Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

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

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
CHALLENGER, GRAY & CHRISTMAS, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 08/01/1987

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

645 SHERIDAN RD
WINNETKA, IL 60093-2323

645 SHERIDAN RD
WINNETKA, IL 60093-2323

2b Employer Identification Number (EIN)
34-1220539

2c Sponsor's telephone number
312-332-5790

2d Business code (see instructions)
561490

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	09/01/2010	LINDSAY GORMAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
CHALLENGER GRAY & CHRISTMAS, INC.

645 SHERIDAN RD
WINNETKA, IL 60093-2323

3b Administrator's EIN
34-1220539

3c Administrator's telephone number
312-332-5790

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**	128
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	123
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	9
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	132
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	133
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	43
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 Characteristic Codes in the instructions:
2F 2G 2J 2K 2T 3D

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

9a Plan funding arrangement (check all that apply)

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

9b Plan benefit arrangement (check all that apply)

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

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

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2009** **This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
CHALLENGER, GRAY & CHRISTMAS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
CHALLENGER GRAY & CHRISTMAS, INC.

D Employer Identification Number (EIN)
34-1220539

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

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

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

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04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65	RECORDKEEPER	400	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
CHALLENGER, GRAY & CHRISTMAS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
CHALLENGER GRAY & CHRISTMAS, INC.

D Employer Identification Number (EIN)
34-1220539

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	298568	334559
(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)	24277	23800
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2382949	3294861
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	2705794	3653220
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	2705794	3653220

Part II Income and Expense Statement

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

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	369992	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		369992
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2484	
	(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)	1424	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		3908
	(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)	61284	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		61284
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(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)		719617
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1154801
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	203231	
(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)		203231
f Corrective distributions (see instructions)	2f		3740
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)	404	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		404
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		207375
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		947426
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: OSTROW REISIN BERK & ABRAMS (2) EIN: 36-2938874

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

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

Part IV Compliance Questions

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

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		400000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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

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

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
CHALLENGER, GRAY & CHRISTMAS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
CHALLENGER GRAY & CHRISTMAS, INC.

D Employer Identification Number (EIN)
34-1220539

Part I Distributions

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

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

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

EIN(s): 04-6568107 _____

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

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

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

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

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

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

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

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

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

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

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

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

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

Part III Amendments

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHALLENGER, GRAY & CHRISTMAS, INC. 401(k) PLAN

YEARS ENDED DECEMBER 31, 2009 AND 2008

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

YEARS ENDED DECEMBER 31, 2009 AND 2008

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Ostrow Reisin Berk & Abrams, Ltd.

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Independent Affiliate of BKR International

Independent Auditors' Report

Plan Administrator
Challenger, Gray & Christmas, Inc. 401(k) Plan
Winnetka, Illinois

We were engaged to audit the statement of net assets available for plan benefits of the Challenger, Gray & Christmas, Inc. 401(k) Plan (the Plan) as of December 31, 2009 and the related statement of changes in net assets available for plan benefits for the year then ended and the supplemental schedule as of December 31, 2009 as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (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 4 which was certified by Fidelity Management Trust Company (the Trustee), except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of and for the year ended December 31, 2009 that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedule that we did not audit, we are unable to and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

*Also licensed to practice by the State of Florida

We have compiled the accompanying statement of net assets available for plan benefits of Challenger, Gray & Christmas, Inc. 401(k) Plan as of December 31, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, information that is the representation of the Plan Administrator. We have not audited or reviewed the accompanying statement of net assets available for plan benefits and, accordingly, do not express an opinion or any other form of assurance on it.

The Plan Administrator has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Plan's net assets available for plan benefits as of December 31, 2008. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Ostrow Reisin Berk & Abrams, Ltd.

August 23, 2010
Chicago, Illinois

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

December 31,	2009	2008
Assets:		
Investments at fair value:		
Money market fund	**$ 334,559**	$ 298,568
Mutual funds	**3,294,861**	2,382,949
Participant loans	**23,800**	24,277
Total investments	**3,653,220**	2,705,794
Net assets available for plan benefits, at fair value	**$ 3,653,220**	$ 2,705,794

See notes to financial statements.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended December 31, 2009	
Additions to net assets attributed to:	
Investment income:	
Interest and dividends	$ 65,192
Net appreciation in fair value of investments	719,617
Total investment income	784,809
Contributions:	
Participant contributions	369,992
Total additions	1,154,801
Deductions from net assets attributed to:	
Benefits paid to participants	206,971
Administrative expenses	404
Total deductions	207,375
Net increase	947,426
Net assets available for plan benefits:	
Beginning of year	2,705,794
End of year	$ 3,653,220

See notes to financial statements.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan

The following brief description of the Challenger, Gray & Christmas, Inc. 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the published summary Plan description for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

General:

The Plan is a defined-contribution plan maintained on a calendar year basis and became effective August 1, 1987. The Plan is intended to be a qualified retirement plan under the Internal Revenue Code. Any employee of Challenger, Gray & Christmas, Inc. (the Company) who has attained 21 years of age and completed one year of service and at least 1,000 hours is eligible to participate in the Plan. Eligible employees can enter the Plan on the first day of each month following the date eligibility requirements are met.

Employee contributions:

Participants can contribute funds to the Plan in any amount of their gross wages up to 60% of their gross wages. Employees make automatic contributions through semi-monthly and monthly payroll deductions. The maximum participant contribution based on statutory limitations was $16,500 and $15,500 in 2009 and 2008, respectively. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Total contributions per participant are limited under present Internal Revenue Code sections to the lesser of $49,000 for 2009 or 100% of compensation in 2009 (not to exceed $245,000 during 2009).

Employer contributions:

Employer matching and profit-sharing contributions are discretionary. No employer contributions have been made during 2009.

Participant accounts:

Each participant's account is credited with the participant's contribution and allocation of (a) the employer's contribution and (b) Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Participants self-direct their contributions and their share of their account balance.

1. Description of the Plan (continued)

Vesting:

Participants are vested immediately in their contributions and the earnings thereon. The Company has not made any matching or profit-sharing contributions; however, the Plan has a cliff vesting schedule where participants vest 25% annually after one year of enrollment in the Plan and are fully vested after completing four years of enrollment in the Plan.

Participant loans:

Participants may borrow up to the lesser of $50,000 or 50% of their account balance. Repayments of principal and interest are made ratably through payroll deductions over the specified loan period. All loans are generally repaid over a period not to exceed five years, unless the loan is for the purchase of a principal residence, in which case the loan repayment period may not extend beyond 10 years. The interest rate charged is a reasonable rate as determined by the Plan Administrator based on the prevailing interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances. All outstanding loans as of December 31, 2009 bear an interest rate of 6.25%.

Payment of benefits:

Benefit payments are generally paid as soon as practicable after employment with the Company has ended due to disability, retirement or termination. Participants who terminate employment with account balances of greater than $1,000 may elect to leave their account balances in the Plan. Until such time as the funds are distributed, the participant is entitled to receive a pro-rata share of fund earnings. Benefits may also be paid directly to an eligible retirement plan as an eligible rollover distribution.

2. Summary of significant accounting policies

Basis of accounting:

The accompanying financial statements are prepared on the accrual basis of accounting.

Investment valuation and income recognition:

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Participant loans are valued at their outstanding balances, which approximates fair value.

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.

Administrative expenses:

Administrative expenses of the Plan are paid by the Company. However, Plan participants are responsible for paying loan processing fees upon the request of a loan.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets available for plan benefits during the reporting period. Accordingly, actual results could differ from those estimates.

Payment of benefits:

Benefits are recorded when paid.

3. Investments

Investments held by the Plan at December 31, 2009 that exceeded 5% of net assets available for plan benefits are as follows:

December 31, 2009	
Fidelity Equity Income	$ 713,762
Fidelity Diversified International	$ 701,781
Fidelity Investment Grade Bond	$ 458,561
Fidelity Mid Cap Stock	$ 436,583
Fidelity Money Market Fund	$ 334,559
Fidelity Dividend Growth	$ 289,719
Spartan Total Market Index	$ 263,801

4. Information certified by Trustee

The following unaudited information relating to investment balances and transactions included in the financial statements and supplemental schedule was summarized from statements and schedules prepared by Fidelity Management Trust Company (the Trustee) and furnished to the Plan Administrator. The Plan Administrator has obtained a certification letter from the Trustee that the following information is complete and accurate.

December 31, 2009	
Statement of net assets available for plan benefits:	
Investments:	
Money market fund	$ 334,559
Mutual funds	3,294,861
Participant loans - interest rates at 6.25%	23,800
Total investments at fair value	$ 3,653,220

4. Information certified by Trustee (continued)

Year ended December 31, 2009		
Statement of changes in net assets available for plan benefits:		
During 2009, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by:		
Net appreciation in fair value of investments	$	719,617
Interest and dividend income		65,192
Total investment income	$	784,809

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Trustee has certified to the completeness and accuracy of investments included in net assets available for plan benefits as of December 31, 2009, the schedule of assets (held at end of year) as of December 31, 2009 and related investment activity reflected in the statement of changes in net assets available for plan benefits for the year ended December 31, 2009.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

5. Fair value measurements

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

Level 1	Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

5. Fair value measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and money market fund:	Valued at the net asset value (NAV) of shares held by the Plan at year-end.
Participant loans:	Valued at amortized cost, which approximates fair value.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009.

Assets at fair value as of December 31, 2009:

	Level 1	Level 3	Total
Mutual funds:			
Index funds	$ 263,801		$ 263,801
Balanced funds	991,500		991,500
Value funds	713,762		713,762
Growth funds	543,385		543,385
Target date funds	292,223		292,223
Fixed income funds	490,190		490,190
Money market fund	334,559		334,559
Participant loans		$ 23,800	23,800
Total assets at fair value	$ 3,629,420	$ 23,800	$ 3,653,220

5. Fair value measurements (continued)

Level 3 gains and losses:

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 asset for the year ended December 31, 2009.

	Participant loans
Balance, beginning of year	$ 24,277
Purchases, sales, issuances and settlements, net	(477)
Balance, end of year	$ 23,800

6. Party-in-interest transactions

Certain Plan investments are shares of mutual funds managed by Fidelity Investments Institutional Services, Inc., an affiliate of the Trustee. Therefore, these transactions qualify as party-in-interest transactions.

7. Tax status

The Plan, a volume submitter defined-contribution plan, obtained its latest determination letter on March 31, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving this determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

8. Plan termination

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

9. Risks and uncertainties

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

10. Subsequent events

The Plan Administrator has reviewed and evaluated subsequent events from December 31, 2009, the financial statement date, through August 23, 2010, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2009

EIN: 34-1220539
Plan number: 001

Form 5500 - Schedule H, Part IV 4(i) - Schedule of assets (held at end of year).

(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Fidelity	Money Market Fund	**	$ 334,559
*	Fidelity	Equity Income	**	713,762
*	Fidelity	Investment Grade Bond	**	458,561
*	Fidelity	Growth & Income	**	106,802
*	Fidelity	Intermediate Bond	**	31,629
*	Fidelity	Diversified International	**	701,781
*	Fidelity	Dividend Growth	**	289,719
*	Fidelity	Mid Cap Stock	**	436,583
	Spartan	Total Market Index	**	263,801
*	Fidelity	Freedom Income	**	741
*	Fidelity	Freedom 2000	**	2,226
*	Fidelity	Freedom 2010	**	8,376
*	Fidelity	Freedom 2015	**	160,192
*	Fidelity	Freedom 2020	**	71,144
*	Fidelity	Freedom 2025	**	14,345
*	Fidelity	Freedom 2030	**	20,367
*	Fidelity	Freedom 2035	**	14,111
*	Fidelity	Freedom 2040	**	679
*	Fidelity	Freedom 2045	**	42
*	Participant loans	Interest rate - all at 6.25%		23,800
	Total			$ 3,653,220

* Represents a party-in-interest.
** Cost basis is not required to be reported for participant-directed accounts.

Ostrow
Reisin
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Ltd.

Certified Public Accountants*
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E-mail info@orba.com
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Independent Affiliate of BKR International

August 23, 2010

Plan Administrator
Challenger, Gray & Christmas, Inc. 401(k) Plan
Winnetka, Illinois

We have conducted a DOL limited-scope audit of the financial statements of the Challenger, Gray & Christmas, Inc. 401(k) Plan (the Plan) for the year ended December 31, 2009 and have issued our report thereon dated August 23, 2010. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform and we did not perform, any auditing procedures with respect to the information summarized in Note 4 to those financial statements. Because of the significance of the information that we did not audit, we are unable to and have not, expressed an opinion on those financial statements and schedules taken as a whole. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 26, 2010. Professional standards also require that we communicate to you the following information related to our audit:

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the fair value estimate and disclosures surrounding the valuation of the Plan's net assets.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 23, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Plan Administrator and management of the Challenger, Gray & Christmas, Inc. 401(k) Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ostrow Reisin Berk & Abrams, Ltd.

CHALLENGER, GRAY & CHRISTMAS, INC. 401(k) PLAN

YEARS ENDED DECEMBER 31, 2009 AND 2008

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

YEARS ENDED DECEMBER 31, 2009 AND 2008

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Independent Affiliate of BKR International

Independent Auditors' Report

Plan Administrator
Challenger, Gray & Christmas, Inc. 401(k) Plan
Winnetka, Illinois

We were engaged to audit the statement of net assets available for plan benefits of the Challenger, Gray & Christmas, Inc. 401(k) Plan (the Plan) as of December 31, 2009 and the related statement of changes in net assets available for plan benefits for the year then ended and the supplemental schedule as of December 31, 2009 as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (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 4 which was certified by Fidelity Management Trust Company (the Trustee), except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of and for the year ended December 31, 2009 that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedule that we did not audit, we are unable to and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

*Also licensed to practice by the State of Florida

We have compiled the accompanying statement of net assets available for plan benefits of Challenger, Gray & Christmas, Inc. 401(k) Plan as of December 31, 2008 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, information that is the representation of the Plan Administrator. We have not audited or reviewed the accompanying statement of net assets available for plan benefits and, accordingly, do not express an opinion or any other form of assurance on it.

The Plan Administrator has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Plan's net assets available for plan benefits as of December 31, 2008. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Ostrow Reisin Berk & Abrams, Ltd.

August 23, 2010
Chicago, Illinois

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

December 31,	2009	2008
Assets:		
Investments at fair value:		
Money market fund	**$ 334,559**	$ 298,568
Mutual funds	**3,294,861**	2,382,949
Participant loans	**23,800**	24,277
Total investments	**3,653,220**	2,705,794
Net assets available for plan benefits, at fair value	**$ 3,653,220**	$ 2,705,794

See notes to financial statements.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended December 31, 2009	
Additions to net assets attributed to:	
Investment income:	
Interest and dividends	$ 65,192
Net appreciation in fair value of investments	719,617
Total investment income	784,809
Contributions:	
Participant contributions	369,992
Total additions	1,154,801
Deductions from net assets attributed to:	
Benefits paid to participants	206,971
Administrative expenses	404
Total deductions	207,375
Net increase	947,426
Net assets available for plan benefits:	
Beginning of year	2,705,794
End of year	$ 3,653,220

See notes to financial statements.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plan

The following brief description of the Challenger, Gray & Christmas, Inc. 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the published summary Plan description for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

General:

The Plan is a defined-contribution plan maintained on a calendar year basis and became effective August 1, 1987. The Plan is intended to be a qualified retirement plan under the Internal Revenue Code. Any employee of Challenger, Gray & Christmas, Inc. (the Company) who has attained 21 years of age and completed one year of service and at least 1,000 hours is eligible to participate in the Plan. Eligible employees can enter the Plan on the first day of each month following the date eligibility requirements are met.

Employee contributions:

Participants can contribute funds to the Plan in any amount of their gross wages up to 60% of their gross wages. Employees make automatic contributions through semi-monthly and monthly payroll deductions. The maximum participant contribution based on statutory limitations was $16,500 and $15,500 in 2009 and 2008, respectively. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Total contributions per participant are limited under present Internal Revenue Code sections to the lesser of $49,000 for 2009 or 100% of compensation in 2009 (not to exceed $245,000 during 2009).

Employer contributions:

Employer matching and profit-sharing contributions are discretionary. No employer contributions have been made during 2009.

Participant accounts:

Each participant's account is credited with the participant's contribution and allocation of (a) the employer's contribution and (b) Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Participants self-direct their contributions and their share of their account balance.

1. Description of the Plan (continued)

Vesting:

Participants are vested immediately in their contributions and the earnings thereon. The Company has not made any matching or profit-sharing contributions; however, the Plan has a cliff vesting schedule where participants vest 25% annually after one year of enrollment in the Plan and are fully vested after completing four years of enrollment in the Plan.

Participant loans:

Participants may borrow up to the lesser of $50,000 or 50% of their account balance. Repayments of principal and interest are made ratably through payroll deductions over the specified loan period. All loans are generally repaid over a period not to exceed five years, unless the loan is for the purchase of a principal residence, in which case the loan repayment period may not extend beyond 10 years. The interest rate charged is a reasonable rate as determined by the Plan Administrator based on the prevailing interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances. All outstanding loans as of December 31, 2009 bear an interest rate of 6.25%.

Payment of benefits:

Benefit payments are generally paid as soon as practicable after employment with the Company has ended due to disability, retirement or termination. Participants who terminate employment with account balances of greater than $1,000 may elect to leave their account balances in the Plan. Until such time as the funds are distributed, the participant is entitled to receive a pro-rata share of fund earnings. Benefits may also be paid directly to an eligible retirement plan as an eligible rollover distribution.

2. Summary of significant accounting policies

Basis of accounting:

The accompanying financial statements are prepared on the accrual basis of accounting.

Investment valuation and income recognition:

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Participant loans are valued at their outstanding balances, which approximates fair value.

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.

Administrative expenses:

Administrative expenses of the Plan are paid by the Company. However, Plan participants are responsible for paying loan processing fees upon the request of a loan.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets available for plan benefits during the reporting period. Accordingly, actual results could differ from those estimates.

Payment of benefits:

Benefits are recorded when paid.

3. Investments

Investments held by the Plan at December 31, 2009 that exceeded 5% of net assets available for plan benefits are as follows:

December 31, 2009	
Fidelity Equity Income	$ 713,762
Fidelity Diversified International	$ 701,781
Fidelity Investment Grade Bond	$ 458,561
Fidelity Mid Cap Stock	$ 436,583
Fidelity Money Market Fund	$ 334,559
Fidelity Dividend Growth	$ 289,719
Spartan Total Market Index	$ 263,801

4. Information certified by Trustee

The following unaudited information relating to investment balances and transactions included in the financial statements and supplemental schedule was summarized from statements and schedules prepared by Fidelity Management Trust Company (the Trustee) and furnished to the Plan Administrator. The Plan Administrator has obtained a certification letter from the Trustee that the following information is complete and accurate.

December 31, 2009	
Statement of net assets available for plan benefits:	
Investments:	
Money market fund	$ 334,559
Mutual funds	3,294,861
Participant loans - interest rates at 6.25%	23,800
Total investments at fair value	$ 3,653,220

4. Information certified by Trustee (continued)

Year ended December 31, 2009		
Statement of changes in net assets available for plan benefits:		
During 2009, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by:		
Net appreciation in fair value of investments	$	719,617
Interest and dividend income		65,192
Total investment income	$	784,809

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Trustee has certified to the completeness and accuracy of investments included in net assets available for plan benefits as of December 31, 2009, the schedule of assets (held at end of year) as of December 31, 2009 and related investment activity reflected in the statement of changes in net assets available for plan benefits for the year ended December 31, 2009.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

5. Fair value measurements

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

Level 1	Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

5. Fair value measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and money market fund:	Valued at the net asset value (NAV) of shares held by the Plan at year-end.
Participant loans:	Valued at amortized cost, which approximates fair value.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009.

Assets at fair value as of December 31, 2009:

	Level 1	Level 3	Total
Mutual funds:			
Index funds	$ 263,801		$ 263,801
Balanced funds	991,500		991,500
Value funds	713,762		713,762
Growth funds	543,385		543,385
Target date funds	292,223		292,223
Fixed income funds	490,190		490,190
Money market fund	334,559		334,559
Participant loans		$ 23,800	23,800
Total assets at fair value	$ 3,629,420	$ 23,800	$ 3,653,220

5. Fair value measurements (continued)

Level 3 gains and losses:

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 asset for the year ended December 31, 2009.

	Participant loans
Balance, beginning of year	$ 24,277
Purchases, sales, issuances and settlements, net	(477)
Balance, end of year	$ 23,800

6. Party-in-interest transactions

Certain Plan investments are shares of mutual funds managed by Fidelity Investments Institutional Services, Inc., an affiliate of the Trustee. Therefore, these transactions qualify as party-in-interest transactions.

7. Tax status

The Plan, a volume submitter defined-contribution plan, obtained its latest determination letter on March 31, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving this determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

8. Plan termination

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

9. Risks and uncertainties

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

10. Subsequent events

The Plan Administrator has reviewed and evaluated subsequent events from December 31, 2009, the financial statement date, through August 23, 2010, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.

CHALLENGER, GRAY & CHRISTMAS, INC.
401(k) PLAN

STATEMENT OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2009

EIN: 34-1220539
Plan number: 001

Form 5500 - Schedule H, Part IV 4(i) - Schedule of assets (held at end of year).

(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Fidelity	Money Market Fund	**	$ 334,559
*	Fidelity	Equity Income	**	713,762
*	Fidelity	Investment Grade Bond	**	458,561
*	Fidelity	Growth & Income	**	106,802
*	Fidelity	Intermediate Bond	**	31,629
*	Fidelity	Diversified International	**	701,781
*	Fidelity	Dividend Growth	**	289,719
*	Fidelity	Mid Cap Stock	**	436,583
	Spartan	Total Market Index	**	263,801
*	Fidelity	Freedom Income	**	741
*	Fidelity	Freedom 2000	**	2,226
*	Fidelity	Freedom 2010	**	8,376
*	Fidelity	Freedom 2015	**	160,192
*	Fidelity	Freedom 2020	**	71,144
*	Fidelity	Freedom 2025	**	14,345
*	Fidelity	Freedom 2030	**	20,367
*	Fidelity	Freedom 2035	**	14,111
*	Fidelity	Freedom 2040	**	679
*	Fidelity	Freedom 2045	**	42
*	Participant loans	Interest rate - all at 6.25%		23,800
	Total			$ 3,653,220

* Represents a party-in-interest.
** Cost basis is not required to be reported for participant-directed accounts.