1 million, up 5 percent from the \$194.7 million reported for the same period in 2010.
- **Balance Sheet:** As of September 30, 2011, \$8.9 billion of Total Assets were reported, down \$0.2 billion from the \$9.1 billion reported at year-end 2010. Total Liabilities of \$7.1 billion were reported, up \$0.2 billion from the \$6.8 billion reported at year-end 2010.
- **Cash Flow:** As of September 30, 2011, the Company reported cash and cash equivalents of \$368.1 million, a decrease of \$151.0 million from the \$519.1 million reported at year-end 2010.
- **Leverage:** As of September 30, 2011, Total Liabilities were 80 percent of Total Assets, compared to 75 percent at year-end 2010.
- **Current Ratio:** As of September 30, 2011, the Current Ratio (Current Assets/Current Liabilities) was 1.3, decreased from 1.6 at year-end 2010.

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 1 (low risk), unchanged from the prior quarter.

Stock Performance: R. R. Donnelley's closing share price on December 30, 2011, was \$14.43, down from its 52-week high of \$21.34 on May 31, 2011. The 52-week low was \$13.33 on August 22, 2011.

SAS 70/SSAE 16 Report: The SAS-70 report as of December 8, 2008 by Deloitte & Touche LLP revealed no issues related to the TSP. Dates of coverage are May 1, 2008 to October 31, 2008.

Significant Events:

- January 13, 2012 – R.R. Donnelley announced a regular quarterly dividend of 26 cents per common share. The dividend is payable March 1, 2012 to stockholders of record as of the close of business on January 27, 2012.
- January 11, 2012 – R. R. Donnelley has been awarded a new multi-million dollar, multi-year Print Management agreement by Chrysler Group LLC. R.R. Donnelley will provide a comprehensive array of Print Management services, including on-site premedia resources and sourcing support, commercial printing, direct mail, logistics, labels and forms. Chrysler will also draw upon R.R. Donnelley's proprietary CustomPoint® intelligent print management system, which facilitates a range of services, including variable digital printing and individualized communications.
- December 15, 2011 – R. R. Donnelley has been awarded a new multi-year multi-million dollar agreement by IMG, a global sports, fashion and media business with nearly 3,000 employees operating in 30 countries around the globe.
- November 22, 2011 – R.R. Donnelley acquired StratusGroup, Inc. (located in West Chester, OH), a full service manufacturer of custom pressure sensitive label and paperboard packaging products for health and beauty, food, beverage and other segments.

Risk Mitigation: If there were a work stoppage 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. If R.R. Donnelley were to cease operations, we would pursue a new contract as soon as possible with other printing vendors and could procure emergency printing services in the interim.

R. R. Donnelley & Sons
Income Statement
(in \$ millions)

	Nine Months Ended		Nine Months Ended	
	09/30/11	12/31/10	09/30/10	12/31/09
	Unaudited	Audited	Unaudited	Audited
Net sales	7,890.2	10,018.9	7,311.8	9,857.4
Cost of sales	5,994.1	7,642.9	5,560.0	7,462.9
Selling, general & administrative expenses	933.1	1,123.4	803.4	1,088.5
Restructuring and impairment charges - net	160.7	157.9	74.9	382.7
Depreciation & amortization	420.0	539.2	403.7	579.0
Total operating expenses	7,507.9	9,463.4	6,842.0	9,513.1
Income from continuing operations	382.3	555.5	469.8	344.3
Interest expense - net	182.1	222.6	166.1	234.6
Investment and other income (expense) - net	11.1	(9.9)	(9.1)	(16.6)
Loss on debt extinguishment	(69.9)	-	-	-
Earnings before income taxes	141.4	323.0	294.6	93.1
Income tax expense	(64.1)	105.9	103.6	114.5
Net earnings (loss)	205.5	217.1	191.0	(21.4)
Less: Income attributable to noncontrolling interests	1.4	-	(3.7)	(5.9)
Net earnings attributable to RR Donnelley common shareholders	204.1	217.1	194.7	(27.3)
Less: Income (loss) attributable to RR Donnelley common shareholders	-	(4.6)	-	-
Net income/(loss)	204.1	221.7	194.7	(27.3)

R. R. Donnelley & Sons
Balance Sheet
(in \$ millions)

	09/30/11	12/31/10	09/30/10	12/31/09
	Unaudited	Audited	Unaudited	Audited
Assets				
Cash and cash equivalents	368.1	519.1	731.6	499.2
Restricted cash equivalents	-	-	50.4	-
Receivables, less allowance for doubtful accounts	2,041.1	1,922.9	1,805.0	1,675.9
Income taxes receivable	49.8	49.3	36.2	63.2
Inventories	571.8	560.6	565.9	561.8
Prepaid expenses and other current assets	152.1	115.4	158.7	160.8
Total current assets	3,182.9	3,167.3	3,347.8	2,980.9
Property, plant and equipment - net	1,930.1	2,136.7	2,071.9	2,271.4
Goodwill	2,629.5	2,526.8	2,329.7	2,333.3
Other intangible assets - net	696.0	775.0	641.6	747.4
Other noncurrent assets	467.4	475.4	433.8	434.6
Total assets	8,905.9	9,083.2	8,824.8	8,747.6
Liabilities and shareholders' equity				
Accounts payable	1,024.0	939.8	894.7	886.4
Accrued liabilities	832.4	902.2	828.7	813.4
Short-term and current portion of long-term debt	519.0	131.4	8.0	339.9
Total current liabilities	2,375.4	1,973.4	1,731.4	2,039.7
Long-term debt	3,420.2	3,398.6	3,407.4	2,982.5
Pension liability	521.1	533.0	494.5	509.8
Postretirement benefits	220.5	287.4	335.7	324.5
Deferred income taxes	181.8	174.5	165.2	205.5
Other noncurrent liabilities	363.0	470.9	466.9	524.6
Total liabilities	7,082.0	6,837.8	6,601.1	6,586.6
Shareholders' equity				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,785.7	2,907.0	2,901.2	2,906.2
Retained earnings	717.9	670.2	696.9	662.9
Accumulated other comprehensive income	(474.1)	(490.4)	(532.0)	(545.0)
Treasury stock, at cost	(1,528.9)	(1,166.2)	(1,168.0)	(1,193.8)
Total shareholders' equity	1,804.3	2,224.3	2,201.8	2,134.0
Noncontrolling interests	19.6	21.1	21.9	27.0
Total liabilities and shareholders equity	8,905.9	9,083.2	8,824.8	8,747.6

Current ratio: Current assets/Current liabilities 1.3 1.6 1.9 1.5
Leverage: Total liabilities/Total assets 80% 75% 75% 75%

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

	Nine Months Ended 09/30/11 Unaudited	12/31/10 Audited	Nine Months Ended 09/30/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities	471.8	752.5	481.1	1,425.8
Net cash inflow/(outflow) from investing activities	(304.5)	(674.5)	(152.3)	(260.9)
Net cash inflow/(outflow) from financing activities	(325.8)	(58.0)	(89.7)	(1,028.0)
Change in cash and cash equivalents	(151.0)	19.9	232.4	175.2
Effect of exchange rate charges on cash	7.5	(0.1)	(6.7)	38.3
Cash and cash equivalents - beginning of the period	519.1	499.2	499.2	324.0
Cash and cash equivalents - end of the period	368.1	519.1	731.6	499.2

MetLife Inc.

General Information: Metropolitan Life Insurance Company (MetLife Inc.) has been the annuity provider to the Thrift Savings Plan since 1987. In January 2006, MetLife was re-awarded 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 90 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:

- **Income Statement:** For the nine months ending September 30, 2011, MetLife reported Total Revenues of \$53.2 billion, up 34 percent from the \$39.6 billion reported for the same period of 2010. The Company reported net income of \$5.6 billion, compared to the \$2.6 billion reported in the same period of 2010.
- **Balance Sheet:** As of September 30, 2011, Total Assets of \$785.2 billion were reported, an increase of \$54.3 billion from the \$730.9 billion reported at year-end 2010. Total Liabilities were \$724.4 billion on September 30, 2011, an increase of \$42.5 billion from the \$681.8 billion at year-end 2010.
- **Cash Flow:** The Company's short-term liquidity position, defined as cash and cash equivalents, was \$10.0 billion on September 30, 2011, a decrease of \$2.9 billion from the \$12.9 billion reported at year-end 2010.
- **Leverage:** As of September 30, 2011, Total Liabilities were 92 percent of Total Assets, a slight change from 93 percent at year-end 2010.
- **Current Ratio:** N.A. (MetLife does not present current assets and current liabilities in its balance sheet presentation).
- **Company Ratings:** Based on MetLife's disclosure of the potential acquisition of Alico in February 2010, the rating agencies downgraded or placed the ratings of MetLife, Inc. and its subsidiaries on "Credit Watch" and "Under Review." Insurer financial strength ratings as of November 17, 2011 were as follows:

Rating Agency	Rating	Descriptor	Modifier	Outlook
A.M. Best Company	A+	Superior	Ratings Under Review	Stable
Fitch Ratings	AA-	Very Strong	Stable	Stable
Moody's Investor Services	Aa3	Excellent	Negative Watch	Negative
Standard & Poor's	AA-	Very Strong	Credit Watch	Negative

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 4 (higher risk) compared to a credit score of 3 (moderate risk) in the prior quarter.

Stock Performance: MetLife's closing share price on December 30, 2011, was \$31.58, down from its 52-week high of \$48.63 on February 7, 2011. The 52-week low was \$26.60 on October 3, 2011.

SAS 70/SSAE 16 Report: Not available.

Significant Events:

- January 10, 2012 – MetLife Inc. stated that the Company will stop originating forward residential mortgages, which is expected to impact several thousand employees. After MetLife announced it was exiting the business, Bloomberg News reported that a majority of the firm's 4,300 employees in the forward mortgage origination unit would be eliminated.
- December 27, 2011 – MetLife announced that GE Capital Financial Inc. will acquire most of the depository business of MetLife Bank, N.A. Financial terms of the transaction, expected to close in the second quarter of 2012, were not disclosed. GE Capital is expected to acquire about \$7.5 billion in MetLife Bank deposits, including certificates of deposit and money market accounts.

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 the highest 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 regulatory standards.

MetLife, Inc
Income Statement
(in \$ millions)

	09/30/11 Unaudited	12/31/10 Audited	09/30/10 Unaudited	12/31/09 Audited
Revenues				
Premiums	27,190	27,394	19,856	26,460
Universal life and investment type product policy fees	5,856	6,037	4,339	5,203
Net investment income	14,669	17,615	12,745	14,837
Other revenues	1,878	2,328	1,681	2,329
Net investment gains (losses)	(525)	(682)	(538)	(2,439)
Other-than-temporary impairments on fixed maturity securities	(5)	212	181	939
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	221	78	33	(1,406)
Other net investment gains (losses)	(309)	(392)	(324)	(2,906)
Total net investments gains (losses)	4,233	(265)	1,278	(4,866)
Net derivatives gains (losses)				
Total Revenues	53,208	52,325	39,575	41,057
Expenses				
Policyholder benefits and claims	26,367	29,545	21,703	28,336
Interest credited to policyholder account balances	4,104	4,925	3,454	4,849
Policyholder dividends	1,130	1,486	1,156	1,650
Other expenses	13,410	12,803	9,330	10,556
Total Expenses	45,011	48,759	35,643	45,391
Income from continuing operations before provision for income taxes	8,506	3,958	3,932	(4,334)
Provision for income taxes	2,681	1,181	1,251	(2,015)
Income (loss) from continuing operations, net of income taxes	5,825	2,777	2,681	(2,319)
Income (loss) from discontinued operations, net of income taxes	(6)	9	20	41
Net income (loss)	5,819	2,786	2,701	(2,278)
Less: Net income (loss) attributable to noncontrolling interests	(6)	(4)	(7)	(32)
Income before cumulative effect of a change in accounting, net of income taxes	5,825	2,790	2,708	(2,246)
Less: Preferred Stock Dividends	91	122	91	122
Less: Preferred Stock Redemption Premium	146	-	-	-
Net income/(loss)	5,588	2,668	2,617	(2,368)

MetLife, Inc.
Balance Sheet
(in \$ millions)

	09/30/11 Unaudited	12/31/10 Audited	09/30/10 Unaudited	12/31/09 Audited
Assets				
Investments:				
Fixed maturities	353,927	324,797	260,564	227,642
Equity securities	3,118	3,602	2,865	3,084
Trading securities	18,698	18,589	3,987	2,384
Mortgage loans				
Held for investment	59,209	58,976	57,098	48,181
Held for sale	3,740	3,321	2,840	2,728
Mortgage loans, net	62,949	62,297	59,938	50,909
Policy loans	11,932	11,761	10,230	10,061
Real estate and real estate joint ventures held for investment	8,197	8,030	6,981	6,852
Real estate held for sale	-	-	9	44
Other limited partnership interests	6,538	6,416	5,948	5,508
Short term investments	15,913	9,384	11,590	8,374
Other invested assets	23,138	15,430	18,571	12,709
Total investments	504,410	460,306	378,683	327,567
Cash and cash equivalents	10,001	12,957	14,557	10,112
Accrued investment income	4,793	4,328	3,469	3,173
Premiums and other receivables	23,137	19,799	18,654	16,752
Deferred policy acquisition costs	27,623	27,092	17,463	19,256
Current income tax recoverable	-	-	178	316
Deferred income tax assets	-	-	-	1,228
Goodwill	12,006	11,781	4,966	5,047
Assets of subsidiaries held for sale	3,421	3,331	-	-
Other assets	8,340	8,174	6,913	6,822
Separate account assets	191,499	183,138	172,372	149,041
Total assets	785,230	730,906	617,255	539,314
Liabilities and stockholders' equity				
Liabilities				
Future policy benefits	182,736	170,912	143,686	135,879
Policyholder account balances	217,764	210,757	145,360	138,673
Other policyholder funds	15,451	15,750	8,912	8,446
Policyholder dividends payable	871	830	834	761
Policyholder dividend obligation	2,782	876	2,014	-
Payables for collateral under securities loaned and other transactions	34,933	27,272	31,891	24,196
Bank deposits	10,685	10,316	9,362	10,211
Short term debt	451	306	2,057	912
Long term debt	24,753	27,586	24,512	13,220
Collateral financing arrangements	5,297	5,297	5,297	5,297
Junior subordinated debt securities	3,192	3,191	3,191	3,191
Current income tax payable	385	297	-	-
Deferred income tax liability	7,214	1,856	3,543	-
Other liabilities	23,121	20,366	17,455	15,989
Separate account liabilities	3,221	3,043	172,372	149,041
Liabilities of subsidiaries held for sale	191,499	183,138	-	-
Total liabilities	724,355	681,793	570,486	505,816
Redeemable non-controlling interests in partially owned consolidated subsidiaries	130	117	-	-
Stockholders' equity				
Preferred stock	1	1	1	1
Common stock	11	10	9	8
Additional paid in capital	26,744	26,423	20,451	16,859
Retained earnings	26,951	21,363	22,096	19,501
Treasury stock, at cost	(172)	(172)	(172)	(190)
Accumulated other comprehensive income (loss)	6,813	1,000	4,030	(3,058)
Total stockholders' equity	60,348	48,625	46,415	33,121
Noncontrolling interests	397	371	354	377
Total Equity	60,745	48,996	46,769	33,498
Total liabilities and stockholders' equity	785,230	730,906	617,255	539,314
Leverage: Total liabilities/Total assets	92%	93%	92%	94%

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

	09/30/11 Unaudited	12/31/10 Audited	09/30/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities	9,040	7,996	5,193	3,803
Net cash inflow/(outflow) from investing activities	(23,349)	(18,314)	(19,369)	(13,935)
Net cash inflow/(outflow) from financing activities	11,182	13,381	18,629	(4,103)
Change in cash and cash equivalents	(2,994)	2,994	4,445	(14,127)
Cash and cash equivalents - beginning of the period	13,046	10,112	10,112	24,239
Cash and cash equivalents - end of the period	10,052	13,046	14,557	10,112

Net cash inflow/(outflow) from operating activities
Net cash inflow/(outflow) from investing activities
Net cash inflow/(outflow) from financing activities
Change in cash and cash equivalents

Cash and cash equivalents - beginning of the period

Cash and cash equivalents - end of the period

The Active Network, Inc.

General Information: The Active Network, Inc. manages the Maryland TSP call center under a contract which became effective in March 2009.

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 services in North America, Europe, Asia, and Australia/New Zealand, managing online entry, software needs and websites for over 75,000 events, tournaments, golf courses and facilities in these regions. More than 95 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 was founded in 1998 and has shown a pattern of rapid expansion through organic growth and acquisitions. 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.

Current Financial Condition:

- **Income Statement:** For the nine-month period ended September 30, 2011, the Active Network reported Total Revenues of \$261.3 million, an increase of 20 percent over the same period in 2010, when revenues were \$218.0 million. The Company reported a Net Loss of \$18.7 million for the nine month period ending September 30, 2011, compared to a Net Loss of \$39.0 million reported for the same period in 2010.
- **Balance Sheet:** As of September 30, 2011, Total Assets were \$531.6 million, an increase of \$141.1 million from the \$390.5 million at year-end 2010. Total Liabilities of \$200.8 million were reported on September 30, 2011, an increase of \$16.6 million from the \$184.2 million reported at year-end 2010.
- **Cash Flow:** The Company's short-term liquidity position, defined as cash and cash equivalents, was \$139.0 million and \$31.4 million at September 30, 2011 and December 31, 2010, respectively. About \$114.7 million were net proceeds from the IPO in May 2011, plus \$3.1 million cash were received from the exercise of stock options, offset by \$41.6 million to repay long-term obligations, and \$2.2 million for payments on capital lease obligations.
- **Leverage:** As of September 30, 2011, Total Liabilities were 38 percent of Total Assets, a decrease from 47 percent at year-end 2010.

- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) was 1.2 as of September 30, 2011, compared to 0.6 at year-end 2010.

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 1 (lowest risk), unchanged from the previous quarter.

Stock Performance: The Active Network's closing share price on December 30, 2011, was \$13.60, down from its 52-week high of \$19.41 on June 8, 2011. The 52-week low was \$12.43 on December 1, 2011.

SAS 70/SSAE 16 Report: Not available.

Significant Events:

- In May 2011, the Company completed an initial public offering ("IPO") of its common stock in which it issued 12,650,000 shares of common stock, at an issue price of \$15.00 per share, resulting in proceeds, net of underwriting discounts but before deducting offering expenses, of approximately \$114.7 million to the Company.

Risk Mitigation: If The Active Network were unable to operate the Maryland call center, the Serco Services Inc. call center in Virginia could handle all calls pending establishment of a new call center.

The Active Network, Inc.
Income Statement
(In \$ thousands)

	Nine Months Ended		Nine Months Ended		
	9/30/2011	12/31/2010	9/30/2010	12/31/2009	
	Unaudited	Audited	Unaudited	Audited	
Net revenue:					
Technology revenue	225,002	237,688	188,504	210,483	
Marketing services revenue	36,343	41,912	29,473	32,401	
Total net revenue	261,345	279,600	217,977	242,884	
Cost of net revenue:					
Cost of technology revenue	109,986	115,148	88,682	103,130	
Cost of marketing services revenue	4,241	6,203	4,562	4,058	
Total cost of net revenue	114,227	121,351	93,244	107,188	
Gross profit	147,118	158,249	124,733	135,696	
Operating expenses:					
Sales and marketing	52,970	59,106	44,799	50,556	
Research and development	50,181	61,107	46,400	58,767	
General and administrative	34,633	42,404	32,958	39,455	
Amortization of intangibles	11,090	16,147	12,149	18,491	
Total operating expenses	148,874	178,764	136,306	167,269	
Income/(loss) from operations	(1,756)	(20,515)	(11,573)	(31,573)	
Interest income	91	150	113	194	
Interest expense	(2,799)	(5,438)	(4,089)	(5,237)	
Other (expense) income, net	109	455	141	1,196	
Loss before income taxes	(4,355)	(25,348)	(15,408)	(35,420)	
Income tax provision	2,490	1,924	2,772	2,439	
Net income (loss)	(6,845)	(27,272)	(18,180)	(37,859)	
Accretion of redeemable convertible preferred stock	(11,810)	(28,157)	(20,828)	(25,774)	
Net income (loss) attributable to common stockholders	(18,655)	(55,429)	(39,008)	(63,633)	

The Active Network, Inc.
Balance Sheet
(In \$ thousands)

	Nine Months Ended		Nine Months Ended	
	9/30/2011	12/31/2010	9/30/2010	12/31/2009
	Unaudited	Audited	Unaudited	Audited
Assets:				
Cash and cash equivalents	139,023	31,441	36,859	26,381
Restricted cash	5,000	5,000	5,000	5,000
Accounts receivable, net	61,192	34,096	39,127	27,554
Inventories	1,102	-	-	-
Prepaid expenses & other current assets	4,914	4,181	4,408	3,675
Total Current Assets	211,231	74,718	85,394	62,610
Property & equipment, net	28,936	28,181	27,965	26,742
Software development costs, net	43,620	37,013	35,726	27,003
Goodwill	213,357	207,113	206,395	203,010
Intangible assets, net	32,429	41,208	44,884	60,255
Deposits and other assets	2,040	2,315	2,416	2,251
Total Assets	531,613	390,548	402,780	381,871
Current Liabilities:				
Accounts payable	4,503	5,372	3,960	3,432
Registration fees payable	76,172	40,667	47,332	30,158
Accrued payroll expense	-	-	-	-
Accrued expenses	36,103	32,172	34,439	27,632
Deferred revenue	52,672	34,013	35,895	25,031
Current portion of debt	-	16,866	14,803	12,996
Capital lease obligations, current portion	2,906	1,983	2,027	1,906
Other current liabilities	2,576	1,630	2,332	131
Total Current Liabilities	174,932	132,703	140,788	101,286
Debt, net of current portion	-	27,537	28,531	35,731
Capital lease obligations, net of current portion	649	1,663	1,772	3,638
Other long-term liabilities	5,644	4,353	1,937	2,033
Deferred tax liability	19,556	17,960	17,823	16,318
Total Liabilities	200,781	184,216	190,851	159,006
Convertible preferred stock	-	21,187	21,187	21,187
Redeemable convertible preferred stock	-	371,126	363,850	343,021
Total Preferred Stock	-	392,313	385,037	364,208
Common stock	55	9	9	7
Treasury stock	(11,959)	(11,959)	(11,959)	(11,959)
Additional paid-in capital	602,194	65,224	63,099	56,706
Accumulated other comprehensive income	7,318	8,866	7,443	6,595
Accumulated deficit	(266,776)	(248,121)	(231,700)	(192,692)
Total Stockholders Equity (deficit)	330,832	(185,981)	(173,108)	(141,343)
Total Liabilities & Equity	531,613	390,548	402,780	381,871
Current Ratio: Current Assets/Current Liabilities	1.2	0.6	0.6	0.6
Leverage: Total Liabilities/Total Assets	38%	47%	47%	42%

The Active Network, Inc.
Cash Flow Statement
(In \$ thousands)

	Nine Months Ended		Nine Months Ended	
	9/30/2011	12/31/2010	9/30/2010	12/31/2009
	Unaudited	Audited	Unaudited	Audited
Net cash inflow/(outflow) from operating activities	61,605	42,095	40,530	28,524
Net cash inflow/(outflow) from investing activities	(27,596)	(32,725)	(24,442)	(25,968)
Net cash inflow/(outflow) from financing activities	73,924	(4,349)	(5,581)	(8,514)
Change in cash and cash equivalents	107,933	5,021	10,507	(11,958)
Effect of exchange rate charges on cash	(351)	39	(29)	(1,056)
Cash and cash equivalents - beginning of the period	31,441	26,381	26,381	33,395
Cash and cash equivalents - end of the period	139,023	31,441	36,859	26,381

SunGard

General Information: SunGard owns and maintains the suite of Omni software products which form the core of the TSP record keeping system. It also operates as a key subcontractor to Serco, providing the modification software products and their integration with other applications. SunGard is a multinational company based in Wayne, Pennsylvania, which provides software and services to education, financial services, and public sector organizations. It was formed in 1983, as a spin-off of the computer services division of Sun Oil Company. The company has more than 25,000 customers in more than 70 countries.

Assessment: SunGard was ranked at 434th in the U.S. Fortune 500 list in the year 2011. SunGard provides software and processing for financial services, higher education and the public sector. The Company has reported Net Losses for several years but has continued to improve results. There is no indication at this time that it will be unable to meet its direct contractual obligations to the TSP or its subcontractor obligations to Serco.

Current Financial Condition:

- **Income Statement:** For the nine months ending September 30, 2011, SunGard reported Net Revenues of \$3.3 billion, unchanged from the \$3.3 billion reported in the same period of 2010. The Company reported a Net Loss of \$276 million, an improvement from the Net Loss of \$600 million reported for the same period in 2010.
- **Balance Sheet:** As of September 30, 2011, \$12.4 billion of Total Assets were reported, down \$0.6 billion from the \$13.0 billion reported at year-end 2010. Total Liabilities of \$10.9 billion were reported, down \$0.5 billion from the \$11.4 billion reported at year-end 2010.
- **Cash Flow:** As of September 30, 2011, the Company reported cash and cash equivalents of \$749 million, a decrease of \$29 million from the \$778 million reported at year-end 2010.
- **Leverage:** As of September 30, 2011, Total Liabilities were 88 percent of Total Assets, the same as reported at year-end 2010.
- **Current Ratio:** As of September 30, 2011, the Current Ratio (Current Assets/Current Liabilities) was 1.6, the same as reported at year-end 2010.

Dun & Bradstreet Credit Score Class: As of December 30, 2011, the credit score was 3 (moderate risk).

Stock Performance: SunGard is a privately held company but because of obligations in connection with bond debt, it is a registrant with the Securities and Exchange Commission (SEC).

SAS 70/SSAE 16 Report: Not available.

Significant Events:

- December 20, 2011 — SunGard has been named the top vendor for enterprise-wide credit risk management in Risk magazine's annual Risk Technology Rankings. This is the fourth consecutive year that SunGard has achieved this award. SunGard placed second overall in the enterprise-wide risk management section, as well as second in the liquidity risk management, risk aggregation, economic capital calculation, and asset and liability management sub-categories.

Risk Mitigation: We believe the risk of losing product support and maintenance and professional services from SunGard is low. Should SunGard sell to or merge with another vendor, the critical product suite would most likely be part of the transition, and support and maintenance would continue. Professional services staff would most likely transfer to the gaining organization as well. In the latter case, however, the low risk is further mitigated as there are existing non-SunGard organizations from which we could obtain equivalent professional services.

SunGard*
Income Statement
(in \$ millions)

	Nine Months Ended 09/30/11 Unaudited	12/31/10 Unaudited	Nine Months Ended 09/30/10 Unaudited	12/31/09 Audited
Revenue:				
Services	3,060	4,485	3,012	4,844
License and resale fees	192	380	178	324
Total products and services	3,252	4,865	3,190	5,168
Reimbursed expenses	77	127	91	164
Total	3,329	4,992	3,281	5,332
Costs and expenses:				
Cost of sales and direct operating	1,544	2,201	1,549	2,534
Sales, marketing and administration	832	1,141	753	1,088
Product development	228	370	194	348
Depreciation and amortization	204	291	209	288
Amortization of acquisition-related intangible assets	334	484	338	529
Goodwill impairment charge and merger costs	-	237	205	1,126
Total operating expenses	3,142	4,724	3,248	5,913
Income from continuing operations	187	268	33	(581)
Interest income	3	2	1	7
Interest expense and amortization of deferred financing fees	(396)	(638)	(479)	(637)
Loss of extinguishment of debt	-	(58)	-	-
Other income (expense)	(2)	7	5	15
Income (loss) from continuing operations before income taxes	(208)	(419)	(440)	(1,196)
Benefit from (provision for) income taxes	58	29	79	75
Income (loss) from continuing operations	(150)	(390)	(361)	(1,121)
Income (loss) from discontinued operations, net of tax	40	(180)	(92)	4
Net income (loss)	(110)	(570)	(453)	(1,117)
Income attributable to noncontrolling interests	(166)	(191)	(147)	(180)
Net income (loss) attributable to SunGard Capital Corp.	(276)	(761)	(600)	(1,297)

*SunGard Capital Corporation

SunGard*
Balance Sheet
(in \$ millions)

	09/30/11 Unaudited	12/31/10 Unaudited	09/30/10 Unaudited	12/31/09 Audited
Assets				
Current:				
Cash and cash equivalents	746	771	787	642
Trade receivables, less allowance for doubtful accounts	689	833	805	925
Earned but unbilled receivables	154	135	189	163
Prepaid expenses and other current assets	163	166	168	172
Clearing broker assets	220	230	240	332
Deferred income taxes	8	7	22	19
Assets held for sale	1,321	1,339	-	90
Total current assets	3,301	3,481	2,211	2,343
Property, plant and equipment, less accumulated depreciation	877	892	907	919
Software products, less accumulated amortization	586	723	867	1,014
Customer base, less accumulated amortization	1,639	1,806	2,111	2,239
Other intangible assets, less accumulated amortization	156	187	172	193
Trade name, less accumulated amortization	1,020	1,023	1,023	1,025
Goodwill	4,853	4,856	5,838	6,027
Long term assets of discontinued operations	-	-	-	220
Total long term assets	9,131	9,487	10,918	11,637
Total assets	12,432	12,968	13,129	13,980
Liabilities and shareholders' equity				
Current:				
Short-term and current portion of long-term debt	11	9	64	64
Accounts payable	40	63	63	61
Accrued compensation and benefits	293	284	265	311
Accrued interest expense	103	103	92	146
Other accrued expenses	347	405	408	386
Clearing broker liabilities	178	210	201	294
Deferred revenue	817	887	975	1,025
Liabilities related to assets held for sale	254	243	-	60
Total current liabilities	2,043	2,204	2,068	2,347
Long-term debt	7,840	8,046	8,234	8,251
Deferred income taxes	1,040	1,114	1,221	1,302
Long-term liabilities of discontinued operations	-	-	-	16
Total long term liabilities	8,880	9,160	9,455	9,569
Total liabilities	10,923	11,364	11,523	11,916
Commitments and contingencies	31	54	57	51
Noncontrolling interest in preferred stock of SCCII subject to a put option	54	87	92	88
Class L common stock subject to a put option	7	11	12	11
	92	152	161	150
Shareholders' equity				
Capital in excess of par value	2,753	2,703	2,693	2,678
Treasury stock, at cost	(36)	(34)	(29)	(27)
Accumulated deficit	(3,246)	(2,970)	(2,809)	(2,209)
Accumulated other comprehensive income (loss)	(28)	(29)	(146)	(121)
Total SunGard Capital Corp. stockholders' equity (deficit)	(557)	(330)	(291)	321
Noncontrolling interests in preferred stock of SCCII	1,974	1,782	1,736	1,593
Total equity	1,417	1,452	1,445	1,914
Total liabilities and shareholders equity	12,432	12,968	13,129	13,980
Current ratio: Current assets/Current liabilities	1.6	1.6	1.1	1.0
Leverage: Total liabilities/Total assets	88%	88%	88%	85%

*SunGard Capital Corporation (SCCII)

SunGard*
Statement of Cash Flows
(in \$ millions)

	Nine Months Ended		Nine Months Ended	
	09/30/11	12/31/10	09/30/10	12/31/09
	Unaudited	Unaudited	Unaudited	Audited
Net cash inflow/(outflow) from operating activities	427	721	435	640
Net cash inflow/(outflow) from investing activities	(227)	(260)	(278)	(333)
Net cash inflow/(outflow) from financing activities	(227)	(344)	(32)	(629)
Change in cash and cash equivalents	(29)	114	123	(311)
Effect of exchange rate charges on cash	(2)	(3)	(2)	11
Cash and cash equivalents - beginning of the period	778	664	664	975
Cash and cash equivalents - end of the period	749	778	787	664

*SunGard Capital Corporation