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

October 9, 2009

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

FROM: JAMES B. PETRICK
CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL ASSESSMENT OF TSP'S PRIMARY VENDORS – OCTOBER 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 Serco Group (formerly SI International), Barclays PLC, Switch and Data, R.R. Donnelley & Sons, MetLife, and The Active Network, Inc. We have added BlackRock, Inc. as part of the review given the pending acquisition of the Barclays BGI unit which is expected to close in the fourth quarter of 2009.

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, balance sheet, and cash flow statement for the most recent quarter available to determine their overall financial stability. For this report, we are using unaudited data for the six months ending June 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 six months of 2009, year-end 2008, the first six months of 2008, and year-end 2007.

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

Serco Services Inc. (formerly SI International)

General Information: Serco Services Inc. 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. Serco Services Inc. also administers system accounting, court ordered payments, death benefits, and payroll office liaison functions. Serco Services Inc. relies on subcontracting support as follows: Jacob and Sundstrum, Inc. for systems programming support; Switch & Data for our northern Virginia Data Center space; Sungard Workflow Solutions, Integrated Benefit Solutions, Inc. (IBS) for some TSP record keeping support, and Sungard EXP for incoming mail, data entry and imaging support.

On December 30, 2008, Serco Group plc completed the acquisition of SI International, which merged with Serco's existing North American business. SI International amended its Certificate of Incorporation, among other items, to change the name of the Company from "SI International, Inc." to "Serco Services Inc." Serco acquired 100% of the issued share capital of SI International, Inc. for consideration of £295.8 million in cash. In preparation for the merger with the Serco Group plc, SI International Inc. used its cash holdings to repay long term debt and to repurchase common stock.

Assessment: The integration of the merger is well advanced, management and business re-organization is complete, and the contract bid pipeline processes have been reviewed and integrated. Serco Services Inc. has an extensive portfolio of Federal government contracts and serves all branches of the U.S. military, numerous civilian agencies and the intelligence community. We find no indication at this time that Serco Services Inc. is unable to fulfill its contractual obligations to the TSP.

Current Financial Condition: For the six months ended June 30, 2008, in its SEC filing, Serco Group plc reported revenues of £1.9 billion, an increase of 31 percent from the £1.5 billion reported in the first six months of 2008. Serco Group plc reported 2008 year-end revenues of £3.1 billion compared to £2.8 billion reported year-end 2007, an increase of 11 percent. In the U.S., Serco Services Inc.'s revenue grew by 11.4 percent compared with the first half of 2008 to $308.9 million.

- Income Statement: Through June 30, 2009, Serco plc reported Net Income of £61.4 billion, up 35 percent from the £45.9 billion reported in the first half of 2008. Profit for the period was £61.4 million, up 34 percent from £45.9 million reported in the first half of 2008.

- Balance Sheet: Through June 30, 2009, Total Assets of £2.4 billion were reported, an increase of 30 percent from the £1.8 billion reported at year-end 2008. Total Liabilities increased to £1.7 billion, a 31 percent increase from the £1.3 billion reported at year-end 2008.

- Cash Flow: Through June 30, 2009, cash and cash equivalents totaled £237.2 million, a 10 percent increase from £215.6 million at year-end 2008.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) decreased to 1.2 from 1.3 reported at year-end 2008.

- Leverage: Through June 30, 2009, Total Liabilities as a percent of Total Assets remained flat from 0.73 reported at year-end 2008.

Dun & Bradstreet Credit Score Class: As of September 30, 2009, Serco Services Inc.'s credit score was 3 (moderate risk). This score was unchanged from the prior quarter.

Stock Performance: SI International ceased trading with the completion of its merger with Serco Group plc (SRP.L). On September 30, 2009, Serco Group plc traded at £505.00. The 52-week range has been between £317.00 and £517.00; where the high was on September 18, 2009, and the low was on October 18, 2008.

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

Significant Events:

- On September 1, 2009, Serco Group plc signed three contracts with the U.K. Department for Work and Pensions worth between 400 million and 500 million pounds ($813 million) to be a prime contractor delivering a program for jobseekers in returning to and remaining in work.

- On September 1, 2009, Serco Services has been awarded a task order on the Seaport contract with the U.S. Navy's Fleet and Industrial Supply Center San Diego (FISCSD) Hazardous Material (HAZMAT) Operations to provide logistical support for acquisition, management, issuance and disposal of HAZMAT products and chemicals. The task order has a one year base period with four one-year option periods and is valued at approximately $66 million, inclusive of the options.

- On August 12, 2009, Serco Services announced that it has been awarded an Automated Data Processing (ADP) Support Service Contract with the U.S. Army Research Laboratory (ARL). The prime contract has a one-year base period with four one-year options. The new contract has a potential value of $8 million, if all option years are exercised.

- On May 1, 2009, Serco Services was named #28 in the Top 100 Government Contractors ranking by Washington Technology.

Risk Mitigation: Should Serco Services Inc. cease operations, we could issue letter contracts (an agreement to be negotiated at a later point) on an emergency basis to: a) Switch & Data to retain our Northern Virginia data center space; b) Jacob and Sundstrum to continue systems programming (and perhaps expand that support to data center operations), and; c) Sungard to continue incoming mail, 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 Serco Services Inc. were unable to operate the Virginia call center, The Active Network, Inc. call center in western Maryland, could serve as a temporary backup.

The Agency is continuing to develop the requirements for a new statement of work (SOW) in preparation for the re-competition of Serco Services Inc.'s 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. The Agency's decision to first release an RFP for acquisition support services has also contributed to the delay. We hope to release the acquisition support services RFP by December 31, 2009, and the RFP for recordkeeping services by the end of FY 2010, with a contract award in mid FY 2011. A full and open competition is planned, and risk mitigation will be a principal component of the procurement strategy.

Serco Group
Income Statement
(In £ millions)

	6/30/2009	12/31/2008	6/30/2008	12/31/2007
Revenue	1,949.8	3,123.5	1,490.5	2,810.7
Cost of sales	(1,664.1)	(2,666.7)	(1,272.9)	(2,404.5)
Gross profit	**285.7**	**456.8**	**217.6**	**406.2**
Administrative expenses	(175.7)	(291.6)	(140.8)	(264.2)
Other expenses – amortisation of intangibles arising on acquisition	(8.9)	(9.2)	(4.5)	(8.6)
Total administrative expenses	**(184.6)**	**(300.8)**	**(145.3)**	**(272.8)**
Operating profit	**101.1**	**156.0**	**72.3**	**133.4**
Investment revenue	1.3	8.2	4.6	12.2
Finance costs	(19.0)	(28.1)	(14.1)	(31.0)
Profit before tax	**83.4**	**136.1**	**62.8**	**114.6**
Tax	(22.0)	(36.5)	(16.9)	(32.2)
Profit for the period	**61.4**	**99.6**	**45.9**	**82.4**

Serco Group
Balance Sheet
(In £ millions)

	6/30/2009	12/31/2008	6/30/2008	12/31/2007
ASSETS				
Non-current assets				
Goodwill	901.8	964.7	566.6	542.1
Other intangible assets	170.6	191.3	135.4	139.4
Property, plant and equipment	117.5	115.4	100.5	95.1
Trade and other receivables	141.1	121.1	118.0	104.6
Retirement benefit assets	-	62.4	-	-
Deferred tax assets	42.4	19.6	65.7	51.6
Derivative financial instruments	3.9	5.6	6.2	1.2
	1,377.3	1,480.1	992.4	934.0
Current assets				
Inventories	54.4	50.2	50.2	46.3
Trade and other receivables	712.6	719.5	571.1	573.6
Cash and cash equivalents	237.2	250.8	215.6	185.0
Derivative financial instruments	0.8	5.0	4.3	1.5
Total current assets	1,005.0	1,025.5	841.2	806.4
TOTAL ASSETS	**2,382.3**	**2,505.6**	**1,833.6**	**1,740.4**
LIABILITIES				
Current liabilities				
Trade and other payables	745.3	754.7	682.8	670.0
Current tax liabilities	24.5	19.5	19.3	14.8
Obligations under finance leases	5.1	4.5	4.2	7.7
Loans	42.2	36.8	7.8	13.5
Derivative financial instruments	8.6	4.2	1.6	2.1
Total current liabilities	825.7	819.7	715.7	708.1
Non-current liabilities				
Trade and other payables	28.7	35.5	12.3	13.3
Obligations under finance leases	17.1	12.7	10.5	8.7
Loans	605.8	710.9	313.4	317.4
Derivative financial instruments	2.4	0.4	8.1	11.2
Retirement benefit obligations	210.0	177.1	243.4	142.6
Provisions	33.7	38.1	12.7	18.6
Deferred tax liabilities	21.5	25.9	15.0	22.0
Total Long-term liabilities	919.2	1,000.6	615.4	533.8
TOTAL LIABILITIES	**1,744.9**	**1,820.3**	**1,331.1**	**1,241.9**
EQUITY				
Share capital	9.7	9.7	9.7	9.7
Share premium account	301.7	301.1	300.0	299.3
Retained earnings	384.3	339.8	291.6	260.6
Retirement benefit obligations reserve	(112.9)	(47.7)	(140.3)	(90.2)
Share-based payment reserve	42.4	40.0	37.6	34.6
Own shares reserve	(17.3)	(19.7)	(12.5)	(15.1)
Hedging and translation reserve	29.3	61.9	14.8	(1.8)
Equity attributable to equity holders of the parent	637.3	685.2	501.0	497.2
Minority interest	0.1	-	1.5	1.3
TOTAL EQUITY	**637.4**	**685.2**	**502.5**	**498.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,382.3**	**2,505.5**	**1,833.6**	**1,740.4**
CURRENT RATIO: Current Assets/Current Liabilities	1.22	1.25	1.18	1.14
LEVERAGE: Total Liabilities/Total Assets	0.73	0.73	0.73	0.71

Serco Group
Cash Flow Statement
(In £ millions)

	6/30/2009	12/31/2008	6/30/2008	12/31/2007
Net cash inflow/(outflow) from operating activities	104.2	162.6	84.5	134.1
Net cash inflow/(outflow) from investing activities	(35.6)	(348.5)	(36.7)	(48.5)
Net cash inflow/(outflow) from financing activities	(69.0)	230.0	(21.4)	(125.3)
Change in cash and cash equivalents	(0.4)	44.1	26.4	(39.7)
Cash and cash equivalents at beginning of period	250.8	185.0	185.0	217.9
Net exchange gain	(13.2)	21.7	4.2	6.8
Cash and cash equivalents at end of period	**237.2**	**250.8**	**215.6**	**185.0**

Barclays PLC

General Information: Barclays PLC is ranked as the 25th largest company in the world according to Forbes Global 2000's 2008 list and is the fourth largest financial services provider in the world according to Tier 1 capital ($32.5 billion). In the U.K., it is the second largest bank based on asset size. 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.

On June 16, 2009, Barclays accepted BlackRock Inc.'s $13.5 billion offer to buy Barclays Global Investors. Barclays said it would pay a breakup fee of $175 million to private-equity firm CVC Capital Partners, which had reached an earlier deal to buy iShares, BGI's exchange-traded fund unit. The transaction is expected to close in the fourth quarter 2009 following approval by Barclays' shareholders, the receipt of client consents and regulatory approvals, and satisfaction of customary closing conditions.

Assessment: Barclays PLC is a financially sound and profitable financial institution. Barclays reports that their year-end capital ratios exceed the regulatory minimum required by the U.K. Financial Services Authority (FSA) by an amount equivalent to £17 billion. On March 27, 2009, the Financial Services Authority tested Barclays' loans against various economic scenarios through 2011 and found that its capital ratio, a measure of financial strength, remained above the regulatory minimum of 4 percent. At present, Barclays states it will not seek subscription for further capital - either from the private sector or from the U.K. Government.

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, 2009.

As of June 30, 2009, within Barclays PLC, Barclays Global Investors (BGI), its fund division, reported a 4 percent decline in pretax profit to £265 million from £276 million in the first six months of 2008. Total assets under management decreased 2% (£21 billion) to £1,019 billion (31st December 2008: £1,040 billion) comprising £127 billion of negative exchange rate movements, partially offset by £72 billion of net new assets and £34 billion of favorable market movements.

- Income Statement: Net profit for the period was £2.3 billion, up 10 percent from £2.1 billion reported in the first half of 2008.

- Balance Sheet: As of June 30, 2009, Total Assets for Barclays PLC were £1,545.3 billion, a decrease of 25 percent from the £2,053.0 billion reported at year-end 2008. Total Liabilities reported were £1,496.7 billion, down 25 percent from the £2,005.6 billion reported at year-end 2008.

- Cash Flow: As of June 30, 2009, cash and cash equivalents totaled £58,490 million, a decrease of 9 percent from the £64,509 million reported at year-end 2008.

- Capitalization: Based on the FRB's definition, as of June 30, 2009, Barclays' reported "Tier 1" ratio of 10.5 percent significantly exceeds the regulatory standard of at least 4 percent required to be considered well-capitalized.

Dun & Bradstreet Credit Score Class: As of September 30, 2009, the credit score was 4 (moderately high risk) up from 3 (moderate risk) reported on June 4, 2009.

Stock Performance: After reaching a 52-week high of $27.32 on October 1, 2008, the closing price of Barclays PLC American Depository Receipts (ADR's) on September 30, 2009, was $23.64. The 52-week low of $2.75 occurred on January 23, 2009.

SAS 70 Report: The independent service auditor's report dated January 30, 2009 was provided by PricewaterhouseCoopers LLP. Dates of coverage are January 1, 2008 to December 31, 2008. No issues related to the TSP were determined.

Significant Events:

- On September 29, 2009, Barclays Bank PLC has agreed to acquire the Portuguese credit card business of Citibank International plc. Under the terms of the transaction, Barclays will acquire approximately 400,000 credit card accounts; gross assets of approximately 644 million Euros which relate to receivables; as well as the Business' employees. Barclays intends to integrate the Business into its Global Retail and Commercial Banking - Western Europe division. Completion is expected to occur before the end of 2009.

- On September 16, 2009, Barclays PLC announced the restructuring of $12.3 billion of credit market assets by a sale of the Assets to Protium Finance LP. Protium is a newly established fund whose objective is to purchase credit market assets from third parties and manage those assets over time to benefit from their long term cash flows. The activities of Protium will initially be supported by $450 million of new funding provided by the partners of Protium and by a loan to Protium of $12.6 billion by Barclays. The loan will be used primarily to fund the purchase of the Assets from Barclays.

Risk Mitigation: The TSP assets in the four investment funds managed by BGI and the level of risk should BGI cease operations will be assumed by Barclays until there is a transfer of assets to BlackRock Inc. These assets are held in commingled trust funds, which cannot be accessed by Barclays' creditors. In the event of Barclay's bankruptcy, the actual securities could be transferred by the Agency to another investment manager. There is a risk during the transition that the TSP may be unable to allocate participants' investments in a timely manner. 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. There is no risk to the TSP assets in sale of BGI, since BlackRock, Inc. is subject to the same contract provisions as Barclays.

Barclays PLC
Income Statement
(in £ millions)

	06/30/09 Six months	12/31/08	06/30/08 Six months	12/31/07
Interest income	11,787	28,010	13,356	25,308
Interest expense	(6,065)	(16,541)	(8,186)	(15,698)
Net interest income	**5,722**	**11,469**	**5,170**	**9,610**
Fee and commission income	4,807	9,489	3,480	8,678
Fee and commission expense	(680)	(1,082)	(547)	(970)
Net fee and commission income	**4,127**	**8,407**	**2,933**	**7,708**
Net trading income	4,118	1,329	1,770	3,759
Net investment income	(129)	680	345	1,216
Principal transactions	**3,989**	**2,009**	**2,115**	**4,975**
Net premiums from insurance contracts	602	1,090	568	1,011
Other income	1,299	377	157	188
Total income	**15,739**	**23,352**	**10,943**	**23,492**
Net claims and benefits incurred on insurance contracts	(421)	(237)	(101)	(492)
Total income net of insurance claims	**15,318**	**23,115**	**10,842**	**23,000**
Impairment charges and other credit provisions	(4,556)	(5,419)	(2,448)	(2,795)
Net income	**10,762**	**£17,696**	**8,394**	**£20,205**
Staff costs	(4,815)	(7,779)	(3,535)	(8,405)
Administration and general expenses	(2,629)	(5,666)	(2,344)	(4,141)
Depreciation of property, plant and equipment	(379)	(630)	(263)	(467)
Amortization of intangible assets	(228)	(291)	(87)	(186)
Operating Expenses	**(8,051)**	**(14,366)**	**(6,229)**	**(13,199)**
Share of post-tax results of associates and joint ventures	13	14	23	42
Profit on disposal of subsidiaries, associates and joint ventures	21	327	-	28
Gains on acquisitions	-	2,406	89	-
Profit before tax	2,745	6,077	2,277	7,076
Tax on continuing operations	(532)	(790)	(465)	(1,981)
Profit after tax	2,213	5,287	1,812	5,095
Profit after tax from discontinued operations	125	-	**322**	-
Net profit for the period	**2,338**	**5,287**	**2,134**	**5,095**

Barclays PLC
Balance Sheet
(in £ millions)

	06/30/09	12/31/08	06/30/08	12/31/07
ASSETS				
Cash and balances at central banks	21,423	30,019	6,432	5,801
Items in the course of collection from other banks	1,995	1,695	2,478	1,836
Trading portfolio assets	153,973	185,637	177,628	193,691
Financial assets designated at fair value:				
-held on own account	43,797	54,542	46,697	56,629
-held in respect of linked liabilities to customers under investment contracts	1,504	66,657	79,486	90,851
Derivative financial instruments	556,045	984,802	400,009	248,088
Loans and advances to banks	52,944	47,707	54,514	40,120
Loans and advances to customers	411,804	461,815	395,467	345;398
Available for sale financial investments	66,716	64,976	42,765	43,072
Reverse repurchase agreements and cash collateral on securities borrowed	144,978	130,354	139,955	183,075
Other assets	6,660	6,302	6,012	5,150
Current tax assets	384	389	808	518
Investments in associates and joint ventures	284	341	316	377
Goodwill	7,253	7,625	6,932	7,014
Intangible assets	2,479	2,777	1,200	1,282
Property, plant, and equipment	4,138	4,674	2,991	2,996
Deferred tax assets	2,569	2,668	1,964	1,463
Assets of disposal group	66,392	-	-	-
Total Assets	**1,545,338**	**2,052,980**	**1,365,654**	**1,227,361**
LIABILITIES				
Deposits from banks	105,776	114,910	89,944	90,546
Items in the course of collection due to other banks	2,060	1,635	2,791	1,792
Customer accounts	319,101	335,505	319,281	294,987
Trading portfolio liabilities	44,737	59,474	56,040	65,402
Financial liabilities designated at fair value	64,521	76,892	86,162	74,489
Liabilities to customers under investment contracts	1,881	69,183	80,949	92,639
Derivative financial instruments	534,966	968,072	396,357	248,288
Debt securities in issue	142,263	149,567	115,739	120,228
Repurchase agreements and cash collateral on securities lent	175,077	182,285	146,895	169,429
Other liabilities	10,745	12,640	8,998	10,499
Current tax liabilities	1,068	1,216	1,532	1,311
Insurance contract liabilities including unit-linked liabilities	2,032	2,152	3,679	3,903
Subordinated liabilities:	25,269	29,842	21,583	18,150
Deferred tax liabilities	539	304	655	855
Provisions	481	535	624	830
Retirement benefit liabilities	1,523	1,357	1,603	1,537
Liabilities of disposal group	64,612	-	-	-
Total Liabilities	**1,496,651**	**2,005,569**	**1,332,832**	**1,194,885**
SHAREHOLDER'S EQUITY				
Called up share capital	2,757	2,093	1,642	1,651
Share premium account	7,282	4,045	72	56
Other reserves	1,693	2,793	(198)	874
Other equity	-	3,652	-	-
Retained earnings	26,121	24,208	20,965	20,970
Less: treasury shares	(154)	(173)	(192)	(260)
Shareholders' equity excluding minority interest	**37,699**	**36,618**	**22,289**	**23,291**
Minority interests	10,988	10,793	10,533	9,185
Total Shareholder's Equity	**48,687**	**47,411**	**32,822**	**32,476**
Total Liabilities and Shareholder's Equity	**1,545,338**	**2,052,980**	**1,365,654**	**1,227,361**
LEVERAGE: Total Liabilities/Total Assets	1.03	1.02	1.02	1.03

Barclays PLC
Statement of Cash Flows
(in £ millions)

	06/30/09	12/31/08	06/30/08	12/31/07
Net cash inflow/(outflow) from operating activities	(2,092)	29,339	3,853	(13,476)
Net cash inflow/(outflow) from investing activities	(8,376)	(9,536)	874	6,074
Net cash inflow/(outflow) from financing activities	(1,380)	9,746	2,888	2,948
Net gain on exchange rate changes on cash and cash equivalents	5,830	(5,605)	(413)	(354)
Net cash from discontinued operations	(1)	524	(238)	-
Change in cash and cash equivalents	(6,019)	24,468	6,964	(4,808)
Cash and cash equivalents - beginning of the period	64,509	40,041	33,077	37,885
Cash and cash equivalents - end of the period	**58,490**	**64,509**	**40,041**	**33,077**

BlackRock, Inc.

General Information: BlackRock, Inc., founded in 1988 in New York, is one of the leading investment management companies in the U.S. The firm's products include a spectrum of fixed income and mutual funds, as well as investment tools, outsourcing and advisory services to institutional investors. It also offers risk management and investment technology services to insurance companies, finance companies, pension funds, foundations, REITs, commercial and mortgage banks, savings institutions and government agencies. These services are provided under the brand name BlackRock Solutions to clients in over 60 countries, primarily the United States, the United Kingdom, Japan and Australia.

Current Financial Condition: BlackRock Inc. reported Total Revenues of $2.0 billion for the first six months of 2009, down from $2.7 billion reported for the same period in 2008.

- Income Statement: As of June 30, 2009, the Company reported a Net Income of $302.0 million, down from a Net Income of $515.0 million reported for the same period in 2008.

- Balance Sheet: As of June 30, 2009, Total Assets of $20.4 billion were reported, a slight increase from $19.9 billion reported at year-end 2008. Total Liabilities reported were $7.4 billion, unchanged from the $7.4 billion reported at year-end 2008.

- Cash Flow: As of June 30, 2009, the Company reported cash and cash equivalents of $2.3 billion, an increase from the $2.0 billion reported at year-end 2008

- Leverage: As of June 30, 2009, Total Liabilities reported were 36 percent of Total Assets, slightly down from the 37 percent ratio at year-end 2008.

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

Dun & Bradstreet Credit Score Class: As of September 30 2009, the credit score was 3 (moderate risk), unchanged from the previous quarter.

Stock Performance: BlackRock Inc.'s closing share price on September 30, 2009, was $216.82, down from its 52-week high of $220.17 on September 23, 2009. The 52-week low was $88.91 on March 9, 2009.

SAS 70 Report: This report is not applicable to BlackRock Inc.

Significant Events:

- On June 16, 2009, BlackRock, Inc. announced that it received written notice from Barclays PLC that Barclays' Board of Directors accepted BlackRock, Inc.'s offer to acquire Barclays Global Investors ("BGI"). The transaction has been approved by Barclays' shareholders and regulators, and is expected to close in the fourth quarter, giving Barclays a 19.9% stake in BlackRock, Inc. The TSP assets in four investment

funds are managed by BGI. BlackRock, Inc. agreed to acquire the Global Investors business from Barclays in a cash and stock deal that will boost client assets under management to about $2.7 trillion, making the firm the largest of its type in the world.

- On July 30, 2009, BlackRock, Inc. announced that its Board of Directors declared a quarterly cash dividend of $0.78 per share of common stock, payable September 22, 2009 to shareholders of record at the close of business on September 2, 2009.

Risk Mitigation: The TSP assets in the four investment funds managed by BGI and the level of risk should BGI cease operations will be assumed by Barclays until there is a transfer of assets to BlackRock Inc. There is no risk to the TSP assets at the completion of the transaction since BlackRock, Inc. is subject to the same contract provisions as Barclays.

BlackRock, Inc.
Income Statement
(in $ millions)

	06/30/09	12/31/08	06/30/08	12/31/07
Revenue				
Investment advisory and administration base fees				
Related parties	1,138	2,961	1,632	2,640
Other third parties	511	1,271	661	1,370
Investment advisory performance fees	28	177	99	350
performance fees	1,677	4,409	2,392	4,360
BlackRock Solutions and advisory	256	406	160	198
Distribution fees	48	139	69	123
Other revenue	35	110	66	164
Total revenue	2,016	5,064	2,687	4,845
Expenses				
Employee compensation and benefits	741	1,815	1,021	1,767
Portfolio administration and servicing costs				
Related parties	199	102	257	78
Other third parties	53	495	49	470
Amortization of deferred mutual fund sales commissions	53	130	63	108
General and administration	344	745	422	870
Restructuring charges	22	38	-	-
Amortization of intangible assets	72	-	74	130
Termination of closed-end fund administration and servicing	-	146	-	128
Fee sharing	-	-	-	-
Total expenses	1,484	3,471	1,886	3,551
Operating income	532	1,593	801	1,294
Non-operating income (expense)				
Net gain (loss) on investments	(84)	(573)	(20)	504
Interest and dividend income	12	65	32	74
Interest expense	(30)	(66)	(36)	(49)
Total non-operating income (expense)	(102)	(574)	(24)	529
Income before income taxes	430	1,019	777	1,823
Income tax expense	124	388	277	464
Net income	306	631	500	1,359
Less: Net income (loss) attributable to non-controlling interests	4	(155)	(15)	364
Net income attributable to BlackRock, Inc.	**302**	**786**	**515**	**995**

BlackRock, Inc.
Balance Sheet
(in $ millions)

	06/30/09	12/31/08	06/30/08	12/31/07
Assets				
Cash and cash equivalents	2,305	2,032	1,428	1,656
Accounts receivable	1,067	901	1,569	1,236
Due from related parties	104	309	204	175
Investments	957	1,429	1,942	2,000
Separate account assets	3,131	2,623	4,027	4,670
Deferred mutual fund sales commissions, net	111	135	168	175
Property and equipment (net of accumulated depreciation of $277 at March 31, 2009 and $259 at December 31, 2008)	252	260	265	266
Intangible assets (net of accumulated amortization of $360 at March 31, 2009 and $324 at December 31, 2008)	6,371	6,441	6,507	6,553
Goodwill	5,723	5,533	5,535	5,520
Other assets	388	261	372	310
Total assets	**20,409**	**19,924**	**22,017**	**22,561**
Liabilities				
Accrued compensation and benefits	386	826	666	1,087
Accounts payable and accrued liabilities	628	545	1,030	789
Due to related parties	119	103	94	114
Short-term borrowings	200	200	300	300
Convertible debentures	247	245	-	-
Long-term borrowings	695	697	947	947
Separate account liabilities	3,131	2,623	4,027	4,670
Deferred tax liabilities	1,767	1,826	1,993	2,060
Other liabilities	263	299	287	420
Total liabilities	7,436	7,364	9,343	10,387
Temporary equity				
Redeemable non-controlling interests	13	266	544	578
Convertible debentures	2	-	-	-
Total temporary equity	15	266	544	578
Permanent Equity				
BlackRock, Inc. stockholders' equity				
Common stock, $0.01 par value;	1	1	1	1
Preferred stock (Note 12)	1	-	-	-
Additional paid-in capital	10,891	10,473	10,343	10,274
Retained earnings	2,076	1,982	1,930	1,622
Accumulated other comprehensive (loss)	(81)	(186)	92	71
Escrow shares, common, at cost (911,266 shares held at March 31, 2009 and December 31, 2008)	(143)	(143)	(143)	(188)
Treasury stock, common, at cost (229,370 and 370,991 shares held at March 31, 2009 and December 31, 2008, respectively)	-	(58)	(92)	(184)
Total BlackRock, Inc. stockholders' equity	12,745	12,069	12,130	11,596
Nonredeemable non-controlling interests	213	225	-	-
Total permanent equity	12,958	12,294	12,130	11,596
Total liabilities, temporary equity and permanent equity	**20,409**	**19,924**	**22,017**	**22,561**
LEVERAGE: Total Liabilities/Total Assets	0.36	0.37	0.42	0.46

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

	06/30/09	12/31/08	06/30/08	12/31/07
Net cash inflow/(outflow) from operating activities	274	1,916	481	587
Net cash inflow/(outflow) from investing activities	18	(394)	(319)	(1,068)
Net cash inflow/(outflow) from financing activities	(105)	(887)	(396)	959
Change in cash and cash equivalents	273	376	(228)	496
Cash and cash equivalents - beginning of the period	2,032	1,656	1,656	1,160
Cash and cash equivalents - end of the period	**2,305**	**2,032**	**1,428**	**1,656**

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 Serco Services Inc. (formerly SI International). The Agency has a direct contract with Switch & Data for the western Pennsylvania facility that houses our backup data center.

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, while the rest was used to improve the Company's cash reserve.

As of March 31, 2009, Switch & Data had borrowed the entire $120 million in principal outstanding under the Term Loan permitted under the terms of its 2008 Credit Facility. All of the Company's assets are pledged as collateral for the 2008 Credit Facility.

As of June 30, 2009, Switch & Data has $120.0 million in principal outstanding under the Term Loan, $22.5 million in principal outstanding under the Delayed Draw Term Loan, and a $1.4 million letter of credit outstanding under the Revolver. All of the Company's assets are pledged as collateral for the 2008 Credit Facility. Repayments of principal under the Term Loan and the Delayed Draw Term Loan are due in scheduled quarterly installments, beginning March 31, 2010, with the final payment due and payable on March 27, 2014.

Current Financial Condition: In its SEC filing for the six months ended June 30, 2009, Switch & Data reported a net loss of $106 thousand.

- Income Statement: For the six months ended June 30, 2009, Switch & Data reported Revenues of $96.5 million, an 18 percent increase from the $81.7 million reported for the same period in 2008. Total costs and operating expenses increased to $88.7 million for the first half of 2009, a 20 percent increase over the $74.0 million reported in the first half of 2008. Operating Income in the first half of 2009 was $7.8 million compared to a $7.7 million loss in the first half of 2008.

- Balance Sheet: Through June 30, 2009, Switch & Data reported total assets of $390.3 million, a 9 percent increase from $358.9 million at year-end 2008. Total liabilities of $265.5 million were reported, a 12 percent increase from $237.9 million reported at year-end 2008.

- Cash Flow: Through June 30, 2009, cash and cash equivalents totaled $24.7 million, an increase from $14.7 million at year-end 2008, due primarily to cash raised through financing activities.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) increased to 0.75 as of June 30, 2009, from 0.62 at year-end 2008.

- Leverage: Through June 30, 2009, total liabilities as a percent of total assets increased to 68 percent from 66 percent reported at year-end 2008.

Stock Performance: The price of Switch & Data shares as of September 30, 2009, was $13.61 (its initial public offering price was $17.00 per share) and down from its 52-week high of $14.98, on September 16, 2009. The stock's 52-week low was $3.92 on November 21, 2008.

SAS 70 Report: The most recent SAS 70 report is the report dated September 8, 2006 by SAS 70 Solutions. No issues related to the TSP were determined. In the meantime, SAS 70 certification is not required to be renewed or updated unless there is a material change in the company's operating procedures. Because Switch & Data has not made any material changes, the letter from 2006 is still in effect and Switch & Data is still certified.

Dun & Bradstreet Credit Score Class: As of September 30, 2009, the credit score was 3 (moderate risk), unchanged from the prior quarter. A credit score of 2 (slight risk) was reported on April 8, 2009.

Lawsuit Issues:

- On May 31, 2006, Switch & Data Facilities Company, LLC, Switch & Data's subsidiary, was served with a lawsuit alleging a failure to execute a lease in October 2000 for a building in Milwaukee, Wisconsin. Plaintiffs claimed the rent and associated lease charges due for the entire ten year term of the lease was $3.7 million. Plaintiffs also claimed a loss of $0.8 million on the sale of the building and $0.2 million in attorney fees. Switch & Data's management faced a range of likely outcomes and had accrued $0.2 million, an amount at the low end of the range in accordance with SFAS No. 5, Accounting for Contingencies. On May 21, 2009, in exchange for a full settlement agreement and the execution of a mutual full and complete release of all claims which were raised or could have been raised in the referenced matter, Switch & Data agreed to pay $0.9 million to the plaintiffs. The settlement amount was paid in May 2009 and the case was dismissed with prejudice.

Significant Events:

- On September 8, 2009, Switch & Data announced that it had obtained $100 million of debt financing from a syndicate of banks arranged by RBC Capital Markets. The financing will accelerate Switch & Data's capacity expansion program including its previously announced site in Atlanta, GA and fund expansion in other high-growth markets.

- During the six months ended June 30, 2009, the Company granted 582 common stock options with a weighted average exercise price of $5.84 per share to employees and non-employee directors. Of the grants, 547 of the common stock options vest at a rate of 25% on the first anniversary of the grant date and 25% annually until the common stock options are fully vested. Non-employee directors received a total of 35 common stock options that vested immediately. These vesting periods were established by the

Compensation Committee of the Board of Directors at the date of grant. Common stock options expire ten years after the date of grant or when an individual ceases to be an employee of the Company. Compensation expense for these common stock options will be recognized over the vesting period. The aggregate intrinsic value of options outstanding as of June 30, 2009 was $8.2 million. The aggregate intrinsic value of options exercisable as of June 30, 2009 was $5.0 million. The aggregate intrinsic value of restricted stock outstanding as of June 30, 2009 was $2.4 million.

Risk Mitigation: There is some operational risk to the TSP if Switch & Data fails 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 collocation providers on the GSA Schedule, which would provide for a quicker contract award. An alternative would be a similar approach as with the Clintwood call center, and create data centers as Government Owned Contractor Operated (GOCO) facilities. Although it requires more effort, this would allow us to continue operations by either issuing a letter contract to another contractor to operate the facility or to operate it ourselves (with temporary staff).

We continue 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)

	6/30/2009	12/31/2008	6/30/2008	12/31/2007
Revenues	96,493	171,525	81,671	137,530
Cost and operating expenses				
Cost of revenues, exclusive of depreciation and amortizatio	48,758	90,122	42,000	70,986
Sales and marketing	10,384	19,670	10,064	16,313
General and administrative	9,092	17,659	8,662	15,039
Depreciation and amortization	19,797	30,716	13,253	25,584
Lease litigation settlement	700	-	-	2,600
Asset impairment	-	-	-	-
Total costs and operating expenses	88,731	158,167	73,979	130,522
Operating Income	**7,762**	**13,358**	**7,692**	**7,008**
Interest income	29	1,587	1,071	1,808
Interest expense	(6,788)	(19,193)	(5,153)	(6,622)
Loss from debt extinguishment	-	(695)	(695)	(2,809)
Other income (expense), net	(309)	(768)	(346)	(305)
Income (loss) from continuing operations before taxes	694	(5,711)	2,569	(920)
Provision for income taxes	(800)	(1,324)	(1,090)	(263)
Income (loss) from continuing operations	(106)	(7,035)	1,479	(1,183)
Income (loss) from discontinued operations	-	-	-	397
Net Income (loss)	**(106)**	**(7,035)**	**1,479**	**(786)**

Switch & Data
Balance Sheet
(in $ thousands)

Assets	6/30/2009	12/31/2008	6/30/2008	12/31/2007
Current assets				
Cash and cash equivalents	24,727	14,706	91,183	45,595
Accounts receivable, net of allowance for bad debts	8,490	11,497	11,997	9,029
Prepaid and other assets	1,751	2,429	1,796	1,468
Total current assets	34,968	28,632	104,976	56,092
Property and equipment, net	296,995	270,286	196,813	114,803
Goodwill	36,023	36,023	36,023	36,023
Other intangible assets, net	16,876	18,575	20,933	23,287
Other long-term assets, net	5,467	5,349	5,609	2,485
Total assets	**390,329**	**358,865**	**364,354**	**232,690**
Liabilities, Redeemable Preferred Stock and Shareholders' Equity (Deficit)				
Current liabilities				
Accounts payable and accrued expenses	25,983	34,131	39,989	26,859
Derivative liability	7,538	7,434	959	624
Current portion of unearned revenue	3,397	3,629	3,807	3,567
Current portion of deferred rent	422	455	382	363
Current portion of customer security deposits	595	547	603	936
Current portion of long-term debt	7,125	-	-	3,750
Current portion of capital lease obligations	1,691	-	-	-
Total current liabilities	46,751	46,196	45,740	36,099
Unearned revenue, less current portion	1,666	1,858	2,009	2,073
Deferred rent, less current portion	22,788	18,587	15,394	12,882
Customer security deposits, less current portion	307	376	422	93
Long-term debt, less current portion	135,375	120,000	120,000	34,439
Long-term portion of capital lease obligation	58,593	50,927	50,807	22,049
Total liabilities	**265,480**	**237,944**	**234,372**	**107,635**
Commitments and contingencies				
Shareholders' deficit				
Common stock	3	3	3	3
Series B common stock	-	-	-	-
Series D-1 & D-2 preferred stock	-	-	-	-
Unearned stock compensation	-	-	-	(15)
Additional paid in capital	350,927	347,909	344,507	340,520
Accumulated deficit	(224,640)	(224,534)	(216,019)	(217,573)
Accumulated other comprehensive income	(1,441)	(2,457)	1,491	2,120
Total shareholders' deficit	124,849	120,921	129,982	125,055
Total Liabilities, Preferred Stock and Shareholders' Deficit	**390,329**	**358,865**	**364,354**	**232,690**
CURRENT RATIO: Current Assets/Current Liabilities	0.75	0.62	2.30	1.55
LEVERAGE: Total Liabilities/Total Assets	0.68	0.66	0.64	0.46

Switch & Data
Statement of Cash Flows
(in $ thousands)

	6/30/2009	12/31/2008	6/30/2008	12/31/2007
Net cash inflow/(outflow) from operating activities	25,831	45,614	21,199	38,641
Net cash inflow/(outflow) from investing activities	(38,425)	(154,710)	(54,005)	(33,933)
Net cash inflow/(outflow) from financing activities	22,580	78,863	78,594	36,563
Change in cash and cash equivalents	9,986	(30,233)	45,788	41,271
Effect of exchange rate charges on cash	35	(656)	(200)	653
Cash and cash equivalents - beginning of the period	14,706	45,595	45,595	3,671
Cash and cash equivalents - end of the period	**24,727**	**14,706**	**91,183**	**45,595**

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 233 in 2009, and has locations throughout North America, Latin America, Asia, and Europe. The Company reported a loss in both 2007 and in 2008. However, 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: Net income for the period was $39.1 million, down from $328.8 million reported in the first half of 2008.

- Balance Sheet: As of June 30, 2009, $8.9 billion of total assets were reported, down slightly from $9.5 billion reported at year-end 2008. Total Liabilities of $6.6 billion were reported, down from $7.2 billion reported at year-end 2008.

- Current Ratio: The Current Ratio (Current Assets/Current Liabilities) for the quarter is 1.4, down slightly from 1.3 at year-end 2008.

- Cash Flow: As of June 30, 2009, the Company reported cash and cash equivalents of $470.9 million, a 45 percent increase from the $324.0 million reported at year-end 2008.

- Leverage: As of March 31, 2009, total liabilities were about 74 percent of total assets, little changed from 75 percent at year-end 2008.

Dun & Bradstreet Credit Score Class: As of September 30, 2009, the credit score was 1 (lowest risk), unchanged from the previous quarter.

Stock Performance: The R.R. Donnelley & Sons closing share price on September 30, 2009 was $21.26 down from its 52-week high of $24.46 on October 1, 2008. The 52-week low was $5.54 on March 9, 2009.

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

Significant Events:

- On June 18, 2009, the Company acquired Prospectus Central, LLC ("Prospectus"), an e-delivery company located in Fitzgerald, Georgia. The purchase price for Prospectus was $3.0 million. Prospectus's operations are included in the U.S. Print and Related Services segment.

- On August 26, 2009, R.R. Donnelley & Sons Company announced that it has closed the offering of $350 million aggregate principal amount of 8.600% Notes due 2016. As previously announced, RR Donnelley intends to apply all or a portion of the net proceeds from the offering of the notes plus cash on hand and revolver borrowings, if necessary, to fund the Company's cash tender offers with respect to the outstanding 5.625% Notes due 2012 and 4.95% Notes due 2010 issued by the Company.

- During the six months ended June 30, 2009, the Company paid cash dividends of $106.7 million. On July 22, 2009, the Board of Directors of the Company declared a quarterly cash dividend of $0.26 per common share payable on September 1, 2009 to RR Donnelley shareholders of record on August 6, 2009.

- The Company granted 1,520,468 and 754,000 stock options during the six months ended June 30, 2009 and 2008, respectively. Compensation expense recognized related to stock options for the three and six months ended June 30, 2009 was $0.7 million and $1.2 million, respectively. Compensation expense recognized related to restricted stock units for the three and six months ended June 30, 2009 was $6.7 million and $12.6 million, respectively.

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 & Sons would move that work from the affected facility to one or more of its other business sites. If R.R. Donnelley & Sons were to cease operations, we would have to pursue a 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)

	06/30/09	12/31/08	06/30/08	12/31/07
Net sales	4,811.2	11,581.6	5,920.7	11,587.1
Cost of Sales (excludes Depreciation & Amoritization shown below)	3,639.1	8,576.3	4,361.7	8,532.4
Selling, General & Administrative Expenses	555.6	1,220.5	668.0	1,302.3
Restructuring and Impairment Charges - net	102.4	1,184.7	23.1	839.0
Depreciation & Amortization	291.7	640.6	321.8	598.3
Total Operating Expenses	4,588.8	11,622.1	5,374.6	11,272.0
Income from Continuing Operations	222.4	(40.5)	546.1	315.1
Interest Expense - net	119.1	226.4	114.8	227.3
Investment and Other Income (Expense) - net	(1.3)	(2.4)	8.0	3.6
Interest	102.0	(269.3)	439.3	91.4
Income Tax Expense	59.4	(83.9)	109.8	136.5
Minority Interest	(3.5)	6.3	(2.4)	3.3
Net Earnings from Continuing Operations	39.1	(191.7)	327.1	(48.4)
Income (loss) from Discontinued Operations, net of tax	-	1.8	1.7	(0.5)
Less: Income (loss) attributable to RR Donnelley common shareholders	-	-	-	-
Net Income/(Loss)	39.1	(189.9)	328.8	(48.9)

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

	06/30/09	12/31/08	06/30/08	12/31/07
ASSETS				
Cash and cash equivalents	470.9	324.0	435.3	379.0
Restricted cash equivalents	0.2	7.9	8.4	63.9
Receivables, less allowance for doubtful accounts	1,694.7	1,903.2	2,165.4	2,181.2
Income taxes receivable	41.2	189.4	-	-
Inventories, net	524.9	695.7	748.5	709.5
Prepaid expenses and other current assets	106.0	104.6	84.5	85.5
Deferred income taxes	52.5	56.2	119.8	102.2
Total Current Assets	2,890.4	3,281.0	3,561.9	3,521.3
Property, plant and equipment net	2,398.4	2,564.0	2,758.5	2,726.0
Goodwill	2,449.0	2,425.9	3,287.1	3,264.9
Prepaid pension cost	-	-	846.6	833.2
Other intangible assets net	795.8	831.1	1,283.6	1,323.2
Other noncurrent assets	395.2	392.3	433.2	418.1
Total Assets	**8,928.8**	**9,494.3**	**12,170.9**	**12,086.7**
LIABILITIES AND SHAREHOLDER'S EQUITY				
Accounts payable	768.7	767.6	875.5	954.9
Accrued liabilities	760.5	795.7	986.6	1,085.3
Short-term and current portion of long-term debt	517.4	923.5	1,211.1	725.0
Total Current Liabilities	2,046.6	2,486.8	3,073.2	2,765.2
Long-term debt	3,103.5	3,203.3	3,198.3	3,601.9
Pension liability	484.7	491.5	-	-
Postretirement benefit obligations	296.6	291.9	254.2	247.9
Deferred income taxes	256.4	260.9	900.3	872.3
Other noncurrent liabilities	419.4	418.0	651.4	689.1
Liabilities of discontinued operations	-	-	0.5	3.0
Total Liabilities	**6,607.2**	**7,152.4**	**8,077.9**	**8,179.4**
SHAREHOLDERS EQUITY				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,899.6	2,885.7	2,874.1	2,858.4
Retained earnings	836.2	903.8	1,530.4	1,312.9
Accumulated other comprehensive income	(547.8)	(580.7)	423.1	341.3
Unearned compensation	-	-	-	-
Treasury stock, at cost	(1,195.5)	(1,194.0)	(1,038.3)	(909.0)
Total Shareholders Equity	2,296.2	2,318.5	4,093.0	3,907.3
Noncontrolling interests	25.4	23.4	-	-
Total Equity	**2,321.6**	**2,341.9**	**4,093.0**	**3,907.3**
Total Liabilities and Shareholders Equity	**8,928.8**	**9,494.3**	**12,170.9**	**12,086.7**
CURRENT RATIO: Current Assets/Current Liabilities	1.41	1.32	1.16	1.27
LEVERAGE: Total Liabilities/Total Assets	0.74	0.75	0.66	0.68

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

	06/30/09	12/31/08	06/30/08	12/31/07
Net cash inflow/(outflow) from operating activities from continuing operations	850.7	1,015.9	372.7	1,176.1
Net cash inflow/(outflow) from investing activities	(112.4)	(351.2)	(197.0)	(2,510.9)
Net cash inflow/(outflow) from financing activities	(615.8)	(676.8)	(136.3)	1,476.2
Effect of exchange rate charges on cash	24.4	(42.9)	16.9	26.2
Change in cash and cash equivalents	146.9	(55.0)	56.3	167.6
Cash and cash equivalents - beginning of the period	324.0	379.0	379.0	211.4
Cash and cash equivalents - end of the period	470.9	324.0	435.3	379.0

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 $18.5 billion for the first six months of 2009, down slightly from the $23.7 billion reported for the same period in 2008.

- Income Statement: Net loss for the period was $2.0 billion, down from a net income $1.7 billion reported in the first half of 2008. Almost all of the reported loss was due to losses in investments.

- Balance Sheet: As of June 30, 2009, Total Assets of $509.5 billion were reported, an increase of $7.8 billion from $501.7 billion reported at year-end 2008. Total Liabilities reported were $481.9 billion, an increase of $4.2 billion from the $477.7 billion reported at year-end 2008.

- Cash Flow: As of June 30, 2009, the Company reported cash and cash equivalents of $13.2 billion, a 45 percent decrease from the $24.2 billion reported at year-end 2008.

- Leverage: As of June 30, 2009, Total Liabilities reported were 95 percent of Total Assets, flat from the 95 percent ratio at year-end 2008.

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

- Company Ratings: As of July 31, 2009, when MetLife submitted its filing with the SEC, its financial strength ratings were as follows: (unchanged from year-end)

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

Dun & Bradstreet Credit Score Class: As of September 30, 2009, the credit score was 3 (moderate risk), the same as the prior quarter.

Stock Performance: The MetLife closing share price on September 30, 2009, was $38.07, down from its 52-week high of $54.22 on October 1, 2008. The 52-week low was $11.37 on March 5, 2009.

SAS 70 Report: There is no SAS report available.

Significant Events:

- As of August 17, 2009, MetLife, Inc. declared third quarter 2009 dividends of $0.25 per share on the company's floating rate non-cumulative preferred stock, Series A, and $0.40 per share on the company's 6.50% non-cumulative preferred stock, Series B. Both dividends were payable September 15, 2009 to shareholders of record as of August 31, 2009.

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)

	06/30/09	12/31/08	06/30/08	12/31/07
Revenues				
Premiums	12,698	25,914	12,631	22,970
Universal life and investment-type product policy fees	2,399	5,381	2,793	5,238
Net investment income	6,994	16,296	8,616	18,063
Other revenues	1,126	1,586	720	1,465
Net investment gains (losses):		1,812		(578)
Other-than-temporary impairments on fixed maturity securities	(1,119)	-	(213)	-
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive loss	234	-	-	-
Other net investment gains (losses), net	(3,850)	-	(874)	-
Total net investment gains (losses)	(4,735)	1,812	(1,087)	(578)
Total Revenues	**18,482**	**50,989**	**23,673**	**47,158**
Expenses				
Policyholder benefits and claims	13,528	27,437	13,162	23,783
Interest credited to policyholder account balances	2,397	4,787	2,429	5,461
Policyholder dividends	858	1,751	875	1,723
Other expenses	5,033	11,924	5,154	10,429
Total Expenses	**21,816**	**45,899**	**21,620**	**41,396**
Income (loss) from continuing operations before provision for income taxes	(3,334)	5,090	2,053	5,762
Provision for income tax expense (benefit)	(1,332)	1,580	549	1,660
Income (loss) from continuing operations, net of income tax	(2,002)	3,510	1,504	4,102
Income from discontinued operations, net of income tax	36	(301)	152	215
Net income (loss)	**(1,966)**	**3,209**	**1,656**	**4,317**

MetLife, Inc.
Balance Sheet
(in $ millions)

	06/30/09	12/31/08	06/30/08	12/31/07
Assets				
Investments:				
Fixed maturity securities available-for-sale, at estimated fair valu	211,563	188,251	241,191	242,242
Equity securities available-for-sale, at estimated fair value	3,045	3,197	5,420	6,050
Trading securities, at estimated fair value	1,471	946	883	779
Mortgage and consumer loans				
Held-for-investment, at amortized cost	48,229	49,352	-	-
Held-for-sale, principally at estimated fair value	4,271	2,012	-	-
Mortage and consumer loans, net	52,500	51,364	48,999	47,030
Policy loans	9,907	9,802	10,764	10,419
Real estate and real estate joint ventures held-for-investment	7,295	7,585	7,294	6,735
Real estate held-for-sale	1	1	34	34
Other limited partnership interests	5,193	6,039	6,707	6,155
Short term investments	8,117	13,878	1,980	2,648
Other invested assets	13,071	17,248	13,335	12,642
Total Investments	312,163	298,311	336,607	334,734
Cash and cash equivalents	13,213	24,207	13,815	10,368
Accrued investment income	3,019	3,061	3,320	3,630
Premiums and other receivables	16,730	16,973	15,402	14,607
Deferred policy acquisition costs and value of business acquired	20,323	20,144	22,917	21,521
Current income tax recoverable	253	-	590	303
Deferred income tax assets	3,856	4,927	-	-
Goodwill	5,036	5,008	5,161	4,910
Other assets	7,896	7,262	8,274	8,330
Assets of subsidiaries held-for-sale	-	946	-	-
Separate account assets	126,968	120,839	149,701	160,159
Total Assets	**509,457**	**501,678**	**555,787**	**558,562**
Liabilities and Stockholder's Equity				
Liabilities:				
Future policy benefits	132,823	130,555	134,123	132,262
Policyholder account balances	147,883	149,805	144,238	137,349
Other policyholder funds	8,319	7,762	10,740	10,176
Policyholder dividends payable	881	1,023	1,037	994
Policyholder dividends obligation	-	-	-	789
Short term debt	4,757	2,659	623	667
Long term debt	12,940	9,667	9,694	9,628
Collateral financing arragements	5,297	5,192	5,847	5,732
Junior subordinated debt securities	2,691	3,758	5,224	4,474
Current income tax payable	-	342	-	-
Payables for collateral under securities loaned and other transact	24,607	31,059	45,979	44,136
Other liabilities	14,679	14,284	14,864	14,401
Liabilities of subsidiaries held-for-sale	-	748	-	-
Shares subject to mandatory redemption	-	-	159	159
Deferred income tax liability	-	-	1,017	2,457
Separate account liabilities	126,968	120,839	149,701	160,159
Total Liabilities	**481,845**	**477,693**	**523,246**	**523,383**
Stockholders Equity:				
Preferred stock	1	1	1	1
Common stock	8	8	8	8
Additional paid-in capital	16,849	15,811	17,647	17,098
Retained earnings	20,472	22,403	21,441	19,884
Treasury stock, at cost	(203)	(236)	(4,047)	(2,890)
Accumulated other comprehensive loss)	(9,834)	(14,253)	(2,509)	1,078
Total Stockholders Equity	27,293	23,734	32,541	35,179
Noncontrolling interests	319	251	-	-
Total Equity	27,612	23,985	32,541	35,179
Total Liabilities and Stockholders Equity	**509,457**	**501,678**	**555,787**	**558,562**
LEVERAGE: Total Liabilities/Total Assets	0.95	0.95	0.94	0.94

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

	06/30/09	12/31/08	06/30/08	12/31/07
Net cash inflow/(outflow) from operating activities	(1,227)	10,703	5,418	9,902
Net cash inflow/(outflow) from investing activities	(8,881)	(2,671)	(9,523)	(10,644)
Net cash inflow/(outflow) from financing activities	(1,002)	6,188	7,495	3,942
Change in cash and cash equivalents	(11,026)	13,839	3,046	2,854
Effect of exchange rate on cash	84	(349)	57	61
Cash and cash equivalents - beginning of the period	24,239	10,368	10,368	7,107
Cash and cash equivalents - end of the period	**13,213**	**24,207**	**13,414**	**9,961**