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 07/16/2010

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;
- [X] the final return/report;
- [ ] an amended return/report;
- [X] 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;
- [X] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
INITIATE SYSTEMS, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1999

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

C/O NANCY SHERA
1 NORTH CASTLE DRIVE, MAIL DROP 218
ARMONK, NY 10504

2b Employer Identification Number (EIN) 36-3990887

2c Sponsor's telephone number 914-765-5509

2d Business code (see instructions) 541519

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.	05/20/2011	JOE SCHWADERER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	05/20/2011	JOE SCHWADERER
	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")
INITIATE SYSTEMS, INC.

C/O NANCY SHERA
1 NORTH CASTLE DRIVE, MAIL DROP 218
ARMONK, NY 10504

3b Administrator's EIN
36-3990887

3c Administrator's telephone number
914-765-5509

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**	342
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**	0
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	0
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	0
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	0
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	0
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	7
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 3D

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)	X	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)	X	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)	X	1	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

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 07/16/2010

A Name of plan
INITIATE SYSTEMS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500.
INITIATE SYSTEMS, INC.

D Employer Identification Number (EIN)
36-3990887

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
42-0127290	61271	613953	0	01/01/2010	07/15/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

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	(c) Amount	**(d)** Purpose	

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	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	0
5	Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☒ other ▶ CUSTODIAL GUARANTEED INTEREST CONTRACT

b	Balance at the end of the previous year			7b	593115
c	Additions: (1) Contributions deposited during the year	7c(1)	28579		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	7595		
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)	24355		
	▶ LOAN PAYMENT, ROLLOVER				
	(6) Total additions			7c(6)	60529
d	Total of balance and additions (add **b** and **c(6)**)			7d	653644
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	183499		
	(2) Administration charge made by carrier	7e(2)	36		
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)	470109		
	▶ LOAN WITHDRAWAL, MERGER, OUTSIDE INVESTMENT TRANSFER				
	(5) Total deductions			7e(5)	653644
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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 07/16/2010

A Name of plan
INITIATE SYSTEMS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
INITIATE SYSTEMS, INC.

D Employer Identification Number (EIN)
36-3990887

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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?
13 37 50 64	CONTRACT ADMINISTRATOR	1118	Yes [X] No [ ]	Yes [X] No [ ]	147	Yes [ ] No [X]

(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:	**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 07/16/2010

A Name of plan
INITIATE SYSTEMS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
INITIATE SYSTEMS, INC.

D Employer Identification Number (EIN)
36-3990887

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	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	12242	0
(2) Participant contributions	1b(2)	62567	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	149	0
(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)	69408	0
(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)	169060	0
(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)	10518201	0
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	593115	0
(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	11424742	0
Liabilities			
g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	11424742	0

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)	124839	
(B) Participants	2a(1)(B)	904578	
(C) Others (including rollovers)	2a(1)(C)	282225	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1311642
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	2530	
(F) Other	2b(1)(F)	7595	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		10125
(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	18	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	42544	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		42562
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(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)	0	
(B) Other	2b(5)(B)	12482	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		12482
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-56220
c Other income	2c		0
d Total income. Add all **income** amounts in column (b) and enter total	2d		1320591
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	705305	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		705305
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	1380	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1380
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		706685
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		613906
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		12038648

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: SHEPARD SCHWARTZ & HARRIS LLP **(2)** EIN: 36-1220454

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		657
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	0
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	0
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	0
e	Was this plan covered by a fidelity bond?	4e	X		110000000
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)
IBM 401(K) PLUS PLAN	13-0871985	005

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 07/16/2010

A Name of plan
INITIATE SYSTEMS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
INITIATE SYSTEMS, INC.

D Employer Identification Number (EIN)
36-3990887

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): 42-0127290

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):

INITIATE SYSTEMS, INC.
401(K) PLAN

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

PERIOD ENDED JULY 16, 2010
AND YEAR ENDED DECEMBER 31, 2009

INITIATE SYSTEMS, INC. 401(K) PLAN
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Statements of Net Assets Available for Benefits	Exhibit A
Statement of Changes in Net Assets Available for Benefits	Exhibit B
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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator and Members
of Initiate Systems, Inc. 401(k) Plan
Chicago, Illinois

We were engaged to audit the accompanying statement of net assets available for benefits of **Initiate Systems, Inc. 401(k) Plan** as of July 16, 2010 and December 31, 2009, and the related statement of changes in net assets available for benefits for the period ended July 16, 2010. These financial statements 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 E which was certified by Principal Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that Principal Trust Company 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 period ended July 16, 2010 and 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 financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, 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.

Shepard Schwartz & Harris LLP

Shepard Schwartz & Harris LLP

May 12, 2011

EXHIBIT A

INITIATE SYSTEMS, INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

July 16, 2010 and December 31, 2009

	2010	2009
ASSETS		
Investments, at fair value		
Mutual funds	$ -	$ 10,518,201
Common stock	-	69,408
Guaranteed return account	-	593,115
Money market	-	149
Participant loans	-	169,060
Total investments	-	11,349,933
Cash	-	-
Contributions receivable		
Employer	-	12,242
Participant	-	62,567
NET ASSETS AVAILABLE FOR BENEFITS	$ -	$ 11,424,742

The accompanying notes are an integral part of these statements.

EXHIBIT B

INITIATE SYSTEMS, INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Period Ended July 16, 2010

Additions to net assets attributed to:		
Investment income (loss)		
Interest and dividends	$ 52,687	
Net depreciation in fair value of investments	(43,738)	$ 8,949
Contributions		
Employer	124,839	
Participant	904,578	
Rollover	282,225	1,311,642
Total additions		1,320,591
Deductions from net assets attributed to:		
Payments to terminated participants	705,305	
Administrative fees	1,380	706,685
Net increase before transfers		613,906
Transfers of assets		
From this plan due to merger		(12,038,648)
Net decrease		(11,424,742)
Net assets available for benefits:		
Beginning of year		11,424,742
End of year		$ -

The accompanying notes are an integral part of this statement.

Note A - Description of Plan

The following description of Initiate Systems, Inc. 401(k) Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. General

   The Plan was a discretionary contribution plan covering employees of Initiate Systems, Inc. (Company). Employees excluded from the Plan were those who were subject to collective bargaining agreements under which retirement benefits were subject to good faith bargaining, non-resident aliens who had no earned income from sources within the United States, leased employees and independent contractors. The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

   On March 1, 2010, the plan sponsor was acquired by IBM Corporation. As a result of this acquisition, the Plan was merged into the IBM 401(k) Plus Plan. The Plan accepted contributions through March 31, 2010. On April 1, 2010, Initiate employees became IBM employees and became eligible to participate in the IBM 401(k) Plus Plan. Effective July 16, 2010, the Plan was merged into the IBM 401(k) Plus Plan and all net assets available for benefits were transferred to the IBM 401(k) Plus Plan. All Plan participants who were employees of Initiate Systems, Inc. on March 1, 2010 became 100% vested in their accounts under the Plan.

2. Contributions

   Participants were permitted to contribute a percentage of eligible compensation to the Plan each year on a pre-tax basis or as a Roth contribution (maximum of $16,500 in contributions in 2010), as provided in the Plan. Participants eligible to make such contributions to the Plan and who would be age 50 or older before the end of the plan year were also permitted to make catch-up contributions (maximum of $5,500 in 2010). Participants who were employees may have also rolled over amounts representing distributions from other qualified retirement plans or IRAs into this Plan.

   The Company had full discretion to make a company matching contribution in any plan year. For the plan year ended July 16, 2010, the Company elected to make a matching contribution of 25% of the first 5% of compensation that the participant contributed to the Plan that year.

Note A - Description of Plan (Cont'd)

3. Participant Accounts and Administration
   Upon enrollment in the Plan, a participant may have directed contributions into one or more of several funds offered by the Plan. The trustee maintained a separate account in the name of each participant. Each participant's account was credited with the participant's contribution, allocation of the Company's matching contribution and actual earnings and losses thereon. The Plan allowed participants to reallocate these contributions, as adjusted for earnings or losses, daily among the funds offered under the Plan from time to time. The Plan administrator authorized all withdrawals of Plan assets and was responsible for the general administration of the Plan and compliance with its provisions. Forfeited balances of terminated participants' nonvested accounts were used to reduce future Company contributions. The costs of administering the Plan were borne by the Plan or Company. The benefit to which a participant was entitled was the benefit that could be provided from the participant's vested account.

4. Vesting
   Participants were immediately vested in their contributions plus actual earnings and losses thereon. Vesting in the Company's matching contribution portion of their accounts plus actual earnings thereon was based on years of continuous service, as defined. A participant was 100% vested after four years of continuous service.

5. Forfeited Accounts
   There were no forfeited nonvested account balances at July 16, 2010.

6. Payment of Benefits
   On termination of service, a participant whose account was valued at more than $5,000 could have elected to receive or rollover his/her vested account balance in a lump sum or to maintain an account in the Plan until the defined normal retirement age (at which time the Plan would automatically make a lump-sum distribution). If the value of the participant's account was $5,000 or less but more than $1,000 at termination of service, the participant could have elected to rollover the account but if no distribution election was made, the account was automatically rolled over to the default IRA designated under the Plan. If the participant's vested account balance was $1,000 or less at termination of service and no distribution election was made, the account balance was automatically paid to the participant in a lump sum.

7. Participant Loans
   Loans were available to the participants for the lesser of $50,000 or 50 percent of their vested account balance. The minimum loan was $500. Loan terms ranged from one to five years or longer for the purchase of a primary residence. The loans bore interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest were paid ratably through monthly payroll deductions.

Note B - Summary of Accounting Policies

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

Investment Valuation and Income Recognition
Investments were reported at fair value. Fair value was the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

Purchases and sales of securities were recorded on a trade-date basis. Interest and dividend income were recorded on the accrual basis. Net appreciation included the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits
Benefits were recorded when paid.

Operating Expenses
All expenses of maintaining the plan were paid by the Plan or the Company.

Tax Status
The Plan obtained its latest determination letter in March 2008, in which the Internal Revenue Service stated that the Plan was in compliance with the applicable requirements of the Internal Revenue Code. Although the Plan has been amended since receiving the determination letter, the plan administrator believed that the Plan was designed and was currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Subsequent Events
The Plan evaluated subsequent events through May 12, 2011, the date which the financial statements were available to be issued.

Estimates and Assumptions
The presentation of financial statements in conformity with generally accepted accounting principles required 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 have differed from those estimates.

Note C - Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 inputs to the valuation methodology include the following:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used at July 16, 2010 and December 31, 2009.

Mutual funds. Valued at net asset values of the shares held by the Plan.

Common stock. Valued at the closing price reported on the active market on which the individual securities are traded.

Money market. Valued at fair value based on the principal invested plus or minus activity credited to the account.

Guaranteed return account. Valued at fair value based on the principal invested plus the interest credited to the account.

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

Note C - Fair Value Measurements (Cont'd)

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 only, as there are no remaining assets as of July 16, 2010:

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Balanced/Asset allocation	$ 4,218,170	$ -	$ -	$ 4,218,170
Equity allocation	3,043,240	-	-	3,043,240
International equity allocation	2,398,278	-	-	2,398,278
Fixed income allocation	858,513	-	-	858,513
Total mutual funds	10,518,201	-	-	10,518,201
Common stock				
Growth style	60,680	-	-	60,680
Value style	8,728	-	-	8,728
Total common stock	69,408	-	-	69,408
Money market	149	-	-	149
Guaranteed return account	-	-	593,115	593,115
Participant loans	-	-	169,060	169,060
Total assets at fair value	$ 10,587,758	$ -	$ 762,175	$ 11,349,933

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the period ended July 16, 2010.

	Guaranteed Return Account	Participant Loans	Total
Balance, beginning of year	$ 593,115	$ 169,060	$ 762,175
Realized gains (losses)	-	-	
Unrealized gains (losses) relating to instruments still held at the reporting date	-	-	-
Purchases, sales, issuances, and settlements (net)	(123,231)	(9,215)	(132,446)
Transfers of assets from this plan due to merger	(469,884)	(159,845)	(629,729)
Balance, end of year	$ -	$ -	$ -

Note C - Fair Value Measurements (Cont'd)

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

Note D - Investments

The following presents investments that represent five percent or more of the Plan's net assets as of July 16, 2010 and December 31, 2009:

	2010	2009
Principal Large Cap Growth Inst Fund 242,011 shares in 2009.	*	$ 1,677,138
American Funds Capital Growth & Income Fund 44,239 shares in 2009.	*	1,504,994
American Funds Europacific Growth Fund 23,682 shares in 2009.	*	893,284
Principal Lifetime 2035 Inst Fund 104,722 shares in 2009.	*	885,946
Principal Lifetime 2020 Inst Fund 81,289 shares in 2009.	*	843,784
Principal Lifetime 2010 Inst Fund 77,908 shares in 2009.	*	783,758
Principal Core PS Bond Inst Fund 70,225 shares in 2009.	*	760,542
Principal Lifetime 2040 Inst Fund 57,645 shares in 2009.	*	595,478
Principal Fixed Income Guaranteed Option 53,518 shares in 2009.	*	593,115

* Less than 5% of net assets available for benefits.

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) (depreciated) appreciated in value as follows:

Mutual funds	$ (56,220)
Common stock	12,482
	$ (43,738)

Note E - Summary of Information Certified by Trustee

The following is a summary of the unaudited information included in the Plan's financial statements, prepared by the Plan's trustee and furnished to the plan administrator. The plan administrator has obtained certification from the trustee that such information is complete and accurate:

	2010	2009
Investments, at fair value		
Berkshire Hathaway Holding Company	$ -	$ 59,148
Proshares Short S&P 500	-	6,307
Aerovironment Inc Com	-	989
Hudson City Bancorp Inc	-	961
Woodward Governor Company	-	825
Athenahealth Inc Com	-	543
General Electric Co Com	-	454
Pfizer Inc Com	-	182
Principal Large Cap Growth Inst Fund	-	1,677,138
AM Funds Capital Growth & Income Fund	-	1,504,994
AM Funds Europacific Growth Fund	-	893,284
Principal Lifetime 2035 Inst Fund	-	885,946
Principal Lifetime 2020 Inst Fund	-	843,784
Principal Lifetime 2010 Inst Fund	-	783,758
Principal Core Ps Bond Inst Fund	-	760,542
Principal Lifetime 2040 Inst Fund	-	595,478
Principal Lifetime 2030 Inst Fund	-	437,997
Eaton Vance Large Capital Value Fund	-	420,736
Principal Lifetime 2025 Inst Fund	-	383,178
AM Funds Fundamental Investment Fund	-	252,551
Principal Lifetime 2015 Inst Fund	-	190,652
Principal Small Cap S&P 600 Idx Inst Fund	-	176,563
Principal Large Cap S&P 500 Idx Inst Fund	-	163,425
Principal Mid Cap S&P 400 Idx Inst Fund	-	139,217
T. Rowe Price US Treasury Money Fund	-	97,971
Principal Mid Cap Blend Inst Fund	-	87,480
Principal Lifetime 2045 Inst Fund	-	84,146
Heartland Value Plus Fund	-	69,126
Principal Small Cap Growth Inst Fund	-	21,420
Principal Mid Cap Growth Inst Fund	-	15,736
AIM Small Cap Equity A Fund	-	10,375
Principal Lifetime 2050 Inst Fund	-	9,502
Federated Capital Reserves	-	9,472
Principal Lifetime 2055 Inst Fund	-	2,358
Principal Lifetime Straight Income Inst Fund	-	1,371
Principal Fixed Income Guaranteed Option	-	593,115
Pershing LLC Cash Account	-	149
	$ -	$ 11, 180,873
Interest and dividends	$ 52,687	
Net depreciation in fair value of investment	$ (43,738)	

Note F - Party-In-Interest Transactions

Certain Plan investments were mutual fund accounts managed by Principal Trust Company. Principal Trust Company was the trustee of the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid by the plan for administrative services amounted to $1,380 for the period ended July 16, 2010.

Certain employees of the Company acted as a fiduciary of the Plan and were responsible for the administration of the Plan. The employees were compensated by the Company and did not receive any compensation from the Plan.

Note G – Guaranteed Return Account

The Plan maintained a guaranteed return account with Principal Life Insurance Company that was held in a general account. The account guaranteed a fund rate that was changed on a semiannual basis. The fund rates during 2010 ranged from 2.55% to 2.60%.

Note H - Risks and Uncertainties

The Plan invested in various investment securities. Investment securities were exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it was at least reasonably possible that changes in the values of investment securities did occur in the near term and that such changes could have materially affected the amounts reported in the Statements of Net Assets Available for Benefits.

Note I – Nonexempt Transactions

It was noted that there was an unintentional late deposit made by the Company for loan repayments in the prior year. The Company made an unintentional late deposit totaling $657. The loan repayments should have been deposited to the trust by 2/1/2009 but were not deposited until 2/23/2009. The Company intended to reimburse the Plan for lost earnings which would be reflected in income when the amount was known. At the time of merger, the amount of lost earnings was still unknown. The Company reimbursed the IBM 401(K) Plus Plan for those participants that were affected by the unintentional late deposit on April 15, 2011 in the amount of $2 and filed forms 5330's with the Internal Revenue Service.

Financial Statement Report Control

CLIENT: Initiate Systems 401k Plan

CLIENT TO BE BILLED: Same

ENGAGEMENT CS I.D.: IS401K

ADDT'L ENG CS I.D. FOR CONSOLIDATIONS:

ENGAGEMENT PARTNER: Jo Ann Beck

DESCRIPTION OF FINANCIAL STATEMENT:

SELECT ONE AUDIT [X] REVIEW [ ] COMPILATION [ ] AUP [ ] OTHER [ ]

PERIOD(S) COVERED:

INITIALS AND DATE:

PREPARED BY	MZ 1/6/11	**REVIEWED BY**	TB 1/11/11
PREISSUANCE		**PARTNER**	
Review	CB 1/14/11	**Review**	JB 1/12/11
Report Approval	CB 5/12/11	**Report Approval**	JB 5/12/11

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Attachment to 2010 Form 5500
Schedule H, line 4a - Schedule of Delinquent Participant Contributions

Plan Name Initiate Systems, Inc. 401(k) Plan **EIN:** 36-3990887
Plan Sponsor's Name Initiate Systems, Inc. **PN:** 001

	Total that Constitute Nonexempt Prohibitied Transactions			
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: [X]		657		