



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

GREGORY T. LONG
Executive Director

July 11, 2008

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: JAMES B. PETRICK
CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY
VENDORS - JULY 2008

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

For each vendor we have analyzed the following:

1. Current Financial Condition:

Our financial analysis consists of a review of the vendor's key financial statistics from their current income statement and balance sheet for the most recent quarter available to determine their overall financial stability. For this report, we are using unaudited first quarter data for the quarter ending March 31, 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 profitability. 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 quarter 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 Reston VA Data Center space; Sungard Workflow Solutions for some TSP record keeping support, and Sungard EXP for incoming mail, data entry and imaging support.

Assessment: SI has continued its pattern of acquisitions which continues to result in large changes in its income statement and balance sheet items. The first quarter of 2008 continued to show a company that is still profitable but is more leveraged than at the end of the first quarter of 2007, with some decrease in income from operations and net income despite increased revenues. 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.

SI reported that approximately 46 percent of the Company's 2007 total revenue was derived from SI's work with the Department of Defense and the Intelligence community and another 53 percent was derived from contracts with Federal civilian government agencies. SI International is ranked as the 42nd largest Federal Prime IT Contractor by Washington Technology. Also, SI was named 2007 Contractor of the Year at the 5th Annual Greater Washington Government Contractor Awards.

Current Financial Condition: For the quarter ended March 31, 2008, in its SEC filing, SI reported revenues of \$134.4 million, an increase of 18 percent from the \$113.7 million reported in the first quarter of 2007.

- **Income Statement:** Through March 31, 2008, SI reported Net Income of \$3.4 million, down 28 percent from the \$4.7 million reported in the first quarter of 2007.
- **Balance Sheet:** Through March 31, 2008, Total Assets of \$469.7 million were reported, a slight increase of 1.9 percent from the \$461 million reported at year-end 2007. Total Liabilities increased to \$206 million, a 2.5 percent increase from the \$201 million reported at year-end 2007.
- **Cash Flow:** Through March 31, 2008, cash and cash equivalents totaled \$21 million, a 60 percent increase from \$13.1 million at year-end 2007. Cash provided by operating activities accounted for almost all of the increase.
- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) improved to 2.3 from 1.7 reported at year-end 2007.

- **Leverage:** Through March 31, 2008, Total Liabilities as a percent of Total Assets very slightly declined to 43.9 percent from 43.5 percent reported at year-end 2007.

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

Stock Performance: The SI closing share price on June 30, 2008 was \$20.94, down from its 52-week high of \$34.87 on July 3, 2007. The 52-week low of \$18.88 occurred on March 31, 2008.

Significant Events: On July 2, 2008, SI announced that SI had been awarded two prime contract orders with the U.S. Census Bureau. SI will provide the LAN Technology Support Office with loan area network and desktop management services. Each task order has a one year base period with two one-year option periods and a combined approximate value of \$14.1 million, inclusive of all options.

On May 14, 2008, SI announced that SI had been awarded a new prime contract with the Indian Health Service, U.S. Department of Health and Human Services to provide information technology services that support the implementation of the HIS IT Enterprise Life Cycle Management and Information Enterprise Architecture initiatives. The contract has a one year base period with two one-year option periods. The contract value is approximately \$11 million, inclusive of all options.

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

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

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

**SI International
Balance Sheet
(in thousands)**

	1st qtr 3/29/2008 unaudited	12/31/07	1st qtr 3/31/2007 unaudited	12/30/06
ASSETS				
Current assets:				
Cash and cash equivalents	\$21,030	\$13,129	\$6,000	\$19,457
Marketable securities	-	-	5,000	-
Accounts receivable, net	117,124	117,098	97,498	91,972
Deferred tax asset	-	-	-	1,408
Other current assets	13,471	12,511	11,086	7,219
Total current assets	151,625	142,738	119,584	120,056
Property and equipment, net	15,186	15,080	13,491	12,372
Intangible assets, net	25,468	26,583	19,670	20,418
Other assets	11,974	11,572	10,453	7,661
Goodwill	265,474	265,474	220,565	220,626
Total assets	469,727	461,447	383,763	381,133
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accounts payable	23,632	26,000	23,196	20,715
Note payable - Line of Credit	-	20,000	-	-
Accrued expenses and other current liabilities	41,548	35,172	23,200	28,547
Note payable - former owner of acquired business	-	-	5,936	5,839
Current portion of long-term debt	-	1,004	754	754
Total current liabilities	65,180	82,176	53,086	55,855
Long-term debt, net of current portion	116,750	93,261	69,264	69,452
Deferred income tax	13,543	14,241	8,855	8,961
Other long-term liabilities	10,518	11,066	7,870	7,653
Total Liabilities	205,991	200,744	139,075	141,921
STOCKHOLDER'S EQUITY				
Common stock - \$0.01 par value per share; 50,000,000 shares authorized; 12,967,377 and 11,341,222 shares issued and outstanding as of December 30, 2006 and December 31, 2005, respectively	131	131	130	130
Additional paid in capital	188,992	188,308	185,628	184,845
Accumulated other comprehensive (loss) income	(2,176)	(1,094)	131	172
Retained earnings	76,789	73,358	58,799	54,065
Total stockholders' equity	263,736	260,703	244,688	239,212
Total Liabilities and stockholders' equity	\$469,727	\$461,447	\$383,763	\$381,133
CURRENT RATIO: Current Assets/Current Liabilities	2.3263	1.7370	2.2526	2.1494
LEVERAGE: Total Liabilities/Total Assets	43.85%	43.50%	36.24%	37.24%

**SI International
Income Statement
(in thousands)**

	1st qtr 03/29/08 unaudited	12/30/07	1st qtr 03/31/07 unaudited	12/30/06
Revenue	134,357	510,820	\$113,700	\$461,970
Costs and expenses				
Cost of services	88,262	325,695	70,892	290,675
Selling, general, and administrative	36,447	138,854	32,068	124,847
Depreciation/Amortization	1,094	3,590	794	2,692
Amortization of intangible assets	1,115	4,047	748	3,116
Total operating expenses	<u>126,918</u>	<u>472,186</u>	<u>104,502</u>	<u>421,330</u>
Income from operations	<u>7,439</u>	<u>38,634</u>	<u>9,198</u>	<u>40,640</u>
Other income (expense)	-	258	-	88
Interest expense	<u>(1,721)</u>	<u>(7,154)</u>	<u>(1,397)</u>	<u>(7,731)</u>
Income (loss) before provision for income taxes	5,718	31,738	7,801	32,997
Provision for income taxes	<u>2,287</u>	<u>12,445</u>	<u>3,067</u>	<u>12,844</u>
Net income (loss)	<u>3,431</u>	<u>19,293</u>	<u>\$4,734</u>	<u>\$20,153</u>

SI International
Statement of Cash Flows
(in thousands)

	1st qtr 03/29/08 unaudited	12/30/07	1st qtr 03/31/07 unaudited	12/30/06
Net cash provided by (used in) operating activities	7,284	19,233	(6,849)	32,256
Net cash used in investing activities	(1,200)	(71,701)	(6,978)	(58,981)
Net cash provided by financing activities	1,817	46,140	370	20,022
Net increase (decrease) in cash and cash equivalents	7,901	(6,328)	(13,457)	(6,703)
Cash and cash equivalents - beginning of the period	13,129	19,457	19,457	26,160
Cash and cash equivalents - end of the period	21,030	13,129	6,000	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 again to manage the TSP F, C, S, and I funds. In addition to investment management, BGI is responsible for providing custody through its subcontractor (Investor's Bank and Trust) and securities lending services to the TSP.

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

Current Financial Condition: Barclays follows the International Accounting Standards (IAS) interim reporting timetable and will publish its half-year interim results for the period ended June 30, 2008, in August 2008. For the year ended December 31, 2007, Barclays reported income growth of 7 percent broadly based by business and geography. Barclays reported that approximately 43 percent of its profits came from outside the UK.

As of December 31, 2007, within Barclays PLC, Barclays Global Investors (BGI), its fund division, reported a 3 percent rise in pretax profit to £734 million from the £714 million pretax profit reported in 2006. BGI reported \$2,079 billion (US\$) of assets under management, an increase of \$265 billion from \$1,814 billion reported at year end 2006.

- **Income Statement:** As of December 31, 2007, Barclays PLC reported a before tax profit of £7.076 billion, a less than one percent decrease from the record £7.136 billion reported for 2006.
- **Balance Sheet:** As of December 31, 2007, Total Assets for Barclays PLC were £1227.3 billion, increased 23 percent from the £996.8 billion reported at year-end 2006. Total Liabilities reported were £1195.9 billion, also up 23 percent from the £969.4 billion reported at year-end 2006.
- **Cash Flow:** As of December 31, 2007, cash and cash equivalents totaled £33,077 million, an increase of 7 percent from the £30,952 million reported at year-end 2006.
- **Capitalization:** Based on the FRB's definition, as of December 31, 2007, Barclays' reported "Tier 1" ratio of 7.8 percent significantly exceeds the regulatory standard of at least 4 percent required to be considered well-capitalized. This is slightly improved from the 7.7 percent rating reported for 2006.

Dun & Bradstreet Credit Score Class: As of June 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 \$61.55 on July 27, 2007, the closing price of Barclays PLC American Depositary Receipts (ADR's) on June 30, 2008, was \$23.15, the 52-week low.

Significant Events: None

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
Balance Sheet
(in £ millions)
2007, 2006, and 2005

	12/31/07	12/31/06	12/31/05
ASSETS			
Cash and balances at central banks	5,801	7,345	3,906
Items in the course of collection from other banks	1,836	2,408	1,901
Trading portfolio assets	193,691	177,867	155,723
<i>Financial assets designated at fair value:</i>			
held on own account	56,629	31,799	12,904
held in respect of linked liabilities to customers under investment contracts	90,851	82,798	83,193
Derivative financial instruments	248,088	138,353	136,823
Loans and advances to banks	40,120	30,926	31,105
Loans and advances to customers	345,398	282,300	268,896
Available for sale financial investments	43,072	51,703	53,497
Reverse repurchase agreements and cash collateral on securities borrowed	183,075	174,090	160,398
Other assets	5,150	5,850	4,734
Current tax assets	518	557	-
Investments in associates and joint ventures	377	228	546
Goodwill	7,014	6,092	6,022
Intangible assets	1,282	1,215	1,269
Property, plant, and equipment	2,996	2,492	2,754
Deferred tax assets	1,463	764	686
Total Assets	£ 1,227,361	£ 996,787	£ 924,357
LIABILITIES			
Deposits from banks	90,546	79,562	75,127
Items in the course of collection due to other banks	1,792	2,221	2,341
Customer accounts	294,987	256,754	238,684
Trading portfolio liabilities	65,402	71,874	71,564
Financial liabilities designated at fair value	74,489	53,987	33,385
Liabilities to customers under investment contracts	92,639	84,637	85,201
Derivative financial instruments	248,288	140,697	137,971
Debt securities in issue	120,228	111,137	103,328
Repurchase agreements and cash collateral on securities lent	169,429	136,956	121,178
Other liabilities	10,499	10,337	11,131
Current tax liabilities	1,311	1,020	747
Insurance contract liabilities including unit-linked liabilities	3,903	3,878	3,767
Subordinated liabilities:	18,150	13,786	12,463
Deferred tax liabilities	855	282	700
Provisions	830	462	517
Retirement benefit liabilities	1,537	1,807	1,823
Total Liabilities	£ 1,194,885	£ 969,397	£ 899,927
SHAREHOLDER'S EQUITY			
Called up share capital	1,651	1,634	1,623
Share premium account	56	5,818	5,650
Other reserves	874	390	1,377
Retained earnings	20,970	12,129	8,957
Less: treasury shares	(260)	(212)	-
Shareholders' equity excluding minority interest	23,291	19,799	17,607
Minority interests	9,185	7,591	7,004
Total Shareholder's Equity	£ 32,476	£ 27,390	£ 24,611
Total Liabilities and Shareholder's Equity	£ 1,227,361	£ 996,787	£ 924,538

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

	12/31/07	12/31/06	12/31/05
Interest income	25,308	21,805	17,232
Interest expense	(15,698)	(12,662)	(9,157)
Net interest income	£ 9,610	£ 9,143	£ 8,075
Fee and commission income	8,678	8,005	6,430
Fee and commission expense	(970)	(828)	(725)
Net fee and commission income	£ 7,708	£ 7,177	£ 5,705
Net trading income	3,759	3,614	2,321
Net investment income	1,216	962	858
Principal transactions	£ 4,975	£ 4,576	£ 3,179
Net premiums from insurance contracts	1,011	1,060	872
Other income	224	257	147
Total income	£ 23,528	£ 22,213	£ 17,978
Net claims and benefits incurred on insurance contracts	(492)	(575)	(645)
Total income net of insurance claims	£ 23,036	£ 21,638	£ 17,333
Impairment charges and other credit provisions	(2,795)	(2,154)	(1,571)
Net income	£ 20,241	£ 19,484	£ 15,762
Staff costs	(8,405)	(8,169)	(6,318)
Administration and general expenses	(4,141)	(3,914)	(3,768)
Depreciation of property, plant and equipment	(467)	(455)	(362)
Amortization of intangible assets	(186)	(136)	(79)
Operating Expenses	-£ 13,199	-£ 12,674	-£ 10,527
Share of post-tax results of associates and joint ventures	42	46	45
Profit on disposal of subsidiaries, associates and joint ventures	28	323	-
Profit before tax	£ 7,107	£ 7,197	£ 5,311
Tax	(1,981)	(1,941)	(1,439)
Profit after tax	£ 5,126	£ 5,256	£ 3,872
Profit attributable to minority interests	377	342	177
Profit attributable to equity holders	4,749	4,914	3,695
	£ 5,126	£ 5,256	£ 3,872

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

	12/31/07	12/31/06	12/31/05
Net cash (outflow)/inflow from operating activities	(10,747)	(10,047)	3,649
Net cash outflow from investing activities	10,064	(1,154)	(5,292)
Net cash inflow from financing activities	3,358	692	1,083
Net gain on exchange rate changes on cash and cash equivalents	(550)	562	(237)
Net (decrease)/increase in cash and cash equivalents	2,125	10,147	(797)
Cash and cash equivalents - beginning of the period***	30,952	20,805	21,602
Cash and cash equivalents - end of the period	£ 33,077	£ 30,952	£ 20,805

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

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 Reston, VA facility under contract with SI International. The Agency has a direct contract with Switch & Data for the Pittsburgh, PA facility that houses our backup data center. The Switch & Data lease for the Reston facility was renewed in late 2006 for five years with an option to renew further. Their Pittsburgh lease extends through 2015.

Assessment: On February 8, 2007, Switch & Data completed an initial public offering (IPO) resulting in gross proceeds of \$153 million. Net proceeds, after underwriting discounts and commissions and other costs related to the offering, were \$139.3 million. Much of this amount was used to reduce long-term debt. Some of it was used to improve the Company's cash reserve. The Company has not yet obtained profitability; however, the financial condition of the Company has continued to improve. 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 quarter ended March 31, 2008, Switch & Data reported long-term debt of \$120 million, substantially increased from the \$34.4 million long term debt reported at year-end December 31, 2007. It is the Company's expectation that this debt financing will fully fund its capacity expansion program.

- **Income Statement:** For the quarter ended March 31, 2008, Switch & Data reported Revenues of \$39.8 million, a 27 percent increase from the \$31.4 million reported for the same period in 2007. Total costs and operating expenses increased to \$36.4 million for the first quarter of 2008, an 11 percent increase over the \$32.9 million reported in the first quarter of 2007. Operating Income in the first quarter was \$3.4 million compared to a \$1.5 million loss in the first quarter of 2007.
- **Balance Sheet:** Through March 31, 2008, Switch & Data reported Total Assets of \$342.8 million, a 47 percent increase from \$232.7 million at year-end 2007. The growth in assets was driven by a \$64 million increase in cash and cash equivalents and a \$45.6 million increase in property and equipment. Total Liabilities of \$216.5 million were reported, twice the \$107.6 million reported at year-end 2007.
- **Cash Flow:** Through March 31, 2008, cash and cash equivalents totaled \$109.9 million, a significant increase from \$45.6 million at year-end 2007, due primarily to cash raised through the new debt financing agreement.
- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) improved to 3.9 as of March 31, 2008, from 1.6 at year-end 2007.

- **Leverage:** Through March 31, 2008, Total Liabilities as a percent of Total Assets increased to 63.2 percent from 46.3 percent reported at year-end 2007.

Stock Performance: The price of Switch & Data shares as of June 30, 2008, was \$16.99 (its initial public offering price was \$17.00 per share) and down from its 52-week high of \$21.08, on July 17, 2007. The stock's 52-week low was \$8.43 on March 18, 2008.

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

Lawsuit Issues: In 2007, Switch & Data settled a lawsuit in West Palm Beach, Florida for \$2.6 million. The remaining two pending lawsuits related to disputes from alleged breaches of abandoned lease agreements are unchanged. One lawsuit was filed in Milwaukee, Wisconsin on May 31, 2006. In the suit, the plaintiff is seeking damages of \$4.7 million in a breach of contract claim from 2000. In a second suit filed in New Orleans, Louisiana in October 2001, the plaintiff seeks damages of \$3.6 million.

Significant Events: On March 27, 2008, Switch & Data entered into a Fourth Amended and Restated Credit Agreement providing \$157.5 million in debt financing from a syndicate of banks led by RBC Capital Markets and GE Corporate Lending. The terms of this agreement provide Switch & Data with a \$120.0 million term loan, a \$22.5 million delayed draw term loan, which is funded at the option of Switch & Data no later than March 27, 2009, and a \$15.0 million revolving loan under which the lenders may make additional term loans upon requests by the Company until September 26, 2013. The proceeds were used to extinguish the remaining \$38.5 million of debt existing under Switch & Data's previous credit facility and the balance of the loans will be used to fund Switch & Data's expansion plans.

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

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

We are continuing to monitor the Company's long-term viability, which includes periodic site visits and dialogue with onsite personnel to ascertain the condition and use of facilities, and

timeliness of payrolls. At the same time we are researching other potential hosting companies/sites.

**Switch & Data
Balance Sheet
(in thousands)**

	03/31/08 1st Quarter unaudited	12/31/07	03/31/07 1st Quarter unaudited	12/31/06
Assets				
Current assets				
Cash and cash equivalents	109,549	45,595	42,021	3,671
Accounts receivable, net of allowance for bad debts	7,671	9,029	8,967	7,516
Prepaid and other assets	1,432	1,468	1,385	1,219
Total Current assets	118,652	56,092	52,373	12,406
Property and equipment, net	160,467	114,803	67,115	65,947
Derivative asset	-	-	304	560
Goodwill	36,023	36,023	36,023	36,023
Other intangible assets, net	21,835	23,287	28,166	29,936
Other long-term assets, net	5,768	2,485	2,692	7,184
Security deposits	-	-	-	-
Total assets	342,745	232,690	186,673	152,056
Liabilities, Redeemable Preferred Stock and Shareholders' Deficit				
Current liabilities				
Accounts payable and accrued expenses	24,520	26,859	18,035	13,049
Derivative liability	1,615	-	-	-
Current portion of unearned revenue	3,097	3,567	2,368	2,054
Current portion of deferred rent	355	363	315	368
Current portion of customer security deposits	955	936	777	790
Current portion of long-term debt	-	3,750	2,250	4,125
Total current liabilities	30,542	35,475	23,745	20,386
Derivative liability	-	624	-	-
Unearned revenue, less current portion	1,886	2,073	1,140	951
Deferred rent, less current portion	13,987	12,882	10,830	10,549
Customer security deposits, less current portion	70	93	272	285
Long-term debt, less current portion	120,000	34,439	37,251	140,031
Long-term portion of capital lease obligations	50,057	22,049	-	-
Total liabilities	216,542	107,635	73,238	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)	(102)	(137)
Additional paid in capital	342,019	340,520	336,047	-
Accumulated deficit	(217,159)	(217,573)	(223,336)	(214,971)
Accumulated other comprehensive income	1,340	2,120	823	772
Total shareholders' deficit	126,203	125,055	113,435	(214,320)
Total Liabilities, Preferred Stock and Shareholders' Deficit	342,745	232,690	186,673	152,056
CURRENT RATIO: Current Assets/Current Liabilities	3.88	1.58	2.21	0.61
LEVERAGE: Total Liabilities/Total Assets	63.18%	46.26%	39.23%	113.25%

Switch & Data
Income Statement
(in thousands)

	03/31/08 1st Quarter unaudited	12/31/07	03/31/07 1st Quarter unaudited	12/31/06
Revenues	39,777	137,530	31,389	111,831
Cost and operating expenses				
Cost of revenues, exclusive of depreciation and amortization	20,359	70,986	16,431	60,405
Sales and marketing	5,194	16,313	3,817	12,324
General and administrative	4,331	15,039	3,883	10,374
Depreciation and amortization	6,524	25,584	6,163	23,485
Lease litigation settlement	-	2,600	2,600	-
Asset impairment	-	-	-	2,193
Total costs and operating expenses	36,408	130,522	32,894	108,781
Operating income	3,369	7,008	(1,505)	3,050
Interest income	372	1,808	222	77
Interest expense	(2,502)	(6,622)	(2,608)	(14,812)
Loss from debt extinguishment	(695)	(2,809)	(2,809)	-
Other income (expense), net	(161)	(305)	(104)	(36)
Income (loss) from continuing operations before minority interest and income taxes	383	(920)	(6,804)	(11,721)
Provision for income taxes	(44)	(263)	(12)	-
Income (loss) from continuing operations	339	(1,183)	(6,816)	(11,721)
Income (loss) from discontinued operations	-	397	185	-
Net Income (Loss)	339	(786)	(6,631)	(11,721)
Preferred stock accretions and dividends	(227,522)	(227,522)	(227,522)	(13,530)
Net Income (Loss), attributable to common shareholders	(227,183)	(228,308)	(234,153)	(25,251)

Switch & Data
Statement of Cash Flows
(in thousands)

	03/31/08 1st Quarter unaudited	12/31/07	03/31/07 1st Quarter unaudited	12/31/06
Net cash provided by operating activities	11,036	38,641	7,715	16,991
Net cash used in investing activities	(24,908)	(33,933)	(5,931)	(21,073)
Net cash provided by financing activities	78,010	36,563	36,556	(2,663)
Net increase in cash and cash equivalents	64,138	41,271	38,340	(6,745)
Effect of exchange rate charges on cash	(184)	653	10	(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	109,549	45,595	42,021	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, some of this was attributable to the write-off of several of its names in 2007 as well as increased expenses for raw materials. There is no indication at this time that it will be unable to meet its contractual obligations to the TSP.

Current Financial Condition: The Company revised its financial reporting structure to include two segments: "U.S. Print and Related Services" (responsible for approximately 74 percent of net sales), and "International" (the remaining 24 percent of net sales). Prior reporting periods have been reclassified to conform to this reporting structure. R.R. Donnelly reported net income of \$182.5 million for the quarter ending March 31, 2008 a 31 percent increase from \$138.8 reported for the first quarter of 2007.

- **Income Statement:** For the quarter ending on March 31, 2008, the Company reported net earnings of \$182.5 million, a 31 percent increase from the \$138.8 million in earnings reported for the same period in 2007.
- **Balance Sheet:** As of March 31, 2008, \$12.2 billion of Total Assets were reported, little changed from \$12.1 billion reported at year-end 2007. Total Liabilities of \$8.2 billion were reported, unchanged from \$8.2 billion reported at year-end 2007.
- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) for the quarter is 1.3, unchanged from year-end 2007.
- **Cash Flow:** As of March 31, 2008, the Company reported cash and cash equivalents of \$397.7 million, a 5 percent increase from the \$379.7 million reported at year-end 2007.
- **Leverage:** As of March 31, 2008, Total Liabilities were about 67 percent of Total Assets, little changed from 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 June 30, 2008 was \$29.69 down from its 52-week high of \$45.25 on July 19, 2007. The 52-week low was \$28.52 on March 18, 2008.

Significant Events: On July 8, 2008, R.R. Donnelley announced it had been awarded a multi-year contract in excess of \$80 million to produce a major portion of F+W Publications, Inc. book

and magazine work. The agreement greatly expands R.R. Donnelley's previous relationship with F+W.

On May 5, 2008, R.R. Donnelley announced a unique variable trim co-binding technology designed to provide customers with a critical strategic advantage as they seek to maximize postal savings.

On April 17, 2008, R.R. Donnelly announced that it had opened a new UK payment processing facility in Lancing, West Sussex. The state-of-the-art facility offers the capacity to process more than 25 million electronic and paper payments per year.

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

R R Donnelley & Sons
Balance Sheet
(in millions)

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/07 unaudited	12/31/06
ASSETS				
Cash and cash equivalents	\$ 397.7	\$ 379.0	\$ 299.6	\$ 211.4
Restricted cash equivalents	7.3	63.9	34.8	-
Receivables, less allowance for doubtful accounts	2,255.3	2,181.2	2,010.9	1,638.6
Inventories, net	733.9	709.5	626.0	501.8
Prepaid expenses and other current assets	83.8	85.5	89.5	70.4
Deferred income taxes	111.4	102.2	124.4	94.8
Total Current Assets	3,589.4	3,521.3	3,185.2	2,517.0
Property, plant and equipment net	2,788.3	2,726.0	2,556.8	2,142.3
Goodwill	3,294.0	3,264.9	3,565.5	2,886.8
Other intangible assets net	1,315.9	1,323.2	1,485.8	1,119.8
Prepaid pension cost	839.7	833.2	763.9	638.6
Other noncurrent assets	419.9	418.1	438.7	331.3
Total Assets	12,247.2	12,086.7	11,995.9	9,635.8
LIABILITIES AND SHAREHOLDER'S EQUITY				
Accounts payable	950.6	954.9	918.7	749.1
Accrued liabilities	979.0	1,085.3	965.0	839.2
Short-term and current portion of long-term debt	893.1	725.0	348.5	23.5
Total Current Liabilities	2,822.7	2,765.2	2,232.2	1,611.8
Long-term debt	3,597.8	3,601.9	3,601.8	2,358.6
Postretirement benefits	252.6	247.9	292.8	288.0
Deferred income taxes	898.4	872.3	860.0	604.1
Other noncurrent liabilities	624.7	689.1	730.1	645.4
Liabilities of discontinued operations	1.7	3.0	2.9	3.2
Total Liabilities	8,197.9	8,179.4	7,719.8	5,511.1
SHAREHOLDERS EQUITY				
Preferred stock	-	-	-	-
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,864.7	2,858.4	2,831.3	2,871.8
Retained earnings	1,439.3	1,312.9	1,669.0	1,615.0
Accumulated other comprehensive income	413.1	341.3	140.7	62.1
Treasury stock, at cost	(971.5)	(909.0)	(668.6)	(727.9)
Total Shareholders Equity	\$ 4,049.3	\$ 3,907.3	\$ 4,276.1	\$ 4,124.7
Total Liabilities and Shareholders Equity	12,247.2	12,086.7	11,995.9	9,635.8

CURRENT RATIO:	1.2716	1.2734	1.4269	1.5616
Current Assets/Current Liabilities				
LEVERAGE:	66.94%	67.67%	64.35%	57.19%
Total Liabilities/Total Assets				

R R Donnelley & Sons
Income Statement
(in millions)

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/07 unaudited	12/31/06
Net sales	\$ 2,997.1	\$ 11,587.1	\$ 2,792.6	\$ 9,316.6
Cost of Sales (excludes Depreciation & Amortization shown below)	2,218.2	8,532.4	2,056.0	6,798.9
Selling, General & Administrative Expenses (excludes Dep. and Amort.)	344.7	1,302.3	324.5	1,097.6
Restructuring and Impairment Charges - net	6.9	839.0	11.4	206.1
Depreciation & Amortization	157.6	598.3	142.2	463.3
Total Operating Expenses	2,727.4	11,272.0	2,534.1	8,565.9
Income from Continuing Operations	269.7	315.1	258.5	750.7
Interest Expense - net	57.0	227.3	53.4	139.0
Investment and Other Income (expense) - net	4.6	3.6	2.2	(10.4)
Earnings from Continuing Operations before Income Taxes and Minority Interest	217.3	91.4	207.3	601.3
Income Tax Expense	35.4	136.5	67.9	196.0
Minority Interest	(0.1)	3.3	0.5	2.7
Net Earnings from Continuing Operations	182.0	(48.4)	138.9	402.6
Income (loss) from Discontinued Operations, net of tax	0.5	(0.5)	(0.1)	(2.0)
Net Earnings	\$ 182.5	\$ (48.9)	\$ 138.8	\$ 400.6

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

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/07 unaudited	12/31/06
Net cash provided by operating activities	\$125.0	\$1,176.8	\$221.4	\$903.5
Net cash used in investing activities	(170.0)	(2,510.9)	(1,654.9)	(608.4)
Net cash provided by financing activities	49.1	1,476.2	1,519.2	(457.8)
Effect of exchange rate charges on cash	14.6	26.2	2.5	7.4
Net increase in cash and cash equivalents	18.7	168.3	88.2	(155.3)
Cash and cash equivalents - beginning of the period	379.0	211.4	211.4	366.7
Cash and cash equivalents - end of the period	397.7	379.7	299.6	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. Subprime mortgages represent less than 1 percent (\$2.2 billion) of MetLife's \$345 billion portfolio and 97 percent of its mortgage holdings are rated triple-A or double A.

Current Financial Condition: MetLife reported Total Revenues of \$13.0 billion for the first quarter of 2008, little changed from the \$12.9 billion reported for the same period in 2007.

- **Income Statement:** As of March 31, 2008, the Company reported Net Income of \$648 million, a decrease of 35 percent from the \$1.0 billion reported in for the same period in 2007.
- **Balance Sheet:** As of March 31, 2008, Total Assets of \$557.1 billion were reported, a slight percent decrease from \$558.6 billion reported at year-end 2007. Total Liabilities reported were \$524.1 billion, a slight increase from the \$523.3 billion reported at year-end 2007.
- **Cash Flow:** As of March 31, 2008, the Company reported cash and cash equivalents of \$10.9 billion, a 5 percent increase from the \$10.4 billion reported at year-end 2007.
- **Leverage:** As of March 31, 2008, Total Liabilities reported were 94.1 percent of Total Assets, little changed from the 93.7 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 last year) as follows:

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

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

Stock Performance: The MetLife closing share price on June 30, 2008, was \$52.77, down from its 52-week high of \$71.23 on October 5, 2007. The 52-week low was \$52.46 on January 23, 2008.

Significant Events: None.

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

MetLife, Inc
Income Statement
(in millions)

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/08 unaudited	12/31/2006*
Revenues				
Premiums	7,593	27,895	6,765	26,412
Universal life and investment type product policy fees	1,417	5,311	1,280	4,780
Net investment income	4,508	19,006	4,521	17,082
Other revenues	395	1,533	384	1,362
Net investment gains (losses)	(886)	(738)	(38)	(1,382)
Total Revenues	13,027	53,007	12,912	48,254
Expenses				
Policyholder benefits and claims	7,743	27,828	6,773	26,431
Interest credited to policyholder account balances	1,311	5,741	1,376	5,171
Policyholder dividends	430	1,726	424	1,701
Other expenses	2,676	11,673	2,896	10,783
Total Expenses	12,160	46,968	11,469	44,086
Income from continuing operations before provision for income taxes	867	6,039	1,443	4,168
Provision for income taxes	217	1,759	416	1,097
Income from continuing operations	650	4,280	1,027	3,071
Income from discontinued operations, net of income taxes	(2)	37	(10)	3,222
Net income	648	4,317	1,017	6,293
Preferred stock dividends	33	137	34	134
Net income available to common shareholders	615	4,180	983	6,159

MetLife, Inc.
Balance Sheet
(in millions)

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/07 unaudited	12/31/06
ASSETS				
Investments:				
Fixed maturities	244,088	242,242	247,916	241,928
Trading securities	808	779	777	759
Equity securities	5,533	6,050	5,134	5,094
Mortgage and consumer loans	47,777	47,030	43,936	42,239
Policy loans	10,739	10,419	10,177	10,228
Real estate and real estate joint ventures held for investment	6,962	6,768	5,426	4,978
Real estate held for sale	1	1	1	8
Other limited partnership interests	6,349	6,155	4,948	4,781
Short term investments	2,612	2,648	2,483	2,709
Other invested assets	14,357	12,642	9,713	10,428
Total investments	339,226	334,734	330,511	323,152
Cash and cash equivalents	10,874	10,368	6,545	7,107
Accrued investment income	3,382	3,630	3,300	3,347
Premiums and other receivables	14,998	14,607	15,581	14,490
Deferred policy acquisition costs	22,085	21,521	20,371	20,838
Current income taxes recoverable	430	303	122	-
Assets of subsidiaries held for sale	-	-	1,568	1,563
Goodwill	5,094	4,910	4,897	4,897
Other assets	8,473	8,330	7,602	7,956
Separate account assets	152,570	160,159	147,312	144,365
Total Assets	557,132	558,562	537,809	527,715
LIABILITIES AND SHAREHOLDER'S EQUITY				
Future policy benefits	134,047	132,262	128,369	127,489
Policyholder account balances	141,530	137,349	132,489	131,948
Other policyholder funds	10,631	10,176	9,467	9,139
Policyholder dividends payable	993	994	961	960
Policyholder dividend obligation	119	789	974	1,063
Short term debt	632	667	3,375	1,449
Long term debt	9,652	9,628	10,338	9,979
Collateral financing arrangements	5,792	5,732	-	-
Junior subordinated debt securities	4,474	4,474	3,780	3,780
Shares subject to mandatory redemption	159	159	278	278
Liabilities of subsidiaries held for sale	-	-	1,598	1,595
Current income taxes payable	-	-	-	1,465
Deferred income taxes payable	1,462	2,457	1,992	2,278
Payables for collateral under securities loaned and other transactions	46,649	44,136	48,140	45,846
Other liabilities	15,423	14,401	14,667	12,283
Separate account liabilities	152,570	160,159	147,312	144,365
Total Liabilities	524,133	523,383	503,740	493,917
STOCKHOLDERS EQUITY				
Preferred stock	1	1	1	1
Common stock	8	8	8	8
Additional paid in capital	17,600	17,098	17,503	17,454
Retained earnings	20,526	19,884	17,228	16,574
Treasury stock, at cost	(4,108)	(2,890)	(2,073)	(1,357)
Accumulated other comprehensive income (loss)	(1,028)	1,078	1,402	1,118
Total Stockholders Equity	32,999	35,179	34,069	33,798
Total Liabilities and Stockholders Equity	557,132	558,562	537,809	527,715
LEVERAGE: Total Liabilities/Total Assets	94.08%	93.70%	93.67%	93.60%

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

	1st qtr 03/31/08 unaudited	12/31/07	1st qtr 03/31/07 unaudited	12/31/06
Net cash provided by operating activities	3,590	4,317	2,210	6,293
Cash flows from investing activities				
Sales, maturities and repayments of:				
Fixed maturities	22,117	112,062	29,349	113,321
Equity securities	351	1,738	693	1,313
Mortgage and consumer loans	1,832	9,854	1,757	8,348
Real estate and real estate joint ventures	87	664	151	6,211
Other limited partnership interests	258	1,121	409	1,768
Purchases of:				
Fixed maturities	(27,223)	(112,534)	(34,653)	(129,644)
Equity securities	(299)	(2,883)	(698)	(1,052)
Mortgage and consumer loans	(2,702)	(14,365)	(3,529)	(13,472)
Real estate and real estate joint ventures	(311)	(2,228)	(547)	(1,523)
Other limited partnership interests	(391)	(2,041)	(496)	(1,915)
Net change in short term investments	49	55	202	595
Purchases of businesses, net of cash received of \$23 and \$0, respectively	(305)	(43)	-	(115)
Proceeds from sales of businesses	-	(694)	25	48
Net change in other invested assets	(857)	(1,020)	522	(2,411)
Net change in policy loans	(320)	-	51	-
Other, net	(24)	(330)	(22)	(358)
Net cash used in investing activities	(7,738)	(10,644)	(6,786)	(18,886)
Cash flows from financing activities				
Policy holder account balance:				
Deposits	13,893	58,026	12,479	53,947
Withdrawals	(10,546)	(55,256)	(12,315)	(50,574)
Net change in payables for collateral under securities loaned and other transactions	2,513	(1,710)	2,294	11,331
Net change in short term debt	(35)	(782)	1,926	35
Long term debt issued	80	726	390	284
Long term debt repaid	(62)	(286)	(37)	(732)
Collateral financing arrangements issued	60	4,882	-	850
Shares subject to mandatory redemption	-	(131)	-	-
Dividends on preferred stock	(33)	(137)	(34)	(134)
Junior subordinated debt securities issued	-	694	-	1,248
Treasury stock acquired	(1,250)	(1,705)	(758)	(500)
Dividends on common stock	-	(541)	-	(450)
Stock options exercised	17	110	29	83
Debt and equity issuance costs	-	(14)	-	(25)
Other, net	17	67	40	12
Net cash provided by financing activities	4,654	3,943	4,014	15,375
Change in cash and cash equivalents	506	3,261	(562)	3,089
Cash and cash equivalents, beginning of period	10,368	7,107	7,107	4,018
Cash and cash equivalents, end of period	10,874	10,368	6,545	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 2004-2006, the Company was ranked as one of the fastest growing technology companies by Deloitte & Touche and recognized as one of the fastest growing private companies in the United States by Inc. magazine.

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

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

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

Significant Events: None

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