



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
77K Street, NE Washington, DC 20002

July 19, 2012

MEMORANDUM FOR THE EXECUTIVE DIRECTOR:

FROM: SUSAN CROWDER *SCC*  
ACTING, CHIEF FINANCIAL OFFICER

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

The Board has requested that each quarter we review the TSP's primary vendors and report on their financial standing. This quarter, we have again reviewed Serco Group, BlackRock Inc., Equinix Inc., R.R. Donnelley & Sons, MetLife Inc., and The Active Network, Inc.

For each vendor we have analyzed the following:

1. Current Financial Condition:

Our financial analysis consists of a review of the vendor's key financial statistics from their current income statement and balance sheet for the most recent quarter available to determine their overall financial stability. For this report, we are using available data for the period through March 31, 2012. We determine whether there is evidence of stable or growing income (i.e., the profitability of the company). We also review the current balance sheet to determine: 1) the current ratio of assets to liabilities to ascertain the vendor's ability to meet short term liquidity needs, and 2) the ratio of total debt to total assets to ascertain the prospects for longer term profitability. Then, we look for significant changes from prior to current periods to identify trends that may require further explanation. For comparative purposes, we have included information from year-end 2011, first quarter of 2011, and year-end 2010.

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.

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

**General Information:** Serco Group plc is a business services company based in Hook, North Hampshire in the United Kingdom. In 2005, Serco acquired Resource Consultants Inc. (RCI), which expanded its capabilities in IT services, systems engineering, strategic consulting and human resource-focused business process management. In 2008, Serco acquired SI International, further broadening its capabilities in IT and professional services in North America and gaining new US government relationships. With North American headquarters in Reston, Virginia, Serco now employs approximately 9,000 people in over 100 locations across the United States.

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

**Assessment:** In April 2011, one of Serco's computers used in support of the TSP was subjected to a sophisticated cyber attack, which potentially affected the personal information of approximately 123,000 plan participants, or other recipients of TSP payments. The FRTIB and Serco acted quickly and decisively to further investigate the incident, take additional steps to protect the integrity of TSP data, and ensure that the TSP continues to be a safe and secure retirement plan for federal employees.

Serco Group won £5.1 billion of awards in 2011, comprising signed contracts valued at £4.7 billion and preferred bidder appointments valued at £0.2 billion. Serco Group continues to be a profitable and growing company. Serco Services Inc. has an extensive portfolio of Federal government contracts, and now serves all branches of the U.S. military, numerous civilian agencies and the intelligence community.

**Current Financial Condition:** Interim results for the first six months of 2012 are scheduled to be released on August 29, 2012. Quarterly results are not reported.

- **Income Statement:** For the twelve-month period ending December 31, 2011, Serco Group plc reported revenues of £4.6 billion, an increase of 7 percent from the £4.3 billion reported in the same period of 2010. Net

emergency basis to: a) ICF International to continue systems programming and possibly expand support to data center operations, and; b) SunGard to continue incoming mail, data entry, and other operations to maintain the TSP record keeping system, accounting, legal, and Agency interface operations.

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

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

	12/31/2011	12/31/2010	12/31/2009
	Audited	Audited	Audited
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	254.8	279.3	319.4
Current tax assets	9.2	4.0	-
Derivative financial instruments	7.6	3.9	1.4
Trade and other receivables	798.6	786.2	720.9
Inventories	58.8	65.4	65.9
Total current assets	1,129.0	1,138.8	1,107.6
<b>Non-current assets</b>			
Goodwill	1,259.0	899.5	898.4
Other intangible assets	184.9	145.0	164.4
Property, plant and equipment	194.8	135.4	129.2
Trade and other receivables	261.9	156.7	181.4
Retirement benefit assets	122.3	-	-
Deferred tax assets	28.2	38.1	48.0
Derivative financial instruments	2.0	3.5	2.5
Total non-current assets	2,053.1	1,378.2	1,423.9
<b>Total assets</b>	<b>3,182.1</b>	<b>2,517.0</b>	<b>2,531.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	804.2	805.5	771.6
Current tax liabilities	17.8	19.5	14.1
Obligations under finance leases	10.3	7.1	6.0
Provisions	10.4	-	-
Loans	206.6	159.5	110.7
Derivative financial instruments	12.3	2.4	5.5
Total current liabilities	1,061.6	994.0	907.9
<b>Non-current liabilities</b>			
Trade and other payables	61.4	22.2	23.1
Obligations under finance leases	35.6	19.3	18.0
Loans	636.2	354.6	543.2
Derivative financial instruments	26.3	5.2	1.7
Retirement benefit obligations	278.7	226.2	294.2
Provisions	56.2	39.6	42.3
Deferred tax liabilities	22.3	14.6	9.0
Total Long-term liabilities	1,116.7	681.7	931.5
<b>Total liabilities</b>	<b>2,178.3</b>	<b>1,675.7</b>	<b>1,839.4</b>
<b>Equity</b>			
Share capital	9.9	9.9	9.8
Share premium account	322.7	306.7	304.1
Capital redemption reserve	0.1	0.1	0.1
Retained earnings	706.3	568.5	444.1
Retirement benefit obligations reserve	(92.0)	(142.8)	(150.0)
Share-based payment reserve	66.1	58.7	49.6
Own shares reserve	(48.2)	(27.5)	(13.0)
Hedging and translation reserve	38.9	67.7	47.3
Equity attributable to equity holders of the parent	1,003.8	841.3	692.0
Minority interest	-	-	0.1
<b>Total equity</b>	<b>1,003.8</b>	<b>841.3</b>	<b>692.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,182.1</b>	<b>2,517.0</b>	<b>2,531.5</b>
<b>Current ratio: Current assets/Current liabilities</b>	<b>1.1</b>	<b>1.1</b>	<b>1.2</b>
<b>Leverage: Total liabilities/Total assets</b>	<b>68%</b>	<b>67%</b>	<b>73%</b>

**Serco Group**  
**Cash Flow Statement**  
(In £ millions)

	12/31/2011 Audited	12/31/2010 Audited	12/31/2009 Audited
<b>Net cash inflow/(outflow) from operating activities</b>	<b>217.0</b>	<b>241.0</b>	<b>235.1</b>
<b>Investing activities</b>			
Interest received	3.4	3.3	2.1
Increase in security deposits	(8.2)	-	-
Proceeds from disposal of subsidiary and business undertakings	-	-	0.6
Proceeds from disposal of intangible assets	-	7.3	-
Proceeds from disposal of property, plant and equipment	9.2	6.1	3.7
Acquisition of subsidiaries and business undertakings, net of cash acquired	(325.3)	(2.1)	(14.7)
Purchase of other intangible assets	(35.2)	(20.9)	(17.3)
Purchase of property, plant and equipment	(49.7)	(35.4)	(38.9)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(405.8)</b>	<b>(41.7)</b>	<b>(64.5)</b>
<b>Financing activities</b>			
Interest paid	(35.8)	(27.9)	(33.6)
Dividends paid	(37.3)	(32.3)	(25.9)
Non-controlling interest dividends paid	(0.1)	(0.2)	-
Cash inflow from matured derivative financial instruments	4.9	1.6	-
Repayment of loans	(559.8)	(167.8)	(66.8)
Repayment of non recourse loans	(7.9)	(7.6)	(6.5)
New loan advances	818.4	10.1	33.8
Capital element of finance lease repayments	(10.7)	(8.7)	(5.7)
Purchase of own shares for employee benefit trust (ESOP)	(24.0)	(23.0)	(2.4)
Proceeds from issue of share capital	17.3	8.3	10.4
<b>Net cash inflow/(outflow) from financing activities</b>	<b>165.0</b>	<b>(247.5)</b>	<b>(96.7)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(23.8)</b>	<b>(48.2)</b>	<b>73.9</b>
Cash and cash equivalents at beginning of period	279.3	319.4	250.8
Net exchange gain(loss)	(0.7)	8.1	(5.3)
<b>Cash and cash equivalents at end of period</b>	<b>254.8</b>	<b>279.3</b>	<b>319.4</b>

**Stock Performance:** BlackRock Inc.'s closing share price on June 29, 2012, was \$175.05, down from its 52-week high of \$209.37 on March 16, 2012. The 52-week low was \$137.00.

**SAS 70/SSAE 16 Report:** Deloitte & Touche's SSAE 16 Report covers operations from October 1, 2010 through September 30, 2011, and identified no significant areas of concern to the TSP.

**Significant Events:**

- May 29, 2012 – BlackRock, Inc. announced that it had completed the secondary offering of 26,211,335 shares of common stock held by Barclays Bank PLC at a price of \$160.00 per share. The Company also announced the closing of its repurchase of 6,377,552 shares, directly from Barclays at a price of \$156.80 per share. The total transactions, including the full exercise of the underwriters' option to purchase additional shares in the secondary offering, included 35,210,021 shares – resulting in Barclays exiting its entire ownership position in BlackRock. BlackRock also announced that, in connection with the Barclays disposition, Robert E. Diamond, Jr. stepped down from its board of directors.

**Risk Mitigation:** BlackRock manages the TSP's bond and equity funds. TSP assets are held in trust and cannot be accessed by BlackRock's creditors. The main risk to the TSP is that BlackRock's investment operations could be interrupted or terminated. There is a risk during the transition period, while the TSP acquires a successor investment manager, that the TSP might be unable to invest and disinvest participants' money in a timely fashion. Additionally, there may be transaction costs associated with transferring the assets to another investment manager, but this risk is mitigated by the terms of the current contract with BlackRock, which provides for the transfer in kind of the TSP assets.

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

	03/31/12	12/31/11	03/31/11	12/31/10
	Unaudited	Audited	Unaudited	Audited
<b>Assets</b>				
Cash and cash equivalents	2,552	3,506	2,779	3,367
Accounts receivable	2,312	1,960	2,223	2,095
Due from related parties	139	142	136	150
Investments	1,951	1,631	1,528	1,540
Assets of consolidated variable interest entities				
Cash and cash equivalents	95	54	133	93
Bank loans and other investments	1,554	1,639	1,274	1,312
Separate account assets	123,167	118,871	121,903	121,137
Collateral held under securities lending agreements	22,342	20,918	17,236	17,638
Deferred sales commissions, net	34	38	60	66
Property and equipment (net of accumulated depreciation)	545	537	479	428
Intangible assets (net of accumulated amortization)	17,480	17,356	17,472	17,512
Goodwill	12,899	12,792	12,804	12,805
Other assets	448	452	395	316
<b>Total Assets</b>	<b>185,518</b>	<b>179,896</b>	<b>178,422</b>	<b>178,459</b>
<b>Liabilities</b>				
Accrued compensation and benefits	551	1,383	538	1,520
Accounts payable and accrued liabilities	1,260	923	1,366	1,068
Due to related parties	24	22	26	57
Short-term borrowings	100	100	-	100
Liabilities of consolidated variable interest entities				
Borrowings	1,547	1,574	1,297	1,278
Other liabilities	9	9	7	7
Convertible debentures	-	-	63	67
Long-term borrowings	4,690	4,690	3,192	3,192
Separate account liabilities	123,167	118,871	121,903	121,137
Collateral liability under securities lending agreements	22,342	20,918	17,236	17,638
Deferred income tax liabilities	5,429	5,323	5,526	5,477
Other liabilities	798	721	552	584
<b>Total Liabilities</b>	<b>159,915</b>	<b>154,534</b>	<b>151,706</b>	<b>152,125</b>
<b>Temporary equity</b>				
Redeemable non-controlling interests	79	92	4	6
<b>Total Temporary Equity</b>	<b>79</b>	<b>92</b>	<b>4</b>	<b>6</b>
<b>Permanent Equity</b>				
BlackRock, Inc. stockholders' equity				
Common stock	1	1	1	1
Preferred stock	-	-	1	1
Additional paid-in capital	20,107	20,275	22,455	22,502
Retained earnings	5,333	5,046	4,019	3,723
Appropriated retained earnings	57	72	58	75
Accumulated other comprehensive loss	(90)	(127)	(52)	(96)
Escrow shares, common, at cost	(1)	(1)	(1)	(1)
Treasury stock, common, at cost	(104)	(218)	(2)	(111)
<b>Total BlackRock, Inc. stockholders' equity</b>	<b>25,303</b>	<b>25,048</b>	<b>26,479</b>	<b>26,094</b>
Nonredeemable non-controlling interests	185	184	188	189
Nonredeemable non-controlling interests of consolidated variable interest entities	36	38	45	45
<b>Total Permanent Equity</b>	<b>25,524</b>	<b>25,270</b>	<b>26,712</b>	<b>26,328</b>
<b>Total Liabilities, Temporary Equity and Permanent Equity</b>	<b>185,518</b>	<b>179,896</b>	<b>178,422</b>	<b>178,459</b>
<b>Total liabilities/Total assets</b>	<b>86%</b>	<b>86%</b>	<b>85.0%</b>	<b>85.2%</b>

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

	03/31/12	12/31/11	03/31/11	12/31/10
	Unaudited	Audited	Unaudited	Audited
<b>Cash inflow(outflow) from operating activities</b>				
Net income	575	2,339	564	2,050
Adjustments to reconcile net income to cash from operating activities:				
Depreciation and amortization	73	289	73	310
Amortization of deferred sales commissions	16	81	22	102
Stock-based compensation	114	497	137	445
Deferred income tax expense (benefit)	65	(137)	48	3
Net (gains) losses on non-trading investments	(39)	(40)	(22)	(62)
Purchases of investments within consolidated funds	(53)	(41)	(1)	(26)
Proceeds from sale and maturities of investments within consolidated funds	18	50	9	54
Assets and liabilities of consolidated VIEs:				
Change in cash and cash equivalents	(41)	54	(40)	(45)
Net (gains) losses within consolidated VIEs	12	18	15	35
Net (purchases)/proceeds within consolidated VIEs	122	82	42	44
(Earnings) losses from equity method investees	(45)	(23)	(41)	(141)
Distributions of earnings from equity method investees	8	30	5	14
Other adjustments	-	-	-	(1)
Changes in operating assets and liabilities:				
Accounts receivable	(344)	124	(130)	(384)
Due from related parties	3	(6)	-	45
Deferred sales commissions	(12)	(53)	(16)	(65)
Investments, trading	(178)	(118)	(1)	(118)
Other assets	24	(122)	(68)	236
Accrued compensation and benefits	(853)	(140)	(982)	52
Accounts payable and accrued liabilities	320	(152)	292	164
Due to related parties	1	(35)	(31)	(358)
Other liabilities	110	117	(31)	112
<b>Cash flows from operating activities</b>	<b>(102)</b>	<b>2,826</b>	<b>(156)</b>	<b>2,488</b>
<b>Cash inflow(outflow) from investing activities</b>				
Purchases of investments	(175)	(204)	(53)	(656)
Purchases of assets held for sale	-	-	-	(1)
Proceeds from sales of disposal group	-	-	-	2
Proceeds from sales and maturities of investments	78	213	104	181
Distributions of capital from equity method investees	12	34	17	53
Net consolidation (deconsolidations) of sponsored investment funds	(149)	-	-	(52)
Acquisitions, net of cash acquired, and contingent payments	(210)	-	-	(23)
Purchases of property and equipment	(41)	(247)	(83)	(131)
<b>Cash flows from investing activities</b>	<b>(487)</b>	<b>(204)</b>	<b>(15)</b>	<b>(627)</b>
<b>Cash inflow(outflow) from financing activities</b>				
Repayments of short term borrowings	-	(600)	(100)	(2,134)
Proceeds from short term borrowings	-	600	-	-
Repayments of long term borrowings	-	-	-	-
Repayments of convertible debt	-	(67)	(4)	(176)
Proceeds from long term borrowings	-	1,498	-	-
Cash dividends paid	(285)	(1,014)	(272)	(776)
Proceeds from stock options exercised	39	18	9	10
Proceeds from issuance of common stock	2	5	1	6
Repurchases of common stock	(262)	(2,885)	(106)	(264)
Memill Lynch capital contribution	7	8	8	10
Repayments of borrowings by consolidated VIE's	(78)	-	-	-
Net (redemptions/distributions paid)/subscriptions received from non-controlling interests holders	127	(125)	(14)	110
Excess tax benefit from stock-based compensation	55	54	13	44
Reissuance of treasury stock	-	27	-	-
Purchases of treasury stock	-	-	-	-
Net borrowings/(repayments of borrowings) by consolidated sponsored investment funds	-	-	-	-
<b>Cash inflow(outflow) from financing activities</b>	<b>(383)</b>	<b>(2,485)</b>	<b>(465)</b>	<b>(3,170)</b>
Effect of exchange rate changes on cash and cash equivalents	28	2	48	(32)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(854)</b>	<b>139</b>	<b>(588)</b>	<b>(1,341)</b>
Cash and cash equivalents, beginning of period	3,506	3,367	3,367	4,708
<b>Cash and cash equivalents, end of period</b>	<b>2,552</b>	<b>3,506</b>	<b>2,779</b>	<b>3,367</b>



**Stock Performance:** Equinix' closing share price and 52-week high was \$175.65 on June 29, 2012. The 52-week low was \$82.03 on August 22, 2011.

**SAS 70/SSAE 16 Report:** Brightline CPA & Associates Inc. reported on The Independent Service Auditor's Report on a Description of a Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls dated December 19, 2011. This report covers a review of the Company's 39 data center hosting services systems from June 1, 2011 to November 30, 2011, which have achieved Statement on Standards for Attestation Engagements (SSAE) No. 16 Type II standards compliance. We have reviewed the report and identified no areas of concern to the TSP.

**Significant Events:**

- June 17, 2012 - Equinix, Inc. announced plans to launch phase four of the expansion of its Singapore 2 data center to accommodate increasing market demand. Equinix is investing \$28.5 million in the project.
- May 16, 2012 – Equinix agreed to acquire ancotel GmbH, which is a leading provider of carrier-neutral collocation and interconnection services in Europe. With this acquisition, Equinix gains one data center in Frankfurt with 2,100 square meters of data center capacity and increases its European network density by adding more than 400 network customers.
- May 1, 2012 – Equinix, Inc. announced plans to acquire certain assets and operations of Hong Kong – based data center provider Asia Tone in an all cash transaction valued at \$230.5 million. In total, Equinix Inc., gained five data centers and one disaster recovery center, in addition to one data center under construction, with this transaction.

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

**Equinix Inc.**  
**Balance Sheet**  
(in \$ thousands)

	03/31/12	12/31/11	03/31/11	12/31/10
	Unaudited	Audited	Unaudited	Audited
<b>Assets</b>				
Cash and cash equivalents	632944	278,823	304,466	442,841
Short-term investments	283910	635,721	150,040	147,192
Accounts receivable, net	158561	139,057	114,207	116,358
Current portion of deferred tax assets, net	-	-	-	-
Other current assets	98,608	182,156	126,277	71,657
<b>Total Current Assets</b>	<b>1,174,023</b>	<b>1,235,757</b>	<b>694,990</b>	<b>778,048</b>
Long term investments	166437	161,801	2,145	2,806
Property, plant and equipment, net	3387369	3,225,912	2,881,126	2,650,953
Goodwill	879914	866,495	789,876	774,365
Intangible assets, net	145350	148,635	148,874	150,945
Other assets	131252	146,724	135,502	90,892
<b>Total assets</b>	<b>5,884,345</b>	<b>5,785,324</b>	<b>4,652,513</b>	<b>4,448,009</b>
<b>Liabilities and shareholders' equity</b>				
Accounts payable and accrued expenses	194516	229,043	133,536	145,854
Accrued property, plant and equipment	125250	93,224	125,579	91,667
Current portion of capital lease and other financing obligations	11961	11,542	8,381	7,988
Current portion of loans payable	75361	87,440	20,204	19,978
Current portion of convertible debt	249474	246,315	-	-
Other current liabilities	61521	57,690	55,574	52,628
<b>Total current liabilities</b>	<b>718,083</b>	<b>725,254</b>	<b>343,274</b>	<b>318,115</b>
Capital lease and other financing obligations, less current portion	402911	390,269	296,913	253,945
Loans payable, less current portion	144582	168,795	126,617	100,337
Convertible debt	698159	1,500,000	750,000	916,337
Senior notes	1500000	694,769	922,325	750,000
Other liabilities	291060	286,424	225,987	228,760
<b>Total liabilities</b>	<b>3,754,795</b>	<b>3,765,511</b>	<b>2,665,116</b>	<b>2,567,494</b>
Redeemable non-controlling interests	69071	67,601	-	-
<b>Shareholders' equity</b>				
Common stock	48	48	47	46
Additional paid-in capital	2,490,401	2,437,623	2,372,660	2,341,586
Treasury Stock	(99,031)	(86,666)	-	-
Accumulated other comprehensive loss	(110,367)	(143,698)	(61,356)	(112,018)
Accumulated deficit	(220,572)	(255,095)	(323,954)	(349,099)
<b>Total shareholders' equity</b>	<b>2,060,479</b>	<b>1,952,212</b>	<b>1,987,397</b>	<b>1,880,515</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,884,345</b>	<b>5,785,324</b>	<b>4,652,513</b>	<b>4,448,009</b>
Current ratio:	1.6	1.7	2.0	2.4
Current assets/Current liabilities				
Leverage:	64%	65%	57.3%	57.7%
Total liabilities/Total assets				

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

	03/31/12	12/31/11	03/31/11	12/31/10
	Unaudited	Audited	Unaudited	Audited
<b>Cash flows from operating activities</b>				
Net income	34,811	92,610	25,145	36,881
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation	87,875	328,610	74,062	246,544
Stock based compensation	19,103	71,532	15,535	67,489
Amortization of debt issuance costs and debt discount	6,107	32,172	7,284	27,915
Amortization of intangible assets	4,929	19,064	4,273	13,632
Allowance for doubtful accounts	1,681	4,987	1,204	2,056
Accretion of asset retirement obligation and accrued restructuring charge	1,053	4,720	1,125	3,128
Loss on debt extinguishment and interest rate swaps, net	-	-	-	10,187
Other items	1,241	5,154	920	2,265
Restructuring charges	-	3,481	-	6,734
Realized net (gains) losses on investments	-	(8)	-	(11)
Changes in operating assets and liabilities				
Accounts receivable	(19,677)	(23,061)	3,099	(39,886)
Deferred tax assets, net	-	9,525	-	6,110
Other assets	17,567	(30,492)	(4,279)	(11,865)
Accounts payable and accrued expenses	(33,737)	35,782	(13,606)	30,363
Accrued restructuring charges	-	(3,079)	-	(4,426)
Other liabilities	3,040	36,812	3,008	(4,244)
<b>Net cash provided by operating activities</b>	<b>125,993</b>	<b>587,609</b>	<b>117,770</b>	<b>392,872</b>
<b>Cash flows from investing activities</b>				
Purchases of investments	(97,363)	(1,268,574)	(149,963)	(744,796)
Sales of investments	30,699	125,874	75,583	25,174
Maturities of investments	413,050	495,865	72,195	827,540
Purchase of Switch and Data, net of cash acquired	-	(41,954)	(175,115)	(113,289)
Purchase of Upminster, net of cash acquired	-	-	-	-
Purchase of Amsterdam IBX property	-	-	-	(14,861)
Purchase of Paris 4 IBX property	-	(28,086)	(14,951)	-
Purchases of other property, plant and equipment	(145,490)	(665,675)	-	(579,397)
Purchase of restricted cash	(2)	(97,724)	(94,773)	(1,582)
Release of restricted cash	88,559	1,000	630	244
Other investing activities, net	-	10	5	-
<b>Net cash used in investing activities</b>	<b>289,433</b>	<b>(1,499,444)</b>	<b>(286,388)</b>	<b>(600,969)</b>
<b>Cash Flows from financing activities</b>				
Purchases of treasury stock	(13,364)	(86,666)	-	-
Proceeds from employee equity awards	30,460	38,893	15,688	39,817
Proceeds from senior notes	-	750,000	-	750,000
Proceeds from convertible debt	-	-	-	-
Proceeds from loans payable	8,909	95,336	22,653	121,581
Repayment of capital lease and other financing obligations	(2,826)	(10,426)	(1,968)	(16,133)
Repayment of mortgage and loans payable	(67,129)	(22,629)	(10,102)	(558,007)
Capped call costs	-	-	-	-
Debt issuance costs	-	(15,661)	(125)	(23,124)
Debt extinguishment costs	-	-	-	(4,448)
Other financing activities, net	-	81	-	-
<b>Net cash (used in) provided by financing activities</b>	<b>(43,950)</b>	<b>748,728</b>	<b>26,126</b>	<b>309,686</b>
Effect of exchange rate on cash flows and cash equivalents	2,645	(911)	4,118	(4,804)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>354,121</b>	<b>(164,018)</b>	<b>(138,375)</b>	<b>96,785</b>
<b>Cash and equivalents at beginning of period</b>	<b>278,823</b>	<b>442,841</b>	<b>442,841</b>	<b>346,056</b>
<b>Cash and equivalents at end of period</b>	<b>632,944</b>	<b>278,823</b>	<b>304,466</b>	<b>442,841</b>

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

**Significant Events:** May 22, 2012 -- R.R. Donnelley & Sons Company announced that it will acquire EDGAR Online, a leading provider of disclosure management services, financial data and enterprise risk analytics software and solutions for both corporate and investment professionals. The deal is valued at approximately \$70.5 million, which includes \$1.092 per common share, assumption of debt and payment of an amount equal to the redemption price of the preferred shares. The transaction is expected to close during the third quarter of 2012. The acquisition is expected to be accretive to RR Donnelley's earnings in the first full year after the closing of the transaction and is subject to customary closing conditions, including regulatory approval and approval of EDGAR Online shareholders. This acquisition expands the range of RR Donnelley's digital offering and further enhances its ability to deliver integrated communications solutions.

**Risk Mitigation:** If there were a work stoppage at the facilities currently producing our notices or statements, R.R. Donnelley would move that work from the affected facility to one or more of its other business sites. If R.R. Donnelley were to cease operations, we would pursue a new contract as soon as possible with other printing vendors and could procure emergency printing services in the interim.

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

	03/31/12	12/31/11	03/31/11	12/31/10
	Unaudited	Unaudited	Unaudited	Audited
<b>Assets</b>				
Cash and cash equivalents	415.0	449.7	399.3	519.1
Restricted cash equivalents	-	-	-	-
Receivables, less allowance for doubtful accounts	1,858.8	1,844.2	1,961.1	1,922.9
Income taxes receivable	44.3	32.4	33.0	49.3
Inventories	518.9	510.9	581.3	560.6
Prepaid expenses and other current assets	137.7	131.4	137.6	115.4
Deferred income taxes	-	-	-	-
<b>Total current assets</b>	<b>2,974.7</b>	<b>2,988.6</b>	<b>3,112.3</b>	<b>3,167.3</b>
Property, plant and equipment - net	1,802.8	1,854.6	2,080.9	2,138.7
Goodwill	2,228.2	2,222.1	2,554.3	2,526.8
Other intangible assets net	568.3	590.3	753.9	775.0
Other noncurrent assets	638.8	646.1	465.0	475.4
<b>Total assets</b>	<b>8,212.8</b>	<b>8,281.7</b>	<b>8,966.4</b>	<b>9,083.2</b>
<b>Liabilities and shareholders' equity</b>				
Accounts payable	973.8	1,063.3	930.6	939.8
Accrued liabilities	758.4	817.0	810.1	902.2
Short-term and current portion of long-term debt	346.8	243.7	281.8	131.4
<b>Total current liabilities</b>	<b>2,079.0</b>	<b>2,124.0</b>	<b>2,022.5</b>	<b>1,973.4</b>
Long-term debt	3,408.5	3,416.8	3,236.4	3,398.6
Pension liability	1,050.4	1,076.3	533.5	533.0
Postretirement benefit	227.8	227.3	290.9	287.4
Deferred income taxes	-	20.6	171.0	174.5
Other noncurrent liabilities	355.3	354.5	454.4	470.9
Liabilities of discontinued operations	-	-	-	-
<b>Total liabilities</b>	<b>7,121.0</b>	<b>7,219.5</b>	<b>6,708.7</b>	<b>6,837.8</b>
<b>Shareholders' equity</b>				
Common stock	303.7	303.7	303.7	303.7
Additional paid-in capital	2,823.3	2,888.7	2,875.5	2,907.0
Retained earnings	333.4	342.4	650.4	670.2
Accumulated other comprehensive income	(820.6)	(863.3)	(457.4)	(490.4)
Treasury stock, at cost	(1,567.4)	(1,628.8)	(1,134.1)	(1,166.2)
<b>Total shareholders' equity</b>	<b>1,072.4</b>	<b>1,042.7</b>	<b>2,238.1</b>	<b>2,224.3</b>
Noncontrolling interests	19.4	19.5	19.6	21.1
<b>Total liabilities and shareholders equity</b>	<b>8,212.8</b>	<b>8,281.7</b>	<b>8,966.4</b>	<b>9,083.2</b>
<b>Current ratio: Current assets/Current liabilities</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
<b>Leverage: Total liabilities/Total assets</b>	<b>86.7%</b>	<b>87.2%</b>	<b>74.8%</b>	<b>75.3%</b>

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

	03/31/12 Unaudited	12/31/11 Unaudited	03/31/11 Unaudited	12/31/10 Audited
<b>Cash flows from operating activities</b>				
Net earnings/(loss)	37.9	(121.1)	34.3	217.1
Adjustments to reconcile net earnings to net cash provided by operating activities				
Impairment charges	9.4	532.0	8.1	92.5
Depreciation & amortization	125.0	549.9	140.2	539.2
Provision for doubtful accounts receivable	2.7	18.8	4.2	22.8
Share-based compensation	7.4	28.3	8.5	28.6
Deferred taxes	8.4	(123.0)	(17.2)	(34.8)
Changes in uncertain tax positions	2.2	(107.8)	3.7	-
Gain on sale of investments and other assets-net	(0.6)	(16.0)	(2.0)	(0.4)
Loss on debt extinguishment	12.1	69.9	-	(1.8)
Gain on pension curtailment	-	(38.7)	-	-
Loss related to Venezuela currency devaluation	-	-	-	6.9
Other	12.4	27.3	7.8	-
Reversal of tax reserves	-	-	-	47.5
Loss (income) from discontinued operations	-	-	-	-
Changes in operating assets and liabilities of continuing operations - net of acquisitions				
Accounts receivable - net	1.7	38.3	(29.7)	(152.1)
Inventories	(2.5)	43.1	(17.1)	31.0
Prepaid expenses	(6.4)	(1.8)	(9.5)	8.2
Accounts payable	(104.8)	135.4	(18.9)	17.7
Income taxes payable and receivable	(21.3)	9.5	12.6	15.0
Accrued liabilities and other	(135.6)	(97.8)	(130.4)	(44.8)
Net cash provided by operating activities of continuing operations	(52.0)	0.0	(7.2)	752.5
Net cash provided by (used for) operating activities of discontinued operations	-	-	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(52.0)</b>	<b>946.3</b>	<b>(7.2)</b>	<b>752.5</b>
<b>Cash flows from investing activities</b>				
Capital expenditures	(45.3)	(250.9)	(47.1)	(229.4)
Acquisition of business, net of cash acquired	0.5	(142.4)	(19.6)	(439.8)
Proceeds from sale of investments and other assets	1.1	27.2	2.3	28.1
Purchases of other investments	(2.5)	(7.0)	-	(31.7)
Transfers from restricted cash	(0.1)	(2.3)	0.1	0.3
Net cash provided by (used for) investing activities of discontinued operations	-	-	-	-
Net cash used for investing Activities of continuing operations	(46.3)	(375.4)	(64.3)	(674.5)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(46.3)</b>	<b>(375.4)</b>	<b>(64.3)</b>	<b>(674.5)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of long-term debt	450.0	600.0	-	400.0
Net change in short-term debt	(0.5)	10.7	2.0	(3.8)
Payments of current maturities and long-term debt	(621.3)	(495.1)	(0.3)	(355.2)
Payments of credit facility borrowings	-	(55.0)	(10.0)	-
Proceeds from credit facility borrowings	262.0	-	-	120.0
Debt issuance costs	(7.0)	(10.0)	-	-
Issuance of common stock	4.9	7.1	6.3	(12.2)
Acquisition of common stock	-	(500.0)	-	9.2
Dividends paid	(46.4)	(205.2)	(53.7)	-
Distribution to noncontrolling interests	(0.7)	(3.5)	(0.7)	(214.4)
Proceeds from termination of cross-currency swaps	11.0	-	-	(1.8)
Net cash provided by (used for) financing activities of continuing operations	52.0	(651.0)	(56.4)	(58.0)
Net cash inflow/(outflow) from financing activities	52.0	(651.0)	(56.4)	(58.0)
Effect of exchange rate on cash flows and cash equivalents	11.6	10.7	8.1	(0.1)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(34.7)</b>	<b>(69.4)</b>	<b>(119.8)</b>	<b>19.9</b>
Cash and equivalents at beginning of period	449.7	519.1	519.1	499.2
<b>Cash and equivalents at end of year</b>	<b>415.0</b>	<b>449.7</b>	<b>399.3</b>	<b>519.1</b>

<b>Rating Agency</b>	<b>Rating</b>	<b>Descriptor</b>
<b>A.M. Best Company</b>	<b>A+</b>	Superior
<b>Fitch Ratings</b>	<b>AA-</b>	Very Strong
<b>Moody's Investor Services</b>	<b>Aa3</b>	Excellent
<b>Standard &amp; Poor's</b>	<b>AA-</b>	Very Strong

**Dun & Bradstreet Credit Score Class:** As of July 17, 2012, the credit score was 1 (lowest risk) unchanged from prior quarter.

**Stock Performance:** The MetLife closing share price on June 29, 2012 was \$30.85, down from it's 52-week high of \$44.10 on May 31, 2011.

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

**Significant Events:** On April 18, 2012, MetLife Inc. furnished to Securities and Exchange Results Financial Supplement (SEC) a Historical Results Financial Supplement which contained historical financial information for the quarters ended in 2011. This supplement showed the new presentation format MetLife will be using for its Quarterly Financial Supplements, beginning with the quarter ended March 31, 2012. It will show the reorganization into six segments reflecting three broad geographic regions.

**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.  
Balance Sheet  
(in \$ millions)

03/31/12 12/31/11 03/31/11 12/31/10  
Unaudited Audited Unaudited Audited

Assets

Investments:

Fixed maturity securities available for sale  
Equity securities  
Trading and other securities available for sale  
Mortgage loans  
Policy loans  
Real estate and real estate joint ventures held for investment  
Other limited partnership interests  
Short term investments  
Other invested assets  
Total investments

Cash and cash equivalents  
Accrued investment income  
Premiums, reinsurance and other receivables  
Deferred policy acquisition costs  
Current income taxes recoverable  
Deferred income tax assets  
Goodwill  
Assets of subsidiaries held for sale  
Separate account assets  
Other assets  
Total assets

Liabilities and stockholders' equity

Liabilities  
Future policy benefits  
Policyholder account balances  
Other policy-related balances  
Policyholder dividends payable  
Policyholder dividend obligation  
Payables for collateral under securities loaned and other transactions  
Bank deposits  
Short term debt  
Long term debt  
Collateral financing arrangements  
Junior subordinated debt securities  
Current income tax payable  
Deferred income tax liability  
Other liabilities  
Liabilities of subsidiaries held for sale  
Separate account liabilities  
Total liabilities

Redeemable noncontrolling interest in partially owned consolidated subsidiaries

Stockholders' equity

Preferred stock  
Common stock  
Additional paid in capital  
Retained earnings  
Treasury stock, at cost  
Accumulated other comprehensive income (loss)  
Total stockholders' equity  
Noncontrolling interests  
Total Equity  
Total liabilities and equity

Leverage: Total liabilities/Total assets

354,451	350,271	333,664	324,787
3,043	3,023	3,564	3,602
19,026	18,268	19,365	18,569
68,588	72,093	61,832	62,287
11,896	11,892	11,872	11,761
8,472	8,563	8,042	8,030
6,487	6,378	6,409	6,416
11,801	17,310	8,822	9,384
20,172	23,581	13,693	15,430
503,936	511,379	467,283	460,306
18,667	10,461	10,692	12,957
4,612	4,344	4,478	4,328
23,759	22,481	20,315	19,799
25,105	24,619	27,979	27,082
-	-	-	-
-	-	-	-
11,903	11,935	11,948	11,781
-	-	3,413	3,331
221,975	203,023	185,914	183,138
9,647	7,984	9,321	8,174
819,604	796,228	751,341	730,906
184,141	184,275	172,987	170,912
220,813	217,700	214,641	210,757
16,029	15,599	15,641	15,750
761	774	820	830
2,700	2,919	783	876
32,498	33,716	28,825	27,272
10,478	10,507	9,313	10,316
101	688	572	306
23,389	23,692	27,604	27,586
4,647	4,647	5,287	5,287
3,192	3,192	3,191	3,191
239	183	113	287
6,375	6,385	2,238	1,856
33,144	30,914	20,037	20,366
-	-	3,208	3,043
221,975	203,023	195,914	183,138
740,480	738,232	700,892	681,793
114	105	128	117
1	1	1	1
11	11	11	10
26,920	26,782	26,668	26,423
24,640	24,814	22,183	21,363
(172)	(172)	(172)	(172)
7,266	6,083	1,115	1,000
59,668	57,518	49,816	48,625
344	374	405	371
59,010	57,893	50,221	48,996
819,604	796,230	751,341	730,906

Leverage: Total liabilities/Total assets 93% 93% 93% 93%



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

	03/31/12 Unaudited	12/31/11 Audited	03/31/11 Unaudited	12/31/10 Audited
<b>Cash flows from operating activities</b>				
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5,785</b>	<b>10,290</b>	<b>3,499</b>	<b>7,998</b>
<b>Cash flows from investing activities</b>				
Sales, maturities and repayments of				
Fixed maturity securities	25815	104302	25,149	86,529
Equity securities	166	2008	473	1,371
Mortgage loans	2160	13488	2,411	6,361
Real estate and real estate joint ventures	251	1296	106	322
Other limited partnership interests	188	1121	320	522
Purchases of:				
Fixed maturity securities	(27,657)	(116,939)	(32,954)	(100,713)
Equity securities	(108)	(1,481)	(271)	(949)
Mortgage loans	(1,802)	(14,694)	(2,678)	(8,967)
Real estate and real estate joint ventures	(117)	(1,534)	(159)	(786)
Other limited partnership interests	(278)	(1,147)	(211)	(1,008)
Cash received in connection with freestanding derivatives	417	2,815	1,070	1,814
Cash paid in connection with freestanding derivatives	(1,568)	(3,478)	(1,916)	(2,548)
Net change in securitized reverse residential mortgage loans	(561)	-	-	-
Sales of businesses, net of cash received	-	126	-	-
Sale of interest in joint ventures	-	265	-	-
Disposal of subsidiary	-	4	-	-
Proceeds (payments) from sales of businesses, net of cash disposed	-	(163)	-	(3,021)
Net change in policy loans	(53)	(66)	(87)	(225)
Net change in short term investments	5,522	(7,949)	774	3,033
Net change in other invested assets	(170)	(36)	(66)	137
Other, net	(40)	(199)	(53)	(186)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2,187</b>	<b>(22,235)</b>	<b>(8,092)</b>	<b>(18,314)</b>
<b>Cash Flows from financing activities</b>				
Policy holder account balance:				
Deposits	25,069	91,946	25,042	74,296
Withdrawals	(23,247)	(87,625)	(23,363)	(69,739)
Net change in payables for collateral under securities loaned and other transactions	(1,220)	6,444	1,353	3,076
Net change in bank deposits	(50)	96	(1,027)	(32)
Net change in short term debt	(585)	380	266	(606)
Long term debt issued	-	1,346	280	5,090
Long term debt repaid	(349)	(2,042)	(249)	(1,081)
Net change in liability for securitized reverse residential mortgage loans	561	-	-	-
Collateral financing arrangements issued	-	(502)	-	-
Collateral financing arrangements repaid	-	100	-	-
Cash received in connection with collateral financing arrangements	-	(63)	-	-
Cash paid in connection with collateral financing arrangements	-	-	-	-
Junior subordinated debt securities issued	-	2,950	2,950	3,529
Common stock issued, net of issuance costs	75	88	47	52
Stock options exercised	-	-	-	-
Common stock issued to settle stock forward contracts	-	(2,805)	(2,805)	-
Redemption on convertible preferred stock	-	(148)	(148)	-
Preferred stock redemption premium	-	(122)	(30)	(122)
Dividends on preferred stock	(30)	(787)	-	(784)
Dividends on common stock	-	(1)	-	(14)
Debt and equity issuance costs	16	125	(56)	(304)
Other, net	240	9,382	2,262	13,381
<b>Net cash inflow/(outflow) from financing activities</b>	<b>41</b>	<b>(22)</b>	<b>93</b>	<b>(129)</b>
Effect of change in foreign currency exchange rates on cash balances	8208	(2,585)	(2,238)	2,934
Change in cash and cash equivalents	7,876	10,461	15,891	12,957
Cash and cash equivalents, beginning of period	16,062	7,876	13,653	15,691
Cash and cash equivalents, end of period				

- **Current Ratio:** The Current Ratio (Current Assets/Current Liabilities) was 79 percent as of March 31, 2012, compared to 81 percent reported end of December 2011.
- **Leverage:** As of March 31, 2012, Total Liabilities were 44.3 percent of Total Assets, compared to 42.2 percent reported end of December 2011.

**Dun & Bradstreet Credit Score Class:** As of July 12, 2012, the credit score was 1 (lowest risk), the same as reported in the prior quarter.

**Stock Performance:** The Active Network's closing share price on June 29, 2012, was \$15.39, down \$16.83 on March 30, 2012.

**SAS 70 Report:** Not available.

**Significant Events:** None.

**Risk Mitigation:** If The Active Network were unable to operate the Frostburg, Maryland call center, the Serco Services Inc. (formerly SI International) call center in Clintwood, Virginia could handle all calls pending establishment of a new call center.

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

	3/31/2012 Unaudited	12/31/2011 Audited	12/31/2010 Audited
<b>Assets:</b>			
Cash and cash equivalents	95,014	108,899	31,441
Restricted cash	1,502	1,502	5,000
Client cash	-	-	-
Registration Receivable	-	-	-
Accounts Receivable, Gross	-	-	-
Accounts Receivable, Net	85,154	66,469	34,096
Allowance for Doubtful Accounts	-	-	-
Inventories	3,080	1,662	-
Prepaid Expenses & Other Current Assets	7,288	6,179	4,181
Other Current Assets	-	-	-
<b>Total Current Assets</b>	<b>192,038</b>	<b>184,511</b>	<b>74,718</b>
Property & Equipment, Net	34,416	33,830	28,181
Software Development Costs, Net	46,816	45,093	37,013
Goodwill	246,797	243,320	207,113
Intangible Assets, Net	83,489	90,340	41,208
Accum Depreciation	-	-	-
Accum Amortization	-	-	-
Other LT Assets	-	-	-
Deposits and other assets	1,971	2,133	2,315
<b>Total Assets</b>	<b>605,527</b>	<b>599,227</b>	<b>390,548</b>
<b>Current Liabilities:</b>			
Accounts payable	8,293	8,516	5,372
Registration fees payable	110,174	72,405	40,667
Accrued payroll expense	-	-	-
Accrued expenses	42,775	41,106	32,172
Deferred Revenue	66,270	54,919	34,013
Current portion of debt	10,000	5,000	16,866
Capital lease obligations, current portion	2,385	3,317	1,983
Other current liabilities	4,113	42,613	1,630
<b>Total Current Liabilities</b>	<b>244,010</b>	<b>227,876</b>	<b>132,703</b>
Debt, net of current portion	-	-	27,537
Capital lease obligations, net of current portion	1,023	1,652	1,663
Other long-term Liabilities	5,862	6,147	4,353
Deferred Tax liability	17,608	16,913	17,960
<b>Total Liabilities</b>	<b>268,503</b>	<b>252,588</b>	<b>184,216</b>
Convertible Preferred Stock	-	-	21,187
Redeemable Convertible Preferred Stock	-	-	371,126
<b>Total Preferred Stock</b>	<b>-</b>	<b>-</b>	<b>392,313</b>
Common stock	60	58	9
Treasury stock	(11,959)	(11,959)	(11,959)
Stock	-	-	-
Additional paid-in capital	632,710	625,875	65,224
Accumulated other comprehensive income	8,809	7,923	8,866
Current year income (loss)	-	-	-
Accumulated deficit	(295,596)	(275,258)	(248,121)
<b>Total Stockholders Equity (deficit)</b>	<b>334,024</b>	<b>346,639</b>	<b>(185,981)</b>
<b>Total Liabilities &amp; Equity</b>	<b>602,527</b>	<b>599,227</b>	<b>390,548</b>
Current Ratio: Current Assets/Current Liabilities	78.7%	81.0%	56.3%
Leverage: Total Liabilities/Total Assets	44.3%	42.2%	47.2%

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

	3/31/2012	12/31/2011	3/31/2011	12/31/2010
	Unaudited	Audited	Unaudited	Audited
<b>Cash flows from operation activities</b>				
Net income (loss)	(20,338)	(15,327)	(10,942)	(27,272)
Adjustments to reconcile net income (loss) to net cash from operating activities:				
Depreciation and amortization	14,976	44,857	10,871	40,287
Gain of contingent consideration	(1,086)	-	-	-
Gain on bargain purchase in business combination	-	-	-	(21)
Loss on extinguishment of debt	-	538	-	-
Loss on disposition of assets	-	-	-	46
Amortization of debt financing costs	54	-	-	-
Allowance for doubtful accounts	73	880	338	1,191
Stock-based compensation expense	3,029	7,795	744	5,348
Accretion of discount on debt	-	191	113	1,055
Change in operating assets and liabilities - net of effect of acquisitions		4,190		
Restricted cash		-	-	-
Inventories	(1,418)	-	-	-
Accounts receivable	(18,647)	(12,962)	(11,704)	(8,028)
Prepaid expenses and other assets	(1,049)	(1,662)	(868)	(207)
Other assets		1,071	(633)	(55)
Accounts payable	(427)	267	867	2,945
Registration fees payable	37,769	31,738	40,524	10,509
Accrued expenses	3,145	1,166	7,046	5,486
Income taxes payable	249	(622)	-	-
Deferred tax liability	640	(5,016)	787	1,239
Deferred revenue	11,319	6,400	1,458	8,800
Deferred rent	186	2,199	658	772
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28,475</b>	<b>65,703</b>	<b>39,259</b>	<b>42,095</b>
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	(5,849)	(12,514)	(3,076)	(14,767)
Software development costs	(5,285)	(18,651)	(4,570)	(15,651)
Cash (paid) received from acquisitions, net of cash acquired	(38,037)	(35,144)	520	(125)
Payment of contingent consideration	-	(825)	-	(2,182)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(49,171)</b>	<b>(66,934)</b>	<b>(7,126)</b>	<b>(32,725)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options and common stock warrants	3,722	5,200	914	2,584
Payments on capital lease obligations	(1,561)	(2,595)	(146)	(1,898)
Repayment of long-term obligations	-	(41,628)	(3,364)	(8,035)
Proceeds from debt	5,000	5,000	-	3,000
Deferred cost of initial public offering	-	112,568	(250)	-
Repurchase of unvested common stock	-	(13)	(13)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>7,161</b>	<b>78,530</b>	<b>(2,858)</b>	<b>(4,349)</b>
Effect of exchange rates on cash	(150)	(41)	115	39
Change in cash and cash equivalents	(13,685)	77,258	29,390	5,060
Cash and cash equivalents - beginning of period	108,699	31,441	31,441	26,381
<b>Cash and cash equivalents - end of period</b>	<b>95,014</b>	<b>108,699</b>	<b>60,831</b>	<b>31,441</b>