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

2010

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;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
PEOPLES PHARMACY, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2002

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

3801-C SOUTH LAMAR
AUSTIN, TX 78704

2b Employer Identification Number (EIN)
74-2256665

2c Sponsor's telephone number
512-447-1799

2d Business code (see instructions)
446110

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	09/28/2011	WILLIAM SWAIL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
PEOPLES PHARMACY, INC.

3801-C SOUTH LAMAR
AUSTIN, TX 78704

3b Administrator's EIN
74-2256665

3c Administrator's telephone number
512-447-1799

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**	164
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**	168
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	13
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	181
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	181
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	116
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	5
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:
2E 2F 2G 2J 2K 3D

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

9a Plan funding arrangement (check all that apply)

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

9b Plan benefit arrangement (check all that apply)

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

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

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **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
PEOPLES PHARMACY, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PEOPLES PHARMACY, INC.

D Employer Identification Number (EIN)
74-2256665

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

SECURITIES AMERICA, INC.
12325 PORT GRACE BLVD.
LA VISTA, NE 68128

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

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

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

NATIONWIDE

ONE NATIONWIDE PLAZA
COLUMBUS, OH 43215

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
15 64 65	RECORDKEEPER	18453	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [ ]

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2010

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
PEOPLES PHARMACY, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PEOPLES PHARMACY, INC.

D Employer Identification Number (EIN)
74-2256665

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)	8423	11310
(2) Participant contributions	1b(2)	12033	16576
(3) Other	1b(3)	603	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	43691	34247
(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)	2232758	3081252
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2297508	3143385
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	2297508	3143385

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)	254112	
(B) Participants	2a(1)(B)	366716	
(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)		620828
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	2109	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		2109
(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)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(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)		358687
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		981624
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	106556	
(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)		106556
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	29191	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		29191
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		135747
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		845877
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: BOUNDS, CHATELAIN & PHARR, PC (2) EIN: 74-2617174

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		150000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n	X		

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

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

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

OMB No. 1210-0110

2010

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
PEOPLES PHARMACY, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PEOPLES PHARMACY, INC.

D Employer Identification Number (EIN)
74-2256665

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): 31-4156830

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

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

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

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

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

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

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

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

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

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

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

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

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

Part III Amendments

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

---

a Name of contributing employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EIN 74-2256665
PLAN NUMBER 001

PEOPLES PHARMACY, INC.
401(K) PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2010 AND 2009

PEOPLES PHARMACY, INC.
401(K) PLAN

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Bounds Chatelain & Pharr
A Professional Corporation
Certified Public Accountants

AUSTIN ✪ TEXAS

EIN 74-2256665
PLAN NUMBER 001

INDEPENDENT AUDITORS' REPORT

To the Trustees
Peoples Pharmacy, Inc. 401(k) Plan

We were engaged to audit the accompanying statement of net assets available for benefits of Peoples Pharmacy, Inc. 401(k) Plan as of December 31, 2010 and 2009 and the related statement of changes in net assets available for benefits for the years ended December 31, 2010 and 2009 and the supplemental schedule as of and for the year ended December 31, 2010 as listed in the accompanying table of contents. These financial statements and schedule are the responsibility of the Plan's management.

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

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole as of or for the years ended December 31, 2010 and December 31, 2009. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by Nationwide Life Insurance Company, 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.

Bounds Chatelain & Pharr, PC

Austin, Texas
August 30, 2011

✪
5750 Balcones Dr. · Suite 208 · Austin · Texas · 78731
voice 512-458-2178 · fax 512-458-8376
http://www.bcpcpa.com

PEOPLES PHARMACY, INC.
401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
Investments, at fair value (Notes A and E)		
Investments in registered companies	$ 3,081,252	$ 2,232,758
Receivables		
Employee contributions	16,576	12,033
Employer contributions	11,310	8,423
Other receivables	-	603
Notes receivable - participant loans (Note B)	34,247	43,691
Total receivables	62,133	64,750
Total assets	3,143,385	2,297,508
LIABILITIES	-	-
Net Assets Available for Benefits	$ 3,143,385	$ 2,297,508

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
ADDITIONS		
Contributions		
Employer contributions, net of forfeitures applied of $2,590 in 2010 and $10,229 in 2009 (Note B)	$ 254,112	$ 201,827
Employee deferrals	366,716	288,323
Total contributions	620,828	490,150
Investment income		
Gain on investment	358,687	451,265
Loan interest	2,109	1,967
Loan overpayments	-	42
Total investment income	360,796	453,274
Total increases	981,624	943,424
DEDUCTIONS		
Benefits paid to participants/beneficiaries (Note B)	106,556	115,060
Deemed distributions	-	934
Professional fees	-	12,995
Contract administrator fees (Note B)	29,191	30,685
Management fees	-	460
Total deductions	135,747	160,134
Net increase in asset balance available for benefits	845,877	783,290
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	2,297,508	1,514,218
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 3,143,385	$ 2,297,508

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. Investment Valuation. The Plan's investments are held and maintained by Nationwide Life Insurance Company (Investment Custodian) in a pooled separate account which is regulated, supervised and subject to periodic examination by Federal agencies. The Plan investments are valued at the net asset value per share computed for each fund. In the computation of net asset values, securities held by the various funds are valued at prices which equal or approximate market value. Cash equivalents are stated at cost which approximates market value.

4. Risk and Uncertainties. The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

5. Payment of Benefits. Benefits are recorded when paid.

B. DESCRIPTION OF PLAN

The following description of Peoples Pharmacy, Inc. 401(k) Plan (the Plan) is provided for general information only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

1. General. The Plan is a 401(k) profit sharing plan, formed on January 1, 2002, covering all eligible employees of Peoples Pharmacy, Inc. (the Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

2. Participation. All employees, except union employees and nonresident aliens, are eligible to participate in this Plan immediately upon reaching one thousand (1,000) hours of employment with the Company and having attained the age of eighteen (18).

3. Contributions. All employee contributions are elective deferrals pursuant to a salary reduction up to the maximum percentage allowable not to exceed the limits of Code Sections 401(k), 402(g), 404 and 415. For 2010 and 2009, a participant's compensation taken into account under the Plan was limited to $245,000, as required by IRC Section 401(a)(17) as amended by OBRA '93. Total elective deferrals are limited to a maximum of $16,500 for plan years ended December 31, 2010 and 2009. Compensation includes the employees elective contributions.

   Participants age 50 or older, may elect to defer additional amounts, called "catch-up" contributions, to the Plan. The additional amounts may be deferred regardless of any other limitations. The maximum additional contribution amount for plan years ended December 31, 2010 and 2009 is 5,500.

   Employer matching contributions are equal to a discretionary percentage, to be determined by the employer at the end of each plan year, of the participant's contributions. The employer matching contribution for the plan years ended December 31, 2010 and 2009 was based on a formula of seventy percent (70%) of salary deferrals up to one hundred percent (100%) of compensation.

PEOPLES PHARMACY, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS
(Continued)

DECEMBER 31, 2010 AND 2009

B. DESCRIPTION OF PLAN (Continued)

4. Employee Rollovers. Employee rollovers from other qualified plans are accepted by the Plan for any eligible employee, even if they are not a current participant.

5. Participant Accounts. Accounting records for individual participant accounts are maintained by a third-party administrator. Each participant account is credited with the participant's income deferral and a portion of the Company's matching contribution. Plan earnings and losses, including realized and unrealized gains and losses, are also allocated to the individual participant accounts. Participants are allowed to direct their investments under the Plan.

6. Administrative Expenses. All reasonable expenses of administration including, but not limited to, those involved in retaining necessary professional assistance may be paid from the assets of the Plan. The Company may, in its discretion, pay such expenses. The Plan paid administrative fees totaling $29,191 and $30,685 for the plan years ended December 31, 2010 and 2009, respectively.

7. Vesting. Participants are twenty percent (20%) vested in employer contributions after two years of service and twenty percent (20%) for each year thereafter. A participant is one-hundred percent (100%) vested after six years of service. Upon death, disability, or attaining normal retirement age, the employer contributions become 100% vested in participant accounts. Participants are immediately and fully vested in their elective salary deferral contributions.

8. Payments of Benefits. The administrator shall establish and maintain an account in the name of each participant to which the administrator shall credit, as of each anniversary date, all amounts allocated to each participant. Upon termination of service, a participant may elect a lump-sum payment, a direct rollover or partial withdrawals provided the minimum withdrawal is $500. No annuities are allowed.

9. Forfeitures. Participant forfeitures of non-vested matching contributions are applied to the future employer's matching contribution and are all allocated to the remaining plan participants. Forfeitures are not used to pay administrative expenses. The Company allocated $2,590 and $10,229 of forfeitures for the plan years ended December 31, 2010 and 2009, respectively.

10. Loans to Participants. Participants may borrow from their fund accounts a minimum of $1,000 of their vested accounts. A participant may only have one loan outstanding at any time. Loans are treated as participant directed investments. Loan terms range from 1 to 5 years and are secured by the vested balance in the participant's account. Interest rates are determined at funding using the prime interest rate plus one. Principal and interest are paid ratably through payroll period deductions. The interest rates on participant loans outstanding as of December 31, 2010 range from 5.25% to 8.25%.

C. PLAN REVISION, AMENDMENT AND TERMINATION

The Company has revised and/or amended the Plan as deemed necessary to comply with changes in the Federal pension plan statutes and ERISA. Although Peoples Pharmacy, Inc. has not expressed any intent to do so, the Company has the right to terminate the Plan at any time, subject to the provisions of ERISA. Upon the full termination of the Plan, the employer shall direct the distribution of the Plan assets to all eligible participants.

D. TAX STATUS

As of the issue date of these financial statements, the Internal Revenue Service has not issued a determination letter for this plan. However the plan administrator and tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

E. INVESTMENTS CERTIFIED BY INVESTMENT CUSTODIAN

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified as complete and accurate by Nationwide Life Insurance Company.

Investments at December 31, 2010:	Fair Market Value	
Abrden Emrg Mkt A	$ 1,474	
Allber Hi Inc A	1,441	
Amcent Value A	5,265	
Amfds Am Hi Inc Tr R3	2,565	
Amfds Bd Fd Am R3	635	
Amfds Cap Wld Bd R3	284	
Amfds Cap Wld Gr Inc R3	170,987	*
Amfds Europacific Gr R3	59,145	
Amfds Fdmntl Inv R3	57,006	
Amfds Gr Fd Am R3	264,035	*
Amfds Intmd Bd Fd Am R3	1,118	
Amfds Invmt Co Am R3	4,795	
Amfds New Prspct R3	1,278	
Amfds New Wld R3	30,306	
Amfds SmCap Wld R3	4,786	
Blkrk Energy Rsrc Inv A	45,305	
De Emrg Mkt A	2,152	
Dws Hi Inc A	2,573	
Drey Grtr China A	21,394	
Drey Natrl Rsrc A	32,754	
Drey Tech Gr A	8,470	
Fed Kaufman Smcap A	2,561	
Fidadv Invmt Grd Bd A	1,102	
Fidadv Levr Co Stk A	242,583	*
Fidadv Mdcap A	1,294	
Fidadv Smcap A	81,636	
Gdmnscs Govt Inc A	13,615	
Invsco Vk Comstk A	16,268	
Invsco Vk Eq Inc A	207,355	*
Invsco Vk Gr Inc A	5,288	
Invsco Vk Mdcap Gr A	21,189	
Jpm Mdcap Mkt Indx A	34,302	
Nw Mdcap Mkt Index A	102,705	
Nw Money Market Prime	547,639	*
Nw S&P 500 Indx Sc	158,394	*
Neu Ber Mdcap Gr Tr	2,271	

(Continued)

* Investment represents 5% or more of net assets available for benefits.

PEOPLES PHARMACY, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS
(Continued)

DECEMBER 31, 2010 AND 2009

E. INVESTMENTS CERTIFIED BY INVESTMENT CUSTODIAN (Continued)

Investments at December 31, 2010 (Continued):	Fair Market Value	
NeuBer RealEst A	$ 177	
NeuBer RealEst Tr	2,075	
Opp Cap App A	1,877	
Opp Comdty Strat Ttl Rtn A	26,218	
Opp Devl Mkt A	9,928	
Opp Gold Spec Mnrls A	359,829	*
Opp Intl Bd A	641	
Pimco All Asst A	469	
Pimco Hi Yld A	566	
Pimco Real Rtn A	2,013	
Pimco Ttl Rtn A	319,898	*
Pioneer Strategic Income A	1,516	
Rydexsgi Intrnt Adv	571	
T Rowe Pr Blue Chp Gr R	3,141	
T Rowe Pr Eq Inc R	1,904	
T Rowe Pr Gr Stk R	3,572	
Vaneck Intl Inv Gold A	80,961	
Wfa Emrg Mkt Eq A	4,764	
Wfa Prec Mtls A	89,355	
Wfaf Smmidcap Val Inv	7,123	
Wr Ivy Energy Y	4,019	
Wlmblr Intl Gr N	4,665	
Account value at Nationwide Life Insurance Company as of December 31, 2010	$ 3,081,252	

* Investment represents 5% or more of net assets available for benefits.

Investments at December 31, 2009:	Fair Market Value	
Amcent Value A	$ 4,017	
Amfds Am Hi Inc Tr R3	1,643	
Amfds Bd Fd Am R3	294	
Amfds Cap Wld Bd R3	483	
Amfds Cap Wld Gr Inc R3	148,559	*

(Continued)

* Investment represents 5% or more of net assets available for benefits.

PEOPLES PHARMACY, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS
(Continued)

DECEMBER 31, 2010 AND 2009

E. INVESTMENTS CERTIFIED BY INVESTMENT CUSTODIAN (Continued)

Investments at December 31, 2009 (Continued):	Fair Market Value	
Amfds Europacific Gr R3	61,650	
Amfds Fdmntl Inv R3	42,196	
Amfds Gr Fd Am R3	217,135	*
Amfds Intmd Bd Fd Am R3	917	
Amfds Invmt Co Am R3	2,030	
Amfds New Prspct R3	2,111	
Amfds New Wld R3	14,798	
Blkrk Energy Rsrc Inv A	30,745	
Dws Hi Inc A	1,639	
Drey Grtr China A	54,766	
Drey Natrl Rsrc A	18,513	
Evrgrn Prec Mtls A	38,053	
Fed Kaufman Smcap A	1,643	
Fidadv Invmt Grd Bd A	957	
Fidadv Levr Co Stk A	198,174	*
Fidadv Mdcap A	1,530	
Fidadv Smcap A	64,832	
Gdmnscs Govt Inc A	14,333	
Ivy Energy Y	2,583	
Ivy Science and Tech Fund Y	9,874	
Nw Mdcap Mkt Index A	68,220	
Nw Money Market Prime	474,599	*
Nw S&P 500 Indx Sc	138,672	*
Neu Ber Mdcap Gr Tr	1,625	
Opp Cap App A	1,708	
Opp Comdty Strat Ttl Rtn A	16,540	
Opp Devl Mkt A	2,067	
Opp Gold Spec Mnrls A	106,661	
Opp Intl Bd A	1,058	
Pimco Ttl Rtn A	251,465	*
Pioneer Strategic Income A	$ 1,036	
T Rowe Pr Blue Chp Gr Fd R	2,211	
T Rowe Pr Gr Stk Fn R Shs	2,604	
Van Kampen Equity & Inc A	161,191	*
Van Kampen Midcap Growth A	17,322	
Van Kampen Comstock Fd A	10,869	
Van Kampen Growth & Inc Fd A	3,880	
Wfaf Smmidcap Val Inv	37,555	
Account value at Nationwide Life Insurance Company as of December 31, 2009	$ 2,232,758	

* Investment represents 5% or more of net assets available for benefits.

PEOPLES PHARMACY, INC.
401(K) PLAN

NOTES TO FINANCIAL STATEMENTS
(Continued)

DECEMBER 31, 2010 AND 2009

F. SUBSEQUENT EVENTS

The Plan did not have any subsequent events through August 30, 2011, the date that the financial statements were available to be issued, for events requiring disclosure or recording in the financial statements, for the plan year ended December 31, 2010.

SUPPLEMENTAL SCHEDULE

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Abrden Emrg Mkt A		$ 1,474
	Nationwide Life Insurance Company	Equities Allber Hi Inc A		1,441
	Nationwide Life Insurance Company	Equities Amcent Value A		5,265
	Nationwide Life Insurance Company	Equities Amfds Am Hi Inc Tr R3		2,565
	Nationwide Life Insurance Company	Equities Amfds Bd Fd Am R3		635
	Nationwide Life Insurance Company	Equities Amfds Cap Wld Bd R3		284
	Nationwide Life Insurance Company	Equities Amfds Cap Wld Gr Inc R3		170,987
	Nationwide Life Insurance Company	Equities Amfds Europacific Gr R3		59,145
	Nationwide Life Insurance Company	Equities Amfds Fdmntl Inv R3		57,006
	Nationwide Life Insurance Company	Equities Amfds Gr Fd Am R3		264,035
	Nationwide Life Insurance Company	Equities Amfds Intmd Bd Fd Am R3		1,118
	Nationwide Life Insurance Company	Equities Amfds Invmt Co Am R3		4,795
	Nationwide Life Insurance Company	Equities Amfds New Prspct R3		1,278
	Nationwide Life Insurance Company	Equities Amfds New Wld R3		30,306

(Continued)

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Amfds SmCap Wld R3		$ 4,786
	Nationwide Life Insurance Company	Equities Blkrk Energy Rsrc Inv A		45,305
	Nationwide Life Insurance Company	Equities De Emrg Mkt A		2,152
	Nationwide Life Insurance Company	Equities Dws Hi Inc A		2,573
	Nationwide Life Insurance Company	Equities Drey Grtr China A		21,394
	Nationwide Life Insurance Company	Equities Drey Natl Rsrc A		32,754
	Nationwide Life Insurance Company	Equities Drey Tech Gr A		8,470
	Nationwide Life Insurance Company	Equities Fed Kaufman Smcap A		2,561
	Nationwide Life Insurance Company	Equities Fidadv Invmt Grd Bd A		1,102
	Nationwide Life Insurance Company	Equities Fidadv Levr Co Stk A		242,583
	Nationwide Life Insurance Company	Equities Fidadv Mdcap A		1,294
	Nationwide Life Insurance Company	Equities Fidadv Smcap A		81,636
	Nationwide Life Insurance Company	Equities Gdmnscs Govt Inc A		13,615
	Nationwide Life Insurance Company	Equities Invsco Vk Comstk A		16,268

(Continued)

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Invsco Vk Eq Inc A		$ 207,355
	Nationwide Life Insurance Company	Equities Invsco Vk Gr Inc A		5,288
	Nationwide Life Insurance Company	Equities Invsco Vk Midcap Gr A		21,189
	Nationwide Life Insurance Company	Equities Jpm Mdcap Mkt Indx A		34,302
	Nationwide Life Insurance Company	Equities Nw Mdcap Mkt Index A		102,705
	Nationwide Life Insurance Company	Equities Nw Money Market Prime		547,639
	Nationwide Life Insurance Company	Equities Nw S&P 500 Indx Sc		158,394
	Nationwide Life Insurance Company	Equities Neu Ber Mdcap Gr Tr		2,271
	Nationwide Life Insurance Company	Equities Neu Ber RealEst A		177
	Nationwide Life Insurance Company	Equities Neu Ber RealEst Tr		2,075
	Nationwide Life Insurance Company	Equities Opp Cap App A		1,877
	Nationwide Life Insurance Company	Equities Opp Comdty Strat Ttl Rtn A		26,218
	Nationwide Life Insurance Company	Equities Opp Devl Mkt A		9,928
	Nationwide Life Insurance Company	Equities Opp Gold Spec Mnrls A		359,829

(Continued)

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Opp Intl Bd A		$ 641
	Nationwide Life Insurance Company	Equities Pimco All Asst A		469
	Nationwide Life Insurance Company	Equities Pimco Hi Yld A		566
	Nationwide Life Insurance Company	Equities Pimco Real Rtn A		2,013
	Nationwide Life Insurance Company	Equities Pimco Ttl Rtn A		319,898
	Nationwide Life Insurance Company	Equities Pioneer Strategic Income A		1,516
	Nationwide Life Insurance Company	Equities Rydexsgi Intrnt Adv		571
	Nationwide Life Insurance Company	Equities T Rowe Pr Blue Chp Gr Fd R		3,141
	Nationwide Life Insurance Company	Equities T Rowe Pr Eq Inc R		1,904
	Nationwide Life Insurance Company	Equities T Rowe Pr Gr Stk Fn R Shs		3,572
	Nationwide Life Insurance Company	Equities Vaneck Intl Inv Gold A		80,961
	Nationwide Life Insurance Company	Equities Wfa Emrg Mkt Eq A		4,764
	Nationwide Life Insurance Company	Equities Wfa Prec Mtls A		89,355

(Continued)

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Wfaf Smmidcap Val Inv		$ 7,123
	Nationwide Life Insurance Company	Equities Wr Ivy Energy Y		4,019
	Nationwide Life Insurance Company	Equities Wlmblr Intl Gr N		4,665
	Participant Loans	Range of Interest Rates Rates Range From 5.25% to 8.25% Various Maturity Dates		34,247
		Total		$ 3,115,499

**Cost omitted due to participant directed transactions under individual account plan

See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Abrden Emrg Mkt A		$ 1,474
	Nationwide Life Insurance Company	Equities Allber Hi Inc A		1,441
	Nationwide Life Insurance Company	Equities Amcent Value A		5,265
	Nationwide Life Insurance Company	Equities Amfds Am Hi Inc Tr R3		2,565
	Nationwide Life Insurance Company	Equities Amfds Bd Fd Am R3		635
	Nationwide Life Insurance Company	Equities Amfds Cap Wld Bd R3		284
	Nationwide Life Insurance Company	Equities Amfds Cap Wld Gr Inc R3		170,987
	Nationwide Life Insurance Company	Equities Amfds Europacific Gr R3		59,145
	Nationwide Life Insurance Company	Equities Amfds Fdmntl Inv R3		57,006
	Nationwide Life Insurance Company	Equities Amfds Gr Fd Am R3		264,035
	Nationwide Life Insurance Company	Equities Amfds Intmd Bd Fd Am R3		1,118
	Nationwide Life Insurance Company	Equities Amfds Invmt Co Am R3		4,795
	Nationwide Life Insurance Company	Equities Amfds New Prspct R3		1,278
	Nationwide Life Insurance Company	Equities Amfds New Wld R3		30,306

(Continued)

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PEOPLES PHARMACY, INC.
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SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

(a) Party at Interest	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity date.	(d) Cost **	(e) Current value
	Nationwide Life Insurance Company	Equities Amfds SmCap Wld R3		$ 4,786
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	Nationwide Life Insurance Company	Equities Drey Grtr China A		21,394
	Nationwide Life Insurance Company	Equities Drey Natl Rsrc A		32,754
	Nationwide Life Insurance Company	Equities Drey Tech Gr A		8,470
	Nationwide Life Insurance Company	Equities Fed Kaufman Smcap A		2,561
	Nationwide Life Insurance Company	Equities Fidadv Invmt Grd Bd A		1,102
	Nationwide Life Insurance Company	Equities Fidadv Levr Co Stk A		242,583
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	Nationwide Life Insurance Company	Equities Fidadv Smcap A		81,636
	Nationwide Life Insurance Company	Equities Gdmnscs Govt Inc A		13,615
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(Continued)

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PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

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	Nationwide Life Insurance Company	Equities Invsco Vk Eq Inc A		$ 207,355
	Nationwide Life Insurance Company	Equities Invsco Vk Gr Inc A		5,288
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	Nationwide Life Insurance Company	Equities Nw Mdcap Mkt Index A		102,705
	Nationwide Life Insurance Company	Equities Nw Money Market Prime		547,639
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PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

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	Nationwide Life Insurance Company	Equities Rydexsgi Intrnt Adv		571
	Nationwide Life Insurance Company	Equities T Rowe Pr Blue Chp Gr Fd R		3,141
	Nationwide Life Insurance Company	Equities T Rowe Pr Eq Inc R		1,904
	Nationwide Life Insurance Company	Equities T Rowe Pr Gr Stk Fn R Shs		3,572
	Nationwide Life Insurance Company	Equities Vaneck Intl Inv Gold A		80,961
	Nationwide Life Insurance Company	Equities Wfa Emrg Mkt Eq A		4,764
	Nationwide Life Insurance Company	Equities Wfa Prec Mtls A		89,355

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See auditors' report and notes to financial statements.

PEOPLES PHARMACY, INC.
401(K) PLAN

YEAR ENDED DECEMBER 31, 2010

SUPPLEMENTAL SCHEDULE
(Continued)

FORM 5500 - SCHEDULE H, PART IV, LINE 4(i) - SCHEDULE OF ASSETS HELD AT END OF YEAR

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	Nationwide Life Insurance Company	Equities Wr Ivy Energy Y		4,019
	Nationwide Life Insurance Company	Equities Wlmblr Intl Gr N		4,665
	Participant Loans	Range of Interest Rates Rates Range From 5.25% to 8.25% Various Maturity Dates		34,247
		Total		$ 3,115,499

**Cost omitted due to participant directed transactions under individual account plan

See auditors' report and notes to financial statements.