| Form 5500 | Annual Return/Report of Employee Benefit Plan | OMB Nos. 1210-0110 1210-0089 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | 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).<br>▶ **Complete all entries in accordance with the instructions to the Form 5500.** | **2010**<br>**This Form is Open to Public Inspection** |

## Part I Annual Report Identification Information

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

**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. . . . . ▶ [ ]

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

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

**1b** Three-digit plan number (PN) ▶ 003

**1c** Effective date of plan 01/01/2006

**2a** Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
THE PALMER-DONAVIN MANUFACTURING COMPANY

1200 STEELWOOD ROAD
COLUMBUS, OH 43212-1372

**2b** Employer Identification Number (EIN) 31-4274980

**2c** Sponsor's telephone number 614-486-9657

**2d** Business code (see instructions) 423300

**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. | 07/28/2011 | SHAWN RICHARD |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 07/28/2011 | ROBYN POLLINA |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

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

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
THE PALMER-DONAVIN MANUFACTURING COMPANY

1200 STEELWOOD ROAD
COLUMBUS, OH 43212-1372

**3b** Administrator's EIN
31-4274980

**3c** Administrator's telephone number
614-486-9657

**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** | 264 |
| **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** | 220 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 21 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 241 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 241 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 241 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 7 |
| **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:
2I 2P 2Q

**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) [ ] **C** (Service Provider Information)
- (5) [ ] **D** (DFE/Participating Plan Information)
- (6) [ ] **G** (Financial Transaction Schedules)

| SCHEDULE H (Form 5500) | Financial Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | 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).<br>▶ **File as an attachment to Form 5500.** | **2010**<br>**This Form is Open to Public Inspection** |

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

**A** Name of plan
PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE PALMER-DONAVIN MANUFACTURING COMPANY

**D** Employer Identification Number (EIN)
31-4274980

## 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) | | 7336 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 52621 | 75018 |
| **(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) | | |
| **(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) | | |
| **(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) | 29293187 | 30097166 |
| **(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 | 29345808 | 30179520 |
| **Liabilities** | | | |
| **g** Benefit claims payable | 1g | | |
| **h** Operating payables | 1h | | |
| **i** Acquisition indebtedness | 1i | 25199217 | 24270003 |
| **j** Other liabilities | 1j | | |
| **k** Total liabilities (add all amounts in lines 1g through1j) | 1k | 25199217 | 24270003 |
| **Net Assets** | | | |
| **l** Net assets (subtract line 1k from line 1f) | 1l | 4146591 | 5909517 |

## 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) | 2544168 | |
| **(B)** Participants | 2a(1)(B) | | |
| **(C)** Others (including rollovers) | 2a(1)(C) | | |
| **(2)** Noncash contributions | 2a(2) | | |
| **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 2544168 |
| **b Earnings on investments:** | | | |
| **(1)** Interest: | | | |
| **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 568 | |
| **(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) | | |
| **(F)** Other | 2b(1)(F) | 217614 | |
| **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 218182 |
| **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| **(B)** Common stock | 2b(2)(B) | | |
| **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | | |
| **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| **(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) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| **(B)** Other | 2b(5)(B) | 1128987 | |
| **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 1128987 |
| **(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) | | |
| **c** Other income | 2c | | 7336 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 3898673 |

## Expenses

| | | | |
|---|---|---|---|
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 623794 | |
| **(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) | | 623794 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | 1511953 |
| **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) | | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 0 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 2135747 |

## Net Income and Reconciliation

| | | | |
|---|---|---|---|
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 1762926 |
| **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)** [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

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

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

**(1)** Name: SCHNEIDER DOWNS **(2)** EIN: 25-1408707

**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 | | 2000000 |
| **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 | | | |

**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) | Retirement Plan Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury Internal Revenue Service<br>Department of Labor Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | 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).<br>▶ **File as an attachment to Form 5500.** | **2010**<br>**This Form is Open to Public Inspection.** |

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

**A** Name of plan
PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

**B** Three-digit plan number (PN) ▶ 003

**C** Plan sponsor's name as shown on line 2a of Form 5500
THE PALMER-DONAVIN MANUFACTURING COMPANY

**D** Employer Identification Number (EIN)
31-4274980

## 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): 20-1171923 _____

**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):

**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):

# PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

Columbus, Ohio

Financial Statements
and
Supplementary Financial Information
As of December 31, 2010 and 2009
and for the year ended December 31, 2010

and Independent Auditors' Report Thereon

CONTENTS


| | PAGE |
|---|---|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Net Assets Available for Benefits, December 31, 2010 and 2009 | 2 |
| Statement of Changes in Net Assets Available for Benefits For the year ended December 31, 2010 | 3 |
| Notes to Financial Statements | 4 |
| SUPPLEMENTARY FINANCIAL INFORMATION | |
| Schedule H, Line 4i - Schedule of Assets (Held at End of Year) | 13 |

SCHNEIDER DOWNS

INSIGHT • INNOVATION • EXPERIENCE

# INDEPENDENT AUDITORS' REPORT

To the Participants and Administrator of the
Palmer-Donavin Employee Stock Ownership Plan
Columbus, Ohio

We have audited the accompanying statements of net assets available for benefits of the Palmer-Donavin Employee Stock Ownership Plan (Plan) as of December 31, 2010 and 2009 and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009 and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schneider Downs & Co. Inc.

Columbus, Ohio
July 13, 2011

Schneider Downs & Co., Inc.
www.schneiderdowns.com

IGAF

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | | | 2009 | | |
| | Allocated | Unallocated | Total | Allocated | Unallocated | Total |
| ASSETS | | | | | | |
| Money market funds | $ 82,354 | - | $ 82,354 | $ 52,621 | - | $ 52,621 |
| Investment in sponsor company common stock, at estimated fair value | 8,960,791 | $ 21,136,375 | 30,097,166 | 7,644,220 | $ 21,648,967 | 29,293,187 |
| Employer contributions receivable, including employer guarantee | - | - | - | 222,082 | - | 222,082 |
| Total Assets At FMV | 9,043,145 | 21,136,375 | 30,179,520 | 7,918,923 | 21,648,967 | 29,567,890 |
| LIABILITIES | | | | | | |
| Loan payable | - | 24,270,003 | 24,270,003 | - | 25,199,217 | 25,199,217 |
| Net assets available (deficit) for plan benefits | $ 9,043,145 | $ (3,133,628) | $ 5,909,517 | $ 7,918,923 | $ (3,550,250) | $ 4,368,673 |

See accompanying notes to the financial statements.

PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2010

| | Allocated | Unallocated | Total |
|---|---|---|---|
| ADDITIONS TO ASSETS ATTRIBUTED TO: | | | |
| Net appreciation in estimated fair value of investments | $ 219,151 | $ 917,172 | $ 1,136,323 |
| Interest | 568 | - | 568 |
| Distributions of earnings from Plan Sponsor | 217,614 | | 217,614 |
| Employer contributions | 103,000 | 2,441,168 | 2,544,168 |
| Allocation of 24,818 shares of common stock of Sponsor Company | 1,429,765 | - | 1,429,765 |
| Total Additions | 1,970,098 | 3,358,340 | 5,328,438 |
| DEDUCTIONS FROM ASSETS ATTRIBUTED TO: | | | |
| Interest expense | - | 1,511,953 | 1,511,953 |
| Decrease in employer guarantee, net | 222,082 | - | 222,082 |
| Participant distributions | 623,794 | - | 623,794 |
| Allocation of 24,818 shares of common stock of Sponsor Company | - | 1,429,765 | 1,429,765 |
| Total Deductions | 845,876 | 2,941,718 | 3,787,594 |
| Net Increase | 1,124,222 | 416,622 | 1,540,844 |
| NET ASSETS AVAILABLE FOR BENEFITS | | | |
| Beginning of year | 7,918,923 | (3,550,250) | 4,368,673 |
| End of year | $ 9,043,145 | $ (3,133,628) | $ 5,909,517 |

See accompanying notes to the financial statements.

PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

## NOTE 1 - PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following brief description of the Palmer-Donavin Employee Stock Ownership Plan (Plan) is provided for general information purposes only. Participants should refer to the plan agreement for complete information.

Palmer-Donavin Manufacturing Company (Company or Sponsor Company) established the Plan effective as of January 1, 2006. The Plan operates as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by an ESOP Administration Committee composed of three persons appointed by the Company's Board of Directors. First Bankers Trust Services, independent third-party bank, is the Plan's trustee.

The Plan purchased Company common shares using the proceeds of a loan from the Company (Note 6), which was funded by the Company primarily through a bank borrowing, and holds the stock in a trust established under the Plan. The borrowing is to be repaid over a period of 20 years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of stock and is guaranteed by the Company. The lender has no rights against shares once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2010 and 2009, and for the year ended December 31, 2010, present separately the assets, liabilities and changes therein pertaining to:

a. the accounts of employees with vested rights in allocated stock (Allocated)

b. stock not yet allocated to employees (Unallocated)

Eligibility - Employees of the Company and its participating subsidiaries are generally eligible to participate in the Plan if they are over 18 years of age with one year of service, providing they worked at least 1,000 hours during such plan year. No Company employee otherwise eligible will be permitted to waive participation.

Payment of Benefits - No distributions from the Plan will be made until a participant retires, dies, sustains a disability or otherwise terminates employment with the Company and its participating subsidiaries. The standard form of distributions is lump-sum cash. Terminated employee vested account balances allocated to participants for 2010 and 2009 totaled $269,000 and $543,000, respectively. Payments will be made in subsequent years.

Under the provisions of the Plan, the Company is obligated to repurchase participant shares that have been distributed under the terms of the Plan, as long as the shares are not publicly traded or if the shares are subject to trading limitations. During 2010 and 2009, the Plan repurchased 4,288 and 5,466 shares respectively. See "Profit-Sharing Funds Divestiture" section for special provisions related to certain transfers from the Palmer-Donavin Retirement Plan.

NOTE 1 - PLAN DESCRIPTION AND BASIS OF PRESENTATION (Continued)

If involuntary cash-out distributions exceed the $1,000 limit, but are within the $5,000 limit, and the participant does not elect or has not elected to have the distribution paid as a direct rollover to an eligible retirement plan or paid directly to the participant, then the Plan administrator shall pay the distributions as a direct rollover to an individual retirement plan designated by the Plan administrator.

At the time, cash distributions or conversions into cash are made from a stock account; the amount shall be converted into cash at the most recent estimated fair value plus interest or earnings, if any.

Voting Rights - Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the trustee prior to the time that such rights are to be exercised. The Plan administrator shall have the right to direct the trustee as to the voting of allocated Company stock, regarding any matter upon which any shares of the Company may be or have a right to be voted. The trustee is required to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries at the direction of the ESOP committee.

Plan Termination - The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the ESOP Committee shall direct the trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

Participant Accounts - The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation.

Vesting - If a participant's employment with the Company ends for any reason other than retirement, permanent disability or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants shall vest at the rate of 0% upon completion of the first vesting year, 20% upon completion of the second, 40% after completion of the third, 60% upon completion of the fourth, 80% upon completion of the fifth, and 100% upon completion of the sixth vesting year.

Put Option - Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market or is subject to trading limitations includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

NOTE 1 - PLAN DESCRIPTION AND BASIS OF PRESENTATION (Continued)

Diversification - Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments that are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account. In the sixth year, the percentage changes to 50%.

Profit-Sharing Funds Divestiture - Transfers from The Palmer-Donavin Retirement Plan (the "401(k)/PSP") that are or were directed by a participant for investment in Company Stock of the Plan may be divested out of Company Stock, at the election of the Participant, at any time after three calendar years from the date of investment into Company Stock. A diversification election shall be for any amount or percentage of the current value of the Company Stock and, in the sole discretion of the Plan Administrator, any conversion amount in excess of $100,000 may be converted from Company Stock into cash by substantially equal annual installments not to exceed five years. During the current fiscal year, plan participants divested out 6,179 shares of Company Stock into cash.

Participant Accounts and Forfeitures - Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the plan year. Forfeitures of terminated nonvested account balances allocated to remaining participants at December 31, 2010 and 2009 totaled $16,156 and $12,415, respectively.

NOTE 2 - SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied by management in preparation of the accompanying financial statements follows:

Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investment in the common stock of the Company of $30,097,166 represents 550,726 shares valued at $54.65 per share, at December 31, 2010, and is presented at estimated fair value. See Note 8 for discussion of fair value measurements. The net appreciation in fair value of investments consists of the net change in fair value and realized gains (losses) upon sale of investments. Investment dividends and interest are recorded as earned.

Operating expenses - All expenses of maintaining the Plan are paid by the Company.

## NOTE 2 - SUMMARY OF SIGINIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Management has evaluated subsequent events through July 13, 2011, which is the date that the financial statements were available to be issued.

## NOTE 3 - TAX STATUS

The IRS has determined and informed the company by a letter dated September 13, 2010, that the plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the plan has been amended since receiving the determination letter, the plan administrator and the plan's tax counsel believe that the plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax position taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## NOTE 4 - ADMINISTRATION OF PLAN ASSETS

The Plan's assets, which consist principally of Sponsor Company common shares, are held by the trustee of the Plan.

Company contributions are held and managed by the trustee, which invests cash received, interest and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is reimbursed to the trustee through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company or its subsidiaries. No such officer or employee receives compensation from the Plan. Administrative expenses for the trustee's fees are paid directly by the Company.

PALMER-DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

## NOTE 5 - INVESTMENTS

The Plan's investments at December 31, 2010 and 2009 are as follows:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Sponsor Company Common Shares: | | | | |
| Number of shares | 163,967 | 386,759 | 145,327 | 411,578 |
| Cost | $ 9,446,014 | $ 22,280,890 | $ 8,372,167 | $ 23,710,704 |
| Estimated fair value | $ 8,960,791 | $ 21,136,375 | $ 7,644,220 | $ 21,648,967 |

## NOTE 6 - NOTE PAYABLE

In 2007, the Plan entered into a $28,000,000 promissory note with the Company. The proceeds of the above were used to purchase Company common stock. Unallocated shares are collateral for the loan. The note provides for the loan to be repaid over 20 years. The loan bears interest at a fixed rate of 6%.

The scheduled amortization of the loan for the next five years and thereafter is as follows:

| Year Ending December 31 | Amount |
|---|---|
| 2011 | $ 984,967 |
| 2012 | 1,044,065 |
| 2013 | 1,106,709 |
| 2014 | 1,173,112 |
| 2015 | 1,243,499 |
| Thereafter | 18,717,651 |
| | $ 24,270,003 |

## NOTE 7 - EMPLOYER CONTRIBUTIONS

The Company is obligated to make contributions to the Plan, which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. These contributions are made to the Plan only by the Company in cash, stock, other securities or other property as determined by the Board of Directors.

## NOTE 7 - EMPLOYER CONTRIBUTIONS (Continued)

In addition, the Plan allowed a one-time transfer of funds from the Palmer-Donavin Retirement Plan to purchase common shares of the Company's stock (Company stock) at the then-fair value. In connection with this provision, approximately 53,514 shares of stock were purchased at an estimated fair value of $57.61 per share. The Company is required to guarantee the value of the participants' account balance for any decline in value as a result of the debt incurred by the Company in connection with the Plan's purchase of the balance of the then-outstanding Company stock. As such, the Plan has recorded an employer contribution receivable within the statement of net assets available for benefits in an amount equal to the number of shares purchased under this provision multiplied by the difference in value between the original purchase price and the current value of the shares as of December 31, 2008 as determined by an independent appraisal. This guarantee will decrease from year to year based on the increase in fair value of the common stock resulting from the direct pay-down of the above debt. This guarantee expired upon the final pay-down of the debt during the current year. The Plan has reflected this change in guarantee as a decrease in employer guarantee on the Statement of Changes in Net Assets Available for Benefits. The Plan had a receivable of approximately $222,000 at December 31, 2009 in connection with the Company's obligation under this guarantee.

## NOTE 8 - FAIR VALUE MEASUREMENTS

Generally accepted accounting standards establish 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting standards are described below:

Level 1: Inputs to the 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. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued)

*Common Stock:* The fair value of the Company's common stock held by the Plan is valued at estimated fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables and estimated fair value of Company assets and liabilities.

*Mutual funds*: Valued at the net asset value (NAV) of shares held by the Plan at year-end.

The preceding methods described above may produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes 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, 2010 and 2009:

| | Assets at Fair Value as of December 31, 2010 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds: | | | | |
| Money market | $ 82,354 | - | - | $ 82,354 |
| Investment in Sponsor Company common stock | - | - | $ 30,097,166 | 30,097,166 |
| Total Assets At Fair Value | $ 82,354 | - | $ 30,097,166 | $ 30,179,520 |

| | Assets at Fair Value as of December 31, 2009 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds: | | | | |
| Money market | $ 52,621 | - | - | $ 52,621 |
| Investment in Sponsor Company common stock | - | - | $ 29,293,187 | 29,293,187 |
| Total Assets At Fair Value | $ 52,621 | - | $ 29,293,187 | $ 29,345,808 |

NOTE 8 - 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 assets for the year ended December 31, 2010:

| | Level 3 Assets Year Ended December 31, 2010 |
|---|---|
| | Investment in Sponsor Company Common Stock |
| Balance, beginning of year | $ 29,293,187 |
| Unrealized gains/(losses) relating to instruments still held at the reporting date | 1,141,468 |
| Purchases, sales, issuances, and settlements (net) | (337,489) |
| Balance, end of year | $ 30,097,166 |

NOTE 9 - FORM 5500 RECONCILIATION

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010 and 2009 to the Form 5500:

| | 2010 | 2009 |
|---|---|---|
| Net assets available for benefits per the financial statements: | $ 5,909,517 | $ 4,368,673 |
| Less: Employer contribution receivable, guarantee | - | (222,082) |
| Net assets available for benefits per the Form 5500 | $ 5,909,517 | $ 4,146,591 |

The following is a reconciliation of the change in net assets available for benefits per the financial statements for the year ended December 31, 2010 to the Form 5500:

| | 2010 |
|---|---|
| Net increase in net assets available for benefits per the financial statements: | $ 1,540,845 |
| Add: decrease in employer guarantee, net | 222,082 |
| Net increase per the Form 5500 | $ 1,762,927 |

[This Page Intentionally Left Blank]

SUPPLEMENTARY FINANCIAL INFORMATION

PALMER -DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 31-4274980
PLAN NUMBER: 003
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Palmer-Donavin Inc. | Common Stock | $ 31,726,904 | $ 30,097,166 |
| | Federated | Prime Value Obl SS Fund #856 | 82,354 | 82,354 |
| | | | | $ 30,179,520 |

* Party-in-interest

The independent auditors' report should be read with this schedule.

[This Page Intentionally Blank]

PALMER -DONAVIN EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 31-4274980
PLAN NUMBER: 003
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|---|---|---|---|---|
| * | Palmer-Donavin Inc. | Common Stock | $ 31,726,904 | $ 30,097,166 |
| | Federated | Prime Value Obl SS Fund #856 | 82,354 | 82,354 |
| | | | | $ 30,179,520 |

* Party-in-interest

The independent auditors' report should be read with this schedule.