

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). <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;">2014</div> This Form is Open to Public Inspection
---	---	--

Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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>PALO ALTO RESEARCH CENTER 401(K) 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>05/01/2002</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>05/01/2002</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>05/01/2002</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>PALO ALTO RESEARCH CENTER</u> <u>3333 COYOTE HILL ROAD</u> <u>PALO ALTO, CA 94304</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>06-1568182</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>650-812-4393</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541700</u></td> </tr> <tr> <td style="height: 40px;"></td> </tr> </table>	2b Employer Identification Number (EIN) <u>06-1568182</u>	2c Plan Sponsor's telephone number <u>650-812-4393</u>	2d Business code (see instructions) <u>541700</u>	
2b Employer Identification Number (EIN) <u>06-1568182</u>					
2c Plan Sponsor's telephone number <u>650-812-4393</u>					
2d Business code (see instructions) <u>541700</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.	10/06/2015	DAVID ROBSON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/06/2015	DAVID ROBSON
	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
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 392
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 248
a(2) Total number of active participants at the end of the plan year	6a(2) 245
b Retired or separated participants receiving benefits	6b 1
c Other retired or separated participants entitled to future benefits.....	6c 146
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 392
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 0
f Total. Add lines 6d and 6e	6f 392
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 386
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2T 2G 2J 2K 2R 3D 3H 2S	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
---	---	---

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan PALO ALTO RESEARCH CENTER 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PALO ALTO RESEARCH CENTER	D Employer Identification Number (EIN) 06-1568182	

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

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY 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
06-1050034	93629	40461	392	01/01/2014	12/31/2014

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 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	8676146
5 Current value of plan's interest under this contract in separate accounts at year end	5	1104250

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 ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b Balance at the end of the previous year.....	7b	7003152
---	-----------	---------

c Additions: (1) Contributions deposited during the year	7c(1)	479175	
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	161747	
(4) Transferred from separate account.....	7c(4)		
(5) Other (specify below)	7c(5)	2501552	
▶ LOAN REPAYMENTS TRANSFERS IN MISCELLANEOUS IN			

(6) Total additions.....	7c(6)	3142474
--------------------------	--------------	---------

d Total of balance and additions (add lines 7b and 7c(6))	7d	10145626
---	-----------	----------

e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	321101	
(2) Administration charge made by carrier	7e(2)	140	
(3) Transferred to separate account.....	7e(3)		
(4) Other (specify below)	7e(4)	1148239	
▶ LOAN INITIATIONS TRANSFERS OUT MISCELLANEOUS OUT			

(5) Total deductions.....	7e(5)	1469480
---------------------------	--------------	---------

f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	8676146
---	-----------	---------

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 line 9c(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, line 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
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan PALO ALTO RESEARCH CENTER 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PALO ALTO RESEARCH CENTER	D Employer Identification Number (EIN) 06-1568182

Part I	Service Provider Information (see instructions)
---------------	--

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

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

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

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

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

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

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

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

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

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

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

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

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)

TRANSAMERICA FINANCIAL ADVISORS

95-2565208

(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?
27	NONE	72000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

FINANCIAL NETWORK INVESTMENTS CORP

95-3845382

(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?
27	NONE	43000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

FRANK, RIMERMAN, AND CO, LLP

94-1341042

(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?
10	NONE	10000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(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 15 37 50 64	NONE	3632	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

THE PRUDENTIAL INSURANCE COMPANY OF

22-1211670

(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 15 37 38 49 50 64	NONE	0	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 ☐

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
PRUDENTIAL RETIREMENT INSURANCE AND	15 64	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL RETIREMENT INSURANCE AND 06-1050034	25.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2014 TO 12/31/2014 GUARANTEED INCOME FUND

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
THE PRUDENTIAL INSURANCE COMPANY OF	15 60 64	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PRUDENTIAL INVESTMENTS, LLC 22-3468527	22.000 BPS AND \$0.00 PER PARTICIPANT INVESTED IN THE FUND FROM 1/1/2014 TO 12/31/2014 PRU JENN MD CP GRW A

(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:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

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

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

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

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.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>PALO ALTO RESEARCH CENTER 401(K) PLAN</u>		B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PALO ALTO RESEARCH CENTER</u>		D Employer Identification Number (EIN) <u>06-1568182</u>

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	278	
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)	284050	271336
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)	1004612	1104250
	(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)	59074583	58607293
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	7003152	8676146
	(15) Other.....	1c(15)	218503	431218

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	214689	243816
(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	67799867	69334059

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	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	67799867	69334059
---	-----------	----------	----------

Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	933346	
(B) Participants	2a(1)(B)	3023204	
(C) Others (including rollovers)	2a(1)(C)	22435	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3978985

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)	12787	
(F) Other	2b(1)(F)	161747	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		174534

(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)	924283	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		924283

(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	5625	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	6522	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-897

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	31300	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		31300

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		50235
(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)		2442371
c Other income.....	2c		136913
d Total income. Add all income amounts in column (b) and enter total.....	2d		7737724

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	6073510	
(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)		6073510
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	130022	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		130022
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		6203532

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		1534192
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: FRANK, REMERMAN & CO LLP

(2) EIN: 94-1341042

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		500000
4e			
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	
4f			
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	
4g			
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	
4h			
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		
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

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 2014 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>PALO ALTO RESEARCH CENTER 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PALO ALTO RESEARCH CENTER</u>	D Employer Identification Number (EIN) <u>06-1568182</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>22-1211670</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
-----------------	-------------------

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
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Palo Alto Research Center 401(k) Plan
Financial Statements and
Supplemental Schedule
with
Independent Auditors' Report
December 31, 2014 and 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5 - 13
SUPPLEMENTAL SCHEDULE ACCOMPANYING FORM 5500	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	14

Plan Administrator
Palo Alto Research Center 401(k) Plan
Palo Alto, California

INDEPENDENT AUDITORS' REPORT

Certified
Public
Accountants

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Palo Alto Research Center 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Palo Alto
San Francisco
San Jose
St. Helena
New York

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, F.S.B. (Prudential), the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that Prudential holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from Prudential as of December 31, 2014 and 2013 and for the year ended December 31, 2014, that the information provided to the Plan administrator by Prudential is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule as of December 31, 2014, listed in the accompanying table of contents, is the responsibility of Plan management. The schedule is presented for the purpose of additional analysis and is not a required part of the financial statements, but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, it is inappropriate to, and we do not, express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by Prudential, 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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Frank Rinerman + Co. LLP

Palo Alto, California
September 17, 2015

Palo Alto Research Center 401(k) Plan
Statements of Net Assets Available for Benefits

	December 31,	
	<u>2014</u>	<u>2013</u>
Assets		
Investments, at fair value:		
Mutual funds	\$ 58,607,293	\$ 59,074,582
Guaranteed income fund	8,676,146	7,003,153
Pooled separate account	1,104,250	1,004,612
Participant-managed accounts	431,218	218,503
Corporate stock	<u>243,816</u>	<u>214,689</u>
Total investments	69,062,723	67,515,539
Contributions receivable:		
Employer	244,479	223,372
Participant	<u>88,013</u>	<u>-</u>
Total contributions receivable	332,492	223,372
Notes receivable from participants	271,336	284,050
Non-interest bearing cash	<u>-</u>	<u>278</u>
Net Assets Available for Benefits	<u>\$ 69,666,551</u>	<u>\$ 68,023,239</u>

See Independent Auditors' Report and Notes to Financial Statements

Palo Alto Research Center 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2014

Additions to Net Assets

Investment income:

Net appreciation in fair value of investments	\$ 1,223,803
Interest and dividends	<u>2,534,936</u>
Total investment income	3,758,739

Contributions:

Participant	3,111,217
Participant rollovers	22,435
Employer matching	<u>954,453</u>
Total contributions	<u>4,088,105</u>

Total additions	7,846,844
-----------------	-----------

Deductions from Net Assets

Benefits paid to participants	6,073,510
Administrative expenses	<u>130,022</u>
Total deductions	<u>6,203,532</u>

Net Increase	1,643,312
--------------	-----------

Net Assets Available for Benefits

December 31, 2013	<u>68,023,239</u>
December 31, 2014	<u>\$ 69,666,551</u>

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan

Palo Alto Research Center Inc. (the Company) established the Palo Alto Research Center 401(k) Plan (the Plan), effective May 1, 2002, to provide participants with a method to fund their retirement on a tax-deferred basis. The Plan was amended and restated, effective September 1, 2013. The following description of 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 under Section 401(k) and related provisions of the Internal Revenue Code (the Code). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Company is the Plan sponsor and Plan administrator. Prudential Bank & Trust, F.S.B. (Prudential) is the Plan trustee and Prudential Retirement Services is the Plan record keeper. Prudential holds, invests and reinvests trust assets in the interest and at the direction of the participants and their beneficiaries.

Eligible Participants:

Employees, as defined by the Plan, may contribute to the Plan immediately upon hire by the Company.

Contributions:

Participants may contribute up to 50% of their pre-tax annual eligible compensation (as defined by the Plan). Participants that have reached the age of 50 may also elect to make additional catch-up contributions under the Code. In addition, the Plan allows participants to make after-tax contributions to the Plan. Participants may also contribute amounts representing distributions from other qualified defined contribution or defined benefit plans (rollovers).

The Plan has an automatic enrollment feature under which all new eligible employees are automatically enrolled in the Plan and have 3% of their compensation deferred and contributed to the Plan, unless they request a different amount to be contributed or formally decline participation. Participants may adjust their deferral rate and/or discontinue their contributions at any time.

The Company may make discretionary matching and profit-sharing contributions to the Plan. The Company made matching contributions of \$954,453 to the Plan in 2014. Contributions are subject to certain limitations under the Code.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan (continued)

Participant Accounts:

Participant accounts are credited with participant contributions, Company contributions, rollovers and an allocation of the Plan's net earnings or losses. Allocations are based on participant earnings or account balances, in accordance with Plan provisions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Participants may choose to invest their account balances in a variety of investment options offered by the Plan that are designed to provide a full range of investment options, or in a participant-managed individual brokerage account with Prudential. An individual brokerage account allows a participant to invest in and manage a broader range of investments, including equity securities traded on the major U.S. stock exchanges, fixed-income securities, guaranteed income funds and mutual funds. Participants are charged an annual fee plus commissions on these brokerage accounts. A participant may change his or her choice of investment at any time.

Xerox Corporation (Xerox) common stock was transferred into the Plan from a previous employer-sponsored benefit plan on behalf of certain participants and is not a current investment option offered by the Plan. Xerox is the Company's parent company.

Vesting:

Participants are fully (100%) vested in their account balances, including any discretionary matching and profit-sharing contributions made by the Company.

Notes Receivable from Participants:

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant notes are reclassified as distributions based upon the terms of the Plan agreement.

Participants may borrow up to one-half of their account balance, not to exceed \$50,000, for a period not to exceed five years, except for amounts used to purchase a primary residence for which note terms for longer periods are permitted. Participant notes are evidenced by a written note, bear a reasonable rate of interest under the loan policy and are collateralized by the participant's account balance. Interest rates on notes outstanding as of December 31, 2014 range from 4.25% to 6.00%. Repayment of principal and interest is generally made through payroll deductions.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan (continued)

Payment of Benefits:

On termination of employment, a participant may elect to receive a distribution of his or her account balance in a lump sum cash payment and in-kind securities from an individual brokerage account, or in installment payments. The Plan administrator may elect to distribute a participant's account balance if the balance is \$1,000 or less without the participant's consent. All distributions are subject to the applicable provisions of the Plan agreement. Benefits are recorded when paid.

Plan Expenses:

Administrative expenses paid directly by the Plan consist of contract management and administrator expenses and audit fees. Several of the investment fund options are subject to investment fees based on a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are included in administrative expenses in the accompanying financial statements. All other expenses to administer the Plan are paid by the Company and are not reflected in the Plan's financial statements.

Risks and Uncertainties:

Participants may invest their account balances in a variety of investment options offered by the Plan. Investments are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investment options offered by the Plan, it is at least reasonably possible that changes in risk in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Plan Termination:

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions and to terminate the Plan at any time, subject to the provisions of ERISA. In the event of a Plan termination, distributions will be made to participants as described in the Plan agreement.

2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Plan are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Use of Estimates:

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

Fair Value Measurements:

Investments are stated at fair value and accounted for as follows:

Mutual Funds: Mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end, as quoted in active markets. It is not probable that the mutual funds will be sold at amounts that differ materially from the NAV of shares held.

Participant-Managed Accounts: Investments held in these accounts are valued at quoted market prices from the applicable stock exchanges.

Corporate Stock: Xerox common stock is valued at the closing price from the New York Stock Exchange.

Guaranteed Income Fund: The fund is a fully benefit-responsive investment contract with Prudential. Prudential 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. This investment is presented at fair value, as determined by Prudential, which Prudential believes is contract value. Contract value 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. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 1.5%. Such interest rates are reviewed on a semi-annual basis for resetting. The average yield earned by the Plan and credited to participants was 2.05% in 2014.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements: (continued)

Guaranteed Income Fund: (continued)

The Plan administrator does not believe that any events that could limit the Plan's ability to transact with Plan participants at contract value are probable of occurring. In addition, there are not any events that allow Prudential to terminate the contract and require the Plan to settle an amount other than contract value.

Pooled Separate Account: The pooled separate account is an asset of Prudential consisting of shares in a mutual fund. The investment in the separate account is expressed in 'units'. The value of the separate account is recorded at the close of each business day at fair value based on unit value reported by Prudential. The 'unit value' is calculated by dividing the value of the entire account by the total number of units in the account. The value of the Plan's investment in the separate account on any date is determined by multiplying the number of units held by the unit value.

The Plan uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as 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. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three levels of the fair value hierarchy are as follows:

- Level I** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level II** 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 III** Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable.

An investment's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Income Recognition:

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, sold or held during the year.

Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Plan and available to be issued.

3. Information Prepared and Certified by Prudential

Prudential, as the Plan's trustee, has certified the current value of the following assets held at December 31, 2014 and 2013, and the total investment income for the year ended December 31, 2014, that were used in the preparation of the accompanying financial statements and supplemental schedule.

The following table separately presents the fair value of investments that represent 5% or more of the Plan's net assets at December 31:

	<u>2014</u>	<u>2013</u>
Prudential Retirement Insurance Guaranteed Income Fund	\$ 8,676,146	\$ 7,003,153
JP Morgan Equity Income A Fund	5,466,815	5,164,086
JP Morgan Small Cap Value A Fund	5,194,293	4,987,033
TCW Total Return Bond N Fund	3,912,057	-
American Funds EuroPacific Growth R4 Fund	3,679,643	4,153,945
PIMCO Mortgage-Backed Securities Adm Fund	-	3,598,325
Vanguard 500 Index Signal Fund	-	3,586,002
PIMCO Total Return Admin Fund	-	-
Other funds individually less than 5% of net assets	<u>42,133,769</u>	<u>39,022,995</u>
Total certified investments	69,062,723	67,515,539
Notes receivable from participants	271,336	284,050
Cash	<u>-</u>	<u>278</u>
Total certified assets	<u>\$ 69,334,059</u>	<u>\$ 67,799,867</u>

See Independent Auditors' Report

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

3. Information Prepared and Certified by Prudential (continued)

Certified total investment income for the year ended December 31, 2014 \$ 3,758,739

The Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated (depreciated) as follows for the year ended December 31, 2014:

Mutual funds	\$ 1,151,208
Pooled separate account	50,235
Participant-managed accounts	(8,044)
Corporate stock	<u>30,404</u>
Total	<u>\$ 1,223,803</u>

4. Investments

Investments at fair value at December 31, 2014 are summarized as follows:

<u>Investments</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 16,536,081	\$ -	\$ -	\$ 16,536,081
Blend funds	13,429,510	-	-	13,429,510
Value funds	13,207,980	-	-	13,207,980
Bond funds	12,061,323	-	-	12,061,323
Sector funds	2,396,517	-	-	2,396,517
Real estate fund	<u>975,882</u>	<u>-</u>	<u>-</u>	<u>975,882</u>
Total mutual funds	58,607,293	-	-	58,607,293
Participant-managed accounts	431,218	-	-	431,218
Corporate stock	243,816	-	-	243,816
Pooled separate account	-	1,104,250	-	1,104,250
Guaranteed income fund	<u>-</u>	<u>8,676,146</u>	<u>-</u>	<u>8,676,146</u>
Total	<u>\$ 59,282,327</u>	<u>\$ 9,780,396</u>	<u>\$ -</u>	<u>\$ 69,062,723</u>

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

4. Investments (continued)

Investments at fair value at December 31, 2013 are summarized as follows:

<u>Investments</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 17,586,643	\$ -	\$ -	\$ 17,586,643
Blend funds	13,229,724	-	-	13,229,724
Value funds	12,659,161	-	-	12,659,161
Bond funds	12,324,425	-	-	12,324,425
Sector funds	2,303,400	-	-	2,303,400
Real estate fund	<u>971,229</u>	<u>-</u>	<u>-</u>	<u>971,229</u>
Total mutual funds	59,074,582	-	-	59,074,582
Participant-managed accounts	218,503	-	-	218,503
Corporate stock	214,689	-	-	214,689
Pooled separate account	-	1,004,612	-	1,004,612
Guaranteed income fund	<u>-</u>	<u>7,003,153</u>	<u>-</u>	<u>7,003,153</u>
Total	<u>\$ 59,507,774</u>	<u>\$ 8,007,765</u>	<u>\$ -</u>	<u>\$ 67,515,539</u>

5. Party-In-Interest Transactions

Certain Plan assets are invested in Xerox common stock. Xerox is the Company's parent company and, as a result, transactions related to Xerox common stock are considered party-in-interest transactions. Transactions related to the investments offered by Prudential, the Plan's trustee, also qualify as party-in-interest transactions. In addition, note receivable transactions with participants qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from prohibited transactions rules of ERISA.

6. Income Tax Status

The Plan is a prototype plan offered by Prudential, which has obtained an opinion letter from the Internal Revenue Service stating that the plan submitted for review qualifies under applicable provisions of the Code. The Company believes the Plan is being operated in compliance with the applicable requirements of the Code and related state statutes, and is therefore qualified, and that the trust, which forms a part of the Plan, is exempt from federal and state income taxes.

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

6. Income Tax Status (continued)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that, as of December 31, 2014, 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 in progress for any tax periods. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500 as of December 31:

	<u>2014</u>	<u>2013</u>
Balance per the financial statements	\$ 69,666,551	\$ 68,023,239
Less: Participant contributions receivable	(88,013)	-
Less: Employer contribution receivable	<u>(244,479)</u>	<u>(223,372)</u>
Balance per Form 5500	<u>\$ 69,334,059</u>	<u>\$ 67,799,867</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2014:

Net increase in net assets available for benefits per the financial statements	\$ 1,643,312
Add: Employer contribution receivable at beginning of year	223,372
Less: Employer contribution receivable at end of year	(244,479)
Less: Participant contributions receivable at end of year	<u>(88,013)</u>
Net increase in net assets available for benefits per Form 5500	<u>\$ 1,534,192</u>

Palo Alto Research Center 401(k) Plan
(Employer Identification Number 06-1568182)
(Plan Number 001)
Supplemental Schedule Accompanying Form 5500
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2014

(a)	(b) Identity of issue, 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
	Prudential Bank & Trust, F.S.B.:		
	American Funds EuroPacific Growth R4 Fund	***	\$ 3,679,643
	American Funds American Balanced R4 Fund	***	2,638,500
	Ivy High Income A Fund	***	1,624,380
	Ivy Asset Strategy Y Fund	***	82,694
*	Prudential Jennison Natural Resources A Fund	***	1,660,628
	LKCM Small Cap Equity Advisor Fund	***	103,319
	Loomis Sayles Bond Instl Fund	***	1,488,601
	MetWest Total Return Bond Fund	***	2,655,606
	PIMCO Real Return Bond Admin Fund	***	70,494
	Vanguard Small Cap Index Admiral Fund	***	1,054,498
	Vanguard Mid Cap Index Fund	***	3,390,883
	Vanguard 500 Index Admiral Fund	***	3,396,525
	Vanguard Total Bond Market Index Fund	***	737,736
	Oppenheimer Developing Markets Fund	***	3,023,331
	Ivy Science and Technology Fund	***	686,226
	Templeton Global Bond Fund	***	1,570,867
	MFS International Value R3 Fund	***	1,496,256
	Wells Fargo Advance Precious Metals A Fund	***	735,889
	Nuveen Real Estate Sec A Fund	***	975,882
	Parnassus Fund	***	149,239
	Franklin Growth A Fund	***	2,673,426
	Franklin Rising Dividends Fund	***	2,927,558
	JP Morgan Equity Income A Fund	***	5,466,815
	MFS International New Discovery R3 Fund	***	2,161,300
	Oak Ridge Small Cap Growth A Fund	***	3,120,747
	RS Global Natural Resources A Fund	***	856,156
	Ridgeworth Mid-Cap Value Equity I Fund	***	1,050,616
	TCW Total Return Bond N Fund	***	3,912,057
	JP Morgan Small Cap Value A Fund	***	5,194,293
	PIMCO All Asset A Fund	***	1,582
	Amana Income Investor Fund	***	21,546
*	Prudential IncomeFlex Target EasyPath Balanced Fund	***	1,104,250
*	Xerox Corp Common Stock	***	243,816
	Participant-Managed Accounts **	***	431,218
*	Prudential Retirement Insurance Guaranteed Income Fund	***	8,676,146
*	Notes Receivable from Participants - 13 outstanding, with interest rates from 4.25% to 6.00%	-	271,336
	Total assets held at end of year		<u>\$ 69,334,059</u>

* An asterisk in column (a) denotes a transaction with a party-in-interest.

** Consists of a variety of participant directed investments, the detail of which is not required to be reported.

*** Cost information is not required as all investments are participant directed.

See Independent Auditors' Report

Palo Alto Research Center 401(k) Plan
(Employer Identification Number 06-1568182)
(Plan Number 001)
Supplemental Schedule Accompanying Form 5500
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2014

(a)	(b) Identity of issue, 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
	Prudential Bank & Trust, F.S.B.:		
	American Funds EuroPacific Growth R4 Fund	***	\$ 3,679,643
	American Funds American Balanced R4 Fund	***	2,638,500
	Ivy High Income A Fund	***	1,624,380
	Ivy Asset Strategy Y Fund	***	82,694
*	Prudential Jennison Natural Resources A Fund	***	1,660,628
	LKCM Small Cap Equity Advisor Fund	***	103,319
	Loomis Sayles Bond Instl Fund	***	1,488,601
	MetWest Total Return Bond Fund	***	2,655,606
	PIMCO Real Return Bond Admin Fund	***	70,494
	Vanguard Small Cap Index Admiral Fund	***	1,054,498
	Vanguard Mid Cap Index Fund	***	3,390,883
	Vanguard 500 Index Admiral Fund	***	3,396,525
	Vanguard Total Bond Market Index Fund	***	737,736
	Oppenheimer Developing Markets Fund	***	3,023,331
	Ivy Science and Technology Fund	***	686,226
	Templeton Global Bond Fund	***	1,570,867
	MFS International Value R3 Fund	***	1,496,256
	Wells Fargo Advance Precious Metals A Fund	***	735,889
	Nuveen Real Estate Sec A Fund	***	975,882
	Parnassus Fund	***	149,239
	Franklin Growth A Fund	***	2,673,426
	Franklin Rising Dividends Fund	***	2,927,558
	JP Morgan Equity Income A Fund	***	5,466,815
	MFS International New Discovery R3 Fund	***	2,161,300
	Oak Ridge Small Cap Growth A Fund	***	3,120,747
	RS Global Natural Resources A Fund	***	856,156
	Ridgeworth Mid-Cap Value Equity I Fund	***	1,050,616
	TCW Total Return Bond N Fund	***	3,912,057
	JP Morgan Small Cap Value A Fund	***	5,194,293
	PIMCO All Asset A Fund	***	1,582
	Amana Income Investor Fund	***	21,546
*	Prudential IncomeFlex Target EasyPath Balanced Fund	***	1,104,250
*	Xerox Corp Common Stock	***	243,816
	Participant-Managed Accounts **	***	431,218
*	Prudential Retirement Insurance Guaranteed Income Fund	***	8,676,146
*	Notes Receivable from Participants - 13 outstanding, with interest rates from 4.25% to 6.00%	-	271,336
	Total assets held at end of year		<u>\$ 69,334,059</u>

* An asterisk in column (a) denotes a transaction with a party-in-interest.

** Consists of a variety of participant directed investments, the detail of which is not required to be reported.

*** Cost information is not required as all investments are participant directed.

See Independent Auditors' Report

Palo Alto Research Center 401(k) Plan
Financial Statements and
Supplemental Schedule
with
Independent Auditors' Report
December 31, 2014 and 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5 - 13
SUPPLEMENTAL SCHEDULE ACCOMPANYING FORM 5500	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	14

Plan Administrator
Palo Alto Research Center 401(k) Plan
Palo Alto, California

INDEPENDENT AUDITORS' REPORT

Certified
Public
Accountants

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Palo Alto Research Center 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Palo Alto
San Francisco
San Jose
St. Helena
New York

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Prudential Bank & Trust, F.S.B. (Prudential), the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that Prudential holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from Prudential as of December 31, 2014 and 2013 and for the year ended December 31, 2014, that the information provided to the Plan administrator by Prudential is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule as of December 31, 2014, listed in the accompanying table of contents, is the responsibility of Plan management. The schedule is presented for the purpose of additional analysis and is not a required part of the financial statements, but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, it is inappropriate to, and we do not, express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by Prudential, 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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Frank Rinerman + Co. LLP

Palo Alto, California
September 17, 2015

Palo Alto Research Center 401(k) Plan
Statements of Net Assets Available for Benefits

	December 31,	
	<u>2014</u>	<u>2013</u>
Assets		
Investments, at fair value:		
Mutual funds	\$ 58,607,293	\$ 59,074,582
Guaranteed income fund	8,676,146	7,003,153
Pooled separate account	1,104,250	1,004,612
Participant-managed accounts	431,218	218,503
Corporate stock	<u>243,816</u>	<u>214,689</u>
Total investments	69,062,723	67,515,539
Contributions receivable:		
Employer	244,479	223,372
Participant	<u>88,013</u>	<u>-</u>
Total contributions receivable	332,492	223,372
Notes receivable from participants	271,336	284,050
Non-interest bearing cash	<u>-</u>	<u>278</u>
Net Assets Available for Benefits	<u>\$ 69,666,551</u>	<u>\$ 68,023,239</u>

See Independent Auditors' Report and Notes to Financial Statements

Palo Alto Research Center 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2014

Additions to Net Assets

Investment income:

Net appreciation in fair value of investments	\$ 1,223,803
Interest and dividends	<u>2,534,936</u>
Total investment income	3,758,739

Contributions:

Participant	3,111,217
Participant rollovers	22,435
Employer matching	<u>954,453</u>
Total contributions	<u>4,088,105</u>

Total additions	7,846,844
-----------------	-----------

Deductions from Net Assets

Benefits paid to participants	6,073,510
Administrative expenses	<u>130,022</u>
Total deductions	<u>6,203,532</u>

Net Increase	1,643,312
--------------	-----------

Net Assets Available for Benefits

December 31, 2013	<u>68,023,239</u>
December 31, 2014	<u>\$ 69,666,551</u>

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan

Palo Alto Research Center Inc. (the Company) established the Palo Alto Research Center 401(k) Plan (the Plan), effective May 1, 2002, to provide participants with a method to fund their retirement on a tax-deferred basis. The Plan was amended and restated, effective September 1, 2013. The following description of 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 under Section 401(k) and related provisions of the Internal Revenue Code (the Code). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Company is the Plan sponsor and Plan administrator. Prudential Bank & Trust, F.S.B. (Prudential) is the Plan trustee and Prudential Retirement Services is the Plan record keeper. Prudential holds, invests and reinvests trust assets in the interest and at the direction of the participants and their beneficiaries.

Eligible Participants:

Employees, as defined by the Plan, may contribute to the Plan immediately upon hire by the Company.

Contributions:

Participants may contribute up to 50% of their pre-tax annual eligible compensation (as defined by the Plan). Participants that have reached the age of 50 may also elect to make additional catch-up contributions under the Code. In addition, the Plan allows participants to make after-tax contributions to the Plan. Participants may also contribute amounts representing distributions from other qualified defined contribution or defined benefit plans (rollovers).

The Plan has an automatic enrollment feature under which all new eligible employees are automatically enrolled in the Plan and have 3% of their compensation deferred and contributed to the Plan, unless they request a different amount to be contributed or formally decline participation. Participants may adjust their deferral rate and/or discontinue their contributions at any time.

The Company may make discretionary matching and profit-sharing contributions to the Plan. The Company made matching contributions of \$954,453 to the Plan in 2014. Contributions are subject to certain limitations under the Code.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan (continued)

Participant Accounts:

Participant accounts are credited with participant contributions, Company contributions, rollovers and an allocation of the Plan's net earnings or losses. Allocations are based on participant earnings or account balances, in accordance with Plan provisions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Participants may choose to invest their account balances in a variety of investment options offered by the Plan that are designed to provide a full range of investment options, or in a participant-managed individual brokerage account with Prudential. An individual brokerage account allows a participant to invest in and manage a broader range of investments, including equity securities traded on the major U.S. stock exchanges, fixed-income securities, guaranteed income funds and mutual funds. Participants are charged an annual fee plus commissions on these brokerage accounts. A participant may change his or her choice of investment at any time.

Xerox Corporation (Xerox) common stock was transferred into the Plan from a previous employer-sponsored benefit plan on behalf of certain participants and is not a current investment option offered by the Plan. Xerox is the Company's parent company.

Vesting:

Participants are fully (100%) vested in their account balances, including any discretionary matching and profit-sharing contributions made by the Company.

Notes Receivable from Participants:

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant notes are reclassified as distributions based upon the terms of the Plan agreement.

Participants may borrow up to one-half of their account balance, not to exceed \$50,000, for a period not to exceed five years, except for amounts used to purchase a primary residence for which note terms for longer periods are permitted. Participant notes are evidenced by a written note, bear a reasonable rate of interest under the loan policy and are collateralized by the participant's account balance. Interest rates on notes outstanding as of December 31, 2014 range from 4.25% to 6.00%. Repayment of principal and interest is generally made through payroll deductions.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

1. Description of the Plan (continued)

Payment of Benefits:

On termination of employment, a participant may elect to receive a distribution of his or her account balance in a lump sum cash payment and in-kind securities from an individual brokerage account, or in installment payments. The Plan administrator may elect to distribute a participant's account balance if the balance is \$1,000 or less without the participant's consent. All distributions are subject to the applicable provisions of the Plan agreement. Benefits are recorded when paid.

Plan Expenses:

Administrative expenses paid directly by the Plan consist of contract management and administrator expenses and audit fees. Several of the investment fund options are subject to investment fees based on a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are included in administrative expenses in the accompanying financial statements. All other expenses to administer the Plan are paid by the Company and are not reflected in the Plan's financial statements.

Risks and Uncertainties:

Participants may invest their account balances in a variety of investment options offered by the Plan. Investments are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investment options offered by the Plan, it is at least reasonably possible that changes in risk in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Plan Termination:

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions and to terminate the Plan at any time, subject to the provisions of ERISA. In the event of a Plan termination, distributions will be made to participants as described in the Plan agreement.

2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Plan are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Use of Estimates:

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

Fair Value Measurements:

Investments are stated at fair value and accounted for as follows:

Mutual Funds: Mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end, as quoted in active markets. It is not probable that the mutual funds will be sold at amounts that differ materially from the NAV of shares held.

Participant-Managed Accounts: Investments held in these accounts are valued at quoted market prices from the applicable stock exchanges.

Corporate Stock: Xerox common stock is valued at the closing price from the New York Stock Exchange.

Guaranteed Income Fund: The fund is a fully benefit-responsive investment contract with Prudential. Prudential 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. This investment is presented at fair value, as determined by Prudential, which Prudential believes is contract value. Contract value 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. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 1.5%. Such interest rates are reviewed on a semi-annual basis for resetting. The average yield earned by the Plan and credited to participants was 2.05% in 2014.

Palo Alto Research Center 401(k) Plan

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements: (continued)

Guaranteed Income Fund: (continued)

The Plan administrator does not believe that any events that could limit the Plan's ability to transact with Plan participants at contract value are probable of occurring. In addition, there are not any events that allow Prudential to terminate the contract and require the Plan to settle an amount other than contract value.

Pooled Separate Account: The pooled separate account is an asset of Prudential consisting of shares in a mutual fund. The investment in the separate account is expressed in 'units'. The value of the separate account is recorded at the close of each business day at fair value based on unit value reported by Prudential. The 'unit value' is calculated by dividing the value of the entire account by the total number of units in the account. The value of the Plan's investment in the separate account on any date is determined by multiplying the number of units held by the unit value.

The Plan uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as 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. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three levels of the fair value hierarchy are as follows:

- Level I** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level II** 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 III** Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable.

An investment's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Income Recognition:

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, sold or held during the year.

Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Plan and available to be issued.

3. Information Prepared and Certified by Prudential

Prudential, as the Plan's trustee, has certified the current value of the following assets held at December 31, 2014 and 2013, and the total investment income for the year ended December 31, 2014, that were used in the preparation of the accompanying financial statements and supplemental schedule.

The following table separately presents the fair value of investments that represent 5% or more of the Plan's net assets at December 31:

	<u>2014</u>	<u>2013</u>
Prudential Retirement Insurance Guaranteed Income Fund	\$ 8,676,146	\$ 7,003,153
JP Morgan Equity Income A Fund	5,466,815	5,164,086
JP Morgan Small Cap Value A Fund	5,194,293	4,987,033
TCW Total Return Bond N Fund	3,912,057	-
American Funds EuroPacific Growth R4 Fund	3,679,643	4,153,945
PIMCO Mortgage-Backed Securities Adm Fund	-	3,598,325
Vanguard 500 Index Signal Fund	-	3,586,002
PIMCO Total Return Admin Fund	-	-
Other funds individually less than 5% of net assets	<u>42,133,769</u>	<u>39,022,995</u>
Total certified investments	69,062,723	67,515,539
Notes receivable from participants	271,336	284,050
Cash	<u>-</u>	<u>278</u>
Total certified assets	<u>\$ 69,334,059</u>	<u>\$ 67,799,867</u>

See Independent Auditors' Report

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

3. Information Prepared and Certified by Prudential (continued)

Certified total investment income for the year ended December 31, 2014 \$ 3,758,739

The Plan's investments (including gains and losses on investments bought, sold and held during the year) appreciated (depreciated) as follows for the year ended December 31, 2014:

Mutual funds	\$ 1,151,208
Pooled separate account	50,235
Participant-managed accounts	(8,044)
Corporate stock	<u>30,404</u>
Total	<u>\$ 1,223,803</u>

4. Investments

Investments at fair value at December 31, 2014 are summarized as follows:

<u>Investments</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 16,536,081	\$ -	\$ -	\$ 16,536,081
Blend funds	13,429,510	-	-	13,429,510
Value funds	13,207,980	-	-	13,207,980
Bond funds	12,061,323	-	-	12,061,323
Sector funds	2,396,517	-	-	2,396,517
Real estate fund	<u>975,882</u>	<u>-</u>	<u>-</u>	<u>975,882</u>
Total mutual funds	58,607,293	-	-	58,607,293
Participant-managed accounts	431,218	-	-	431,218
Corporate stock	243,816	-	-	243,816
Pooled separate account	-	1,104,250	-	1,104,250
Guaranteed income fund	<u>-</u>	<u>8,676,146</u>	<u>-</u>	<u>8,676,146</u>
Total	<u>\$ 59,282,327</u>	<u>\$ 9,780,396</u>	<u>\$ -</u>	<u>\$ 69,062,723</u>

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

4. Investments (continued)

Investments at fair value at December 31, 2013 are summarized as follows:

<u>Investments</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 17,586,643	\$ -	\$ -	\$ 17,586,643
Blend funds	13,229,724	-	-	13,229,724
Value funds	12,659,161	-	-	12,659,161
Bond funds	12,324,425	-	-	12,324,425
Sector funds	2,303,400	-	-	2,303,400
Real estate fund	<u>971,229</u>	<u>-</u>	<u>-</u>	<u>971,229</u>
Total mutual funds	59,074,582	-	-	59,074,582
Participant-managed accounts	218,503	-	-	218,503
Corporate stock	214,689	-	-	214,689
Pooled separate account	-	1,004,612	-	1,004,612
Guaranteed income fund	<u>-</u>	<u>7,003,153</u>	<u>-</u>	<u>7,003,153</u>
Total	<u>\$ 59,507,774</u>	<u>\$ 8,007,765</u>	<u>\$ -</u>	<u>\$ 67,515,539</u>

5. Party-In-Interest Transactions

Certain Plan assets are invested in Xerox common stock. Xerox is the Company's parent company and, as a result, transactions related to Xerox common stock are considered party-in-interest transactions. Transactions related to the investments offered by Prudential, the Plan's trustee, also qualify as party-in-interest transactions. In addition, note receivable transactions with participants qualify as party-in-interest transactions. All of these party-in-interest transactions are exempt from prohibited transactions rules of ERISA.

6. Income Tax Status

The Plan is a prototype plan offered by Prudential, which has obtained an opinion letter from the Internal Revenue Service stating that the plan submitted for review qualifies under applicable provisions of the Code. The Company believes the Plan is being operated in compliance with the applicable requirements of the Code and related state statutes, and is therefore qualified, and that the trust, which forms a part of the Plan, is exempt from federal and state income taxes.

Palo Alto Research Center 401(k) Plan
Notes to Financial Statements

6. Income Tax Status (continued)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that, as of December 31, 2014, 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 in progress for any tax periods. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2011.

7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500 as of December 31:

	<u>2014</u>	<u>2013</u>
Balance per the financial statements	\$ 69,666,551	\$ 68,023,239
Less: Participant contributions receivable	(88,013)	-
Less: Employer contribution receivable	<u>(244,479)</u>	<u>(223,372)</u>
Balance per Form 5500	<u>\$ 69,334,059</u>	<u>\$ 67,799,867</u>

The following is a reconciliation of change in net assets available for benefits per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2014:

Net increase in net assets available for benefits per the financial statements	\$ 1,643,312
Add: Employer contribution receivable at beginning of year	223,372
Less: Employer contribution receivable at end of year	(244,479)
Less: Participant contributions receivable at end of year	<u>(88,013)</u>
Net increase in net assets available for benefits per Form 5500	<u>\$ 1,534,192</u>

Palo Alto Research Center 401(k) Plan
(Employer Identification Number 06-1568182)
(Plan Number 001)
Supplemental Schedule Accompanying Form 5500
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
December 31, 2014

(a)	(b) Identity of issue, 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
	Prudential Bank & Trust, F.S.B.:		
	American Funds EuroPacific Growth R4 Fund	***	\$ 3,679,643
	American Funds American Balanced R4 Fund	***	2,638,500
	Ivy High Income A Fund	***	1,624,380
	Ivy Asset Strategy Y Fund	***	82,694
*	Prudential Jennison Natural Resources A Fund	***	1,660,628
	LKCM Small Cap Equity Advisor Fund	***	103,319
	Loomis Sayles Bond Instl Fund	***	1,488,601
	MetWest Total Return Bond Fund	***	2,655,606
	PIMCO Real Return Bond Admin Fund	***	70,494
	Vanguard Small Cap Index Admiral Fund	***	1,054,498
	Vanguard Mid Cap Index Fund	***	3,390,883
	Vanguard 500 Index Admiral Fund	***	3,396,525
	Vanguard Total Bond Market Index Fund	***	737,736
	Oppenheimer Developing Markets Fund	***	3,023,331
	Ivy Science and Technology Fund	***	686,226
	Templeton Global Bond Fund	***	1,570,867
	MFS International Value R3 Fund	***	1,496,256
	Wells Fargo Advance Precious Metals A Fund	***	735,889
	Nuveen Real Estate Sec A Fund	***	975,882
	Parnassus Fund	***	149,239
	Franklin Growth A Fund	***	2,673,426
	Franklin Rising Dividends Fund	***	2,927,558
	JP Morgan Equity Income A Fund	***	5,466,815
	MFS International New Discovery R3 Fund	***	2,161,300
	Oak Ridge Small Cap Growth A Fund	***	3,120,747
	RS Global Natural Resources A Fund	***	856,156
	Ridgeworth Mid-Cap Value Equity I Fund	***	1,050,616
	TCW Total Return Bond N Fund	***	3,912,057
	JP Morgan Small Cap Value A Fund	***	5,194,293
	PIMCO All Asset A Fund	***	1,582
	Amana Income Investor Fund	***	21,546
*	Prudential IncomeFlex Target EasyPath Balanced Fund	***	1,104,250
*	Xerox Corp Common Stock	***	243,816
	Participant-Managed Accounts **	***	431,218
*	Prudential Retirement Insurance Guaranteed Income Fund	***	8,676,146
*	Notes Receivable from Participants - 13 outstanding, with interest rates from 4.25% to 6.00%	-	271,336
	Total assets held at end of year		<u>\$ 69,334,059</u>

* An asterisk in column (a) denotes a transaction with a party-in-interest.

** Consists of a variety of participant directed investments, the detail of which is not required to be reported.

*** Cost information is not required as all investments are participant directed.

See Independent Auditors' Report