Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PERFORMANT 401K PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 06/01/1985

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
PERFORMANT FINANCIAL CORPORATION

333 NORTH CANYONS PARKWAY
SUITE 100
LIVERMORE, CA 94551

333 NORTH CANYONS PARKWAY
SUITE 100
LIVERMORE, CA 94551

2b Employer Identification Number (EIN)
94-2370483

2c Sponsor's telephone number
925-960-4783

2d Business code (see instructions)
561440

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/25/2011	BRUCE CALVIN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

PERFORMANT FINANCIAL CORPORATION

333 NORTH CANYONS PARKWAY
SUITE 100
LIVERMORE, CA 94551

3b Administrator's EIN: 94-2370483

3c Administrator's telephone number: 925-960-4783

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	1216
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	1103
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	186
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	1289
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	2
f	Total. Add lines **6d** and **6e**	**6f**	1291
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1186
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2R 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
PERFORMANT 401K PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PERFORMANT FINANCIAL CORPORATION

D Employer Identification Number (EIN)
94-2370483

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 71 60	RECORDKEEPER	7512	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ARTISAN MID CAP VAL - BOSTON FINANC 04-2526037	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BARON SMALL CAP - DST SYSTEMS, INC. 43-1581814	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
EATON LG CAP VALUE A - PNC GLOBAL I 04-2871943	0.50%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
HARBOR INTL INV - HARBOR SERVICES G 34-1953399	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
INVS INTL GROWTH I - INVESCO CANADA 98-0557567	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OAKMARK INTL I - BOSTON FINANCIAL D 04-2526037	0.35%

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
PERFORMANT 401K PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PERFORMANT FINANCIAL CORPORATION

D Employer Identification Number (EIN)
94-2370483

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1454947	1210381
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	58512	67986
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	476937	532142
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	9580362	11804684
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	11570758	13615193
	Liabilities			
g	Benefit claims payable	1g	11299	41043
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	11299	41043
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	11559459	13574150

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	1248719	
	(C) Others (including rollovers)	2a(1)(C)	67827	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1316546
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	263	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	19581	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		19844
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	1170	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	225073	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		226243
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	1243	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1582	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		-339

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	9373	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		9373
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		1243387
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		2815054
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	770637	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		770637
f Corrective distributions (see instructions)	2f		20614
g Certain deemed distributions of participant loans (see instructions)	2g		1621
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	7491	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		7491
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		800363
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		2014691
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CAMPBELL, TAYLOR & COMPANY (2) EIN: 68-0251243

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
PERFORMANT 401K PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PERFORMANT FINANCIAL CORPORATION

D Employer Identification Number (EIN)
94-2370483

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Financial Statements of

PERFORMANT 401(k) PLAN

December 31, 2010 and 2009

PERFORMANT 401(k) PLAN

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CTC CAMPBELL TAYLOR & COMPANY ♦ An Accountancy Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Steven A. Campbell
Stephen B. Taylor
Linda L. House
Kelly L. O'Brien
E. Preston Hatch

INDEPENDENT AUDITOR'S REPORT

To the Plan Committee
Performant Financial Corporation
401(k) Plan
Livermore, CA

We were engaged to audit the financial statements of Performant 401(k) Plan as of December 31, 2010 and 2009, and for the years then ended and the supplemental schedule as of December 31, 2010 as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, Inc., the trustee of the Plan assets, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that Fidelity Management Trust Company, Inc., the trustee, holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the Plan Administrator by the trustee is complete and accurate.

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

Campbell Taylor & Company
An Accountancy Corporation

July 5, 2011
Roseville, California

PERFORMANT 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2010 and 2009

	2010	2009
ASSETS:		
Investments, participant directed, at fair value		
Mutual funds	$ 11,804,684	$ 9,580,362
Money market accounts	1,210,381	1,454,947
Common stock	67,986	58,512
Total investments	13,083,051	11,093,821
Notes receivable from participants	532,142	476,937
Total assets	13,615,193	11,570,758
LIABILITIES:		
Excess salary deferral refunds payable	41,043	11,299
Net assets available for plan benefits	$ 13,574,150	$ 11,559,459

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

PERFORMANT 401(k) PLAN

STATEMENTS OF CHANGE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
For the Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS:		
Additions to net assets attributed to		
Investment income:		
Net appreciation in fair value of investments	$ 1,243,386	$ 1,963,032
Interest and dividend income	245,684	233,072
Other income	10,217	10,597
Total investment income	1,499,287	2,206,701
Contributions:		
Employee	1,248,719	1,125,623
Employee rollover	67,827	66,389
Total contributions	1,316,546	1,192,012
Total additions	2,815,833	3,398,713
DEDUCTIONS:		
Deductions from net assets attributed to		
Benefits paid to participants	752,608	1,003,673
Administrative expenses	7,491	7,692
Excess salary deferral refunds	41,043	11,299
Total deductions	801,142	1,022,664
Net increase	2,014,691	2,376,049
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	11,559,459	9,183,410
End of year	$ 13,574,150	$ 11,559,459

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

PERFORMANT 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1: **DESCRIPTION OF PLAN**

The following description of the Performant 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General
The Plan is a 401(k) plan covering all employees who have attained the age of eighteen (18) years and have completed one month of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Two officers of Performant Financial Corporation (the "Plan Sponsor") act as the Plan's administrator and Fidelity Management Trust Company, Inc. is the custodian of the Plan's assets and the Plan's Trustee. Participants may choose to invest their account balance in fund investments offered by the Trustee.

The Plan allows for the automatic enrollment of eligible employees. Upon meeting the eligibility requirements as described in the Plan document, employees are automatically enrolled at a salary deferral rate of 2% of compensation unless they make an affirmative election not to be enrolled.

Plan Year
The Plan year begins January 1 and ends December 31.

Contributions
The Plan allows for the following types of contributions:

- *Employee Salary Deferral 401(k) Contributions*

  The Plan includes an elective salary deferral arrangement pursuant to Section 401(k) of the Internal Revenue Code (the "Code"). Employees may voluntarily contribute up to 60% of their wages subject to various nondiscrimination tests and limitations prescribed by the Code.

- *Employer Discretionary Contributions*

  A contribution may be made at the discretion of the employer without regard to the employer's current or accumulated profits. The Plan Sponsor elected not to make discretionary contributions in 2010 and 2009.

- *Discretionary Employer Matching Contributions*

  The Plan Sponsor may make a discretionary matching contribution equal to a percentage of the participants' salary deferral contributions. The Plan Sponsor elected not to make matching contributions in 2010 and 2009.

- *Employee Rollover Contributions*

  Employees may make rollover contributions from another qualified plan.

Allocations
Employer discretionary contributions are allocated to participants' accounts in proportion to the participants' annual compensation to the aggregate annual compensation of all active participants. Investment earnings and losses are allocated to each participant's account based on actual activity of their selected investments.

NOTE 1: **DESCRIPTION OF PLAN (Continued)**

Vesting
Participants are 100% vested in all contributions upon entering the Plan.

Retirement
Normal retirement under the Plan is age sixty-five (65).

Notes Receivable From Participants
Under certain circumstances, the Plan allows employees to borrow against their accounts. Amounts borrowed cannot exceed 50% of the participant's vested balance. Borrowings bear interest and are due within five years.

Payment of Benefits
Payment of benefits may be made at the following times under the Plan: 1) normal retirement, 2) termination of employment of the participant, 3) death of the participant, or 4) upon termination of the plan. The form of benefit payments may be in a single lump sum or in periodic installments over a period of time.

Administrative Expenses
Substantially all administrative expenses are paid by the Plan Sponsor. Expenses related to specific participant transactions are charged to the respective participant's account.

Reclassifications
During the year, the Plan adopted FASB Accounting Standards Update 2010-25 requiring that participant loans be classified as notes receivable from participants, segregated from plan investments, and measured at their unpaid principal balance plus any accrued but unpaid interest. As such, participant loans have been reclassified in the 2009 statement of net assets available for plan benefits to conform to the 2010 presentation.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting
The financial statements of the Plan are maintained on the accrual basis of accounting.

Investments
Investments are stated at fair market value as determined by quoted market prices. Realized and unrealized market gains and losses are reflected in each participant's account. The Plan provides for participant-directed investments.

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

NOTE 3: **TAX STATUS**

The Plan adopted a non-standardized prototype plan which has obtained a favorable opinion letter on October 9, 2003, in which the Internal Revenue Service stated that the Plan is acceptable under Section 401 of the Code. The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 4: **INVESTMENTS**

The Plan's investments are held by Fidelity Management Trust Company, Inc. At December 31, 2010, investments included mutual funds and money market accounts that represent 5% or more of the net assets available for Plan benefits as follows:

	2010
Fidelity Freedom 2030	$ 1,711,704
Fidelity Retire Money Market	$ 1,188,112
Fidelity Contrafund	$ 1,098,528
Fidelity Freedom 2040	$ 945,116
Fidelity US Bond Index	$ 937,533
Fidelity Diversified International	$ 816,708
Fidelity Freedom 2015	$ 802,027

At December 31, 2009, investments included mutual funds and money market funds that represent 5% or more of the net assets available for Plan benefits as follows:

	2009
Fidelity Retire Money Market	$ 1,433,421
Fidelity Freedom 2030	$ 1,403,848
Fidelity Freedom 2040	$ 818,683
Fidelity Diversified International	$ 791,928
Fidelity US Bond Index	$ 785,197
Fidelity Contrafund	$ 727,027
Fidelity Freedom 2015	$ 649,469

NOTE 5: **INFORMATION CERTIFIED BY THE TRUSTEE**

The following amounts in these financial statements and the supplemental schedule were taken directly from statements provided by and certified as complete and accurate by Fidelity Management Trust Company, Inc., for the years ended December 31, 2010 and 2009, respectively:

	2010	2009
Mutual funds	$ 11,804,684	$ 9,580,362
Money market accounts	$ 1,210,381	$ 1,454,947
Common stocks	$ 67,986	$ 58,512
Net appreciation in fair value of investments	$ 1,243,386	$ 1,963,032
Interest and dividend income	$ 245,684	$ 233,072
Other income	$ 10,217	$ 10,597

NOTE 6: **PLAN TERMINATION**

Although it has not expressed any intent to do so, the Plan Sponsor has the right to terminate the Plan at any time, subject to the provisions of ERISA.

NOTE 7: **RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for Plan benefits.

NOTE 8: **FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs include quoted market prices for identical or similar assets or liabilities in active or inactive markets or inputs other than quoted prices that are observable or corroborated by observable market data for the asset or liability; and Level 3 inputs have the lowest priority and are unobservable and significant to the fair value measurement. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2010 and 2009.

Level 1 Fair Value Measurements: The fair value of mutual funds is based on quoted net asset value of the shares held by the Plan at year-end. The fair value of common stocks is based on the closing price reported in the active market where the individual securities are traded. Money market accounts have underlying short-term investments with quoted prices in active markets to preserve the value of the investment at $1 per share.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010		
	Level 1	Level 2	Level 3
Mutual Funds:			
Life Cycle Funds	$ 5,986,227	$ -	$ -
Large Cap	2,520,387	-	-
Bond	937,533	-	-
International Equity	830,124	-	-
Mid Cap	779,098	-	-
Small Cap	751,315	-	-
Total Mutual Funds	11,804,684	-	-
Money Market Accounts	1,210,381	-	-
Common Stock	67,986	-	-
Total Assets at Fair Value	$ 13,083,051	$ -	$ -

NOTE 8: **FAIR VALUE MEASUREMENTS (Continued)**

	Assets at Fair Value as of December 31, 2009		
	Level 1	Level 2	Level 3
Mutual Funds:			
Life Cycle Funds	$ 4,929,571	$ -	$ -
Large Cap	1,861,673	-	-
International Equity	791,928	-	-
Bond	785,197	-	-
Mid Cap	651,242	-	-
Small Cap	560,751	-	-
Total Mutual Funds	9,580,362	-	-
Money Market Accounts	1,454,947		
Common Stock	58,512	-	-
Total Assets at Fair Value	$ 11,093,821	$ -	$ -

NOTE 9: **SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 5, 2011, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

PERFORMANT 401(k) PLAN
EIN: 94-2370483 / PLAN #: 002

SCHEDULE H, LINE 4i:
SCHEDULE OF ASSETS HELD AT END OF YEAR
December 31, 2010

(a)	(b) Identity	(c) Description	(d) Cost	(e) Current Value
*	Fidelity Freedom 2030	Mutual Fund	-	$ 1,711,704
*	Fidelity Retire Money Market	Money Market Account	-	1,188,112
*	Fidelity Contrafund	Mutual Fund	-	1,098,528
*	Fidelity Freedom 2040	Mutual Fund	-	945,116
*	Fidelity US Bond Index	Mutual Fund	-	937,533
*	Fidelity Diversified International	Mutual Fund	-	816,708
*	Fidelity Freedom 2015	Mutual Fund	-	802,027
*	Fidelity Freedom 2025	Mutual Fund	-	663,744
*	Fidelity Mid Cap Stock	Mutual Fund	-	646,955
	Spartan 500 Index	Mutual Fund	-	627,801
*	Fidelity Freedom 2020	Mutual Fund	-	587,852
*	Fidelity Equity Income	Mutual Fund	-	401,850
*	Fidelity Stock Selector Small Cap	Mutual Fund	-	381,334
*	Fidelity Freedom 2010	Mutual Fund	-	344,753
*	Fidelity Freedom 2035	Mutual Fund	-	325,795
*	Fidelity Small Cap Stock	Mutual Fund	-	305,215
*	Fidelity Cap Appreciation	Mutual Fund	-	273,704
*	Fidelity Freedom Income	Mutual Fund	-	227,910
*	Fidelity Freedom 2050	Mutual Fund	-	215,503
*	Fidelity Freedom 2045	Mutual Fund	-	142,923
	Artisan Mid Cap Val	Mutual Fund	-	132,143
	Eaton Large Cap Vulue	Mutual Fund	-	118,504
	Brokeragelink - Common Stock	Common Stock	-	67,986
	Baron Small Cap	Mutual Fund	-	64,766
	Brokeragelink - Interest Bearing Cash	Money Market Account	-	22,269
*	Fidelity Freedom 2000	Mutual Fund	-	13,310
	Harbor International Inv	Mutual Fund	-	12,821
*	Fidelity Freedom 2005	Mutual Fund	-	5,590
	Oakmark International I	Mutual Fund	-	590
	Invesco International Growth I	Mutual Fund	-	5
	Total Investments			13,083,051
*	Notes Receivable From Participants	Interest from 3.25% to 8.50%	n/a	532,142
	Total Assets			$ 13,615,193

* Party in interest

Note: Cost basis omitted as all investments are participant directed.

Financial Statements of

PERFORMANT 401(k) PLAN

December 31, 2010 and 2009

PERFORMANT 401(k) PLAN

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CTC CAMPBELL TAYLOR & COMPANY ♦ An Accountancy Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Steven A. Campbell
Stephen B. Taylor
Linda L. House
Kelly L. O'Brien
E. Preston Hatch

INDEPENDENT AUDITOR'S REPORT

To the Plan Committee
Performant Financial Corporation
401(k) Plan
Livermore, CA

We were engaged to audit the financial statements of Performant 401(k) Plan as of December 31, 2010 and 2009, and for the years then ended and the supplemental schedule as of December 31, 2010 as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, Inc., the trustee of the Plan assets, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that Fidelity Management Trust Company, Inc., the trustee, holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the Plan Administrator by the trustee is complete and accurate.

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

Campbell Taylor & Company
An Accountancy Corporation

July 5, 2011
Roseville, California

PERFORMANT 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2010 and 2009

	2010	2009
ASSETS:		
Investments, participant directed, at fair value		
Mutual funds	$ 11,804,684	$ 9,580,362
Money market accounts	1,210,381	1,454,947
Common stock	67,986	58,512
Total investments	13,083,051	11,093,821
Notes receivable from participants	532,142	476,937
Total assets	13,615,193	11,570,758
LIABILITIES:		
Excess salary deferral refunds payable	41,043	11,299
Net assets available for plan benefits	$ 13,574,150	$ 11,559,459

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

PERFORMANT 401(k) PLAN

STATEMENTS OF CHANGE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
For the Years Ended December 31, 2010 and 2009

	2010	2009
ADDITIONS:		
Additions to net assets attributed to		
Investment income:		
Net appreciation in fair value of investments	$ 1,243,386	$ 1,963,032
Interest and dividend income	245,684	233,072
Other income	10,217	10,597
Total investment income	1,499,287	2,206,701
Contributions:		
Employee	1,248,719	1,125,623
Employee rollover	67,827	66,389
Total contributions	1,316,546	1,192,012
Total additions	2,815,833	3,398,713
DEDUCTIONS:		
Deductions from net assets attributed to		
Benefits paid to participants	752,608	1,003,673
Administrative expenses	7,491	7,692
Excess salary deferral refunds	41,043	11,299
Total deductions	801,142	1,022,664
Net increase	2,014,691	2,376,049
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	11,559,459	9,183,410
End of year	$ 13,574,150	$ 11,559,459

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

PERFORMANT 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1: **DESCRIPTION OF PLAN**

The following description of the Performant 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General
The Plan is a 401(k) plan covering all employees who have attained the age of eighteen (18) years and have completed one month of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Two officers of Performant Financial Corporation (the "Plan Sponsor") act as the Plan's administrator and Fidelity Management Trust Company, Inc. is the custodian of the Plan's assets and the Plan's Trustee. Participants may choose to invest their account balance in fund investments offered by the Trustee.

The Plan allows for the automatic enrollment of eligible employees. Upon meeting the eligibility requirements as described in the Plan document, employees are automatically enrolled at a salary deferral rate of 2% of compensation unless they make an affirmative election not to be enrolled.

Plan Year
The Plan year begins January 1 and ends December 31.

Contributions
The Plan allows for the following types of contributions:

- *Employee Salary Deferral 401(k) Contributions*

  The Plan includes an elective salary deferral arrangement pursuant to Section 401(k) of the Internal Revenue Code (the "Code"). Employees may voluntarily contribute up to 60% of their wages subject to various nondiscrimination tests and limitations prescribed by the Code.

- *Employer Discretionary Contributions*

  A contribution may be made at the discretion of the employer without regard to the employer's current or accumulated profits. The Plan Sponsor elected not to make discretionary contributions in 2010 and 2009.

- *Discretionary Employer Matching Contributions*

  The Plan Sponsor may make a discretionary matching contribution equal to a percentage of the participants' salary deferral contributions. The Plan Sponsor elected not to make matching contributions in 2010 and 2009.

- *Employee Rollover Contributions*

  Employees may make rollover contributions from another qualified plan.

Allocations
Employer discretionary contributions are allocated to participants' accounts in proportion to the participants' annual compensation to the aggregate annual compensation of all active participants. Investment earnings and losses are allocated to each participant's account based on actual activity of their selected investments.

NOTE 1: **DESCRIPTION OF PLAN (Continued)**

Vesting
Participants are 100% vested in all contributions upon entering the Plan.

Retirement
Normal retirement under the Plan is age sixty-five (65).

Notes Receivable From Participants
Under certain circumstances, the Plan allows employees to borrow against their accounts. Amounts borrowed cannot exceed 50% of the participant's vested balance. Borrowings bear interest and are due within five years.

Payment of Benefits
Payment of benefits may be made at the following times under the Plan: 1) normal retirement, 2) termination of employment of the participant, 3) death of the participant, or 4) upon termination of the plan. The form of benefit payments may be in a single lump sum or in periodic installments over a period of time.

Administrative Expenses
Substantially all administrative expenses are paid by the Plan Sponsor. Expenses related to specific participant transactions are charged to the respective participant's account.

Reclassifications
During the year, the Plan adopted FASB Accounting Standards Update 2010-25 requiring that participant loans be classified as notes receivable from participants, segregated from plan investments, and measured at their unpaid principal balance plus any accrued but unpaid interest. As such, participant loans have been reclassified in the 2009 statement of net assets available for plan benefits to conform to the 2010 presentation.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting
The financial statements of the Plan are maintained on the accrual basis of accounting.

Investments
Investments are stated at fair market value as determined by quoted market prices. Realized and unrealized market gains and losses are reflected in each participant's account. The Plan provides for participant-directed investments.

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

NOTE 3: **TAX STATUS**

The Plan adopted a non-standardized prototype plan which has obtained a favorable opinion letter on October 9, 2003, in which the Internal Revenue Service stated that the Plan is acceptable under Section 401 of the Code. The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 4: **INVESTMENTS**

The Plan's investments are held by Fidelity Management Trust Company, Inc. At December 31, 2010, investments included mutual funds and money market accounts that represent 5% or more of the net assets available for Plan benefits as follows:

	2010
Fidelity Freedom 2030	$ 1,711,704
Fidelity Retire Money Market	$ 1,188,112
Fidelity Contrafund	$ 1,098,528
Fidelity Freedom 2040	$ 945,116
Fidelity US Bond Index	$ 937,533
Fidelity Diversified International	$ 816,708
Fidelity Freedom 2015	$ 802,027

At December 31, 2009, investments included mutual funds and money market funds that represent 5% or more of the net assets available for Plan benefits as follows:

	2009
Fidelity Retire Money Market	$ 1,433,421
Fidelity Freedom 2030	$ 1,403,848
Fidelity Freedom 2040	$ 818,683
Fidelity Diversified International	$ 791,928
Fidelity US Bond Index	$ 785,197
Fidelity Contrafund	$ 727,027
Fidelity Freedom 2015	$ 649,469

NOTE 5: **INFORMATION CERTIFIED BY THE TRUSTEE**

The following amounts in these financial statements and the supplemental schedule were taken directly from statements provided by and certified as complete and accurate by Fidelity Management Trust Company, Inc., for the years ended December 31, 2010 and 2009, respectively:

	2010	2009
Mutual funds	$ 11,804,684	$ 9,580,362
Money market accounts	$ 1,210,381	$ 1,454,947
Common stocks	$ 67,986	$ 58,512
Net appreciation in fair value of investments	$ 1,243,386	$ 1,963,032
Interest and dividend income	$ 245,684	$ 233,072
Other income	$ 10,217	$ 10,597

NOTE 6: **PLAN TERMINATION**

Although it has not expressed any intent to do so, the Plan Sponsor has the right to terminate the Plan at any time, subject to the provisions of ERISA.

NOTE 7: **RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for Plan benefits.

NOTE 8: **FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs include quoted market prices for identical or similar assets or liabilities in active or inactive markets or inputs other than quoted prices that are observable or corroborated by observable market data for the asset or liability; and Level 3 inputs have the lowest priority and are unobservable and significant to the fair value measurement. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at December 31, 2010 and 2009.

Level 1 Fair Value Measurements: The fair value of mutual funds is based on quoted net asset value of the shares held by the Plan at year-end. The fair value of common stocks is based on the closing price reported in the active market where the individual securities are traded. Money market accounts have underlying short-term investments with quoted prices in active markets to preserve the value of the investment at $1 per share.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010		
	Level 1	Level 2	Level 3
Mutual Funds:			
Life Cycle Funds	$ 5,986,227	$ -	$ -
Large Cap	2,520,387	-	-
Bond	937,533	-	-
International Equity	830,124	-	-
Mid Cap	779,098	-	-
Small Cap	751,315	-	-
Total Mutual Funds	11,804,684	-	-
Money Market Accounts	1,210,381	-	-
Common Stock	67,986	-	-
Total Assets at Fair Value	$ 13,083,051	$ -	$ -

NOTE 8: **FAIR VALUE MEASUREMENTS (Continued)**

	Assets at Fair Value as of December 31, 2009		
	Level 1	Level 2	Level 3
Mutual Funds:			
Life Cycle Funds	$ 4,929,571	$ -	$ -
Large Cap	1,861,673	-	-
International Equity	791,928	-	-
Bond	785,197	-	-
Mid Cap	651,242	-	-
Small Cap	560,751	-	-
Total Mutual Funds	9,580,362	-	-
Money Market Accounts	1,454,947		
Common Stock	58,512	-	-
Total Assets at Fair Value	$ 11,093,821	$ -	$ -

NOTE 9: **SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 5, 2011, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

PERFORMANT 401(k) PLAN
EIN: 94-2370483 / PLAN #: 002

SCHEDULE H, LINE 4i:
SCHEDULE OF ASSETS HELD AT END OF YEAR
December 31, 2010

(a)	(b) Identity	(c) Description	(d) Cost	(e) Current Value
*	Fidelity Freedom 2030	Mutual Fund	-	$ 1,711,704
*	Fidelity Retire Money Market	Money Market Account	-	1,188,112
*	Fidelity Contrafund	Mutual Fund	-	1,098,528
*	Fidelity Freedom 2040	Mutual Fund	-	945,116
*	Fidelity US Bond Index	Mutual Fund	-	937,533
*	Fidelity Diversified International	Mutual Fund	-	816,708
*	Fidelity Freedom 2015	Mutual Fund	-	802,027
*	Fidelity Freedom 2025	Mutual Fund	-	663,744
*	Fidelity Mid Cap Stock	Mutual Fund	-	646,955
	Spartan 500 Index	Mutual Fund	-	627,801
*	Fidelity Freedom 2020	Mutual Fund	-	587,852
*	Fidelity Equity Income	Mutual Fund	-	401,850
*	Fidelity Stock Selector Small Cap	Mutual Fund	-	381,334
*	Fidelity Freedom 2010	Mutual Fund	-	344,753
*	Fidelity Freedom 2035	Mutual Fund	-	325,795
*	Fidelity Small Cap Stock	Mutual Fund	-	305,215
*	Fidelity Cap Appreciation	Mutual Fund	-	273,704
*	Fidelity Freedom Income	Mutual Fund	-	227,910
*	Fidelity Freedom 2050	Mutual Fund	-	215,503
*	Fidelity Freedom 2045	Mutual Fund	-	142,923
	Artisan Mid Cap Val	Mutual Fund	-	132,143
	Eaton Large Cap Vulue	Mutual Fund	-	118,504
	Brokeragelink - Common Stock	Common Stock	-	67,986
	Baron Small Cap	Mutual Fund	-	64,766
	Brokeragelink - Interest Bearing Cash	Money Market Account	-	22,269
*	Fidelity Freedom 2000	Mutual Fund	-	13,310
	Harbor International Inv	Mutual Fund	-	12,821
*	Fidelity Freedom 2005	Mutual Fund	-	5,590
	Oakmark International I	Mutual Fund	-	590
	Invesco International Growth I	Mutual Fund	-	5
	Total Investments			13,083,051
*	Notes Receivable From Participants	Interest from 3.25% to 8.50%	n/a	532,142
	Total Assets			$ 13,615,193

* Party in interest

Note: Cost basis omitted as all investments are participant directed.