AAA Northern California, Nevada & Utah

Unaudited Consolidated Financial Statements
December 31, 2011 and 2010

AAA Northern California, Nevada & Utah
Consolidated Statements of Cash Flow
Years Ended December 31, 2011 and 2010

(in thousands)	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 44,046	$ 15,306
Equity securities (cost: 2011 - $79,724; 2010 - $186,042)	85,413	196,318
Bonds (cost: 2011 - $231,655; 2010 - $76,114)	240,284	79,294
Accounts receivable, net	34,448	9,874
Related party receivables	-	7,634
Federal and State Income Tax Recoverable	2,428	-
Other current assets	16,156	19,455
Total current assets	422,775	327,881
Non-current assets		
Property, equipment and software, net	19,983	40,064
Deferred income tax asset noncurrent, net	3,284	6,528
Other noncurrent assets	9,983	6,244
Total noncurrent assets	33,250	52,836
Total assets	$ 456,025	$ 380,717
Liabilities and Members' Equity		
Current liabilities		
Unearned membership revenue and enrollment fees	$ 132,310	$ 130,790
Unpaid losses and loss adjustment expenses	23,806	23,108
Accounts payable, accrued expenses and other liabilities	81,332	16,491
Related party payables	-	14,650
Federal and state income taxes payable, net	7,438	3,168
Deferred income tax liability current, net	6,804	6,606
Total current liabilities	251,690	194,813
Non-current liabilities		
Unearned membership enrollment fees	12,679	11,836
Related party payables	-	8,689
Other noncurrent liabilities	2,190	1,149
Total noncurrent liabilities	14,869	21,674
Total liabilities	266,559	216,487
Commitments and contingencies		
Members' equity	179,965	154,300
Accumulated other comprehensive income	9,501	9,930
Total members' equity	189,466	164,230
Total liabilities and members' equity	$ 456,025	$ 380,717

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(in thousands)	2011	2010
Revenues		
Membership	$ 271,509	$ 261,499
Insurance commissions, royalties and brand name fees	307,987	101,354
Travel services	22,350	24,536
Advertising, credit card fees and other income	21,455	40,715
Investment income, including realized gains and losses on investments and real estate income	12,171	10,206
Insurance premiums earned	10,381	8,178
	645,853	446,488
Expenses		
Emergency road service	132,745	138,106
Sales and services	197,638	100,355
General and administrative expenses	226,558	148,352
Membership services	31,751	41,403
Other	15,452	10,322
	604,144	438,538
Income before federal and state income taxes	41,709	7,950
Provision (benefit) for federal and state income taxes	16,044	(218)
Net income	$ 25,665	$ 8,168

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(in thousands)	Members' Equity	Accumulated Other Comprehensive Income	Total
Balances, December 31, 2009	$ 146,132	$ 3,238	$ 149,370
Comprehensive income			
Net income	8,168	-	8,168
Net unrealized gain on investments arising during the period (net tax of effect $3,655)	-	6,786	6,786
Less: Reclassification adjustment for net realized gain included in net income (net tax effect of $51)	-	(94)	(94)
Total comprehensive income			14,860
Balances, December 31, 2010	$ 154,300	$ 9,930	$ 164,230
Comprehensive income			
Net income	25,665	-	25,665
Net unrealized gain on investments arising during the period (net tax effect of $305)	-	4,930	4,930
Less: Reclassification adjustment for net realized gain included in net income (net tax effect of $376)	-	(5,359)	(5,359)
Total comprehensive income			25,236
Balances, December 31, 2011	$ 179,965	$ 9,501	$ 189,466

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(in thousands)	2011	2010
Cash flows from operating activities		
Net income	$ 25,665	$ 8,168
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization of property, equipment and software	5,602	24,309
Amortization of premium and discount on debt securities, net	1,035	(25)
Net (gain) loss on sale of investments	(4,980)	241
Net loss on sale of property, equipment and other assets	15,687	4,471
Deferred income taxes	4,643	(5,647)
Provision for asset impairments	(12,712)	998
Changes in assets and liabilities		
Accounts receivable	(24,574)	98
Related party receivables, net of payables	(15,705)	(23,551)
Other assets	(494)	(259)
Unearned membership revenue and enrollment fees	2,363	5,301
Unpaid losses and loss adjustment expenses	697	1,094
Accounts payable, accrued expenses and other liabilities	56,370	(3,354)
Federal and state income taxes payable	1,842	446
Net cash and cash equivalents provided by operating activities	55,439	12,290
Cash flows from investing activities		
Proceeds from sales and maturities of bonds	56,566	39,273
Proceeds from sales of equity securities	112,717	68,308
Purchases of bonds	(211,946)	(42,198)
Purchases of equity securities	(2,864)	(70,563)
Proceeds from sales of property and equipment	22,998	1,030
Capital expenditures	(4,170)	(11,945)
Net cash and cash equivalents used in investing activities	(26,699)	(16,095)
Net change in cash and cash equivalents	28,740	(3,805)
Cash		
Beginning of year	15,306	19,111
End of year	$ 44,046	$ 15,306
Supplemental disclosures		
Income taxes paid	$ 9,522	$ 4,982
Interest paid	124	583
Additions in accounts payable, accrued expenses and other liabilities	6,610	(183)