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 08/01/2009 and ending 07/31/2010

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

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
PALL CORPORATION - UAW SPECIAL FUND PENSION PLAN

1b Three-digit plan number (PN) ▶ 007

1c Effective date of plan 10/26/1964

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

25 HARBOR PARK DRIVE
PORT WASHINGTON, NY 11050

2b Employer Identification Number (EIN)
11-1541330

2c Sponsor's telephone number
516-484-5400

2d Business code (see instructions)
339900

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.	05/16/2011	JAMES PORRETTO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	05/16/2011	JAMES PORRETTO
	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")
PALL CORPORATION

25 HARBOR PARK DRIVE
PORT WASHINGTON, NY 11050

3b Administrator's EIN
11-1541330

3c Administrator's telephone number
516-484-5400

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**	63
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**	0
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	29
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	29
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	29
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	29
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:
2C

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

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

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

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 08/01/2009 and ending 07/31/2010

A Name of plan
PALL CORPORATION - UAW SPECIAL FUND PENSION PLAN

B Three-digit plan number (PN) ▶ 007

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
PALL CORPORATION

D Employer Identification Number (EIN)
11-1541330

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

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

a Name of MTIA, CCT, PSA, or 103-12 IE: COLLECTIVE U.S. GOVERNMENT STIF

b Name of sponsor of entity listed in (a): BANK OF NEW YORK MELLON

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)
13-5154008-003	C	2088884

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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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 I (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information—Small Plan

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 08/01/2009 and ending 07/31/2010

A Name of plan
PALL CORPORATION - UAW SPECIAL FUND PENSION PLAN

B Three-digit plan number (PN) ▶ 007

C Plan sponsor's name as shown on line 2a of Form 5500
PALL CORPORATION

D Employer Identification Number (EIN)
11-1541330

Complete Schedule I if the plan covered fewer than 100 participants as of the beginning of the plan year. You may also complete Schedule I if you are filing as a small plan under the 80-120 participant rule (see instructions). Complete Schedule H if reporting as a large plan or DFE.

Part I Small Plan Financial Information

Report below the current value of assets and liabilities, income, expenses, transfers and changes in net assets during the plan year. Combine the value of plan assets held in more than one trust. Do not enter the value of the portion of an insurance contract that guarantees during this plan year to pay a specific dollar benefit at a future date. 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.**

			(a) Beginning of Year	**(b)** End of Year
1	**Plan Assets and Liabilities:**			
a	Total plan assets	**1a**	9937897	2089491
b	Total plan liabilities	**1b**		
c	Net plan assets (subtract line 1b from line 1a)	**1c**	9937897	2089491
2	**Income, Expenses, and Transfers for this Plan Year:**		**(a)** Amount	**(b)** Total
a	Contributions received or receivable:			
	(1) Employers	**2a(1)**	85715	
	(2) Participants	**2a(2)**		
	(3) Others (including rollovers)	**2a(3)**		
b	Noncash contributions	**2b**		
c	Other income	**2c**	22257	
d	Total income (add lines 2a(1), 2a(2), 2a(3), 2b, and 2c)	**2d**		107972
e	Benefits paid (including direct rollovers)	**2e**	7956378	
f	Corrective distributions (see instructions)	**2f**		
g	Certain deemed distributions of participant loans (see instructions)	**2g**		
h	Administrative service providers (salaries, fees, and commissions)	**2h**		
i	Other expenses	**2i**		
j	Total expenses (add lines 2e, 2f, 2g, 2h, and 2i)	**2j**		7956378
k	Net income (loss) (subtract line 2j from line 2d)	**2k**		-7848406
l	Transfers to (from) the plan (see instructions)	**2l**		

3 **Specific Assets:** If the plan held assets at anytime during the plan year in any of the following categories, check "Yes" and enter the current value of any assets remaining in the plan as of the end of the plan year. Allocate the value of the plan's interest in a commingled trust containing the assets of more than one plan on a line-by-line basis unless the trust meets one of the specific exceptions described in the instructions.

			Yes	**No**	**Amount**
a	Partnership/joint venture interests	**3a**		X	
b	Employer real property	**3b**		X	
c	Real estate (other than employer real property)	**3c**		X	
d	Employer securities	**3d**		X	
e	Participant loans	**3e**		X	

			Yes	No	Amount
3f	Loans (other than to participants)	3f		X	
g	Tangible personal property	3g		X	

Part II Compliance Questions

4 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 plan year or classified during the year as uncollectible? Disregard participant loans secured by the participant's account balance.	4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible?	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a.)	4d		X	
e Was the plan covered by a fidelity bond?	4e	X		25000000
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 at any time hold 20% or more of its assets in any single security, debt, mortgage, parcel of real estate, or partnership/joint venture interest?	4i	X		2088884
j Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4j		X	
k Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? If "No," attach an IQPA's report or 2520.104-50 statement. (See instructions on waiver eligibility and conditions.)	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			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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

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

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 08/01/2009 and ending 07/31/2010

A Name of plan
PALL CORPORATION - UAW SPECIAL FUND PENSION PLAN

B Three-digit plan number (PN) ▶ 007

C Plan sponsor's name as shown on line 2a of Form 5500
PALL CORPORATION

D Employer Identification Number (EIN)
11-1541330

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): 13-5160382

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** 40

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** 0

b Enter the amount contributed by the employer to the plan for this plan year **6b** 85715

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** -85715

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):

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Financial Statements

July 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

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KPMG LLP
Suite 200
1305 Walt Whitman Road
Melville, NY 11747-4302

Independent Auditors' Report

Plan Administrator
Pall Corporation – Local 365
U.A.W. Special Fund Pension Plan:

We were engaged to audit the accompanying statements of net assets available for plan benefits of the Pall Corporation-Local 365 U.A.W. Special Fund Pension Plan as of July 31, 2010 and 2009, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information to the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Trustee as of and for the years ended July 31, 2010 and 2009, that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

As further discussed in note 1 to the financial statements, the Pall Pension Committee is currently exploring options for terminating the Plan and all active participants in the Plan have terminated employment as of July 31, 2010.

KPMG LLP

May 16, 2011

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Statements of Net Assets Available for Plan Benefits

July 31, 2010 and 2009

	2010	2009
Assets:		
Investments, at fair value as certified by the trustee (note 4):		
Commingled funds	$ 2,088,884	9,896,835
Total investments	2,088,884	9,896,835
Receivables:		
Employer contribution	—	36,088
Accrued interest and other receivables (note 4)	607	4,974
Total receivables	607	41,062
Total assets	2,089,491	9,937,897
Net assets available for plan benefits	$ 2,089,491	9,937,897

See accompanying notes to financial statements.

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended July 31, 2010 and 2009

	2010	2009
Additions to net assets attributed to:		
Investment income as certified by the trustee (note 4):		
Net appreciation in fair value of investments	$ 97	62,301
Dividend and interest income	22,160	152,186
Net investment income	22,257	214,487
Employer contributions	85,715	313,750
Total additions	107,972	528,237
Deductions from net assets attributed to:		
Benefits paid to participants (note 1)	7,956,378	634,700
Total deductions	7,956,378	634,700
Net decrease	(7,848,406)	(106,463)
Net assets available for plan benefits:		
Beginning of year	9,937,897	10,044,360
End of year	$ 2,089,491	9,937,897

See accompanying notes to financial statements.

(1) Description of Plan

The following description of the Pall Corporation – Local 365 U.A.W. Special Fund Pension Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The Pension Committee is currently exploring options for terminating the Plan in accordance with all applicable rules and regulations and will make recommendation to the board of directors for their approval. In addition, during the current Plan year, all active participants in the Plan have terminated employment.

(a) General

The Plan is a noncontributory defined contribution plan for all employees of Pall Corporation and its participating subsidiaries (the Company) covered under a collective bargaining agreement with Local 365 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (U.A.W.). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The board of directors of the Company has appointed a committee (the Pension Committee) of five members to serve as plan administrator for the Plan.

(b) Company Contributions

The Company computes and remits payments to the Trustee (The Bank of New York Mellon) monthly, an amount equal to eleven percent (11%) of each participant's compensation except for any participant whose initial date of hire is on or after March 1, 1987. For such participants, the Company's contribution is equal to 7% of each participant's compensation up to and including the participant's seventh anniversary and 11% of the participant's compensation thereafter.

Effective August 1, 2002, the Plan adopted Economic Growth and Tax Relief Reconciliation Act amendments. In conjunction with this, the Plan agreement does not permit contributions to any participant's account that exceeds the lesser of (a) $40,000 adjusted for the cost of living to the extent permitted by law and applicable U.S. Treasury Department regulations and (b) 100% of a participant's compensation during the Plan year.

Any excess funds resulting from a forfeiture of all or any portion of the account of a participant or former participant under circumstances that do not entitle the participant, former participant, his spouse or beneficiary to the full amount of his account under the Plan agreement, shall not be applied to increase the benefits payable to any other participant, spouse or beneficiary, but shall remain in the trust fund and shall have the effect of reducing the amount of any subsequent contributions to the Plan by the Company.

(c) Participant Accounts

Each participant's account is credited with allocations of (a) the Company's contribution and (b) Plan earnings. Allocation of the Company's contribution is based on participant's compensation. Allocation of the Plan's earnings is based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. A member

who is otherwise eligible for an allocation of an employer contribution will receive such allocation even though he or she may have received a distribution of his or her account.

(d) Vesting

A participant employed prior to March 1, 1981 is fully vested in his or her respective participant account. An individual employed on or after March 1, 1981 has a vested percentage in his or her participant account as follows:

(i) One hundred percent (100%) in the event of the participant's (a) death, (b) total and permanent disability, (c) attainment of normal retirement date (i.e., the later of the date on which the participant attains age 65, or the 5th anniversary of the date on which the participant commenced membership in the Plan), or (d) termination of employment as a result of the Company's elimination of the participant's position pursuant to a permanent reduction in the Company's work force, but only if the participant had completed at least 3 years of service before such termination of employment. A participant also becomes fully vested in the event the Plan is terminated; or

(ii) In accordance with the following schedule (for members who do not have at least one hour of service on or after August 1, 2008):

Completed years of service	Vesting percentage
Less than 1	—%
1	10
2	15
3	20
4	40
5	60
6	80
7	100

(Continued)

(iii) In accordance with the following schedule (for members who have at least one hour of service on or after August 1, 2008) as amended during the plan year ended July 31, 2008, effective August 1, 2008:

Completed years of service	Vesting percentage
Less than 1	—%
1	10
2	20
3	40
4	60
5	80
6	100

(e) Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the vested portion of his or her account, or monthly or quarterly installments over an extended period. By law, a retired participant who attains age 70½ must begin receiving his or her benefit. Effective January 1, 2008, the Plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under IRS regulations. This may include rollovers to nonspousal beneficiaries as permitted by the Pension Protection Act of 2006.

(f) Forfeited Accounts

At July 31, 2010 and 2009, there were $0 forfeited nonvested accounts.

(g) Administrative Expenses

Administrative expenses are paid by the Plan if not paid by the Company. During the years ended July 31, 2010 and 2009, all administrative expenses of the Plan were paid by the Company.

(h) Subsequent Events

For the plan year ended July 31, 2010, the Company has evaluated subsequent events for potential recognition and disclosure through May 16, 2011, the date of financial statement issuance. In January 2011, the company amended and restated the Plan document in accordance with the IRS regulations.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Plan are prepared on the accrual method of accounting.

(b) Recent Accounting Standards Impacting the Plan

In January 2010, the Financial Accounting Standards Board (FASB) issued updated guidance that amends the disclosure requirements for fair value measurements. This updated guidance: (i) requires that the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements be disclosed separately along with the reasons for the transfer; (ii) clarifies the requirement that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities; and (iii) clarifies the requirement that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. This new guidance is effective for the plan year ending July 31, 2011. Effective for the plan year ending July 31, 2012, this guidance requires that in the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements be presented separately on a gross basis.

In September 2009, the FASB issued amended guidance expanding the required disclosures for certain investments with a reported net asset value (NAV). This guidance permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. This guidance requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan has adopted this guidance on a prospective basis for the year ended July 31, 2010. See note 6, Fair Value Measurements for the required disclosures.

(c) 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 changes therein, and disclosure of contingent liabilities. Actual results could differ from those estimates and assumptions.

(d) Valuation of Investments

The Plan's investments in the Bank of New York Mellon Collective Short Term Investment Fund (Commingled funds) invests in high-quality, short-term investment funds and is stated at amortized cost, 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.

(e) Payment of Benefits

Benefits are recorded when paid.

(f) 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.

(3) Plan Termination

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts. Refer to note 1 for further discussion over Plan termination.

(4) Investments as Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained a certification from The Bank of New York Mellon, the Trustee, that the information provided to the plan administrator by The Bank of New York Mellon as of and for the years ended July 31, 2010 and 2009 is complete and accurate. Accordingly, the Plan's investments, due to broker for purchase of securities, and accrued interest and other receivables and the investment information summarized below and included in the statements of net assets available for plan benefits as of July 31, 2010 and 2009 and the related investment income included in the statement of changes in net assets available for plan benefits for the years ended July 31, 2010 and 2009 have been provided and certified by The Bank of New York Mellon.

The Plan's investments are held by a bank-administered trust fund. The following table presents investments that represent 5% or more of the Plan's assets as of July 31, 2010 and 2009.

		2010	2009
Investment, at fair value:			
Commingled funds	$	2,088,884	9,896,835
	$	2,088,884	9,896,835

(Continued)

During the years ended July 31, 2010 and 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 $97 and $62,301, respectively, as follows:

	2010	2009
U.S. government and agency securities	$ —	61,916
Corporate debentures	—	347
Common stock	97	38
	$ 97	62,301

(5) Fair Value Measurements

The Plan's investments are recorded at fair value, which 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.

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

The following table presents, for each of these hierarchy levels, the Plan's investment measured at fair value as of July 31, 2010:

		Fair value measurements		
	July 31, 2010	Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Commingled funds	$ 2,088,884	—	2,088,884	—

(Continued)

The following table presents, for each of these hierarchy levels, the Plan's investment measured at fair value as of July 31, 2009:

		Fair value measurements		
	July 31, 2009	**Level 1**	**Level 2**	**Level 3**
Financial assets carried at fair value:				
Commingled funds	$ 9,896,835	—	9,896,835	—

(a) The Company determined that its investments in commingled funds which were previously classified as Level 3 in the fair value hierarchy, should be classified as Level 2. The Company adjusted the prior period information accordingly and has concluded that the adjustment to prior period disclosure is immaterial.

The fair value of the Plan's investment in commingled funds included in Level 2 of the fair value hierarchy have been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

(6) Tax Status

The Internal Revenue Service issued its latest determination letter on March 30, 2004 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. Subsequent to the plan year, the plan was amended and restated, and management has submitted an application to the Internal Revenue Service to obtain a new determination letter. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Internal Revenue Code.

(7) Related-Party Transactions

The STIF is managed by The Bank of New York Mellon. The Bank of New York Mellon is the Trustee as defined by the plan, and therefore, these investments qualify as party-in-interest transactions.

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Financial Statements

July 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

Plan Administrator
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U.A.W. Special Fund Pension Plan:

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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, which was certified by The Bank of New York Mellon, the Trustee of the Plan, except for comparing such information to the related information included in the financial statements. We have been informed by the plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Trustee as of and for the years ended July 31, 2010 and 2009, that the information provided to the plan administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

As further discussed in note 1 to the financial statements, the Pall Pension Committee is currently exploring options for terminating the Plan and all active participants in the Plan have terminated employment as of July 31, 2010.

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PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Statements of Net Assets Available for Plan Benefits

July 31, 2010 and 2009

	2010	2009
Assets:		
Investments, at fair value as certified by the trustee (note 4):		
Commingled funds	$ 2,088,884	9,896,835
Total investments	2,088,884	9,896,835
Receivables:		
Employer contribution	—	36,088
Accrued interest and other receivables (note 4)	607	4,974
Total receivables	607	41,062
Total assets	2,089,491	9,937,897
Net assets available for plan benefits	$ 2,089,491	9,937,897

See accompanying notes to financial statements.

PALL CORPORATION – LOCAL 365
U.A.W. SPECIAL FUND PENSION PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended July 31, 2010 and 2009

	2010	2009
Additions to net assets attributed to:		
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Total deductions	7,956,378	634,700
Net decrease	(7,848,406)	(106,463)
Net assets available for plan benefits:		
Beginning of year	9,937,897	10,044,360
End of year	$ 2,089,491	9,937,897

See accompanying notes to financial statements.

(1) Description of Plan

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The Pension Committee is currently exploring options for terminating the Plan in accordance with all applicable rules and regulations and will make recommendation to the board of directors for their approval. In addition, during the current Plan year, all active participants in the Plan have terminated employment.

(a) General

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(b) Company Contributions

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Effective August 1, 2002, the Plan adopted Economic Growth and Tax Relief Reconciliation Act amendments. In conjunction with this, the Plan agreement does not permit contributions to any participant's account that exceeds the lesser of (a) $40,000 adjusted for the cost of living to the extent permitted by law and applicable U.S. Treasury Department regulations and (b) 100% of a participant's compensation during the Plan year.

Any excess funds resulting from a forfeiture of all or any portion of the account of a participant or former participant under circumstances that do not entitle the participant, former participant, his spouse or beneficiary to the full amount of his account under the Plan agreement, shall not be applied to increase the benefits payable to any other participant, spouse or beneficiary, but shall remain in the trust fund and shall have the effect of reducing the amount of any subsequent contributions to the Plan by the Company.

(c) Participant Accounts

Each participant's account is credited with allocations of (a) the Company's contribution and (b) Plan earnings. Allocation of the Company's contribution is based on participant's compensation. Allocation of the Plan's earnings is based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. A member

who is otherwise eligible for an allocation of an employer contribution will receive such allocation even though he or she may have received a distribution of his or her account.

(d) Vesting

A participant employed prior to March 1, 1981 is fully vested in his or her respective participant account. An individual employed on or after March 1, 1981 has a vested percentage in his or her participant account as follows:

(i) One hundred percent (100%) in the event of the participant's (a) death, (b) total and permanent disability, (c) attainment of normal retirement date (i.e., the later of the date on which the participant attains age 65, or the 5th anniversary of the date on which the participant commenced membership in the Plan), or (d) termination of employment as a result of the Company's elimination of the participant's position pursuant to a permanent reduction in the Company's work force, but only if the participant had completed at least 3 years of service before such termination of employment. A participant also becomes fully vested in the event the Plan is terminated; or

(ii) In accordance with the following schedule (for members who do not have at least one hour of service on or after August 1, 2008):

Completed years of service	Vesting percentage
Less than 1	—%
1	10
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3	20
4	40
5	60
6	80
7	100

(Continued)

(iii) In accordance with the following schedule (for members who have at least one hour of service on or after August 1, 2008) as amended during the plan year ended July 31, 2008, effective August 1, 2008:

Completed years of service	Vesting percentage
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4	60
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6	100

(e) Payment of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the vested portion of his or her account, or monthly or quarterly installments over an extended period. By law, a retired participant who attains age 70½ must begin receiving his or her benefit. Effective January 1, 2008, the Plan offers rollovers of lump-sum benefit payments from the Plan to a Roth IRA, as required under IRS regulations. This may include rollovers to nonspousal beneficiaries as permitted by the Pension Protection Act of 2006.

(f) Forfeited Accounts

At July 31, 2010 and 2009, there were $0 forfeited nonvested accounts.

(g) Administrative Expenses

Administrative expenses are paid by the Plan if not paid by the Company. During the years ended July 31, 2010 and 2009, all administrative expenses of the Plan were paid by the Company.

(h) Subsequent Events

For the plan year ended July 31, 2010, the Company has evaluated subsequent events for potential recognition and disclosure through May 16, 2011, the date of financial statement issuance. In January 2011, the company amended and restated the Plan document in accordance with the IRS regulations.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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(b) Recent Accounting Standards Impacting the Plan

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(c) 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 changes therein, and disclosure of contingent liabilities. Actual results could differ from those estimates and assumptions.

(d) Valuation of Investments

The Plan's investments in the Bank of New York Mellon Collective Short Term Investment Fund (Commingled funds) invests in high-quality, short-term investment funds and is stated at amortized cost, 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.

(e) Payment of Benefits

Benefits are recorded when paid.

(f) 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.

(3) Plan Termination

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts. Refer to note 1 for further discussion over Plan termination.

(4) Investments as Certified by the Trustee

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained a certification from The Bank of New York Mellon, the Trustee, that the information provided to the plan administrator by The Bank of New York Mellon as of and for the years ended July 31, 2010 and 2009 is complete and accurate. Accordingly, the Plan's investments, due to broker for purchase of securities, and accrued interest and other receivables and the investment information summarized below and included in the statements of net assets available for plan benefits as of July 31, 2010 and 2009 and the related investment income included in the statement of changes in net assets available for plan benefits for the years ended July 31, 2010 and 2009 have been provided and certified by The Bank of New York Mellon.

The Plan's investments are held by a bank-administered trust fund. The following table presents investments that represent 5% or more of the Plan's assets as of July 31, 2010 and 2009.

		2010	2009
Investment, at fair value:			
Commingled funds	$	2,088,884	9,896,835
	$	2,088,884	9,896,835

(Continued)

During the years ended July 31, 2010 and 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 $97 and $62,301, respectively, as follows:

	2010	2009
U.S. government and agency securities	$ —	61,916
Corporate debentures	—	347
Common stock	97	38
	$ 97	62,301

(5) Fair Value Measurements

The Plan's investments are recorded at fair value, which 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.

The current authoritative guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). This guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Use of observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Use of inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Use of inputs that are unobservable.

The following table presents, for each of these hierarchy levels, the Plan's investment measured at fair value as of July 31, 2010:

		Fair value measurements		
	July 31, 2010	Level 1	Level 2	Level 3
Financial assets carried at fair value:				
Commingled funds	$ 2,088,884	—	2,088,884	—

(Continued)

The following table presents, for each of these hierarchy levels, the Plan's investment measured at fair value as of July 31, 2009:

		Fair value measurements		
	July 31, 2009	**Level 1**	**Level 2**	**Level 3**
Financial assets carried at fair value:				
Commingled funds	$ 9,896,835	—	9,896,835	—

(a) The Company determined that its investments in commingled funds which were previously classified as Level 3 in the fair value hierarchy, should be classified as Level 2. The Company adjusted the prior period information accordingly and has concluded that the adjustment to prior period disclosure is immaterial.

The fair value of the Plan's investment in commingled funds included in Level 2 of the fair value hierarchy have been reported primarily using the net asset value per share of the investment as the practical expedient for measuring fair value as permitted for these types of investments.

(6) Tax Status

The Internal Revenue Service issued its latest determination letter on March 30, 2004 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. Subsequent to the plan year, the plan was amended and restated, and management has submitted an application to the Internal Revenue Service to obtain a new determination letter. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Internal Revenue Code.

(7) Related-Party Transactions

The STIF is managed by The Bank of New York Mellon. The Bank of New York Mellon is the Trustee as defined by the plan, and therefore, these investments qualify as party-in-interest transactions.