THRIFT SAVINGS PLAN

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

January 8, 2009

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: JAMES B. PETRICK
CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY VENDORS – JANUARY 2009

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

For each vendor we have analyzed the following:

1. Current Financial Condition:

Our financial analysis consists of a review of the vendor's key financial statistics from their current income statement and balance sheet for the most recent quarter available to determine their overall financial stability. For this report, we are using unaudited data for the nine months ending September 30, 2008. We determine whether there is evidence of stable or growing income (i.e., the profitability of the company). We also review the current balance sheet to determine 1) the current ratio of assets to liabilities to ascertain the vendor's ability to meet short term liquidity needs and 2) the ratio of total debt to total assets to ascertain the prospects for longer term profitablility. Then, we look for significant changes from prior to current periods to identify trends that may require further explanation. At the Board's request, for comparative purposes, we have included information from the first nine months of 2007, year-end 2007 and year-end 2006 and continue to provide the stock price and a statement of cash flows.

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

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 creditors and can disclose potential financial problems, it should only be considered one part of a firm's overall financial picture.

3. Significant Events:

This section includes a description of any significant items that could impact the company's financial situation, such as significant pending litigation, 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

SI International

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

Assessment: The first nine months of 2008 continued to show a company that is profitable, although net income of $10.3 million during the first nine months of 2008 was $3.8 million below the same period last year despite increased revenues of $426.1 million compared with $373.6 million during the same period of 2007. Any volatility present due to its pursuit of strategic acquisitions is mitigated by the Company's extensive portfolio of Federal government contracts; these contracts generated approximately 99 percent of total revenue in 2007. We find no indication at this time that SI International is unable to fulfill its contractual obligations to the TSP.

Current Financial Condition: For the nine months ended September 30, 2008, in its SEC filing, SI reported revenues of $426.1 million, an increase of 14 percent from the $373.6 million reported in the first nine months of 2007.

- Income Statement: Through September 30, 2008, SI reported Net Income of $10.3 million, down 27 percent from the $14.1 million reported in the first nine months of 2007.

- Balance Sheet: Through September 30, 2008, Total Assets of $458.9 million were reported, a less than one percent decline from the $461 million reported at year-end 2007. Total Liabilities decreased to $197.9 million, a decrease of 1.5 percent from the $201 million reported at year-end 2007.

- Cash Flow: Through September 30, 2008, cash and cash equivalents totaled $1.2 million, a 91 percent decrease from $13.1 million at year-end 2007. In preparation for the merger with the Serco Group, SI used its cash holdings to repay long term debt and to repurchase common stock.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) improved to 2.1 from 1.7 reported at year-end 2007.

- Leverage: Through September 30, 2008, Total Liabilities as a percent of Total Assets slightly declined to 43.1 percent from 43.5 percent reported at year-end 2007.

Dun & Bradstreet Credit Score Class: As of December 30, 2008, the credit score was 2, (slight risk) this score improved from 3, (moderate risk), reported during the previous quarter.

Stock Performance: SI International ceased trading with the completion of its merger with the Serco Group.

Significant Events: On December 29, 2008, SI International and the Serco Group plc., (Reston, VA) a division of Serco Group PLC, announced that they had completed the definitive merger agreement whereby Serco acquired SI International for an aggregate purchase price of approximately $422 million. Serco will take on SI International's debt valued at $524 million. We anticipate no changes to the day to day record keeping operations provided by SI. The final regulatory hurdle to the merger was announced as cleared on December 24 when the Committee on Foreign Investment in the United States completed its review of the proposed acquisition and allowed the merger to proceed.

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

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

The Agency is continuing to develop the requirements for a new statement of work (SOW) in preparation for the recompetition of SI/Serco record keeping services. The progress on this effort has been delayed by the need to relocate the Agency's primary data center while keeping the TSP modernization initiative on track. We hope to release the solicitation by the end of FY 2009, with contract award in FY 2010. A full and open competition is planned, and risk mitigation will be a principal component of the procurement strategy.

SI International
Income Statement
(in thousands)

	9/27/08 Nine Months Ended **Unaudited**	**12/29/07**	**09/29/07** Nine Months Ended **Unaudited**	**12/30/06**
Revenue	$426,141	$510,820	$373,602	$461,970
Costs and expenses				
Cost of services	283,023	325,695	237,541	290,675
Selling, general, and administrative	114,338	138,854	102,195	124,847
Depreciation/Amortization	3,181	3,590	2,548	2,692
Amortization of intangible assets	3,266	4,047	2,887	3,116
Total operating expenses	403,808	472,186	345,171	421,330
Income from operations	22,333	38,634	28,431	40,640
Interest expense, net	(4,985)	7,154	(5,170)	(7,731)
Income (loss) before provision for income taxes	17,348	31,738	23,261	32,997
Provision for income taxes	7,026	12,445	9,121	12,844
Net income (loss)	**$10,322**	**$19,293**	**$14,140**	**$20,153**

SI International
Balance Sheet
(in thousands)

	09/27/08 Nine Months Ended Unaudited	12/29/07	09/29/07 Nine Months Ended Unaudited	12/30/06
ASSETS				
Current assets:				
Cash and cash equivalents	$1,212	$13,129	$6,798	$19,457
Accounts receivable, net	129,845	117,098	110,618	91,972
Deferred tax asset	-	-	-	1,408
Other current assets	14,099	12,511	9,041	7,219
Total current assets	**145,156**	**142,738**	**126,457**	**120,056**
Property and equipment, net	14,065	15,080	14,770	12,372
Goodwill	265,474	265,474	264,822	220,626
Intangible assets, net	23,317	26,583	29,052	20,418
Other assets	10,908	11,572	12,083	7,661
Total assets	**458,920**	**461,447**	**447,184**	**381,133**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Note payable - line of credit	-	20,000	20,000	-
Current portion of long-term debt	-	1,004	1,004	754
Note Payable - former owner of acquired business	-	-	-	5,839
Accounts payable	20,783	26,000	24,263	20,715
Accrued expenses and other current liabilities	49,767	35,172	33,756	28,547
Total current liabilities	**70,550**	**82,176**	**79,023**	**55,855**
Long-term debt, net of current portion	101,750	93,261	93,512	69,452
Deferred income tax,net	15,754	14,241	9,365	8,961
Other long-term liabilities	9,796	11,066	10,082	7,653
Total Liabilities	**197,850**	**200,744**	**191,982**	**141,921**
STOCKHOLDER'S EQUITY				
Common stock - $0.01 par value per share; 50,000,000 shares authorized; 13,110,542 and 13,087,164 shares issued and outstanding as of June 28,2008 and December 29, 2007, respectively	131	131	131	130
Additional paid in capital	190,480	188,308	187,305	184,845
Treasury Stock - 557,409 shares as of September 27, 2008 at cost	(11,942)			
Retained earnings	83,680	73,358	68,205	54,065
Accumulated other comprehensive income/(loss)	(1,279)	(1,094)	-439	172
Total stockholders' equity	**261,070**	**260,703**	**255,202**	**239,212**
Total Liabilities and stockholders' equity	**$458,920**	**$461,447**	**$447,184**	**$381,133**
CURRENT RATIO: Current Assets/Current Liabilities	2.06	1.74	1.60	2.15
LEVERAGE: Total Liabilities/Total Assets	43.11%	43.50%	42.93%	37.24%

SI International
Statement of Cash Flows
(in thousands)

	09/27/08 Six Months Ended Unaudited	12/29/07	09/29/07 Nine Months Ended Unaudited	12/30/06
Net cash provided by (used in) operating activities	14,919	32,256	12,653	32,256
Net cash used in investing activities	(2,166)	(58,981)	(71,049)	(58,981)
Net cash provided by financing activities	(24,670)	20,022	45,737	20,022
Net increase (decrease) in cash and cash equivalents	**(11,917)**	**(6,703)**	**(12,659)**	**(6,703)**
Cash and cash equivalents - beginning of the period	13,129	(6,703)	19,457	26,160
Cash and cash equivalents - end of the period	**1,212**	**(13,406)**	**6,798**	**19,457**

Barclays PLC

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

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

Current Financial Condition: Barclays follows the International Accounting Standards (IAS) interim reporting timetable and has published its half-year interim results for the period ended June 30, 2008. Barclays does not report third quarter results.

As of June 30, 2008, within Barclays PLC, Barclays Global Investors (BGI), its fund division, reported a 32 percent decline in pretax profit to £265 million. Total assets under management were US$1,967 billion, reflecting net new assets of US$25 billion and negative market moves of US$147 billion.

- Income Statement: As of June 30, 2008, Barclays PLC reported a before tax profit of £2.8 billion, a 34 percent decrease from the £4.1. billion reported for the first six months of 2007.

- Balance Sheet: As of June 30, 2008, Total Assets for Barclays PLC were £1365.8 billion, an increase of 11 percent from the £1227.6 billion reported at year-end 2007. Total Liabilities reported were £1333.1 billion, up 12 percent from the £1195.8 billion reported at year-end 2007.

- Cash Flow: As of June 30, 2008, cash and cash equivalents totaled £40,041 million, an increase of 21 percent from the £33,078 million reported at year-end 2007.

- Capitalization: Based on the FRB's definition, as of June 30, 2008, Barclays' reported "Tier 1" ratio of 7.9 percent significantly exceeds the regulatory standard of at least 4 percent required to be considered well-capitalized. This is slightly improved from the 7.6 percent rating reported for December 2007.

Dun & Bradstreet Credit Score Class: As of December 30, 2008, the credit score was 2 (slight risk); up from 1 (low risk) at the end of 2007 but improved from the credit score of 3 (average risk) reported on April 4, 2008.

Stock Performance: After reaching a 52-week high of $41.58 on February 27, 2008, the closing price of Barclays PLC American Depository Receipts (ADR's) on December 31, 2008, was $9.80. The 52-week low of $7.13 occurred on November 20, 2008.

Significant Events:

On October 8, 2008, the U.K. government stated that it would pump as much as $87 billion into the country's main banks in exchange for a stake in the banks as part of a capital package intended to shore up the struggling sector. As of October 31, 2008, Barclays declined the government financing, instead it received an infusion of £5.8 billion from the Persian Gulf states and a total of £7.3 billion from other strategic and institutional investors.

On October 3, 2008, the U.S. Treasury announced that Barclays Global Investors was hired to manage the US Treasury's purchases of mortgage-backed securities under the plan to strengthen Fannie Mae and Freddie Mac. (State Street Bank and Trust Company was awarded a similar contract. Under the contracts, the banks will act as Treasury's agent in buying the securities. The contracts will run through September 15, 2010, but the US Treasury has the authority to terminate them earlier.)

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

Barclays PLC
Income Statement
(in £ millions)

	06/30/08 Unaudited	12/31/07	06/30/07 Unaudited	12/31/06
Interest income	13,356	25,308	12,037	21,805
Interest expense	(8,195)	(15,698)	(7,450)	(12,662)
Net interest income	5,161	9,610	4,587	9,143
Fee and commission income	4,463	8,678	4,292	8,005
Fee and commission expense	(548)	(970)	(480)	(828)
Net fee and commission income	3,915	7,708	3,812	7,177
Net trading income	1,782	3,759	2,810	3,614
Net investment income	345	1,216	396	962
Principal transactions	2,127	4,975	3,206	4,576
Net premiums from insurance contracts	568	1,011	442	1,060
Other operating income	203	224	130	257
Total income	11,974	23,528	12,177	22,213
Net claims and benefits paid on insurance contracts	(101)	(492)	(248)	(575)
Total income net of insurance claims	11,873	23,036	11,929	21,638
Impairment charges	(2,448)	(2,795)	(959)	(2,154)
Net income	9,425	20,241	10,970	19,484
Operating expenses excluding amortization of intangible assets	(6,570)	(13,013)	(6,760)	(12,538)
Amortization of intangible assets	(94)	(186)	(87)	(136)
Operating Expenses	(6,664)	(13,199)	(6,847)	(12,674)
Share of post-tax results of associates and joint ventures	23	42	-	46
Profit on disposal of subsidiaries, associates and joint ventures	-	28	5	323
Profit before tax	2,784	7,107	4,128	7,197
Tax	(620)	(1,981)	(1,158)	(1,941)
Profit after tax	**£ 2,164**	**£ 5,126**	**£ 2,970**	**£ 5,256**
Profit attributable to minority interests	196	377	167	342
Profit attributable to equity holders of the parent	1,968	4,749	2,803	4,914
	£ 2,164	**£ 5,126**	**£ 2,970**	**£ 5,256**

Barclays PLC
Balance Sheet
(in £ millions)

	06/30/08 Unaudited	12/31/07	06/30/07 Unaudited	12/31/06
ASSETS				
Cash and balances at central banks	6,432	5,801	4,785	7,345
Items in the course of collection from other banks	2,478	1,836	2,533	2,408
Trading portfolio assets	177,630	193,726	217,573	177,867
Financial assets designated at fair value:				
held on own account	46,697	56,629	46,171	31,799
held in respect of linked liabilities to customers under investment contracts	79,486	90,851	92,194	82,798
Derivative financial instruments	400,009	248,088	174,225	138,353
Loans and advances to banks	54,514	40,120	43,191	30,926
Loans and advances to customers	395,467	345,398	321,243	282,300
Available for sale financial investments	42,858	43,256	47,764	51,703
Reverse repurchase agreements and cash collateral on securities borrowed	139,955	183,075	190,546	174,090
Other assets	6,015	5,153	6,289	5,850
Current tax assets	808	518	345	557
Investments in associates and joint ventures	316	377	228	228
Goodwill	6,932	7,014	6,635	6,092
Intangible assets	1,200	1,282	1,228	1,215
Property, plant, and equipment	2,991	2,996	2,538	2,492
Deferred tax assets	1,964	1,463	774	764
Total Assets	**£ 1,365,752**	**£ 1,227,583**	**£ 1,158,262**	**£ 996,787**
LIABILITIES				
Deposits from banks	89,944	90,546	87,429	79,562
Items in the course of collection due to other banks	2,791	1,792	2,206	2,221
Customer accounts	319,547	295,849	292,444	256,754
Trading portfolio liabilities	56,067	65,402	79,252	71,874
Financial liabilities designated at fair value	86,162	74,489	63,490	53,987
Liabilities to customers under investment contracts	80,949	92,639	93,735	84,637
Derivative financial instruments	396,357	248,288	177,774	140,697
Debt securities in issue	115,739	120,228	118,745	111,137
Repurchase agreements and cash collateral on securities lent	146,895	169,429	181,093	136,956
Other liabilities	8,998	10,514	10,908	10,337
Current tax liabilities	1,532	1,311	1,003	1,020
Insurance contract liabilities including unit-linked liabilities	3,679	3,903	3,770	3,878
Subordinated liabilities:	21,583	18,150	15,067	13,786
Deferred tax liabilities	655	855	258	282
Provisions	624	830	527	462
Retirement benefit liabilities	1,603	1,537	1,840	1,807
Total Liabilities	**£ 1,333,125**	**£ 1,195,762**	**£ 1,129,541**	**£ 969,397**

SHAREHOLDER'S EQUITY								
Called up share capital		2,397		2,382		1,637		1,634
Share premium account		12,063		10,751		5,859		5,818
Other reserves		1,541		2,517		271		390
Retained Earnings		14,800		14,222		13,461		12,169
Less: Treasury Shares		-		-		(255)		(212)
Shareholders' equity excluding minority interest		30,801		29,872		20,973		19,799
Minority interests		1,826		1,949		7,748		7,591
Total Shareholder's Equity	**£**	**32,627**	**£**	**31,821**	**£**	**28,721**	**£**	**27,390**
Total Liabilities and Shareholder's Equity	**£**	**1,365,752**	**£**	**1,227,583**	**£**	**1,158,262**	**£**	**996,787**

Barclays PLC
Statement of Cash Flows
(in £ millions)

	06/30/08 Unaudited	12/31/07	06/30/07 Unaudited	12/31/06
Net cash from operating activities	3,212	(13,132)	2,729	10,047
Net cash from investing activities	812	6,026	3,990	(1,154)
Net cash from financing activities	3,346	2,757	410	692
Effects of exchange rate on cash and cash equivalents	(407)	(458)	(196)	562
Net increase/(decrease) in cash and cash equivalents	**6,963**	**(4,807)**	**6,933**	**10,147**
Cash and cash equivalents - beginning of the period	£ 33,078	37,885	£ 30,952	20,805
Cash and cash equivalents - end of the period	**£ 40,041**	**£ 33,078**	**£ 37,885**	**£ 30,952**

Switch & Data

General Information: Switch & Data provides data center hosting services for the TSP at two sites. The TSP's primary data center operates out of Switch & Data's northern Virginia facility under contract with SI International. The Agency has a direct contract with Switch & Data for the western Pennsylvania facility that houses our backup data center. The Agency is in the process of working with Switch & Data for the relocation of the northern Virginia Data Center to a new Switch & Data facility nearby.

Assessment: On February 8, 2007, Switch & Data completed an initial public offering (IPO) resulting in gross proceeds of $153 million. Net proceeds, after underwriting discounts and commissions and other costs related to the offering, were $139.3 million. Much of this amount was used to reduce long-term debt. Some of it was used to improve the Company's cash reserve. The financial condition of the Company has continued to improve and Operating Income was positive ($11.4 million) during the first nine months of 2008. On March 27, 2008, Switch & Data entered into a credit agreement that provided (i) a $120 million term loan, (ii) a $22.5 million delayed draw term loan which may be funded at the option of the Company no later than March 27, 2009, and (iii) a $15 million dollar revolving term loan under which the Lenders may make additional term loans upon requests by the Company until September 26, 2013. Substantially all of the assets of the Company are pledged as collateral for the 2008 Credit Facility.

Current Financial Condition: In its SEC filing for the nine months ended September 30, 2008, Switch & Data reported net income of $1.4 million.

- Income Statement: For the nine months ended September 30, 2008, Switch & Data reported Revenues of $125.8 million, a 26 percent increase from the $100.0 million reported for the same period in 2007. Total costs and operating expenses increased to $114.3 million for the first nine months of 2008, an 18 percent increase over the $96.8 million reported in the first nine months of 2007. Operating Income in the first nine months of 2008 was $11.5 million compared to $3.2 million for the same period of 2007.

- Balance Sheet: Through September 30, 2008, Switch & Data reported Total Assets of $371.3 million, a 60 percent increase from $232.7 million at year-end 2007. The growth in assets was driven by a $139.0 million increase in property and equipment. Total Liabilities of $240.2 million were reported, slightly more than twice the $107.6 million reported at year-end 2007. The increase in liabilities is primarily due to the increase in long-term debt from $34.4 million to $120 million over this period.

- Cash Flow: Through September 30, 2008, cash and cash equivalents totaled $42.7 million, a slight decrease from $45.6 million at year-end 2007.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) declined to 1.1 as of September 30, 2008, from 1.6 at year-end 2007.

- Leverage: Through September 30, 2008, Total Liabilities as a percent of Total Assets increased to 64.7 percent from 46.3 percent reported at year-end 2007.

Stock Performance: The price of Switch & Data shares as of December 31, 2008, was $7.39 (its initial public offering price was $17.00 per share). Its 52-week high was $18.54, on June 19, 2008. The stock's 52-week low was $3.92 on March 18, 2008.

Dun & Bradstreet Credit Score Class: 3 (moderate) declined from the previous quarter score of 2 (slight risk).

Lawsuit Issues: No action reported during this period.

Significant Events: The Agency and Switch and Data are working together to accomplish the move from the current Virginia site due to its inability to handle the increased capacity requirements due to the TSP System Modernization plan. We started populating the new site with TSP IT assets in mid-November, the complete transition will take 6-9 months.

On August 13, 2008, Switch and Data announced that the company has opened a new site in northern Virginia. This site adds nearly 22,000 gross square foot of capacity and is part of Switch and Data's plan to add 3,000 cabinet equivalents of product capacity.

Risk Mitigation: There is some operational risk to the TSP should Switch & Data fail, because of our dependence on it for both our primary data center and the backup facility in Pennsylvania.

If Switch & Data were to fail, we could take one of two actions. We could split the primary and backup data centers between two contractors. To do so, we would need to do a competitive procurement and state the requirement for independent contractors for the two sites in an RFP. Competition could be limited to collocations providers on GSA Schedule, which would provide for a more expedient contract award. An alternative would be to take the same approach as we did with the Clintwood call center, and create data centers as Government Owned Contractor Operated (GOCO) facilities. Although it is considerably more work from a contracting and operations perspective, this would give us the ability to continue operations by either issuing a letter contract to another data center contractor to operate the facility or to operate it ourselves (taking on the people as temporary employees).

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

Switch & Data
Income Statement
(in thousands)

	Nine Months Ended **09/30/08** Unaudited	**12/31/07**	Nine Months Ended **09/30/07** Unaudited	**12/31/06**
Revenues	125,750	137,530	100,033	111,831
Cost and operating expenses				
Cost of revenues, exclusive of depreciation and amortization	65,741	70,986	52,506	60,405
Sales and marketing	14,677	16,313	11,703	12,324
General and administrative	13,096	15,039	11,397	10,374
Depreciation and amortization	20,762	25,584	18,624	23,485
Lease litigation settlement	-	2,600	2,600	-
Asset impairment	-	-	-	2,193
Total costs and operating expenses	114,276	130,522	96,830	108,781
Operating income	11,474	7,008	3,203	3,050
Interest income	1,513	1,808	1,229	77
Interest expense	(8,866)	(6,622)	(4,885)	(14,812)
Loss from debt extinguishment	(695)	(2,809)	(2,809)	-
Other income (expense), net	(654)	(305)	(276)	(36)
Income (loss) from continuing operations before minority interest and income taxes	2,772	(920)	(3,538)	(11,721)
Provision for income taxes	(1,325)	(263)	(118)	-
Income (loss) from continuing operations	1,447	(1,183)	(3,656)	(11,721)
Income (loss) from discontinued operations	-	397	389	-
Net Income (loss)	**1,447**	**(786)**	**(3,267)**	**(11,721)**
Preferred stock accretions and dividends	-	(227,522)	(227,522)	(13,530)
Net loss, attribuable to common shareholders	1,447	(228,308)	(230,789)	(25,251)

Balance Sheet
(in thousands)

	09/30/08 3rd Quarter Unaudited	12/31/07	09/30/07 3rd Quarter Unaudited	12/31/06
Assets				
Current assets				
Cash and cash equivalents	42,748	45,595	45,862	3,671
Accounts receivable, net of allowance for bad debts	10,341	9,029	7,039	7,516
Prepaid and other assets	2,852	1,468	2,129	1,219
Total Current assets	55,941	56,092	55,030	12,406
Property and equipment, net	253,836	114,803	95,870	65,947
Goodwill	36,023	36,023	36,023	36,023
Other intangible assets, net	19,913	23,287	25,084	29,936
Other long-term assets, net	5,545	2,485	2,538	7,184
Total assets	371,258	232,690	214,545	151,496
Liabilities, Redeemable Preferred Stock and Shareholders' Deficit				
Current liabilities				
Accounts payable and accrued expenses	44,481	26,859	15,183	13,049
Derivative liability	1,153	-	-	-
Current portion of unearned revenue	3,191	3,567	3,364	2,054
Current portion of deferred rent	409	363	323	368
Current portion of customer security deposits	615	936	943	790
Current portion of long-term debt	-	3,750	3,750	4,125
Total current liabilities	49,849	35,475	23,563	20,386
Derivative liability	-	624	58	-
Unearned revenue, less current portion	2,329	2,073	1,413	951
Deferred rent, less current portion	16,483	12,882	12,099	10,549
Customer security deposits, less current portion	403	93	101	285
Long-term debt, less current portion	120,000	34,439	35,376	140,031
Capital lease obligation	51,101	22,049	21,995	
Total liabilities	240,165	107,635	94,605	172,202
Series C redeemable preferred stock	-	-	-	14,376
Series B convertible preferred stock	-	-	-	179,798
Commitments and contingencies				
Shareholders' deficit				
Common stock (Successor)	3	3	3	-
Preferred Stock (Successor)	-	-	-	-
Common Stock (Predecessor)	-	-	-	4
Series B Common Stock	-	-	-	7
Series D-2 preferred stock	-	-	-	5
Unearned stock compensation	-	(15)	(38)	(137)
Additional paid in capital	346,301	340,520	338,060	-
Accumulated deficit	(216,052)	(217,573)	(219,972)	(214,971)
Accumulated other comprehensive income	841	2,120	1,887	772
Total shareholders' equity	131,093	125,055	119,940	(214,320)
Total Liabilities, Preferred Stock and Shareholders' Equity	**371,258**	**232,690**	**214,545**	**152,056**
CURRENT RATIO: Current Assets/Current Liabilities	1.12	1.58	2.34	0.61
LEVERAGE: Total Liabilities/Total Assets	64.69%	46.26%	44.10%	113.67%

Switch & Data
Statement of Cash Flows
(in thousands)

	09/30/08 3rd Quarter Unaudited	12/31/07	09/30/07 3rd Quarter Unaudited	12/31/06
Net cash provided by operating activities	36,242	38,641	26,051	16,991
Net cash used in investing activities	(117,649)	(33,933)	(20,167)	(21,073)
Net cash provided by financing activities	78,861	36,563	36,134	(2,663)
Net increase in cash and cash equivalents	**(2,546)**	**41,271**	**42,018**	**(6,745)**
Effect of exchange rate charges on cash	(301)	653	173	(1)
Cash and cash equivalents - beginning of the period	45,595	3,671	3,671	10,417
Cash and cash equivalents - end of the period	**42,748**	**45,595**	**45,862**	**3,671**

R.R. Donnelley & Sons

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

Assessment: R.R. Donnelley was ranked number one in the publishing and printing industry with a Fortune 500 ranking of 271 in 2007 and has over 3,000 accounts throughout the United States, Europe, Mexico, South America, and China. Although the Company reported a loss in 2007, the Company reported positive income for the first nine months of 2008. 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 first nine months of 2008, the Company reported net earnings of $497.0 million, a more than 100 percent increase from the $244.4 million in earnings reported for the same period in 2007 when earnings were reduced by restructuring charges. Continuing Operations provided for most of this growth in income.

- Balance Sheet: As of September 30, 2008, $11.0 billion of Total Assets were reported, slightly reduced from $12.1 billion reported at year-end 2007. Total Liabilities of $7.9 billion were reported, little changed from $8.2 billion reported at year-end 2007.

- Cash Flow: As of September 30, 2008, the Company reported cash and cash equivalents of $435.7 million, a 15 percent increase from the $379.7 million reported at year-end 2007.

- Current Ratio: As of September 30, 2008. the Current Ratio (Current Assets/Current Liabilities) for the quarter is 1.2, down slightly from 1.3 at year-end 2007.

- Leverage: As of September 30, 2008, Total Liabilities were about 66 percent of Total Assets; this ratio was 68 percent at year-end 2007.

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

Stock Performance: The R.R. Donnelley & Sons closing share price on December 30, 2008 was $13.58 down from its 52-week high of $37.40 on January 3, 2008. The 52-week low was $9.53 on November 20, 2008.

Significant Events: On January 2, 2009, R.R. Donnelley announced that it purchased the Chilean web printing company, PROSA, for $23.5 million, expanding the company's Latin American presence.

On December 24, 2008, R.R. Donnelley announced a $100 million expanded, multi-year services agreement with catalog retailer Cornerstone Brands, a HSN Inc subsidiary.

On December 11, 2008, R.R. Donnelley announced that it had entered in to a definitive agreement with RSM Richter Inc., acting as the Court-appointed Receiver, to purchase substantially all equipment assets of the Grafikom MIL facility, a well-known producer of high quality marketing and financial printing located in Toronto. R.R. Donnelley will also purchase selected printing equipment from Grafikom elsewhere in Canada.

On October 28, 2008, R.R. Donnelley announced that it had been awarded a $60 million multi-year print management agreement by Harrah's Entertainment, Inc., the world's largest provider of branded casino entertainment. Under the terms of the agreement RR Donnelley will provide a broad range of printing and related services, including commercial print, forms, and print fulfillment to Harrah's properties across the United States and in Ontario, Canada. Harrah's Entertainment properties will also use CustomPoint®, R. R. Donnelley's leading web-enabled Print Management system.

Risk Mitigation: The current TSP contract was effective on March 20, 2006. If there were a disaster at the facilities currently producing our notices or statements, R.R. Donnelley would move that work from the affected facility to one or more of its other business sites. If Donnelley were to cease operations, we would have to pursue new contract as soon as possible with other printing vendors but we consider this possibility to be very unlikely.

R R Donnelley & Sons
Income Statement
(in millions)

	09/30/08 Nine Months Ended Unaudited	12/31/07	09/30/07 Nine Months Ended Unaudited	12/31/06
Net sales	$ 8,785.3	$ 11,587.1	$ 8,498.9	$ 9,316.6
Cost of Sales (excludes Depreciation & Amoritization shown below)	6,452.0	8,532.4	6,218.2	6,798.9
Selling, General & Administrative Expenses	947.9	1,302.3	976.7	1,097.6
Restructuring and Impairment Charges - net	46.5	839.0	361.8	206.1
Depreciation & Amortization	486.5	598.3	443.7	463.3
Total Operating Expenses	7,932.9	11,272.0	8,000.4	8,565.9
Income from Continuing Operations	852.4	315.1	498.5	750.7
Interest Expense - net	171.0	227.3	167.9	139.0
Investment and Other Income (expense) - net	7.0	3.6	2.3	(10.4)
Earnings from Continuing Operations before Income Taxes and Minority Interest	688.4	91.4	332.9	601.3
Income Tax Expense	189.5	136.5	85.5	196.0
Minority Interest	3.6	3.3	2.9	2.7
Net Earnings from Continuing Operations	495.3	(48.4)	244.5	402.6
Income (loss) from Discontinued Operations, net of tax	1.7	(0.5)	(0.1)	(2.0)
Net Earnings	**$ 497.0**	**$ (48.9)**	**$ 244.4**	**$ 400.6**

R R Donnelley & Sons
Balance Sheet
(in millions)

	09/30/08 Unaudited	12/31/07	09/30/07 Unaudited	12/31/06
ASSETS				
Cash and cash equivalents	$ 435.7	$ 379.0	$ 343.0	$ 211.4
Restricted cash equivalents	5.1	63.9	59.6	-
Receivables, less allowance for doubtful accounts	2,115.7	2,181.2	2,160.6	1,638.6
Inventories, net	791.4	709.5	710.2	501.8
Prepaid expenses and other current assets	83.7	85.5	94.5	70.4
Deferred income taxes	115.5	102.2	126.1	94.8
Total Current Assets	3,547.1	3,521.3	3,494.0	2,517.0
Property, plant and equipment net	2,671.9	2,726.0	2,646.9	2,142.3
Goodwill	3,245.1	3,264.9	3,740.9	2,886.8
Other intangible assets net	1,200.4	1,323.2	1,329.9	1,119.8
Prepaid pension cost	851.2	833.2	771.9	638.6
Other noncurrent assets	421.4	418.1	419.3	331.3
Total Assets	**11,937.1**	**12,086.7**	**12,402.9**	**9,635.8**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Accounts payable	889.8	954.9	968.4	749.1
Accrued liabilities	994.5	1,085.3	1,125.8	839.2
Short-term and current portion of long-term debt	1,191.7	725.0	693.3	23.5
Total Current Liabilities	3,076.0	2,765.2	2,787.5	1,611.8
Long-term debt	3,198.1	3,601.9	3,602.5	2,358.6
Postretirement benefits	255.2	247.9	306.1	288.0
Deferred income taxes	847.6	872.3	779.3	604.1
Other noncurrent liabilities	561.3	689.1	774.9	645.4
Liabilities of discontinued operations	0.5	3.0	2.8	3.2
Total Liabilities	**7,938.7**	**8,179.4**	**8,253.1**	**5,511.1**
SHAREHOLDERS EQUITY				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,881.1	2,858.4	2,850.0	2,871.8
Retained earnings	1,643.9	1,312.9	1,662.0	1,615.0
Accumulated other comprehensiveincome/(loss)	363.4	341.3	202.5	62.1
Treasury stock, at cost	(1,193.7)	(909.0)	(868.4)	(727.9)
Total Shareholders Equity	**$ 3,998.4**	**$ 3,907.3**	**$ 4,149.8**	**$ 4,124.7**
Total Liabilities and Shareholders Equity	**11,937.1**	**12,086.7**	**12,402.9**	**9,635.8**
CURRENT RATIO: Current Assets/Current Liabilities	1.1532	1.2734	1.2535	1.5616
LEVERAGE: Total Liabilities/Total Assets	66.50%	67.67%	66.54%	57.19%

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

	09/30/08 Nine Months Ended Unaudited	12/31/07	09/30/07 Nine Months Ended Unaudited	12/31/06
Cash flows from operating activities				
Net earnings	$497.0	($48.9)	$244.4	$400.6
Adjustments to reconcile net earnings to net cash provided by operating activities:				
(Income)loss from discontinued operations	(1.7)	0.5	0.1	2.0
Impairment charges	2.6	778.6	318.3	140.9
Depreciation & amortization	486.5	598.3	443.7	463.3
Provision for doubtful accounts receivable	26.3	11.2	9 .3	29.0
Share-based compensation	20.2	27.9	22.0	34.6
Reversal of tax reserves	(46.3)	(9.3)	-	(27.3)
Deferred taxes	(41.2)	(89.2)	(131.2)	34.8
(Gain)loss on sale of investments and other assets-net	(11.2)	2.8	0.6	(0.7)
Other	23.3	19.7	19.2	19.7
Changes in operating assets and liabilities of continuing operations - net of acquisitions:				
Accounts receivable - net	29.2	(84.3)	(101.8)	(86.6)
Inventories	(82.6)	(10.1)	(61.5)	(15.7)
Prepaid expenses	5.8	(2.1)	(12.9)	2.6
Accounts payable	(67.8)	(1.3)	31.7	14.3
Accrued liabilities and other	(149.7)	(22.7)	0.8	(107.8)
Net cash provided by operating activities of continuing operations	690.4	1,176.8	782.7	903.7
Net cash provided by (used for) operating activities of discontinued operations	(0.8)	-	(0.5)	(0.2)
Net cash provided by operating activities	**689.6**	**1,176.8**	**782.2**	**903.5**
Cash flows from investing Activities				
Capital expenditures	(238.7)	(482.0)	(321.1)	(374.3)
Acquisition of business, net of cash acquired	(121.5)	(2,052.4)	(1,929.1)	(244.3)
Proceeds from return of capital and sale of Investments and other assets	42.9	8.3	7.0	10.2
Transfers from restricted cash	40.5	15.2	15.0	-
Net Cash used for Investing Activities of continuing operations	(276.8)	(2,510.9)	(2,228.2)	(608.4)
Net cash provided by (used for) investing activities of discontinued operations	-	-	-	-
Net cash used in investing activities	**(276.8)**	**(2,510.9)**	**(2,228.2)**	**(608.4)**
Cash Flows from financing activities				
Payments of current maturities and long-term debt	(5.1)	(5.8)	(4.8)	(246.7)
Proceeds from issuance of long-term debt	-	1,244.2	1,244.2	-
Payments of credit facility borrowings	(400.0)	-	-	-
Proceeds from credit facility borrowings	275.0	400.0	-	-
Net change in short-term debt	191.7	282.1	652.4	(21.6)
Issuance of common stock, net	2.2	105.1	102.1	37.3
Acquisition of common stock	(245.4)	(309.5)	(250.8)	(1.8)
Dividends paid	(165.8)	(226.8)	(171.0)	(225.0)
Debt issuance costs	-	(13.1)	(13.1)	-
Net cash (used in) provided by financing activities	**(347.4)**	**1,476.2**	**1,559.0**	**(457.8)**
Effect of exchange rate on cash flows and cash equivalents	(8.7)	26.2	18.6	7.4
Net increase/decrease in cash and cash equivalents	56.7	168.3	131.6	(155.3)
Cash and equivalents at beginning of period	379.0	211.4	211.4	366.7
Cash and equivalents at end of period	435.7	379.7	343.0	211.4

MetLife

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

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

Current Financial Condition: MetLife reported Total Revenues of $37.1 billion for the first nine months of 2008, up slightly from the $35.0 billion reported for the same period in 2007.

- Income Statement: As of September 30, 2008, the Company reported Net Income of $2.2 billion, a decrease of 31 percent from the $3.2 billion reported for the same period in 2007.

- Balance Sheet: As of September 30, 2008, Total Assets of $521.3 billion were reported, a decrease of $37.8 billion from $559.1 billion reported at year-end 2007. Total Liabilities reported were $493.4 billion, a decrease of $34.9 from the $528.3 billion reported at year-end 2007. Changes in separate account assets accounted for a $20.1 billion reduction in both assets and liability.

- Cash Flow: As of September 30, 2008, the Company reported cash and cash equivalents of $20.2 billion, a 135 percent increase from the $8.6 billion reported at year-end 2007.

- Leverage: As of September 30, 2008, Total Liabilities reported were 94.7 percent of Total Assets, increased slightly from the 93.8 percent ratio at year-end 2007.

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

- Company Ratings: As of March 3, 2008, the time of its 2007 annual filing with the SEC, MetLife reported its insurer financial strength ratings (unchanged from the previous year) as follows:

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

As of December 31, 2008, these ratings are unchanged.

Dun & Bradstreet Credit Score Class: 3 (moderate) declined from the previous quarter score of 1 (low risk)

Stock Performance: The MetLife closing share price on December 31, 2008, was $34.86, from its 52-week high of $65.50 on September 19, 2008. The 52-week low was $15.72 on November 21, 2008.

Significant Events: On December 5, 2008, MetLife elected to continue to participate in the debt guarantee component of the Federal Deposit Insurance Corporation's ("FDIC") Temporary Liquidity Guarantee Program (the "Program"). Under the terms of the Program, the FDIC will guarantee through June 2012 (or maturity, if earlier) the payment of certain newly-issued senior unsecured debt of the Company and any eligible affiliates. The Company also notified the FDIC that it has elected the option of excluding specified senior unsecured debt maturing after June 30, 2012, from the guarantee before reaching the limits on the amount of guaranteed debt under the Program (approximately $398 million for the Company and approximately $178 million for its affilitate, MetLife Bank, National Association, which may issue debt under its limits as well as the Company's limit). In addition, the Company opted out of the component of the Program that guarantees non-interest bearing deposit transaction 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 regulations.

MetLife, Inc
Income Statement
(in millions)

	Nine Months Ended 09/30/08 Unaudited	12/31/07	Nine Months Ended 09/30/07 Unaudited	12/31/06
Revenues				
Premiums	19,428	27,895	17,050	26,412
Universal life and investment type product policy fees	4,206	5,311	3,901	4,780
Net investment income	12,670	19,006	13,365	17,192
Other revenues	1,141	1,533	1,105	1,362
Net investment gains (losses)	(341)	(738)	(466)	(1,350)
Total Revenues	37,104	53,007	34,955	48,396
Expenses				
Policyholder benefits and claims	20,475	27,828	17,759	26,431
Interest credited to policyholder account balances	3,573	5,741	4,082	5,246
Policyholder dividends	1,324	1,726	1,289	1,701
Other expenses	8,091	11,673	7,565	10,797
Total Expenses	33,463	46,968	30,695	44,175
Income from continuing operations before provision for income taxes	3,641	6,039	4,260	4,221
Provision for income taxes	1,078	1,759	1,223	1,116
Income from continuing operations	2,563	4,280	3,037	3,105
Income from discontinued operations, net of income taxes	(339)	37	162	3,188
Net income	2,224	4,317	3,199	6,293
Preferred stock dividends	94	137	102	134
Net income available to common shareholders	2,130	4,180	3,097	6,159

MetLife, Inc.
Balance Sheet
(in millions)

	09/30/08 Unaudited	12/31/07	09/30/07 Unaudited	12/31/06
ASSETS				
Investments:				
Fixed maturities	212,645	232,844	252,372	241,928
Trading securities	788	779	824	759
Equity securities	3,477	5,913	6,250	5,094
Mortgage and consumer loans	50,646	46,198	44,849	42,239
Policy loans	9,776	9,360	10,321	10,228
Real estate and real estate joint ventures held for investment	7,368	6,588	6,359	4,802
Real estate held for sale	188	181	1	184
Other limited partnership interests	6,353	6,155	5,371	4,781
Short term investments	2,570	2,573	1,727	2,709
Other invested assets	9,745	8,064	11,258	10,428
Total investments	303,556	318,655	339,332	323,152
Cash and cash equivalents	20,209	9,964	8,627	7,107
Accrued investment income	3,273	3,551	3,952	3,347
Premiums and other receivables	17,865	13,390	16,549	14,490
Deferred policy acquisition costs	20,347	18,008	21,310	20,838
Current income tax recoverable	762	336	-	-
Assets of subsidiaries held for sale	-	22,037	-	1,563
Deferred income tax assets	1,625	-	-	-
Goodwill	5,036	4,814	4,909	4,897
Other assets	8,823	8,239	7,719	7,956
Separate account assets	139,803	160,142	160,679	144,365
Total Assets	**521,299**	**559,136**	**563,077**	**527,715**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Future policy benefits	128,762	126,174	131,126	127,489
Policyholder account balances	139,132	130,692	138,900	131,948
Other policyholder funds	8,446	7,994	10,345	9,139
Policyholder dividends payable	1,077	994	1,045	960
Policyholder dividend obligation	-	789	630	1,063
Short term debt	1,106	667	1,880	1,449
Long term debt	10,811	9,100	12,636	9,129
Collateral Financing Arrangement	5,132	4,882	-	850
Junior subordinated debt securities	3,759	4,075	3,780	3,780
Shares subject to mandatory redemption	-	-	279	278
Liabilities of subsidiaries held for sale	-	19,958	-	1,595
Current income taxes payable	-	-	333	1,465
Deferred income taxes liability	-	1,516	1,323	2,278
Payables for collateral under securities loaned and other transactions	43,299	44,136	49,283	45,846
Other liabilities	12,139	12,838	16,092	12,283
Separate account liabilities	139,803	160,142	160,679	144,365
Total Liabilities	**493,466**	**523,957**	**528,331**	**493,917**
SHAREHOLDERS EQUITY				
Preferred stock	1	1	1	1
Common stock	8	8	8	8
Additional paid in capital	17,602	17,098	17,522	17,454
Retained earnings	22,041	19,884	19,342	16,574
Treasury stock, at cost	(4,279)	(2,890)	(2,183)	(1,357)
Accumulated other comprehensive income (loss)	(7,540)	1,078	56	1,118
Total Shareholders Equity	**27,833**	**35,179**	**34,746**	**33,798**
Total Liabilities and Shareholders Equity	**521,299**	**559,136**	**563,077**	**527,715**
LEVERAGE: Total Liabilities/Total Assets	94.66%	93.71%	93.83%	93.60%
DEBT to SHAREHOLDER EQUITY: Total Liabilities/Sholder Equity	17.73	14.89	15.21	14.61

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

	Nine Months Ended 9/30/08 Unaudited	12/31/07	Nine Months Ended 9/30/07 Unaudited	12/31/06
Cash flows from operating activities				
Net cash provided by operating activities	6,890	9,962	6,922	6,600
Cash flows from investing Activities				
Sales, maturities and repayments of:				
Fixed maturities	74,011	112,062	85,788	113,321
Equity securities	2,466	1,738	1,375	1,313
Mortgage and consumer loans	4,570	9,854	7,806	8,348
Real estate and real estate joint ventures	147	664	544	6,211
Other limited partnership interests	580	1,121	928	1,768
Purchases of:				
Fixed maturities	(74,701)	(112,534)	(96,628)	(129,644)
Equity securities	(1,138)	(2,883)	(2,497)	(1,052)
Mortgage and consumer loans	(8,009)	(14,365)	(10,117)	(13,472)
Real estate and real estate joint ventures	(938)	(2,228)	(1,779)	(1,523)
Other limited partnership interests	(1,341)	(2,041)	(1,261)	(1,915)
Net change in short term investments	36	55	961	595
Additional consideration related to purchases of businesses, net of cash received	-	-	-	(115)
Disposal of subsidiary	(281)			
Purchases of businesses, net of cash received	(465)	(43)	(43)	-
Proceeds from sales of businesses, net of cash disposed	(4)	(694)	(686)	48
Net change in other invested assets	(689)	(1,020)	37	(2,411)
Other, net including Net change in policy loans	(501)	(330)	(216)	(358)
Net cash used in investing activities	(6,257)	(10,644)	(15,788)	(18,886)
Cash Flows from financing activities				
Policy holder account balance:				
Deposits	47,217	58,026	42,511	53,947
Withdrawals	(38,896)	(55,256)	(37,495)	(50,574)
Net change in payables for collateral under securities loaned and other transactions	(837)	(1,710)	3,437	11,331
Net change in short term debt	439	(782)	431	35
Long term debt issued	1,032	726	508	1,134
Long term debt repaid	(217)	(286)	(283)	(732)
Collateral financing arrangements issued	250	4,882	2,327	-
Cash paid in connection with collateral financing arrangements	(238)	-	-	-
Shares subject to mandatory redemption	-	(131)	-	-
Dividends on preferred stock	(94)	(137)	(102)	(134)
Junior subordinated debt securities issued	750	694	-	1,248
Treasury stock acquired	(1,250)	(1,705)	(975)	(500)
Treasury stock issued to settle forward contracts	1,035	-	-	-
Dividends on common stock	-	(541)	-	(450)
Stock options exercised	43	110	95	83
Debt and equity issuance costs	(10)	(14)	-	(25)
Other, net	(16)	67	(68)	12
Net cash provided by financing activities	9,208	3,943	10,386	15,375
Change in cash and cash equivalents	9,841	3,261	1,520	3,089
Cash and cash equivalents, beginning of period	10,368	4,018	7,107	4,018
Cash and cash equivalents, end of period	20,209	7,279	8,627	7,107

The Active Network, Inc.

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

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

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

Assessment: The Active Network, Incorporated was founded in 1998 and has shown a pattern of rapid growth through acquisition. During the period 2004-2007, the Company was ranked as one of the fastest growing technology companies by Deloitte & Touche and recognized as one of the fastest growing private companies in the United States by Inc. magazine.

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

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

Dun & Bradstreet Credit Score Class: 2 (slight risk) unchanged from previous quarter.

Significant Events: The Active Network has been named one of North America's fastest growing technology companies on Deloitte's 2008 Technology Fast 500. Ranked by percentage revenue growth over five years, the Company grew 576% from 2003 to 2007 and ranked 285th overall. This is the fourth year the Company has made the Technology Fast 500 list.

On November 11, 2008, The Active Network announced that its three latest acquisitions provide technology to 24 state governments for processing hunting and fishing licenses.

Risk Mitigation: If The Active Network were unable to operate the Maryland call center, the SI call center in Virgina could handle all calls pending establishment of a new call center. Under the call center contract awarded to The Active Network, The Active Network has agreed to provide monthly financial updates to us, to proactively tell the Agency of any economic difficulties and will provide assurances of continued call center operations during the contract period during any adverse conditions.