TRANSPORTATION RESEARCH CENTER, INC.

FINANCIAL STATEMENTS
For The Years Ended June 30, 2009 and 2008
and
Independent Auditors' Report

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Mary Taylor, CPA
Auditor of State

Board of Directors
Transportation Research Center Inc.
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Independent Auditor's Report* of the Transportation Research Center Inc., Franklin County, prepared by Parms & Company, LLC, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Transportation Research Center Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 1, 2009

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TRANSPORTATION RESEARCH CENTER INC.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Transportation Research Center Inc.

We have audited the accompanying statements of net assets of Transportation Research Center Inc. ("TRC"), a component unit of The Ohio State University, as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of TRC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3-12 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009, on our consideration of TRC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purposes of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Parms & Company, LLC

October 29, 2009

Transportation Research Center Inc.
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2009

This Management Discussion and Analysis is provided to assist your understanding of Transportation Research Center Inc.'s (TRC Inc.) accompanying financial statements for the fiscal years ended June 30, 2009 and June 30, 2008, and to provide an overview of its financial performance.

Introducing Transportation Research Center Inc.

TRC Inc. independently manages the Transportation Research Center, a transportation research and testing facility located on 4,500 acres near East Liberty, Ohio, and various other laboratories located in Ohio. TRC Inc. assists the needs of the transportation industry, government, and educational institutions worldwide by creating safer, improved products through vehicle research and testing services. Research and testing programs are designed to test for safety, energy, fuel economy, emissions, durability, and crash worthiness on passenger vehicles, trucks, buses, motorcycles, recreational vehicles and their associated components.

The Transportation Research Center facility was developed by the State of Ohio and began operations in 1974. In 1979, the State of Ohio entered into an agreement with The Ohio State University's College of Engineering to oversee the operations of the Transportation Research Center. In 1988, the State of Ohio sold the facility to Honda of America Manufacturing, Inc. as an economic inducement to secure a second automobile manufacturing plant. After the sale, The Ohio State University created TRC Inc. TRC Inc. and Honda of America Manufacturing, Inc. then entered into an agreement. That agreement provided the foundation for TRC Inc. to manage the Transportation Research Center as a multi-user facility.

TRC Inc. is governed by a six-member board chaired by the Dean of the College of Engineering at The Ohio State University. The TRC Inc. Board of Directors are the sole members of TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors represent The Ohio State University and its interest within TRC Inc. The Ex-Officio Directors on the TRC Inc. Board of Directors are the persons who hold the following positions at The Ohio State University: the University Controller (currently Greta J. Russell); the Senior Vice President for Research of the University (currently Caroline C. Whitacre); the Dean of the College of Engineering of the University (currently interim Dean Gregory N. Washington, Ph.D.); and the Director of Transportation Research Center Inc. (currently Rick D. Gildow). The financial statements of TRC Inc. are included in the financial statements of The Ohio State University.

TRC Inc. is a tax-exempt organization as described in section 501(c)(3) and section 509(a)(3) of the Internal Revenue Code. TRC Inc.'s tax-exempt purpose is conducting and supporting humanistic, scientific and engineering research and development activities solely and exclusively to the conduct of, or providing assistance in connection with the conduct of, research in automotive, vehicular, and related forms of transportation, and for the development of improved highway facilities for vehicular traffic. TRC Inc. does perform work outside of this exempt purpose, and as a result, does pay unrelated business tax on that income.

Financial Statement Overview

For a summary of TRC Inc.'s significant accounting policies, please see footnote number two attached in this audit report.

Presented in the audit report are the Statements of Net Assets at June 30, 2009 and June 30, 2008; the Statements of Revenue, Expenses and Changes in Net Assets for fiscal years ended June 30, 2009 and 2008; and the Statements of Cash Flows for fiscal years ended June 30, 2009 and 2008.

The Statements of Net Assets reflect TRC Inc.'s assets, liabilities and net assets.

The Statements of Revenue, Expenses and Changes in Net Assets reflect information showing how net assets changed during the fiscal year.

The Statements of Cash Flows reports changes in the cash and cash equivalent balances during the fiscal year.

Statements of Net Assets

The major components of the Statement of Net Assets at June 30, 2009, June 30, 2008 and June 30, 2007 are reflected below:

	June 30, 2009	June 30, 2008	Change	June 30, 2007
Assets:				
Current Assets	$12,801,794	$16,613,257	(22.9)%	$15,579,802
Net Property & Equip.	$1,391,513	$1,525,952	(8.8)%	$1,990,335
Total Assets	$14,193,307	$18,139,209	(21.8)%	$17,570,137
Liabilities:				
Current Liabilities	$3,802,645	$5,680,452	(33.1)%	$4,954,846
Long Term Debt	$1,201,000	$1,453,000	(17.3)%	$1,687,000
Total Liabilities	$5,003,645	$7,133,452	(29.9)%	$6,641,846
Net Assets	$9,189,662	$11,005,757	(16.5)%	$10,928,291
Total Liabilities and Net Assets	$14,193,307	$18,139,209	(21.8)%	$17,570,137

Current Assets

TRC Inc. had a decrease of $3,811,463, or 23%, in Current Assets in fiscal year 2009 to $12,801,794. The primary reasons for the decrease in Current Assets were due to a decrease in Trade Accounts Receivable and a decrease in Investments.

Trade Accounts Receivable fell $3,018,717, or 31%, in fiscal year 2009 to $6,691,832 due to a 12% decrease in Research and Testing Agreement Revenues in fiscal year 2009 and improved cash collections. In spite of tough economic times, the average collection period of Trade Accounts Receivable decreased by 18 days from June 30, 2008 to June 30, 2009 to 64 days. The percentage of Trade Accounts Receivable over 90-days at June 30, 2009 was 3%, as compared to 7% at June 30, 2008.

TRC Inc. owns endowment investments that are maintained and managed by The Ohio State University's Office of the Treasurer. TRC Inc.'s investment portfolio decreased $1,757,717, or 43%, from June 30, 2008 to June 30, 2009 as a result of the poor performance of world-wide investment markets and the utilization of some of the investments to assist in the annual transfer to The Ohio State University. At June 30, 2009, the book value of TRC Inc.'s investment account exceeded the market value by $633,135, which generated an unrealized capital loss of $490,960 in fiscal year 2009. During fiscal year 2009, TRC Inc. funded the $2,512,398 transfer to The Ohio State University with $1,250,000 from its endowment fund and $1,262,398 from operating cash.

TRC Inc. maintained a strong operating cash position at June 30, 2009. Operating cash increased by $1,325,274 from June 30, 2008 to $3,243,187 at June 30, 2009. TRC Inc. responded to the declining economy, the depressed investment markets and the slow down in the automotive industry by cutting expenses, which assisted in the growth of operating cash. TRC Inc. also did not fully fund the annual transfer to The Ohio State University in fiscal year 2009 with operating cash, as it has done in the past. The strong cash collections in fiscal year 2009 also contributed to the increase in operating cash.

Net Property and Equipment

The net book value TRC Inc.'s property and equipment is $1,391,513, representing a decrease of $134,439, or 9%, since June 30, 2008. The decrease is due to disposal of assets no longer useful to TRC Inc. and an increasing number of assets becoming fully depreciated.

During fiscal year 2009, TRC Inc. expended $331,870 on ten pieces of equipment used primarily in the maintenance of the proving ground. The largest capital acquisition was $205,489 for two dump trucks used primarily for snow removal.

During fiscal year 2008, TRC Inc. expended $68,494 on five pieces of equipment used primarily in the maintenance of the proving ground.

During fiscal year 2007, TRC Inc. expended $395,449 on capital assets. TRC Inc. received a donation from Honda of three Acura TL's, valued at $63,710, in fiscal year 2007. These vehicles are used in TRC Inc.'s driver training program. The other two largest acquisitions made in fiscal year 2007 was a Caterpillar wheel loader for $167,650 and a new Chevrolet Suburban for $46,571. The Caterpillar wheel loader is used for snow removal on the facility, and the Chevrolet Suburban is part of TRC Inc.'s pool of travel vehicles.

The asset with the largest net book value at June 30, 2009 is leasehold improvements made to Building 60, totaling $947,874, or 68% of the total net book value. The remaining book value of each the remaining 181 capital assets is less than $100,000, and generally are assets used to maintain and secure the 4,500-acre facility, assist in the driver training program, or are vehicles used for travel purposes.

Current Liabilities

TRC Inc.'s Current Liabilities fell by $1,877,807, or 33%, from June 30, 2008 through June 30, 2009 due the reduction in Trade Accounts Payable and the decline in Accrued Payroll.

Trade Accounts Payable decreased $872,915, or 40%, in fiscal year 2009 to $1,296,860 as result of expense reduction and continued timely payment of TRC Inc. suppliers. On average, TRC Inc. paid its suppliers invoices in 17 days in fiscal year 2009, and 19 days in fiscal year 2008.

Accrued Payroll fell $860,137, or 38%, in fiscal year 2009 to $1,384,954. The decrease was due to an accrual made for TRC Inc.'s first ever incentive performance bonus in fiscal year 2008 in the amount of $753,139. While financial and performance parameters were met in fiscal year 2008 to pay TRC Inc. employees an incentive bonus, those financial and performance parameters were not met in fiscal year 2009. As a result, no accrual for an incentive performance bonus was made in fiscal year 2009, and no incentive performance bonus will be paid in fiscal year 2010.

Long-Term Debt

TRC Inc. had $1,201,000 in long-term debt at June 30, 2009 and $1,453,000 at June 30, 2008. TRC Inc. entered into a note payable with Capital One in January 1999 to procure $3,200,000 to fund leasehold improvements for one of TRC Inc.'s largest customers. The note is a 15-year instrument with an interest rate of approximately 6%. TRC Inc. recoups the funds expended for the leasehold improvement through a Lease Agreement with the customer. There was an interest swap agreement in place with the bank that helps mitigate the fluctuation in interest rates. In effect, proceeds from the Lease Agreement with the customer are servicing the debt.

Statements of Revenue, Expenses and Changes in Net Assets

The major components of the Statements of Revenue, Expenses and Changes in Fund Balance for fiscal years ended June 30, 2009, 2008 and 2007 are reflected below:

	FY 2009	FY 2008	Change	FY 2007
Operating Revenues	$42,206,106	$48,011,065	(12.1)%	$44,110,978
Operating Expenses	$40,902,589	$45,757,157	(10.6)%	$42,727,211
Operating Income	$1,303,517	$2,253,908	(42.2)%	$1,383,767
Non-Operating Revenue	$40,492	$86,051	(52.9)%	$129,038
Appr./(Depr.)-FMV of Invst.	$(647,706)	$(578,942)	(11.9)%	$481,425
Excess Rev. over Exp.	$696,303	$1,761,017	(60.5)%	$1,994,230
Transfer to Ohio State	$(2,512,398)	$(1,683,551)	(49.2)%	$(2,860,341)
Change in Net Assets	$(1,816,095)	$77,466	(2,444.4)%	$(866,111)
Beginning Net Assets	$11,005,757	$10,928,291	0.7%	$11,794,402
Ending Net Assets	$9,189,662	$11,005,757	(16.5)%	$10,928,291

Operating Revenues

The two sources of revenue that TRC Inc. earns are Research and Testing Agreement Revenue and Owner’s Maintenance and Repair Revenue.

Research and Testing Agreement Revenue is revenue TRC Inc. earns from its customers for conducting durability, dynamic, impact and sled research and testing. It also includes revenues for supplying dedicated personnel to customers to operate their research and testing laboratories.

Owner’s Maintenance and Repair Revenue is revenue TRC Inc. earns for maintaining and improving the owner’s facility as a result of the Management Agreement between TRC Inc. and the facility owner, Honda of America Manufacturing, Inc. (HAM).

Revenue summary for fiscal years 2009, 2008 and 2007 were:

	FY 2009	FY 2008	Change	FY 2007
Research & Testing Agreement Rev.	$37,859,973	$42,790,721	(11.5)%	$39,851,467
Owner’s Maintenance & Repair Rev.	$4,346,133	$5,220,344	(16.7)%	$4,259,511
Total Operating Revenue	$42,206,106	$48,011,065	(12.1)%	$44,110,978

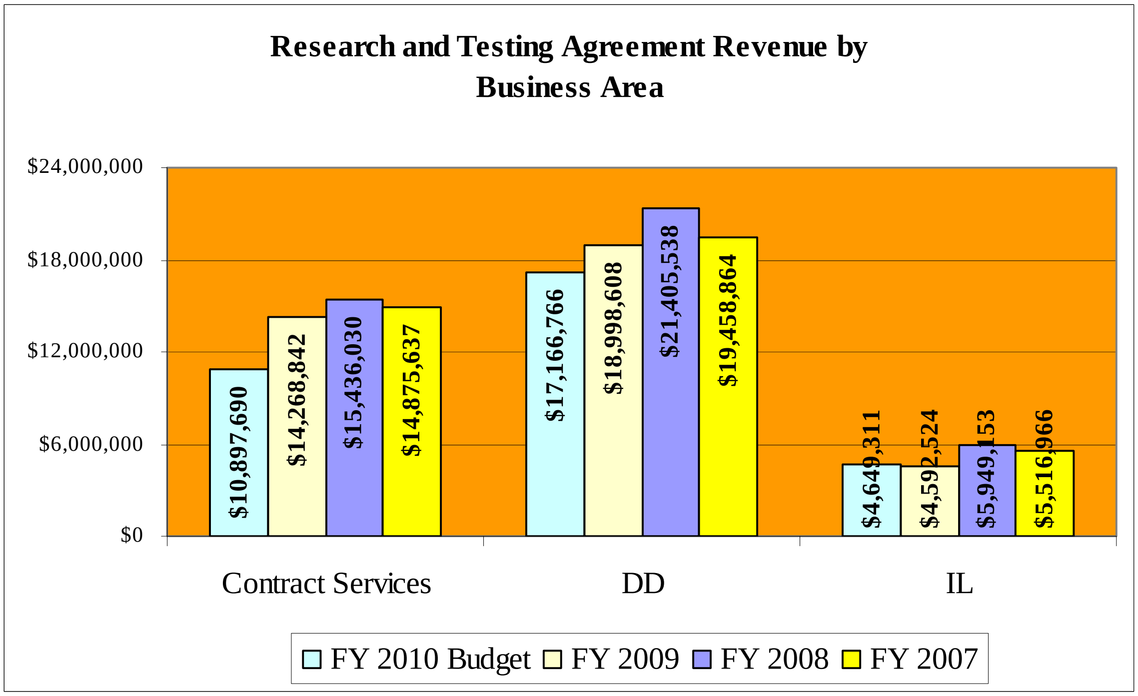
Due to the poor economy and the slumping automotive industry, Research and Testing Agreement Revenue fell 12% in fiscal year 2009. With the decline of sales in the automotive industry in TRC Inc.’s fiscal year 2009, many of our automotive manufacturing customers and vehicle component customers dealt with an adverse market place within the industry. Our customers responded with cuts in expenditures, which had a direct impact in TRC Inc.’s decrease in Research and Testing Agreement Revenue.

There was no fluctuation in the order or composition of TRC Inc.'s top six customers in fiscal year 2009 as compared to fiscal year 2008. In fiscal year 2009, five of our top six customers decreased their Research and Testing Agreement Revenue. The top customer fell 13%, the third largest customer fell 21%, and the fourth largest customer fell 16%. Two other customers in the top six each had a sales decrease of less than 3%. One customer in the top six experienced an increase of 5%.

In fiscal year 2009, the top six customers account for 84% of total Research and Testing Agreement Revenue. In fiscal year 2008, the top six customers account for 82% of total Research and Testing Agreement Revenue. Five of TRC Inc.'s top six customers are large corporations in either the truck or automotive manufacturing market or in the vehicle component market. With the decline of sales in the automotive industry in TRC Inc.'s fiscal year 2009, all of our automotive manufacturing customers and vehicle component customers in our top six dealt with an adverse market place within the industry. Those customers responded with cuts in expenditures. With the revenue concentration of TRC Inc.'s top six customers to the total Research and Testing Agreement Revenue being so high, and the very rough year in the industry in which our top six customers operated, TRC Inc.'s Research and Testing Agreement Revenue fell as a result.

TRC Inc. anticipates a slow recovery in the automotive industry. As a result, TRC Inc. anticipates a continued decrease in Research and Testing Agreement Revenue in fiscal year 2010 to $32.7 million. TRC Inc. anticipates further reductions in headcount of one of our contract service customers, and the eventual shutdown of another one of our contract service customers who is in bankruptcy.

The major sources of Research and Testing Agreement Revenue are Contract Services, Durability and Dynamics (DD), and Impact Laboratory (IL). Revenue comparisons for these three areas from fiscal year 2007 through fiscal year 2010 are as follows:



Contract Services Research and Testing Agreement Revenue fell by 8% in fiscal year 2009 as compared to fiscal year 2008. This business area provides customers with high quality engineering and technical support to improve the safety, quality and competitiveness of our customer's products. This business area had four customers in fiscal year 2009. One customer was new as a result of a spin off an automotive component manufacturer that went bankrupt. That customer generated about $170,000 of revenue in fiscal year 2009. Unfortunately, that customer closed business as a result of the difficult conditions in the automotive industry. Two other customers in this business area suffered Research and Testing Agreement Revenue decreases of 18% and 15%. The other customer in this business line had a 1% increase in Research and Testing Agreement Revenue.

TRC Inc. estimates total Research and Testing Agreement Revenue in Contract Services to decrease by 24% in fiscal year 2010. One customer is expected to shut down completely in the fall of 2009 as a result of its bankruptcy, leading to a 78% decrease in Research and Testing Agreement Revenue from that customer in fiscal year 2010. We expect continued headcount reductions from another customer in this business area, leading to a 30% decrease in Research and Testing Agreement Revenue from that customer in fiscal year 2010. We anticipate growth of 5% in Research and Testing Agreement Revenue from the third customer in fiscal year 2010.

Coming off historic high revenue year in fiscal year 2008, Durability and Dynamics had an 11% decline in Research and Testing Agreement Revenue in fiscal year 2009. The decrease in Research and Testing Agreement Revenue in Durability and Dynamics was a direct result of automotive manufacturer's and component manufacturer's expenditure reduction as a response to the difficult conditions in the economy and the automotive industry. TRC Inc. foresees Durability and Dynamics' Research and Testing Agreement Revenue in the Durability and Dynamics business area to decrease 10% in fiscal year 2010.

Research and Testing Agreement Revenues declined in the Impact Laboratory in fiscal year 2009, decreasing by 23% as compared to fiscal year 2008. The tough economic times in the automotive industry caused a significant decrease in crash test requests from our customers. Although TRC Inc. expects continued reduction of crash test requests from its customers in fiscal year 2010, Research and Testing Agreement Revenue in the Impact Laboratory is expected to rise 1%, mainly because we realigned our Emissions Laboratory from the Durability and Dynamics business area to the Impact Laboratory business area.

Owner's Maintenance and Repair Revenue fell 17% in fiscal year 2009 as compared to fiscal year 2008. The major components of this revenue are the capital improvements to the facility that HAM funds each year and maintenance and repair of the facility and buildings. The owner decreased dollars spent on maintenance and capital improvements of the facility in fiscal year 2009. Since most of the capital improvements are subcontracted out and resold to HAM at TRC Inc. cost, gain or loss of revenue on this line item does not have a major impact upon excess revenues over expenses.

Operating Expenses

Major components of operating expense in fiscal years 2009, 2008 and 2007 were:

	FY 2009	FY 2008	Change	FY 2007
Direct Expense	$24,895,933	$28,227,655	(11.8)%	$26,245,784
General and Admin. Exp.	$15,540,347	$16,996,625	(8.6)%	$15,895,391
Depreciation Expense	$466,309	$532,877	(12.5)%	$586,036
Total Operating Expense	$40,902,589	$45,757,157	(10.6)%	$42,727,211

In response to the reduction of Total Operating Revenue, TRC Inc. cut various operating expenses in fiscal year 2009.

In fiscal year 2009, the decrease in direct expenses of 11.8% was in nearly similar proportion to the decrease in Research and Testing Agreement Revenue of 11.5%. Direct labor totaled $11,528,883, which was an 11% decrease from fiscal year 2008. Owner's fees are a direct expense resulting from charges made to our customers for their use of HAM-owned facilities, equipment and buildings. Owner's fees totaled $6,151,479 in fiscal year 2009. Owner's fees decreased by 11% in fiscal year 2009, primarily because of the testing decrease in the Impact Laboratory business area.

TRC Inc.'s biggest operating expense is salaries and benefits. In fiscal year 2009, salaries and benefits were $24,105,199, or 59% of total operating expense. In fiscal year 2008, salaries and benefits were $26,276,206, or 57% of total operating expense. Salaries and benefits decreased 8% in fiscal year 2009 and increased 5% in fiscal year 2008.

Depreciation expense decreased 13% in fiscal year 2009. This decrease was due to assets becoming fully depreciated in fiscal year 2008 and fiscal year 2009.

Nonoperating Revenues and Expenses

Interest expense represents the interest paid to a bank for the note payable that was described in the Long-Term Debt section.

Interest income reflects the interest earned from TRC Inc.'s operating cash account and the interest earned from investments TRC Inc. owns in the endowment fund at The Ohio State University.

Both interest expense and income were down in fiscal year 2009 due to big interest rate drops in investment markets.

Net Appreciation/(Loss) in Fair Value of Investments

TRC Inc. owns investments that are maintained and managed by The Ohio State University's Office of the Treasurer. These investments are in stocks and mutual funds. There are two components to the appreciation or depreciation of the fair value of these investments. The first component is the realized gain that TRC Inc. recognizes when we sell investments. Typically, TRC Inc. sells a portion of its investments to assist in the annual transfer of the previous fiscal year's Excess Revenue over Expenses to The Ohio State University. Selling these investments triggers a realized capital gain or loss that TRC Inc. recognizes on this line item. In September 2008, TRC Inc. sold $2,000,000 of securities to assist in the annual transfer to The Ohio State University. The sale of those securities generated a realized capital loss of $156,746, which was recognized in the Statement of Revenue, Expense and Changes in Net Assets. TRC Inc. replenished $750,000 back into the endowment fund in December 2008 with contributions from our operating cash.

The second component is the unrealized appreciation or depreciation of the investments that is recorded in accordance with Governmental Accounting Standards Board Statement Number 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The realized and unrealized appreciation or depreciation in the fair value of investments for fiscal years 2007 through 2009 is as follows:

	FY 2009	FY 2008	FY 2007
Market Value of Endowment Fund	$2,335,046	$4,092,763	$4,491,539
Book Value of Endowment Fund	$2,968,181	$4,234,938	$3,882,333
Appreciation/(Depreciation)	$(633,135)	$(142,175)	$609,206
Unrealized Gain	$(490,960)	$(751,381)	$310,679
Realized Gain/(Loss) from Invmt. Sales	$(156,746)	$172,439	$170,746
Net Appreciation (Depreciation)	$(647,706)	$(578,942)	$481,425

TRC Inc.'s investments took a beating in the various world-wide markets that it is invested in during fiscal year 2009.

Excess of Revenue over Expense

Excess revenue over expense before the unrealized depreciation in the fair value of investments and before the transfer to the Transportation Research Fund was $1,187,263, which decreased by 53%, or $1,325,134, from fiscal year 2008. The slowing economy, the struggling automotive industry, and the world's sluggish investment markets each played a significant role in the drop in the excess revenue over expense. TRC Inc. managed through this volatility by reducing expense in many areas. In light of the tremendous hurdles that occurred suddenly and quickly, TRC Inc. is pleased that we were able to endure a very tough year with a respectable financial performance from operations.

TRC Inc. expects a slow recovery in the economy, the automotive industry and the investment markets. As a result, TRC Inc. anticipates Research and Testing Agreement Revenue to fall by 14% in fiscal year 2010 to $32,713,767. The reduction is expected due to the expectation that our customers will continue to cut their expenses in fiscal year 2010, the reduction in headcount of employees in Contract Services, as well as the anticipated close of one of a large customer in Contract Services due to bankruptcy. While the bankrupt customer generated a high level of revenue, the operating margin from that customer was minimal. Because the loss of that customer will not impact excess revenue over expense in the same magnitude as it does Research and Testing Agreement Revenue, and because the cuts made in fiscal year 2009 should help offset the decrease of Research and Testing Agreement Revenue expected in fiscal year 2009, TRC Inc. foresees Excess Revenues over Expenses before Unrealized Gains/Loss in the Fair Value of Investments decreasing by $111,978, or 9%, from $1,187,263 to $1,075,285 in fiscal year 2010.

TRANSPORTATION RESEARCH CENTER INC.

STATEMENTS OF NET ASSETS
AS OF JUNE 30, 2009 AND 2008

ASSETS	2009	2008
Current assets		
Cash and cash equivalents	$ 3,243,187	$ 1,917,913
Restricted cash	102,637	95,717
Investments	2,335,046	4,092,763
Trade accounts receivable, net of allowance for doubtful accounts of $156,000 for 2009 and 2008	6,691,832	9,710,549
Receivable from HAM	321,056	654,565
Supplies and prepaid expenses	108,036	141,750
Total current assets	12,801,794	16,613,257
Noncurrent assets		
Machinery and equipment	6,838,577	6,741,066
Less accumulated depreciation	(5,447,064)	(5,215,114)
Property and equipment, net	1,391,513	1,525,952
Total Assets	**14,193,307**	**18,139,209**
LIABILITIES		
Current liabilites		
Trade accounts payable	1,296,860	2,169,775
Accounts payable HAM	582,128	885,286
Accrued payroll and related expenses	1,384,954	2,245,091
Deferred revenues	286,703	146,300
Current portion of long-term debt	252,000	234,000
Total current liabilities	3,802,645	5,680,452
Noncurrent liabilities		
Long-term portion of debt	1,201,000	1,453,000
Total Liabilities	**5,003,645**	**7,133,452**
NET ASSETS		
Investment in property and equipment, net of related debt	1,391,513	1,525,952
Restricted - accumulated surplus	4,002,434	4,002,434
Unrestricted net assets	3,795,715	5,477,371
Total Net Assets	**$ 9,189,662**	**$ 11,005,757**

The accompanying notes are an integral part of these financial statements.

TRANSPORTATION RESEARCH CENTER INC.

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

OPERATING REVENUES	**2009**	**2008**
Research and testing	$ 37,859,973	$ 42,790,721
Owner's maintenance and repair	4,346,133	5,220,344
Total Operating Revenue	**42,206,106**	**48,011,065**
OPERATING EXPENSES		
Direct	24,895,933	28,227,655
General and administrative	15,540,347	16,996,625
Depreciation	466,309	532,877
Total Operating Expenses	40,902,589	45,757,157
Total Operating Income	**1,303,517**	**2,253,908**
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(93,242)	(130,502)
Interest income	133,734	216,553
Total Nonoperating Revenues	40,492	86,051
Net Change in Fair Value of Investments	(647,706)	(578,942)
Excess of Revenues Over Expenses Before Transfers	**696,303**	**1,761,017**
OTHER TRANSFERS AND CHANGES		
Transfer to Transportation Research Fund	(2,512,398)	(1,683,551)
Change in Net Assets	**(1,816,095)**	**77,466**
Net Assets, Beginning of Year	**11,005,757**	**10,928,291**
Net Assets, End of Year	**$ 9,189,662**	**$ 11,005,757**

The accompanying notes are an integral part of these financial statements.

TRANSPORTATION RESEARCH CENTER INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 21,243,532	$ 13,654,457
Cash received from affiliates	24,448,164	33,447,000
Cash paid to suppliers	(7,679,909)	(8,182,377)
Cash paid for taxes	(350,963)	(225,130)
Cash paid to affiliates	(9,314,984)	(10,281,939)
Cash paid to employees	(18,955,990)	(19,220,123)
Cash paid for fringe benefits and payroll taxes	(6,136,930)	(6,612,897)
Advances to employees	7,039	(2,417)
Net cash provided by operating activities	**3,259,959**	**2,576,574**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer to Transportation Research Fund	(2,512,398)	(1,683,551)
Non capital financing interest expense	(93,242)	(130,502)
Cash used in noncapital financing activities	**(2,605,640)**	**(1,814,053)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(234,000)	(219,000)
Additions to property and equipment	(331,870)	(68,494)
Restricted cash	(6,920)	(6,453)
Net cash used in capital and related financing activities	**(572,790)**	**(293,947)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	133,734	216,553
Purchase of investments	(1,402,387)	(1,863,717)
Proceeds from sale of investments	2,512,398	1,683,551
Net cash provided by investing activities	**1,243,745**	**36,387**
Increase in cash and cash equivalents	**1,325,274**	**504,961**
Cash and cash equivalents, beginning of year	**1,917,913**	**1,412,952**
Cash and cash equivalents, end of year	**$ 3,243,187**	**$ 1,917,913**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 1,303,517	$ 2,253,908
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	466,309	532,877
Provision for bad debt expense	-	-
(Increase)/Decrease in trade accounts receivable	3,018,717	(1,165,676)
Decrease/(Increase) in receivable from HAM	333,509	248,808
Increase/(Decrease) in payable to HAM	(303,158)	246,414
Decrease in supplies and prepaid expenses	33,714	(3,949)
(Decrease)/Increase in trade accounts payable	(872,915)	(167,856)
Increase in accrued payroll and related expenses	(860,137)	627,206
Increase/(Decrease) in deferred revenue	140,403	4,842
Net cash provided by operating activities	**$ 3,259,959**	**$ 2,576,574**
SUPPLEMENTAL CASH FLOW INFORMATION		
Unrealized gain (loss) on investments	$ (490,960)	$ (751,381)

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF THE BUSINESS

The Transportation Research Center of Ohio (the “Center”) was created by the General Assembly of the State of Ohio in October 1972. On January 26, 1988, substantially all of the assets of the Center were sold to Honda of America Manufacturing (“HAM”). The corporation is organized exclusively for educational, charitable, and scientific purposes within the meaning of Section 501(c)(3) and Section 509(a)(3) of the Internal Revenue Code by conducting and supporting humanistic, scientific and engineering research and development activities solely and exclusively to the conduct of, or providing assistance in connection with the conduct of, research in automotive, vehicular and related forms of transportation, and for the development of improved highway facilities for vehicular traffic.

In conjunction with the sale, the legislation which initially established the Transportation Research Board was repealed. The Center was reincorporated as a not-for-profit organization, Transportation Research Center Inc. (“TRC”), with The Ohio State University Affiliates, Inc. (“OSU”) as the sole shareholder of the corporation. TRC is considered a component unit of OSU. Therefore, TRC’s financial statements are consolidated with OSU’s for purposes for complying with OSU’s reporting requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of TRC’s significant accounting policies applied in preparation of the financial statements is as follows:

Basis of Accounting - The financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Proprietary fund types are presented using the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. All assets and liabilities associated with operation of these funds are included in the statement of net assets. The statements of revenues, expenses, and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. TRC follows applicable Government Accounting Standards Board (“GASB”) guidance and Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict, GASB pronouncements. The proprietary fund types are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred. Differences between amounts earned and received are shown as receivables. Differences between expenses incurred and paid are shown as accounts payable and accrued liabilities.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant customers - TRC derives a substantial portion of total revenues from a limited number of commercial enterprises and government agencies. For the year ended June 30, 2009, the revenue from the four highest volume commercial enterprises and one government agency was $24,577,738 and $8,184,352, respectively. For the year ended June 30, 2008, revenue from these sources was $27,336,318 and $7,909,562, respectively. The above amounts are exclusive of revenues related to the HAM management agreement.

Revenue Recognition - TRC derives revenue from facility usage, personnel charges, cost reimbursement and management of the facility. Revenues for facility usage are remitted to HAM as described in Note 6 and are included in direct expenses. Revenue is recognized on the percentage of completion basis. TRC evaluates the credit of customers and establishes its allowance for doubtful accounts based on its evaluation of credit risk related to individual customers. TRC does not require collateral with its receivables.

Included in accounts receivables are $317,677 and $420,836 of unbilled accounts receivable for fiscal years 2009 and 2008, respectively. Unbilled accounts receivable represent revenue recognized in excess of amounts billed.

Cash and Cash Equivalents - TRC considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash is held in one bank at June 30, 2009 and 2008.

Restricted Cash - TRC is required to deposit funds monthly into a sinking fund as part of its long-term debt agreement (see Note 7). TRC does not have access to these funds once they are deposited into the sinking fund.

Investment Policy - All investments consist of amounts invested in The Ohio State University Long Term Investment Pool and are recorded at fair value, as reported by The Ohio State University's Office of the Treasurer. Investments are carried at market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. TRC realized a net loss of $156,746 and a net gain of $172,439, during 2009 and 2008, respectively. The calculation of realized gain or loss is independent of the calculation of the net increase in fair value of investments. The net change in the value of investments during 2009 and 2008, is a loss of $490,960 and $751,381, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during each respective year. The cumulative unrealized loss on investments held at June 30, 2009 and 2008, is $633,135 and $142,175, respectively.

GASB Pronouncements - During 2009, the provisions of GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation and GASB Statement No. 52 - Land and Other Real Estate Held as Investments became effective. In addition GASB Statement No. 55 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments and GASB Statement No. 56 - Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards became effective on their issuance. These pronouncement had no significant effect of the financial reporting of TRC during 2009. The following summarizes other GASB Statements issued which will become effective in subsequent financial statement reporting years:

- GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective for periods beginning after June 15, 2009.
- GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for periods beginning after June 15, 2009.
- GASB Statement No. 54 - Fund Balance Reporting and Government Fund Type Definitions, effective for periods beginning after June 15, 2010.

Management does not expect any of the new statements to have a significant impact on the financial reporting of TRC.

Property and Equipment - Property and equipment is recorded at cost. Depreciation is provided for in amounts sufficient to allocate the cost of depreciable assets to operations over their estimated service lives, which range from 3 to 15 years, on the straight-line method. TRC removes the asset cost and related accumulated depreciation from the appropriate accounts and reflects any gain or loss in current operations upon sale or retirements.

Compensated Absences - Employees are granted vacation and sick leave in amounts which vary by length of service. The policy prohibits employees from accumulating unused compensated absences.

3. INCOME TAXES

In July 1989, TRC received Internal Revenue Service (“IRS”) approval of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. In addition, because of its relationship as a supporting organization of OSU, TRC has received qualification from the IRS as a public charity and, therefore, is not subject to various taxes and restrictions applicable to other organizations, such as private foundations.

TRC is subject to unrelated business tax for the leasing of certain TRC employees. Unrelated income tax expense in 2009 is estimated to be approximately $287,548 and was approximately $266,184 for 2008.

4. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments at June 30, 2009 and 2008 were as follows:

	2009	2008
Cash on hand	$ 600	$ 600
Cash in bank	3,242,587	1,917,313
Investment in OSU's		
Long Term Investment Pool	2,335,046	4,092,763
Total	$ 5,578,233	$ 6,010,676

At June 30, 2009 and 2008, $250,000 ($100,000 for 2008) of the bank balances of $3,296,117 and $2,152,440 were covered by FDIC while the remaining portions of $3,046,117 and $2,052,440, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank. The investment in The Ohio State University's Long Term Investment Pool includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in TRC's name. TRC's investment value in the pool is the same as the value of pool shares.

Investments in pooled shares of The Ohio State University's Long Term Investment Pool at June 30, 2009 and 2008, are as follows:

	2009	2008
Common stock	$ 334,179	$ 711,778
Equity mutual funds	356,163	1,514,082
U.S. government obligations	24,534	43,000
U.S. government agency obligations	69,109	73,975
Corporate bonds and notes	137,567	50,466
Bond mutual funds	196,201	217,590
International bonds	717	-
Partnerships & hedge funds	1,006,560	1,190,340
Real Estate	-	194,094
Other	210,016	97,438
Total	$2,335,046	$4,092,763

Additional Risk Disclosures on Deposits and Investments:

GASB Statement Nos. 3 and 40 require certain additional disclosures related to the interest-rate, credit and foreign currency risks associated with deposits and investments. The Ohio State University's audited financial statements contains additional disclosures regarding investment valuation.

Interest-rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of TRC's interest-bearing investments at June 30, 2009 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 24,534	$ -	$ 7,402	$ 12,691	$ 4,441
U.S. agency obligations	69,109	4,696	752	21,364	42,297
Corporate bonds	137,567	2,035	29,019	94,283	12,230
Bond mutual funds	196,201	(6,268)	86,879	95,546	20,044
International bonds	717	-	-	717	-
Total	$428,128	$ 463	$124,052	$224,601	$ 79,012

The maturities of TRC's interest-bearing investments at June 30, 2008 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 43,000	$ -	$ 12,482	$ 24,709	$ 5,809
U.S. agency obligations	73,975	1,415	4,878	16,046	51,636
Corporate bonds	50,466	2,242	16,148	18,925	13,151
Bond mutual funds	217,590	807	91,090	93,196	32,497
Total	$385,031	$ 4,464	$124,598	$152,876	$103,093

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information - as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Services, Standard & Poor's, or Fitch Ratings - provides a current depiction of potential variable cash flows and credit risk.

The credit ratings of TRC's interest-bearing investments at June 30, 2009 are as follows:

Credit Rating (S&P)	Total	U.S. Govt & Agency Obligations	Corporate Bonds	Bond Mutual Funds	International Bonds
AAA	$ 243,908	93,643	$ 4,745	$ 145,520	$ -
AA	41,321	-	18,043	23,278	-
A	96,475	-	71,621	24,854	-
BBB	40,875	-	39,124	1,034	717
BB	5,508	-	3,993	1,515	-
B	-	-	-	-	-
CCC	-	-	-	-	-
CC	-	-	-	-	-
C	-	-	-	-	-
Not rated	41	-	41	-	-
Total	$428,128	$ 93,643	$137,567	$196,201	$ 717

The credit ratings of TRC's interest-bearing investments at June 30, 2008 are as follows:

Credit Rating (S&P)	Total	U.S. Govt & Agency Obligations	Corporate Bonds	Bond Mutual Funds	International Bonds
AAA	$ 276,420	$ 116,161	$ 6,129	$ 154,130	$ -
AA	40,519	-	8,610	31,909	-
A	38,912	-	17,971	20,941	-
BBB	18,491	-	7,928	10,563	-
BB	1,426	-	1,379	47	-
B	4,793	-	4,793	-	-
CCC	1,122	-	1,122	-	-
CC	160	-	160	-	-
C	-	-	-	-	-
Not rated	3,188	814	2,374	-	-
Total	$385,031	$ 116,975	$ 50,466	$217,590	$ -

Foreign currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

At June 30, 2009, TRC's exposure to foreign currency risk is as follows:

	Totals	Common Stocks	Equity Mutual	Bond Mutual	Int. Bonds
Argentina Peso	$ 12,406	$ 4,160	$ 8,046	$ 200	-
Brazilian Real	8,186	3,235	3,359	1,592	-
Canadian Dollar	22,437	10,643	11,004	790	-
China-Yuan	4,400	-	4,400	-	-
EURO	115,943	56,092	35,253	24,598	-
Great Britain Pound Sterling	56,972	31,210	23,101	2,661	-
Hong Kong Dollar	13,052	10,406	2,646	-	-
Japanese Yen	79,595	37,626	26,512	15,457	-
New Taiwan Dollar	6,907	4,252	2,655	-	-
South African Rand	5,232	3,563	1,669	-	-
South Korean Won	11,360	8,521	2,839	-	-
Swedish Krona	6,748	3,810	2,715	223	-
Swiss Franc	15,125	6,600	8,288	237	-
Other Foreign Currency	24,025	11,214	11,452	642	717
Total	$382,388	$191,332	$143,939	$ 46,400	$ 717

At June 30, 2008, TRC's exposure to foreign currency risk is as follows:

	Totals	Common Stocks	Equity Mutual Funds	Bond Mutual Funds	International Bonds
Australian Dollar	$ 46,736	$ 8,568	$ 37,906	$ 262	$ -
Brazilian Real	33,090	13,033	20,057	-	-
Canadian Dollar	76,261	17,860	57,081	1,320	-
EURO	443,444	123,766	289,128	30,550	-
Hong Kong Dollar	32,554	20,092	12,462	-	-
Japanese Yen	217,488	76,276	120,036	21,176	-
New Taiwan Dollar	22,870	10,509	12,361	-	-
Norwegian Kroner	19,732	13,158	6,426	148	-
Great Britain Pound Sterling	85,695	51,977	29,426	4,292	-
South African Rand	21,382	13,861	7,521	-	-
South Korean Won	36,659	22,199	14,460	-	-
Swedish Krona	20,016	7,574	12,072	370	-
Swiss Franc	50,518	10,723	39,441	354	-
Other Foreign Currencies	99,763	24,516	74,317	930	-
Total	$1,206,208	$ 414,112	$ 732,694	$ 59,402	$ -

5. PROPERTY

The property balance at June 30, 2009 consist of the following:

	Balance June 30, 2008	Additions	Disposals/ Transfers	Balance June 30, 2009
Capital Assets:				
Vehicles	$ 2,805,637	331,870	(234,359)	$ 2,903,148
Testing equipment	814,844	-	-	814,844
Leasehold improvements, furniture and fixtures	3,120,585	-	-	3,120,585
Total capital assets	6,741,066	331,870	(234,359)	6,838,577
Less accumulated depreciation				
Vehicles	(2,426,182)	(271,938)	234,359	(2,463,761)
Testing equipment	(814,844)	-	-	(814,844)
Leasehold improvements, furniture and fixtures	(1,974,088)	(194,371)	-	(2,168,459)
Total accumulated depreciation	(5,215,114)	(466,309)	234,359	(5,447,064)
Property - net	$ 1,525,952	(134,439)	-	$ 1,391,513

The property balance at June 30, 2008 consists of the following:

	Balance June 30, 2007	Additions	Disposals/ Transfers	Balance June 30, 2008
Capital Assets:				
Vehicles	$ 2,794,268	68,494	(57,125)	2,805,637
Testing equipment	814,844		-	814,844
Leasehold improvements furniture and fixtures	3,120,585	-	-	3,120,585
Total capital assets	6,729,697	68,494	(57,125)	6,741,066
Less accumulated depreciation				
Vehicles	(2,158,233)	(325,074)	57,125	(2,426,182)
Testing equipment	(803,011)	(11,883)	-	(814,844)
Leasehold improvements, furniture and fixtures	(1,778,118)	(195,970)	-	(1,974,088)
Total accumulated depreciation	(4,739,362)	(532,877)	57,125	(5,215,114)
Property - net	$ 1,990,335	(464,383)	-	$ 1,525,952

6. MANAGEMENT AGREEMENT

Under the terms of the Management Agreement with HAM, TRC remits to HAM certain revenues for use of the facilities (owner revenues). Additionally, expenses for repairs and capital improvements made by TRC are reimbursed by HAM (owner expenses).

For the years ended June 30, 2009 and 2008 the amounts of transactions with HAM are as follows:

	2009	2008
Owner revenues	$ 6,151,479	$ 6,873,318
Owner expenses	$ 4,346,133	$ 5,220,344

At June 30, 2009 and 2008, there was a receivable from HAM for owner expenses of $321,056 and $654,565, respectively. In addition, at June 30, 2009 and 2008, there was a payable to HAM for owner revenues earned of $582,128 and $885,286, respectively.

TRC also earns operational revenues from HAM outside of the Management Agreement. These revenues were $18,421,783 and $21,464,411 for the years ended June 30, 2009 and 2008, respectively. Trade accounts receivable at June 30, 2009 and 2008 included $3,394,047 and $4,740,776, respectively, related to these operational revenues.

7. LONG - TERM DEBT

Long-term debt as of June 30, 2009 and 2008, is summarized as follows:

	Balance June 30, 2008	New Debt	Reduction	Balance June 30, 2009	Current Portion	Noncurrent Portion
Note with floating interest rate of 2.98% and 5.38%, at June 30, 2009 and 2008	$1,687,000	-	(234,000)	$1,453,000	$252,000	$1,201,000
Total	$1,687,000	-	(234,000)	$1,453,000	$252,000	$1,201,000

In January 1999, TRC entered into a promissory note agreement (the "Note") for $3.2 million with a lending institution. The Note bears interest at a floating rate of interest, which is adjusted weekly by the lender. Interest on the Note is due monthly and principal payments are due in semi-annual installments through January 1, 2014.

The lending institution made the loan from proceeds received from the sale of the Lender's Floating Rate Option Notes. The Floating Rate Option Notes of the lender are secured by an initial $3.2 million letter of credit ("LOC") issued by a bank. The available LOC balance decreases semi-annually in conjunction with the scheduled payments on the Note. The LOC bears interest at a rate of prime plus 2% and expired on January 6, 2009. As allowed under the terms of the LOC, the expiration date was extended for a year until January 6, 2010, with the option for additional extensions on the expiration date, subject to certain conditions set forth in the agreement. There were no amounts outstanding on the LOC as of June 30, 2009.

In January 1999, TRC also entered into a reimbursement agreement with the bank that issued the LOC. Under the reimbursement agreement with the bank, TRC is required to make monthly principal and interest payments into a sinking fund account on the first of each month through January 1, 2014. The sinking fund is owned by TRC, but use of the funds is restricted to payment of the scheduled semi-annual payments on the Note. The Reimbursement Agreement contains restrictive covenants and warranties, which, among others, requires TRC to maintain complete and accurate accounting records. In addition, in order to secure the payment of amounts due under the Reimbursement Agreement, TRC assigned to the bank its interest in certain leaseholds, buildings, and land created by the Ground and Existing Building Lease with HAM (see Note 11) as well as future rental payments received from the sublease of the same leasehold, building and land.

In the event that the LOC agreement is not extended after the expiration date, the entire unpaid principal amount due on the Note and therefore the reimbursement agreement becomes due and payable. Annual maturities of long-term debt are as follows:

June 30:	Principal	Interest
2010	$ 252,000	$ 79,704
2011	269,000	65,036
2012	290,000	49,307
2013	310,000	32,432
2014	332,000	14,354
Total Outstanding	$1,453,000	$ 240,833
Current Portion	(252,000)	
Long Term Portion	$1,201,000	

In 1999, TRC entered into an interest rate swap agreement with a bank for a total notional amount of $3.2 million to mitigate potential interest rate fluctuations on variable rate long-term debt. TRC was exposed to credit loss only in the event of nonperformance by the bank on the interest rate swap. The notional amount as of June 30, 2008 was $1,572,000. The fair value of the interest rate swap at June 30, 2008 was an unrealized loss of $31,904, which represented the amount at which it could be settled, based on estimates obtained from the bank. The interest rate swap matured on January 1, 2009.

8. DEFERRED COMPENSATION PLAN

TRC's employees are able to participate in a deferred compensation plan (the"Plan") created in accordance with Internal Revenue Code Section 457. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As a result of the implementation of GASB Statement No. 32 in fiscal 1999, all amounts of compensation deferred under the Plan, all property and rights purchased with these amounts and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) are solely the property and rights of the Ohio Public Employees Deferred Compensation Program ("OPEDC"). Accordingly, TRC has not recorded any deferred compensation assets or liabilities in the financial statements.

9. NET ASSETS

TRC's Articles of Incorporation stipulate that TRC shall, within 120 days of the end of its fiscal year, transfer any accumulated surplus in excess of its January 27, 1988 net assets (contributed capital) to the Transportation Research Fund of The Ohio State University (the "Fund"). At June 30, 2009 and 2008 no amounts were due to the Fund. Upon the ultimate dissolution of the organization, any remaining funds are to be transferred to the Fund. At June 30, 2009 and 2008 the net assets were comprised of the following:

	2009	2008
Investment in property & equipment - net of related debt	$ 1,391,513	$ 1,525,952
Restricted - accumulated surplus	4,002,434	4,002,434
Unrestricted net assets	3,795,715	5,477,371
Total net assets	$9,189,662	$11,005,757

The accumulated surplus balance includes a cumulative unrealized loss at June 30, 2009 and 2008 of $633,135 and $142,175, respectively.

10. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS

TRC and all of its employees are required to make contributions to the Social Security Administration. A portion of TRC's employees participate in the Public Employees Retirement System of Ohio ("OPERS"), a cost sharing, multiple employer defined benefit pension plan. OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, the member and employer contribution rates were 10.0% and 14.0%, respectively.

TRC's total PERS payroll for the years ended June 30, 2009, 2008 and 2007 was $1,304,929, $1,497,643, and $1,539,310, respectively. TRC's employer contributions to PERS for the years ended June 30, 2009, 2008 and 2007 were $182,690, $209,670, and $211,963, respectively, equal to 100% of the required contributions for each year.

Post-Employment Benefits Other Than Pension

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts very depending on the number of covered dependents and the coverage selected.

The Health Care Preservation Plan ("HCPP") adopted on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Postretirement health care is advance-funded on an actuarially determined basis. The actuarial value of OPERS net assets available for OPEB at December 31, 2007 is $12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.8 billion and $17.0 billion, respectively. The number of ORS active contributing participants was 363,503 for the year ended December 31, 2008.

TRC's employer contributions to OPERS for the years ended June 30, 2009, 2008 and 2007 were $182,690, $209,670, and $211,963, respectively, of which the amount of employer contributions used to fund post-employment benefits is estimated to be $91,345, $91,353, and $73,283, respectively.

11. LEASES

As an agent for HAM, TRC leases various buildings to TRC's customers. Lease terms range from one to fifteen years with various renewal option features. The leases are accounted for as operating leases. At June 30, 2009, future minimum lease receipts are due as follows:

2010	$ 1,079,418
2011	1,079,418
2012	1,079,418
2013	1,079,418
2014	2,158,836
Total	$ 6,476,508

TRC leases office space from HAM under agreements with terms expiring through July 31, 2012. These operating leases contain renewal options with an indefinite term. The lease amount is subject to annual adjustment based on the consumer price index. As of June 30, 2009, future minimum rental payments under operating leases with initial terms in excess of one year are summarized as follows:

2010	944,122
2011	944,122
2012	944,122
2013	78,676
Total	$2,911,042

Rental expense charged to operations was $978,704 and $914,936 during 2009 and 2008, respectively.

12. RISK MANAGEMENT

During the course of the year TRC is subjected to certain types of risks in the performance of its normal functions. These risks include risks that TRC might be subjected to by its employees in the performance of their normal duties. TRC manages these types of risks through commercial insurance.

13. EMPLOYEES' RETIREMENT SAVINGS PLAN AND TRUST

TRC maintains the Employees' Retirement Savings Plan and Trust (the "Plan"). The Plan is intended to comply with Section 401(a) of the Internal Revenue Code. All employees are eligible to participate in the Plan. Employer contributions to the Plan are determined solely at the discretion of TRC's board of directors. For the years ended June 30, 2009 and 2008, TRC expended $423,948 and $464,662, respectively, for contributions to the Plan.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Transportation Research Center Inc.

We have audited the financial statements of Transportation Research Center Inc. ("TRC") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the TRC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TRC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TRC's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TRC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of TRC in a separate letter dated October 29, 2009.

This report is intended solely for the information and use of TRC's management, The Ohio State University and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than those specified parties.

Parms & Company, LLC

October 29, 2009

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TRANSPORTATION RESEARCH CENTER INC.
EMPLOYEES' RETIREMENT SAVINGS PLAN
AND TRUST

Financial Statements
As of and For the Years Ended
December 31, 2008 and 2007

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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TRANSPORTATION RESEARCH CENTER INC.
EMPLOYEES' RETIREMENT SAVINGS PLAN AND TRUST

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Transportation Research Center Inc.
Employees' Retirement Savings Plan and Trust

We were engaged to audit the financial statements of Transportation Research Center Inc. Employees' Retirement Savings Plan and Trust (the "Plan") as of and for the years ended December 31, 2008 and 2007 and the supplemental schedule as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information, summarized in Notes 3 and 4, which was certified by Reliance Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the 2008 and 2007 financial statements and the supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2008 and 2007, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and do not express, an opinion on the accompanying financial statements and supplemental schedule as of and for the years ended December 31, 2008 and 2007 taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Parms & Company, LLC

September 30, 2009

TRANSPORTATION RESEARCH CENTER, INC.
EMPLOYEES' RETIREMENT SAVINGS PLAN AND TRUST

Statements of Net Assets Available for Benefits
As of the Years Ended December 31, 2008 and 2007

	2008	2007
ASSETS:		
Investments - at fair value		
Fixed Income Funds	$ 2,730,032	$ 2,343,982
Equity Funds	5,081,085	7,836,444
Total Investments	7,811,117	10,180,426
Accounts receivable		
Employer contribution receivable	-	87,399
Total accounts receivable	-	87,399
Other - participant loans	424,832	381,984
Total assets	8,235,949	10,649,809
LIABILITIES:		
Liabilities	-	-
NET ASSETS AVAILABLE FOR BENEFITS	$ 8,235,949	$ 10,649,809

See notes to the financial statements.

TRANSPORTATION RESEARCH CENTER, INC.
EMPLOYEES' RETIREMENT SAVINGS PLAN AND TRUST

Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2008 and 2007

	2008	2007
ADDITIONS:		
Employer contributions	$ 483,784	$ 513,434
Employee contributions	825,470	712,029
Interest from participant loans	33,670	20,421
Interest and dividends	317,710	730,841
Net loss in fair value of investments	(3,388,071)	(67,356)
Other	14	-
Net additions	(1,727,423)	1,909,369
DEDUCTIONS:		
Benefits paid	647,477	728,031
Loan initiation fees	3,375	4,125
Administrative expenses	35,585	34,785
Total deductions	686,437	766,941
(DECREASE)/INCREASE IN NET ASSETS	(2,413,860)	1,142,428
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	10,649,809	9,507,381
End of Year	$ 8,235,949	$ 10,649,809

See notes to the financial statements.

NOTE 1 - PLAN DESCRIPTION

The following description of Transportation Research Center Inc. (the Company) Employees' Retirement Savings Plan and Trust (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General - The Plan was adopted by Transportation Research Center Inc. (the "Company") effective July 1, 1992 and was amended and restated on January 1, 2003. The purpose of the Plan is to provide an opportunity for employees to increase their savings and provide additional income upon retirement. The Plan is a defined contribution with a cash or deferred arrangement. Employees age 50 or older may make "catch-up contributions" with certain restrictions. There are two types of employer contributions: safe harbor matching and profit-sharing contributions. Participants should refer to the Plan Agreement for more complete information.

Employees are eligible to participate in the Plan and make tax-deferred contributions after completing one year of eligibility service. An eligible employee may authorize the Company to withhold from 1% to 75% of their compensation. Tax-deferred contributions could not exceed $15,500 for the 2008 Plan Year.

Vesting - Participants are immediately vested in their voluntary contributions and employer safe harbor matching contributions. Participants become vested in employer profit-sharing contributions after completing three years of continuous employment. Non-vested employer contributions for terminated participants are forfeited by the participant and are used to first reinstate previously forfeited account balances of re-employed participants. The remaining forfeitures, if any, are allocated to the employer contribution accounts of eligible participants.

Plan Termination - While the Company has not expressed any intent to terminate the Plan, the event of any such termination, the Plan provides that participants would be entitled to receive the amounts allocated to their respective participant accounts.

Contributions - Employer profit sharing contributions are determined annually based on the discretion of the Board of Directors of the Company.

NOTE 1 - PLAN DESCRIPTION (continued)

Tax Status - The Plan obtained its latest determination letter on April 23, 1999, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended and restated since receiving the determination letter, and the Company has not applied for an updated IRS determination letter. However, the Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and the Plan and related trust continue to be tax-exempt. Therefore, no provisions for income taxes have been included in the Plan's financial statements.

Participant Accounts - Each participant's account is credited with the participant's contribution, proportionate share of the Company's contribution and Plan's earnings, and charged with withdrawals and loan fees, as applicable. Each participant is entitled only to the benefit that can be provided from the participant's account.

Investments - Upon enrollment into the Plan, a participant may direct employee and employer contributions in 1% increments into various investment options. The Plan currently offers 14 mutual funds as investment options for participants. Participants may reallocate their investments at any time during the year.

Participant Loans - The Plan makes loans to participants and beneficiaries not to exceed the lesser of one-half of the participant's vested account balance or $50,000. Loan terms range up to five years. Loans bear interest at a rate determined by the Plan administrator at the time that the loans are consummated. Principal and interest are paid through payroll deductions.

Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a ten-year period.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting - The Plan's financial statements are prepared on the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - Investments of the Plan are reflected in the accompanying statements of net assets available for Plan benefits at market value, which is the valuation of the security or interest in a fund at year-end as determined by the quoted market price. All investments are participant-directed. Participant loans are stated at cost which approximates fair value.

The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as, interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Purchases or sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payments of Benefits - Benefits are recorded when paid.

Administrative Expenses - Plan expenses are paid by the Company, except for participant loan fees and investment consulting fees which are paid by the Plan.

Adoption of New Accounting Policy - As of January 1, 2008, the Plan adopted the provisions of Statement on Financial Accounting Standards ("SFAS") No. 157 ("SFAS 157"), *Fair Value Measurements*, for its investments. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and expands fair value disclosures. Although the adoption of SFAS 157 did not materially impact the Plan's financial statements, the Plan is now required to provide additional disclosures as part of its financial statements (see Note 5).

NOTE 3 - INVESTMENTS (UNAUDITED)

The following presents investments at December 31, 2008 and 2007 that represent 5% or more of the Plan's net assets:

	2008	2007
Fixed Income Funds:		
Gartmore Morley Invt. Ominbus	$ 824,636	$ 628,546
Goldman Sachs Tr Govt Income Fund	838,174	738,780
Pimco Total Return Fund	1,067,221	976,656
Equity Funds		
Artisan Mid Cap Fund	-	597,865
Dodge & Cox Stock Fund	1,092,215	1,818,877
Goldman Sachs Mid Cap Value Fund	-	607,164
Mainstay S&P 500 Index Fund	491,663	748,761
American Growth Fund of America	925,110	1,407,779
American Europacific Fund	709,224	1,225,635
Davis New York Venture Fund	531,507	584,090

For the years ended December 31, 2008 and 2007, the Plan's investments, including gains and losses on investments bought and sold, as well as held during the year, declined in value by $3,388,057 and $67,356, respectively, as follows:

	Net Change in Fair Value	
	2008	2007
Fixed Income Funds	$ (19,215)	$ 74,082
Equity Funds	(3,368,842)	(141,438)
Total (Decline) Appreciation	$(3,388,057)	$ (67,356)

NOTE 4 – INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE (UNAUDITED)

The following is a summary of the unaudited information regarding the Plan, included in the accompanying financial statements and supplemental schedule, which was prepared by Reliance Trust Company and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from the trustees that such information is complete and accurate.

	2008	2007
Statements of Net Assets Available for Benefits:		
Investments-at Fair Value		
Fixed Income Funds	$ 2,730,032	$ 2,343,982
Equity Funds	5,081,085	7,836,444
Statements of Changes in Net Assets Available for Benefits:		
Interest and Dividends	$ 317,710	$ 730,841
Net Loss in Fair Value of Investments	(3,388,071)	(67,356)

NOTE 5 - FAIR VALUE MEASUREMENTS

As of January 1, 2008, the Plan adopted the provisions of Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* (FASB Statement No. 157). FASB Statement 157 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued at the net asset value of shares held by the plan at year end.

Participant loans: Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

	Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Mutual funds	$7,811,117	-	-	$7,811,117
Participant loans	-	-	424,832	427,634
Total assets at fair value	$7,811,117	-	424,832	$8,235,949

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2008.

	Level 3 Assets Year Ended December 31, 2008 Participant loans
Balance, beginning of year	$ 381,984
Change (net)	45,650
Balance, end of year	$ 427,634

NOTE 6 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2008 and 2007, to Schedule H of Form 5500:

	2008	2007
Net assets available for benefits per financial statements	$ 8,235,949	$ 10,649,809
Reconciling item	-	-
Net assets available for benefits per Form 5500	$ 8,235,949	$ 10,649,809

The following is a reconciliation of net income per the financial statements for the years ended December 31, 2008 and 2007, to Schedule H of Form 5500:

	2008	2007
Change in net assets per the financial statements	$ (2,411,058)	$ 1,142,428
Reconciling item	-	-
Net change per Form 5500	$ (2,411,058)	$ 1,142,428

TRANSPORTATION RESEARCH CENTER, INC.
EMPLOYEES' RETIREMENT SAVINGS PLAN AND TRUST

Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)
As of December 31, 2008

(b) Indentity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current Value
FIXED INCOME FUNDS:		
Gartmore Morley	Invt Omibus Instl CL; 37,900.875 shares	$ 824,636
Pimco	Total Return; 105,248.65 shares	1,067,221
Goldman Sachs	Govt Income Fund A; 55,581.868 shares	838,175
Total Fixed Income Funds		2,730,032
EQUITY FUNDS:		
American Funds	Growth FD of America R4; 45,527.09 shares	925,110
American Funds	Europacific Growth Fund R4; 25,733.804 shares	709,224
Artisan	Mid Cap Fund IV; 18,814.612 shares	320,037
Columbia Funds	Acorn Fund A; 17,592.811 shares	302,948
Davis New York	Venture Fund A; 22,502.408 shares	531,507
Dodge & Cox	Stock Fund Com; 14,686.233 shares	1,092,215
Goldman Sachs	Small Cap Value A; 12,089.946 shares	299,347
Goldman Sachs	Mid Cap Value A; 17,035.565 shares	375,805
Mainstay	S & P 500 Index Fund CL A; 23,936.867 shares	491,663
Columbia Select	Small Cap Value Fund Shares; 2,700.977 shares	28,414
Vanguard	Balanced Index FD Investor; 290.264 shares	4,815
Total Equity Funds		5,081,085
PARTICIPANT LOANS (Various Participants)	Outstanding balance of participant loans (with interest rates ranging from 5% to 9.25%)	424,832
TOTAL		8,235,949

Mary Taylor, CPA
Auditor of State

TRANSPORTATION RESEARCH CENTER INC.

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 15, 2009

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