



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

July 12, 2011

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

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

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY VENDORS – FIRST QUARTER 2011

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, and The Active Network, Inc.

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 March 31, 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 year-end 2010, first quarter 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 U.S. government relationships. Serco employs more than 11,000 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 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: ICFI (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: Serco Services Inc. has an extensive portfolio of Federal government contracts, and serves all branches of the U.S. military, numerous civilian agencies and the intelligence community. Serco continues to be a profitable and growing company. We find no indication that Serco Services Inc. is unable to fulfill its contractual obligations to the TSP.

Current Financial Condition: Interim results for the first six months of 2011 are scheduled to be released on August 24, 2011. Quarterly results are not reported. Since the beginning of the financial year, Serco has been awarded £1.6 billion of contracts, comprising signed contracts valued at £1.4 billion and preferred bidder appointments valued at £0.2 billion.

- **Income Statement:** Serco Group plc reported 2010 audited year-end revenues of £4.3 billion, compared to 2009 audited year-end revenues of £4.0 billion, an increase of 9 percent. In the Americas, year-end 2010 revenues were £953.9 million compared with £872.6 million at year-end 2009, an increase of 9 percent. Profits were £156.8 million, up from £130.2 million in the same period of 2010.
- **Balance Sheet:** As of December 31, 2010, Total Assets of £2.5 billion were reported, flat from the £2.5 billion reported at year-end 2009. Total Liabilities were £1.7 billion, a 9 percent decrease from the £1.8 billion reported at year-end 2009.

- **Cash Flow:** At December 31, 2010, Serco Group plc reported a cash balance of £279.3 million compared to £319.4 million at year-end 2009, reflecting a 13 percent decrease.
- **Current Ratio (Current Assets/Current Liabilities)** decreased to 1.1 as of December 31, 2010, from 1.2 at year-end 2009.
- **Leverage:** As of December 31, 2010, Total Liabilities as a percent of Total Assets were 66.6 percent, a decrease from 76.7 percent reported at year-end 2009.

Dun & Bradstreet Credit Score Class: As of June 30, 2011, the credit score for Serco Services Inc. as a subsidiary of Serco Group plc, was 3 (moderate risk), compared to a credit score of 2 (slight risk) reported in the prior quarter.

Stock Performance: Serco Group plc's closing share price on June 30, 2011, was £552.50, down from its 52-week high of £633.00 on October 25, 2010. The 52-week low was £529.50 on February 23, 2011.

SAS 70 Report: There is no SAS 70 report available.

Significant Events:

- May 19, 2011 – Serco Services Inc. was awarded Supplier of the Year by The Boeing Company in the Technology category for its state-of-the-practice Enterprise Architecture solutions. This award is presented to top suppliers in recognition of their commitment to excellence and customer satisfaction. In January 2011, Serco Services Inc. also received the Boeing Performance Excellence Gold Award.

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 record keeping services. This effort was delayed due to relocating the Agency's primary data center while keeping the TSP modernization initiative on track. However, we have engaged a contractor to perform acquisition planning for re-competition of this contract. We are currently planning to conduct the competition in CY 2012.

Serco Group
Income Statement
(In £ millions)

	12/31/2010 Audited	12/31/2009 Audited	12/31/2008 Audited
Revenue	4,326.7	3,970.0	3,123.5
Cost of sales	(3,682.4)	(3,383.2)	(2,666.7)
Gross profit	644.3	586.8	456.8
Administrative expenses	(385.6)	(357.1)	(291.6)
Other expenses – amortization of intangibles arising on acquisition	(17.4)	(17.6)	(9.2)
Total administrative expenses	(403.0)	(374.7)	(300.8)
Operating profit	241.3	212.1	156.0
Investment revenue and finance costs	(27.4)	(35.0)	(19.9)
Profit before tax	213.9	177.1	136.1
Tax	(57.1)	(46.9)	(36.5)
Profit for the period	156.8	130.2	99.6

Serco Group
Balance Sheet
(in £ millions)

	12/31/2010 Audited	12/31/2009 Audited	12/31/2008 Audited
Assets			
Current assets			
Cash and cash equivalents	279.3	319.4	250.8
Derivative financial instruments	3.9	1.4	5.0
Trade and other receivables	790.2	720.9	725.7
Inventories	65.4	65.9	50.2
Total current assets	1,138.8	1,107.6	1,031.7
Non-current assets			
Goodwill	899.5	898.4	963.2
Other intangible assets	145.0	164.4	192.7
Property, plant and equipment	135.4	129.2	115.4
Trade and other receivables	156.7	181.4	121.1
Retirement benefit assets	-	-	62.4
Deferred tax assets	38.1	48.0	20.0
Derivative financial instruments	3.5	2.5	5.6
Total non-current assets	1,378.2	1,423.9	1,480.4
Total assets	<u>2,517.0</u>	<u>2,531.5</u>	<u>2,512.1</u>
Liabilities			
Current liabilities			
Trade and other payables	805.5	771.6	756.2
Current tax liabilities	19.5	14.1	19.5
Obligations under finance leases	7.1	6.0	4.5
Loans	159.5	110.7	36.8
Derivative financial instruments	2.4	5.5	4.2
Total current liabilities	994.0	907.9	821.2
Non-current liabilities			
Trade and other payables	22.2	23.1	32.7
Obligations under finance leases	19.3	18.0	12.7
Loans	354.6	543.2	710.9
Derivative financial instruments	5.2	1.7	0.4
Retirement benefit obligations	226.2	294.2	177.1
Provisions	39.6	42.3	45.9
Deferred tax liabilities	14.6	9.0	25.9
Total Long-term liabilities	681.7	931.5	1,005.6
Total liabilities	<u>1,675.7</u>	<u>1,839.4</u>	<u>1,826.8</u>
Equity			
Share capital	9.9	9.8	9.7
Share premium account	306.7	304.1	301.1
Capital redemption reserve	0.1	0.1	0.1
Retained earnings	568.5	444.1	339.8
Retirement benefit obligations			
reserve	(142.8)	(150.0)	(47.7)
Share-based payment reserve	58.7	49.6	40.0
Own shares reserve	(27.5)	(13.0)	(19.7)
Hedging and translation reserve	67.7	47.3	61.9
Equity attributable to equity			
holders of the parent	841.3	692.0	685.2
Minority interest	-	0.1	0.1
Total equity	841.3	692.1	685.3
Total liabilities and shareholders' equity	<u>2,517.0</u>	<u>2,531.5</u>	<u>2,512.1</u>
Current ratio: Current assets/Current liabilities	1.1	1.2	1.3
Leverage: Total liabilities/Total assets	66.6%	72.7%	72.7%

Serco Group
Cash Flow Statement
(In £ millions)

	12/31/2010	12/31/2009	12/31/2008
	Audited	Audited	Audited
Net cash inflow/(outflow) from operating activities	241.0	235.1	162.6
Net cash inflow/(outflow) from investing activities	(41.7)	(64.5)	(348.5)
Net cash inflow/(outflow) from financing activities	(247.5)	(96.7)	230.0
Change in cash and cash equivalents	<u>(48.2)</u>	<u>73.9</u>	<u>44.1</u>
Net exchange gain	8.1	(5.3)	21.7
Cash and cash equivalents at beginning of period	<u>319.4</u>	<u>250.8</u>	<u>185.0</u>
Cash and cash equivalents at end of period	279.3	319.4	250.8

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. These services are provided under the brand name BlackRock Solutions to clients in over 60 countries, primarily the United States, the United Kingdom, Japan, and Australia.

Assessment: As of March 31, 2011, BlackRock's assets under management totaled \$3.648 trillion across equity, fixed income, alternative investments, real estate, and advisory strategies. Through BlackRock Solutions, the company offers risk management, strategic advisory, and enterprise investment system services to a broad base of clients with portfolios totaling approximately \$9 trillion. The company acquired Barclays Global Investors (BGI) in December 2009 under the BlackRock name, making it the largest money manager in the world. There is no indication at this time that the company will be unable to meet its contractual obligations to the TSP.

Current Financial Condition:

- **Income Statement:** For the quarter ending March 31, 2011, BlackRock reported Total Revenue of \$2.3 billion which increased 14 percent from \$2.0 billion in revenue for the same period in 2010. The Company reported a Net Income of \$568 million for the first quarter, up 34 percent from a Net Income of \$423 million reported for the same period in 2010.
- **Balance Sheet:** As of March 31, 2011, Total Assets of \$178.4 billion were reported, down slightly from \$178.5 billion reported at year-end 2010. Total Liabilities reported were \$151.7 billion, down \$419 million from the \$152.1 billion reported at year-end 2010.
- **Cash Flow:** As of March 31, 2011, the Company reported cash and cash equivalents of \$2.8 billion, a decrease of \$588 million from the \$3.4 billion reported at year-end 2010.
- **Leverage:** As of March 31, 2011, Total Liabilities reported were 85.0 percent of Total Assets, compared to 85.2 percent at year-end 2010.
- **Current Ratio:** N.A. (BlackRock does not present current assets and current liabilities in its balance sheet presentation).

Dun & Bradstreet Credit Score Class: As of June 30, 2011, the credit score was 3 (moderate risk), unchanged from the previous quarter.

Stock Performance: BlackRock's closing share price on June 30, 2011, was \$191.81, down from its 52-week high of \$207.06 on March 3, 2011. The 52-week low was \$139.44 on August 26, 2010.

SAS 70 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:

- May 25, 2011 - BlackRock, Inc. announced that its Board of Directors declared a quarterly cash dividend of \$1.375 per share of common stock, payable June 23, 2011 to shareholders of record at the close of business on June 7, 2011.
- May 19, 2011 – BlackRock, Inc. has agreed to repurchase Bank of America Corporation's remaining ownership interest in BlackRock totaling 13,562,878 of its Series B Convertible Preferred Shares for approximately \$2.545 billion. BlackRock intends to fund this purchase with cash and a total of \$2.0 billion of commercial paper, medium-term and long-term debt.

Risk Mitigation: BlackRock has assumed the management of the TSP's bond and equity funds. The company is subject to the same contract provisions as BGI. TSP assets are held in trust and cannot be accessed by BlackRock's creditors. In the event of bankruptcy by BlackRock, 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 BlackRock, which provides for the transfer in kind of the TSP assets.

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Revenue				
Investment advisory, administration fees and securities lending revenue				
Related parties	1,357	4,893	1,149	2,616
Other third parties	627	2,397	604	1,210
Total investment advisory, administration fees and securities lending revenue	<u>1,984</u>	<u>7,290</u>	<u>1,753</u>	<u>3,826</u>
Investment advisory performance fees	83	540	50	202
<i>BlackRock Solutions</i> and advisory	128	460	113	477
Distribution fees	28	116	28	100
Other revenue	59	206	51	95
Total revenue	<u>2,282</u>	<u>8,612</u>	<u>1,995</u>	<u>4,700</u>
Expenses				
Employee compensation and benefits	830	3,097	773	1,802
Distribution and servicing costs				
Related parties	1	226	64	368
Other third parties	108	182	36	109
Amortization of deferred sales commissions	22	102	26	100
Direct fund expenses	143	493	113	95
General and administration	340	1,354	289	779
Restructuring charges	-	-	-	22
Amortization of intangible assets	40	160	40	147
Total expenses	<u>1,484</u>	<u>5,614</u>	<u>1,341</u>	<u>3,422</u>
Operating income	<u>798</u>	<u>2,998</u>	<u>654</u>	<u>1,278</u>
Non-operating income (expense)				
Net gain (loss) on investments	59	179	37	42
Net gain (loss) on consolidated variable interest entities	(15)	(35)	1	-
Interest and dividend income	9	29	4	20
Interest expense	(38)	(150)	(40)	(68)
Total non-operating income (expense)	<u>15</u>	<u>23</u>	<u>2</u>	<u>(6)</u>
Income before income taxes	813	3,021	656	1,272
Income tax expense	249	971	228	375
Net income	<u>564</u>	<u>2,050</u>	<u>428</u>	<u>897</u>
Less: Net income (loss) attributable to redeemable non-controlling interests	-	3	-	2
Less: Net income (loss) attributable to nonredeemable non-controlling interests	(4)	(16)	5	20
Net income attributable to BlackRock, Inc.	<u>568</u>	<u>2,063</u>	<u>423</u>	<u>875</u>

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

	03/31/11	12/31/10	03/31/10	12/31/09
	Unaudited	Audited	Unaudited	Audited
Assets				
Cash and cash equivalents	2,779	3,367	2,703	4,708
Accounts receivable	2,223	2,095	1,868	1,718
Due from related parties	136	150	170	189
Investments	1,528	1,540	1,096	1,049
Assets of consolidated variable interest entities				
Cash and cash equivalents	133	93	90	-
Bank loans and other investments	1,274	1,312	1,288	-
Separate account assets	121,903	121,137	116,187	119,629
Collateral held under securities lending agreements	17,236	17,638	13,417	19,335
Deferred sales commissions, net	60	66	100	103
Property and equipment (net of accumulated depreciation)	479	428	450	443
Intangible assets (net of accumulated amortization)	17,472	17,512	17,626	17,666
Goodwill	12,804	12,805	12,641	12,680
Other assets	395	316	424	604
Total Assets	178,422	178,459	168,060	178,124
Liabilities				
Accrued compensation and benefits	538	1,520	616	1,482
Accounts payable and accrued liabilities	1,366	1,068	1,037	840
Due to related parties	26	57	391	505
Short-term borrowings	-	100	880	2,234
Liabilities of consolidated variable interest entities				
Borrowings	1,297	1,278	1,214	-
Other liabilities	7	7	4	-
Convertible debentures	63	67	95	243
Long-term borrowings	3,192	3,192	3,191	3,191
Separate account liabilities	121,903	121,137	116,187	119,629
Collateral liability under securities lending agreements	17,236	17,638	13,417	19,335
Deferred income tax liabilities	5,526	5,477	5,577	5,571
Other liabilities	552	584	504	492
Total Liabilities	151,706	152,125	143,113	153,522
Temporary equity				
Redeemable non-controlling interests	4	6	79	49
Total Temporary Equity	4	6	79	49
Permanent Equity				
BlackRock, Inc. stockholders' equity				
Common stock	1	1	1	1
Preferred stock	1	1	1	1
Additional paid-in capital	22,455	22,502	22,174	22,127
Retained earnings	4,019	3,723	2,663	2,436
Appropriated retained earnings	58	75	114	-
Accumulated other comprehensive loss	(52)	(96)	(165)	(96)
Escrow shares, common, at cost	(1)	(1)	(137)	(137)
Treasury stock, common, at cost	(2)	(111)	(3)	(3)
Total BlackRock, Inc. stockholders' equity	26,479	26,094	24,648	24,329
Nonredeemable non-controlling interests	188	189	174	224
Nonredeemable non-controlling interests of consolidated variable interest entities	45	45	46	-
Total Permanent Equity	26,712	26,328	24,868	24,553
Total Liabilities, Temporary Equity and Permanent Equity	178,422	178,459	168,060	178,124
Total liabilities/Total assets	85.0%	85.2%	85.2%	86.2%

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities	(156)	2,488	(164)	1,399
Net cash inflow/(outflow) from investing activities	(15)	(627)	(30)	(5,519)
Net cash inflow/(outflow) from financing activities	<u>(465)</u>	<u>(3,170)</u>	<u>(1,755)</u>	<u>6,749</u>
Change in cash and cash equivalents	<u>(588)</u>	<u>(1,341)</u>	<u>(2,005)</u>	<u>2,676</u>
Cash and cash equivalents - beginning of the period	<u>3,367</u>	<u>4,708</u>	<u>4,708</u>	<u>2,032</u>
Cash and cash equivalents - end of the period	2,779	3,367	2,703	4,708

Equinix Inc. (formerly Switch & Data)

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 more than 650 network service providers. Equinix has 90 data centers in 37 major metropolitan areas in 12 countries in North America, Europe and Asia-Pacific, representing more than 4,000 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 Switch and Data, revenue growth and market share remain strong. We have no indication that Equinix would be unable to perform its contractual commitments.

Current Financial Condition:

- **Income Statement:** Equinix reported total revenue of \$363.0 million for the first quarter of 2011, up 46 percent from the \$248.6 million reported for the same period in 2010. The Company reported Net Income of \$25.1 million, an increase of 77 percent from the \$14.2 million reported in the same period in 2010.
- **Balance Sheet:** As of March 31, 2011, Total Assets of \$4.7 billion were reported, an increase of \$0.3 billion from \$4.4 billion reported at year-end 2010. Total Liabilities were \$2.7 billion, an increase of \$0.1 billion from the \$2.6 billion at year-end 2010.
- **Cash Flow:** Cash and cash equivalents were \$304.5 million at March 31, 2011, a decrease of \$138.3 million from \$442.8 million reported at year-end 2010.
- **Leverage:** As of March 31, 2011, Total Liabilities were 57.3 percent of Total Assets, decreasing from 57.7 percent at year-end 2010.
- **Current Ratio:** As of March 31, 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 June 30, 2011 the credit score was 2 (slight risk) compared to a credit score of 1 (low risk) as of March 31, 2011.

Stock Performance: Equinix's closing share price on June 30, 2011 was \$101.90, down from its 52-week high of \$105.09 on October 5, 2010. The 52-week low was \$70.34 on October 6, 2010.

SAS 70 Report: No current information is available.

Significant Events:

- July 06, 2011 – Equinix, Inc. announced that it intends to offer, subject to market and other conditions, \$500 million aggregate principal amount of its senior notes due 2021 under an automatically effective shelf registration statement on file with the Securities and Exchange Commission (SEC). Equinix intends to use the net proceeds from this offering for general corporate purposes, which may include capital expenditures, repayment of its 2.50% convertible subordinated notes due 2012 upon maturity, working capital and potential acquisitions.
- April 27, 2011 – Equinix, Inc. plans to open its eighth International Business Exchange (IBX) data center in the New York City metropolitan area and plans to expand Equinix IBX data centers in Chicago, Ill., and Frankfurt, Germany. Equinix is investing approximately \$140 million in New York, and the new facility is expected to open in the second quarter of 2012. The company is also investing about \$30 million to expand its Chicago-3 IBX and about \$70 million to expand its Frankfurt-2 IBX.
- On March 8, 2011, a securities class action complaint was filed against Equinix Inc. in the U.S. District Court for the Northern District of California. The lawsuit, filed on behalf of all purchasers of Equinix common stock from the period of July 29, 2010 to October 5, 2010, alleges that the company failed to disclose integration difficulties with Switch and Data following its 2010 acquisition, as well as claims that its executives were not forthright about its business model. The company believes the claims are without merit and will not have an impact on its ability to conduct its operations.

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 its performance.

Equinix Inc.
Income Statement
(in \$ thousands)

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Revenues	363,029	1,220,334	248,649	882,509
Costs and operating expenses:				
Cost of revenues	194,576	674,667	133,050	483,420
Sales and marketing	33,636	111,104	19,468	63,584
General and administrative	62,601	220,781	43,155	155,324
Restructuring charges	496	6,734	-	(6,053)
Acquisition costs	415	12,337	4,994	5,155
Total costs and operating expenses	291,724	1,025,623	200,667	701,430
Income from operations	71,305	194,711	47,982	181,079
Interest income	215	1,515	506	2,384
Interest expense	(37,361)	(140,475)	(25,675)	(74,232)
Other than temporary impairment loss on investments	-	3,626	3,420	(2,590)
Loss on debt extinguishment and interest rate swaps, net	-	(10,187)	(3,377)	-
Other income	2,111	690	20	2,387
Income before taxes	36,270	49,880	22,876	109,028
Income tax expense	(11,125)	(12,999)	(8,677)	(39,597)
Net income	25,145	36,881	14,199	69,431

Equinix Inc.
Balance Sheet
(in \$ thousands)

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Assets				
Cash and cash equivalents	304,466	442,841	1,039,302	346,056
Short-term investments	150,040	147,192	140,611	248,508
Accounts receivable, net	114,207	116,358	69,722	64,767
Current portion of deferred tax assets, net	-	-	-	46,822
Other current assets	126,277	71,657	64,014	21,734
Total Current Assets	694,990	778,048	1,313,649	727,887
Long term investments	2,145	2,806	5,225	9,803
Property, plant and equipment, net	2,881,126	2,650,953	1,874,325	1,808,115
Goodwill	789,876	774,365	359,319	381,050
Intangible assets, net	148,874	150,945	46,661	51,015
Deferred tax assets, net	-	-	-	5,171
Other assets	135,502	90,892	68,589	55,109
Total assets	4,652,513	4,448,009	3,667,768	3,038,150
Liabilities and shareholders' equity				
Accounts payable and accrued expenses	133,536	145,854	113,018	99,053
Accrued property, plant and equipment	125,579	91,667	98,993	109,876
Current portion of capital lease and other financing obligations	8,381	7,988	6,490	6,452
Current portion of loans payable	20,204	19,978	56,225	58,912
Other current liabilities	55,574	52,628	41,381	41,166
Total current liabilities	343,274	318,115	316,107	315,459
Capital lease and other financing obligations, less current portion	296,913	253,945	152,173	154,577
Loans payable, less current portion	126,617	100,337	247,718	371,322
Convertible debt	750,000	916,337	899,182	893,706
Senior notes	922,325	750,000	750,000	-
Deferred tax liabilities, net	-	-	-	25,937
Other liabilities	225,987	228,760	115,101	94,666
Total liabilities	2,665,116	2,567,494	2,480,281	1,855,667
Shareholders' equity				
Common stock	47	46	40	39
Additional paid-in capital	2,372,660	2,341,586	1,691,726	1,665,662
Accumulated other comprehensive loss	(61,356)	(112,018)	(132,498)	(97,238)
Accumulated deficit	(323,954)	(349,099)	(371,781)	(385,980)
Total shareholders' equity	1,987,397	1,880,515	1,187,487	1,182,483
Total liabilities and shareholders' equity	4,652,513	4,448,009	3,667,768	3,038,150

Current ratio: Current assets/Current liabilities	2.0	2.4	4.2	2.3
Leverage: Total liabilities/Total assets	57.3%	57.7%	67.6%	61.1%

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Net cash provided by operating activities from continuing operations	117,770	392,872	99,812	355,492
Net cash used in investing activities	(286,389)	(600,969)	(31,557)	(558,178)
Net cash provided by financing activities	26,126	309,686	629,796	323,598
Effect of exchange rate charges on cash	4,118	(4,804)	(4,805)	4,937
Net increase in cash and cash equivalents	<u>(138,375)</u>	<u>96,785</u>	<u>693,246</u>	<u>125,849</u>
Cash and cash equivalents - beginning of the period	442,841	346,056	346,056	220,207
Cash and cash equivalents - end of the period	304,466	442,841	1,039,302	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, with locations throughout North America, Latin America, Asia, and Europe. R.R. Donnelley 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 the company will be unable to meet its contractual obligations to the TSP.

Current Financial Condition:

- **Income Statement:** For the quarter ending March 31, 2011, R.R. Donnelley reported net sales of \$2.6 billion compared to \$2.4 billion in the same period of 2010. The Company reported net income of \$33.9 million, down from a net income of \$52.6 million in the same period of 2010. The decrease in net income is a result of greater operating expenses, including the acquisition of Bowne & Co., giving R.R. Donnelley a presence in the competitive virtual data room segment, and higher restructuring and impairment charges.
- **Balance Sheet:** As of March 31, 2011, \$9.0 billion of Total Assets were reported, down from \$9.1 billion reported at year-end 2010. Total Liabilities of \$6.7 billion were reported, a decrease from \$6.8 billion reported at year-end 2010.
- **Cash Flow:** As of March 31, 2011, the Company reported cash and cash equivalents of \$399.3 million, a decrease from the \$519.1 million reported at year-end 2010. The decrease in cash and cash equivalents is attributed to higher incentive compensation payments in the first quarter of 2011.
- **Current Ratio:** As of March 31, 2011, the Current Ratio (Current Assets/Current Liabilities) was 1.5, compared to 1.6 at year-end 2010.
- **Leverage:** As of March 31, 2011, Total Liabilities were 74.8 percent of Total Assets, compared to 75.3 at year-end 2010.

Dun & Bradstreet Credit Score Class: As of June 30, 2011 the credit score was 1 (lowest risk) unchanged from March 31, 2011.

Stock Performance: R. R. Donnelley's closing share price on June 30, 2011, was \$19.61, down from its 52-week high of \$21.34 on May 31, 2011. The 52-week low was \$14.87 on August 25, 2010.

SAS 70 Report: The SAS-70 report as of December 10, 2010 by Deloitte & Touche LLP revealed no issues related to the TSP. Dates of coverage are May 1, 2010 to October 31, 2010.

Significant Events:

- June 1, 2011 - R.R. Donnelley & Sons Company announced that it has closed an offering of \$600 million aggregate principal amount of 7.25% Notes due 2018. RR Donnelley intends to use the net proceeds from this offering (1) to fund tender offers for up to \$500 million aggregate principal amount of its notes including a tender offer for any and all of its outstanding 2019 Notes and a partial tender offer for certain of its other notes and debentures and (2) to pay premiums in connection with those tender offers.

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)

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Net sales				
Products	2,266.4	8,956.4	2,170.9	8,925.4
Services	317.1	1,062.5	244.2	932.0
Total Net Sales	2,583.5	10,018.9	2,415.1	9,857.4
Cost of sales	1,956.2	7,642.9	1,841.7	7,462.9
Selling, general & administrative expenses	326.9	1,123.4	273.5	1,088.5
Restructuring and impairment charges - net	50.8	157.9	15.5	382.7
Depreciation & amortization	140.2	539.2	138.6	579.0
Total operating expenses	2,474.1	9,463.4	2,269.3	9,513.1
Income from continuing operations	109.4	555.5	145.8	344.3
Interest expense - net	57.9	222.6	55.7	234.6
Investment and other income (expense) - net	(0.2)	(9.9)	(9.0)	(16.6)
Earnings (loss) from continuing operations before income taxes	51.3	323.0	81.1	93.1
Income tax expense (benefit)	17.0	105.9	32.4	114.5
Net earnings (loss)	34.3	217.1	48.7	(21.4)
Less: Income (loss) attributable to noncontrolling interests	0.4	(4.6)	(3.9)	5.9
Less: Income (loss) attributable to RR Donnelley common shareholders	33.9	221.7	52.6	(27.3)

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Assets				
Cash and cash equivalents	399.3	519.1	451.3	499.2
Restricted cash equivalents	-	-	38.9	-
Receivables, less allowance for doubtful accounts	1,961.1	1,922.9	1,659.3	1,675.9
Income taxes receivable	33.0	49.3	48.0	63.2
Inventories	581.3	560.6	526.1	561.8
Prepaid expenses and other current assets	137.6	115.4	184.2	160.8
Total current assets	3,112.3	3,167.3	2,907.8	2,960.9
Property, plant and equipment - net	2,080.9	2,138.7	2,193.2	2,271.4
Goodwill	2,554.3	2,526.8	2,327.8	2,333.3
Other intangible assets, net	753.9	775.0	716.9	747.4
Other noncurrent assets	465.0	475.4	424.8	434.6
Total assets	8,966.4	9,083.2	8,570.5	8,747.6
Liabilities and shareholders' equity				
Accounts payable	930.6	939.8	850.3	886.4
Accrued liabilities	810.1	902.2	751.1	813.4
Short-term and current portion of long-term debt	281.8	131.4	336.1	339.9
Total current liabilities	2,022.5	1,973.4	1,937.5	2,039.7
Long-term debt	3,236.4	3,398.6	2,982.6	2,982.5
Pension liability	533.5	533.0	506.2	509.8
Postretirement benefit	290.9	287.4	328.0	324.5
Deferred income taxes	171.0	174.5	201.0	205.5
Other noncurrent liabilities	454.4	470.9	457.1	524.6
Total liabilities	6,708.7	6,837.8	6,412.4	6,586.6
Shareholders' equity				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,875.5	2,907.0	2,888.3	2,906.2
Retained earnings	650.4	670.2	662.0	662.9
Accumulated other comprehensive income	(457.4)	(490.4)	(548.7)	(545.0)
Treasury stock, at cost	(1,134.1)	(1,166.2)	(1,169.5)	(1,193.8)
Total R.R. Donnelley shareholders' equity	2,238.1	2,224.3	2,135.8	2,134.0
Noncontrolling interests	19.6	21.1	22.3	27.0
Total equity	2,257.7	2,245.4	2,158.1	2,161.0
Total liabilities and equity	8,966.4	9,083.2	8,570.5	8,747.6
Current ratio: Current assets/Current liabilities	1.5	1.6	1.5	1.5
Leverage: Total liabilities/Total assets	74.8%	75.3%	74.8%	75.3%

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities from operating activities	(7.2)	752.5	75.6	1,425.8
Net cash inflow/(outflow) from investing activities	(64.3)	(674.5)	(63.3)	(260.9)
Net cash inflow/(outflow) from financing activities	(56.4)	(58.0)	(51.6)	(1,028.0)
Change in cash and cash equivalents	<u>(119.8)</u>	<u>19.9</u>	<u>(47.9)</u>	<u>175.2</u>
Effect of exchange rate charges on cash	8.1	(0.1)	(8.6)	38.3
Cash and cash equivalents - beginning of the period	<u>519.1</u>	<u>499.2</u>	<u>499.2</u>	<u>324.0</u>
Cash and cash equivalents - end of the period	399.3	519.1	451.3	499.2

MetLife

General Information: Metropolitan Life Insurance Company (MetLife) 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 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:

- **Income Statement:** For the quarter ending March 31, 2011, MetLife reported Total Revenues of \$15.9 billion, up 21 percent from the \$13.1 billion reported in the same period for 2010. MetLife reported a net profit of \$830 million in the first quarter, compared to a net profit of \$805 million reported in the same period in 2010.
- **Balance Sheet:** As of March 31, 2011, Total Assets of \$751.3 billion were reported, an increase of \$20.4 billion from \$730.9 billion reported at year-end 2010. Total Liabilities were \$701.0 billion at March 31, 2011, an increase of \$19.2 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 \$10.8 billion and \$13.0 billion at March 31, 2011 and year-end 2010, respectively, which reflected a 17 percent decrease.
- **Leverage:** As of March 31, 2011, Total Liabilities were 93.3 percent of Total Assets, flat from 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 February 2, 2011 were unchanged (no updates as of June 30, 2011) as follows:

<i>Rating Agency</i>	<i>Rating</i>	<i>Descriptor</i>	<i>Modifier</i>	<i>Outlook</i>
A.M. Best Company	A+	Superior	Ratings Under Review	Negative
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 June 30, 2011, the credit score was 5 (highest risk) unchanged since March 31, 2011.

Stock Performance: MetLife's closing share price on June 30, 2011, was \$43.87, down from its 52-week high of \$48.72 on February 8, 2011. The 52-week low was \$35.38 on August 25, 2010.

SAS 70 Report: There is no SAS report available.

Significant Events:

- May 16, 2011 – MetLife, Inc. declared second quarter 2011 dividends of \$0.2555555 per share on the company's floating rate non-cumulative preferred stock, Series A (NYSE: METPrA), and \$0.4062500 per share on the company's 6.50% non-cumulative preferred stock, Series B (NYSE: METPrB). Both dividends were payable June 15, 2011 to shareholders of record as of May 31, 2011.

Risk Mitigation: 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)

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Revenues				
Premiums	8,554	27,394	6,788	26,460
Universal life and investment-type product policy fees	1,889	6,037	1,405	5,203
Net investment income	5,317	17,615	4,321	14,837
Other revenues	566	2,328	513	2,329
Net investment gains (losses)	(99)	(392)	32	(7,772)
Net derivative gains (losses)	(315)	(265)	41	-
Total revenues	15,912	52,717	13,100	41,057
Expenses				
Policyholder benefits and claims	8,231	29,545	7,464	28,336
Interest credited to policyholder account balances	1,924	4,925	1,142	4,849
Policyholder dividends	372	1,486	377	1,650
Other expenses	3,902	12,803	2,932	10,556
Total expenses	14,429	48,759	11,915	45,391
Income (loss) from continuing operations before provision for income taxes	1,483	3,958	1,185	(4,334)
Provision for income tax expense (benefit)	428	1,181	356	(2,015)
Income from continuing operations	1,055	2,777	829	(2,319)
Income (loss) from discontinued operations, net of income taxes	(42)	9	5	41
Net income/(loss)	1,013	2,786	834	(2,278)
Less: Net income (loss) attributable to noncontrolling interests	7	(4)	(1)	(32)
Income before cumulative effect of a change in accounting, net of income taxes	1,006	2,790	835	(2,246)
Less: Preferred Stock Dividends & redemption premium	176	122	30	122
Net income/(loss)	830	2,668	805	(2,368)

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Assets				
Investments:				
Fixed maturity securities available for sale	333,664	324,797	237,549	227,642
Equity securities	3,584	3,602	3,062	3,084
Trading and other securities available for sale	19,365	18,589	3,039	2,384
Mortgage loans	61,832	62,297	57,356	50,909
Policy loans	11,872	11,761	10,015	10,061
Real estate and real estate joint ventures held for investment	8,042	8,030	6,866	6,896
Other limited partnership interests	6,409	6,416	5,753	5,508
Short term investments	8,822	9,384	7,987	8,374
Other invested assets	13,693	15,430	12,314	12,709
Total investments	<u>467,283</u>	<u>460,306</u>	<u>343,941</u>	<u>327,567</u>
Cash and cash equivalents	10,692	12,957	9,117	10,112
Accrued investment income	4,478	4,328	3,352	3,173
Premiums, reinsurance and other receivables	20,315	19,799	17,541	16,752
Deferred policy acquisition costs	27,979	27,092	18,516	19,256
Current income taxes recoverable	-	-	-	316
Deferred income tax assets	-	-	189	1,228
Goodwill	11,946	11,781	5,049	5,047
Assets of subsidiaries held for sale	3,413	3,331	2,763	-
Separate account assets	195,914	183,138	158,252	149,041
Other assets	9,321	8,174	6,846	6,822
Total assets	<u>751,341</u>	<u>730,906</u>	<u>565,566</u>	<u>539,314</u>
Liabilities and stockholders' equity				
Liabilities				
Future policy benefits	172,987	170,912	135,416	135,879
Policyholder account balances	214,641	210,757	141,552	138,673
Other policy-related balances	15,641	15,750	8,630	8,446
Policyholder dividends payable	820	830	745	761
Policyholder dividend obligation	793	876	-	-
Payables for collateral under securities loaned and other transactions	28,625	27,272	25,982	24,196
Bank deposits	9,313	10,316	10,032	10,211
Short term debt	572	306	318	912
Long term debt	27,604	27,586	20,177	13,220
Collateral financing arrangements	5,297	5,297	5,297	5,297
Junior subordinated debt securities	3,191	3,191	3,191	3,191
Current income tax payable	113	297	57	-
Deferred income tax liability	2,238	1,856	2,543	-
Other liabilities	20,037	20,366	17,195	15,989
Liabilities of subsidiaries held for sale	3,206	3,043	-	-
Separate account liabilities	195,914	183,138	158,252	149,041
Total liabilities	<u>700,992</u>	<u>681,793</u>	<u>529,387</u>	<u>505,816</u>
Redeemable noncontrolling interest in partially owned consolidated subsidiaries	128	117	-	-
Stockholders' equity				
Preferred stock	1	1	1	1
Common stock	11	10	8	8
Additional paid in capital	26,668	26,423	16,871	16,859
Retained earnings	22,193	21,363	20,294	19,501
Treasury stock, at cost	(172)	(172)	(172)	(190)
Accumulated other comprehensive income (loss)	1,115	1,000	(1,191)	(3,058)
Total stockholders equity	<u>49,816</u>	<u>48,625</u>	<u>35,811</u>	<u>33,121</u>
Noncontrolling interests	405	371	368	377
Total Equity	<u>50,221</u>	<u>48,996</u>	<u>36,179</u>	<u>33,498</u>
Total liabilities and equity	<u>751,341</u>	<u>730,906</u>	<u>565,566</u>	<u>539,314</u>

Leverage: Total liabilities/Total assets 93.3% 93.3% 93.6% 93.8%

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

	03/31/11 Unaudited	12/31/10 Audited	03/31/10 Unaudited	12/31/09 Audited
Net cash inflow/(outflow) from operating activities	3,501	7,996	2,871	3,803
Net cash inflow/(outflow) from investing activities	(8,094)	(18,314)	(7,598)	(13,935)
Net cash inflow/(outflow) from financing activities	2,262	13,381	3,845	(4,103)
Change in cash and cash equivalents	<u>(2,238)</u>	<u>2,934</u>	<u>(910)</u>	<u>(14,127)</u>
Cash and cash equivalents - beginning of the period	<u>13,046</u>	<u>10,112</u>	<u>10,112</u>	<u>24,239</u>
Cash and cash equivalents - end of the period	10,808	13,046	9,202	10,112

The Active Network, Inc.

General Information: The Active Network, Inc. purchased the InfoSpherix division responsible for managing the Maryland TSP call center from Spherix in August 2007. A new contract to operate the Maryland call center 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 period ended March 31, 2011, the Active Network reported Total Revenues of \$72.7 million, an increase of 15 percent over the same period in 2010, when revenues were \$63.2 million. The Company reported a Net Loss of \$18.4 million for the quarter ending March 31, 2011, compared to a Net Loss of \$19.3 million reported for same period in 2010.
- **Balance Sheet:** As of March 31, 2011, Total Assets were \$440.7 million, a 13 percent increase from \$390.5 million at year-end 2010. Total Liabilities of \$233.4 million were reported on March 31, 2011, an increase of 27 percent from \$184.2 million reported at year-end 2010.
- **Cash Flow:** The Company's short-term liquidity position, defined as cash and cash equivalents, was \$60.8 million and \$31.4 million at March 31, 2011 and December 31, 2010, respectively.
- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) was 64.3 percent as of March 31, 2011, compared to 56.3 percent at year-end 2010.
- **Leverage:** As of March 31, 2011, Total Liabilities were 53.0 percent of Total Assets, an increase from 47.2 percent at year-end 2010.

Dun & Bradstreet Credit Score Class: As of June 30, 2011, the credit score was 3 (moderate risk) compared to March 31, 2011, when the credit score was 2 (slight risk).

Stock Performance: The Active Network's closing share price on June 30, 2011, was \$17.60, down from its 52-week high of \$19.89 on June 7, 2011. The 52-week low was \$15.30 on May 26, 2011.

SAS 70 Report: There is no SAS report available.

Significant Events:

- March 10, 2011 - The Active Network is ranked #16 on The Wall Street Journal's "The Next Big Thing 2011" list. The company was selected from a pool of more than 10,000 companies to be recognized as one of the 50 most promising venture-backed companies in the U.S.
- Initial Public Offering: On February 15, 2011, The Active Network, Inc. announced the filing of a registration statement on Form S-1 with the Securities and Exchange Commission (SEC) related to a proposed Initial Public Offering of shares of its common stock. The Company has issued several S-1 filing amendments which contain financial results covering the periods of December 31, 2010, and March 31, 2011. Shares of The Active Network under the symbol "ACTV" began trading on the New York Stock Exchange on May 25, 2011. The company offered 11 million shares at \$15, below its expected range of \$16 to \$18, for a total of \$165 million.

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)

	3/31/2011 Unaudited	12/31/2010 Audited	3/31/2010 Unaudited	12/31/2009 Audited
Net Revenue:				
Technology revenue	63,108	237,688	54,932	210,483
Marketing services revenue	9,604	41,912	8,290	32,401
Total Net Revenue	72,712	279,600	63,222	242,884
Cost of net revenue:				
Cost of Technology revenue	32,988	115,148	27,035	103,130
Cost of Marketing services revenue	1,162	6,203	1,019	4,058
Total cost of net revenue	34,150	121,351	28,054	107,188
Gross Profit	38,562	158,249	35,168	135,696
Operating Expenses:				
Sales and marketing	16,940	59,106	14,643	50,556
Research and development	16,176	61,107	15,042	58,767
General and administrative	10,588	42,404	11,324	39,455
Amortization of intangibles	3,703	16,147	4,047	18,491
Total operating expenses	47,407	178,764	45,056	167,269
Income / (Loss) From Operations	(8,845)	(20,515)	(9,888)	(31,573)
Interest Income (Loss)	30	150	28	194
Interest expense	(1,284)	(5,438)	(1,314)	(5,237)
Other (expense) income, net	(51)	455	(377)	1,196
Loss before income taxes	(10,150)	(25,348)	(11,551)	(35,420)
Income tax provision	792	1,924	855	2,439
Net loss	(10,942)	(27,272)	(12,406)	(37,859)
Accretion of redeemable convertible preferred stock	(7,410)	(28,157)	(6,873)	(25,774)
Net loss attributable to common stockholders	(18,352)	(55,429)	(19,279)	(63,633)

The Active Network, Inc.

Balance Sheet

(in \$ thousands)

	3/31/2011 Unaudited	12/31/2010 Audited	12/31/2009 Audited
Assets:			
Cash and cash equivalents	60,831	31,441	26,381
Restricted cash	5,000	5,000	5,000
Accounts Receivable, Net	45,776	34,096	27,554
Prepaid Expenses & Other Current Assets	4,879	4,181	3,675
Total Current Assets	116,486	74,718	62,610
Property & Equipment, Net	27,495	28,181	26,742
Software Development Costs, Net	39,548	37,013	27,003
Goodwill	213,513	207,113	203,010
Intangible Assets, Net	40,401	41,208	60,255
Deposits and other assets	3,261	2,315	2,251
Total Assets	440,704	390,548	381,871
Current Liabilities:			
Accounts payable	6,370	5,372	3,432
Registration fees payable	81,191	40,667	30,158
Accrued expenses	39,552	32,172	27,632
Deferred Revenue	36,145	34,013	25,031
Current portion of debt	14,092	16,866	12,996
Capital lease obligations, current portion	2,133	1,983	1,906
Other current liabilities	1,735	1,630	131
Total Current Liabilities	181,218	132,703	101,286
Debt, net of current portion	27,060	27,537	35,731
Capital lease obligations, net of current portion	1,043	1,663	3,638
Other long-term Liabilities	5,080	4,353	2,033
Deferred Tax liability	18,952	17,960	16,318
Total Liabilities	233,353	184,216	159,006
Convertible Preferred Stock	21,187	21,187	21,187
Redeemable Convertible Preferred Stock	378,536	371,126	343,021
Total Preferred Stock	399,723	392,313	364,208
Common stock	11	9	7
Treasury stock	(11,959)	(11,959)	(11,959)
Additional paid-in capital	75,732	65,224	56,706
Accumulated other comprehensive income	10,317	8,866	6,595
Accumulated deficit	(266,473)	(248,121)	(192,692)
Total Stockholders Equity (deficit)	(192,372)	(185,981)	(141,343)
Total Liabilities & Equity	440,704	390,548	381,871
Current Ratio: Current Assets/Current Liabilities	64.3%	56.3%	61.8%
Leverage: Total Liabilities/Total Assets	53.0%	47.2%	41.6%

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

	3/31/2011 Unaudited	12/31/2010 Audited	3/31/2010 Unaudited	12/31/2009 Audited
Net cash inflow/(outflow) from operating activities	(7,126)	(32,725)	(6,737)	(25,968)
Net cash inflow/(outflow) from investing activities	(2,858)	(4,349)	63	(8,514)
Net cash inflow/(outflow) from financing activities	<u>29,390</u>	<u>5,060</u>	<u>29,923</u>	<u>(7,014)</u>
Change in cash and cash equivalents	115	39	247	(1,056)
Effect of exchange rate charges on cash				
Cash and cash equivalents - beginning of the period	31,441	26,381	26,381	33,395
Cash and cash equivalents - end of the period	60,831	31,441	56,304	26,381