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;
- [ ] 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
PRECISION GEAR INCORPORATED 401(K) PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 08/01/1999

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

112-07 14TH AVENUE
COLLEGE POINT, NY 11356

2b Employer Identification Number (EIN)
11-2367492

2c Sponsor's telephone number
718-321-7200

2d Business code (see instructions)
336410

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/03/2011	SU-CHING LU
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/03/2011	SU-CHING LU
	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")
PRECISION GEAR INCORPORATED

112-07 14TH AVENUE
COLLEGE POINT, NY 11356

3b Administrator's EIN
11-2367492

3c Administrator's telephone number
718-321-7200

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**	140
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**	124
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	16
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	140
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	141
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	141
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	2
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 2R 2S 2T 3D 3H

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)	X	**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
PRECISION GEAR INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GEAR INCORPORATED

D Employer Identification Number (EIN)
11-2367492

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

BANK OF AMERICA, N.A.

94-1687665

(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)

MERRILL LYNCH, PIERCE, FENNER AND S

13-5674085

(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?
52 56 59 60 62 63 71 72	RECORDKEEPER	3740	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

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

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

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

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

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

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

OMB No. 1210-0110

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
PRECISION GEAR INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
PRECISION GEAR INCORPORATED

D Employer Identification Number (EIN)
11-2367492

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: ML RETIREMENT PRESERVATION TRUST

b Name of sponsor of entity listed in (a): BANK OF AMERICA, N.A.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
22-6480411-001	C	1604457

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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

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

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

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a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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

a Plan name

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

SCHEDULE H (Form 5500)

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
PRECISION GEAR INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GEAR INCORPORATED

D Employer Identification Number (EIN)
11-2367492

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	50	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	7137	7140
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	304170	244218
(9) Value of interest in common/collective trusts	1c(9)	1839426	1604457
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(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)	4216035	5725568
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	2111508	2398174

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	0	0
	(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	8478326	9979557
	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	8478326	9979557

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)	339543	
	(B) Participants	2a(1)(B)	495894	
	(C) Others (including rollovers)	2a(1)(C)	41227	
	(2) Noncash contributions	2a(2)	0	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		876664
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	4	
	(B) U.S. Government securities	2b(1)(B)	0	
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	14727	
	(F) Other	2b(1)(F)	0	
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		14731
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)	0	
	(B) Common stock	2b(2)(B)	0	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	124382	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		124382
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	0	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
	(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)	0	
(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)		165874
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(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)		449303
c Other income	2c		276856
d Total income. Add all **income** amounts in column (b) and enter total	2d		1907810
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	394044	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		394044
f Corrective distributions (see instructions)	2f		11275
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		0
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)	1260	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1260
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		406579
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		1501231
l Transfers of assets:			
(1) To this plan	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: ALBRECHT, VIGGIANNO, ZURECK & CO. (2) EIN: 11-2556624

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		500000
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)

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
PRECISION GEAR INCORPORATED 401(K) PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
PRECISION GEAR INCORPORATED

D Employer Identification Number (EIN)
11-2367492

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): 94-1687665

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):

PRECISION GEAR INC. 401(K) PLAN

FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)
AND
SUPPLEMENTAL INFORMATION

December 31, 2010 and 2009

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AVZ
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Trustees of
Precision Gear, Inc 401(K) Plan
College Point, New York

We were engaged to audit the accompanying statements of net assets available for benefits (modified cash basis) of Precision Gear Inc. 401(K) Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2010 and the supplemental Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3, 4 and 5, which was certified by Bank of America, N.A. (formerly Merrill Lynch Trust Company), the Trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the Trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the Plan administrator by the Trustee is complete and accurate.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

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. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Albrecht Viggiano Zureck & Company PC

Hauppauge, New York
September 22, 2011

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PRECISION GEAR INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
December 31, 2010 and 2009

	2010	2009
Assets		
Investments at fair value	$ 9,728,199	$ 8,167,019
Receivables:		
Accrued income	7,140	7,137
Notes receivable from participants	244,218	304,170
Total Receivables	251,358	311,307
Net Assets Reflecting Investments at Fair Value	9,979,557	8,478,326
Adjustment from fair value to contract value for fully benefit-responsive investment contract	-0-	134,207
Net Assets Available for Benefits	$ 9,979,557	$ 8,612,533

See accompanying notes to the financial statements.

PRECISION GEAR INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
Year Ended December 31, 2010

Additions:		
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	$	449,303
Dividends		156,049
Other income		276,856
		882,208
Interest income on notes receivable from participants		14,731
Contributions:		
Participant		495,894
Employer		339,543
Rollovers		41,227
		876,664
Total Additions		1,773,603
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants		405,319
Administrative expenses		1,260
Total Deductions		406,579
Net Increase		1,367,024
Net Assets Available for Benefits:		
Beginning of Year, as restated		8,612,533
End of Year	$	9,979,557

See accompanying notes to the financial statements.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Description of Plan

The following description of the Precision Gear Inc. 401(K) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of Precision Gear Inc. (the "Company") who have completed one year of service and who are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

Each year, participants may contribute up to 30% of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds, a self-directed account and an investment contract as investment options for participants. The Company may make a matching contribution of 100% of the first 10% of base compensation that a participant contributes to the Plan. The Company may also make a profit sharing contribution at the option of the Company's board of directors. Company contributions are invested in a portfolio of investments as directed by participants. Contributions are subject to certain limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is 100 percent vested after six years of credited service.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Description of Plan (continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest at rates that range from 4.25% to 9.25%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a certain period, as defined in the Plan. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeited Accounts

At December 31, 2010 and 2009, forfeited nonvested accounts totaled $7,913 and $25,448, respectively. These accounts may be first used to offset the employer's Plan administrative expenses, second, any remaining forfeitures may be used to reduce employer contributions, and third, any remaining forfeitures may be allocated to participants. In 2010, Company contributions were reduced by $27,750 from forfeited nonvested accounts.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

As further discussed in Note 12, during 2010 the Plan changed its basis of accounting from the accrual basis to the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The change in accounting policy was applied retroactively to the Plan year ended December 31, 2009. Accordingly, the accompanying financial statements have been prepared on a modified cash basis of accounting. Thus, contributions and other additions to plan assets, except interest income and the related assets, are recognized when received rather than when earned, and benefits and other deductions from Plan assets are recognized when paid rather than when the obligation is incurred.

On October 6, 2010 Bank of America, N.A. as trustee of the Retirement Preservation Trust (the "Trust"), approved a resolution to terminate the trust and commence liquidation of its assets. In connection with that determination, the wrap contracts held by the Trust were terminated and the Trust assets were liquidated, with the proceeds being invested in short term liquid investments. Thus, effective October 6, 2010, the Trust changed from a stable value fund to a short-term bond fund. For the period from January 1, 2010 through October 6, 2010, investments held by the Trust were reported at contract value as described in Accounting Standards Codification 946-210-45 through 946-210-55.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The most significant change was the elimination of the Trust's wrap contracts and the change from contract value to fair value accounting. The change in the accounting method required the Trust to recognize an unrealized loss of the difference between the contract value of the contracts and the fair value of the underlying securities on October 6, 2010. Concurrent with this change the liquidation of the long-term assets held by the Trust resulted in realized losses. The realized losses incurred from the restructuring of the Trust were funded by a Liquidity Commitment that was made available to the Trust by the bank.

The statements of net assets available for benefits for the year ended December 31, 2010 is prepared on a fair value basis while the statements of net assets available for benefits for the year ended December 31, 2009 presents the fair value of the investment contract as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statement of changes in net assets available for benefits for the year ended December 31, 2010 is prepared on a fair value basis.

Use of Estimates

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Notes Receivable from Participants

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

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Company provides certain administrative and accounting services to the Plan at no cost. Most administrative expenses are paid directly by the Plan sponsor and include audit fees and legal fees. Administrative expenses incurred by the Plan include loan fees charged directly to the participants' accounts and investment management fees that are netted against investment returns.

Reclassifications

Reclassifications are made to the prior year's financial statements whenever necessary to conform to current year's presentation. Such reclassifications have had no effect on the net increase in net assets available for benefits as previously reported.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements". One provision of ASU No. 2010-06 will require reporting entities to separately report information about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. The revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2010. At this time, management is evaluating the implications of this provision of ASU No. 2010-06 and its impact on the financial statements has not been determined.

Subsequent Events

Plan management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 3 – Investments

The following presents investments that represent 5% or more of the Plan's net assets:

	2010	2009
Bank of America, N.A Preservation Trust (formerly Merrill Lynch)	$ 1,604,457	$ 1,839,426
JP Morgan Government Bond Fund	548,332	431,376*
Evergreen Strategic Growth A Fund	-0-*	962,533
Jennison Mid Cap Growth Fund	-0-*	478,171
Prudential Jennison Mid Cap Fund	617,897	-0-*
Fidelity Advantage New Insight Class Fund	1,068,041	-0-*
Thornburg International Value Fund	996,251	-0-*
PIMCO Total Return Fund Class A	598,063	-0-*
Invesco Charter Fund A	1,184,218	-0-*
Blackrock International Opportunities Portfolio	-0-*	855,481
Aim Charter Fund	-0-*	935,548
Self-Direct Account	2,398,174	2,111,508

* Does not represent 5% or more of the Plan's net assets available for benefits in each investment for the respective year.

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $449,303, which consists solely of mutual funds.

Note 4 – Fair Value Measurements

FASB ASC, Fair Value Measurements and Disclosures, provides the 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 the ASC are described as follows:

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.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 – Fair Value Measurements (continued)

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 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.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

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

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (see Note 5).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 – Fair Value Measurements (continued)

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	Total
Mutual funds:			
Growth funds	$ 2,738,546	$ -0-	$ 2,738,546
Value funds	394,629	-0-	394,629
Fixed income funds	1,146,395	-0-	1,146,395
Other funds	3,844,172	-0-	3,844,172
Total mutual funds	8,123,742	-0-	8,123,742
Investment contract	-0-	1,604,457	1,604,457
Total assets at fair value	$ 8,123,742	$ 1,604,457	$ 9,728,199

	Assets at Fair Value as of December 31, 2009		
	Level 1	Level 2	Total
Mutual funds:			
Balanced funds	$ 18,392	$ -0-	$ 18,392
Growth funds	2,567,783	-0-	2,567,783
Value funds	343,003	-0-	343,003
Fixed income funds	431,376	-0-	431,376
Other funds	2,967,039	-0-	2,967,039
Total mutual funds	6,327,593	-0-	6,327,593
Investment contract	-0-	1,839,426	1,839,426
Total assets at fair value	$ 6,327,593	$ 1,839,426	$ 8,167,019

Note 5 – Investment Contract

The Plan has an investment contract with Bank of America, N.A. Bank of America, N.A. maintains the contributions in a Common Collective Trust ("CCT"). Prior to the termination of the wrap contracts from the Trust on October 6, 2010 (see Note 2), all the investment contracts held by the Trust were fully benefit-responsive. The Trust invested in traditional guaranteed investment contracts ("GICs") and wrapped portfolios of fixed income investments ("synthetic GICs"). Collectively, these were referred to as "investment contracts". The account was credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 5 – Investment Contract (continued)

Because the guaranteed investment contract was fully benefit-responsive prior to October 6, 2010, contract value was the relevant measurement attributed for that portion of the net assets available for benefits attributable to the guaranteed investment. The guaranteed investment contract is presented on the face of the statements of net assets available for benefits at fair value with an adjustment to contract value in arriving at net assets available for benefits. Contract value, as reported to the Plan by Bank of America, N.A., represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Investment contracts that do not meet the criteria for valuation at contract value are valued at fair value as determined by the Trustee, and such value may be more or less than contract value. Plans that directly invest in CCT's, or similar vehicles that hold fully benefit-responsive investment contracts, do not need to include the disclosures detailed in the FASB ASC 962, Plan Accounting – Defined Contribution Pension Plans in the Plan's financial statements. Such disclosures would be included in the financial statements of the CCT.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2010 and 2009 was approximately $1,604,000 and $1,839,000, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limited the Plan's ability to transact at contract value with the issuer. Such events included the following: (a) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA.

Investment contracts generally impose conditions on both the Trust and the wrap provider. Assuming conditions are met and neither the Trust nor the issuer is in default, the Trust can buy and sell covered investments and process withdrawals through the sale of covered investments.

	2010	2009
Average yields:		
Based on annualized earnings	0.00%	2.35%
Based on interest rate credited to participants	0.00%	2.57%

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 6 – Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Bank of America, N.A. (formerly Merrill Lynch Trust Company). Bank of America, N.A. is the Trustee as defined by the Plan, and, therefore, these transactions qualify as exempt party-in-interest transactions.

Note 7 – Plan Termination

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

Note 8 – Tax Status

The Plan is structured and follows a prototype non-standardized cash or deferred profit sharing plan, pre-approved by the Internal Revenue Service (IRS). The IRS issued an opinion letter dated March 31, 2008, that the prototype non-standardized profit sharing plan is acceptable in accordance with the applicable sections of the Internal Revenue Code (IRC).

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 applicable taxing authority. The Plan administrator has analyzed the tax positions 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. The Plan is subject to income tax examinations for three years.

Note 9 – Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, Bank of America, N.A. (formerly Merrill Lynch Trust Company) has certified to the completeness and accuracy of all investments reflected on the accompanying statements of assets available for benefits as of December 31, 2010 and 2009, the related investment activity reflected in the statement of changes in assets available for benefits for the year ended December 31, 2010 and supplemental Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2010.

Note 10 – Risks and Uncertainties

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

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 11 – Reconciliation of Financial Statements to Form 5500

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

	2010	2009
Net assets available for benefits per the financial statements, as restated	$ 9,979,557	$ 8,612,533
Adjustment from contract value to fair value for fully benefit responsive investment contracts	-0-	(134,207)
Net assets available for benefits per the Form 5500	$ 9,979,557	$ 8,478,326

The following is a reconciliation of total net income per the financial statements for the year ended December 31, 2010 to Form 5500:

Net increase in net assets available for benefits per the financial statements	$ 1,367,024
Add: Change in adjustment from contract value to fair value for fully benefit responsive investment contracts	134,207
Net income per Form 5500	$ 1,501,231

Note 12 – Change in Accounting Principle

During 2010 the Plan changed its basis of accounting from the accrual basis to the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The change in accounting principle was made to ease financial reporting and record-keeping burdens resulting from the Plan having a different year-end than the Plan sponsor. The change in accounting principle was applied retroactively to the Plan year ended December 31, 2009, and resulted in a decrease in net assets available for benefits for the year ended December 31, 2009.

The change in accounting principle also resulted in the elimination of the previously reported 2009 employer contributions receivable and related employer contributions of $172,250. This amount, which was paid in 2010, is now reported as an employer contribution in 2010.

Net assets available for benefits at beginning of year, as previously reported	$ 8,784,783
Prior year restatement due to a retroactive change in accounting policy	(172,250)
Net assets available for benefits at beginning of year, as restated	$ 8,612,533

SUPPLEMENTAL INFORMATION

PRECISION GEAR, INC. 401(K) PLAN
EMPLOYER IDENTIFICATION NUMBER 11-2367492
PLAN NUMBER: 002
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2010

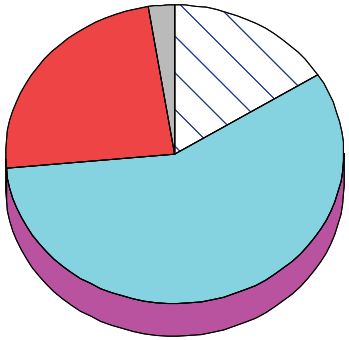
(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Bank of America, N.A. Preservation Trust (formerly Merrill Lynch)	Stable Value Trust	N/A	$ 1,604,457
	JP Morgan Government Bond Fund	Lipper General U.S. Government Funds	N/A	548,332
	Prudential Jennison Mid Cap Fund	Lipper Multi-Cap Growth Funds	N/A	617,897
	JP Morgan Diversified Fund Class A	Lipper Mixed Asset Allocation Growth Funds	N/A	58,294
	Fidelity Advantage New Insight Class T	Lipper Large Cap Growth	N/A	1,068,041
	Pioneer Oak Ridge Small Cap Growth A Fund	Lipper Small-Cap Growth Funds	N/A	54,999
	Wells Fargo Advantage Emerging Fund	Lipper Emerging Markets Fund	N/A	203,484
	Thornburg International Value Fund	Lipper International Large Cap Growth	N/A	996,251
	Vaughan Nelson Small Cap Val A Fund	Lipper Small-Cap Core Funds	N/A	394,629
	PIMCO Total Return Fund Class A	Lipper Intermediate Investment Grade Debt	N/A	598,063
	Allbrnstn Large Cap Growth Fund	Lipper Large-Cap Growth Fund	N/A	1,359
	Invesco Charter Fund A	Lipper Large Cap Core	N/A	1,184,219
	Self-Direct Acct	Money Markets and Common Stocks	N/A	2,398,174
*	Notes Receivable from Participants	Interest Rates of 4.25% to 9.25%	-0-	244,218
				$ 9,972,417

STATEMENT OF ASSETS

FOR THE PERIOD 01/01/2010 - 12/31/2010

PRECISION GEAR INCORPORATED
401(K) PLAN
CONSOLIDATION

ALLOCATION OF PLAN ASSETS



- 16.08% COMMON / COLLECTIVE TRUSTS
- 24.03% OTHER ASSETS
- 0.07% ACCRUED INCOME
- 57.37% MUTUAL FUNDS
- 2.45% LOANS

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
COMMON / COLLECTIVE TRUSTS					
ML RET PRESERVATION TRUST	1,339,918.4000	1.000	1,339,918.40	1,339,918.40	13.43%
ML RET PRES TRUST-GM	264,538.7905	1.000	264,538.79	264,538.79	2.65%
TOTAL COMMON / COLLECTIVE TRUSTS			1,604,457.19	1,604,457.19	16.08%
MUTUAL FUNDS					
JPMORGAN GOVERNMENT BOND	20,964.2194	10.870	227,512.76	227,881.06	2.28%
JPMORGAN GOVERNMENT BOND GM	29,480.3072	10.870	315,122.42	320,450.94	3.21%
PRUDENTIAL JENNISON MID-CAP A	11,535.9794	27.380	227,478.18	315,855.12	3.17%
PRUDENTIAL JENNISON MID-CAP GM	11,031.4875	27.380	225,696.76	302,042.13	3.03%
JP MORGAN DIVERSIFIED FD CL A	4,163.8373	14.000	56,395.51	58,293.72	0.58%
FIDELITY ADV NEW INSIGHT CL T	31,966.7379	19.740	578,481.54	631,023.41	6.32%

Balances include the effect of pending trades

STATEMENT OF ASSETS

FOR THE PERIOD 01/01/2010 - 12/31/2010

PRECISION GEAR INCORPORATED
401(K) PLAN
CONSOLIDATION

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
FIDELITY ADV NEW INSIGHT T GM	22,138.6953	19.740	405,702.30	437,017.85	4.38%
PIONEER OAK RIDGE SM CAP GRW A	1,897.8143	28.980	39,709.71	54,998.66	0.55%
WELLS FARGO ADVANTAGE EMERGING	8,901.3192	22.860	161,297.81	203,484.16	2.04%
THORNBURG INTERNATIONAL	13,363.5251	27.920	346,619.32	373,109.62	3.74%
THORNBURG INTERNATIONAL GM	22,318.8151	27.920	594,355.76	623,141.32	6.24%
VAUGHAN NELSON SMALL CAP VAL A	7,130.5575	22.690	141,077.04	161,792.35	1.62%
VAUGHAN NELSON SMLL CP VL A GM	10,261.6636	22.690	205,113.08	232,837.15	2.33%
PIMCO TOTAL RETURN FUND CL A	89.1476	10.850	1,018.46	967.25	0.01%
PIMCO TOT RET FD CL A GM	55,031.9256	10.850	638,914.07	597,096.39	5.98%
ALLBRNSTN LARGE CAP GRTH A GM	54.8423	24.770	857.16	1,358.44	0.01%
INVESCO CHARTER FUND A	37,640.4128	16.170	486,149.11	608,645.47	6.10%
INVESCO CHARTER FUND A	35,595.1013	16.170	479,007.78	575,572.79	5.77%
TOTAL MUTUAL FUNDS			5,130,508.77	5,725,567.83	57.37%
OTHER ASSETS					
SELF-DIRECT ACCT	2,398,174.0204	1.000	2,398,174.03	2,398,174.02	24.03%
LOANS					
LOAN FUND	244,218.3000	1.000	244,218.30	244,218.30	2.45%
INVESTMENT TOTAL			9,377,358.29	9,972,417.34	99.93%
UNINVESTED CASH			0.00	0.00	0.00%

Balances include the effect of pending trades

STATEMENT OF ASSETS

FOR THE PERIOD 01/01/2010 - 12/31/2010

PRECISION GEAR INCORPORATED
401(K) PLAN
CONSOLIDATION

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
ACCRUED INCOME			7,140.09	7,140.09	0.07%
CASH			0.00	0.00	0.00%
TOTAL ASSETS			9,384,498.38	9,979,557.43	100.00%

The balance in the cash fund may be temporarily invested in the BIF Money Fund. Additional amounts not reported as cash may also be invested in the BIF Money Fund pending settlement of trades.

Balances include the effect of pending trades

PRECISION GEAR INC. 401(K) PLAN

FINANCIAL STATEMENTS
(MODIFIED CASH BASIS)
AND
SUPPLEMENTAL INFORMATION

December 31, 2010 and 2009

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AVZ
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Trustees of
Precision Gear, Inc 401(K) Plan
College Point, New York

We were engaged to audit the accompanying statements of net assets available for benefits (modified cash basis) of Precision Gear Inc. 401(K) Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2010 and the supplemental Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3, 4 and 5, which was certified by Bank of America, N.A. (formerly Merrill Lynch Trust Company), the Trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the Trustee as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the Plan administrator by the Trustee is complete and accurate.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

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. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Albrecht Viggiano Zureck & Company PC

Hauppauge, New York
September 22, 2011

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PRECISION GEAR INC. 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
December 31, 2010 and 2009

	2010	2009
Assets		
Investments at fair value	$ 9,728,199	$ 8,167,019
Receivables:		
Accrued income	7,140	7,137
Notes receivable from participants	244,218	304,170
Total Receivables	251,358	311,307
Net Assets Reflecting Investments at Fair Value	9,979,557	8,478,326
Adjustment from fair value to contract value for fully benefit-responsive investment contract	-0-	134,207
Net Assets Available for Benefits	$ 9,979,557	$ 8,612,533

See accompanying notes to the financial statements.

PRECISION GEAR INC. 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
MODIFIED CASH BASIS
Year Ended December 31, 2010

Additions:		
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	$	449,303
Dividends		156,049
Other income		276,856
		882,208
Interest income on notes receivable from participants		14,731
Contributions:		
Participant		495,894
Employer		339,543
Rollovers		41,227
		876,664
Total Additions		1,773,603
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants		405,319
Administrative expenses		1,260
Total Deductions		406,579
Net Increase		1,367,024
Net Assets Available for Benefits:		
Beginning of Year, as restated		8,612,533
End of Year	$	9,979,557

See accompanying notes to the financial statements.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Description of Plan

The following description of the Precision Gear Inc. 401(K) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of Precision Gear Inc. (the "Company") who have completed one year of service and who are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

Each year, participants may contribute up to 30% of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds, a self-directed account and an investment contract as investment options for participants. The Company may make a matching contribution of 100% of the first 10% of base compensation that a participant contributes to the Plan. The Company may also make a profit sharing contribution at the option of the Company's board of directors. Company contributions are invested in a portfolio of investments as directed by participants. Contributions are subject to certain limitations.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. A participant is 100 percent vested after six years of credited service.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Description of Plan (continued)

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest at rates that range from 4.25% to 9.25%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a certain period, as defined in the Plan. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeited Accounts

At December 31, 2010 and 2009, forfeited nonvested accounts totaled $7,913 and $25,448, respectively. These accounts may be first used to offset the employer's Plan administrative expenses, second, any remaining forfeitures may be used to reduce employer contributions, and third, any remaining forfeitures may be allocated to participants. In 2010, Company contributions were reduced by $27,750 from forfeited nonvested accounts.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

As further discussed in Note 12, during 2010 the Plan changed its basis of accounting from the accrual basis to the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The change in accounting policy was applied retroactively to the Plan year ended December 31, 2009. Accordingly, the accompanying financial statements have been prepared on a modified cash basis of accounting. Thus, contributions and other additions to plan assets, except interest income and the related assets, are recognized when received rather than when earned, and benefits and other deductions from Plan assets are recognized when paid rather than when the obligation is incurred.

On October 6, 2010 Bank of America, N.A. as trustee of the Retirement Preservation Trust (the "Trust"), approved a resolution to terminate the trust and commence liquidation of its assets. In connection with that determination, the wrap contracts held by the Trust were terminated and the Trust assets were liquidated, with the proceeds being invested in short term liquid investments. Thus, effective October 6, 2010, the Trust changed from a stable value fund to a short-term bond fund. For the period from January 1, 2010 through October 6, 2010, investments held by the Trust were reported at contract value as described in Accounting Standards Codification 946-210-45 through 946-210-55.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The most significant change was the elimination of the Trust's wrap contracts and the change from contract value to fair value accounting. The change in the accounting method required the Trust to recognize an unrealized loss of the difference between the contract value of the contracts and the fair value of the underlying securities on October 6, 2010. Concurrent with this change the liquidation of the long-term assets held by the Trust resulted in realized losses. The realized losses incurred from the restructuring of the Trust were funded by a Liquidity Commitment that was made available to the Trust by the bank.

The statements of net assets available for benefits for the year ended December 31, 2010 is prepared on a fair value basis while the statements of net assets available for benefits for the year ended December 31, 2009 presents the fair value of the investment contract as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statement of changes in net assets available for benefits for the year ended December 31, 2010 is prepared on a fair value basis.

Use of Estimates

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

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Notes Receivable from Participants

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

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Company provides certain administrative and accounting services to the Plan at no cost. Most administrative expenses are paid directly by the Plan sponsor and include audit fees and legal fees. Administrative expenses incurred by the Plan include loan fees charged directly to the participants' accounts and investment management fees that are netted against investment returns.

Reclassifications

Reclassifications are made to the prior year's financial statements whenever necessary to conform to current year's presentation. Such reclassifications have had no effect on the net increase in net assets available for benefits as previously reported.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements". One provision of ASU No. 2010-06 will require reporting entities to separately report information about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. The revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2010. At this time, management is evaluating the implications of this provision of ASU No. 2010-06 and its impact on the financial statements has not been determined.

Subsequent Events

Plan management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
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Note 3 – Investments

The following presents investments that represent 5% or more of the Plan's net assets:

	2010	2009
Bank of America, N.A Preservation Trust (formerly Merrill Lynch)	$ 1,604,457	$ 1,839,426
JP Morgan Government Bond Fund	548,332	431,376*
Evergreen Strategic Growth A Fund	-0-*	962,533
Jennison Mid Cap Growth Fund	-0-*	478,171
Prudential Jennison Mid Cap Fund	617,897	-0-*
Fidelity Advantage New Insight Class Fund	1,068,041	-0-*
Thornburg International Value Fund	996,251	-0-*
PIMCO Total Return Fund Class A	598,063	-0-*
Invesco Charter Fund A	1,184,218	-0-*
Blackrock International Opportunities Portfolio	-0-*	855,481
Aim Charter Fund	-0-*	935,548
Self-Direct Account	2,398,174	2,111,508

* Does not represent 5% or more of the Plan's net assets available for benefits in each investment for the respective year.

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $449,303, which consists solely of mutual funds.

Note 4 – Fair Value Measurements

FASB ASC, Fair Value Measurements and Disclosures, provides the 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 the ASC are described as follows:

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.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 – Fair Value Measurements (continued)

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 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.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

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

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer (see Note 5).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 – Fair Value Measurements (continued)

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	Total
Mutual funds:			
Growth funds	$ 2,738,546	$ -0-	$ 2,738,546
Value funds	394,629	-0-	394,629
Fixed income funds	1,146,395	-0-	1,146,395
Other funds	3,844,172	-0-	3,844,172
Total mutual funds	8,123,742	-0-	8,123,742
Investment contract	-0-	1,604,457	1,604,457
Total assets at fair value	$ 8,123,742	$ 1,604,457	$ 9,728,199

	Assets at Fair Value as of December 31, 2009		
	Level 1	Level 2	Total
Mutual funds:			
Balanced funds	$ 18,392	$ -0-	$ 18,392
Growth funds	2,567,783	-0-	2,567,783
Value funds	343,003	-0-	343,003
Fixed income funds	431,376	-0-	431,376
Other funds	2,967,039	-0-	2,967,039
Total mutual funds	6,327,593	-0-	6,327,593
Investment contract	-0-	1,839,426	1,839,426
Total assets at fair value	$ 6,327,593	$ 1,839,426	$ 8,167,019

Note 5 – Investment Contract

The Plan has an investment contract with Bank of America, N.A. Bank of America, N.A. maintains the contributions in a Common Collective Trust ("CCT"). Prior to the termination of the wrap contracts from the Trust on October 6, 2010 (see Note 2), all the investment contracts held by the Trust were fully benefit-responsive. The Trust invested in traditional guaranteed investment contracts ("GICs") and wrapped portfolios of fixed income investments ("synthetic GICs"). Collectively, these were referred to as "investment contracts". The account was credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 5 – Investment Contract (continued)

Because the guaranteed investment contract was fully benefit-responsive prior to October 6, 2010, contract value was the relevant measurement attributed for that portion of the net assets available for benefits attributable to the guaranteed investment. The guaranteed investment contract is presented on the face of the statements of net assets available for benefits at fair value with an adjustment to contract value in arriving at net assets available for benefits. Contract value, as reported to the Plan by Bank of America, N.A., represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Investment contracts that do not meet the criteria for valuation at contract value are valued at fair value as determined by the Trustee, and such value may be more or less than contract value. Plans that directly invest in CCT's, or similar vehicles that hold fully benefit-responsive investment contracts, do not need to include the disclosures detailed in the FASB ASC 962, Plan Accounting – Defined Contribution Pension Plans in the Plan's financial statements. Such disclosures would be included in the financial statements of the CCT.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2010 and 2009 was approximately $1,604,000 and $1,839,000, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 0%. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limited the Plan's ability to transact at contract value with the issuer. Such events included the following: (a) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA.

Investment contracts generally impose conditions on both the Trust and the wrap provider. Assuming conditions are met and neither the Trust nor the issuer is in default, the Trust can buy and sell covered investments and process withdrawals through the sale of covered investments.

	2010	2009
Average yields:		
Based on annualized earnings	0.00%	2.35%
Based on interest rate credited to participants	0.00%	2.57%

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 6 – Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Bank of America, N.A. (formerly Merrill Lynch Trust Company). Bank of America, N.A. is the Trustee as defined by the Plan, and, therefore, these transactions qualify as exempt party-in-interest transactions.

Note 7 – Plan Termination

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

Note 8 – Tax Status

The Plan is structured and follows a prototype non-standardized cash or deferred profit sharing plan, pre-approved by the Internal Revenue Service (IRS). The IRS issued an opinion letter dated March 31, 2008, that the prototype non-standardized profit sharing plan is acceptable in accordance with the applicable sections of the Internal Revenue Code (IRC).

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 applicable taxing authority. The Plan administrator has analyzed the tax positions 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. The Plan is subject to income tax examinations for three years.

Note 9 – Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, Bank of America, N.A. (formerly Merrill Lynch Trust Company) has certified to the completeness and accuracy of all investments reflected on the accompanying statements of assets available for benefits as of December 31, 2010 and 2009, the related investment activity reflected in the statement of changes in assets available for benefits for the year ended December 31, 2010 and supplemental Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2010.

Note 10 – Risks and Uncertainties

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

PRECISION GEAR INC. 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 11 – Reconciliation of Financial Statements to Form 5500

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

	2010	2009
Net assets available for benefits per the financial statements, as restated	$ 9,979,557	$ 8,612,533
Adjustment from contract value to fair value for fully benefit responsive investment contracts	-0-	(134,207)
Net assets available for benefits per the Form 5500	$ 9,979,557	$ 8,478,326

The following is a reconciliation of total net income per the financial statements for the year ended December 31, 2010 to Form 5500:

Net increase in net assets available for benefits per the financial statements	$ 1,367,024
Add: Change in adjustment from contract value to fair value for fully benefit responsive investment contracts	134,207
Net income per Form 5500	$ 1,501,231

Note 12 – Change in Accounting Principle

During 2010 the Plan changed its basis of accounting from the accrual basis to the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The change in accounting principle was made to ease financial reporting and record-keeping burdens resulting from the Plan having a different year-end than the Plan sponsor. The change in accounting principle was applied retroactively to the Plan year ended December 31, 2009, and resulted in a decrease in net assets available for benefits for the year ended December 31, 2009.

The change in accounting principle also resulted in the elimination of the previously reported 2009 employer contributions receivable and related employer contributions of $172,250. This amount, which was paid in 2010, is now reported as an employer contribution in 2010.

Net assets available for benefits at beginning of year, as previously reported	$ 8,784,783
Prior year restatement due to a retroactive change in accounting policy	(172,250)
Net assets available for benefits at beginning of year, as restated	$ 8,612,533

SUPPLEMENTAL INFORMATION

PRECISION GEAR, INC. 401(K) PLAN
EMPLOYER IDENTIFICATION NUMBER 11-2367492
PLAN NUMBER: 002
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2010

(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Bank of America, N.A. Preservation Trust (formerly Merrill Lynch)	Stable Value Trust	N/A	$ 1,604,457
	JP Morgan Government Bond Fund	Lipper General U.S. Government Funds	N/A	548,332
	Prudential Jennison Mid Cap Fund	Lipper Multi-Cap Growth Funds	N/A	617,897
	JP Morgan Diversified Fund Class A	Lipper Mixed Asset Allocation Growth Funds	N/A	58,294
	Fidelity Advantage New Insight Class T	Lipper Large Cap Growth	N/A	1,068,041
	Pioneer Oak Ridge Small Cap Growth A Fund	Lipper Small-Cap Growth Funds	N/A	54,999
	Wells Fargo Advantage Emerging Fund	Lipper Emerging Markets Fund	N/A	203,484
	Thornburg International Value Fund	Lipper International Large Cap Growth	N/A	996,251
	Vaughan Nelson Small Cap Val A Fund	Lipper Small-Cap Core Funds	N/A	394,629
	PIMCO Total Return Fund Class A	Lipper Intermediate Investment Grade Debt	N/A	598,063
	Allbrnstn Large Cap Growth Fund	Lipper Large-Cap Growth Fund	N/A	1,359
	Invesco Charter Fund A	Lipper Large Cap Core	N/A	1,184,219
	Self-Direct Acct	Money Markets and Common Stocks	N/A	2,398,174
*	Notes Receivable from Participants	Interest Rates of 4.25% to 9.25%	-0-	244,218
				$ 9,972,417