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REC'D FEB 15 2013 SAC

Form 990

## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2011

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2011 calendar year, or tax year beginning

09/26, 2011, and ending

09/30, 2012

B Check if applicable

Address change
Name change
Initial return
Terminated
Amended return
Application pending

C Name of organization RAND CORPORATION	
Doing Business As	
Number and street (or P O box if mail is not delivered to street address) Room/suite 1776 MAIN STREET, P.O. BOX 2138	
City or town, state or country, and ZIP + 4 SANTA MONICA, CA 90407-2138	
F Name and address of principal officer MICHAEL D. RICH SAME AS "C" ABOVE SANTA MONICA, CA 90401	
G Gross receipts \$ 346,702,189.	

D Employer identification number

95-1958142

E Telephone number

(310) 393-0411

H(a) Is this a group return for affiliates?  Yes  NoH(b) Are all affiliates included?  Yes  No

If "No," attach a list. (see instructions)

H(c) Group exemption number ►

I Tax-exempt status  501(c)(3)  501(c)( )  (Insert no)  4947(a)(1) or  527

J Website: ► WWW.RAND.ORG

K Form of organization  Corporation  Trust  Association  Other ► L Year of formation 1948 M State of legal domicile CA

## Part I Summary

1 Briefly describe the organization's mission or most significant activities:  
HELP IMPROVE POLICY AND DECISION MAKING THROUGH RESEARCH AND ANALYSIS.

2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
3 Number of voting members of the governing body (Part VI, line 1a) . . . . . 3 20.
4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . . 4 19.
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . . 5 2,001.
6 Total number of volunteers (estimate if necessary) . . . . . 6 10.
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . . 7a 78,506.
b Net unrelated business taxable income from Form 990-T, line 34 . . . . . 7b 0

SCANNED Revenue	8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
		250,987,982.	263,304,404.
9 Program service revenue (Part VIII, line 2g) . . . . .	10,937,686.	12,253,611.	
	7,775,834.	9,916,240.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	1,997,164.	1,953,783.	
	271,698,666.	287,428,038.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) . . . . .	351,113.	353,910.	
	0	0	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	184,215,785.	193,465,680.	
	0	0	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	3,887,657.	3,887,657.	
	82,306,966.	85,610,781.	
14 Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	266,873,864.	279,430,371.	
	4,824,802.	7,997,667.	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) . . . . .	Beginning of Current Year	End of Year	
	390,180,296.	413,611,220.	
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	214,431,070.	214,894,874.	
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	175,749,226.	198,716,346.
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .			
19 Revenue less expenses. Subtract line 18 from line 12 . . . . .			

## Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here	► Signature of officer RICHARD FALCON	Date 2/8/13
	► Type or print name and title SENIOR VICE PRESIDENT & CFO	

Paid Preparer Use Only	Print/Type preparer's name KARA ADAMS	Preparer's signature Kara Adams	RECEIVED 02/11/2013	Check <input type="checkbox"/> if self-employed	PTIN P00023315
	Firm's name ► ERNST & YOUNG U.S. LLP	60	Firm's EIN ► 34-6565596		
	Firm's address ► 18111 VON KARMAN AVENUE, SUITE 1000 IRVINE, CA 92610	02/02/2013	Phone no 949-794-2300		

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

For Paperwork Reduction Act Notice, see the separate instructions.

FRESNO, CA

Form 990 (2011)

JSA

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18291M 2020

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PAGE 1

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Form 990 (2011)

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III **1 Briefly describe the organization's mission**

HELP IMPROVE POLICY AND DECISION MAKING THROUGH RESEARCH AND ANALYSIS.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

**4a** (Code \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

PUBLIC POLICY RESEARCH ALL IN THE FURTHERANCE OF OUR CHARTER "TO FURTHER AND PROMOTE SCIENTIFIC, EDUCATIONAL, AND CHARITABLE PURPOSES ALL FOR THE PUBLIC WELFARE AND SECURITY OF THE UNITED STATES" AND THE OPERATION OF DOCTORAL AND DEGREE PROGRAMS

**4b** (Code \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)**4c** (Code \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)**4d Other program services (Describe in Schedule O)**

(Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

**4e Total program service expenses ► 207,174,223.**

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II . . . . .

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII . . . . .

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional . . . . .

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .

14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV . . . . .

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV . . . . .

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV . . . . .

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .

	Yes	No
1	X	
2	X	
3		X
4	X	
5		X
6	X	
7		X
8	X	
9	X	
10	X	
11a	X	
11b	X	
11c		X
11d		X
11e	X	
11f		X
12a		X
12b	X	
13		X
14a	X	
14b		X
15		X
16		X
17		X
18		X
19		X
20a		X
20b		

**Part IV Checklist of Required Schedules (continued)**

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II. . . . .	21	X
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III . . . . .	22	X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J . . . . .	23	X
24 a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25 . . . . .	24a	X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	24b	X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c	X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	24d	X
25 a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I . . . . .	25a	X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I . . . . .	25b	X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II . .	26	X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III . . . . .	27	X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a	X
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV. . . . .	28b	X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV. . . . .	28c	X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV . . . . .	29	X
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M . . . . .	30	X
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M . . . . .	31	X
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I . . . . .	32	X
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II. . . . .	33	X
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I. . . . .	34	X
35 a	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1 . . . . .	35a	X
b	Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .	35b	X
c	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 . . . . .	36	X
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 . . . . .	37	X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI . . . . .	38	X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .		

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response to any question in this Part V. 

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	551
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	2,001
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).</i>	2b	X
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	X
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
b	If "Yes," enter the name of the foreign country ► <b>ATTACHMENT 1</b> See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts	5a	X
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5b	X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5c	
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	6a	X
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6b	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	7a	X
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>	7b	X
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7c	X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7d	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7e	X
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7f	X
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7g	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7h	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	8	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	9a	
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9b	
9	<b>Sponsoring organizations maintaining donor advised funds.</b>	10a	
a	Did the organization make any taxable distributions under section 4966?	10b	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	11a	
10	<b>Section 501(c)(7) organizations.</b> Enter	11b	
a	Initiation fees and capital contributions included on Part VIII, line 12.	12a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	12b	
11	<b>Section 501(c)(12) organizations.</b> Enter	13a	
a	Gross income from members or shareholders.	13b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	13c	
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	14a	X
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	14b	
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
a	Is the organization licensed to issue qualified health plans in more than one state?		
	<i>Note. See the instructions for additional information the organization must report on Schedule O</i>		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI.

### Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. **1a** 20

1b Enter the number of voting members included in line 1a, above, who are independent. **1b** 19

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? **2** X

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? **3** X

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? **4** X

5 Did the organization become aware during the year of a significant diversion of the organization's assets? **5** X

6 Did the organization have members or stockholders? **6** X

7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? **7a** X

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? **7b** X

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body? **8a** X

b Each committee with authority to act on behalf of the governing body? **8b** X

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O. **9** X

### Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Did the organization have local chapters, branches, or affiliates? **10a** X

b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? **10b**

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? **11a** X

b Describe in Schedule O the process, if any, used by the organization to review this Form 990. **12a** X

12a Did the organization have a written conflict of interest policy? If "No," go to line 13. **12b** X

b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? **12c** X

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done. **13** X

14 Did the organization have a written whistleblower policy? **14** X

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official **15a** X

b Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) **15b** X

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? **16a** X

b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? **16b** X

### Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► AL, CA, DC, LA, MA, MS, NJ, NY, PA, VA, RI

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply

Own website  Another's website  Upon request

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► RICHARD FALLON 1776 MAIN STREET SANTA MONICA, CA 90401-3208 310-393-0411

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

 Check if Schedule O contains a response to any question in this Part VII . . . . . 
**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee"
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

 Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated			
(1) JAMES A. THOMSON PRESIDENT & CEO (END 10/31/11)	40.00	X	X				772,323.	0	164,091.
(2) MICHAEL D. RICH EVP; PRES & CEO (BEGIN 11/1/11)	40.00	X	X				489,066.	0	80,152.
(3) BARBARA BARRETT TRUSTEE	1.00	X					6,300.	0	0
(4) RICHARD J. DANZIG TRUSTEE	1.00	X					1,500.	0	0
(5) FRANCIS FUKUYAMA TRUSTEE	1.00	X					2,250.	0	0
(6) RICHARD GEPHARDT TRUSTEE	1.00	X					0	0	0
(7) PEDRO JOSE GREER, JR. TRUSTEE	1.00	X					4,350.	0	0
(8) BONNIE HILL TRUSTEE	1.00	X					0	0	0
(9) KAREN ELLIOTT HOUSE TRUSTEE	1.00	X					0	0	0
(10) PAUL G. KAMINSKI TRUSTEE	1.00	X					7,957.	0	0
(11) LYDIA H. KENNARD TRUSTEE	1.00	X					4,900.	0	0
(12) ANN MCCLAUGHLIN KOROLOGOS TRUSTEE	1.00	X					5,715.	0	0
(13) PETER LOWY TRUSTEE	1.00	X					0	0	0
(14) JAMES M. LOY TRUSTEE	1.00	X					0	0	0

## Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated			
( 15) MICHAEL LYNTON TRUSTEE	1.00	X					0	0	0
( 16) RONALD L. OLSON TRUSTEE	1.00	X					0	0	0
( 17) PAUL H. O'NEILL TRUSTEE	1.00	X					2,907.	0	0
( 18) MARY E. PETERS TRUSTEE	1.00	X					2,100.	0	0
( 19) DAVID K. RICHARDS TRUSTEE	1.00	X					0	0	0
( 20) JAMES E. ROHR TRUSTEE	1.00	X					0	0	0
( 21) HECTOR RUIZ TRUSTEE	1.00	X					4,200.	0	0
( 22) LEONARD D. SCHAEFFER TRUSTEE	1.00	X					700.	0	0
( 23) DONALD TANG TRUSTEE	1.00	X					0	0	0
( 24) RICHARD FALLON SENIOR VICE PRESIDENT AND CFO	40.00			X			337,167.	0	54,457.
( 25) VIVIAN J. ARTERBERY CORPORATE SECRETARY	40.00			X			187,001.	0	38,160.
<b>1b Sub-total</b>							<b>1,294,361.</b>	0	<b>244,243.</b>
<b>c Total from continuation sheets to Part VII, Section A</b>							<b>6,131,813.</b>	<b>187,715.</b>	<b>973,931.</b>
<b>d Total (add lines 1b and 1c)</b>							<b>7,426,174.</b>	<b>187,715.</b>	<b>1,218,174.</b>
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ►	577								

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual . . . . .

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual . . . . .

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person . . . . .

Yes	No
3 X	
4 X	
5 X	

## Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►	37	

**Part VII: Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Or director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated employee			
26) TIMOTHY M. BONDS VICE PRESIDENT	40.00			X				230,316.	0	46,573.
27) ALLISON E. ELDER VICE PRESIDENT	40.00			X				190,854.	0	42,425.
28) ANDREW HOEHN SENIOR VICE PRESIDENT	40.00			X				271,974.	0	47,354.
29) WILLIAM P. HORRIGAN VICE PRESIDENT	40.00			X				280,416.	0	51,214.
30) JONATHAN GRANT RAND EUROPE PRESIDENT	1.00			X				0	187,715.	15,929.
31) ARTHUR L. KELLERMANN VICE PRESIDENT	40.00			X				363,335.	0	56,967.
32) ADELE R. PALMER VICE PRESIDENT	40.00			X				279,720.	0	42,086.
33) DEBRA S. KNOPMAN VICE PRESIDENT	40.00			X				246,041.	0	53,616.
34) LINDSEY C. KOZBERG VICE PRESIDENT	40.00			X				268,484.	0	32,757.
35) SUSAN L. MARQUIS DEAN AND VICE PRESIDENT	40.00			X				311,073.	0	50,425.
36) CHARLES P. RIES VICE PRESIDENT	40.00			X				157,137.	0	20,818.
<b>1b Sub-total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 577

	Yes	No
3	X	
4	X	
5		X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►



**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Individual trustee	Institutional trustee	Officer	Key employee			
( 37) K. JACK RILEY VICE PRESIDENT	40.00		X				238,104.	0	35,918.
( 38) MELISSA K. ROWE VICE PRESIDENT	40.00		X				170,854.	0	15,768.
( 39) EDWARD T. HARSHBERGER VICE PRESIDENT	40.00		X				0	0	0
( 40) DEBRA L. SCHROEDER VP & GENERAL COUNSEL	40.00		X				250,633.	0	40,630.
( 41) SIDDHARTHA DALAL CHIEF TECHNOLOGY OFFICER	40.00				X		357,411.	0	50,913.
( 42) ARIE KAPTEYN UNIT HEAD, RESEARCH MANAGEMENT	40.00				X		364,037.	0	38,247.
( 43) BRUCE R. NARDULLI SENIOR POLITICAL SCIENTIST	40.00				X		336,583.	0	42,747.
( 44) C. RICHARD NEU SENIOR ECONOMIST	40.00				X		325,497.	0	37,799.
( 45) OBAIDULLAH YOUNOSSI UNIT HEAD, RESEARCH MANAGEMENT	40.00				X		338,499.	0	42,220.
( 46) ROBERT H. BROOK FORMER OFFICER	20.00					X	166,913.	0	44,208.
( 47) NATALIE W. CRAWFORD FORMER OFFICER	40.00					X	219,242.	0	39,085.
<b>1b Sub-total</b>									
<b>c Total from continuation sheets to Part VII, Section A</b>									
<b>d Total (add lines 1b and 1c)</b>									

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 577

	Yes	No
3	X	
4	X	
5	X	

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►

**Part VII( Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

**1b Sub-total**

**c Total from continuation sheets to Part VII, Section A**

d Total (add lines 1b and 1c) . . . . .

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 577

3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual.

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual.

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person.

	Yes	No
3	X	
4	X	
5		X

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**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization. ▶

**Part VIII Statement of Revenue**

		(A) Total revenue		(B) Related or exempt function revenue		(C) Unrelated business revenue		(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>									
1a	Federated campaigns . . . . .	1a							
b	Membership dues . . . . .	1b							
c	Fundraising events . . . . .	1c							
d	Related organizations . . . . .	1d							
e	Government grants (contributions) . . .	1e	220,529,183						
f	All other contributions, gifts, grants, and similar amounts not included above . . .	1f	42,775,221						
g	Noncash contributions included in lines 1a-1f								
<b>h</b>	<b>Total. Add lines 1a-1f . . . . .</b>		<b>263,304,404</b>						
<b>Program Service Revenue</b>		<b>Business Code</b>							
2a	FEES REVENUE	900099	12,253,611	12,253,611					
b									
c									
d									
e									
f	All other program service revenue . . . . .								
<b>g</b>	<b>Total. Add lines 2a-2f . . . . .</b>		<b>12,253,611</b>						
3	Investment income (including dividends, interest, and other similar amounts) . . . . .		4,096,276					78,546	4,017,730
4	Income from investment of tax-exempt bond proceeds . . . . .			0					
5	Royalties . . . . .			0					
6a	Gross rents . . . . .	(I) Real	(II) Personal						
b	Less rental expenses . . . . .								
c	Rental income or (loss) . . . . .								
d	Net rental income or (loss) . . . . .			0					
7a	Gross amount from sales of assets other than inventory	(I) Securities	(II) Other						
b	Less cost or other basis and sales expenses . . . . .	50,453,676	14,638,017						
c	Gain or (loss) . . . . .	47,995,655	11,276,074						
d	Net gain or (loss) . . . . .	2,458,021	3,361,943					5,819,964	5,819,964
8a	Gross income from fundraising events (not including \$ . . . . . of contributions reported on line 1c) See Part IV, line 18 . . . . .	a							
b	Less direct expenses . . . . .	b							
c	Net income or (loss) from fundraising events . . . . .			0					
9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a							
b	Less direct expenses . . . . .	b							
c	Net income or (loss) from gaming activities . . . . .			0					
10a	Gross sales of inventory, less returns and allowances . . . . .	a	2,382						
b	Less cost of goods sold . . . . .	b	2,422					-40	-40
c	Net income or (loss) from sales of inventory . . . . .								
<b>Miscellaneous Revenue</b>		<b>Business Code</b>							
11a	SUBLEASE RENTS	900099	1,953,823						1,953,823
b									
c									
d	All other revenue . . . . .								
e	Total. Add lines 11a-11d . . . . .		1,953,823						
<b>12</b>	<b>Total revenue. See instructions . . . . .</b>		<b>287,428,038</b>	<b>12,253,611</b>	<b>78,506</b>	<b>11,791,517</b>			

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21 .	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22 . . . . .	353,910.	353,910.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 . . . . .	0			
4 Benefits paid to or for members . . . . .	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	6,652,928.	2,413,970.	4,003,390.	235,568.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	588,503.	279,227.	279,416.	29,860.
7 Other salaries and wages . . . . .	125,913,502.	103,427,047.	20,582,421.	1,904,034.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	12,231,152.	9,826,048.	2,180,218.	224,886.
9 Other employee benefits . . . . .	37,743,246.	29,530,388.	7,533,241.	679,617.
10 Payroll taxes . . . . .	10,336,349.	8,305,168.	1,841,259.	189,922.
11 Fees for services (non-employees)				
a Management . . . . .	0			
b Legal . . . . .	1,772,095.	462,807.	1,309,288.	
c Accounting . . . . .	825,856.	114,648.	711,208.	
d Lobbying . . . . .	11,659.	11,659.		
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees . . . . .	255,800.		255,800.	
g Other . . . . .	6,299,015.	4,046,584.	2,029,727.	222,704.
12 Advertising and promotion . . . . .	83,625.	2,846.	26,563.	54,216.
13 Office expenses . . . . .	5,482,422.	3,342,141.	2,068,775.	71,506.
14 Information technology . . . . .	7,295,006.	3,806,225.	3,465,252.	23,529.
15 Royalties . . . . .	11,940.		11,940.	
16 Occupancy . . . . .	10,105,019.	3,445,537.	6,580,491.	78,991.
17 Travel . . . . .	13,500,208.	11,787,803.	1,589,002.	123,403.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings . . . . .	443,515.	384,626.	47,567.	11,322.
20 Interest . . . . .	3,015,571.		3,015,571.	
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	8,827,025.	1,282,044.	7,544,981.	
23 Insurance . . . . .	1,487,555.	475,036.	1,012,519.	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a <u>SUBCONTRACTS</u> -----	20,057,521.	20,057,521.		
b <u>LETTER AGREEMENTS</u> -----	2,039,044.	2,010,836.	22,308.	5,900.
c <u>TAXES AND LICENSES</u> -----	756,596.	243,287.	509,404.	3,905.
d <u>MISCELLANEOUS EXPENSES</u> -----	3,341,309.	1,564,865.	1,748,150.	28,294.
e All other expenses -----				
25 Total functional expenses Add lines 1 through 24e	279,430,371.	207,174,223.	68,368,491.	3,887,657.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .	0			

## Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1 Cash - non-interest-bearing	5,241,384.	1	3,907,250.	
	2 Savings and temporary cash investments	37,562,307.	2	26,594,083.	
	3 Pledges and grants receivable, net	9,300,734.	3	9,016,787.	
	4 Accounts receivable, net	37,647,482.	4	50,066,797.	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)	0	5	0	
	7 Notes and loans receivable, net	2,761,614.	7	2,761,614.	
	8 Inventories for sale or use	11,052.	8	5,505.	
	9 Prepaid expenses and deferred charges	4,692,425.	9	4,793,687.	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	196,116,786.			
	b Less accumulated depreciation	10b 79,073,008.	10c 119,413,059.	10c 117,043,778.	
	11 Investments - publicly traded securities	110,572,991.	11	137,276,503.	
	12 Investments - other securities See Part IV, line 11	58,402,283.	12	58,704,824.	
	13 Investments - program-related See Part IV, line 11		0 13	0	
	14 Intangible assets		0 14	0	
	15 Other assets See Part IV, line 11	4,574,965.	15	3,440,392.	
16 Total assets. Add lines 1 through 15 (must equal line 34)	390,180,296.	16	413,611,220.		
Liabilities	17 Accounts payable and accrued expenses	65,702,591.	17	68,597,813.	
	18 Grants payable	0	18	0	
	19 Deferred revenue	12,445,112.	19	13,061,472.	
	20 Tax-exempt bond liabilities	120,800,000.	20	118,670,000.	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		0 21	0	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0 22	0	
	23 Secured mortgages and notes payable to unrelated third parties		0 23	0	
	24 Unsecured notes and loans payable to unrelated third parties		0 24	0	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	15,483,367.	25	14,565,589.	
	26 Total liabilities. Add lines 17 through 25	214,431,070.	26	214,894,874.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets	112,584,199.	27	130,807,009.	
	28 Temporarily restricted net assets	18,073,255.	28	21,565,222.	
	29 Permanently restricted net assets	45,091,772.	29	46,344,115.	
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 30 through 34.				
30 Capital stock or trust principal, or current funds		30			
31 Paid-in or capital surplus, or land, building, or equipment fund		31			
32 Retained earnings, endowment, accumulated income, or other funds		32			
33 Total net assets or fund balances	175,749,226.	33	198,716,346.		
34 Total liabilities and net assets/fund balances	390,180,296.	34	413,611,220.		

Form 990 (2011)

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI. 

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	287,428,038.
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	279,430,371.
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	7,997,667.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	175,749,226.
5	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	5	14,969,453.
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) . . . . .	6	198,716,346.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII. 

1 Accounting method used to prepare the Form 990  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .

b Were the organization's financial statements audited by an independent accountant? . . . . .

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . .  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both  
 Separate basis  Consolidated basis  Both consolidated and separate basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

OMB No. 1545-0047

**2011**

Open to Public  
Inspection

Name of the organization  
RAND CORPORATION

Employer identification number  
95-1958142

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.  
 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)  
 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.  
 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state  
 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)  
 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.  
 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)  
 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II)  
 9  An organization that normally receives (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III)  
 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.  
 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h  
     a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other  
     e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**  
     f  If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box  
     g  Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  
       (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? .....  
       (ii) A family member of a person described in (i) above? .....  
       (iii) A 35% controlled entity of a person described in (i) or (ii) above? .....

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2011

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") . . . . .	235,324,140	231,780,065	244,912,391	250,987,982	263,304,404	1,226,308,982
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
3 The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
4 Total. Add lines 1 through 3 . . . . .	235,324,140	231,780,065	244,912,391	250,987,982	263,304,404	1,226,308,982
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . . . . .						
6 Public support. Subtract line 5 from line 4						1,226,308,982

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4 . . . . .	235,324,140	231,780,065	244,912,391	250,987,982	263,304,404	1,226,308,982
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .	10,757,235	3,874,420	3,685,446	5,037,181	4,096,276	27,450,558
9 Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .	0	0	0	0	0	0
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) . ATCH. 1 . . . . .	1,871,728	1,924,902	1,943,071	1,996,574	1,953,823	9,690,098
11 Total support. Add lines 7 through 10 . . . . .						1,263,449,638
12 Gross receipts from related activities, etc. (see instructions) . . . . .					12	53,632,032
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here . . . . . ► <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) . . . . .	14	97.06 %
15 Public support percentage from 2010 Schedule A, Part II, line 14 . . . . .	15	96.34 %
16a 33 1/3% support test - 2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization . . . . . ► <input checked="" type="checkbox"/>		
b 33 1/3% support test - 2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization . . . . . ► <input type="checkbox"/>		
17a 10%-facts-and-circumstances test - 2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . ► <input type="checkbox"/>		
b 10%-facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . ► <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . ► <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . . .						
3 Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
5 The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
6 Total Add lines 1 through 5 . . . . .						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
c Add lines 7a and 7b. . . . .						
8 Public support (Subtract line 7c from line 6) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6. . . . .						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
c Add lines 10a and 10b . . . . .						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .						
13 Total support. (Add lines 9, 10c, 11, and 12) . . . . .						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here . . . . . ► <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f)) . . . . .	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15. . . . .	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f)) . . . . .	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17 . . . . .	18	%
19a 33 1/3% support tests - 2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
b 33 1/3% support tests - 2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

**Part IV Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10, Part II, line 17a or 17b, and Part III, line 12. Also complete this part for any additional information (See instructions)

ATTACHMENT 1

## SCHEDULE A, PART II - OTHER INCOME

DESCRIPTION	2007	2008	2009	2010	2011	TOTAL
MISC INCOME	1,871,728	1,924,902	1,943,071	1,996,574	1,953,823	9,690,098
TOTALS	<u>1,871,728</u>	<u>1,924,902</u>	<u>1,943,071</u>	<u>1,996,574</u>	<u>1,953,823</u>	<u>9,690,098</u>

## Political Campaign and Lobbying Activities

**2011**

**Open to Public  
Inspection**

For Organizations Exempt From Income Tax Under section 501(c) and section 527

► Complete if the organization is described below      ► Attach to Form 990 or Form 990-EZ.  
► See separate instructions.

If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of organization      Employer identification number

RAND CORPORATION

95-1958142

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures . . . . . ► \$
- 3 Volunteer hours . . . . .

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955. . . . . ► \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . . . . ► \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . . .

4a Was a correction made? . . . . .      b If "Yes," describe in Part IV

Yes       No  
 Yes       No

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities . . . . . ► \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . . . ► \$
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b . . . . . ► \$
- 4 Did the filing organization file Form 1120-POL for this year? . . . . .       Yes       No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ

Schedule C (Form 990 or 990-EZ) 2011

**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

**A** Check ►  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

**B** Check ►  if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	11,659.		
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) . . . . .	11,659.		
<b>d</b> Other exempt purpose expenditures . . . . .	279,418,712.		
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) . . . . .	279,430,371.		
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000.		
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
Not over \$500,000	20% of the amount on line 1e		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) . . . . .	250,000.		
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0- . . . . .	0	0	0
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0- . . . . .	0	0	0
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . .	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
<b>2a</b> Lobbying nontaxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					6,000,000.
<b>c</b> Total lobbying expenditures	21,382.	13,836.	7,853.	11,659.	54,730.
<b>d</b> Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000.
<b>f</b> Grassroots lobbying expenditures					

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)		(b)	
		Yes	No	Amount	
For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity					
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
a	Volunteers?				
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				
c	Media advertisements?				
d	Mailings to members, legislators, or the public?				
e	Publications, or published or broadcast statements?				
f	Grants to other organizations for lobbying purposes?				
g	Direct contact with legislators, their staffs, government officials, or a legislative body?				
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?				
i	Other activities?				
j	Total Add lines 1c through 1i				
2 a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?				
b	If "Yes," enter the amount of any tax incurred under section 4912				
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members . . . . .	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	
a	Current year . . . . .	2b	
b	Carryover from last year . . . . .	2c	
c	Total . . . . .	3	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	4	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? . . . . .	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

## Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A, and Part II-B, line 1. Also, complete this part for any additional information.

RAND CORPORATION

95-1958142

Schedule C (Form 990 or 990-EZ) 2011

Page 4

**Part IV Supplemental Information (continued)**

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Schedule C (Form 990 or 990-EZ) 2011

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**SCHEDULE D**  
(Form 990)Department of the Treasury  
Internal Revenue Service

Name of the organization

RAND CORPORATION

**Supplemental Financial Statements**

OMB No 1545-0047

**2011****Open to Public  
Inspection**

► Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
► Attach to Form 990. ► See separate instructions.

Employer identification number

95-1958142

**Part I** **Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate contributions to (during year) . . . . .		
3 Aggregate grants from (during year) . . . . .		
4 Aggregate value at end of year . . . . .		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . .	<input type="checkbox"/>	Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . .	<input type="checkbox"/>	Yes <input type="checkbox"/> No

**Part II** **Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7

1 Purpose(s) of conservation easements held by the organization (check all that apply)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year	
a Total number of conservation easements . . . . .	<b>Held at the End of the Tax Year</b>
b Total acreage restricted by conservation easements . . . . .	2a
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register . . . . .	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	2d
4 Number of states where property subject to conservation easement is located ►	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ►	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements	

**Part III** **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 8

1a	If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b	If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items
(i)	Revenues included in Form 990, Part VIII, line 1 . . . . . ► \$ . . . . .
(ii)	Assets included in Form 990, Part X . . . . . ► \$ . . . . . 101,825.
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items
a	Revenues included in Form 990, Part VIII, line 1 . . . . . ► \$ . . . . .
b	Assets included in Form 990, Part X . . . . . ► \$ . . . . .

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Schedule D (Form 990) 2011

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**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a  Public exhibition  
 b  Scholarly research  
 c  Preservation for future generations

d  Loan or exchange programs  
 e  Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	10,103,343.
1d	3,741,312.
1e	1,160,888.
1f	12,683,767.

2a Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

b If "Yes," explain the arrangement in Part XIV

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	178,424,170.	184,909,977.	174,515,558.	183,751,804.	
b Contributions	2,414,985.	420,065.	257,842.	740,714.	
c Net investment earnings, gains, and losses	24,221,280.	1,656,899.	18,084,099.	293,285.	
d Grants or scholarships					
e Other expenditures for facilities and programs	8,616,823.	8,562,771.	7,947,522.	10,270,245.	
f Administrative expenses					
g End of year balance	196,443,612.	178,424,170.	184,909,977.	174,515,558.	

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ► 70.7600 %

b Permanent endowment ► 22.4200 %

c Temporarily restricted endowment ► 6.8200 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations . . . . .

(ii) related organizations . . . . .

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .

4 Describe in Part XIV the intended uses of the organization's endowment funds

Yes	No
3a(i)	X
3a(ii)	X
3b	

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land			1,334,060.		1,334,060.
b Buildings			110,677,815.	22,117,743.	88,560,072.
c Leasehold improvements			15,688,646.	11,763,189.	3,925,457.
d Equipment			66,718,698.	45,192,076.	21,526,622.
e Other			1,697,567.		1,697,567.

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)). ► 117,043,778.

Schedule D (Form 990) 2011

**Part VII Investments - Other Securities. See Form 990, Part X, line 12.**

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other . . . . .		
(A) ALTERNATIVE INVESTMENTS	58,704,824.	FMV
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total (Column (b) must equal Form 990, Part X, col (B) line 12) ►	58,704,824.	

**Part VIII Investments - Program Related. See Form 990, Part X, line 13.**

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total (Column (b) must equal Form 990, Part X, col (B) line 13) ►	58,704,824.	

**Part IX Other Assets. See Form 990, Part X, line 15**

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total (Column (b) must equal Form 990, Part X, col (B) line 15) . . . . . ►	58,704,824.

**Part X Other Liabilities. See Form 990, Part X, line 25**

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ACCRUED POST RETIREMENT BENEFIT	14,565,589.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ►	14,565,589.

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

**Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	287,428,038.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	279,430,371.
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	7,997,667.
4	Net unrealized gains (losses) on investments	4	14,519,018.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	373,315.
9	Total adjustments (net) Add lines 4 through 8	9	14,892,333.
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	22,890,000.

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	311,522,000.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	14,519,018.
b	Donated services and use of facilities	2b	4,626.
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	11,887,519.
e	Add lines 2a through 2d	2e	26,411,163.
3	Subtract line 2e from line 1	3	285,110,837.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	2,317,201.
c	Add lines 4a and 4b	4c	2,317,201.
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	287,428,038.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	289,085,000.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	4,626.
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	11,964,366.
e	Add lines 2a through 2d	2e	11,968,992.
3	Subtract line 2e from line 1	3	277,116,008.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	2,314,363.
c	Add lines 4a and 4b	4c	2,314,363.
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	279,430,371.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

SEE PAGE 5

**Part XIV Supplemental Information (continued)**

## DESCRIPTION OF COLLECTIONS AND HOW THEY FURTHER THE ORG'S EXEMPT PURPOSE

## SCHEDULE D, PART III, LINE 4

THE DONATED ARTWORK ASSISTS RAND IN ITS MISSION AS IT ALLOWS RAND TO OFFER COLLECTION TOURS AS PART OF DONOR CULTIVATION AND CONTINUES TO BE A FEATURED PART OF OUR ART AND ARCHITECTURE TOURS FOR THE COMMUNITY.

## TRUST ESCROW AND CUSTODIAL ARRANGEMENTS

## SCHEDULE D, PART IV, LINE 1B

RAND CONTRIBUTES TO, AND IS THE SOLE TRUSTEE OF, A VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION IRREVOCABLE TRUST THAT IS USED TO PARTIALLY FUND HEALTH CARE BENEFITS FOR RETIREES AND THEIR ELIGIBLE DEPENDENTS. BENEFICIARIES SHARE SUBSTANTIALLY IN THE COST OF COVERAGE.

## USES OF ENDOWMENT FUNDS

## SCHEDULE D, PART V, LINE 4

RAND'S ENDOWMENT CONSISTS OF APPROXIMATELY 30 INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. IT HAS BOTH DONOR-RESTRICTED ENDOWMENT FUNDS AND FUNDS DESIGNATED BY THE BOARD OF TRUSTEES TO FUNCTION AS ENDOWMENT FUNDS. RAND HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR ITS ENDOWMENT THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO THE PROGRAMS SUPPORTED BY THE ENDOWMENT WHILE SEEKING TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT ASSETS.

**Part XIV Supplemental Information (continued)**

## DETAIL OF AMOUNT

## SCHEDULE D, PART XI, LINE 8

NET INCOME, RAND EUROPE:	(\$ 76,847)
CHANGE IN FMV OF DERIVATIVES:	(\$ 446,983)
ADJ. TO POST RETIREMENT BENEFIT LIABILITY:	\$ 899,600
ROUNDING ADJUSTMENT:	(\$ 2,455)
<hr/>	
TOTAL:	\$ 373,315

## DETAIL OF AMOUNT

## SCHEDULE D, PART XII, LINE 2D

RAND EUROPE REVENUE:	\$ 11,887,519
----------------------	---------------

## DETAIL OF AMOUNT

## SCHEDULE D, PART XII, LINE 4B

SUBLEASE REVENUE:	\$ 1,953,823
RAND STORE NET LOSS:	(\$ 40)
INTEREST INCOME GROSS-UP:	\$ 112,812
LTIF INCOME GROSS-UP:	\$ 249,050
ROUNDING ADJUSTMENT:	\$ 1,556
<hr/>	
TOTAL:	\$ 2,317,201

**Part XIV Supplemental Information (continued)**

## DETAIL OF AMOUNT

## SCHEDULE D, PART XIII, LINE 2D

RAND EUROPE EXPENSE: \$ 11,964,366

## DETAIL OF AMOUNT

## SCHEDULE D, PART XIII, LINE 4B

SUBLEASE REVENUE: \$ 1,953,823

RAND STORE NET INCOME: (\$ 40)

INTEREST INCOME GROSS-UP: \$ 112,812

LTIF INCOME GROSS-UP: \$ 249,050

ROUNDING ADJUSTMENT: (\$ 1,282)

-----

TOTAL: \$ 2,314,363

**SCHEDULE F  
(Form 990)****Statement of Activities Outside the United States**

OMB No 1545-0047

**2011****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

Name of the organization

RAND CORPORATION

Employer identification number

95-1958142

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.

► Attach to Form 990. ► See separate instructions.

**Part I General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .  Yes  No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States

**3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed )**

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) NORTH AMERICA	1	1	PROGRAM SERVICES	PUBLIC POLICY RESEARCH	790,153
(2) MIDDLE EAST AND NORTH AFRICA	2	6	PROGRAM SERVICES	PUBLIC POLICY RESEARCH	10,942,859
(3) RUSSIA/INDEPENDENT STATES			PROGRAM SERVICES	PUBLIC POLICY RESEARCH	179,675
(4) CENTRAL AMERICA/CARIBBEAN			INVESTMENTS		36,290,233
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total. . . . .	3	7			48,202,920
b Total from continuation sheets to Part I . . . . .					
c Totals (add lines 3a and 3b)	3	7			48,202,920

For Paperwork Reduction Act Notice, see the Instructions for Form 990

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Schedule F (Form 990) 2011

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**Part I****Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000

Part II can be duplicated if additional space is needed

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

3 Enter total number of other organizations or entities

**Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16

Part III can be duplicated if additional space is needed

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

**Part IV Foreign Forms**

1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926, *Return by a U.S. Transferor of Property to a Foreign Corporation* (see Instructions for Form 926) . . . . .  Yes  No

2 Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520, *Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts*, and/or Form 3520-A, *Annual Information Return of Foreign Trust With a U.S. Owner* (see Instructions for Forms 3520 and 3520-A) . . . . .  Yes  No

3 Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, *Information Return of U.S. Persons With Respect To Certain Foreign Corporations* (see Instructions for Form 5471) . . . . .  Yes  No

4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, *Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund* (see Instructions for Form 8621) . . . . .  Yes  No

5 Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, *Return of U.S. Persons With Respect To Certain Foreign Partnerships* (see Instructions for Form 8865) . . . . .  Yes  No

6 Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, *International Boycott Report* (see Instructions for Form 5713) . . . . .  Yes  No

**Part V Supplemental Information**

Complete this part to provide the information required by Part I, line 2 (monitoring of funds), Part I, line 3, column (f) (accounting method, amounts of investments vs expenditures per region), Part II, line 1 (accounting method), Part III (accounting method), and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions)

## ACCOUNTING METHOD

## SCHEDULE F, PART I, LINE 3, COLUMN F

CONSISTENT WITH OTHER EXPENDITURES DISCLOSED IN THIS 990 FORM, THE

PROGRAM SERVICE EXPENDITURES LISTED IN SCHEDULE F, PART I ARE SHOWN USING

AN ACCRUAL BASIS.

**SCHEDULE I  
(Form 990)**Department of the Treasury  
Internal Revenue Service  
Name of the organization

RAND CORPORATION

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

Name of the organization

RAND CORPORATION

**Part I. General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000.  ▲

Part II can be duplicated if additional space is needed

1	(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance							
									(1)	(2)					

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22**Part III** can be duplicated if additional space is needed

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 FELLOWSHIP GRANTS	11	353,910			
2					
3					
4					
5					
6					
7					

**Part IV Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information

DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS

SCHEDEULE I, PART I, LINE 2

TO ENHANCE ITS RESEARCH AGENDA AND PROVIDE VALUABLE TRAINING IN POLICY

ANALYSIS, THE RAND CORPORATION PARTICIPATES IN A NUMBER OF PROGRAMS THAT

PROVIDE FUNDING FOR FELLOWSHIPS. OUTSIDE ORGANIZATIONS, AGENCIES, AND

FOUNDATIONS OCCASIONALLY MAKE FELLOWSHIPS AVAILABLE THROUGH GRANTS

AWARDED TO RAND. SUCH OPPORTUNITIES ARE GENERALLY WIDELY ADVERTISED AND A

COMPETITIVE APPLICATION PROCESS DETERMINES THE FELLOWSHIP RECIPIENT.

FELLOWSHIP FUNDS ARE SEGREGATED AND MANAGEMENT ACTIVELY MONITORS

SPENDING TO ENSURE ANY AND ALL REQUIREMENTS ARE MET.

**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

► Complete if the organization answered "Yes" to Form 990,

Part IV, line 23

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

**2011**

**Open to Public  
Inspection**

Name of the organization

RAND CORPORATION

Employer identification number

95-1958142

**Part I Questions Regarding Compensation**

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/>	First-class or charter travel	<input checked="" type="checkbox"/>	Housing allowance or residence for personal use
<input checked="" type="checkbox"/>	Travel for companions	<input type="checkbox"/>	Payments for business use of personal residence
<input checked="" type="checkbox"/>	Tax indemnification and gross-up payments	<input type="checkbox"/>	Health or social club dues or initiation fees
	Discretionary spending account	<input type="checkbox"/>	Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . . . . .

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III

<input checked="" type="checkbox"/>	Compensation committee	<input type="checkbox"/>	Written employment contract
<input checked="" type="checkbox"/>	Independent compensation consultant	<input checked="" type="checkbox"/>	Compensation survey or study
	Form 990 of other organizations	<input checked="" type="checkbox"/>	Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment? . . . . .

b Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .

c Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization? . . . . .

b Any related organization? . . . . .

If "Yes" to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization? . . . . .

b Any related organization? . . . . .

If "Yes" to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III . . . . .

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2011

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed**

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
<b>1 JAMES A. THOMSON</b>	(i) 522,814.	156,921.	92,588.	146,266.	17,825.	936,414.	46,911.
	(ii) 0	0	0	0	0	0	0
<b>2 MICHAEL D. RICH</b>	(i) 366,951.	96,178.	25,937.	60,014.	20,138.	569,218.	16,623.
	(ii) 0	0	0	0	0	0	0
<b>3 RICHARD FALLON</b>	(i) 274,011.	61,248.	1,908.	28,960.	25,497.	391,624.	0
	(ii) 0	0	0	0	0	0	0
<b>4 VIVIAN J. ARTERBERY</b>	(i) 170,489.	14,748.	1,764.	20,980.	17,180.	225,161.	0
	(ii) 0	0	0	0	0	0	0
<b>5 TIMOTHY M. BONDS</b>	(i) 203,404.	22,582.	4,330.	27,062.	19,511.	276,889.	0
	(ii) 0	0	0	0	0	0	0
<b>6 ALLISON E. ELDER</b>	(i) 178,817.	11,653.	384.	22,249.	20,176.	233,279.	0
	(ii) 0	0	0	0	0	0	0
<b>7 ANDREW HOEHN</b>	(i) 245,625.	25,389.	960.	28,960.	18,394.	319,328.	0
	(ii) 0	0	0	0	0	0	0
<b>8 WILLIAM P. HORRIGAN</b>	(i) 246,208.	29,241.	4,967.	28,960.	22,254.	331,630.	0
	(ii) 0	0	0	0	0	0	0
<b>9 JONATHAN GRANT</b>	(i) 187,715.	0.	0.	15,017.	912.	203,644.	0
	(ii) 0	0	0	0	0	0	0
<b>10 ARTHUR L. KELLERMANN</b>	(i) 237,820.	41,629.	271.	28,960.	13,126.	321,806.	0
	(ii) 0	0	0	0	0	0	0
<b>11 ADELE R. PALMER</b>	(i) 229,153.	14,698.	2,190.	28,960.	24,656.	299,657.	0
	(ii) 0	0	0	0	0	0	0
<b>12 DEBRA S. KNOEMAN</b>	(i) 245,600.	22,227.	657.	24,060.	8,697.	301,241.	0
	(ii) 0	0	0	0	0	0	0
<b>13 LINDSEY C. KOZBERG</b>	(i) 239,168.	71,094.	811.	28,960.	21,465.	361,498.	0
	(ii) 0	0	0	0	0	0	0
<b>14 SUSAN L. MARQUIS</b>	(i) 154,691.	0.	2,446.	16,500.	4,318.	177,955.	0
	(ii) 0	0	0	0	0	0	0
<b>15 CHARLES P. RIES</b>	(i) 218,931.	17,481.	1,692.	27,886.	8,032.	274,022.	0
	(ii) 0	0	0	0	0	0	0
<b>16 K. JACK RILEY</b>	(i) 0.	0.	0.	0.	0.	0.	0

**Part II: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed**

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MELISSA K. ROWE	0	152,949.	17,905.	0	15,100.	668.	186,622.
2 DEBRA L. SCHROEDER	0	227,104.	23,017.	512.	24,927.	15,703.	291,263.
3 SIDDHARTH A DALAL	0	281,135.	72,786.	3,490.	28,960.	21,953.	408,324.
4 ARIE KAPTEYN	0	334,578.	24,076.	5,383.	28,960.	9,287.	402,284.
5 BRUCE R. NARDULLI	0	177,895.	50,145.	108,543.	27,178.	15,569.	379,330.
6 C. RICHARD NEU	0	229,449.	12,541.	83,507.	28,960.	8,839.	363,296.
7 OBAIDULLAH YOUNOSSI	0	164,375.	13,613.	160,511.	20,306.	21,914.	380,719.
8 ROBERT H. BROOK	0	151,750.	10,210.	4,953.	18,728.	25,480.	211,121.
9 NATALIE W. CRAWFORD	0	215,843.	0.	3,399.	25,354.	13,731.	258,327.
10 JEFFREY A. ISAACSON	0	100,403.	0.	4,709.	11,335.	9,882.	126,329.
11 THOMAS L. MCNAUGHER	0	114,506.	0.	10,997.	12,090.	308.	137,901.
12	0	0.	0.	0.	0.	0.	0.
13	0	0.	0.	0.	0.	0.	0.
14	0	0.	0.	0.	0.	0.	0.
15	0	0.	0.	0.	0.	0.	0.
16	0	0.	0.	0.	0.	0.	0.

**Part III Supplemental Information**

**Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II Also complete this part for any additional information**

SUPPLEMENTAL COMPENSATION INFORMATION

SCHEDULE J, PART I, LINE 1A

RAND PROVIDES ADDITIONAL BENEFITS TO EMPLOYEES IN CONSIDERATION OF CERTAIN INTERNATIONAL ASSIGNMENTS, SUCH AS TAX INDEMNIFICATIONS AND HOUSING ALLOWANCES. BENEFITS ARE TAXABLE AND THUS REPORTED AS INCOME BY THE INDIVIDUAL. THESE BENEFITS ARE DETAILED IN AN EXPATRIATE AGREEMENT SIGNED BY THE INDIVIDUALS. TRAVEL IS AUTHORIZED FOR SPOUSES OF TRUSTEES AND OFFICERS TWICE A YEAR FOR THE BOARD OF TRUSTEE MEETINGS. ALL SUCH TRAVEL EXPENSES ARE INCLUDED IN INCOME.

SCHEDULE J, PART I, LINE 4B

IN FY12, JAMES THOMSON AND MICHAEL RICH PARTICIPATED IN A 457(F) PLAN. THE 457(F) PLAN HAD TWO PARTICIPANTS UNTIL NOVEMBER 2011 WHEN JAMES THOMSON RETIRED AS PRESIDENT AND CEO. MICHAEL RICH ASSUMED THIS ROLE AND DID NOT APPOINT AN EXECUTIVE VICE PRESIDENT, LEAVING MICHAEL RICH THE ONLY MEMBER TO THE 457(F) PLAN AS OF NOVEMBER 2011. PAYMENTS FROM THE PLAN INCLUDED IN SCHEDULE J WERE \$46,911 FOR THOMSON AND \$16,623 FOR RICH.

**Part III. Supplemental Information**

**Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II Also complete this part for any additional information**

THE ORGANIZATION'S NONQUALIFIED SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) PROVIDES AN UNFUNDED BENEFIT DETERMINED BY A FORMULA DRIVEN BY COMPENSATION, CONTINOUS SERVICE AND AGE. THE BENEFIT IS PAID IMMEDIATELY AFTER THE END OF THE CALENDAR YEAR. THE MAXIMUM DEFERRAL AMOUNT UNDER SECTION 457(B), \$17,000 FOR CY11, IS DEPOSITED INTO A RABBI TRUST HELD BY TIAA-CREF (CUSTODIAN), WHICH ALLOWS THE EXECUTIVES TO DIRECT HOW THE BENEFITS WILL BE INVESTED WITHIN THEIR NONQUALIFIED RETIREMENT ACCOUNTS.

THE REMAINDER ACCOUNTS, AS DISCLOSED ABOVE, ARE PAID DIRECTLY TO THE PARTICIPANT(S) AND WILL BE INCLUDED AS PART OF W-2 EARNINGS UNDER SECTION 457 (F).

SCHEDULE J, PART I, LINE 7  
AS NOTED IN SCHEDULE O, PART OF THE BONUS PROVIDED TO PARTICIPANTS OF THE VARIABLE COMPENSATION PROGRAM IS DISCRETIONARY. A PREDETERMINED PERCENTAGE OF THE VARIABLE PAY MAY BE AWARDED AT THE DISCRETION OF THE CEO. THE VARIABLE COMPENSATION PROGRAM IS CONTINGENT ON WHETHER CERTAIN GOALS ARE ACHIEVED, INCLUDING CORPORATE FINANCIAL AND STRATEGIC ACHIEVEMENTS AS WELL AS INDIVIDUAL GOALS. THE CEO, CFO, UNIT AND DEPARTMENT HEADS, AND OTHERS PARTICIPATE IN THE PROGRAM. AN ANNUAL REVIEW

**Part III Supplemental Information**

**Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II Also complete this part for any additional information**

PROCESS, INCLUDING REVIEW BY THE EXECUTIVE COMMITTEE OR COMPENSATION COMMITTEE, HELPS ENSURE THAT GOAL MEASUREMENT IS VALIDATED AND PAYOUTS ARE IN ACCORDANCE WITH THE PROGRAM.

**SCHEDULE J, PART II, COLUMN B (III)**

BRUCE NARDULLI, CARL NEU AND OBAIDULLAH YOUNOSSI HAD EXPATRIATE AGREEMENTS DURING FY12. BENEFITS FROM SUCH AGREEMENTS ARE TAXABLE AND CONVEYED AS OTHER REPORTABLE COMPENSATION.

**SCHEDULE J, PART II, COLUMN C**

THROUGH NOVEMBER 2011, THE CEO HAD THE RIGHT TO RECEIVE A SEVERANCE PAYMENT, DETERMINED BY A PRE-SET FORMULA, UPON HIS TERMINATION OF EMPLOYMENT AT RAND, IF HIS ENTITLEMENT TO THE SEVERANCE PAYMENT HAD NOT BEEN AMENDED OR TERMINATED BY THE COMPENSATION COMMITTEE OF THE RAND BOARD OF TRUSTEES (WHICH THE COMMITTEE MAY DO IN ITS SOLE DISCRETION), AND IF AT THE TIME OF TERMINATION THE COMPENSATION COMMITTEE DETERMINED THAT THE CEO WAS IN GOOD STANDING.

IN OCTOBER 2011, THE PRESIDENT AND CEO, JAMES THOMSON, RETIRED, AND IN

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II  
Also complete this part for any additional information

---

NOVEMBER 2011, A SEVERANCE PAYMENT OF \$661,542 WAS GRANTED BY THE BOARD  
AND PAID IN EARLY CALENDAR YEAR (CY) 2012. THE PAYMENT WILL BE REPORTED  
IN RAND'S FY13 FORM 990 FILING NEXT YEAR (WHICH REQUIRES RAND TO REPORT  
WITHIN IT COMPENSATION FOR CY12).

THE TOTAL AMOUNT OF THE CEO'S SEVERANCE IF HE HAD TERMINATED EMPLOYMENT  
AT THE END OF CALENDAR YEAR 2010 WOULD HAVE BEEN \$610,823. THE DIFFERENCE  
BETWEEN THE ACTUAL SEVERANCE PAYMENT (AS CALCULATED AT THE END OF  
CALENDAR YEAR 2011) AND THE CALENDAR YEAR 2010 ESTIMATED SEVERANCE  
PAYMENT (\$50,719) IS INCLUDED IN DEFERRED COMPENSATION OF SCHEDULE J IN  
THIS FY12 FORM 990.

ALSO IN NOVEMBER 2011, THE SEVERANCE PLAN WAS DISCONTINUED.

**SCHEDULE K**  
**(Form 990)**

 Department of the Treasury  
 Internal Revenue Service

Name of the organization

RAND CORPORATION

**Supplemental Information on Tax-Exempt Bonds**

► Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990. ► See separate instructions.

 OMB No 1545-0047  
**2011**
Open to Public  
Inspection
 Name  
 Employer identification number  
 95-1958142

**Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeated	(h) On behalf of issuer	(i) Pooled financing
						Yes	No	Yes
<b>A</b> CA INFRASTRUCTURE & ECONOMIC DEVELOPMENT PLAN	63-0304653	130339MK51	05/13/2008	34,975,000	SEE PART VI		X	X
<b>B</b> CA INFRASTRUCTURE & ECONOMIC DEVELOPMENT PLAN	63-0304653	130339MK69	06/02/2008	93,565,000	SEE PART VI		X	X
<b>C</b>								
<b>D</b>								

**Part II Proceeds**

	(A)	(B)	(C)	(D)
1 Amount of bonds retired .....				
2 Amount of bonds legally defeated .....				
3 Total proceeds of issue .....		34,975,000.	96,565,000.	
4 Gross proceeds in reserve funds .....				
5 Capitalized interest from proceeds .....				
6 Proceeds in refunding escrows .....				
7 Issuance costs from proceeds .....			1,035,000.	
8 Credit enhancement from proceeds .....				
9 Working capital expenditures from proceeds .....				
10 Capital expenditures from proceeds .....				
11 Other spent proceeds .....				
12 Other unspent proceeds .....				
13 Year of substantial completion .....		2004	2004	
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue? .....	X		X	
15 Were the bonds issued as part of an advance refunding issue? .....		X		X
16 Has the final allocation of proceeds been made? .....	X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds? .....	X		X	

**Part III Private Business Use**

	(A)	(B)	(C)	(D)
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? .....	Yes	No	Yes	No
2 Are there any lease arrangements that may result in private business use of bond-financed property? .....				

For Paperwork Reduction Act Notice, see the Instructions for Form 990

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Schedule K (Form 990) 2011

**Part III Private Business Use (Continued)**

		SCHEDULE K			
		A	B	C	D
	Yes	No	Yes	No	Yes
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? . . . . .					
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? . . . . .					
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? . . . . .					
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? . . . . .					
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . . .	%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . . .	%		%		%
<b>6</b> Total of lines 4 and 5 . . . . .	%		%		%
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? . . . . .					

**Part V Arbitrage**

		SCHEDULE K			
		A	B	C	D
	Yes	No	Yes	No	Yes
<b>1</b> Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue? . . . . .		X		X	
<b>2</b> Is the bond issue a variable rate issue? . . . . .	X		X		
<b>3a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? . . . . .	X		X		
<b>b</b> Name of provider . . . . .	DEUTSCHE BANK	BARCLAYS			
<b>c</b> Term of hedge . . . . .	34,500	34,700			
<b>d</b> Was the hedge superintegrated? . . . . .	X		X		
<b>e</b> Was the hedge terminated? . . . . .	X		X		
<b>4a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)? . . . . .	X		X		
<b>b</b> Name of provider . . . . .					
<b>c</b> Term of GIC . . . . .					
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? . . . . .	X		X		
<b>5</b> Were any gross proceeds invested beyond an available temporary period? . . . . .	X		X		
<b>6</b> Did the bond issue qualify for an exception to rebate? . . . . .	X		X		

**Part V Procedures To Undertake Corrective Action**

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . .

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions)  
PLEASE REFER TO PURPOSE OF BOND ISSUES ON SCHEDULE O.

**SCHEDULE L**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

OMB No. 1545-0047

**2011**

**Open To Public  
Inspection**

Name of the organization

RAND CORPORATION

Employer identification number

95-1958142

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
2	Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . .	► \$		
3	Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . .	► \$		

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
					Yes	No	Yes	No	Yes	No
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
Total . . . . .				► \$						

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2011

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Share of organization's revenues?	
				Yes	No
(1) DAVID LOUGHREN	SEE PART V	101,512	COMPENSATION		X
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

## BUSINESS TRANSACTIONS WITH INTERESTED PERSONS

## FORM 990, SCHEDULE L, PART IV

DAVID LOUGHREN IS THE SPOUSE OF MELISSA K. ROWE, AN OFFICER OF RAND CORPORATION.

## **Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2011**

**Open to Public  
Inspection**

Name of the organization

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### PROGRAM SERVICE ACCOMPLISHMENTS

#### PART III, LINE 4A

RAND IS A PUBLIC CHARITY AND AS SUCH RECEIVES A SUBSTANTIAL PART OF ITS SUPPORT FROM THE GOVERNMENT AND THE GENERAL PUBLIC (SEE ALSO SCHEDULE A). THIS SUPPORT IS NOT CONSIDERED PROGRAM SERVICE REVENUE AS DEFINED BY THE IRS AND THUS NOT REPORTED ON PART III, LINE 4A. HOWEVER, LIKE ALL PUBLIC CHARITIES, THIS SUPPORT IS USED TO FUND RAND'S PROGRAM SERVICE EXPENSES WHICH ARE REPORTED ON PART III, LINE 4A.

### ORGANIZATION'S GOVERNING BODY PROCEDURES FOR FORM 990 REVIEW

#### PART VI, SECTION B, LINE 11B

RAND SUMMARIZES THE INFORMATION TO BE INCLUDED ON THE FORM 990 AND PROVIDES THE SUPPORT TO A THIRD-PARTY TAX FIRM SO THAT A DRAFT RETURN CAN BE COMPILED. THIS FIRM PROVIDES TAX GUIDANCE THROUGHOUT THE YEAR IN ADDITION TO PROVIDING GUIDANCE ON RETURN PREPARATION. ONCE THE DRAFT FORM 990 IS COMPILED, IT IS REVIEWED BY VARIOUS LEVELS OF MANAGEMENT WITHIN RAND, INCLUDING THE CFO. THE RAND BOARD OF TRUSTEES HAS DELEGATED TO THE AUDIT COMMITTEE THE RESPONSIBILITY FOR THE OVERSIGHT OF THE FORM 990. THEREFORE, ONCE THE FORM 990 IS FINALIZED, IT IS THOROUGHLY REVIEWED BY THE AUDIT COMMITTEE (ALONG WITH THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS) AT A MEETING IN JANUARY AND APPROVED FOR RELEASE. THE FORM 990 IS SUBMITTED TO THE IRS IN FEBRUARY.

### WRITTEN CONFLICT OF INTEREST POLICY ENFORCEMENT

Name of the organization

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## PART VI, SECTION B, LINE 12A

NEW STAFF MEMBERS RECEIVE A BOOKLET CONTAINING INSTITUTIONAL PRINCIPLES, CONFLICT OF INTEREST, QUALITY ASSURANCE AND OTHER ESSENTIAL POLICIES. CONFLICT OF INTEREST, CORPORATE INTEGRITY, INSTITUTIONAL PRINCIPLES AND ETHICS POLICIES ARE POSTED PROMINENTLY ON RAND'S INTRANET. CEO VIDEO ON INSTITUTIONAL PRINCIPLES AND EXECUTIVE VICE PRESIDENT VIDEO ON CONFLICT OF INTEREST ARE POSTED ON THE INTRANET AND ARE REQUIRED VIEWING ON A PERIODIC BASIS FOR ALL RAND STAFF.

PERSPECTIVE TRUSTEES ADVISE KEY MANAGEMENT OF ANY POSSIBLE CONFLICTS OF INTEREST BEFORE JOINING THE BOARD OF TRUSTEES. MOREOVER, ON AN ANNUAL BASIS EACH TRUSTEE IS ASKED BY THE CHIEF FINANCIAL OFFICER TO PROVIDE A LIST OF AFFILIATIONS IN WRITING THAT MAY RAISE A CONFLICT OF INTEREST ISSUE AND SIGN THE PRINCIPLES OF CONDUCT STATEMENT WHICH ASSERTS THAT THEY WOULD DISQUALIFY THEMSELVES FROM PARTICIPATING IN ANY RAND MATTERS IN WHICH THEY BELIEVE MAY GIVE RISE TO A POSSIBLE CONFLICT OF INTEREST. RAND MAINTAINS A FORMAL RECORD OF ALL INSTANCES WHERE TRUSTEES RECUSE THEMSELVES BECAUSE OF A POSSIBLE CONFLICT OF INTEREST.

ADDITIONALLY, RAND'S GENERAL COUNSEL HAS EACH OFFICER COMPLETE AND SIGN AN ANNUAL CONFLICT OF INTEREST QUESTIONNAIRE. BY SIGNING THE FORM EACH OFFICER AGREES TO INFORM RAND IF ANY CIRCUMSTANCES CHANGE THAT WOULD MODIFY THE RESPONSES.

FINALLY, ALL RAND OFFICERS AND TRUSTEES ARE ASKED TO COMPLETE AN ANNUAL RELATED PARTY QUESTIONNAIRE, SENT BY RAND'S CFO ORGANIZATION TO SUPPORT

Name of the organization <u>RAND CORPORATION</u>	Employer identification number <u>95-1958142</u>
---	---

RAND'S RESPONSES TO CERTAIN QUESTIONS ON THE FORM 990. THIS QUESTIONNAIRE, WHICH IS REVIEWED BY VARIOUS LEVELS OF MANAGEMENT, SEEKS TO IDENTIFY FAMILY AND BUSINESS RELATIONSHIPS AMONGST THE TRUSTEES AND OFFICERS AND REPRESENTS ANOTHER OPPORTUNITY OTHER THAN THE ABOVE FOR POTENTIAL CONFLICTS TO BE IDENTIFIED.

PER THE AUDIT COMMITTEE CHARTER, CORPORATE INTEGRITY PROGRAM AND CONFLICT OF INTEREST POLICY IS REVIEWED PERIODICALLY WITH THE AUDIT COMMITTEE. THE CONFLICT OF INTEREST POLICY WAS FORMALLY REVIEWED AND LAST APPROVED BY THE AUDIT COMMITTEE IN NOVEMBER 2011.

WRITTEN WHISTLEBLOWER POLICY

PART VI, SECTION B, LINE 13

RAND HAS A WHISTLEBLOWER POLICY. THE AUDIT COMMITTEE REVIEWED AND APPROVED THE POLICY IN APRIL 2012.

WRITTEN DOCUMENT RETENTION AND DESTRUCTION POLICY

PART VI, SECTION B, LINE 14

RAND HAS A DOCUMENT RETENTION AND DISPOSITION POLICY. IT WAS REVIEWED AND APPROVED BY THE AUDIT COMMITTEE IN APRIL 2012.

DETERMINATION OF COMPENSATION FOR CEO, EXEC DIRECTOR & TOP MANAGEMENT

PART VI, SECTION B, LINE 15A

THE EXECUTIVE COMPENSATION COMMITTEE CONDUCTS ANNUAL PERFORMANCE REVIEWS FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER AND THE SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER. AS PART OF THE YEARLY EVALUATION,

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THE COMMITTEE REVIEWS MARKET DATA FROM SEVERAL SALARY SURVEYS AND EMPLOYS AN INDEPENDENT COMPENSATION CONSULTANT TO REVIEW FOR REASONABLENESS. THE COMMITTEE RECOMMENDS SALARY INCREASES AND DISCRETIONARY AMOUNTS OF THE VARIABLE COMPENSATION PROGRAM FOR THE UPCOMING YEAR TO THE BOARD OF TRUSTEES WHO MAKES THE FINAL DECISION FOR THESE OFFICERS' COMPENSATION. THE EXECUTIVE COMPENSATION COMMITTEE CONDUCTS THE REVIEW IN THE FALL AND DOCUMENTS THE REVIEW IN COMMITTEE MINUTES WHICH ARE THEN APPROVED AT THE NEXT MEETING. RAISES ARE EFFECTIVE IN FEBRUARY.

DETERMINATION OF COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES  
PART VI, SECTION B, LINE 15B  
THE PRESIDENT AND CHIEF EXECUTIVE OFFICER REVIEWS THE COMPENSATION FOR OFFICERS AND OTHER RESEARCH HEADS, OTHER THAN THOSE MENTIONED IN PART VI-B, #15A. HE PUTS FORTH SALARY INCREASE SUGGESTIONS AFTER EXAMINING PERFORMANCE, SALARY SURVEYS, AND BENCHMARK STUDIES. THE SALARY INCREASES FOR KEY EMPLOYEES WITHIN THE RESEARCH GROUP ARE SUGGESTED BY THE GLOBAL RESEARCH TALENT VICE PRESIDENT. BOTH SETS OF RECOMMENDATIONS ARE GIVEN TO THE EXECUTIVE COMPENSATION COMMITTEE, WHICH ULTIMATELY DECIDES ON THE 'SALARY INCREASES EACH YEAR.

PUBLIC DISCLOSURE OF GOVERNING DOCUMENTS AND POLICIES  
PART VI, SECTION C, LINE 19  
THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE ON RAND'S EXTERNAL WEBSITE: WWW.RAND.ORG. MOREOVER, THIS INFORMATION, AS WELL AS RAND'S GOVERNING DOCUMENTS AND FORM 990, IS AVAILABLE UPON REQUEST AND AT THE SANTA MONICA OFFICE. FURTHER, THIS INFORMATION HAS

Name of the organization <b>RAND CORPORATION</b>	Employer identification number <b>95-1958142</b>
---	---

BEEN SUBMITTED TO SEVERAL STATES AND GOVERNMENT AGENCIES AS PART OF  
VARIOUS REGISTRATION PROCESSES AND IS AVAILABLE ON THOSE ORGANIZATIONS'  
WEBSITES.

AVERAGE HOURS DEVOTED TO RELATED ORGANIZATION

PART VII, SECTION A, COLUMN B

JONATHAN GRANT, RAND EUROPE PRESIDENT, IS PAID FROM THE RELATED  
ORGANIZATION AND HAS ONE HOUR ALLOCATED AS AN OFFICER OF THE RAND  
CORPORATION. HIS AVERAGE HOURS FOR HIS DUTIES AS RAND EUROPE PRESIDENT  
ARE 40.00 HOURS.

OTHER CHANGES IN NET ASSETS

PART XI, LINE 5

CHANGES IN FMV OF DERIVATIVES	\$ ( 446,983)
ADJUSTMENT TO POST RETIREMENT LIABILITY	\$ 899,600
UNREALIZED GAIN ON INVESTMENTS	\$ 14,519,018
ROUNDING ADJUSTMENT	\$ ( 2,182)
-----	
TOTAL	\$ 14,969,453

PURPOSE OF BOND ISSUES

SCHEDULE K, PART I, LINE 1, COLUMN (F)

SERIES 2008A BONDS REFUNDED SERIES 2007 BONDS, WHICH THEMSELVES REFUNDED  
SERIES 2002A BONDS. THE SERIES 2008A BONDS WERE ISSUED ON 5/13/2008. THE  
SERIES 2002A BONDS WERE ISSUED ON 7/2/2002.

Name of the organization

RAND CORPORATION

Employer identification number

95-1958142

SERIES 2008B BONDS REFUNDED SERIES 2002B BONDS. THE SERIES 2008B BONDS WERE ISSUED ON 6/2/2008. THE 2002B BONDS WERE ALSO ISSUED ON 7/2/2002. PER IRS GUIDANCE CONTAINED IN THE FORM 990 SCHEDULE K INSTRUCTIONS, ORGANIZATIONS WHO HAVE OUTSTANDING BONDS (OVER \$100,000) ISSUED AFTER 12/31/2002 MUST FILE A SCHEDULE K. RAND THEREFORE FILES A SCHEDULE K DUE TO ITS OUTSTANDING 2008A AND 2008B BONDS.

HOWEVER, ORGANIZATIONS REPORTING ON BONDS ISSUED AFTER 12/31/2002 BUT WHICH REFUNDED BONDS ISSUED PRIOR TO 12/31/2002 (WHETHER DIRECTLY OR THROUGH A SERIES OF REFUNDINGS) DO NOT REPORT INFORMATION IN PART III (PRIVATE BUSINESS USE) OF SCHEDULE K. RAND THEREFORE DOES NOT REPORT INFORMATION IN PART III OF SCHEDULE K.

ATTACHMENT 1FORM 990, PART V, LINE 4B - FOREIGN COUNTRIES

QATAR

MEXICO

UNITED ARAB EMIRATES

ATTACHMENT 2990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
JOHNSON CONTROLS, INC. 5757 N. GREEN BAY AVENUE MILWAUKEE, WI 53201	BUILDING MAINTENANCE	1,175,324.
SERVICON SYSTEMS INC. 3965 LANDMARK STREET CULVER CITY, CA 90232	JANITORIAL SERVICES	800,507.
SODEXO & AFFILIATES	FOOD MANAGEMENT	608,792.

Name of the organization

RAND CORPORATION

Employer identification number

95-1958142

ATTACHMENT 2 (CONT'D)990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
9801 WASHINTONIAN BLVD GAIITHERSBURG, MD 20878		
PRICEWATERHOUSECOOPERS LLP 350 S. GRAND AVENUE LOS ANGELES, CA 90071	AUDIT & CONSULT SVCS	440,282.
COOLEY GODWARD KRONISH LLP 101 CALIFORNIA STREET, 5TH FLOOR SAN FRANCISCO, CA 94111	LEGAL SERVICES	343,655.
TOTAL COMPENSATION		<u>3,368,560.</u>

JSA

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18291M 2020

**SCHEDULE R**  
**(Form 990)**

OMB No 1545-0047

**2011**Department of the Treasury  
Internal Revenue Service

Name of the organization

RAND CORPORATION

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
 ▶ Attach to Form 990.  
 ▶ See separate instructions.

Open to Public  
Inspection

Name of the organization

Employer identification number  
95-1958142
**Related Organizations and Unrelated Partnerships**
**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33)

	(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)	RAND CORPORATION ENDOWMENT TRUST 400 HOWARD STREET SAN FRANCISCO, CA 94105	INVESTMENTS	CA	595,190.	32,809,898.	RAND CORP.
(2)						
(3)						
(4)						
(5)						
(6)						

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year)

	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
(1)	RAND EUROPE (UK) WESTBROOK CENTRE, MILLTON ROAD CAMBRIDGE, CB4 1YG, UK	POLICY RSRCH	UK	N/A	N/A	RAND CORP.	X
(2)	RAND RETIREE MEDICAL BENEFIT PLAN 1776 MAIN STREET P O BOX 2138 SANTA MONICA, CA 90407	FUND SUPPORT	CA	501 (C) (9)	N/A	RAND CORP.	X
(3)							
(4)							
(5)							
(6)							
(7)							

Schedule R (Form 990) 2011

For Paperwork Reduction Act Notice, see the Instructions for Form 990

JSA

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18291M 2020

**Part III** **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year )

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate income?	(i) Code V-LBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	(k) Percentage ownership
Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										

**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year )

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

## Part VI Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36 )

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity . . . . .
- b Gift, grant, or capital contribution to related organization(s) . . . . .
- c Gift, grant, or capital contribution from related organization(s) . . . . .
- d Loans or loan guarantees to or for related organization(s) . . . . .
- e Loans or loan guarantees by related organization(s) . . . . .
- f Sale of assets to related organization(s) . . . . .
- g Purchase of assets from related organization(s) . . . . .
- h Exchange of assets with related organization(s) . . . . .
- i Lease of facilities, equipment, or other assets to related organization(s) . . . . .
- j Lease of facilities, equipment, or other assets from related organization(s) . . . . .
- k Performance of services or membership or fundraising solicitations for related organization(s) . . . . .
- l Performance of services or membership or fundraising solicitations by related organization(s) . . . . .
- m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .
- n Sharing of paid employees with related organization(s) . . . . .
- o Reimbursement paid to related organization(s) for expenses . . . . .
- p Reimbursement paid by related organization(s) for expenses . . . . .
- q Other transfer of cash or property to related organization(s) . . . . .
- r Other transfer of cash or property from related organization(s) . . . . .

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
RAND EUROPE (UK)	A-I	65,524.	ACCRUAL METHOD
RAND EUROPE COMMUNITY INTEREST COMPANY	A-I	22,235.	ACCRUAL METHOD
RAND RETIREE MEDICAL BENEFIT PLAN	Q	2,346,174.	ACCRUAL METHOD
RAND RETIREE MEDICAL BENEFIT PLAN	R	1,135,018.	ACCRUAL METHOD
(5)			
(6)			

**Part VI. Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37 )

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Prestigious income (related unrelated, excluded from tax under section 512-514)	(e) Are all partners in section 501(c)(3) organizations?  Yes      No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?  Yes      No		(i) Code v-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or Managing partner?  Yes      No	(k) Percentage ownership
							Yes	No			
(1) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(2) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(3) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(4) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(5) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(6) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(7) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(8) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(9) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(10) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(11) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(12) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(13) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(14) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(15) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
(16) _____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

**Part VII Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)