# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

**2010**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

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

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

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] 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. . . . . ▶ [X]

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

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
K/P CORPORATION 401(K) SAVINGS & RETIREMENT PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/1984

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

13951 WASHINGTON AVENUE
SAN LEANDRO, CA 94578

13951 WASHINGTON AVENUE
SAN LEANDRO, CA 94578

**2b** Employer Identification Number (EIN)
93-0563572

**2c** Sponsor's telephone number
925-543-5200

**2d** Business code (see instructions)
323100

**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. | 09/28/2011 | JOSEPH ATTURIO |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

13951 WASHINGTON AVENUE
SAN LEANDRO, CA 94578

**3b** Administrator's EIN
93-0563572

**3c** Administrator's telephone number
925-543-5200

**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** | 459 |
| **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** | 299 |
| **b** | Retired or separated participants receiving benefits | **6b** | 3 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 133 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 435 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 435 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 331 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 1 |
| **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 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)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

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

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

**a Pension Schedules**

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

**b General Schedules**

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

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

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

**A** Name of plan
K/P CORPORATION 401(K) SAVINGS & RETIREMENT PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
K/P CORPORATION

**D** Employer Identification Number (EIN)
93-0563572

## Part I Service Provider Information (see instructions)

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

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

FID.INV.INST.OPS.CO.

04-2647786

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

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

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 64 37 65 60 | RECORDKEEPER | 2290 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

NRP FINANCIAL INC

34-1905835

| (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? |
|---|---|---|---|---|---|---|
| 61 | ADVISOR | 0 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

LPL FINANCIAL CORPORATION

95-2834236

| (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? |
|---|---|---|---|---|---|---|
| 61 | ADVISOR | 0 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [X] No [ ] |

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

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

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

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

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

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

## Part I Service Provider Information (continued)

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

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| ALLNZ NFJ DIV VAL A - BOSTON FINANC<br><br>04-2526037 | 0.25% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COL MARSICO GROWTH A - COLUMBIA MGT P.O. BOX 8081<br>BOSTON, MA 02266 | 0.25% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COLUMBIA MDCAP VAL A - COLUMBIA MGT P.O. BOX 8081<br>BOSTON, MA 02266 | 0.25% |

## Part I Service Provider Information (continued)

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

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| DREYFUS S&P 500 INDX - DREYFUS TRAN<br><br>13-5673135 | 0.15% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| FA STK SEL ALL CAP A - FIDELITY INV<br><br>04-2882358 | 0.35% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| HEARTLAND VALUE INV - ALPS FUND SER<br><br>20-3247785 | 0.25% |

## Part I Service Provider Information (continued)

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

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| JPM INTL EQ INDEX A - BOSTON FINANC<br><br>04-2526037 | 0.30% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| PIMCO TOTAL RETURN R - BOSTON FINAN<br><br>04-2526037 | 0.25% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| RS PARTNERS A - BOSTON FINANCIAL DA<br><br>04-2526037 | 0.25% |

**Part I Service Provider Information (continued)**

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

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| THORNBURG CORE GR R3 - BOSTON FINAN<br><br>04-2526037 | 0.25% |

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

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| VICTORY DIVERS STK A - CITI FUND SE<br><br>31-1249295 | 0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| NRP FINANCIAL INC | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COL MARSICO GROWTH A - COLUMBIA MGT P.O. BOX 8081<br>BOSTON, MA 02266 | $0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25% |

## 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 |
|---|---|---|
| NRP FINANCIAL INC | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COLUMBIA MDCAP VAL A - COLUMBIA MGT P.O. BOX 8081 BOSTON, MA 02266 | $0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| NRP FINANCIAL INC | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| JPM INTL EQ INDEX A - JPMORGAN DIST<br><br>74-2945358 | $0-<$4M=1.00% $4M-<$10M=0.75% $10M-<$50M=0.50% $50M+=0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| LPL FINANCIAL CORPORATION | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COL MARSICO GROWTH A - COLUMBIA MGT P.O. BOX 8081 BOSTON, MA 02266 | $0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25% |

**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 |
|---|---|---|
| LPL FINANCIAL CORPORATION | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| COLUMBIA MDCAP VAL A - COLUMBIA MGT P.O. BOX 8081 BOSTON, MA 02266 | $0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25% |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| LPL FINANCIAL CORPORATION | 61 | 0 |

| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
|---|---|
| JPM INTL EQ INDEX A - JPMORGAN DIST<br><br>74-2945358 | $0-<$4M=1.00% $4M-<$10M=0.75% $10M-<$50M=0.50% $50M+=0.25% |

| **(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 |
|---|---|---|
| | | |

| **(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 |
|---|---|---|
| | | |

**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 D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

# DFE/Participating Plan 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.**

OMB No. 1210-0110

**2010**

**This Form is Open to Public Inspection.**

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

**A** Name of plan
K/P CORPORATION 401(K) SAVINGS & RETIREMENT PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
K/P CORPORATION

**D** Employer Identification Number (EIN)
93-0563572

## Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: FA STABLE VALUE

**b** Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 04-3022712-026 | C | 629433 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

## Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

**a** Plan name

| **b** Name of plan sponsor | **c** EIN-PN |
|---|---|

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Financial Information

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

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

OMB No. 1210-0110

**2010**

**This Form is Open to Public Inspection**

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

**A** Name of plan
K/P CORPORATION 401(K) SAVINGS & RETIREMENT PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
K/P CORPORATION

**D** Employer Identification Number (EIN)
93-0563572

## Part I Asset and Liability Statement

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

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | | |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 1875842 | 1347370 |
| **(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) | 385953 | 390881 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 568257 | 629433 |
| **(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) | 12922249 | 14537538 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 15752301 | 16905222 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | | |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 15752301 | 16905222 |

## Part II Income and Expense Statement

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

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | | |
| | **(B)** Participants | 2a(1)(B) | 744307 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 1848 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 746155 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 196 | |
| | **(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) | 29380 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 29576 |
| | **(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) | 377838 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 377838 |
| | **(3)** Rents | 2b(3) | | |
| | **(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) | | |

| | | (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) | | |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 20544 |
| (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) | | 1438246 |
| c Other income | 2c | | |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 2612359 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 1412944 | |
| (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) | | 1412944 |
| f Corrective distributions (see instructions) | 2f | | 44005 |
| 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) | 2489 | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 2489 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 1459438 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line 2j from line 2d | 2k | | 1152921 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

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

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

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

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

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

**(1)** Name: RINA ACCOUNTANCY CORPORATION **(2)** EIN: 94-3158857

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

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

## Part IV Compliance Questions

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

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | X | | 500000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| **g** | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | | X | |
| **h** | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| **i** | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| **j** | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| **k** | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | X | |

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

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

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

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

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

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

OMB No. 1210-0110

**2010**

**This Form is Open to Public Inspection.**

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

**A** Name of plan
K/P CORPORATION 401(K) SAVINGS & RETIREMENT PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
K/P CORPORATION

**D** Employer Identification Number (EIN)
93-0563572

## Part I Distributions

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

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

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

EIN(s): 04-6568107

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

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

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

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

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

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

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

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

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

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

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

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

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

## Part III Amendments

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

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

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

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

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

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

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

---

**a** Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2010 AND DECEMBER 31, 2009

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

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RINA *accountancy corporation*
1220 Oakland Blvd., Suite 300, Walnut Creek, CA 94569
*phone:* 925.210,2180 *fax:* 925.210.2199 1.800.RINA.CPA *web:* www.rina.com

**Independent Auditors' Report**

Administrative Committee
K/P Corporation 401(k) Savings and Retirement Plan

We were engaged to audit the statement of net assets available for benefits of K/P Corporation 401(k) Savings and Retirement Plan as of December 31, 2010 and December 31, 2009 and the related statement of changes in net assets available for benefits for the years then ended and supplemental schedules as of December 31, 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 5, which was certified by Fidelity Management Trust Company, the Plan trustee, in accordance with DOL Regulation 2520.103-5, except for comparing such information with the related information included in the financial statements and supplemental schedules. 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 years ended December 31, 2010 and 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 that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the 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 Security Act of 1974.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
June 23, 2011

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| ASSETS: | | | | |
| Mutual fund investments | $ 14,537,539 | | $ 12,922,249 | |
| Benefit responsive investments | 629,433 | | 568,257 | |
| Cash and cash equivalents | 1,347,370 | $ 16,514,342 | 1,875,842 | $ 15,366,348 |
| Participant loans | | 390,881 | | 385,953 |
| TOTAL ASSETS | | 16,905,223 | | 15,752,301 |
| LIABILITIES: | | | | |
| Contributions refundable | | 48,653 | | 33,603 |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE | | 16,856,570 | | 15,718,698 |
| Adjustment from fair value to contract value for fully benefit-responsive instrument contracts | | (11,771) | | 744 |
| NET ASSETS AVAILABLE FOR BENEFITS | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2010 | | Year Ended December 31, 2009 | |
|---|---|---|---|---|
| ADDITIONS: | | | | |
| Interest and dividend income | | $ 415,443 | | $ 307,544 |
| Net appreciation in fair value of investments | | 1,438,248 | | 2,591,424 |
| Contributions: | | | | |
| Salary deferral | $ 744,307 | | $ 868,624 | |
| Plan sponsor | - | | 49,693 | |
| Rollovers from qualified plans | 1,848 | 746,155 | 16,879 | 935,196 |
| TOTAL ADDITIONS | | 2,599,846 | | 3,834,164 |
| DEDUCTIONS: | | | | |
| Benefit distributions | 1,471,999 | | 2,231,297 | |
| Administration fees | 2,490 | 1,474,489 | 2,411 | 2,233,708 |
| NET INCREASE | | 1,125,357 | | 1,600,456 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | | | |
| Beginning of year | | 15,719,442 | | 14,118,986 |
| End of year | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 1. DESCRIPTION OF THE PLAN:**

The following brief description of the K/P Corporation 401(k) Savings and Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

General:

The Plan is a defined contribution 401(k) plan covering all the employees of K/P Corporation (the "Plan Sponsor"). Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility.

The Plan is subject to the Provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 401(k) of the Internal Revenue Code.

Plan administration:

The Plan Sponsor has appointed an administrative committee (the Administrative Committee) as administrator of the Plan, which carries out the duties imposed under ERISA. Fidelity Management Trust Company (the Trustee) is the appointed trustee for the Plan and acts at the direction of the Administrative Committee. The Trustee is compensated for their services and related expenses by the Plan Sponsor. The only administrative fees charged by the Trustee to the individual participants are initial loan setup fees and a quarterly maintenance fee. The Plan Sponsor pays all other administrative costs.

Participant contributions:

Participation in the Plan is voluntary. Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility. Participant's deferral percentage is subject to an annual limit of 60% of the participant's eligible compensation, up to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $16,500 for 2010 and 2009. For fiscal years beginning after December 31, 2001, individuals age 50 or over by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount ($5,500 in 2010 and 2009) or the participant's compensation for the year reduced by the participant's other elective deferrals.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 29 mutual funds as investment options for participants.

Employer contributions:

The Plan Sponsor may make discretionary matching and nonelective employer contributions on behalf of each participant in an amount equal to the percentage declared for the contribution period, if any, by a board of director's resolution. Matching contributions were suspended during April, 2009 and have yet to resume as of December 31, 2010.

**NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009**

**Note 1. DESCRIPTION OF THE PLAN (Continued):**

Participant accounts:

Each participant's account is credited with the participant's contribution and allocation of the Plan Sponsor's contribution and the Plan earnings and charged with an allocation of administrative expenses.

Participant loans:

Under the terms of the Plan, participants may borrow from their account, a minimum of $1,000 up to a maximum of $50,000 or 50% of the participant's account balance, whichever is less. Participants may have up to two loans outstanding at a time. Loans must be repaid to the Plan through salary deductions over a period not to exceed five years or up to ten years for the purchase of a primary residence. Loans bear a fixed rate of interest determined on the date of advance by the plan administrator. All loans become immediately payable in the event of default or termination of employment. In the event loan payments are not received when they are due, the plan administrator may declare the loan in default. Defaulted loans are offset against the participant's account balance. The specific terms and conditions of such loans are established by the plan administrator.

Vesting:

Participants are immediately 100% vested in their contributions and earnings thereon.

Effective March 1, 2001, plan sponsor contributions are subject to a vesting schedule of 20% per year after the first year of service. Forfeitures are retained in the Plan and used to pay administrative expenses and reduce future plan sponsor contributions. During 2010 and 2009, forfeitures aggregated approximately $4,209 and $7,511, respectively.

Payment of benefits:

Participant contributions are available for withdrawal at the participant's death, retirement, total disability, age 59 ½, or termination of employment with the Plan Sponsor. Participants who qualify for benefits and withdrawals may elect to receive their benefits in the form of a lump sum in cash or periodic installments. The benefit to which a participant is entitled is the benefit that can be provided solely from the participant's vested account.

Method of accounting:

The financial statements are prepared using the accrual basis of accounting and in accordance with ERISA.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Investment valuation and income recognition:

Investments are generally included in the financial statements at fair value as reported to the Plan by Fidelity Management Trust Company. Shares are stated at quoted market value. Gains and losses on investments are recognized in the period in which the appreciation or depreciation occurs. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of investments, which consists of the net realized gains or losses and unrealized appreciation or depreciation on those investments.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

As described in professional accounting standards, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by professional accounting standards, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Loans to participants are valued at cost.

Purchases and sales of securities are recorded on trade date basis.

Subsequent events:

The Administrative Committee has evaluated subsequent events through June 23, 2011, the date which the financial statements were available for issue.

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires the Administrative Committee to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

**Note 4. SIGNIFICANT CONCENTRATION OF CREDIT RISK:**

The Plan's investments are held in a trust fund administered by the Fidelity Management Trust Company.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate and market. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 5. CERTIFICATION OF ASSETS:**

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). As permitted under such election, the plan administrator has obtained certifications from Fidelity Management Trust Company, the asset custodian and trustee of the Plan, as of December 31, 2010 and December 31, 2009 and for the years then ended, that all investment information in the accompanying financial statements and supplemental schedule is complete and accurate. All information as to investment assets and changes therein are presented solely based upon those certifications.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified as complete and accurate by the Plan trustee, Fidelity Management Trust Company as of December 31, 2010 and December 31, 2009:

**DECEMBER 31, 2010**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 95,129.303 | 34.58 | $ 3,289,571 |
| Allianz NFJ Dividend Value Fund A | 29,738.538 | 11.35 | 337,533 |
| Heartland Value Investment | 8,763.562 | 43.82 | 384,019 |
| * Col Marsico Growth CL A | 107,952.718 | 20.34 | 2,195,758 |
| JPM International Equity Index A | 41,154.455 | 18.75 | 771,646 |
| Victory Diversified Stock CL A | 5,269.175 | 15.61 | 82,252 |
| RS Partners Fund CL A | 5,327.079 | 33.09 | 176,273 |
| * Pimco Total Return CL R | 199,830.064 | 10.85 | 2,168,156 |
| Thornburg Core Growth R3 | 9,175.136 | 15.58 | 142,949 |
| Columbia Midcap Value A | 2,060.318 | 13.45 | 27,711 |
| * Fidelity Prime Fund | 1,347,370.300 | 1.00 | 1,347,370 |
| FA Leverage Co Stock A | 7,779.594 | 34.41 | 267,696 |
| * FA Technology A | 34,910.196 | 25.01 | 873,104 |
| FA High Inc Adv A | 17,023.427 | 9.93 | 169,043 |
| FA Stk Sel All Cap A | 2,869.688 | 19.03 | 54,610 |
| FA Stable Value | 617,662.490 | 1.02 | 629,433 |
| FA Freedom 2010 A | 22,499.040 | 11.54 | 259,639 |
| * FA Freedom 2020 A | 75,279.607 | 12.00 | 903,355 |
| FA Freedom 2030 A | 3,304.981 | 12.19 | 40,288 |
| FA Freedom 2040 A | 5,221.535 | 12.36 | 64,538 |
| FA Freedom Income A | 5,870.749 | 10.67 | 62,641 |
| FA Freedom 2005 A | 1,411.493 | 11.14 | 15,724 |
| FA Freedom 2015 A | 4,215.042 | 11.49 | 48,431 |
| FA Freedom 2025 A | 21,168.133 | 11.60 | 245,550 |
| FA Freedom 2035 A | 5,717.798 | 11.57 | 66,155 |
| FA Small Cap Growth A | 8,821.497 | 15.51 | 136,822 |
| FA Freedom 2045 A | 1,542.914 | 9.61 | 14,827 |
| FA Freedom 2050 A | 220.561 | 9.46 | 2,087 |
| * FA Asset Manager 70% A | 106,508.957 | 16.31 | 1,737,161 |
| Total | | | $ 16,514,342 |

* Each fund individually represented 5% or more of the Plan's net assets.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

**DECEMBER 31, 2009**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 98,039.008 | 31.29 | $ 3,067,641 |
| Allianz NFJ Dividend Value Fund A | 28,658.718 | 10.37 | 297,191 |
| Heartland Value Investment | 8,530.994 | 36.18 | 308,651 |
| * Col Marsico Growth CL A | 114,066.410 | 17.03 | 1,942,551 |
| * JPM International Equity Index A | 46,772.045 | 18.36 | 858,735 |
| Victory Diversified Stock CL A | 9,837.155 | 13.98 | 137,523 |
| RS Partners Fund CL A | 1,938.529 | 25.86 | 50,130 |
| * Pimco Total Return CL R | 181,064.993 | 10.80 | 1,955,502 |
| Thornburg Core Growth R3 | 9,518.515 | 14.19 | 135,068 |
| Columbia Midcap Value A | 1,356.427 | 11.07 | 15,016 |
| * Fidelity Prime Fund | 1,875,841.890 | 1.00 | 1,875,842 |
| FA Leverage Co Stock A | 7,877.366 | 27.73 | 218,439 |
| FA Technology A | 32,367.149 | 19.79 | 640,546 |
| FA High Inc Adv A | 16,196.740 | 9.02 | 146,095 |
| FA Dynam Cap Appreciation A | 153.240 | 15.89 | 2,435 |
| FA Stable Value | 569,000.520 | 1.00 | 568,257 |
| FA Freedom 2010 A | 20,574.775 | 10.53 | 216,652 |
| * FA Freedom 2020 A | 74,708.543 | 10.80 | 806,852 |
| FA Freedom 2030 A | 1,216.229 | 10.83 | 13,172 |
| FA Freedom 2040 A | 4,955.886 | 10.90 | 54,019 |
| FA Freedom Income A | 6,533.975 | 10.14 | 66,255 |
| FA Freedom 2005 A | 334.728 | 10.26 | 3,434 |
| FA Freedom 2015 A | 4,570.905 | 10.46 | 47,812 |
| FA Freedom 2025 A | 19,015.805 | 10.35 | 196,814 |
| FA Freedom 2035 A | 4,537.721 | 10.21 | 46,330 |
| FA Small Cap Growth A | 2,199.315 | 12.29 | 27,030 |
| FA Freedom 2045 A | 1,068.335 | 8.44 | 9,017 |
| FA Freedom 2050 A | 65.806 | 8.29 | 545 |
| * FA Asset Manager 70% A | 115,756.774 | 14.33 | 1,658,794 |
| Total | | | $ 15,366,348 |

* Each fund individually represented 5% or more of the Plan's net assets.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 5. CERTIFICATION OF ASSETS (Continued):**

A summary of realized and unrealized net gains (losses) for the years ended December 31, 2010 and December 31, 2009 is as follows:

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 |
|---|---|---|
| Unrealized | $ 1,407,026 | $ 2,548,855 |
| Realized | 31,222 | 42,569 |
| Totals | $ 1,438,248 | $ 2,591,424 |

**Note 6. FAIR VALUE MEASUREMENTS:**

Professional accounting standards establish 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 professional accounting standards 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

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

***Common stocks, corporate bonds and U.S. government securities:*** Valued at the closing price reported on the active market on which the individual securities are traded.

***Mutual fund:*** Valued at the net asset value (NAV) of shares held by the Plan at year end.

***Benefit responsive investment:*** Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (See Note 7).

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, the Plan's assets at fair value as of December 31, 2010 and December 31, 2009:

**Assets at Fair Value as of December 31, 2010**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 15,884,909 | $ - | $ - | $ 15,884,909 |
| Benefit responsive investments | - | - | 629,433 | 629,433 |
| Total assets at fair value | $ 15,884,909 | $ - | $ 629,433 | $ 16,514,342 |

**Assets at Fair Value as of December 31, 2009**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 14,798,091 | $ - | $ - | $ 14,798,091 |
| Benefit responsive investments | - | - | 568,257 | 568,257 |
| Total assets at fair value | $ 14,798,091 | $ - | $ 568,257 | $ 15,366,348 |

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

Level 3 account activity:

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2010 and December 31, 2009

| | Benefit Responsive Instrument | |
|---|---|---|
| | 2010 | 2009 |
| Balances, beginning of year | $ 568,257 | $ 583,208 |
| Purchases, sales, issuances, and settlements (net) | 68,549 | 26,308 |
| Loan repayments | 3,917 | 14,805 |
| Loans issued` | (13,735) | (19,922) |
| Deemed distributions | - | (686) |
| Interest and dividends | 8,757 | 12,548 |
| Benefit payments | (6,312) | (48,004) |
| Balances, end of year | $ 629,433 | $ 568,257 |

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The Plan entered into a benefit-responsive investment contract with Fidelity Management Trust Company (Fidelity). Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The Stable Value investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Fidelity, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than a certain percentage. For the years ended December 31, 2010 and December 31, 2009, the crediting rate was 1.48% and 1.35%, respectively. Interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

For the years ended December 31, 2010 and December 31, 2009, the average yield earned by the Plan for benefit responsive investment was 2.37% and 2.70%, respectively.

As of December 31, 2010 and December 31, 2009, the Plan had $629,433 and $569,001, respectively, in Fidelity Advanced Stable Value Fund, a benefit-responsive investment.

**Note 8. INCOME TAX STATUS:**

The Internal Revenue Service has determined and informed the Plan Sponsor by letter dated May 14, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. Accordingly, the plan administrator and the Plan Sponsor believe that the Plan is qualified and its related trust is exempt from current income taxes.

The Plan recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax position meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2010, the Plan has had no uncertain tax position. The Plan recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Annual returns for the year prior to 2006 are no longer subject to examination by tax authorities.

**Note 9. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Plan Sponsor may, at its sole discretion, terminate the Plan in whole or in part at any time. In the event of termination, each participant's account balance will be 100% vested.

**Note 10. RELATED PARTY TRANSACTIONS:**

Certain plan investments are shares of mutual funds managed by Fidelity Institutional Retirement Services Company and investment transactions are executed by Fidelity Management Trust Company. Although not all plan related expenses are paid by the Plan, the amount of $2,490 and $2,411 for the years ended December 31, 2010 and December 31, 2009, respectively, were paid for administrative fees to Fidelity.

Plan forfeitures are used to pay some plan expenses or to offset matching contributions. These transactions qualify as party-in-interest transactions, which are exempt from the ERISA, prohibited transaction rules.

**Note 11. EXCESS CONTRIBUTIONS:**

Contributions made by participants may be limited due to IRS regulations and computations done at the end of the plan year. Contributions which initially meet all IRS limitations may be found to be in excess of IRS limitations at the end of the year.

**Note 11. EXCESS CONTRIBUTIONS (Continued):**

As of December 31, 2010 and December 31, 2009, the results of deferral limits testing, determined the amount of $48,653 and $33,603, respectively, to be contributions in excess of IRS limits.

Failure to meet the deferral limits can be corrected after the plan year end by recharacterization of the excess elective deferral as an employee after-tax contribution or catch-up contribution or by timely distribution of excess contributions to the appropriate participants. Recharacterization of the deferral must be made no later than 2½ months after the Plan's fiscal year end, and distribution of excess contributions must be made within 12 months of the Plan's year end. However, if the excess contributions are distributed later than 2 ½ months after the end of the plan year, the Plan Sponsor must pay a 10% excise tax.

Recharacterization of the excess contributions took place within the 2½ months as required by the Internal Revenue Code.

**Note 12. RECONCILIATION OF FINANCIAL STATEMENTS FOR FORM 5500:**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010:

| | |
|---|---|
| Net assets available for benefits per the financial statements | $ 16,844,799 |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 11,771 |
| Net assets available for benefits per the Form 5500 | $ 16,905,223 |

The following is a reconciliation of change in net assets available for benefits per the financial statements at December 31, 2010 to Form 5500:

| | |
|---|---|
| Increase in net assets per Audited Financial Statements | $ 1,125,357 |
| Contributions refundable as of December 31, 2009 | (33,603) |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 12,515 |
| Increase in net assets per the Form 5500 | $ 1,152,922 |

**K/P CORPORATION**
**401(k) SAVINGS AND RETIREMENT PLAN**

**SUPPLEMENTAL INFORMATION**

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN
**PLAN NUMBER - 001, EIN 93-0563572**

**SCHEDULE OF ASSETS HELD FOR INVESTMENT**
**FORM 5500 - SCHEDULE H, LINE 4i**
**(Required by ERISA Sec. 103(b) (3) (c))**

**AS OF DECEMBER 31, 2010**

| (a) | (b) Identity of Issue | (c) Description of Investment | Value |
|---|---|---|---|
| * | Funds held by Fidelity Management Trust Company: | | |
| | Dreyfus S&P 500 Index | Pooled Separate Accounts | $ 3,289,571 |
| | Allianz NFJ Div Value A | Pooled Separate Accounts | 337,533 |
| | Heartland Value Investment | Pooled Separate Accounts | 384,019 |
| | Col Marsico Growth A | Pooled Separate Accounts | 2,195,758 |
| | JPM Intl' Equity Index A | Pooled Separate Accounts | 771,646 |
| | Victory Divers Stock A | Pooled Separate Accounts | 82,252 |
| | RS Partners A | Pooled Separate Accounts | 176,273 |
| | Pimco Total Return R | Pooled Separate Accounts | 2,168,156 |
| | Thornburg Core Growth R3 | Pooled Separate Accounts | 142,949 |
| | Columbia Mid Cap Value A | Pooled Separate Accounts | 27,711 |
| | Fidelity Prime Fund | Cash and cash equivalents | 1,347,370 |
| | FA Leverage Co Stock A | Pooled Separate Accounts | 267,696 |
| | FA Technology A | Pooled Separate Accounts | 873,104 |
| | FA High Inc Adv A | Pooled Separate Accounts | 169,043 |
| | FA Stk Sel All Cap A | Pooled Separate Accounts | 54,610 |
| | FA Stable Value | Benefit-Responsive Investment | 617,662 |
| | FA Freedom 2010 A | Pooled Separate Accounts | 259,639 |
| | FA Freedom 2020 A | Pooled Separate Accounts | 903,355 |
| | FA Freedom 2030 A | Pooled Separate Accounts | 40,288 |
| | FA Freedom 2040 A | Pooled Separate Accounts | 64,538 |
| | FA Freedom Income A | Pooled Separate Accounts | 62,641 |
| | FA Freedom 2005 A | Pooled Separate Accounts | 15,724 |
| | FA Freedom 2015 A | Pooled Separate Accounts | 48,431 |
| | FA Freedom 2025 A | Pooled Separate Accounts | 245,550 |
| | FA Freedom 2035 A | Pooled Separate Accounts | 66,155 |
| | FA Small Cap Growth A | Pooled Separate Accounts | 136,822 |
| | FA Freedom 2045 A | Pooled Separate Accounts | 14,827 |
| | FA Freedom 2050 A | Pooled Separate Accounts | 2,087 |
| | FA Asset Manager 70%A | Pooled Separate Accounts | 1,737,161 |
| | Total investments | | $ 16,502,571 |
| | Participant loans | 4.25-11.5% | $ 390,881 |

(*) Party in interest
Column (d) is not applicable.

See notes to financial statements.

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2010 AND DECEMBER 31, 2009

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

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RINA *accountancy corporation*
1220 Oakland Blvd., Suite 300, Walnut Creek, CA 94569
*phone:* 925.210,2180 *fax:* 925.210.2199 1.800.RINA.CPA *web:* www.rina.com

**Independent Auditors' Report**

Administrative Committee
K/P Corporation 401(k) Savings and Retirement Plan

We were engaged to audit the statement of net assets available for benefits of K/P Corporation 401(k) Savings and Retirement Plan as of December 31, 2010 and December 31, 2009 and the related statement of changes in net assets available for benefits for the years then ended and supplemental schedules as of December 31, 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 5, which was certified by Fidelity Management Trust Company, the Plan trustee, in accordance with DOL Regulation 2520.103-5, except for comparing such information with the related information included in the financial statements and supplemental schedules. 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 years ended December 31, 2010 and 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 that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the 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 Security Act of 1974.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
June 23, 2011

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| ASSETS: | | | | |
| Mutual fund investments | $ 14,537,539 | | $ 12,922,249 | |
| Benefit responsive investments | 629,433 | | 568,257 | |
| Cash and cash equivalents | 1,347,370 | $ 16,514,342 | 1,875,842 | $ 15,366,348 |
| Participant loans | | 390,881 | | 385,953 |
| TOTAL ASSETS | | 16,905,223 | | 15,752,301 |
| LIABILITIES: | | | | |
| Contributions refundable | | 48,653 | | 33,603 |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE | | 16,856,570 | | 15,718,698 |
| Adjustment from fair value to contract value for fully benefit-responsive instrument contracts | | (11,771) | | 744 |
| NET ASSETS AVAILABLE FOR BENEFITS | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2010 | | Year Ended December 31, 2009 | |
|---|---|---|---|---|
| ADDITIONS: | | | | |
| Interest and dividend income | | $ 415,443 | | $ 307,544 |
| Net appreciation in fair value of investments | | 1,438,248 | | 2,591,424 |
| Contributions: | | | | |
| Salary deferral | $ 744,307 | | $ 868,624 | |
| Plan sponsor | - | | 49,693 | |
| Rollovers from qualified plans | 1,848 | 746,155 | 16,879 | 935,196 |
| TOTAL ADDITIONS | | 2,599,846 | | 3,834,164 |
| DEDUCTIONS: | | | | |
| Benefit distributions | 1,471,999 | | 2,231,297 | |
| Administration fees | 2,490 | 1,474,489 | 2,411 | 2,233,708 |
| NET INCREASE | | 1,125,357 | | 1,600,456 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | | | |
| Beginning of year | | 15,719,442 | | 14,118,986 |
| End of year | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 1. DESCRIPTION OF THE PLAN:**

The following brief description of the K/P Corporation 401(k) Savings and Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

General:

The Plan is a defined contribution 401(k) plan covering all the employees of K/P Corporation (the "Plan Sponsor"). Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility.

The Plan is subject to the Provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 401(k) of the Internal Revenue Code.

Plan administration:

The Plan Sponsor has appointed an administrative committee (the Administrative Committee) as administrator of the Plan, which carries out the duties imposed under ERISA. Fidelity Management Trust Company (the Trustee) is the appointed trustee for the Plan and acts at the direction of the Administrative Committee. The Trustee is compensated for their services and related expenses by the Plan Sponsor. The only administrative fees charged by the Trustee to the individual participants are initial loan setup fees and a quarterly maintenance fee. The Plan Sponsor pays all other administrative costs.

Participant contributions:

Participation in the Plan is voluntary. Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility. Participant's deferral percentage is subject to an annual limit of 60% of the participant's eligible compensation, up to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $16,500 for 2010 and 2009. For fiscal years beginning after December 31, 2001, individuals age 50 or over by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount ($5,500 in 2010 and 2009) or the participant's compensation for the year reduced by the participant's other elective deferrals.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 29 mutual funds as investment options for participants.

Employer contributions:

The Plan Sponsor may make discretionary matching and nonelective employer contributions on behalf of each participant in an amount equal to the percentage declared for the contribution period, if any, by a board of director's resolution. Matching contributions were suspended during April, 2009 and have yet to resume as of December 31, 2010.

**NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009**

**Note 1. DESCRIPTION OF THE PLAN (Continued):**

Participant accounts:

Each participant's account is credited with the participant's contribution and allocation of the Plan Sponsor's contribution and the Plan earnings and charged with an allocation of administrative expenses.

Participant loans:

Under the terms of the Plan, participants may borrow from their account, a minimum of $1,000 up to a maximum of $50,000 or 50% of the participant's account balance, whichever is less. Participants may have up to two loans outstanding at a time. Loans must be repaid to the Plan through salary deductions over a period not to exceed five years or up to ten years for the purchase of a primary residence. Loans bear a fixed rate of interest determined on the date of advance by the plan administrator. All loans become immediately payable in the event of default or termination of employment. In the event loan payments are not received when they are due, the plan administrator may declare the loan in default. Defaulted loans are offset against the participant's account balance. The specific terms and conditions of such loans are established by the plan administrator.

Vesting:

Participants are immediately 100% vested in their contributions and earnings thereon.

Effective March 1, 2001, plan sponsor contributions are subject to a vesting schedule of 20% per year after the first year of service. Forfeitures are retained in the Plan and used to pay administrative expenses and reduce future plan sponsor contributions. During 2010 and 2009, forfeitures aggregated approximately $4,209 and $7,511, respectively.

Payment of benefits:

Participant contributions are available for withdrawal at the participant's death, retirement, total disability, age 59 ½, or termination of employment with the Plan Sponsor. Participants who qualify for benefits and withdrawals may elect to receive their benefits in the form of a lump sum in cash or periodic installments. The benefit to which a participant is entitled is the benefit that can be provided solely from the participant's vested account.

Method of accounting:

The financial statements are prepared using the accrual basis of accounting and in accordance with ERISA.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Investment valuation and income recognition:

Investments are generally included in the financial statements at fair value as reported to the Plan by Fidelity Management Trust Company. Shares are stated at quoted market value. Gains and losses on investments are recognized in the period in which the appreciation or depreciation occurs. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of investments, which consists of the net realized gains or losses and unrealized appreciation or depreciation on those investments.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

As described in professional accounting standards, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by professional accounting standards, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Loans to participants are valued at cost.

Purchases and sales of securities are recorded on trade date basis.

Subsequent events:

The Administrative Committee has evaluated subsequent events through June 23, 2011, the date which the financial statements were available for issue.

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires the Administrative Committee to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

**Note 4. SIGNIFICANT CONCENTRATION OF CREDIT RISK:**

The Plan's investments are held in a trust fund administered by the Fidelity Management Trust Company.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate and market. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 5. CERTIFICATION OF ASSETS:**

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). As permitted under such election, the plan administrator has obtained certifications from Fidelity Management Trust Company, the asset custodian and trustee of the Plan, as of December 31, 2010 and December 31, 2009 and for the years then ended, that all investment information in the accompanying financial statements and supplemental schedule is complete and accurate. All information as to investment assets and changes therein are presented solely based upon those certifications.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified as complete and accurate by the Plan trustee, Fidelity Management Trust Company as of December 31, 2010 and December 31, 2009:

**DECEMBER 31, 2010**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 95,129.303 | 34.58 | $ 3,289,571 |
| Allianz NFJ Dividend Value Fund A | 29,738.538 | 11.35 | 337,533 |
| Heartland Value Investment | 8,763.562 | 43.82 | 384,019 |
| * Col Marsico Growth CL A | 107,952.718 | 20.34 | 2,195,758 |
| JPM International Equity Index A | 41,154.455 | 18.75 | 771,646 |
| Victory Diversified Stock CL A | 5,269.175 | 15.61 | 82,252 |
| RS Partners Fund CL A | 5,327.079 | 33.09 | 176,273 |
| * Pimco Total Return CL R | 199,830.064 | 10.85 | 2,168,156 |
| Thornburg Core Growth R3 | 9,175.136 | 15.58 | 142,949 |
| Columbia Midcap Value A | 2,060.318 | 13.45 | 27,711 |
| * Fidelity Prime Fund | 1,347,370.300 | 1.00 | 1,347,370 |
| FA Leverage Co Stock A | 7,779.594 | 34.41 | 267,696 |
| * FA Technology A | 34,910.196 | 25.01 | 873,104 |
| FA High Inc Adv A | 17,023.427 | 9.93 | 169,043 |
| FA Stk Sel All Cap A | 2,869.688 | 19.03 | 54,610 |
| FA Stable Value | 617,662.490 | 1.02 | 629,433 |
| FA Freedom 2010 A | 22,499.040 | 11.54 | 259,639 |
| * FA Freedom 2020 A | 75,279.607 | 12.00 | 903,355 |
| FA Freedom 2030 A | 3,304.981 | 12.19 | 40,288 |
| FA Freedom 2040 A | 5,221.535 | 12.36 | 64,538 |
| FA Freedom Income A | 5,870.749 | 10.67 | 62,641 |
| FA Freedom 2005 A | 1,411.493 | 11.14 | 15,724 |
| FA Freedom 2015 A | 4,215.042 | 11.49 | 48,431 |
| FA Freedom 2025 A | 21,168.133 | 11.60 | 245,550 |
| FA Freedom 2035 A | 5,717.798 | 11.57 | 66,155 |
| FA Small Cap Growth A | 8,821.497 | 15.51 | 136,822 |
| FA Freedom 2045 A | 1,542.914 | 9.61 | 14,827 |
| FA Freedom 2050 A | 220.561 | 9.46 | 2,087 |
| * FA Asset Manager 70% A | 106,508.957 | 16.31 | 1,737,161 |
| Total | | | $ 16,514,342 |

* Each fund individually represented 5% or more of the Plan's net assets.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

**DECEMBER 31, 2009**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 98,039.008 | 31.29 | $ 3,067,641 |
| Allianz NFJ Dividend Value Fund A | 28,658.718 | 10.37 | 297,191 |
| Heartland Value Investment | 8,530.994 | 36.18 | 308,651 |
| * Col Marsico Growth CL A | 114,066.410 | 17.03 | 1,942,551 |
| * JPM International Equity Index A | 46,772.045 | 18.36 | 858,735 |
| Victory Diversified Stock CL A | 9,837.155 | 13.98 | 137,523 |
| RS Partners Fund CL A | 1,938.529 | 25.86 | 50,130 |
| * Pimco Total Return CL R | 181,064.993 | 10.80 | 1,955,502 |
| Thornburg Core Growth R3 | 9,518.515 | 14.19 | 135,068 |
| Columbia Midcap Value A | 1,356.427 | 11.07 | 15,016 |
| * Fidelity Prime Fund | 1,875,841.890 | 1.00 | 1,875,842 |
| FA Leverage Co Stock A | 7,877.366 | 27.73 | 218,439 |
| FA Technology A | 32,367.149 | 19.79 | 640,546 |
| FA High Inc Adv A | 16,196.740 | 9.02 | 146,095 |
| FA Dynam Cap Appreciation A | 153.240 | 15.89 | 2,435 |
| FA Stable Value | 569,000.520 | 1.00 | 568,257 |
| FA Freedom 2010 A | 20,574.775 | 10.53 | 216,652 |
| * FA Freedom 2020 A | 74,708.543 | 10.80 | 806,852 |
| FA Freedom 2030 A | 1,216.229 | 10.83 | 13,172 |
| FA Freedom 2040 A | 4,955.886 | 10.90 | 54,019 |
| FA Freedom Income A | 6,533.975 | 10.14 | 66,255 |
| FA Freedom 2005 A | 334.728 | 10.26 | 3,434 |
| FA Freedom 2015 A | 4,570.905 | 10.46 | 47,812 |
| FA Freedom 2025 A | 19,015.805 | 10.35 | 196,814 |
| FA Freedom 2035 A | 4,537.721 | 10.21 | 46,330 |
| FA Small Cap Growth A | 2,199.315 | 12.29 | 27,030 |
| FA Freedom 2045 A | 1,068.335 | 8.44 | 9,017 |
| FA Freedom 2050 A | 65.806 | 8.29 | 545 |
| * FA Asset Manager 70% A | 115,756.774 | 14.33 | 1,658,794 |
| Total | | | $ 15,366,348 |

* Each fund individually represented 5% or more of the Plan's net assets.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 5. CERTIFICATION OF ASSETS (Continued):**

A summary of realized and unrealized net gains (losses) for the years ended December 31, 2010 and December 31, 2009 is as follows:

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 |
|---|---|---|
| Unrealized | $ 1,407,026 | $ 2,548,855 |
| Realized | 31,222 | 42,569 |
| Totals | $ 1,438,248 | $ 2,591,424 |

**Note 6. FAIR VALUE MEASUREMENTS:**

Professional accounting standards establish 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 professional accounting standards 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

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

***Common stocks, corporate bonds and U.S. government securities:*** Valued at the closing price reported on the active market on which the individual securities are traded.

***Mutual fund:*** Valued at the net asset value (NAV) of shares held by the Plan at year end.

***Benefit responsive investment:*** Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (See Note 7).

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, the Plan's assets at fair value as of December 31, 2010 and December 31, 2009:

**Assets at Fair Value as of December 31, 2010**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 15,884,909 | $ - | $ - | $ 15,884,909 |
| Benefit responsive investments | - | - | 629,433 | 629,433 |
| Total assets at fair value | $ 15,884,909 | $ - | $ 629,433 | $ 16,514,342 |

**Assets at Fair Value as of December 31, 2009**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 14,798,091 | $ - | $ - | $ 14,798,091 |
| Benefit responsive investments | - | - | 568,257 | 568,257 |
| Total assets at fair value | $ 14,798,091 | $ - | $ 568,257 | $ 15,366,348 |

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

Level 3 account activity:

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2010 and December 31, 2009

| | Benefit Responsive Instrument | |
|---|---|---|
| | 2010 | 2009 |
| Balances, beginning of year | $ 568,257 | $ 583,208 |
| Purchases, sales, issuances, and settlements (net) | 68,549 | 26,308 |
| Loan repayments | 3,917 | 14,805 |
| Loans issued` | (13,735) | (19,922) |
| Deemed distributions | - | (686) |
| Interest and dividends | 8,757 | 12,548 |
| Benefit payments | (6,312) | (48,004) |
| Balances, end of year | $ 629,433 | $ 568,257 |

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The Plan entered into a benefit-responsive investment contract with Fidelity Management Trust Company (Fidelity). Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The Stable Value investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Fidelity, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than a certain percentage. For the years ended December 31, 2010 and December 31, 2009, the crediting rate was 1.48% and 1.35%, respectively. Interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

For the years ended December 31, 2010 and December 31, 2009, the average yield earned by the Plan for benefit responsive investment was 2.37% and 2.70%, respectively.

As of December 31, 2010 and December 31, 2009, the Plan had $629,433 and $569,001, respectively, in Fidelity Advanced Stable Value Fund, a benefit-responsive investment.

**Note 8. INCOME TAX STATUS:**

The Internal Revenue Service has determined and informed the Plan Sponsor by letter dated May 14, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. Accordingly, the plan administrator and the Plan Sponsor believe that the Plan is qualified and its related trust is exempt from current income taxes.

The Plan recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax position meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2010, the Plan has had no uncertain tax position. The Plan recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Annual returns for the year prior to 2006 are no longer subject to examination by tax authorities.

**Note 9. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Plan Sponsor may, at its sole discretion, terminate the Plan in whole or in part at any time. In the event of termination, each participant's account balance will be 100% vested.

**Note 10. RELATED PARTY TRANSACTIONS:**

Certain plan investments are shares of mutual funds managed by Fidelity Institutional Retirement Services Company and investment transactions are executed by Fidelity Management Trust Company. Although not all plan related expenses are paid by the Plan, the amount of $2,490 and $2,411 for the years ended December 31, 2010 and December 31, 2009, respectively, were paid for administrative fees to Fidelity.

Plan forfeitures are used to pay some plan expenses or to offset matching contributions. These transactions qualify as party-in-interest transactions, which are exempt from the ERISA, prohibited transaction rules.

**Note 11. EXCESS CONTRIBUTIONS:**

Contributions made by participants may be limited due to IRS regulations and computations done at the end of the plan year. Contributions which initially meet all IRS limitations may be found to be in excess of IRS limitations at the end of the year.

**Note 11. EXCESS CONTRIBUTIONS (Continued):**

As of December 31, 2010 and December 31, 2009, the results of deferral limits testing, determined the amount of $48,653 and $33,603, respectively, to be contributions in excess of IRS limits.

Failure to meet the deferral limits can be corrected after the plan year end by recharacterization of the excess elective deferral as an employee after-tax contribution or catch-up contribution or by timely distribution of excess contributions to the appropriate participants. Recharacterization of the deferral must be made no later than 2½ months after the Plan's fiscal year end, and distribution of excess contributions must be made within 12 months of the Plan's year end. However, if the excess contributions are distributed later than 2 ½ months after the end of the plan year, the Plan Sponsor must pay a 10% excise tax.

Recharacterization of the excess contributions took place within the 2½ months as required by the Internal Revenue Code.

**Note 12. RECONCILIATION OF FINANCIAL STATEMENTS FOR FORM 5500:**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010:

| | |
|---|---|
| Net assets available for benefits per the financial statements | $ 16,844,799 |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 11,771 |
| Net assets available for benefits per the Form 5500 | $ 16,905,223 |

The following is a reconciliation of change in net assets available for benefits per the financial statements at December 31, 2010 to Form 5500:

| | |
|---|---|
| Increase in net assets per Audited Financial Statements | $ 1,125,357 |
| Contributions refundable as of December 31, 2009 | (33,603) |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 12,515 |
| Increase in net assets per the Form 5500 | $ 1,152,922 |

**K/P CORPORATION**
**401(k) SAVINGS AND RETIREMENT PLAN**

**SUPPLEMENTAL INFORMATION**

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN
**PLAN NUMBER - 001, EIN 93-0563572**

**SCHEDULE OF ASSETS HELD FOR INVESTMENT**
**FORM 5500 - SCHEDULE H, LINE 4i**
**(Required by ERISA Sec. 103(b) (3) (c))**

**AS OF DECEMBER 31, 2010**

| (a) | (b) Identity of Issue | (c) Description of Investment | Value |
|---|---|---|---|
| * | Funds held by Fidelity Management Trust Company: | | |
| | Dreyfus S&P 500 Index | Pooled Separate Accounts | $ 3,289,571 |
| | Allianz NFJ Div Value A | Pooled Separate Accounts | 337,533 |
| | Heartland Value Investment | Pooled Separate Accounts | 384,019 |
| | Col Marsico Growth A | Pooled Separate Accounts | 2,195,758 |
| | JPM Intl' Equity Index A | Pooled Separate Accounts | 771,646 |
| | Victory Divers Stock A | Pooled Separate Accounts | 82,252 |
| | RS Partners A | Pooled Separate Accounts | 176,273 |
| | Pimco Total Return R | Pooled Separate Accounts | 2,168,156 |
| | Thornburg Core Growth R3 | Pooled Separate Accounts | 142,949 |
| | Columbia Mid Cap Value A | Pooled Separate Accounts | 27,711 |
| | Fidelity Prime Fund | Cash and cash equivalents | 1,347,370 |
| | FA Leverage Co Stock A | Pooled Separate Accounts | 267,696 |
| | FA Technology A | Pooled Separate Accounts | 873,104 |
| | FA High Inc Adv A | Pooled Separate Accounts | 169,043 |
| | FA Stk Sel All Cap A | Pooled Separate Accounts | 54,610 |
| | FA Stable Value | Benefit-Responsive Investment | 617,662 |
| | FA Freedom 2010 A | Pooled Separate Accounts | 259,639 |
| | FA Freedom 2020 A | Pooled Separate Accounts | 903,355 |
| | FA Freedom 2030 A | Pooled Separate Accounts | 40,288 |
| | FA Freedom 2040 A | Pooled Separate Accounts | 64,538 |
| | FA Freedom Income A | Pooled Separate Accounts | 62,641 |
| | FA Freedom 2005 A | Pooled Separate Accounts | 15,724 |
| | FA Freedom 2015 A | Pooled Separate Accounts | 48,431 |
| | FA Freedom 2025 A | Pooled Separate Accounts | 245,550 |
| | FA Freedom 2035 A | Pooled Separate Accounts | 66,155 |
| | FA Small Cap Growth A | Pooled Separate Accounts | 136,822 |
| | FA Freedom 2045 A | Pooled Separate Accounts | 14,827 |
| | FA Freedom 2050 A | Pooled Separate Accounts | 2,087 |
| | FA Asset Manager 70%A | Pooled Separate Accounts | 1,737,161 |
| | Total investments | | $ 16,502,571 |
| | Participant loans | 4.25-11.5% | $ 390,881 |

(*) Party in interest
Column (d) is not applicable.

See notes to financial statements.

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## FINANCIAL STATEMENTS

## DECEMBER 31, 2010 AND DECEMBER 31, 2009

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

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RINA *accountancy corporation*
1220 Oakland Blvd., Suite 300, Walnut Creek, CA 94569
*phone:* 925.210,2180 *fax:* 925.210.2199 1.800.RINA.CPA *web:* www.rina.com

**Independent Auditors' Report**

Administrative Committee
K/P Corporation 401(k) Savings and Retirement Plan

We were engaged to audit the statement of net assets available for benefits of K/P Corporation 401(k) Savings and Retirement Plan as of December 31, 2010 and December 31, 2009 and the related statement of changes in net assets available for benefits for the years then ended and supplemental schedules as of December 31, 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 5, which was certified by Fidelity Management Trust Company, the Plan trustee, in accordance with DOL Regulation 2520.103-5, except for comparing such information with the related information included in the financial statements and supplemental schedules. 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 years ended December 31, 2010 and 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 that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the 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 Security Act of 1974.

RINA accountancy corporation

Certified Public Accountants

Walnut Creek, California
June 23, 2011

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| ASSETS: | | | | |
| Mutual fund investments | $ 14,537,539 | | $ 12,922,249 | |
| Benefit responsive investments | 629,433 | | 568,257 | |
| Cash and cash equivalents | 1,347,370 | $ 16,514,342 | 1,875,842 | $ 15,366,348 |
| Participant loans | | 390,881 | | 385,953 |
| TOTAL ASSETS | | 16,905,223 | | 15,752,301 |
| LIABILITIES: | | | | |
| Contributions refundable | | 48,653 | | 33,603 |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE | | 16,856,570 | | 15,718,698 |
| Adjustment from fair value to contract value for fully benefit-responsive instrument contracts | | (11,771) | | 744 |
| NET ASSETS AVAILABLE FOR BENEFITS | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION 401(k) SAVINGS AND RETIREMENT PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

| | Year Ended December 31, 2010 | | Year Ended December 31, 2009 | |
|---|---|---|---|---|
| ADDITIONS: | | | | |
| Interest and dividend income | | $ 415,443 | | $ 307,544 |
| Net appreciation in fair value of investments | | 1,438,248 | | 2,591,424 |
| Contributions: | | | | |
| Salary deferral | $ 744,307 | | $ 868,624 | |
| Plan sponsor | - | | 49,693 | |
| Rollovers from qualified plans | 1,848 | 746,155 | 16,879 | 935,196 |
| TOTAL ADDITIONS | | 2,599,846 | | 3,834,164 |
| DEDUCTIONS: | | | | |
| Benefit distributions | 1,471,999 | | 2,231,297 | |
| Administration fees | 2,490 | 1,474,489 | 2,411 | 2,233,708 |
| NET INCREASE | | 1,125,357 | | 1,600,456 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | | | |
| Beginning of year | | 15,719,442 | | 14,118,986 |
| End of year | | $ 16,844,799 | | $ 15,719,442 |

See notes to financial statements.

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 1. DESCRIPTION OF THE PLAN:**

The following brief description of the K/P Corporation 401(k) Savings and Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

General:

The Plan is a defined contribution 401(k) plan covering all the employees of K/P Corporation (the "Plan Sponsor"). Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility.

The Plan is subject to the Provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 401(k) of the Internal Revenue Code.

Plan administration:

The Plan Sponsor has appointed an administrative committee (the Administrative Committee) as administrator of the Plan, which carries out the duties imposed under ERISA. Fidelity Management Trust Company (the Trustee) is the appointed trustee for the Plan and acts at the direction of the Administrative Committee. The Trustee is compensated for their services and related expenses by the Plan Sponsor. The only administrative fees charged by the Trustee to the individual participants are initial loan setup fees and a quarterly maintenance fee. The Plan Sponsor pays all other administrative costs.

Participant contributions:

Participation in the Plan is voluntary. Employees are immediately eligible to participate in the Plan and may begin deferring a portion of their compensation on the first day of the month following eligibility. Participant's deferral percentage is subject to an annual limit of 60% of the participant's eligible compensation, up to the maximum annual limit determined by the Internal Revenue Service. The maximum annual amount that can be contributed to a 401(k) arrangement as an elective deferral, that is, as a pre-tax contribution, is $16,500 for 2010 and 2009. For fiscal years beginning after December 31, 2001, individuals age 50 or over by the end of the plan year are allowed to make additional contributions to a 401(k) plan, in excess of the standard limits. Such additional contributions will be limited to the lesser of a specified dollar amount ($5,500 in 2010 and 2009) or the participant's compensation for the year reduced by the participant's other elective deferrals.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers 29 mutual funds as investment options for participants.

Employer contributions:

The Plan Sponsor may make discretionary matching and nonelective employer contributions on behalf of each participant in an amount equal to the percentage declared for the contribution period, if any, by a board of director's resolution. Matching contributions were suspended during April, 2009 and have yet to resume as of December 31, 2010.

**NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009**

**Note 1. DESCRIPTION OF THE PLAN (Continued):**

Participant accounts:

Each participant's account is credited with the participant's contribution and allocation of the Plan Sponsor's contribution and the Plan earnings and charged with an allocation of administrative expenses.

Participant loans:

Under the terms of the Plan, participants may borrow from their account, a minimum of $1,000 up to a maximum of $50,000 or 50% of the participant's account balance, whichever is less. Participants may have up to two loans outstanding at a time. Loans must be repaid to the Plan through salary deductions over a period not to exceed five years or up to ten years for the purchase of a primary residence. Loans bear a fixed rate of interest determined on the date of advance by the plan administrator. All loans become immediately payable in the event of default or termination of employment. In the event loan payments are not received when they are due, the plan administrator may declare the loan in default. Defaulted loans are offset against the participant's account balance. The specific terms and conditions of such loans are established by the plan administrator.

Vesting:

Participants are immediately 100% vested in their contributions and earnings thereon.

Effective March 1, 2001, plan sponsor contributions are subject to a vesting schedule of 20% per year after the first year of service. Forfeitures are retained in the Plan and used to pay administrative expenses and reduce future plan sponsor contributions. During 2010 and 2009, forfeitures aggregated approximately $4,209 and $7,511, respectively.

Payment of benefits:

Participant contributions are available for withdrawal at the participant's death, retirement, total disability, age 59 ½, or termination of employment with the Plan Sponsor. Participants who qualify for benefits and withdrawals may elect to receive their benefits in the form of a lump sum in cash or periodic installments. The benefit to which a participant is entitled is the benefit that can be provided solely from the participant's vested account.

Method of accounting:

The financial statements are prepared using the accrual basis of accounting and in accordance with ERISA.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Investment valuation and income recognition:

Investments are generally included in the financial statements at fair value as reported to the Plan by Fidelity Management Trust Company. Shares are stated at quoted market value. Gains and losses on investments are recognized in the period in which the appreciation or depreciation occurs. The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in fair value of investments, which consists of the net realized gains or losses and unrealized appreciation or depreciation on those investments.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

As described in professional accounting standards, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by professional accounting standards, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Loans to participants are valued at cost.

Purchases and sales of securities are recorded on trade date basis.

Subsequent events:

The Administrative Committee has evaluated subsequent events through June 23, 2011, the date which the financial statements were available for issue.

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires the Administrative Committee to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

**Note 4. SIGNIFICANT CONCENTRATION OF CREDIT RISK:**

The Plan's investments are held in a trust fund administered by the Fidelity Management Trust Company.

The Plan provides for various investment options in any one of a combination of mutual funds that invest in stocks, bonds, fixed income securities and other investment securities. These investments are exposed to various risks, such as credit, interest rate and market. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Note 5. CERTIFICATION OF ASSETS:**

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). As permitted under such election, the plan administrator has obtained certifications from Fidelity Management Trust Company, the asset custodian and trustee of the Plan, as of December 31, 2010 and December 31, 2009 and for the years then ended, that all investment information in the accompanying financial statements and supplemental schedule is complete and accurate. All information as to investment assets and changes therein are presented solely based upon those certifications.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified as complete and accurate by the Plan trustee, Fidelity Management Trust Company as of December 31, 2010 and December 31, 2009:

**DECEMBER 31, 2010**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 95,129.303 | 34.58 | $ 3,289,571 |
| Allianz NFJ Dividend Value Fund A | 29,738.538 | 11.35 | 337,533 |
| Heartland Value Investment | 8,763.562 | 43.82 | 384,019 |
| * Col Marsico Growth CL A | 107,952.718 | 20.34 | 2,195,758 |
| JPM International Equity Index A | 41,154.455 | 18.75 | 771,646 |
| Victory Diversified Stock CL A | 5,269.175 | 15.61 | 82,252 |
| RS Partners Fund CL A | 5,327.079 | 33.09 | 176,273 |
| * Pimco Total Return CL R | 199,830.064 | 10.85 | 2,168,156 |
| Thornburg Core Growth R3 | 9,175.136 | 15.58 | 142,949 |
| Columbia Midcap Value A | 2,060.318 | 13.45 | 27,711 |
| * Fidelity Prime Fund | 1,347,370.300 | 1.00 | 1,347,370 |
| FA Leverage Co Stock A | 7,779.594 | 34.41 | 267,696 |
| * FA Technology A | 34,910.196 | 25.01 | 873,104 |
| FA High Inc Adv A | 17,023.427 | 9.93 | 169,043 |
| FA Stk Sel All Cap A | 2,869.688 | 19.03 | 54,610 |
| FA Stable Value | 617,662.490 | 1.02 | 629,433 |
| FA Freedom 2010 A | 22,499.040 | 11.54 | 259,639 |
| * FA Freedom 2020 A | 75,279.607 | 12.00 | 903,355 |
| FA Freedom 2030 A | 3,304.981 | 12.19 | 40,288 |
| FA Freedom 2040 A | 5,221.535 | 12.36 | 64,538 |
| FA Freedom Income A | 5,870.749 | 10.67 | 62,641 |
| FA Freedom 2005 A | 1,411.493 | 11.14 | 15,724 |
| FA Freedom 2015 A | 4,215.042 | 11.49 | 48,431 |
| FA Freedom 2025 A | 21,168.133 | 11.60 | 245,550 |
| FA Freedom 2035 A | 5,717.798 | 11.57 | 66,155 |
| FA Small Cap Growth A | 8,821.497 | 15.51 | 136,822 |
| FA Freedom 2045 A | 1,542.914 | 9.61 | 14,827 |
| FA Freedom 2050 A | 220.561 | 9.46 | 2,087 |
| * FA Asset Manager 70% A | 106,508.957 | 16.31 | 1,737,161 |
| Total | | | $ 16,514,342 |

* Each fund individually represented 5% or more of the Plan's net assets.

**Note 5. CERTIFICATION OF ASSETS (Continued):**

**DECEMBER 31, 2009**

| | Number of Units | Net Asset Value Per Unit | Fair Value |
|---|---|---|---|
| * Dreyfus S&P 500 Index | 98,039.008 | 31.29 | $ 3,067,641 |
| Allianz NFJ Dividend Value Fund A | 28,658.718 | 10.37 | 297,191 |
| Heartland Value Investment | 8,530.994 | 36.18 | 308,651 |
| * Col Marsico Growth CL A | 114,066.410 | 17.03 | 1,942,551 |
| * JPM International Equity Index A | 46,772.045 | 18.36 | 858,735 |
| Victory Diversified Stock CL A | 9,837.155 | 13.98 | 137,523 |
| RS Partners Fund CL A | 1,938.529 | 25.86 | 50,130 |
| * Pimco Total Return CL R | 181,064.993 | 10.80 | 1,955,502 |
| Thornburg Core Growth R3 | 9,518.515 | 14.19 | 135,068 |
| Columbia Midcap Value A | 1,356.427 | 11.07 | 15,016 |
| * Fidelity Prime Fund | 1,875,841.890 | 1.00 | 1,875,842 |
| FA Leverage Co Stock A | 7,877.366 | 27.73 | 218,439 |
| FA Technology A | 32,367.149 | 19.79 | 640,546 |
| FA High Inc Adv A | 16,196.740 | 9.02 | 146,095 |
| FA Dynam Cap Appreciation A | 153.240 | 15.89 | 2,435 |
| FA Stable Value | 569,000.520 | 1.00 | 568,257 |
| FA Freedom 2010 A | 20,574.775 | 10.53 | 216,652 |
| * FA Freedom 2020 A | 74,708.543 | 10.80 | 806,852 |
| FA Freedom 2030 A | 1,216.229 | 10.83 | 13,172 |
| FA Freedom 2040 A | 4,955.886 | 10.90 | 54,019 |
| FA Freedom Income A | 6,533.975 | 10.14 | 66,255 |
| FA Freedom 2005 A | 334.728 | 10.26 | 3,434 |
| FA Freedom 2015 A | 4,570.905 | 10.46 | 47,812 |
| FA Freedom 2025 A | 19,015.805 | 10.35 | 196,814 |
| FA Freedom 2035 A | 4,537.721 | 10.21 | 46,330 |
| FA Small Cap Growth A | 2,199.315 | 12.29 | 27,030 |
| FA Freedom 2045 A | 1,068.335 | 8.44 | 9,017 |
| FA Freedom 2050 A | 65.806 | 8.29 | 545 |
| * FA Asset Manager 70% A | 115,756.774 | 14.33 | 1,658,794 |
| Total | | | $ 15,366,348 |

* Each fund individually represented 5% or more of the Plan's net assets.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 5. CERTIFICATION OF ASSETS (Continued):**

A summary of realized and unrealized net gains (losses) for the years ended December 31, 2010 and December 31, 2009 is as follows:

| | Year Ended December 31, 2010 | Year Ended December 31, 2009 |
|---|---|---|
| Unrealized | $ 1,407,026 | $ 2,548,855 |
| Realized | 31,222 | 42,569 |
| Totals | $ 1,438,248 | $ 2,591,424 |

**Note 6. FAIR VALUE MEASUREMENTS:**

Professional accounting standards establish 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 professional accounting standards 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:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br><br>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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

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

***Common stocks, corporate bonds and U.S. government securities:*** Valued at the closing price reported on the active market on which the individual securities are traded.

***Mutual fund:*** Valued at the net asset value (NAV) of shares held by the Plan at year end.

***Benefit responsive investment:*** Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (See Note 7).

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, the Plan's assets at fair value as of December 31, 2010 and December 31, 2009:

**Assets at Fair Value as of December 31, 2010**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 15,884,909 | $ - | $ - | $ 15,884,909 |
| Benefit responsive investments | - | - | 629,433 | 629,433 |
| Total assets at fair value | $ 15,884,909 | $ - | $ 629,433 | $ 16,514,342 |

**Assets at Fair Value as of December 31, 2009**

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual Funds | $ 14,798,091 | $ - | $ - | $ 14,798,091 |
| Benefit responsive investments | - | - | 568,257 | 568,257 |
| Total assets at fair value | $ 14,798,091 | $ - | $ 568,257 | $ 15,366,348 |

**Note 6. FAIR VALUE MEASUREMENTS (Continued):**

Level 3 account activity:

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2010 and December 31, 2009

| | Benefit Responsive Instrument | |
|---|---|---|
| | 2010 | 2009 |
| Balances, beginning of year | $ 568,257 | $ 583,208 |
| Purchases, sales, issuances, and settlements (net) | 68,549 | 26,308 |
| Loan repayments | 3,917 | 14,805 |
| Loans issued` | (13,735) | (19,922) |
| Deemed distributions | - | (686) |
| Interest and dividends | 8,757 | 12,548 |
| Benefit payments | (6,312) | (48,004) |
| Balances, end of year | $ 629,433 | $ 568,257 |

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The Plan entered into a benefit-responsive investment contract with Fidelity Management Trust Company (Fidelity). Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The Stable Value investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Fidelity, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than a certain percentage. For the years ended December 31, 2010 and December 31, 2009, the crediting rate was 1.48% and 1.35%, respectively. Interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

## NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2010 AND DECEMBER 31, 2009

**Note 7. BENEFIT-RESPONSIVE INVESTMENT (STABLE VALUE FUND):**

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

For the years ended December 31, 2010 and December 31, 2009, the average yield earned by the Plan for benefit responsive investment was 2.37% and 2.70%, respectively.

As of December 31, 2010 and December 31, 2009, the Plan had $629,433 and $569,001, respectively, in Fidelity Advanced Stable Value Fund, a benefit-responsive investment.

**Note 8. INCOME TAX STATUS:**

The Internal Revenue Service has determined and informed the Plan Sponsor by letter dated May 14, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. Accordingly, the plan administrator and the Plan Sponsor believe that the Plan is qualified and its related trust is exempt from current income taxes.

The Plan recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax position meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2010, the Plan has had no uncertain tax position. The Plan recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. Annual returns for the year prior to 2006 are no longer subject to examination by tax authorities.

**Note 9. PLAN TERMINATION:**

Although it has not expressed any intent to do so, the Plan Sponsor may, at its sole discretion, terminate the Plan in whole or in part at any time. In the event of termination, each participant's account balance will be 100% vested.

**Note 10. RELATED PARTY TRANSACTIONS:**

Certain plan investments are shares of mutual funds managed by Fidelity Institutional Retirement Services Company and investment transactions are executed by Fidelity Management Trust Company. Although not all plan related expenses are paid by the Plan, the amount of $2,490 and $2,411 for the years ended December 31, 2010 and December 31, 2009, respectively, were paid for administrative fees to Fidelity.

Plan forfeitures are used to pay some plan expenses or to offset matching contributions. These transactions qualify as party-in-interest transactions, which are exempt from the ERISA, prohibited transaction rules.

**Note 11. EXCESS CONTRIBUTIONS:**

Contributions made by participants may be limited due to IRS regulations and computations done at the end of the plan year. Contributions which initially meet all IRS limitations may be found to be in excess of IRS limitations at the end of the year.

**Note 11. EXCESS CONTRIBUTIONS (Continued):**

As of December 31, 2010 and December 31, 2009, the results of deferral limits testing, determined the amount of $48,653 and $33,603, respectively, to be contributions in excess of IRS limits.

Failure to meet the deferral limits can be corrected after the plan year end by recharacterization of the excess elective deferral as an employee after-tax contribution or catch-up contribution or by timely distribution of excess contributions to the appropriate participants. Recharacterization of the deferral must be made no later than 2½ months after the Plan's fiscal year end, and distribution of excess contributions must be made within 12 months of the Plan's year end. However, if the excess contributions are distributed later than 2 ½ months after the end of the plan year, the Plan Sponsor must pay a 10% excise tax.

Recharacterization of the excess contributions took place within the 2½ months as required by the Internal Revenue Code.

**Note 12. RECONCILIATION OF FINANCIAL STATEMENTS FOR FORM 5500:**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010:

| | |
|---|---|
| Net assets available for benefits per the financial statements | $ 16,844,799 |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 11,771 |
| Net assets available for benefits per the Form 5500 | $ 16,905,223 |

The following is a reconciliation of change in net assets available for benefits per the financial statements at December 31, 2010 to Form 5500:

| | |
|---|---|
| Increase in net assets per Audited Financial Statements | $ 1,125,357 |
| Contributions refundable as of December 31, 2009 | (33,603) |
| Contributions refundable as of December 31, 2010 | 48,653 |
| Adjustment from fair value to contract value | 12,515 |
| Increase in net assets per the Form 5500 | $ 1,152,922 |

**K/P CORPORATION**
**401(k) SAVINGS AND RETIREMENT PLAN**

**SUPPLEMENTAL INFORMATION**

# K/P CORPORATION
# 401(k) SAVINGS AND RETIREMENT PLAN
**PLAN NUMBER - 001, EIN 93-0563572**

**SCHEDULE OF ASSETS HELD FOR INVESTMENT**
**FORM 5500 - SCHEDULE H, LINE 4i**
**(Required by ERISA Sec. 103(b) (3) (c))**

**AS OF DECEMBER 31, 2010**

| (a) | (b) Identity of Issue | (c) Description of Investment | Value |
|---|---|---|---|
| * | Funds held by Fidelity Management Trust Company: | | |
| | Dreyfus S&P 500 Index | Pooled Separate Accounts | $ 3,289,571 |
| | Allianz NFJ Div Value A | Pooled Separate Accounts | 337,533 |
| | Heartland Value Investment | Pooled Separate Accounts | 384,019 |
| | Col Marsico Growth A | Pooled Separate Accounts | 2,195,758 |
| | JPM Intl' Equity Index A | Pooled Separate Accounts | 771,646 |
| | Victory Divers Stock A | Pooled Separate Accounts | 82,252 |
| | RS Partners A | Pooled Separate Accounts | 176,273 |
| | Pimco Total Return R | Pooled Separate Accounts | 2,168,156 |
| | Thornburg Core Growth R3 | Pooled Separate Accounts | 142,949 |
| | Columbia Mid Cap Value A | Pooled Separate Accounts | 27,711 |
| | Fidelity Prime Fund | Cash and cash equivalents | 1,347,370 |
| | FA Leverage Co Stock A | Pooled Separate Accounts | 267,696 |
| | FA Technology A | Pooled Separate Accounts | 873,104 |
| | FA High Inc Adv A | Pooled Separate Accounts | 169,043 |
| | FA Stk Sel All Cap A | Pooled Separate Accounts | 54,610 |
| | FA Stable Value | Benefit-Responsive Investment | 617,662 |
| | FA Freedom 2010 A | Pooled Separate Accounts | 259,639 |
| | FA Freedom 2020 A | Pooled Separate Accounts | 903,355 |
| | FA Freedom 2030 A | Pooled Separate Accounts | 40,288 |
| | FA Freedom 2040 A | Pooled Separate Accounts | 64,538 |
| | FA Freedom Income A | Pooled Separate Accounts | 62,641 |
| | FA Freedom 2005 A | Pooled Separate Accounts | 15,724 |
| | FA Freedom 2015 A | Pooled Separate Accounts | 48,431 |
| | FA Freedom 2025 A | Pooled Separate Accounts | 245,550 |
| | FA Freedom 2035 A | Pooled Separate Accounts | 66,155 |
| | FA Small Cap Growth A | Pooled Separate Accounts | 136,822 |
| | FA Freedom 2045 A | Pooled Separate Accounts | 14,827 |
| | FA Freedom 2050 A | Pooled Separate Accounts | 2,087 |
| | FA Asset Manager 70%A | Pooled Separate Accounts | 1,737,161 |
| | Total investments | | $ 16,502,571 |
| | Participant loans | 4.25-11.5% | $ 390,881 |

(*) Party in interest
Column (d) is not applicable.

See notes to financial statements.