

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>11/01/2008</u> and ending <u>10/31/2009</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>MKI, INC. PROFIT SHARING PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u> 1c Effective date of plan <u>11/01/1984</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>MKI SYSTEMS, INC.</u> <u>600 THIRD AVENUE</u> <u>NEW YORK, NY 10016-1901</u>	2b Employer Identification Number (EIN) <u>54-1170634</u> 2c Sponsor's telephone number <u>212-697-1111</u> 2d Business code (see instructions) <u>541990</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	<u>Filed with authorized/valid electronic signature.</u>	<u>03/23/2012</u>	<u>PAT HEMPHILL</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") MKI SYSTEMS, INC. 600 THIRD AVENUE NEW YORK, NY 10016-1901	3b Administrator's EIN 54-1170634 3c Administrator's telephone number 212-697-1111
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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	193
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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	139
b Retired or separated participants receiving benefits.....	6b	
c Other retired or separated participants entitled to future benefits.....	6c	26
d Subtotal. Add lines 6a , 6b , and 6c	6d	165
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	
f Total. Add lines 6d and 6e	6f	165
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	158
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	14

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 3E

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

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

SCHEDULE A (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 <hr/> 2011 <hr/> This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 11/01/2008 and ending 10/31/2009		
A Name of plan MKI, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MKI SYSTEMS, INC.	D Employer Identification Number (EIN) 54-1170634	

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	-371958	165	11/01/2008	10/31/2009

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
	(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	

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	508252
5 Current value of plan's interest under this contract in separate accounts at year end	5	4524173

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 ▶ FLEXIBLE INVESTMENT ANNUITY

b Balance at the end of the previous year	7b	407816
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c Additions: (1) Contributions deposited during the year	7c(1)		
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	17220	
(4) Transferred from separate account	7c(4)	112050	
(5) Other (specify below)	7c(5)	9291	

▶ LOAN REPAYMENT

(6) Total additions	7c(6)	138561
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d Total of balance and additions (add b and c(6))	7d	546377
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	28459	
(2) Administration charge made by carrier	7e(2)	277	
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)	5999	

▶ LOAN WITHDRAWAL

(5) Total deductions	7e(5)	34735
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f Balance at the end of the current year (subtract e(5) from d)	7f	511642
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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 organizations(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 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 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 11/01/2008 and ending 10/31/2009

A Name of plan <u>MKI, INC. PROFIT SHARING 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>MKI SYSTEMS, INC.</u>	D Employer Identification Number (EIN) <u>54-1170634</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)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL MONEY MARKET SEP ACCOUNT</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-024</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>556753</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL U.S. PROPERTY SEP ACCOUNT</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-027</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>280289</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL BOND AND MTG SEP ACCOUNT</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-005</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>428083</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL INTL SMALLCAP SEP ACCOUNT</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>340831</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL MIDCAP VALUE II SEP ACCT</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-069</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>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL DIVERS INTL SEP ACCOUNT</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>244095</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRINCIPAL GOVT & HQ BOND SEP ACCT</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-007</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>519287</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME 2010 SEP ACCOUNT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-075	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 359910
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGECAP S&P 500 IDX SEP		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-016	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 238072
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL MIDCAP VALUE III SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-022	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 57313
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL SMALLCAP BLEND SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-029	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11917
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL MIDCAP BLEND SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-020	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 135416
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGECAP BLEND I SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-017	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 209452
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME 2020 SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-076	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 203698
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL SMALLCAP GROWTH SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-030	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 64901
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME 2030 SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
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) 102918
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME 2040 SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
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) 121695

a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME 2050 SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
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) 23051
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LIFETIME STR INC SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
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) 32530
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL SMALLCAP BLEND I SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-093	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGE CAP GROWTH II SEP AC		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-067	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 220523
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGE CAP VALUE II SEP ACC		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-100	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGE CAP GROWTH SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-018	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19551
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL MIDCAP GROWTH II SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-047	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL SMALLCAP S&P 600 INDEX SA		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-028	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 136793
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL MIDCAP VALUE I SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-043	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 142431
a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL LARGE CAP VALUE I SEP ACCT		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-098	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 60335

a Name of MTIA, CCT, PSA, or 103-12 IE: **PRINCIPAL MIDCAP GROWTH III SA****b** Name of sponsor of entity listed in (a): **PRINCIPAL LIFE INSURANCE COMPANY****c** EIN-PN **42-0127290-026****d** Entity
code **P****e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**14329****a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 11/01/2008 and ending 10/31/2009		
A Name of plan MKI, INC. PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 MKI SYSTEMS, INC.	D Employer Identification Number (EIN) 54-1170634	

Part I	Asset and Liability Statement
---------------	--------------------------------------

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)	90392	31671
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)	4942228	4524173
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	407816	508252
(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	5440436	5064096

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5440436	5064096
---	-----------	---------	---------

Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	3151	
(F) Other	2b(1)(F)	17220	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		20371
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		174054
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		194425

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	568293	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		568293
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	2472	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		2472
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		570765

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-376340
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: DIXON HUGHES GOODMAN, LLP

(2) EIN: 56-0747981

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

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

Part IV Compliance Questions

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

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 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 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 11/01/2008 and ending 10/31/2009

A Name of plan <u>MKI, INC. PROFIT SHARING 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>MKI SYSTEMS, INC.</u>	D Employer Identification Number (EIN) <u>54-1170634</u>

Part I	Distributions
---------------	----------------------

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<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)
----------------	--

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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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
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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. 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

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): _____

***Financial Statements and
Supplemental Schedule
October 31, 2009 and 2008***

MKI, Inc. Profit Sharing Plan



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

MKI, INC. Profit Sharing Plan

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Independent Auditors' Report

To the Participants and Administrative Committee
MKI, Inc. Profit Sharing Plan

We were engaged to audit the financial statements and supplementary schedule of ***MKI, INC. Profit Sharing Plan*** (the Plan) for the year ended October 31, 2009 as listed in the accompanying table of contents. These financial statements and supplementary schedule are the responsibility of the Plan's management. The financial statements as of October 31, 2008, were audited by Swart, Lalande & Associates, P.C., certain of whose shareholders joined Dixon Hughes Goodman LLP as of November 1, 2011. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed the other auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the custodians. Their report, dated August 12, 2009, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodians, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 10, which was certified by Principal Life Insurance Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplementary schedule. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of and for the year ended October 31, 2009, that the information provided to the plan administrator by the custodian 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 2009 financial statements and supplementary schedule taken as a whole. The form and content of the information included in the 2009 financial statements and supplementary schedule, other than that derived from the information certified by the custodian, 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.

Dixon Hughes Goodman LLP

Tysons, Virginia
March 15, 2012

MKI, Inc. Profit Sharing Plan

Statements of Net Assets Available for Benefits

October 31,	2009	2008
Investments (at fair value)		
Pooled separate accounts	\$ 4,524,173	\$ 4,942,228
Insurance company general account	508,252	407,816
Total investments	5,032,425	5,350,044
Receivables		
Notes receivable from participants	31,671	90,392
Total receivables	31,671	90,392
Net assets reflecting investments at fair value	5,064,096	5,440,436
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	3,390	-
Net assets available for benefits	\$ 5,067,486	\$ 5,440,436

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

MKI, Inc. Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended October 31, 2009

Additions to net assets attributed to

Investment income

Interest income	\$ 17,220
Net appreciation in fair value of investments	<u>177,444</u>
	194,664

Interest on notes receivable from participants	<u>3,151</u>
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Total additions	<u>197,815</u>
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Deductions to net assets attributed to

Benefits paid to participants and beneficiaries	568,293
Administrative expenses	<u>2,472</u>

Total deductions	<u>570,765</u>
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Net change	(372,950)
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Net assets available for benefits

Beginning of year	<u>5,440,436</u>
End of year	<u>\$ 5,067,486</u>

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

MKI, Inc. Profit Sharing Plan

Notes to Financial Statements

Years Ended October 31, 2009 and 2008

1. Description of Plan

The following description of the ***MKI, Inc. Profit Sharing Plan*** (the Plan) provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all salaried employees who have three months of service and are age 21 ½ years or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Administration

The Plan is sponsored by MKI, Inc. (the Company) which became a division of L-3 Services, Inc. as of December 31, 2007. The Plan is currently administered by Principal Life Insurance Company (the Custodian). At October 31, 2009 there were two trustees, James P. Blaire, Jr. and Jennifer Strapko.

Plan Termination/Merger

Effective December 31, 2007, MKI Systems, Inc. became a division of L-3 Services, Inc. The plan sponsor was therefore changed to L-3 Communications Corp. and new trustees were appointed.

Effective March 31, 2008, the Plan was frozen and the following amendments were adopted: no employees can become participants, no elective deferrals, no matching contributions, no discretionary company contributions, no voluntary or rollovers contributions and no loans from the plan will be allowed.

Effective October 31, 2010, the funds were merged into the L-3 Communications Master Savings Plan.

Contributions

Each year, participants may contribute up to the limit established by Internal Revenue Code for that year (\$16,500 for 2009). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions (\$5,500 for 2009). Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. At the discretion of the Company's board of directors, the Company may make discretionary additional matching contributions not to exceed the federal statutory maximum. The Plan was frozen for the plan year ended October 31, 2009 and hence there were no employee or employer contributions.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on account balance as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each participant's account is divided into sub-accounts known as a voluntary contribution account, an employer contribution account, and where applicable, a rollover contribution account. The Plan permits each participant to direct their investment to any of the 26 funds held by Principal Life Insurance Company.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is 100% vested after three years of credited service.

Notes Receivable from Participants

Participants may borrow from their fund accounts up to a maximum equal to fifty percent of their vested account balance or \$50,000, whichever is lesser. The loans are secured by the balance in the participant's account and bear interest at the rate of 5%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through regular payroll deductions.

Payment of Benefits

On termination of service, a participant whose vested account balance does not exceed \$1,000 will receive a lump sum payment. For balances greater than \$1,000 and not exceeding \$5,000, the participant may elect to have the distribution paid directly to a qualified plan in a direct rollover or to receive the distribution directly. If no election is made, the Plan shall pay the distribution in a direct rollover to an individual retirement plan. For balances exceeding \$5,000, a participant may elect a lump sum or partial withdrawals of their account balance.

Forfeitures

At October 31, 2009 and 2008, forfeited nonvested account balances were \$28,036 and \$21,751, respectively. These forfeitures were subsequently allocated to eligible participant accounts during the plan year ending October 31, 2010.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the plan are prepared under the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) require the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Notes Receivable from Participants

Loans to participants are reported at their unpaid principal balance plus any accrued but unpaid interest.

Investment Contracts

Investment contracts held by defined contribution plans are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Operating Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant account.

Reclassifications

The Plan adopted the Financial Accounting Standards Board (FASB) authoritative guidance on reporting loans to participants by defined contribution pension plans. In accordance with the provisions, participant loans are required to be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance. The adoption of this accounting standard requires reclassification of participant loans from investments to notes receivable from participants on the statements of net assets available for benefits as of October 31, 2009. Accordingly, the 2008 financial statements have been reclassified to conform to the 2009 presentation. There was no impact on net assets available for benefits or changes in net assets available for benefits.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through March 15, 2012, the date the financial statements were available to be issued.

3. Fair Value Measurements

Fair value as defined under GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have been no changes in the methodologies used at October 31, 2009 and 2008.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy.

Level 2 investments include pooled separate accounts for which quoted prices are not available in active markets for identical instruments, but are instead valued based on net asset value (NAV) of the underlying investments.

Due to significant unobservable inputs included in the valuation model for the guaranteed interest accounts, the resulting fair value of this security is classified as level 3. The contract value and fair value of the guaranteed interest accounts were provided and certified by Principal Life Insurance Company and have been used in the statement of net assets available for benefits.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of October 31, 2009 and 2008:

Assets at Fair Value as of October 31, 2009				
	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Blended funds (a)	\$ -	\$ 931,171	\$ -	\$ 931,171
Bond funds (b)	-	947,370	-	947,370
Target date funds (c)	-	843,802	-	843,802
Growth funds (d)	-	704,709	-	704,709
Money market (e)	-	556,753	-	556,753
Real estate funds (f)	-	-	280,289	280,289
Value funds (g)	-	260,079	-	260,079
Total pooled separate accounts	-	4,243,884	280,289	4,524,173
Guaranteed interest accounts (h)	-	-	508,252	508,252
Total assets at fair value	\$ -	\$ 4,243,884	\$ 788,541	\$ 5,032,425

Assets at Fair Value as of October 31, 2008				
	Level 1	Level 2	Level 3	Total
Pooled separate accounts				
Blended funds (a)	\$ -	\$ 805,190	\$ -	\$ 805,190
Bond funds (b)	-	754,922	-	754,922
Target date funds (c)	-	994,357	-	994,357
Growth funds (d)	-	836,355	-	836,355
Money market (e)	-	1,067,339	-	1,067,339
Real estate funds (f)	-	-	370,985	370,985
Value funds (g)	-	113,080	-	113,080
Total pooled separate accounts	-	4,571,243	370,985	4,942,228
Guaranteed interest accounts (h)	-	-	407,816	407,816
Total assets at fair value	\$ -	\$ 4,571,243	\$ 778,801	\$ 5,350,044

- (a) Represents investments in pooled separate accounts with an investment strategy seeking long-term growth of capital and income by investing in U.S. equities as well as bonds and preferred stocks. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30 day period by each participant.
- (b) Represents investments in pooled separate accounts with an investment strategy seeking current income by investing in fixed-income instruments. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.
- (c) Represents investments in pooled separate accounts with an investment strategy seeking long-term growth of capital and current income by investing in assets that are gradually shifted to more conservative investment options as the target date approaches. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.
- (d) Represents investments in pooled separate accounts with an investment strategy seeking long-term growth of capital by investing in corporate securities. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.
- (e) Represents investments in pooled separate accounts with an investment strategy seeking preservation of principal and liquidity by investing U.S. denominated money market instruments. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.
- (f) Represents investments in pooled separate accounts with an investment strategy seeking long-term growth of capital and income by investing in real estate. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.
- (g) Represents investments in pooled separate accounts with an investment strategy seeking current income by investing primarily in a portfolio whose underlying portfolios invest primarily in corporate securities that are deemed to be undervalued in price. There are no unfunded commitments. The redemption frequency is daily one transfer is allowed per 30-day period by each participant.
- (h) Represents investments in pooled separate accounts with an investment strategy seeking long-term growth of capital and current income by investing primarily in a portfolio whose underlying portfolios invest primarily in assets that are gradually shifted towards more conservative options as the target date approaches. There are no unfunded commitments. The redemption frequency is daily and one transfer is allowed per 30-day period by each participant.

Level 3 Gains and Losses

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the investment contract with the insurance company for the year ended October 31, 2009:

Beginning balance	\$ 778,801
Total gains or losses included in changes in net assets available for benefits	(123,486)
Purchases, issuances, sales and settlements:	
Purchases	168,137
Issuances	(34,911)
Sales	-
Settlements	-
Ending balance	<u>\$ 788,541</u>

4. Investments

The following presents investments that represent 5% or more of the Plan's net assets at October 31.

	<u>2009</u>	<u>2008</u>
Principal Lifetime 2010 Sep Account	\$ 359,910	\$ 334,370
Principal International Small Cap Sep Account	340,831	*
Principal Bond and Mortgage Sep Account	428,083	496,422
Principal Money Market Sep Account	556,753	1,067,339
Principal Government and High Quality Bond Sep Account	519,287	*
Insurance Company General Guaranteed Interest Account	508,252	407,816
Principal US Property Sep Account	280,289	370,985
Principal Large Cap S&P 500 Index Sep Account	*	282,607

*Amount represents less than 5 percent of the Plan's net assets at the end of the year.

During 2009, the Plan's investments in pooled separate accounts (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$177,444.

5. Investment Contract with Principal Life Insurance Company

The Plan entered into a guaranteed investment contract with Principal Life Insurance Company. Principal Life Insurance Company maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

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

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at October 31, 2009 and 2008 was \$508,252 and \$407,816, respectively.

Certain events limit the Plan's ability to transact at contract value with Principal Life Insurance Company. Such events include the following: (a) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Plan administrator does not believe that any events that would limit the Plan's ability to transact at contract value with Plan participants are probable of occurring.

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

Average yields:	2009	2008
Based on actual earnings	3.34%	3.90%
Based on interest rate credited to participants	3.34%	3.90%

6. Related Party Transactions

Certain plan investments are shares of pooled separate accounts managed by Principal Life Insurance Company. These transactions qualify as party-in-interest transactions since Principal Life Insurance Company is the custodian as defined by the Plan. Fees paid by the Plan for the contract administration services were \$2,472 for the year ended October 31, 2009.

7. Risk and Uncertainties

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

8. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated May 16, 1997, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of October 31, 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability 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 2006.

9. Reconciliation of Financial Statements to Form 5500

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

	<u>October 31, 2009</u>
Net assets available for plan benefits per the financial statements	\$ 5,067,486
Other income not recorded on the financial statements	<u>(3,390)</u>
Net assets available for plan benefits per the Form 5500	<u>\$ 5,064,096</u>

The following is a reconciliation of decrease per the financial statements for the year ended October 31, 2009 to Schedule H of Form 5500:

Decrease in net assets per the financial statements	\$ (372,950)
Other income not recorded on the financial statements	<u>(3,390)</u>
Net (loss) per the Form 5500	<u>\$ (376,340)</u>

10. Contract Administrator's Certification

MKI, Inc. Profit Sharing Plan has all its plan assets administered under a contract with Principal Life Insurance Company. Principal Life Insurance Company has certified as to the completeness and accuracy of all assets held and to all transactions and income related to these assets.

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SUPPLEMENTARY INFORMATION

MKI, Inc. Profit Sharing Plan**Schedule of Assets (Held at End of Year)****Schedule H, Line 4i****EIN 54-1170634 Plan 001****October 31, 2009**

(a)	(b) Identity of issuer	(c) Description of investments	(d) Cost	(e) Current value
*	Principal Life Insurance Company	Principal Lifetime 2010 Sep. Acct.	NR	\$ 359,910
*	Principal Life Insurance Company	Principal Lifetime 2040 Sep. Acct.	NR	121,695
*	Principal Life Insurance Company	Principal Lifetime 2050 Sep. Acct.	NR	23,051
*	Principal Life Insurance Company	Principal PTR Large Cap Bld I Sep. Acct.	NR	209,452
*	Principal Life Insurance Company	Principal Small Cap S&P 600 Index SA	NR	136,793
*	Principal Life Insurance Company	Principal Divers. Int'l Sep. Acct.	NR	244,095
*	Principal Life Insurance Company	Principal Int'l Small Cap Sep. Acct.	NR	340,831
*	Principal Life Insurance Company	Principal Bond and Mtg. Sep. Acct.	NR	428,083
*	Principal Life Insurance Company	Principal Large Cap S&P 500 Index Sep.	NR	238,072
*	Principal Life Insurance Company	Principal Money Market Sep. Acct.	NR	556,753
*	Principal Life Insurance Company	Principal Gov't & HQ Bond Sep. Acct.	NR	519,287
*	Principal Life Insurance Company	Principal Lifetime Str. Inc. Sep. Acct.	NR	32,530
*	Principal Life Insurance Company	Principal Lifetime 2020 Sep. Acct.	NR	203,698
*	Principal Life Insurance Company	Principal Lifetime 2030 Sep. Acct.	NR	102,918
*	Principal Life Insurance Company	Principal PTR Large Cap Growth II Sep.	NR	220,523
*	Principal Life Insurance Company	Principal Large Cap Growth Sep. Acct.	NR	19,551
*	Principal Life Insurance Company	Principal Mid Cap Blend Sep. Acct.	NR	135,416
*	Principal Life Insurance Company	Principal PTR Small Cap Blend Sept. Acct.	NR	11,917
*	Principal Life Insurance Company	Principal Small Cap Growth Sep. Acct.	NR	64,901
*	Principal Life Insurance Company	Principal Mid Cap Growth III SA	NR	14,329
*	Principal Life Insurance Company	Ins. Company General Guarantee	NR	508,252
*	Principal Life Insurance Company	Principal US Property Sep. Acct.	NR	280,289
*	Principal Life Insurance Company	Principal Large Cap Value I Sep. Acct.	NR	60,335
*	Principal Life Insurance Company	Principal Partner Mid Cap Value I Sep.	NR	142,431
*	Principal Life Insurance Company	Principal Mid Cap Value III Sep. Acct.	NR	57,313
*	Participant loans **	Interest-bearing at 5% maturing through 2012	-	31,671
				<u>\$ 5,064,096</u>

* Represents party-in-interest

NR Represents participant directed investments

** The accompanying financial statements classify participant loans as notes receivable from participants.