



Federal Trade Commission

FISCAL YEAR 2010

SUMMARY OF PERFORMANCE & FINANCIAL INFORMATION

THE AGENCY'S MISSION, PERFORMANCE RESULTS,
AND KEY FINANCIAL INFORMATION



FEDERAL TRADE COMMISSION BUILDING

Adapted from the Federal Trade Commission 90th Anniversary Symposium “Note on the Federal Trade Commission Building,” by Judith Bailey and James Hamill.

Located at the apex of the Federal Triangle (and originally called the Apex Building), staff first occupied the Federal Trade Commission Building in 1938. The building is designed in the Classical Revival style of architecture, and features large courtrooms facing the U. S. Capitol. These spaces host hearings, trials, appellate proceedings, and official meetings of the Commission.

Two of the building’s most notable features are the Art Deco statues, designed by Michael Lantz and together called “Man Controlling Trade.” The statues portray a rearing stallion held by a man, symbolizing the relationship between trade and the government, and have become the agency’s informal logo. The building also features large decorative gates over the exterior doorways representing various means of trade including Columbus’s ships, an 18th Century merchant ship, a 19th Century clipper ship in full sail, and an early paddlewheel steamship, as well as a “modern” ocean liner and seaplane that showed the latest technology in the late 1930s. Rectangular panels above the doorways represent foreign trade, agriculture, shipping, and industry.

More information on this National Register of Historic Places building can be found at www.gsa.gov/portal/ext/html/site/hb/category/25431/actionParameter/exploreByBuilding/buildingId/610.

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ABOUT THIS REPORT

This Summary of Performance and Financial Information Report summarizes the Federal Trade Commission's (FTC) Fiscal Year (FY) 2010 Performance and Accountability Report (PAR) and is intended for a general audience of consumers, businesses, and other stakeholders. This report provides readers with an understanding of the FTC's mission, programs, performance results, and financial highlights for the year. Web links throughout this report direct readers to specific pages in the FY 2010 PAR for detailed information. The complete FY 2010 PAR, as well as prior year PARs, are available at www.ftc.gov/par.



Jon Leibowitz
Chairman

MESSAGE FROM THE CHAIRMAN

It is my pleasure to introduce the FTC's Summary of Performance and Financial Information for Fiscal Year 2010. As a small agency with a broad mission to protect consumers and maintain competition, we strive to serve the American public efficiently and effectively. This past year, continuing financial hardship for many consumers and changes in our technology-driven marketplace required the FTC to be flexible and to stay on the cutting edge of consumer protection and competition issues. This report summarizes our programs and major accomplishments, as well as how we managed our resources. The entire FTC Performance and Accountability Report (PAR) is available at www.ftc.gov/par.

Some performance highlights from FY 2010 include:

- **Financial Downturn:** We filed dozens of law enforcement actions against frauds that exploit financially distressed consumers, such as foreclosure “rescue” scams, bogus debt relief and credit repair services, and deceptive work-at-home and get-rich-quick schemes. We also enacted a new rule to combat deceptive and abusive telemarketing of debt relief services.
- **Privacy:** FTC efforts focused on online privacy, data security, children’s privacy, and intrusive telemarketing. We hosted a series of public roundtables to explore ways to foster privacy without limiting innovation in areas including social networking, online targeted advertising, and mobile marketing. The Do Not Call Registry surpassed 200 million registered telephone numbers.

- **Health Care and Pharmaceuticals:** The FTC worked to end “pay-for-delay” agreements between brand-name drug companies and their generic competitors, which keep low-cost generic drugs off the market. We also monitored mergers between hospitals, pharmaceutical companies, and medical device manufacturers, taking action against mergers that may raise the cost of health care.
- **High-Tech:** We took action against Intel Corporation, reaching a settlement that stops the world’s leading computer chip maker from using its dominant market position to stifle competition and innovation.
- **Merger Guidelines:** The FTC and the Department of Justice issued revised Horizontal Merger Guidelines to help the public, practitioners, and the courts understand how the agencies analyze merger transactions.

We take our jobs as stewards of the taxpayers’ money seriously. For the FY 2010 independent financial audit, we received our 14th consecutive unqualified opinion, the highest audit opinion available. See the PAR’s Financial Section at www.ftc.gov/opp/gpra/2010_PAR_financial.pdf#page=1 for a complete report on the FTC’s financial information.

Along with my fellow Commissioners and the FTC’s talented and dedicated staff, I look forward to working with Congress, consumers, industry, and our law enforcement partners to protect consumers and promote competition in these challenging times.



Jon Leibowitz
February 1, 2011

THE FTC: FOR THE CONSUMER

What We Do

The FTC's mission aims to prevent business practices that are anticompetitive, deceptive, or unfair to consumers and enhance informed consumer choice and public understanding of the competitive process, without standing in the way of legitimate business activity.

Two of the agency's strategic goals form the core of its mission: Protect Consumers and Maintain Competition. Each goal has objectives and related strategies. Refer to page 7 for the specific objectives for all three strategic goals.

- **IDENTIFY** illegal practices
- **STOP** and **TAKE ACTION AGAINST** illegal practices through law enforcement
- **PREVENT** consumer injury through education of consumers and businesses
- **ENHANCE** consumer benefit through research, reports, and advocacy
- **PROTECT** American consumers globally

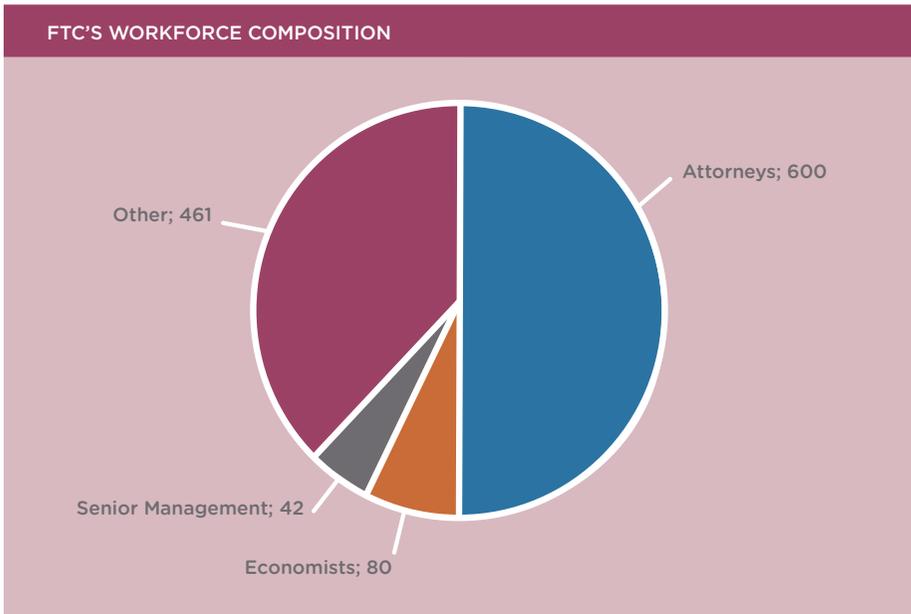
FTC-At-A-Glance

- Consumers receive fewer telemarketing calls, obtain free credit reports, receive less spam, receive identity theft victim assistance, access truthful information about health and weight-loss products, pay lower prescription drug prices thanks to the availability of generic drugs, and enjoy competitive prices for goods as a result of merger reviews and actions taken by the FTC.
- There are now more than 200 million active registrations on the agency's National Do Not Call (DNC) Registry, which gives consumers the opportunity to limit telemarketing calls.
- In FY 2010, the FTC took action against mergers likely to harm competition in markets with a total of \$22.5 billion in sales. Maintaining competition benefits consumers through lower prices, higher quality products and services, additional choice, and greater innovation.
- The FTC shares the more than 13.6 million consumer fraud, identity theft, financial, and DNC Registry complaints it has collected during the past five years with more than 1,900 law enforcement partner agencies worldwide via the secure Consumer Sentinel Network website.

Who We Are

The FTC's headquarters is in Washington, DC, and the agency also maintains seven local offices in regions across the United States. Regional telephone numbers can be found in the "Additional Information" section at the end of this report.

The FTC's workforce is its greatest asset. The agency's workforce consists of over 1,100 civil service employees dedicated to addressing the major concerns of American consumers. The pie chart below shows workforce composition by category.



IG-Identified Challenges

In accordance with the Reports Consolidation Act of 2000, the Inspector General (IG) identified key management and performance challenges facing the agency, and he assessed our progress in addressing them. This year, the IG determined that FTC management faces challenges in protection of data (both personally identifiable information and non-public information), information technology security, and case management to target the most significant consumer problems. Agency management agrees that these are critical challenges, and with the IG's assessment of our progress. Moving forward, we will continue to tackle these matters proactively. The IG's memo, and the FTC's response, is available at www.ftc.gov/opp/gpra/2010_PAR_other.pdf#page=2.

HOW WE PERFORMED

Our Strategy

The goals, objectives, and performance measures are based on the agency's strategic plan, which was updated last year. Revisions and resequencing became effective at the start of FY 2010. The FTC's work is now structured around three strategic goals and 13 objectives. Performance measures and associated targets are used to gauge the FTC's success for each objective.

- Performance framework's complete details:
www.ftc.gov/opp/gpra/2010_PAR_management.pdf#page=7
- The FTC's FY 2009–2014 Strategic Plan: www.ftc.gov/opp/gpra/spfy09fy14.pdf
- The FTC's Performance Plan: www.ftc.gov/opp/gpra/2010_performance_plan.pdf
- The FTC's Congressional Budget Justification:
www.ftc.gov/ftc/oed/fmo/budgetsummary10.pdf
- The FTC organization chart:
www.ftc.gov/opp/gpra/2010_PAR_management.pdf#page=5

The table below shows the FTC's three strategic goals, objectives, and cost information.

STRATEGIC GOAL AND COST INFORMATION (Dollars shown in thousands)	OBJECTIVES
<p>PROTECT CONSUMERS Prevent fraud, deception, and unfair business practices in the marketplace.</p> <p>Gross Costs: \$158 Less Earned Revenue: (14) Net Costs: \$144</p>	1.1 Identify fraud, deception, and unfair practices that cause the greatest consumer injury.
	1.2 Stop fraud, deception, unfairness, and other unlawful practices through law enforcement.
	1.3 Prevent consumer injury through education.
	1.4 Enhance consumer protection through research, reports, rulemaking, and advocacy.
	1.5 Protect American consumers in the global marketplace by providing sound policy and technical input to foreign governments and international organizations to promote sound consumer policy.
<p>MAINTAIN COMPETITION Prevent anticompetitive mergers and other anticompetitive business practices in the marketplace.</p> <p>Gross Costs: \$117 Less Earned Revenue: (74) Net Costs: \$43</p>	2.1 Take action against anticompetitive mergers and practices that may cause significant consumer injury.
	2.2 Prevent consumer injury through education.
	2.3 Enhance consumer benefit through research, reports, and advocacy.
	2.4 Protect American consumers in the global marketplace by providing sound policy recommendations and technical advice to foreign governments and international organizations to promote sound competition policy.
<p>ADVANCE PERFORMANCE Advance the FTC's performance through organizational, individual, and management excellence.</p> <p><i>(Since Goal 3 applies to overall performance across the agency, Goal 3 costs are distributed to Goal 1 and Goal 2)</i></p>	3.1 Provide effective human resources management.
	3.2 Provide effective infrastructure and security management.
	3.3 Provide effective information resources management.
	3.4 Provide effective financial and acquisition management.

OUR PERFORMANCE RESULTS

Of the 40 measures the FTC uses to assess program performance, 16 are considered “key” measures that best indicate whether agency activities are achieving the desired outcomes for each objective. The full list of the FTC’s performance measures for FY 2010 targeted and actual performance is available at www.ftc.gov/opp/gpra/2010_PAR_performance.pdf#page=4. A list of measures discontinued as of FY 2010 is available at www.ftc.gov/opp/gpra/2010_PAR_append.pdf#page=4.

This section summarizes actual FY 2010 performance against established targets for the FTC’s key performance measures. The FTC met or exceeded 15 of the 16 key measures. This section also provides real-world examples of each as a related highlight and includes actual results from the past two fiscal years.

Strategic Goal 1: Protect Consumers

OBJECTIVE 1.1 IDENTIFY FRAUD, DECEPTION, AND UNFAIR PRACTICES THAT CAUSE THE GREATEST CONSUMER INJURY

Key Measure 1.1.2 The percentage of the FTC’s consumer protection law enforcement actions that target the subject of consumer complaints to the FTC.

2010	Target	65.0%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>At the request of the FTC, a U.S. district court in August 2010 ordered Central Coast Nutraceuticals, Inc., marketers of acai berry supplements, “colon cleansers,” and other products, to temporarily halt an Internet sales scheme that allegedly scammed consumers out of at least \$30 million.</p> <p>Last year, the Better Business Bureau named fake “free” trial offers—including those for acai supplements offered by the defendants in this case—as one of the “Top 10 Scams and Rip Offs of 2009.”</p>
	Actual	95.9%	
2009	Target	65.0%	
	Actual	79.0%	
2008	Target	65.0%	
	Actual	71.0%	



TOP CONSUMER COMPLAINTS IN CALENDAR YEAR 2009

For the 10th year in a row, identity theft is the number one consumer complaint category, accounting for 21 percent of the total number of complaints received between January and December 2009.

RANK	CATEGORY	PERCENT OF TOTAL COMPLAINTS
1	Identity Theft	21%
2	Third Party and Creditor Debt Collection	9%
3	Internet Services	6%
4	Shop-at-Home and Catalog Sales	6%
5	Foreign Money Offers and Counterfeit Check Scams	5%
6	Internet Auction	4%
7	Credit Cards	3%
8	Prizes, Sweepstakes and Lotteries	3%
9	Advance-Fee Loans and Credit Protection/Repair	3%
10	Banks and Lenders	2%
11	Credit Bureaus, Information Furnishers and Report Users	2%
12	Television and Electronic Media	2%
13	Health Care	2%
14	Business Opportunities, Employment Agencies and Work-at-Home Plans	2%
15	Computer Equipment and Software	2%

OBJECTIVE 1.2: STOP FRAUD, DECEPTION, UNFAIRNESS, AND OTHER UNLAWFUL PRACTICES THROUGH LAW ENFORCEMENT

Key Measure 1.2.1 The percentage of all cases filed by the FTC that were successfully resolved through litigation, a settlement, or issuance of a default judgment.

2010	Target	75.0–85.0%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>Two Countrywide mortgage servicing companies agreed to pay \$108 million to settle FTC charges that they collected excessive fees from cash-strapped borrowers who were struggling to keep their homes. According to the complaint filed by the FTC, Countrywide’s loan-servicing operation deceived homeowners who were behind on their mortgage payments into paying inflated fees that sometimes added up to hundreds or even thousands of dollars. The \$108 million represents one of the largest judgments imposed in an FTC case, and will be used to reimburse overcharged homeowners.</p>
	Actual	99.2%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	



“OPERATION BOTTOM DOLLAR”

The FTC Cracks Down on Con Artists Who Target Jobless Americans

In February 2010, the FTC announced “Operation Bottom Dollar,” a multi-agency crackdown on con artists preying on unemployed Americans with job-placement and work-at-home

scams, promoting empty promises that they can help people get jobs in the federal government, as movie extras, or as mystery shoppers; or make money working from their homes stuffing envelopes or assembling ornaments.

With the U.S. unemployment rate just under 10 percent, the FTC redoubled its efforts to put a stop to these schemes, which make life even more difficult for hundreds of thousands of Americans already wrestling with the economic downturn. As part of the law enforcement sweep, the FTC filed seven cases against the operators of deceptive and illegal job and money-making scams and announced developments in four previously filed job scam cases.

In addition, the sweep resulted in 43 criminal actions by the Department of Justice, many involving the substantial assistance of the U.S. Postal Inspection Service, as well as one additional civil action by the Postal Inspection Service and 18 actions by state attorneys general. For more information, visit www.ftc.gov/opa/2010/02/bottomdollar.shtm.

OBJECTIVE 1.3: PREVENT CONSUMER INJURY THROUGH EDUCATION

Key Measure 1.3.2 Customer satisfaction rate with an FTC consumer education website or microsite.

2010	Target	Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index	<p>✓ TARGET MET.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The FTC used the American Customer Satisfaction Index to measure how satisfied visitors to OnGuardOnline.gov are. In FY 2010, the FTC collected 3,721 completed surveys for OnGuardOnline.gov, which maintained an overall customer satisfaction score of 77, above the benchmark score of 74 for government websites.</p>
	Actual	Exceeded	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	



CHILDREN'S INTERNET SAFETY

In October 2009, the FTC released Net Cetera, a new guide to help parents talk to their children about Internet safety. The guide, part of the federal government's OnGuardOnline program, is designed to help parents address three

areas related to their children's online activities: inappropriate conduct, inappropriate contact, and inappropriate content. Since its publication, the guide has been accessed nearly 5.24 million times online and in print. It has been distributed to consumers, school districts and other organizations, and a variety of organizations are featuring Net Cetera on their websites or helping promote it, including Sprint, Facebook, MySpace, Ning, the national Better Business Bureaus, Boys and Girls Clubs of America, and the National Association of Independent Schools. For more information, visit www.ftc.gov/bcp/edu/pubs/consumer/tech/tec04.pdf.

OBJECTIVE 1.4: ENHANCE CONSUMER PROTECTION THROUGH RESEARCH, REPORTS, RULEMAKING, AND ADVOCACY

Key Measure 1.4.4 The percentage of proposed Administrative Procedure Act (APA) rulemakings, conducted solely by the FTC, completed within nine months of receipt of final comments in the Final Notice of Proposed Rulemaking.

2010	Target	75.0%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>In February 2010, the FTC completed amendments to the Free Credit Report Rule to prevent deceptive marketing of “free credit reports,” pursuant to the Credit CARD Act of 2009. The amended rule requires prominent disclosures for “free credit report” advertising in order to prevent consumers from confusing these so-called “free” offers with the federally mandated free annual credit reports.</p>
	Actual	100.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 1.5: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY AND TECHNICAL INPUT TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND CONSUMER POLICY

Key Measure 1.5.1 Policy advice provided to foreign consumer protection and privacy agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.

2010	Target	40	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The FTC participated actively in international policy consultations on consumer protection and privacy issues directly with other countries and the European Union, and in multilateral organizations. The FTC also hosted a major conference on protecting and empowering consumers in electronic commerce, which drew more than 250 government officials, business leaders, consumer advocates, and academics from around the world.</p>
	Actual	64	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

Strategic Goal 2: Maintain Competition

OBJECTIVE 2.1: TAKE ACTION AGAINST ANTICOMPETITIVE MERGERS AND PRACTICES THAT MAY CAUSE SIGNIFICANT CONSUMER INJURY

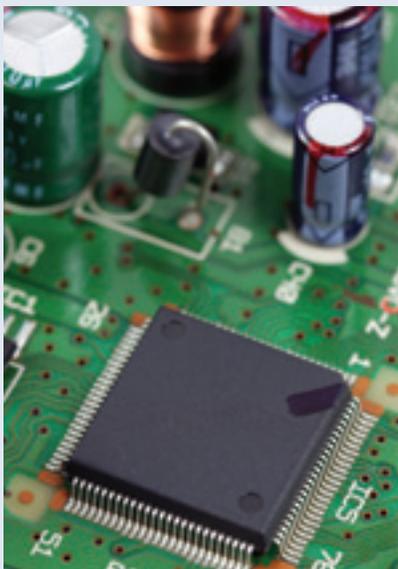
Key Measure 2.1.1 Actions to maintain competition, including litigated victories, consent orders, abandoned transaction remedies, restructured transaction remedies, or fix-it-first transaction remedies in a significant percentage of substantial merger and nonmerger investigations.

2010	Target	40.0—60.0%	✗ TARGET NOT MET. PERFORMANCE HIGHLIGHTS The FTC obtained a positive result in 22 of the 57 significant merger and nonmerger investigations it concluded during FY 2010. On the merger side this includes successful second request or compulsory process investigations in matters involving crucial pharmaceuticals, high tech devices used in the medical industry and in scientific and industrial applications, funeral services, and diesel refueling network centers. On the nonmerger side the FTC obtained considerable consumer relief in a number of matters involving Intel Corporation* (computer micro chips), health care providers, and truck rental services. *Commissioner Kovacic was recused on the Intel case.
	Actual	39.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 2.2: PREVENT CONSUMER INJURY THROUGH EDUCATION

Key Measure 2.2.1 Competition resources accessed via the FTC's website.

2010	Target	10.0	✓ TARGET EXCEEDED. PERFORMANCE HIGHLIGHTS The FTC continued to develop competition-related content to better serve the interest of its stakeholders, whether they are individual consumers, affected businesses, researchers, or practitioners and policy makers. During FY 2010, the FTC's online competition resources registered 21.5 million hits from external sources.
	Actual	21.5	
2009	Target	15.0	
	Actual	11.9	
2008	Target	15.0	
	Actual	12.5	



THE FTC RESTORES COMPETITION IN THE CPU AND GRAPHICS PROCESSING MARKETS

(Intel Settlement)

In December of 2009, the Commission sued Intel Corp., the world's leading computer chip maker, charging that the company had illegally used its dominant market position for a decade to stifle competition and strengthen its monopoly. In its complaint, the FTC alleged that Intel had waged a systematic campaign to shut out rivals' competing microchips by cutting off their access to the marketplace. In the process, Intel

deprived consumers of choice and innovation in the microchips that comprise the computers' central processing unit, or CPU. These chips are critical components that often are referred to as the "brains" of a computer. According to the FTC complaint, Intel's anticompetitive tactics were designed to put the brakes on superior competitive products that threatened Intel's monopoly in the CPU microchip market. In August of 2010, Intel agreed to a settlement with provisions that will open the door to renewed competition and prevent Intel from suppressing competition in the future. To learn more, visit www.ftc.gov/os/adjpro/d9341/index.shtm.

OBJECTIVE 2.3: ENHANCE CONSUMER BENEFIT THROUGH RESEARCH, REPORTS, AND ADVOCACY

Key Measure 2.3.1 Workshops, seminars, conferences, and hearings convened or cosponsored that involve significant competition-related issues.

2010	Target	4	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The FTC continues to devote resources to the organization of workshops, conferences, and hearings to foster an environment of discussion and analysis of the hot-topic issues that relate to competition. Of particular note, during FY 2010, the FTC convened a two-day workshop analyzing how the expansion of electronic delivery of news is challenging traditional news organizations, and the consumer welfare implications for competition among media outlets. In addition, the FTC held a series of workshops to consider updates to the Horizontal Merger Guidelines that are used by the FTC and the Department of Justice to evaluate the potential competitive effects of mergers and acquisitions, and a workshop on the intersection of patent and competition policy.</p>
	Actual	6	
2009	Target	4	
	Actual	8	
2008	Target	4	
	Actual	5	



WHAT IS ANTITRUST?

The word “antitrust” dates from the late 1800s, when powerful companies dominated industries, working together as “trusts” to stifle competition. Thus, laws aimed at protecting competition have long been labeled “antitrust laws.” Fast forward to the 21st century: You hear “antitrust” in news stories about competitors merging or companies conspiring to reduce competition. The FTC enforces antitrust laws by challenging business practices that could hurt consumers by resulting in higher prices, lower quality, or fewer goods or services.

Key Measure 2.3.2

Reports and studies issued on key competition-related topics.

2010	Target	8	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>Studying and issuing reports on the nation's crucial economic sectors is a key component of the FTC's competition-related strategic objective. During FY 2010, the agency issued a seminal report on how pay-for-delay agreements, where brand name pharmaceutical companies delay generic competition that lowers prices by agreeing to pay a generic competitor to hold its competing product off the market for a certain period of time, costs U.S. consumers billions of dollars every year. In addition, the FTC issued its fifth annual "Federal Trade Commission Report on Ethanol Market Concentration" on the state of ethanol production in the U.S., and the semiannual reports on oil and gas activities.</p>
	Actual	9	
2009	Target	8	
	Actual	20	
2008	Target	8	
	Actual	7	

Key Measure 2.3.3 Advocacy comments and *amicus* briefs on competition issues filed with entities including federal and state legislatures, agencies or courts.

2010	Target	6	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>In FY 2010, the FTC filed advocacy comments on a range of competition issues, including gas pricing, electricity competition issues, and competition in medical, dentistry, and veterinary services. The FTC also filed <i>amicus</i> briefs on pay-for-delay settlements and patent issues, among others.</p>
	Actual	17	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	



THE FTC ISSUES REPORT ON PAY-FOR-DELAY PHARMACEUTICALS SETTLEMENTS

The Commission issued a new study, entitled “Pay-for-Delay: How Drug Company Pay-Offs Cost Consumers Billions,” that summarizes the savings lost to U.S. consumers during the past six years through pay-for-delay deals in the drug industry, and found that the number of agreements with payment and delay has increased from zero in 2004 to a record 19 agreements in FY 2009. “Pay-for-delay” deals, in which brand-name drug makers pay their generic competitors to keep cheaper alternatives off the market, cost consumers an estimated \$3.5 billion per year—or \$35 billion over 10 years. The study also found that settlement deals featuring payments by branded drug firms to a generic competitor kept generics off the market for an average of 17 months longer than agreements that did not include a payment. To learn more, visit www.ftc.gov/os/2010/01/100112payfordelayrpt.pdf.

OBJECTIVE 2.4: PROTECT AMERICAN CONSUMERS IN THE GLOBAL MARKETPLACE BY PROVIDING SOUND POLICY RECOMMENDATIONS AND TECHNICAL ADVICE TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS TO PROMOTE SOUND COMPETITION POLICY

Key Measure 2.4.1 Policy advice provided to foreign competition agencies, directly and through international organizations, through substantive consultations, written submissions, or comments.

2010	Target	40	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The FTC’s staff and officials work to promote convergence based on sound competition law policy. The agency continues to devote significant resources to working with China and India on the implementation of their new laws and with sister agencies in key jurisdictions including the European Union, Canada, Japan, Korea, and Mexico. The FTC also actively participated in several multilateral organizations addressing competition policy and enforcement issues, often providing written submissions, which the FTC makes available on its website.</p>
	Actual	76	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 3.1: PROVIDE EFFECTIVE HUMAN RESOURCES MANAGEMENT

Key Measure 3.1.2 The extent employees think the organization has the talent necessary to achieve organizational goals.

2010	Target	Exceed average citizen satisfaction rate as published in the American Customer Satisfaction Index E-Government Satisfaction Index	<p>✓ TARGET MET.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The FTC exceeded the government-wide result of 60 percent satisfaction on the survey, receiving a score of 72 percent. Of the 78 items on the survey, the FTC had 55 items with high positive ratings that are considered strengths; zero items with negative ratings that would be considered weaknesses; and six items had a neutral rating. Additionally, 64 items were five percentage points or more above the government-wide average and zero items were five percentage points or more below the government-wide average.</p>
	Actual	Exceeded	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 3.2: PROVIDE EFFECTIVE INFRASTRUCTURE AND SECURITY MANAGEMENT

Key Measure 3.2.1 A favorable Continuity of Operations (COOP) rating.

2010	Target	75.0%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The agency’s COOP efforts established a viable, tested infrastructure that can provide continuation of the FTC’s mission along with a safe and secure environment for all staff in the event of an emergency. During FY 2010, the FTC received a grade of 85 percent on “Eagle Horizon” exercises, establishing the agency as a leader among all federal agencies in the program.</p>
	Actual	85.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

Key Measure 3.2.2 Availability of information technology systems.

2010	Target	98.00%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>The agency tracks unplanned, unscheduled service outage periods to monitor the reliability and availability (commonly referred to as “uptime”) of almost 30 critical information technology services such as the network, email, BlackBerry servers, Internet/Intranet, telecommunications, Wide Area Network connectivity, the agency’s citizen-centric website (www.ftc.gov), and enterprise-wide client applications. The high availability rate in FY 2010 for this pool of critical services helped ensure that the agency had optimal informational technology infrastructure operations and performance, which is key to meeting the agency’s strategic goals.</p>
	Actual	99.86%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 3.3: PROVIDE EFFECTIVE INFORMATION RESOURCES MANAGEMENT

Key Measure 3.3.1 The percentage of Commission-approved documents in ongoing and newly initiated FTC proceedings available via the Internet within 15 days of becoming part of the public record.

2010	Target	75.0%	<p>✓ TARGET EXCEEDED.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>Making public documents easily available in a timely manner increases public awareness of Commission activities. During FY 2010, the FTC developed a new web-based “e-filing” system that enables parties in FTC administrative litigation to file public documents online, making the posting of public documents to the Internet faster and more efficient.</p>
	Actual	93.8%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

OBJECTIVE 3.4: PROVIDE EFFECTIVE FINANCIAL AND ACQUISITION MANAGEMENT

Key Measure 3.4.2 The percentage of bureaus/offices that establish and maintain an effective, risk-based internal control environment.

2010	Target	100.0%	<p>✓ TARGET MET.</p> <p>PERFORMANCE HIGHLIGHTS</p> <p>In FY 2010 the FTC developed an Internal Control Review Plan to conduct internal control reviews of agency bureaus and offices at least once every three years. The objective of the reviews is to assist management in identifying high risk areas and implement appropriate risk management strategies where necessary.</p>
	Actual	100.0%	
2009	Target	N/A	
	Actual	N/A	
2008	Target	N/A	
	Actual	N/A	

HOW WE MANAGED OUR FUNDS

Message from the Acting Chief Financial Officer

During Fiscal Year (FY) 2010, the Federal Trade Commission (FTC) upheld its commitment to protect consumers and promote competition in a fiscally responsible manner. I am pleased to report that FY 2010 marks the 14th consecutive year that the FTC has received an unqualified opinion on our financial statements. This achievement, along with other notable successes, demonstrates our commitment to effective financial management and to upholding high standards of accountability. Other key accomplishments this past fiscal year included:

- Returning more than \$48 million in redress funds to victims of fraud and scams following successful prosecution of defendants resulting in court-ordered judgments or settlements.
- Receiving, for the third consecutive year, the Association of Government Accountants' Certificate of Excellence in Accountability Reporting.
- Paying 98 percent of all invoices received from vendors on time.
- Reinforcing administrative control of funds by developing and delivering an agency-wide fund manager program.
- Exceeding the government-wide goal to allocate three percent of total contract dollars to companies owned by service-disabled veterans.
- Enhancing internal control by executing a plan to conduct internal control reviews of agency bureaus and offices, and by completing a limited independent review of the processes in place to report reliable and accurate performance measures results.
- Continuing our record of no material weaknesses, significant control deficiencies, or nonconformances with the Federal Managers' Financial Integrity Act and other applicable laws and regulations.

These achievements and goals can only be accomplished by the dedicated efforts of our talented and committed employees. We look forward to the future with confidence as we continue to achieve results for the American consumer.

If you would like to read the FTC's audit report, please see www.ftc.gov/opp/gpra/2010_PAR_financial.pdf#page=5. A table of management assurances is available at www.ftc.gov/opp/gpra/2010_PAR_other.pdf#page=11.



James D. Baker
Acting Chief Financial Officer

OUR FINANCIAL HIGHLIGHTS

This section contains condensed financial statement information and descriptions of our major balance sheet components, costs of operations and budgetary resources. We also present the results of our performance in the area of financial management using established metrics. Our complete financial statements are available at www.ftc.gov/opp/gpra/2010_PAR_financial.pdf#page=9.

CONDENSED BALANCE SHEET (Dollars shown in thousands)	FY 2010	FY 2009	Percentage Change
Fund Balance with Treasury	\$ 109,486	\$ 81,307	35%
Cash and Other Monetary Assets	21,473	18,141	18%
Investments	199,105	94,848	110%
Accounts Receivable, Net	48,260	55,705	-13%
General Property & Equipment, Net	18,060	15,473	17%
Total Assets	\$396,384	\$265,474	49%
Accrued Redress Receivables Due to Claimants	\$38,170	\$55,496	-31%
Redress Collected not yet Disbursed	180,526	69,746	159%
Divestiture Fund Due	45,523	45,542	0%
Accounts Payable and Other	44,515	34,299	30%
Total Liabilities	\$308,734	\$205,083	51%
Cumulative Results of Operations-Other Funds	87,650	60,391	45%
Total Net Position	\$ 87,650	\$ 60,391	45%
Total Liabilities and Net Position	\$396,384	\$265,474	49%

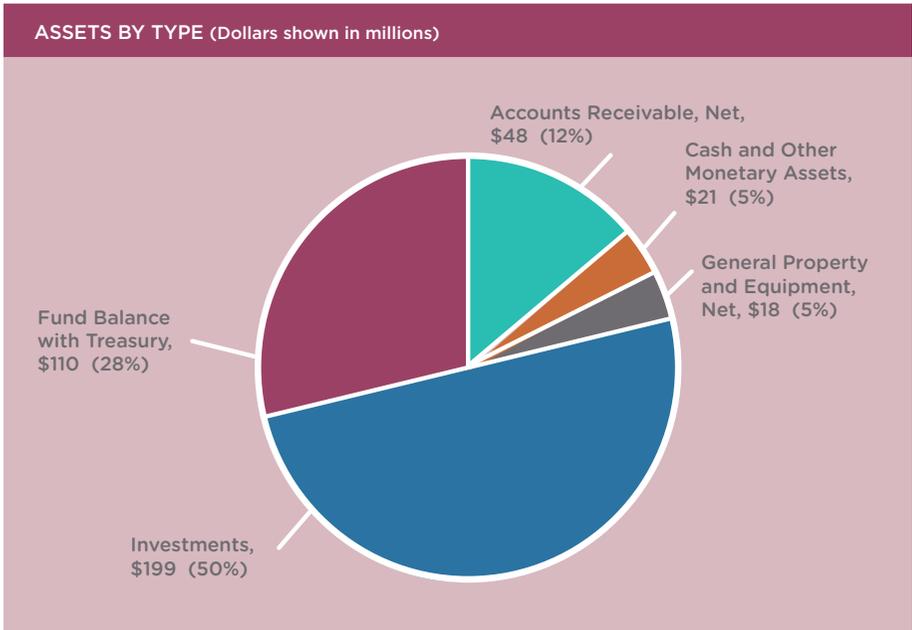
COST SUMMARY	2010	2009	Percentage Change
Gross Cost	\$275,100	\$256,950	7%
Less: Earned Revenue	-87,980	-58,256	51%
Net Cost of Operations	\$ 187,120	\$198,694	-6%

Assets

The FTC's Balance Sheet shows total assets of \$396 million at the end of FY 2010, an increase of \$131 million or 49 percent compared to total assets of \$265 million in FY 2009. The overall increase is primarily attributable to a collection of \$108 million on one significant redress case near the latter part of the fiscal year that has not yet been disbursed. This amount is currently invested until such time that it will be distributed.

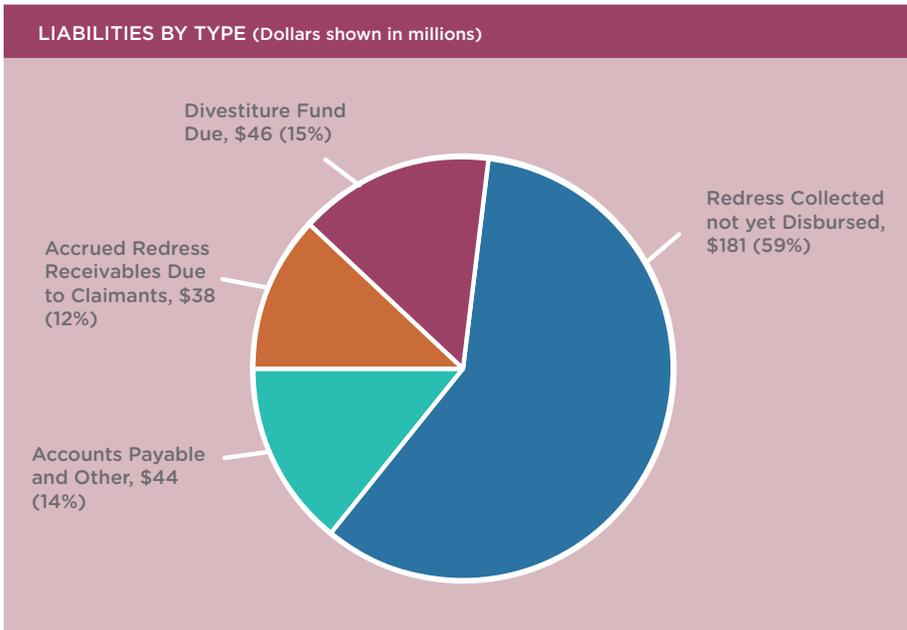
A major contributing factor to the \$28 million increase in the FY 2010 Fund Balance with Treasury are the funds that were obligated but not yet paid in FY 2010 to General Services Administration for new space requirements that replace in 2012 the current locations of 1800 M Street and 601 New Jersey Avenue.

The increase in Investments is due primarily to the collection of the \$108 million in the one redress case. Accounts Receivable, Net decreased by \$7 million due to increased collections and write-offs that reduced net redress accounts receivable by \$17 million, offset by an increase in net new civil penalty accounts receivable of \$10 million. General Property & Equipment, Net increased due to the outfitting of the 1800 M Street interim space location and the FTC's data center.



Liabilities

The FTC's total liabilities at the end of FY 2010 were \$309 million, an increase of \$104 million or 51 percent, from FY 2009 total liabilities of \$205 million. The increase in total liabilities is primarily the result of the liability that is established for the future distribution of the \$108 million collection of the one redress case. Accrued Redress Receivables Due to Claimants is the liability offset to net redress accounts receivable and reflects a similar decrease of \$17 million in FY 2010. Redress Collected not yet Disbursed is the liability offset to collections made on redress cases. The one redress case of \$108 million in collections primarily accounts for the increase in this liability in FY 2010. Accounts Payable and Other increased by \$10 million in FY 2010. This reflects the liability offset to the \$10 million increase in net new civil penalty accounts receivable.



Net Position

Net Position represents the FTC's Cumulative Results of Operations. At the end of FY 2010, the FTC's Net Position is \$88 million, increasing by \$28 million or 45 percent over the FY 2009 ending Net Position of \$60 million. Financing sources from appropriations used during the year were \$205 million and imputed financing sources totaled \$10 million for a total of \$215 million. The imputed financing sources consisted of \$4 million in future retirement benefits and \$6 million in future health and life insurance benefits accrued in FY 2010, which will be paid by entities other than the FTC.

The financing sources of \$215 million exceed the net cost of operations totaling \$187 million (gross costs of \$275 million less revenues from fees of \$88 million), resulting in the \$28 million increase in net position.

Results of Operations

Total gross costs were \$275 and \$257 million for FYs 2010 and 2009, respectively, representing an increase of seven percent. The primary factors contributing to this increase were the rise in personnel costs and the interim space rental costs related to the 1800 M street location. Gross costs are inclusive of all costs involved in FTC's ongoing operations. Fees collected under the DNC registry (related to the FTC's protect consumers strategic goal) and under the Hart-Scott-Rodino (HSR) act (related to the FTC's maintain competition strategic goal) of \$88 and \$58 million in FYs 2010 and FY 2009, respectively, offset the gross costs in determining net costs. FY 2010 net costs of \$187 million decreased by \$12 million over the FY 2009 level of \$199 million primarily due to the increase in premerger activity and the resulting increase in HSR fees collected.

FY 2010 NET COSTS BY STRATEGIC GOAL

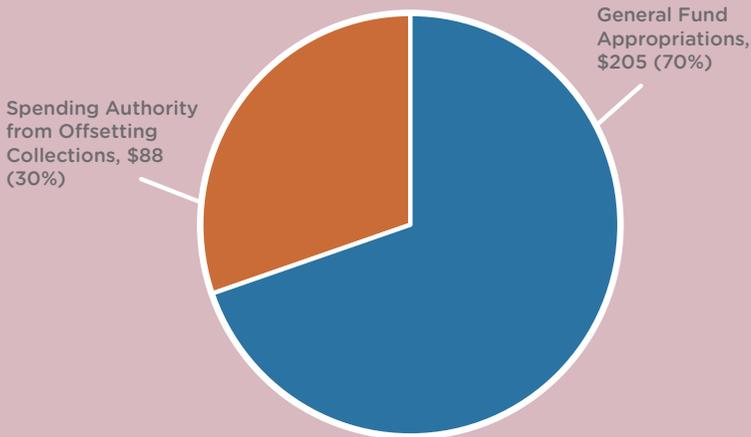
(Dollars shown in thousands)

	Strategic Goal 1 Protect Consumers	Strategic Goal 2 Maintain Competition	Total
Gross Costs	\$ 158,458	\$116,642	\$275,100
Less: Earned Revenue	(14,426)	(73,554)	(87,980)
Total Assets	\$144,032	\$ 43,088	\$187,120

Budgetary Resources

The Statement of Budgetary Resources (SBR) provides information on budgetary resources made available to the agency and the status of these resources at the end of the fiscal year. New budgetary authority (total budgetary resources excluding unobligated balances brought forward, prior year recoveries, and amounts previously unavailable) was \$293 million in FY 2010, an increase of \$34 million or 13 percent over the \$259 million in FY 2009. Additional staff and new space requirements to replace the 1800 M Street and 601 New Jersey Avenue locations contributed to the additional funding needs in FY 2010. In FY 2010, spending authority derived from offsetting collections totaled \$88 million (\$73 million for HSR fees, \$14 million for DNC Registry and \$1 million from reimbursable agreements) and general fund appropriations totaled \$205 million, comprising 30 and 70 percent of new budget authority, respectively. This compares to offsetting collections of \$58 million and general fund appropriations of \$201 million, comprising 22 and 78 percent of new budget authority, respectively, in FY 2009.

NEW BUDGET AUTHORITY FOR FY 2010 (Dollars shown in millions)



Financial Management Indicators

The following table shows standard indicators developed by the Chief Financial Officers Council and used by the Office of Management and Budget (OMB) to monitor agencies' financial management practices.

FINANCIAL MANAGEMENT INDICATORS FOR FY 2010	
DEBT MANAGEMENT	
Debt Transferred to Treasury	100%
FUNDS MANAGEMENT	
Fund Balance with Treasury (identifies the difference between the fund balance reported in Treasury reports and the agency fund balance with Treasury recorded in its general ledger on a net basis)	100% reconciled
PAYMENT MANAGEMENT	
Percentage Invoices Paid on Time (per Prompt Payment Act)	98%
Percentage Interest Penalties Paid to Total Dollars Invoiced	0.01%
Percentage of total dollars outstanding in current status* (good standing) for Individually Billed Travel Account holders	100%
Percentage of total dollars outstanding in current status* (good standing) for Centrally Billed Travel accounts	100%
Percentage of total dollars outstanding in current status* (good standing) for Purchase Cards	100%

*The OMB threshold for delinquency is 61 days.

ADDITIONAL INFORMATION

Acronyms

COOP	Continuity of Operations
DNC	Do Not Call
FTC	Federal Trade Commission
FY	Fiscal Year
HSR	Hart-Scott-Rodino
IG	Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
SBR	Statement of Budgetary Resources

FTC CONTACT INFORMATION

Federal Trade Commission	600 Pennsylvania Avenue, NW Washington, DC 20580
General Information Number	202-326-2222
Internet Home Page	www.ftc.gov
FTC Spanish Home Page	www.ftc.gov/espanol
Strategic Plan Internet Site	www.ftc.gov/strategicplan
FTC Press Releases	www.ftc.gov/opa/pressold.shtm

Performance and Accountability Report (PAR) Specific

The FTC welcomes comments or suggestions for improvement of its PAR. Please contact the agency to provide feedback or to request additional copies.

PAR Internet Site	www.ftc.gov/par
PAR Contact	Lori Walsh-Van Wey
PAR Telephone	202-326-3790
PAR Email Address	gpra@ftc.gov
PAR Fax Number	202-326-2329
PAR Mailing Address	Federal Trade Commission Attn: PAR, M/D H-774 600 Pennsylvania Avenue, NW Washington, DC 20580

Regions

East Central (Cleveland, OH)	216-263-3455
Midwest (Chicago, IL)	312-960-5634
Northeast (New York, NY)	212-607-2829
Northwest (Seattle, WA)	206-220-6350
Southeast (Atlanta, GA)	404-656-1390
Southwest (Dallas, TX)	214-979-9350
Western (San Francisco, CA)	415-848-5100
Western (Los Angeles, CA)	310-824-4343

Consumer Response Center

General Complaints	877-FTC-HELP (877-382-4357)
Identity Theft Complaints	877-ID-THEFT (877-438-4338)
Online General Complaints	www.ftc.gov/complaint
Identity Theft Education and Complaints	www.ftc.gov/idtheft
National Do Not Call Registry	www.donotcall.gov

THE WORK OF THE
**FEDERAL TRADE
COMMISSION**

is critical to protecting and strengthening

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