

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2010</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2001</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/2001</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/2001</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>PON SERVICES COMPANY</u> <u>840 GESSNER ROAD, SUITE 950</u> <u>HOUSTON, TX 77024</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>76-0651530</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>713-405-1828</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>551112</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>76-0651530</u>	2c Sponsor's telephone number <u>713-405-1828</u>	2d Business code (see instructions) <u>551112</u>	
2b Employer Identification Number (EIN) <u>76-0651530</u>					
2c Sponsor's telephone number <u>713-405-1828</u>					
2d Business code (see instructions) <u>551112</u>					

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2011	DELISE WILKINSON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2011	DELISE WILKINSON
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") PON SERVICES COMPANY 840 GESSNER ROAD, SUITE 950 HOUSTON, TX 77024	3b Administrator's EIN 76-0651530 3c Administrator's telephone number 713-405-1828
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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
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5 Total number of participants at the beginning of the plan year	5	649
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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	586
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	70
d Subtotal. Add lines 6a , 6b , and 6c	6d	656
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	4
f Total. Add lines 6d and 6e	6f	660
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	419
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	49

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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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 3H

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

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☒ Insurance	(1) ☒ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

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

a Pension Schedules

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

b General Schedules

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

<div><div>SCHEDULE A</div><div>(Form 5500)</div><div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500. PON SERVICES COMPANY	D Employer Identification Number (EIN) 76-0651530	

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

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	444994	660	01/01/2010	12/31/2010

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

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

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

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

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

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

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

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

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

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

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

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

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

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

Part II Investment and Annuity Contract Information

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

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	5571488

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

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

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add b and c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract e(5) from d)	7f	0

Part III Welfare Benefit Contract Information

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

8 Benefit and contract type (check all applicable boxes)

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

9 Experience-rated contracts:

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

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

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

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

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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 PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PON SERVICES COMPANY	D Employer Identification Number (EIN) 76-0651530	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

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

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 37 50 64	CONTRACT ADMINISTRATOR	35712	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2010</div> This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>PON SERVICES COMPANY</u>	D Employer Identification Number (EIN) <u>76-0651530</u>	

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: <u>PRINCIPAL STABLE VALUE FUND</u>				
b Name of sponsor of entity listed in (a): <u>UNION BOND & TRUST COMPANY</u>				
c EIN-PN <u>93-6274328-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2907276</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INTL SMALLCAP SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-014</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1093799</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN DIVERSIFIED INTL SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-015</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1198234</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP S&P 500 INDEX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1271364</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MIDCAP S&P 400 IDX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-023</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>555663</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LIFETIME 2010 SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-075</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>150133</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LIFETIME 2020 SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-076</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>602625</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2030 SEP ACCT-R6

PRINCIPAL LIFE INSURANCE COMPANY

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

c EIN-PN 42-0127290-077	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 328545
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2040 SEP ACCT-R6

PRINCIPAL LIFE INSURANCE COMPANY

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

c EIN-PN 42-0127290-078	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 251636
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2050 SEP ACCT-R6

PRINCIPAL LIFE INSURANCE COMPANY

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

c EIN-PN 42-0127290-079	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 102211
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME STRAT INC SA-R6

PRINCIPAL LIFE INSURANCE COMPANY

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

c EIN-PN 42-0127290-080	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17278
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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)
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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)
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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)
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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)
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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)
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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)
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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
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PON SERVICES COMPANY	D Employer Identification Number (EIN) 76-0651530	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	13323	8308
	(2) Participant contributions	1b(2)	39255	25003
	(3) Other	1b(3)	0	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	397691	437394
	(9) Value of interest in common/collective trusts	1c(9)	2498889	2907276
	(10) Value of interest in pooled separate accounts	1c(10)	4586066	5571488
	(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)	7722956	10151078
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	15258180	19100547

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	7831	33019
k Total liabilities (add all amounts in lines 1g through 1j)	1k	7831	33019

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	15250349	19067528
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	610627	
(B) Participants	2a(1)(B)	1775653	
(C) Others (including rollovers)	2a(1)(C)	118320	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2504600
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	25621	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		25621
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	263453	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		263453
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		100525
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		839661
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1106292
c Other income.....	2c		448
d Total income. Add all income amounts in column (b) and enter total.....	2d		4840600

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	950440	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	2603	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		953043
f Corrective distributions (see instructions)	2f		34666
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	35712	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		35712
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1023421

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		3817179
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

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

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

(1) Name: **KPMG**

(2) EIN: **13-5565207**

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.).....	☒	☐	935669
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.).....	☐	☒	0
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	☐	☒	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	☐	☒	0
e Was this plan covered by a fidelity bond?.....	☒	☐	1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	☐	☒	
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?	☐	☒	
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?	☐	☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	☒	☐	
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.).....	☐	☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	☐	☒	
l Has the plan failed to provide any benefit when due under the plan?	☐	☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	☐	☒	
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.	☐	☐	

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

A Name of plan <u>PON SERVICES COMPANY DEFINED CONTRIBUTION PLAN</u>	B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PON SERVICES COMPANY</u>	D Employer Identification Number (EIN) <u>76-0651530</u>

Part I	Distributions
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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	<u>0</u>
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): <u>42-0127290</u>		
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 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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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
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

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

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

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

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

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

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

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

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

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

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

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Financial Statements and Supplemental Schedules

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

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Supplemental Schedules*	
Schedule I – Schedule H, Part IV, Line 4a - Schedule of Delinquent Participant Contributions, Year ended December 31, 2010	17
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 * All other supplemental schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	



KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Plan Administrator
Pon Services Company Defined Contribution Plan:

We were engaged to audit the accompanying statements of net assets available for benefits of the Pon Services Company Defined Contribution Plan (the Plan) as of December 31, 2010 and 2009, the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedules of (I) schedule H, part IV, line 4a – schedule of delinquent participant contributions for the year ended December 31, 2010, and (II) schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2010. These financial statements and supplemental schedules 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 described in note 3, which was certified by Principal Life Insurance Company and Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company, the custodians of the Plan, 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 custodians hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the custodians as of December 31, 2010 and 2009 and for the year ended December 31, 2010 that the information provided to the plan administrator by the custodians 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 custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

KPMG LLP

Houston, Texas
October 14, 2011

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Statements of Net Assets Available for Benefits

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Investments, at fair value	\$ 18,629,842	14,807,911
Receivables:		
Notes receivable from participants	437,394	398,691
Company contributions receivable	8,308	13,323
Employee contributions receivable	25,003	39,255
Total receivables	<u>470,705</u>	<u>451,269</u>
Total assets	<u>19,100,547</u>	<u>15,259,180</u>
Liabilities:		
Excess contributions payable	<u>33,019</u>	<u>7,831</u>
Net assets available for benefits at fair value	19,067,528	15,251,349
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(58,190)</u>	<u>(16,772)</u>
Net assets available for benefits	<u><u>\$ 19,009,338</u></u>	<u><u>15,234,577</u></u>

See accompanying notes to financial statements.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010

Additions to net assets available for benefits:

Contributions:

Company, net of forfeitures	\$ 610,627
Employee	1,742,634
Rollover	118,320
	<hr/>
Total contributions	2,471,581
	<hr/>

Investment income:

Dividends	263,901
Net appreciation in fair value of Principal Stable Value Fund	59,107
Net appreciation in fair value of pooled separate accounts	839,661
Net appreciation in fair value of mutual funds	1,106,292
	<hr/>
Total investment income	2,268,961

Interest on notes receivable from participants	25,621
	<hr/>
Total additions	4,766,163
	<hr/>

Deductions from net assets available for benefits:

Benefit payments	955,690
Administrative expenses	35,712
	<hr/>
Total deductions	991,402
	<hr/>

Net increase in net assets available for benefits	3,774,761
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Net assets available for benefits:

Beginning of year	15,234,577
	<hr/>
End of year	\$ 19,009,338
	<hr/> <hr/>

See accompanying notes to financial statements.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

(1) Description of the Plan

The following description of the Pon Services Company Defined Contribution Plan (the Plan) provides only general information. Participants should refer to the plan document as amended for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan and was adopted on January 1, 2001. The Plan was established for the exclusive benefit of eligible employees of Pon Services Company and adopting controlled group members, as defined in the plan document (collectively, the Company). The adopting controlled group members included W&O Supply, Inc.; LeveeLift, Inc.; Valve Automation and Control of San Diego; Pon Material Handling Equipment Services, Inc.; A-T Controls, Inc., Deselle-Maggord Corporation; AVC-Paltex Corporation; PVI Holdings, Inc.; and Pon North America, Inc.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and is qualified under the provisions of the Internal Revenue Code of 1986, as amended (the Code).

Employees are eligible to participate in the Plan on the first day of month following completion of three months of service. Employees excluded from eligibility in the Plan include employees covered under collective bargaining agreements and leased employees.

The Plan is administered by Pon Services Company. The assets of the Plan are held and invested by Principal Life Insurance Company (Principal) and Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company (Principal Trust Company). Principal and Principal Trust Company serve as the Plan's custodians. Principal Trust Company serves as the Plan's directed trustee.

(b) Contributions and Vesting

Employees electing to participate may contribute up to 100% of their compensation on a pretax basis, as defined, per plan year, up to \$16,500 in 2010. Participants who are age 50 or older before the close of the plan year may elect to make catch-up contributions of up to \$5,500 per participant in 2010. The Plan also allows Roth elective deferrals, wherein participants can designate a portion of their elective deferral contributions as after-tax Roth elective deferral contributions. In addition, participants may contribute amounts representing rollovers from other qualified plans into the Plan.

PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN

Notets to Financial Statements

December 31, 2010 and 2009

The Company may make a matching contribution to the Plan in an amount equal to 50% of employee contributions up to 6% of compensation. The Company does not match employee catch-up contributions. The matching contributions vest in accordance with the following schedule:

<u>Years of vesting service</u>	<u>Vested interest</u>
Less than 2 years	—%
2 years	40
3 years	60
4 years	80
5 or more	100

Participants become 100% vested upon reaching normal retirement age while employed, upon their death, or if they become disabled.

In addition, the Company may make discretionary contributions to the Plan. The discretionary contributions are subject to the vesting schedule above and will only be allocated to participants active on the last day of the plan year with at least 1,000 hours of service during the previous 12 months. During 2010, none of the adopting controlled group members elected to contribute discretionary contributions on behalf of their participants, to the Plan.

Participant and Company contributions, as described, are subject to various limitations imposed by the Code. Under the terms of the Plan, participant pretax contributions are limited to amounts provided under Section 402(g) of the Code. Excess contributions payable represents amounts that were refunded to participants subsequent to year-end as the Plan did not pass the actual deferral percentage test. A liability of excess contributions payable in the amount of \$33,019 and \$7,831 has been reflected in the statements of net assets available for benefits at December 31, 2010 and 2009, respectively.

(c) Participant Accounts

Each participant's account is credited with the participant's contribution, the matching contribution and discretionary contributions, if any, and the participant's share of the earnings, losses, and any appreciation (depreciation) of the funds invested, net of administrative expenses. Pro rata allocations are based on the participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) Payment of Benefits and Forfeitures

Distributions are made in lump sum or, for balances greater than \$5,000, in annuity payments as elected by the participant after termination of employment. In-kind distributions are also available for those investments allowing such distributions.

While employed, a participant may make withdrawals from his or her vested accounts (as allowed under the Code) subject to certain restrictions as described in the Plan. Certain restrictions associated

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

with withdrawals may be waived in the event a participant demonstrates financial hardship. A participant may make a withdrawal from his or her vested discretionary contribution account at age 59½ subject to certain limitations. Notwithstanding the foregoing, a participant who is employed by AVC-Paltex Corporation may withdraw any portion of their vested account contributed prior to January 1, 2009 at any time.

A participant whose vested account balance exceeds \$1,000 but is less than \$5,000 at termination, and does not elect to receive a lump-sum payment or direct the Plan to roll over the funds, will automatically have his or her distribution paid to an individual retirement plan designated by the plan administrator.

When a participant terminates employment, he or she is entitled to withdraw his or her total vested fund balance. A participant's nonvested percentage of the matching and discretionary contributions shall become a forfeiture upon a participant's termination of employment for reasons other than retirement, death, or permanent disability. Forfeitures may first be used to pay plan expenses. Remaining forfeitures are used to reduce matching and discretionary contributions. For the year ended December 31, 2010, the Company utilized forfeitures of \$23,409 to partially offset matching contributions. At December 31, 2010 and 2009, forfeitures available were approximately \$58,009 and \$55,884, respectively.

(e) Notes Receivable from Participants

A participant may borrow from the Plan an amount not to exceed the lesser of: (a) \$50,000 reduced by the highest outstanding loan balance in the preceding 12 months or (b) 50% of the value of the participant's vested interest in his or her accounts.

The loans are secured by the participant's vested account balance and are limited to one outstanding loan at any given time. No more than one loan shall be approved for any participant in any 12-month period. The loans bear interest at a rate commensurate with current interest rates and range from 5.00% to 10.25%. The loan maturity dates range through December 2015 at December 31, 2010. Loan interest income is credited directly to the participant's account. The repayment period shall not exceed five years, except for loans used to acquire a principal residence.

(f) Investment Options

At December 31, 2010, participants may allocate their contributions and those of the Company among mutual funds, pooled separate accounts, and the Principal Stable Value Fund.

Effective December 31, 2010 the following investment options were added to the Plan:

BlackRock Global Allocation A Fund
Franklin Mutual Global Discovery Z Fund
Janus Overseas T Fund
Perkins Mid Cap Value T Fund

Participants may transfer all or a portion of their account balance among any of the investment options daily, subject to respective mutual funds transfer restrictions. The Janus Aspen Mid Cap

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

Growth Fund is closed to new contributions. In the event investment instructions are not received from the participant the investment of contribution is allocated to the Principal Stable Value Fund.

(g) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

(h) Expenses

Expenses related to the administration of the Plan may be paid from the Plan through forfeitures or paid out of the assets of the Plan unless paid by the Company. The Plan is not obligated to reimburse the Company for any expenses paid on its behalf.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount the participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan holds investment contracts through its investment in the Principal Stable Value Fund. The statements of net assets available for benefits present the fair value of the investment contracts and 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 for the fully benefit-responsive investment contract.

(b) Valuation of Investments and Income Recognition

Investments are reported at fair market value. Net asset value is used to determine the fair value of the investments in mutual funds. The pooled separate accounts are stated at net asset value, as determined by the issuer, by reference to published market data, if available, of the underlying assets in the pooled separate accounts. The fair value of the Principal Stable Value Fund is based on the market value of the funds underlying investments. Security transactions are recorded on the trade date. Interest is recorded as earned and dividends are recorded on the ex-dividend date. Net appreciation in fair value of the Principal Stable Value Fund, pooled separate accounts, and mutual funds includes realized gains (losses) on the sale of investments during the year and unrealized appreciation of investments held at the end of the year.

The Principal Stable Value Fund invests in conventional, synthetic, and separate account investment contracts issued by life insurance companies, banks, and other financial institutions. The fair value of

PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

December 31, 2010 and 2009

conventional investment contracts is determined using a discounted cash flow methodology. Individual assets of the synthetic investment contracts are generally valued based on market values obtained from independent pricing services, quotes by broker dealers or other methodologies approved by the funds trustee. Commercial paper and other investments with less than 60 days to maturity when purchased are valued at amortized cost, which approximates fair value. Investments in regulated investment companies or collective investment trusts are valued at the net asset value per share/unit on the valuation date. The fair value of the wrap contracts is determined using the market approach discounting methodology which incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and is discounted by the prevailing interpolated yield curve as of year end.

Certain events could limit the ability of the participants in the fund to transact at contract value with the issuers of the contracts held by the fund. Such events could include, but are not limited to, the following: fund administration is amended or changed, merge or consolidation of investors, group termination or layoffs, implementation of an early retirement program, termination or partial termination of the fund, failure to meet certain tax qualifications, participant communication that is designed to influence participants not to invest in the fund, transfers to competing options without meeting the equity wash provisions of the fund and sponsor withdrawals without the appropriate notice to the fund and/or issuer. In the normal course of business, such events or conditions would not limit the ability of the fund to transact at contract value with the participants in the fund. The Plan does not believe that the occurrence of any of these events, which could limit the Plan's ability to transact at contract value with participants, is probable.

(c) Notes Receivable from Participants

Notes receivable from participants are valued at amortized cost. Amortized cost represents the unpaid principal balance plus accrued but unpaid interest.

(d) Benefits

Benefits paid to participants and beneficiaries are recorded when paid.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein. Actual results could differ from those estimates.

(f) Recently Issued Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). The new standard addresses, among other things, guidance regarding disclosure of the different classes of assets and liabilities, valuation techniques and inputs used, activity in Level 3 fair value measurements, and the transfers between levels. ASU No. 2010-06 is effective for the annual reporting period beginning after December 15, 2009. The required disclosures are included

PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN

Notets to Financial Statements

December 31, 2010 and 2009

with the Plan's financial statements for the year ending December 31, 2010. The adoption of ASU 2010-06 did not have a material impact on the Plan's financial statements.

In September 2010, the FASB issued ASU No. 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans* (ASU 2010-25). The new standard clarifies how loans to participants should be classified and measured by defined contribution pension benefit plans. Participant loans were previously classified as investments and carried at fair value. The amendments in this ASU require that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. ASU 2010-25 is effective for annual periods ending after December 15, 2010, with adoption permitted, and must be applied retrospectively to all prior periods presented. The Plan adopted the guidance for the reporting period ended December 31, 2010 and retrospectively applied it to 2009. The Form 5500 and supplemental Schedule H, Part VI, Line 4i – schedule of assets (held at end of year) will continue to present notes receivable from participants as an investment. The adoption of the guidance is classification related; therefore, it did not impact the value of the Plan's net assets available for benefits or the changes in net assets available for benefits.

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). The new standard results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2011-04 is effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011 will have on the Plan's financial statements.

(3) Information Certified by the Custodians

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained certifications from the custodians, Principal and Principal Trust Company, that all financial information, including notes receivable from participants, provided by them is complete and accurate. Information included in the accompanying financial statements and notes to financial statements as to investments in pooled separate accounts, mutual funds, the Principal Stable Value Fund, and notes receivable from participants, dividends, net appreciation/depreciation in fair value of the Principal Stable Value Fund, pooled separate accounts and mutual funds, interest on notes receivable from participants and all information in the supplemental schedule II, schedule H, part IV, line 4i – schedule of assets (held at end of year) as of December 31, 2010, is presented in reliance solely upon those certifications.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

(4) Investments

The following presents investments as of December 31, 2010 and 2009 that represent 5% or more of the Plan's net assets:

	<u>2010</u>	<u>2009</u>
Vanguard Group Total Bond Market Index Signal Fund	\$ 1,188,031	978,720
Vanguard Group GNMA Admiral Fund	1,848,243	1,385,484
Principal Financial Group Stable Value Fund	2,907,276	2,498,889
Principal Financial Group Large Cap S&P 500 Index Separate Account	1,271,364	1,032,320
Principal Financial Group Diversified International Separate Account	1,198,234	1,087,622
Principal Financial Group International Small Company Separate Account	1,093,799	856,075
T. Rowe Price Capital Appreciation Fund	*	820,522
T. Rowe Price Mid Cap Growth Fund	1,051,840	*
T. Rowe Price Small Cap Stock Fund	1,105,572	*

* Investment did not meet or exceed 5% of the Plan's net assets available for Plan benefits at December 31, 2010 or December 31, 2009.

(5) Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated August 21, 2002, stating that the Plan and related Trust are designed in accordance with the requirements of the Code. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt. On February 7, 2011, the Company filed an application for, but has not received, a new determination letter for the Plan as restated.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

(6) Fair Value Measurements

Accounting Standards Codification No. 820, *Fair Value Measurements and Disclosures* (ASC 820), establishes 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

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

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 ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net asset value or reflective of future fair value. Furthermore, while the Plan's valuation methods are appropriate and consistent with other market participants, the use of different methodologies of assumptions to determine the fair value of certain financial instruments could result in different estimates of fair value at the reporting date.

The following table sets forth by level within the fair value hierarchy the Plan's investment assets for 2010:

Investment assets at fair value as of December 31, 2010				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity – Large Cap	\$ 3,316,717	—	—	3,316,717
Equity – Mid Cap	1,955,262	—	—	1,955,262
Equity – Small Cap	1,842,825	—	—	1,842,825
Fixed income	3,036,274	—	—	3,036,274
Total mutual funds	10,151,078	—	—	10,151,078
Pooled separate accounts:				
Lifetime Funds – Asset allocation	—	1,452,428	—	1,452,428
Equity – Large Cap	—	1,271,364	—	1,271,364
Equity – Mid Cap	—	555,663	—	555,663
Equity – International	—	2,292,033	—	2,292,033
Total pooled separate accounts	—	5,571,488	—	5,571,488
Common/collective trust:				
Stable value fund	—	2,907,276	—	2,907,276
Total investment assets at fair value	\$ 10,151,078	8,478,764	—	18,629,842

PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

December 31, 2010 and 2009

The following table sets forth by level within the fair value hierarchy the Plan's investment assets for 2009:

Investment assets at fair value as of December 31, 2009				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity – Large Cap	\$ 1,944,443	—	—	1,944,443
Equity – Mid Cap	1,385,648	—	—	1,385,648
Equity – Small Cap	1,208,139	—	—	1,208,139
Fixed income	2,364,204	—	—	2,364,204
Balanced – Moderate	820,522	—	—	820,522
Total mutual funds	7,722,956	—	—	7,722,956
Pooled separate accounts:				
Lifetime Funds – Asset allocation	—	1,197,824	—	1,197,824
Equity – Large Cap	—	1,032,320	—	1,032,320
Equity – Mid Cap	—	412,225	—	412,225
Equity – International	—	1,943,697	—	1,943,697
Total pooled separate accounts	—	4,586,066	—	4,586,066
Common/collective trust:				
Stable value fund	—	2,498,889	—	2,498,889
Total investment assets at fair value	\$ 7,722,956	7,084,955	—	14,807,911

In accordance with the fair value measurements and disclosures guidance, the following table presents the category, fair value, redemption frequency, and redemption notice period for plan investments that calculate net asset value per share (or its equivalent) as of December 31, 2010 and 2009:

	2010 Fair value	2009 Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Pooled separate accounts:				
Lifetime funds – Asset allocation (a)	\$ 1,452,428	1,197,824	Daily	Daily
Equity – Large Cap (b)	1,271,364	1,032,320	Daily	Daily
Equity – Mid Cap (c)	555,663	412,225	Daily	Daily
Equity – International (d)	2,292,033	1,943,697	Daily	Daily
Common/collective trust:				
Stable value fund (e)	2,907,276	2,498,889	Daily	Daily
Total	\$ 8,478,764	7,084,955		

PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN

Notes to Financial Statements

December 31, 2010 and 2009

- (a) This category includes investments in pooled separate accounts that are designed to meet the needs of plan participants who want an investment option that is suited to their particular investment time horizon. This category allocates more conservatively as the investment goal nears. The Plan limits transfer activity related to this category. Participants are allowed one transfer during a 30 day period and the holding period is 30 days (see (f)).
- (b) This category includes an investment in a pooled separate account which invests the majority of assets in common stocks of companies that compose the S&P 500 Index. The Plan limits transfer activity related to this category. Participants are allowed one transfer during a 30 day period and the holding period is 30 days (see (f)).
- (c) This category includes an investment in a pooled separate account which invests the majority of assets in common stocks of companies that compose the S&P 400 Index. The Plan limits transfer activity related to this category. Participants are allowed one transfer during a 30 day period and the holding period is 30 days (see (f)).
- (d) This category includes investments in pooled separate accounts which invest the majority of assets in securities of companies with their principal place of business or principal office outside the US; companies for which the principal securities market is outside the US; or companies, regardless of where their securities are traded, that derive at least 50% of their total revenue outside the US. The Plan limits transfer activity related to this category. Participants are allowed one transfer during a 30 day period and the holding period is 30 days (see (f)).
- (e) This category includes an investment in a common/collective trust which invests in conventional, synthetic and separate account investment contracts issued by life insurance companies, banks, and other financial institutions. See note 2(b).
- (f) The Plan limits transfer activity for this category. Once the number of allowed transfers is met, participants are not allowed to transfer back into the investment option which they have transferred out of until the holding period elapses. All participant investment transfers and nonscheduled rebalancing activity are counted toward the number of transfers allowed. Contributions into the investment option are not impacted. Participants may still transfer out to different investment options.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

(7) Reconciliation to Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to Form 5500:

	December 31,	
	2010	2009
Net assets available for benefits per financial statements	\$ 19,009,338	15,234,577
Add adjustment from fair value to contract value for fully benefit-responsive investment contracts	58,190	16,772
Less loan adjustment	—	(1,000)
Net assets available for benefits per Form 5500	<u>\$ 19,067,528</u>	<u>15,250,349</u>

The following is a reconciliation of net appreciation in fair value of Principal Stable Value Fund per the financial statements to Form 5500:

	Year ended December 31, 2010
Net appreciation in fair value of Principal Stable Value Fund per the financial statements	\$ 59,107
Add adjustment from fair value to contract value for fully benefit-responsive investment contracts, December 31, 2009	(16,772)
Less adjustment from fair value to contract value for fully benefit-responsive investment contracts, December 31, 2010	58,190
Net appreciation in fair value of Principal Stable Value Fund per Form 5500	<u>\$ 100,525</u>

Fully benefit-responsive investment contracts are recorded on Form 5500 at fair value but are adjusted to contract value for financial statement presentation.

The following is a reconciliation of participant contributions per the financial statements to Form 5500:

	Year ended December 31, 2010
Participant contributions per financial statements	\$ 1,742,634
Add adjustment to employee contributions for excess contributions, December 31, 2010	33,019
Participant contributions per Form 5500	<u>\$ 1,775,653</u>

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

Excess contributions are recorded as a separate amount on Form 5500 and as a reduction of participant contributions for financial statement presentation.

The following is a reconciliation of distributions per financial statements to Form 5500:

	Year ended December 31, 2010
Benefit payments per financial statements	\$ 955,690
Add loan adjustment	(1,000)
Add excess contributions	33,019
Benefit payments per Form 5500	<u>\$ 987,709</u>

(8) Risks and Uncertainties

The Plan provides for various investments in mutual funds, pooled separate accounts and the Principal Stable Value Fund. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

The Plan invests in securities through its investment in the Principal Stable Value Fund and the Principal Lifetime Separate Accounts, with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of those securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

(9) Party-in-Interest Transactions

The Plan engages in investment transactions with funds managed by Principal Financial Group, an affiliate of Principal, a party in interest with respect to the Plan. The transactions are covered by an exemption from the "prohibited transaction" provisions of ERISA and the Code.

(10) Delinquent Participant Contributions

As reported on schedule H, part IV, line 4a – schedule of delinquent participant contributions, certain participant contributions and loan repayments were not remitted to the trust within the time frame specified by the Department of Labor's Regulation 29 CFR 2510.3-102, thus constituting nonexempt transactions between the Plan and the Company. During 2010, the Company fully corrected delinquent participant contributions and loan repayments for the years ended December 31, 2008 and 2007 under the Employee Benefits Security Administration's Voluntary Fiduciary Correction Program (VFCP). The Company intends to correct 2009 and 2010 delinquent participant contributions and loan repayments under the VFCP.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

Notes to Financial Statements

December 31, 2010 and 2009

(11) Subsequent Events

The Plan has evaluated subsequent events through October 14, 2011, which is the date the financial statements were available to be issued.

The Plan was renamed Pon North America Defined Contribution Plan effective January 1, 2011. Additionally, effective January 1, 2011, Carter Chambers, LLC Profit Sharing will be merged with the Plan.

SUPPLEMENTAL SCHEDULES

Schedule I

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

EIN: 76-0651530 PLAN # 001

Schedule H, Part IV, Line 4a – Schedule of Delinquent Participant Contributions

Year ended December 31, 2010

Participant contributions transferred late to plan Check here if late participant loan repayments are included: ☒	Total that constitute nonexempt prohibited transactions			Total fully corrected under VFCP and PTE 2002-51
	Contributions not corrected	Contributions corrected outside VFCP	Contributions pending correction in VFCP	
\$ 935,668	—	—	315,556	620,112

See accompanying independent auditors' report.

**PON SERVICES COMPANY
DEFINED CONTRIBUTION PLAN**

EIN: 76-0651530 PLAN # 001

Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

(a)	(b) Identify of issue	(c) Description of investment	(e) Current value
*	Principal Financial Group	Stable Value Fund – Common/Collective Trust Fund	\$ 2,907,276
*	Principal Financial Group	Principal Lifetime Strategic Income Separate Account – Pooled Separate Account	17,278
*	Principal Financial Group	Principal Lifetime 2010 Separate Account – Pooled Separate Account	150,133
*	Principal Financial Group	Principal Lifetime 2020 Separate Account – Pooled Separate Account	602,625
*	Principal Financial Group	Principal Lifetime 2030 Separate Account – Pooled Separate Account	328,545
*	Principal Financial Group	Principal Lifetime 2040 Separate Account – Pooled Separate Account	251,636
*	Principal Financial Group	Principal Lifetime 2050 Separate Account – Pooled Separate Account	102,211
*	Principal Financial Group	Large Cap S&P 500 Index Separate Account – Pooled Separate Account	1,271,364
*	Principal Financial Group	Mid Cap S&P 400 Index Separate Account – Pooled Separate Account	555,663
*	Principal Financial Group	Diversified International Separate Account – Pooled Separate Account	1,198,234
*	Principal Financial Group	International Small Company Separate Account – Pooled Separate Account	1,093,799
	Vanguard Group	GNMA Admiral Fund – Mutual Fund	1,848,243
	Vanguard Group	Total Bond Market Index Signal Fund – Mutual Fund	1,188,031
	T. Rowe Price Associates, Inc.	Capital Appreciation Fund – Mutual Fund	838,382
	Fidelity Management & Research	Advisor Equity Growth Institutional Fund – Mutual Fund	876,209
	Invesco	Constellation A Fund – Mutual Fund	314,599
	T. Rowe Price Associates, Inc.	Equity Income Fund – Mutual Fund	799,554
	Vanguard Group	Growth and Income Admiral Fund – Mutual Fund	487,973
	American Century Investment Management	Small Cap Value Investment Fund – Mutual Fund	504,662
	Janus	Aspen Mid Cap Growth Fund – Mutual Fund	41,482
	T. Rowe Price Associates, Inc.	Mid Cap Growth Fund – Mutual Fund	1,051,840
	T. Rowe Price Associates, Inc.	Small Cap Stock Fund – Mutual Fund	1,105,572
	Vanguard Group	Explorer Fund – Mutual Fund	232,591
	Wells Fargo Fund Management	Wells Fargo Advantage Opportunity Investment Fund – Mutual Fund	861,940
*	Notes receivable from participants	Interest rates from 5.00% to 10.25% and maturity dates ranging through December 2015.	437,394
			<u>\$ 19,067,236</u>

* Indicates a party-in-interest.

The information shown on this schedule was prepared from information provided by Principal Trust Company, the Plan's custodian, and certified as complete and accurate.

See accompanying independent auditors' report.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PON SERVICES COMPANY DEFINED CONTRIBUTION PLA

EIN 76 0651530
 PLAN NUMBER 001
 PLAN YEAR 01/01/2010 TO 12/31/2010

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	American Century Investments	Registered Investment Company Amer Cent Sm Cp Value Inv Fund	\$ 0.00	\$ 504,662.15
	Fidelity Investments	Registered Investment Company Fidelity Adv Eq Growth Instl	\$ 0.00	\$ 876,208.77
	AIM Investments	Registered Investment Company Invesco Constellation A Fund	\$ 0.00	\$ 314,598.66
	Janus International Holding, LLC	Registered Investment Company Janus Aspen Enterprise I Fund	\$ 0.00	\$ 41,481.55
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Diversified Intl SA-R6	\$ 0.00	\$ 1,198,233.81
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Intl SmallCap Sep Acct-R6	\$ 0.00	\$ 1,093,799.49
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCap S&P 500 Index SA-R6	\$ 0.00	\$ 1,271,363.77
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime Strat Inc SA-R6	\$ 0.00	\$ 17,278.30
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2010 Sep Acct-R6	\$ 0.00	\$ 150,133.21
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2020 Sep Acct-R6	\$ 0.00	\$ 602,624.58
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2030 Sep Acct-R6	\$ 0.00	\$ 328,544.56
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2040 Sep Acct-R6	\$ 0.00	\$ 251,636.45
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2050 Sep Acct-R6	\$ 0.00	\$ 102,210.59
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap S&P 400 Idx SA-R6	\$ 0.00	\$ 555,663.31
	Union Bond & Trust Company	Common/Collective Trust Principal Stable Value Fund	\$ 0.00	\$ 2,907,276.00

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PON SERVICES COMPANY DEFINED CONTRIBUTION PLA

EIN 76 0651530
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	T. Rowe Price Funds	Registered Investment Company T Rowe Price Cap Appr Fund	\$ 0.00	\$ 838,381.59
	T. Rowe Price Funds	Registered Investment Company T Rowe Price Mid-Cap Gr Fund	\$ 0.00	\$ 1,051,839.86
	T. Rowe Price Funds	Registered Investment Company T Rowe Price Sm-Cap Stock Fund	\$ 0.00	\$ 1,105,572.41
	T. Rowe Price Funds	Registered Investment Company T. Rowe Price Equity Income Fd	\$ 0.00	\$ 799,553.66
	Vanguard Group	Registered Investment Company Vanguard Explorer Fund	\$ 0.00	\$ 232,590.88
	Vanguard Group	Registered Investment Company Vanguard Gr and Inc Adm Fund	\$ 0.00	\$ 487,973.42
	Vanguard Group	Registered Investment Company Vanguard GNMA Admiral Fund	\$ 0.00	\$ 1,848,242.59
	Vanguard Group	Registered Investment Company Vanguard Ttl Bd Mkt Idx Sig Fd	\$ 0.00	\$ 1,188,030.97
	Wells Fargo	Registered Investment Company Well Far Adtg Opp Inv Fund	\$ 0.00	\$ 861,941.33
	Participant Loans	Range of Interest Rates Rates Range From 3.25% To 10.25%	\$ 0.00	\$ 437,394.00