

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 <div style="text-align: center; font-size: 24pt;">2009</div>
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ 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:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>PROTECTION ONE 401(K) PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/1989</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>PROTECTION ONE ALARM MONITORING, INC.</u> <u>P.O. BOX 707</u> <u>1035 N. THIRD STREET SUITE 101</u> <u>LAWRENCE, KS 66044</u>	2b Employer Identification Number (EIN) <u>93-1064579</u> 2c Sponsor's telephone number <u>785-856-9902</u> 2d Business code (see instructions) <u>561600</u>

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.	<u>10/15/2010</u>	<u>ELIZABETH SCOTT</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/15/2010</u>	<u>SARAH STRAHM</u>
	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2009)
v.092307.1

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

PROTECTION ONE ALARM MONITORING, INC.

P.O. BOX 707
1035 N. THIRD STREET SUITE 101
LAWRENCE, KS 66044**3b** Administrator's EIN

93-1064579

3c Administrator's telephone number

785-856-9902

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**

3192

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**

2423

b Retired or separated participants receiving benefits.....**6b**

1

c Other retired or separated participants entitled to future benefits.....**6c**

425

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

2849

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

0

f Total. Add lines **6d** and **6e**.....**6f**

2849

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

2469

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

553

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 3H

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

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<div>A Name of plan</div> <div>PROTECTION ONE 401(K) PLAN</div>	<div>B Three-digit plan number (PN)</div> <div>▶</div> <div>001</div>
<div>C Plan sponsor's name as shown on line 2a of Form 5500</div> <div>PROTECTION ONE ALARM MONITORING, INC.</div>	<div>D Employer Identification Number (EIN)</div> <div>93-1064579</div>

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)..... ☐ 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

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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)

VANGUARD FIDUCIARY TRUST COMPANY

P.O. BOX 1110
VALLEY FORGE, PA 19482-1110

23-2186884

(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?
21	TRUSTEE/RECORD KEEPER	180265	Yes ☐ No ☒	Yes ☐ No ☒	0	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 ☐

(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

(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.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(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.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(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.

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
(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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(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

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

a Name:	DELOITTE & TOUCHE, LLP	b EIN:	13-3891517
c Position:	ACCOUNTANT		
d Address:	1100 WALNUT STREET SUITE 3300 KANSAS CITY, MO 64106-2219	e Telephone:	816-802-7258

Explanation: PLAN ELECTED TO CHANGE AUDITORS FOR 2009 PLAN YEAR.

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
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan PROTECTION ONE 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PROTECTION ONE ALARM MONITORING, INC.	D Employer Identification Number (EIN) 93-1064579	

Part I	Asset and Liability Statement
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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)		
(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)		
(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)	1408410	1972121
(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)	32409504	44088565
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	33817914	46060686

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	131686	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	131686	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	33686228	46060686
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2261825	
(B) Participants	2a(1)(B)	5808418	
(C) Others (including rollovers)	2a(1)(C)	730763	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		8801006

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)	101076	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		101076

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	818487	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		818487

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(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)		7197978
c Other income.....	2c		21056
d Total income. Add all income amounts in column (b) and enter total.....	2d		16939603

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4349578	
(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)		4349578
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
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)	215567	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		215567
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4565145

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		12374458
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) ☒ Disclaimer (4) ☐ Adverse

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

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

(1) Name: PRICEWATERHOUSECOOPERS, LLC

(2) EIN: 13-4008324

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.).....		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.).....		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.)		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.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?		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?		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.).....	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.).....		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?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		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.		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 2009 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>PROTECTION ONE 401(K) PLAN</u>	B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PROTECTION ONE ALARM MONITORING, INC.</u>	D Employer Identification Number (EIN) <u>93-1064579</u>

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
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): _____ 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 <u>864</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

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): _____

- 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): _____



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Report of Independent Auditors

To the Participants and Administrator of the
Protection One 401(k) Plan

We were engaged to audit the financial statements and supplemental schedule of the Protection One 401(k) Plan (the "Plan") as of and for the year ended December 31, 2009, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management. Other auditors were engaged to audit the financial statements of the Plan as of December 31, 2008. 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 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the December 31, 2008 information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company, the trustee except for comparing such information with the related information included in the December 31, 2008 financial statements. Their report, dated October 13, 2009, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole; and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

Because of the significance of the information in the Plan's 2009 financial statements and supplemental schedules that we did not audit, we are unable to, and do not, express an opinion on the accompanying 2009 financial statements and schedules taken as a whole. The form and content of the information included in the 2009 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink, which appears to read "PricewaterhouseCoopers LLP", is written over a faint, larger version of the same text.

St. Louis, MO
October 14, 2010

PROTECTION ONE 401(k) PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i ---
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2009

{a}	{b}	{c}	{d}	{e}
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	Cost	Current Value
	Franklin Balance Sheet Investment Fund	Registered Investment Company (20,818 shares)	**	\$ 889,149
*	Vanguard 500 Index Fund	Registered Investment Company (59,650 shares)	**	6,124,291
*	Vanguard Explorer Fund	Registered Investment Company (13,034 shares)	**	746,874
*	Vanguard International Growth Fund	Registered Investment Company (171,892 shares)	**	2,920,446
*	Vanguard PRIMECAP Fund	Registered Investment Company (97,731 shares)	**	5,808,168
*	Vanguard Prime Money Market Fund	Registered Investment Company (4,461,606 shares)	**	4,461,606
*	Vanguard Target Retirement 2005 Fund	Registered Investment Company (51,408 shares)	**	564,459
*	Vanguard Target Retirement 2010 Fund	Registered Investment Company (4,007 shares)	**	82,223
*	Vanguard Target Retirement 2015 Fund	Registered Investment Company (215,835 shares)	**	2,441,097
*	Vanguard Target Retirement 2020 Fund	Registered Investment Company (12,203 shares)	**	243,575
*	Vanguard Target Retirement 2025 Fund	Registered Investment Company (315,804 shares)	**	3,574,897
*	Vanguard Target Retirement 2030 Fund	Registered Investment Company (17,250 shares)	**	333,093
*	Vanguard Target Retirement 2035 Fund	Registered Investment Company (259,207 shares)	**	3,011,988
*	Vanguard Target Retirement 2040 Fund	Registered Investment Company (11,940 shares)	**	227,455
*	Vanguard Target Retirement 2045 Fund	Registered Investment Company (112,896 shares)	**	1,357,012
*	Vanguard Target Retirement 2050 Fund	Registered Investment Company (14,737 shares)	**	281,617
*	Vanguard Target Retirement Income Fund	Registered Investment Company (24,689 shares)	**	261,457
*	Vanguard Total Bond Market Index Fund	Registered Investment Company (278,888 shares)	**	2,886,497
*	Vanguard Wellington Fund	Registered Investment Company (153,704 shares)	**	4,434,360
*	Vanguard Windsor Fund	Registered Investment Company (288,690 shares)	**	3,438,302
	Mutual Funds			44,088,565
		Loans to participants with interest rates ranging from 4.25%-10.5% with varying maturity dates through January 2040		
*	Various participants			1,972,121
	Total			\$ 46,060,686

* Party in Interest

** Cost information is not required for participant-directed investments and therefore is not included

Protection One 401(k)Plan

Financial Statements as of December 31, 2009 and 2008, and for the
Year Ended December 31, 2009,
Supplemental Schedule as of December 31, 2009, and Independent
Auditors' Report

PROTECTION ONE 401(k) PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



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Report of Independent Auditors

To the Participants and Administrator of the
Protection One 401(k) Plan

We were engaged to audit the financial statements and supplemental schedule of the Protection One 401(k) Plan (the "Plan") as of and for the year ended December 31, 2009, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management. Other auditors were engaged to audit the financial statements of the Plan as of December 31, 2008. 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 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the December 31, 2008 information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company, the trustee except for comparing such information with the related information included in the December 31, 2008 financial statements. Their report, dated October 13, 2009, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole; and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

Because of the significance of the information in the Plan's 2009 financial statements and supplemental schedules that we did not audit, we are unable to, and do not, express an opinion on the accompanying 2009 financial statements and schedules taken as a whole. The form and content of the information included in the 2009 financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

St. Louis, MO
October 14, 2010

PROTECTION ONE 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS:		
Participant-directed investments — at fair value:		
Mutual Funds	\$ 44,088,565	\$ 32,409,504
Loans to Participants	<u>1,972,121</u>	<u>1,408,410</u>
Total investments	<u>46,060,686</u>	<u>33,817,914</u>
Total assets	<u>46,060,686</u>	<u>33,817,914</u>
LIABILITIES:		
Excess contributions payable	<u>-</u>	<u>131,686</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 46,060,686</u>	<u>\$ 33,686,228</u>

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

PROTECTION ONE 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>
ADDITIONS:	
Contributions:	
Participant contributions	\$ 5,808,418
Rollover contributions	730,763
Employer contributions	<u>2,261,825</u>
Total contributions	<u>8,801,006</u>
Investment income:	
Net appreciation in fair value of investments	7,197,978
Interest and dividend income	919,563
Other income	<u>21,056</u>
Total investment income	<u>8,138,597</u>
Total additions	<u>16,939,603</u>
DEDUCTIONS:	
Benefits paid to participants	4,349,578
Administrative expenses	<u>215,567</u>
Total deductions	<u>4,565,145</u>
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	12,374,458
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	<u>33,686,228</u>
End of year	<u>\$ 46,060,686</u>

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

PROTECTION ONE 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2009 AND 2008, AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. DESCRIPTION OF THE PLAN

The following description of the Protection One 401(k) Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General — The Plan was adopted to provide eligible employees of Protection One Alarm Monitoring, Inc. and other participating employers (collectively referred to as the "Employer" or "Plan Sponsor") a method to provide for retirement and other related benefits. The Plan is administered by the retirement committee (the "Committee") appointed by the Employer. Vanguard Fiduciary Trust Company ("Vanguard") serves as the trustee of the Plan.

The Plan is a defined contribution plan established in accordance with Section 401(a) of the Internal Revenue Code ("IRC") and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). All employees of the Employer become eligible to participate at the beginning of any calendar month after completion of 90 days of service.

Contributions — Each year, participants may contribute up to 50 percent of basic compensation, as defined in the Plan, subject to certain IRC limitations. In addition, all employees who are eligible to make elective deferrals under this Plan and have attained age 50 shall be eligible to make catch-up contributions in accordance with the Plan document. Catch-up contributions shall not be taken into account for purposes of Employer matching contributions. Participants may also contribute amounts representing distributions from other qualified employee benefit or defined contribution plans.

The Employer will make a matching contribution to the Plan equal to 50% of the pre-tax contributions made to the Plan for the Plan year (up to 6 percent of such participant's basic compensation, as defined by the Plan for the Plan year). Matching contributions are made in the form of cash. Additional amounts may be contributed at the discretion of the Board of Directors of the Employer. No such additional discretionary contributions were made for the year ended December 31, 2009.

Investments — Participants direct the investment of their contributions and Employer contributions into various investment options offered by the Plan. The Plan currently offers twenty mutual funds as investment options for participants.

Participant Accounts — Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Employer's matching contribution, and allocations of the Employer's discretionary contributions and Plan earnings. Participant accounts will be charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined by the plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting — Each participant has a fully vested and nonforfeitable interest in all voluntary contributions, rollover contributions, and income earned thereon. Participants vest at a rate of 20 percent for each year of service, becoming fully vested after five years. Participants who terminate service for reasons other

than normal retirement, death, or permanent disability prior to the completion of five years of service will forfeit the nonvested portion of Employer contributions to their account.

Participant Loans — Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. All loans must be repaid in equal installment on not less than a quarterly basis over a five-year period or in excess of five years for the purchase of a primary residence at the discretion of the Committee. The loans are collateralized by the vested balance in the participant's account and bear interest at rates consistent with interest rates charged by commercial entities for loans, which would be made under similar circumstances. Principal and interest is paid ratably through payroll deductions. Upon termination of service, outstanding participant loans are repaid from the participant's account and is deemed a distribution. Interest rates on outstanding participant loans ranged from 4.25 percent to 10.5 percent as of December 31, 2009.

Payment of Benefits — Upon termination of service due to death, permanent disability, or normal retirement, a participant will be entitled to 100 percent of the value of their account balance, including employer contributions and earnings thereon. If a distribution exceeding \$1,000 is required to be made to a participant and the participant does not elect to receive the distribution, the distribution will be transferred in a direct rollover to an IRA established for the benefit of the participant. In addition, if the participant's account has ever exceeded \$5,000, the participant (and spouse or beneficiary, if applicable) must give written consent before the distribution may be made.

Forfeited Accounts — At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$47,803 and \$58,974, respectively. These accounts will be used to reduce future employer contributions or to pay administrative expenses of the Plan. During the year ended December 31, 2009, \$180,265 was used to pay Plan expenses and employer contributions were also reduced by \$175,424 from forfeited nonvested accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, except that benefit payments are recorded when paid.

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

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

Investment Valuation and Income Recognition — The Plan's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Participant loans are valued at the outstanding loan balances, which approximates fair value.

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

Management fees and operating expenses charged to the Plan for investments in the mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Administrative Expenses — Administrative expenses of the Plan are paid by the Plan or the Employer as provided in the Plan document.

Payment of Benefits – Benefit payments to participants are recorded upon distribution.

Excess Contributions Payable — The Plan is required to return contributions received during the Plan year in excess of the IRC limits.

Recent Accounting Pronouncements – A new standard was issued in 2010 requiring participant loans to be classified as notes receivable and measured at unpaid principal balance plus accrued but unpaid interest, among other things. The standard is effective for plan years ending after December 15, 2010 with early adoption permitted. The Plan did not early adopt the standard and does not believe adoption of the new guidance will result in a material impact to the Plan financial statements.

Two new standards were issued in 2009 related to fair value measurements. The first standard requires the plan to adopt accounting guidance for determining fair value when the volume and level of activity for an asset or liability has significantly decreased and identifying transactions that are not orderly. The second accounting standard requires the Plan to disclose information about fair value measurements of investments in certain entities that calculate net asset value per share or its equivalent. See Note 3 for the required disclosures. The adoption of these standards did not have an impact on the Plan's financial statements.

For the year ending December 31, 2009, the Plan adopted the updates to generally accepted accounting principles for disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The adoption of this guidance did not materially impact the Plan's financial statements. See Note 9, Subsequent Events, for further discussion of subsequent events.

3. FAIR VALUE MEASUREMENTS

The Plan classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Investments in mutual funds are valued at net asset value representing the value at which shares of the fund may be purchased or redeemed. Participant loans are valued at amortized cost, which approximates fair value.

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2009 and 2008.

Fair Value Measurements at December 31, 2009				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 44,088,565	\$ -	\$ -	\$ 44,088,565
Participant loans	-	-	1,972,121	1,972,121
Total	<u>\$ 44,088,565</u>	<u>\$ -</u>	<u>\$ 1,972,121</u>	<u>\$ 46,060,686</u>

Fair Value Measurements at December 31, 2008				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 32,409,504	\$ -	\$ -	\$ 32,409,504
Participant loans	-	-	1,408,410	1,408,410
Total	<u>\$ 32,409,504</u>	<u>\$ -</u>	<u>\$ 1,408,410</u>	<u>\$ 33,817,914</u>

The following table presents the summary of changes in the fair value of the Plan's level 3 assets:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 1,408,410	\$ 1,352,865
Issuances and settlements, net	\$ <u>563,711</u>	\$ <u>55,545</u>
Balance as of December 31	\$ <u>1,972,121</u>	\$ <u>1,408,410</u>

4. INVESTMENTS

The Plan's investments that represented 5 percent or more of the Plan's net assets available for benefits as of December 31, 2009 and 2008, are as follows:

	<u>2009</u>	<u>2008</u>
Vanguard 500 Index Fund	\$ 6,124,291	\$ 4,784,180
Vanguard International Growth Fund	2,920,446	1,834,803
Vanguard PRIMECAP Fund	5,808,168	4,296,704
Vanguard Prime Money Market Fund	4,461,606	4,762,927
Vanguard Target Retirement 2015 Fund	2,441,097	1,588,254
Vanguard Target Retirement 2025 Fund	3,574,897	1,895,095
Vanguard Target Retirement 2035 Fund	3,011,988	1,662,586
Vanguard Total Bond Market Index Fund	2,886,497	2,634,517
Vanguard Wellington Fund	4,434,360	3,695,776
Vanguard Windsor Fund	3,438,302	2,396,193

During the year ended December 31, 2009, the Plan's investments in mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$7,197,978.

5. INFORMATION CERTIFIED BY THE TRUSTEE

The following is a summary of the unaudited information regarding the Plan as of and for the year ended December 31, 2009 included in the Plan's financial statements and supplemental schedule, and as of the year ended December 31, 2008, that was prepared by or derived from information prepared by Vanguard, the trustee of the Plan, and furnished to the plan administrator. The plan administrator has obtained a certification from the trustee that such information is complete and accurate.

	<u>2009</u>	<u>2008</u>
Statements of net assets:		
Investments at fair value:		
Mutual Funds	\$ 44,088,565	\$ 32,409,504
Loan Fund	1,972,121	1,561,971
Statement of changes in net assets — investment income:		
Interest and dividends	\$ 919,563	
Net depreciation in fair value of investments	7,197,978	
Other Income	21,056	

All investment balances and investment information included in Note 3, Note 4, and the supplemental schedule of assets (held at end of year) is unaudited and was prepared by or derived from information prepared by Vanguard.

6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Vanguard. Vanguard is the trustee as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

7. PLAN TERMINATION

Although it has not expressed any intention to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become fully vested in their accounts.

8. FEDERAL INCOME TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Employer by a letter dated March 7, 2005, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Employer and Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC, and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

9. SUBSEQUENT EVENTS

The Plan administrator has evaluated the events and transactions that have occurred through October 14, 2010, the date the financial statements were available to be issued, and noted no items requiring adjustment of the financial statements or additional disclosures.

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SUPPLEMENTAL SCHEDULE

PROTECTION ONE 401(k) PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i ---
 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 AS OF DECEMBER 31, 2009

{a}	{b}	{c}	{d}	{e}
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	Cost	Current Value
	Franklin Balance Sheet Investment Fund	Registered Investment Company (20,818 shares)	**	\$ 889,149
*	Vanguard 500 Index Fund	Registered Investment Company (59,650 shares)	**	6,124,291
*	Vanguard Explorer Fund	Registered Investment Company (13,034 shares)	**	746,874
*	Vanguard International Growth Fund	Registered Investment Company (171,892 shares)	**	2,920,446
*	Vanguard PRIMECAP Fund	Registered Investment Company (97,731 shares)	**	5,808,168
*	Vanguard Prime Money Market Fund	Registered Investment Company (4,461,606 shares)	**	4,461,606
*	Vanguard Target Retirement 2005 Fund	Registered Investment Company (51,408 shares)	**	564,459
*	Vanguard Target Retirement 2010 Fund	Registered Investment Company (4,007 shares)	**	82,223
*	Vanguard Target Retirement 2015 Fund	Registered Investment Company (215,835 shares)	**	2,441,097
*	Vanguard Target Retirement 2020 Fund	Registered Investment Company (12,203 shares)	**	243,575
*	Vanguard Target Retirement 2025 Fund	Registered Investment Company (315,804 shares)	**	3,574,897
*	Vanguard Target Retirement 2030 Fund	Registered Investment Company (17,250 shares)	**	333,093
*	Vanguard Target Retirement 2035 Fund	Registered Investment Company (259,207 shares)	**	3,011,988
*	Vanguard Target Retirement 2040 Fund	Registered Investment Company (11,940 shares)	**	227,455
*	Vanguard Target Retirement 2045 Fund	Registered Investment Company (112,896 shares)	**	1,357,012
*	Vanguard Target Retirement 2050 Fund	Registered Investment Company (14,737 shares)	**	281,617
*	Vanguard Target Retirement Income Fund	Registered Investment Company (24,689 shares)	**	261,457
*	Vanguard Total Bond Market Index Fund	Registered Investment Company (278,888 shares)	**	2,886,497
*	Vanguard Wellington Fund	Registered Investment Company (153,704 shares)	**	4,434,360
*	Vanguard Windsor Fund	Registered Investment Company (288,690 shares)	**	<u>3,438,302</u>
	Mutual Funds			44,088,565
		Loans to participants with interest rates ranging from 4.25%-10.5% with varying maturity dates through January 2040		
*	Various participants			<u>1,972,121</u>
	Total			<u>\$ 46,060,686</u>

* Party in Interest

** Cost information is not required for participant-directed investments and therefore is not included