

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	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan HARTZELL PROPELLER INC. DEFINED BENEFIT PENSION PLAN	1b Three-digit plan number (PN) ►	001	
	1c Effective date of plan	12/08/1977	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) HARTZELL PROPELLER INC. ONE PROPELLER PLACE PIQUA, OH 45356	2b Employer Identification Number (EIN) 31-1258121	2c Sponsor's telephone number 937-778-4200	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.	10/12/2011	HEIDI HENNESSEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") HARTZELL PROPELLER INC. ONE PROPELLER PLACE PIQUA, OH 45356	3b Administrator's EIN 31-1258121 3c Administrator's telephone number 937-778-4200
--	---

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	510
---	----------	-----

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	260
b Retired or separated participants receiving benefits.....	6b	111
c Other retired or separated participants entitled to future benefits.....	6c	104
d Subtotal. Add lines 6a , 6b , and 6c	6d	475
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	18
f Total. Add lines 6d and 6e	6f	493
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	19

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:
 1A 1G

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

b General Schedules

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

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	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

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>HARTZELL PROPELLER INC. DEFINED BENEFIT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>HARTZELL PROPELLER INC.</u>	D Employer Identification Number (EIN) <u>31-1258121</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>9085790</u>
b Actuarial value	2b <u>9085790</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>123</u> <u>4588782</u>
b For terminated vested participants	3b <u>90</u> <u>1003402</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>272842</u>
(2) Vested benefits	3c(2) <u>6039495</u>
(3) Total active	3c(3) <u>297</u> <u>6312337</u>
d Total	3d <u>510</u> <u>11904521</u>
4 If the plan is at-risk, check the box and complete items (a) and (b) ☒	
a Funding target disregarding prescribed at-risk assumptions	4a <u>11760578</u>
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b <u>12480295</u>
5 Effective interest rate	5 <u>6.65</u> %
6 Target normal cost	6 <u>540212</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>BRET G. JOHANTGEN</u>	Date <u>11-06040</u>
Type or print name of actuary <u>EBS-RMSCO, INC.</u>	Most recent enrollment number <u>585-421-4400</u>
Firm name <u>30 PERINTON HILLS MALL FAIRPORT, NY 14450</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	0	0
10	Interest on item 9 using prior year's actual return of <u>31.78</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		421
b	Interest on (a) using prior year's effective rate of <u>8.01</u> %		34
c	Total available at beginning of current plan year to add to prefunding balance		455
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	77.25 %
15	Adjusted funding target attainment percentage.....	15	77.26 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	73.44 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/05/2010	222073				
07/12/2010	222073				
10/12/2010	222073				
01/10/2011	222073				
09/09/2011	130000				
			Totals ▶	18(b)	1018292
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	968832
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	540212
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	2342550	428388
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	968600
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	968600
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	968832
38 Interest-adjusted excess contributions for current year (see instructions).....	38	232
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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 HARTZELL PROPELLER INC. DEFINED BENEFIT PENSION PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 HARTZELL PROPELLER INC.	D Employer Identification Number (EIN) 31-1258121	

Part I	Service Provider Information (see instructions)
---------------	--

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

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

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

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

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

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

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

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

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

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

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

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

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)

MANNING AND NAPIER

16-0995736

(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?
28	NONE	39934	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

OSWALD COMPANIES

34-1892136

(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?
20	NONE	22347	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

EXETER TRUST COMPANY

02-0476209

(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?
18	NONE	16912	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 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 HARTZELL PROPELLER INC. DEFINED BENEFIT PENSION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 HARTZELL PROPELLER INC.	D Employer Identification Number (EIN) 31-1258121	

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	16433	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	507604	352073
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	14752	14762
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	351455	289250
(2) U.S. Government securities.....	1c(2)	2561562	2063407
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	71728	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	3874383	4543676
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	1705463	3555280
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	9103380	10818448

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	9103380	10818448
---	-----------	---------	----------

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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1018292	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1018292

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2	
(B) U.S. Government securities	2b(1)(B)	58190	
(C) Corporate debt instruments	2b(1)(C)	484	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		58676

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	53476	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	102013	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		155489

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	5204969	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	5013910	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		191059

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	553693	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		553693
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		273539
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		2250748

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	456486	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		456486
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	62281	
(4) Other	2i(4)	16913	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		79194
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		535680

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1715068
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: BOBER, MARKLEY, FEDOROVICH & CO.

(2) EIN: 34-1523030

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.).....		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.).....		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.)		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.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?		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?		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.).....	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.).....	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?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		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.		X	

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

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

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan HARTZELL PROPELLER INC. DEFINED BENEFIT PENSION PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 HARTZELL PROPELLER INC.		D Employer Identification Number (EIN) 31-1258121
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.....		10
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): 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.....		30
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		Schedule R (Form 5500) 2010 v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

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

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

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

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

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

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

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

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

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

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

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2010 and 2009

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
ANNUAL REPORT INDEX
December 31, 2010 and 2009

The following financial statements and other information of the Hartzell Propeller, Inc. Defined Benefit Pension Plan are included herewith:

- Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009;
- Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2010 and 2009;
- Statements of Accumulated Plan Benefits as of January 1, 2010 and 2009;
- Statements of Changes in Accumulated Plan Benefits for the years ended January 1, 2010 and 2009;
- Notes to Financial Statements.

The following supplemental schedules of the Hartzell Propeller, Inc. Defined Benefit Pension Plan included in the Annual Report of the Plan on Form 5500 file with the Department of Labor for the year ended December 31, 2010 are included herewith:

- Schedule H, Line 4i – Schedule of Assets (Held at Year End)
- Schedule H, Line 4j – Schedule of Reportable Transactions

All other supplemental schedules and notes for which provisions are made in the applicable rules and regulations of the Department of Labor are not required under the related instructions or are inapplicable and, therefore, have been omitted.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Statements of Accumulated Plan Benefits	4
Statements of Changes in Accumulated Plan Benefits	5
Notes to Financial Statements	6 - 13
SUPPLEMENTARY INFORMATION	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	14 - 15
Schedule H, Line 4j – Schedule of Reportable Transactions	16



CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS
A PROFESSIONAL CORPORATION

AKRON | CLEVELAND

INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants
Hartzell Propeller, Inc. Defined Benefit Pension Plan
Piqua, Ohio

We were engaged to audit the financial statements and supplemental schedules of the Hartzell Propeller, Inc. Defined Benefit Pension Plan (the "Plan"), as of December 31, 2010 and 2009, and for the years then ended, as listed in the accompanying index. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Exeter Trust Company, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. 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 certifications from the Trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, 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.

A handwritten signature in black ink that reads 'Bober, Markey, Fedorovich & Company'.

BOBER, MARKEY, FEDOROVICH & COMPANY

September 30, 2011

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Investments, at fair value		
Money market mutual funds	\$ 289,250	\$ 351,455
Fixed-income securities	2,063,407	2,561,562
Corporate debt securities	-	71,728
Equity securities	4,543,677	3,874,382
Equity mutual funds	<u>3,555,280</u>	<u>1,705,463</u>
Total investments, at fair value	10,451,614	8,564,590
Receivables		
Contributions	352,073	507,604
Interest and dividends	<u>14,761</u>	<u>14,752</u>
Total receivables	366,834	522,356
Non interest-bearing cash	<u>-</u>	<u>16,433</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 10,818,448</u></u>	<u><u>\$ 9,103,379</u></u>

The accompanying notes are an integral part of these financial statements.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ADDITIONS TO PLAN ASSETS:		
Interest and dividends	\$ 118,206	\$ 97,252
Net appreciation in fair value of investments	1,118,544	1,961,392
Employer contributions	<u>1,018,292</u>	<u>1,027,531</u>
TOTAL ADDITIONS	2,255,042	3,086,175
DEDUCTIONS FROM PLAN ASSETS:		
Benefit payments to participants	456,486	411,922
Administrative expenses	<u>83,487</u>	<u>72,926</u>
TOTAL DEDUCTIONS	<u>539,973</u>	<u>484,848</u>
NET INCREASE	1,715,069	2,601,327
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF THE YEAR	<u>9,103,379</u>	<u>6,502,052</u>
END OF THE YEAR	<u><u>\$ 10,818,448</u></u>	<u><u>\$ 9,103,379</u></u>

The accompanying notes are an integral part of these financial statements.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
STATEMENTS OF ACCUMULATED PLAN BENEFITS
January 1, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS		
VESTED BENEFITS		
Participant currently receiving benefits	\$ 4,098,253	\$ 3,231,310
Terminated participants	797,155	613,140
Other participants	<u>4,776,858</u>	<u>4,254,048</u>
	9,672,266	8,098,498
NONVESTED BENEFITS	<u>140,504</u>	<u>208,771</u>
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	<u>\$ 9,812,770</u>	<u>\$ 8,307,269</u>

The accompanying notes are an integral part of these financial statements.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
For the Years Ended January 1, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT BEGINNING OF YEAR	\$ 8,307,269	\$ 7,478,046
INCREASE (DECREASE) DURING THE YEAR		
ATTRIBUTABLE TO:		
Benefits accumulated	688,611	524,357
Benefits paid	(411,922)	(334,165)
Increase for interest due to the decrease in the discount period	595,823	621,432
Plan amendments	41,214	-
Changes in actuarial assumptions	<u>591,775</u>	<u>17,599</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR	<u>\$ 9,812,770</u>	<u>\$ 8,307,269</u>

The accompanying notes are an integral part of these financial statements.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – PLAN DESCRIPTION

The following brief description of the Hartzell Propeller, Inc. (the “Company”) Defined Benefit Pension Plan (the “Plan”) provides only general information. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined benefit pension plan covering substantially all hourly and salaried employees of the Company who have attained the age of 21 and completed one full year of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions and Funding Policy

The Company's funding policy is to, at a minimum, contribute an amount as determined by the Plan's actuary that will be sufficient to maintain the minimum funding standard in accordance with ERISA. The sponsor may make discretionary contributions above this amount. Contributions amounting to \$1,018,292 and \$1,027,531 were made for the years ended December 31, 2010 and 2009, respectively.

Pension Benefits

Participants with five full years of service, as defined by the Plan, are entitled to monthly payments for life beginning at normal retirement age of 65. Participants may elect to receive their normal pension benefits in the form of a qualified joint and survivor benefit of 50%, five-to-life, ten-to-life, and twenty-to-life pension. After age 55 and five years of service, a participant may elect early retirement.

Benefits under the Plan are based on 0.5% of the employees' average monthly compensation times total years of benefit service, plus 0.25% of average monthly compensation above the social security base multiplied by the years of benefit service up to a maximum of 35.

Effective December 1, 2009, any Participant who is employed by the Company, completes an agreement to participate in the program, is at least 61 years of age on or before December 31, 2010 and actually terminates employment with the Company on or before December 31, 2010 shall receive an additional six months of service, be aged an additional six months and become 100% vested when determining the pension benefits.

Death and Disability Benefits

Joint and 50% survivor coverage is automatic for the spouse of any vested participant regardless of age. Benefits are payable after the later of the participant's death or the date the participant would have reached the earliest permissible retirement age. Participants who become permanently disabled will receive benefits commencing on the normal retirement date.

Vesting

Participants become 100% vested in accrued benefits after five years of credited service.

Administrative Expenses

Trustee fees are paid by the Plan. Other administrative expenses, such as legal and professional fees and Pension Benefit Guarantee Corporation (“PBGC”) premiums, are paid by the Company.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Plan Termination

Although it has not expressed any intention 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 set forth by ERISA. In the event the Plan terminates, the pension fund would be applied to purchase participants' accrued benefits as set forth by the plan document.

If the Plan terminates, certain benefits are insured by the PBGC. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty while other benefits may not be provided for at all.

Information about the Plan, including present and future benefits, vesting and PBGC benefit guarantee provisions is contained in a summary document available from the Company.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

As required by the Fair Value Measurements and Disclosures Topic ("FASB ASC 820") of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), the Plan adopted Accounting Standard Update No. 2010-06, Improving Disclosures about Fair Value Measurements, which amends FASB ASC 820. The amended guidance requires additional disclosures regarding assets and liabilities that are transferred between levels within the fair value hierarchy and about the valuation

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. Plans are also required to disclose information in Level 3 roll-forward about purchases, sales, issuances and settlements on a gross basis effective for fiscal years beginning after December 31, 2010.

Investment Valuation and Income Recognition

All assets of the Plan are held by and invested by Exeter Trust Company ("Exeter"), the Trustee. The investments are presented by Exeter at fair market value as of year-end as determined by quoted market prices on major stock exchanges. If no such value can be obtained, the asset value is based upon the underlying investments of the security or valued at prices for similar securities.

Investment income consists of interest and dividend income. The net appreciation (depreciation) of the fair value of investments consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments. Purchases and sales are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are reported based on historic cost.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are future periodic payments that are attributable under the Plan's provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits was determined by the plan actuary, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations were:

- (a) Life expectancy of participants
- (b) Discount rate
 - 2010 – Segment rates of 4.60%, 6.65% and 6.76%
 - 2009 – Full yield curve as of October 2008
- (c) Investment return at an average rate of 8.0% and 8.5% for 2010 and 2009, respectively

Additional assumptions used in the actuarial computations as of January 1, 2010 and 2009 include salary increases of three percent per year, social security wage base increase of four percent per year, marital and retirement rate assumptions, as well as, withdrawal rates. These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

During 2009, an expense assumption was added to the actuarial calculation to comply with the Worker, Retiree and Employer Recovery Act.

Payment of Benefits

Benefit payments are recorded upon distribution.

Income Taxes

As required by the Income Taxes Topic of the FASB ASC, the Plan adopted the standards related to Accounting for Uncertainty in Income Taxes, on January 1, 2009. The implementation of this standard did not have a material impact on the Plan's financial statements. The standard requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability 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 Administrator believes it is no longer subject to income tax examinations for year prior to 2006.

Subsequent Events

In accordance with Subsequent Events Topic of the FASB ASC, the Plan has evaluated subsequent events through September 30, 2011, the date the financial statements were available to be issued.

NOTE 3 - INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following is a summary of the unaudited information regarding the Plan, included in the Plan's financial statements, which was prepared by Exeter, as of and for the years ended December 31, 2010 and 2009 and furnished to the Plan Administrator. The Plan Administrator has obtained a certification from the Exeter as of and for the years ended December 31, 2010 and 2009, that such information is complete and accurate.

	2010	2009
Investments, at fair value	\$ 10,451,614	\$ 8,564,590
Interest and dividends receivable	\$ 14,761	\$ 14,752
Interest and dividends income	\$ 118,206	\$ 97,252
Net appreciation in the fair value of investments	\$ 1,118,544	\$ 1,961,392

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 – INVESTMENTS

The Plan's investments are held by Exeter. The following schedule presents investments that represent five percent or more of the Plan's net assets as of December 31:

	<u>2010</u>	<u>2009</u>
US Treasury Note at 2.63% due June 30, 2014	n/a	\$ 1,261,102
US Treasury Note at 1.25% due September 30, 2015	\$ 826,636	n/a
Manning & Napier Core Plus Bond	\$ 1,645,877	n/a

The Plan's investments, including investments bought, sold, as well as held during the year, appreciated (depreciated) in value at December 31, 2010 and 2009, as follows:

	<u>2010</u>	<u>2009</u>
Fixed-income securities	\$ 66,150	\$ (15,461)
Corporate debt securities	782	(862)
Equity securities	677,820	1,534,385
Equity mutual funds	373,792	443,330
	<u>\$ 1,118,544</u>	<u>\$ 1,961,392</u>

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Plan uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- Fixed income securities: Valued at prices for similar securities. Securities are traded on an active market, but are not traded on a daily basis.
- Corporate debt securities: Valued at prices for similar securities. Securities are traded on an active market, but are not traded on a daily basis.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

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

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 289,250	\$ -	\$ -	\$ 289,250
Fixed-income securities				
Treasury notes and bonds	-	1,151,737	-	1,151,737
Government agencies	-	911,670	-	911,670
Equity securities				
Basic industries	594,019	-	-	594,019
Business products	567,954	-	-	567,954
Capital goods	170,154	-	-	170,154
Consumer	1,320,538	-	-	1,320,538
Engery	335,742	-	-	335,742
Financial	698,051	-	-	698,051
Foreign	241,191	-	-	241,191
Healthcare	116,654	-	-	116,654
Housing	47,738	-	-	47,738
Industrial electronics	152,490	-	-	152,490
Transportation	299,146	-	-	299,146
Equity mutual funds				
Balanced	2,044,345	-	-	2,044,345
Foreign	582,669	-	-	582,669
Growth	928,266	-	-	928,266
	<u>\$ 8,388,207</u>	<u>\$ 2,063,407</u>	<u>\$ -</u>	<u>\$ 10,451,614</u>

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 351,455	\$ -	\$ -	\$ 351,455
Fixed-income securities				-
Treasury notes and bonds	-	721,619	-	721,619
Government agencies	-	1,839,943	-	1,839,943
Corporate debt securities	-	71,728	-	71,728
Equity securities				-
Basic industries	211,584	-	-	211,584
Business products	750,559	-	-	750,559
Capital goods	389,759	-	-	389,759
Consumer	1,215,628	-	-	1,215,628
Energy	186,485	-	-	186,485
Financial	180,501	-	-	180,501
Foreign	415,193	-	-	415,193
Housing	65,349	-	-	65,349
Industrial electronics	210,793	-	-	210,793
Transportation	248,531	-	-	248,531
Equity mutual funds				-
Balanced	342,974	-	-	342,974
Foreign	525,381	-	-	525,381
Growth	837,108	-	-	837,108
	<u>\$ 5,931,300</u>	<u>\$ 2,633,290</u>	<u>\$ -</u>	<u>\$ 8,564,590</u>

NOTE 5 – FEDERAL INCOME TAX STATUS

The Plan has obtained a favorable determination letter from the Internal Revenue Service to the effect that the Plan is exempt from Federal income taxes dated January 2, 2008. While the Plan has been amended since the determination letter, a new determination letter has not been received. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, the Plan was qualified and considered tax-exempt as of the financial statement date.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 6 – PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by **Exeter**. Exeter is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$83,487 and \$72,926 for the years ended December 31, 2010 and 2009, respectively. There are also indirect fees deducted directly from investment earnings of the Plan.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN: 31-1258121
PLAN 001
December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of issues, borrower, lessor or similar party.	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
*	SSGA Institutional Liquid Reserves	Money Market Fund, 0.20% interest	\$ 289,250	\$ 289,250
	FHLMC	Fixed Income Securities at 3.75% due 03/27/2019	203,670	212,210
	FHLMC	Fixed Income Securities at 6.75% due 03/15/2031	81,481	83,229
	FHLMC	Fixed Income Securities at 6.25% due 07/15/2032	27,450	28,095
	FNMA	Fixed Income Securities at 5.00% due 05/11/2017	179,807	185,023
	FNMA	Fixed Income Securities at 6.25% due 05/15/2029	76,541	79,746
	FNMA	Fixed Income Securities at 7.25% due 05/15/2030	85,538	87,528
	FNMA	Fixed Income Securities at 6.63% due 11/15/2030	80,063	82,015
	FNMA	Fixed Income Securities at 6.00% due 08/01/1937	153,730	153,824
	US Treasury Notes	Fixed Income Securities at 1.25% due 09/30/2015	856,311	826,636
	US Treasury Notes	Fixed Income Securities at 2.13% due 05/31/2015	<u>327,100</u>	<u>325,101</u>
			2,071,691	2,063,407
	American Express Co	Equity Securities	56,491	101,720
	Amphenol Corp	Equity Securities	25,175	32,724
	Autodesk, Inc.	Equity Securities	79,556	110,016
	Automatics Data Processing, Inc	Equity Securities	81,798	105,056
	Baker Hughes, Inc	Equity Securities	115,631	135,207
	Bank of New York Mellon Corp	Equity Securities	103,521	106,908
	Becton Dickinson & Co	Equity Securities	121,505	151,291
	Boeing Co	Equity Securities	85,043	87,448
	Boston Scientific Corp	Equity Securities	112,295	116,654
	Cerner Corp	Equity Securities	45,513	54,949
	Cisco Systems, Inc	Equity Securities	151,450	133,113
	Coca-Cola Co	Equity Securities	88,523	112,467
	Electronic Arts	Equity Securities	176,513	85,340
	EMC Corp	Equity Securities	28,122	52,441
	Fedex Corp	Equity Securities	84,380	104,171
	Flowserve Corp	Equity Securities	51,274	58,418
	General Mills, Inc	Equity Securities	29,878	42,708
	Google, Inc	Equity Securities	171,048	219,769
	Hess Corp	Equity Securities	144,448	200,535
	Home Depot, Inc.	Equity Securities	63,586	80,989
	Juniper Networks, Inc	Equity Securities	42,489	62,764
	Kellogg Co	Equity Securities	31,163	39,842
	Kraft Foods Inc	Equity Securities	92,017	97,996
	Kroger Co	Equity Securities	71,699	72,223
	Liberty Global	Equity Securities	51,062	55,547
	Martin Marietta Materials Inc	Equity Securities	55,213	59,034
	Mastercard Inc	Equity Securities	96,473	100,850
	Monsanto Co	Equity Securities	177,555	197,778

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN: 31-1258121
PLAN 001
December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of issues, borrower, lessor or similar party.	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Nestle Sa	Equity Securities	\$ 70,353	\$ 105,987
	Owens Illinois Inc	Equity Securities	50,700	53,725
	Qualcomm Inc	Equity Securities	94,104	119,766
	Safeway, Inc	Equity Securities	73,636	74,892
	Schlumberger	Equity Securities	98,857	128,590
	Schwab	Equity Securities	183,375	225,345
	Sherwin Williams Co	Equity Securities	31,846	47,738
	Southwest Airlines Co	Equity Securities	53,737	103,191
	The Walt Disney Co	Equity Securities	56,822	100,902
	Time Warner Inc	Equity Securities	149,298	156,990
	Unilever	Equity Securities	79,674	92,794
	United Parcel Service, Inc	Equity Securities	104,654	108,507
	Virgin Media Inc	Equity Securities	39,107	54,208
	Visa Inc	Equity Securities	113,487	107,681
	Vulcan Materials Co	Equity Securities	43,742	52,335
	Weatherford International Ltd	Equity Securities	100,769	135,204
	Western Union Co	Equity Securities	86,221	97,864
			<u>3,863,803</u>	<u>4,543,677</u>
*	Manning & Napier Core Plus Bond	Equity Mutual Funds	1,603,382	1,645,877
*	Manning & Napier Financial	Equity Mutual Funds	237,225	181,899
*	Manning & Napier High Yield Bond	Equity Mutual Funds	262,819	280,458
*	Manning & Napier International	Equity Mutual Funds	378,739	350,344
*	Manning & Napier Life Science Series	Equity Mutual Funds	305,784	327,155
*	Manning & Napier Real Estate	Equity Mutual Funds	89,631	111,673
*	Manning & Napier Small Cap Series Fund	Equity Mutual Funds	225,466	216,569
*	Manning & Napier Technology Series	Equity Mutual Funds	109,113	208,980
*	Manning & Napier World Opp Series	Equity Mutual Funds	209,580	232,325
			<u>3,421,739</u>	<u>3,555,280</u>
			<u>\$ 9,646,483</u>	<u>\$ 10,451,614</u>

* Represents a party-in-interest.

HARTZELL PROPELLER, INC.
DEFINED BENEFIT PENSION PLAN
SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
EIN: 31-1258121
PLAN 001

For the Year Ended December 31, 2010

(a) Identity of Party	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expenses Incurred in Transaction	(g) Cost of Asset	(h) Current Value of of Asset on Transaction Date	(i) Net Gain or (Loss)
* SSGA Institutional Liquid Reserves	Money Market Fund 1 purchase	\$ 1,164,003	N/A	N/A	N/A	\$ 1,164,003	\$ 1,164,003	N/A
* SSGA Institutional Liquid Reserves	Money Market Fund 1 sale	N/A	\$ 1,295,903	N/A	N/A	\$ 1,295,903	\$ 1,295,903	\$ -
* SSGA Institutional Government	Money Market Fund 78 purchases	\$ 5,108,822	N/A	N/A	N/A	\$ 5,108,822	\$ 5,108,822	N/A
* SSGA Institutional Government	Money Market Fund 58 sales	N/A	\$ 5,087,760	N/A	N/A	\$ 5,087,760	\$ 5,087,760	\$ -
* Manning & Napier	Core Plus Bond Series 1 purchase	\$ 1,295,903	N/A	N/A	N/A	\$ 1,295,903	\$ 1,295,903	N/A
* Manning & Napier	Core Plus Bond Series 2 purchases	\$ 1,519,470	N/A	N/A	N/A	\$ 1,519,470	\$ 1,519,470	N/A
* US Treasury Notes	2.625% due 06/30/2014 1 sale	N/A	\$ 1,161,115	N/A	N/A	\$ 1,138,000	\$ 1,161,115	\$ 23,115
* US Treasury Notes	2.625% due 06/30/2014 2 sales	N/A	\$ 1,277,359	N/A	N/A	\$ 1,252,000	\$ 1,277,359	\$ 25,359
* US Treasury Notes	1.250% due 09/30/2015 1 purchase	\$ 554,716	N/A	N/A	N/A	\$ 554,716	\$ 554,716	N/A

* Represents a party-in-interest.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number : 001
Line Number: 19

Schedule SB, line 19 - Discounted Employer Contributions.

<u>Date</u>	<u>Amount</u>	<u>Plan Year</u>	<u>Effective Interest Rate</u>	<u>Adjusted Contribution</u>
4/5/2010	\$ 222,073	2010	6.65%	\$ 218,421
7/12/2010	222,073	2010	6.65%	214,678
10/12/2010	222,073	2010	6.65%	211,222
1/10/2011	222,073	2010	6.65%	207,896
9/15/2011	130,000	2010	6.65%	116,492
Total	\$ 1,018,292			\$ 968,709

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number : 001
Line Number: 22

Schedule SB, line 22 - Description of Weighted Average Retirement Age

The weighted average retirement age is equal to the normal retirement age of 65.

(1)	(2)	(3)	(4)	(5)
Age	Rate	Number of People	Number Retiring (2) x (3)	Total Age (1) x (4)
65	1.0000	1,000.0	1,000.0	65,000.0
Total			1,000.0	65,000.0
Average Retirement Age				65.00

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods

A. Consistency of Methods and Assumptions

Unless stated to the contrary, the following methods and assumptions are consistent with those used in the previous valuation performed as of January 1, 2009. The methods and assumptions were updated effective January 1, 2008 to comply with the new requirements of the Pension Protection Act of 2006.

B. Actuarial Cost Method

As mandated by law, the actuarial cost method used to calculate the costs of the Plan for retirement, termination and surviving spouse's benefits is known as the Traditional Unit Credit Actuarial Cost Method. Under this method, each active participant's accrued benefit at the valuation date is calculated based on the terms of the plan and the actuarial assumptions. Vested benefits are determined as required under the law and regulations.

The Actuarial Accrued Liability is determined from the benefit based upon service accrued to the valuation date and compensation at the valuation date. The Normal Cost is determined from the difference between the Actuarial Accrued Liability using service and salary estimated to be earned at the end of the valuation year and the Actuarial Accrued Liability using service and salary earned at the beginning of the valuation year. Unfunded liabilities are amortized over 7 years as required under the law and regulations.

C. Benefit Limitations under IRC Section 415(b)

The benefit limitation imposed by section 415(b) of the Internal Revenue Code, relating to the maximum benefit under a defined benefit plan, has been taken into account. On this basis, the maximum annual projected benefit utilized in this valuation is \$195,000 for purposes of calculating funding costs.

D. Asset Valuation Method

Assets are held by Exeter (Trustee) and are valued at market value.

E. Participants Included in the Calculations

Based on employee data received from the Employer, all employees who are eligible for participation in the plan as of the valuation date are included in the calculations. Former employees, or their beneficiaries or contingent annuitants, where applicable, are also included if the employee data indicates that they are entitled to an immediate or deferred benefit under the provisions of the plan.

No liability is held for nonvested, inactive employees who have a break-in-service, or for employees who have quit or been terminated even if a break-in-service had not occurred as of the valuation date.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods

F. Actuarial Assumptions

1. *Mortality*

Target Liability

In calculating the target liability and at-risk liability, the 2010 static separate annuitant and non-annuitant Mortality Tables for Males & Females were used as prescribed by Notice 2008-85.

FAS 35 Accounting

Same as for Target Liability

PBGC Variable Rate Premium

Same as for Target Liability

Disabled lives

None.

2. *Withdrawal from service*

Termination

The T-3 Continuance Table per Actuary's Pension Handbook by Crocker, Sarason and Straight is used.

3. *Interest rates*

Target Liability

January 2010 segment rates: 4.60% for the first 5 years then 6.65% for the next 15 years then 6.76% after 20 years as prescribed by law.

Effective Rate

6.65% used for adjusting amounts to the valuation date.

ASC 960 Accounting

8.50% used for calculating FAS 35 accounting liabilities.

PBGC Variable Rate Premium

2.35% for the first 5 years then 5.65% for the next 15 years then 6.45% after 20 years as prescribed by law.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods

F. Actuarial Assumptions (continued)

4. *Compensation*

Salaries were assumed to increase each year at the rate of 3.00% of the prior year salary. A participant's Plan compensation is limited to a maximum of \$245,000 for the current year and future Plan years for benefit accrual purposes.

5. *Wage Base*

The Social Security Wage Base is assumed to increase at the rate of 4.00% per year.

6. *Retirement age*

The retirement age is 65 or the age on the valuation date if greater is assumed.

7. *Allowance for other expenses*

Administrative expenses are based on the prior year's actual administrative expenses rounded to the near \$1,000. The discount rates above are assumed to be net of investment expenses.

8. *Percentage married and age of spouse*

For purposes of the pre-retirement spouse's benefit, it is assumed that 80% of plan participants designated as hourly and 100% for all other participants will have an eligible surviving spouse. For hourly plan participants, males are assumed 3 years older than females. For all other participants, males and females are the same age.

9. *Form of payment*

Participants currently receiving benefit payments are assumed to continue receiving benefits in the optional form they elected upon retirement. All other participants are assumed to elect to receive a life annuity upon retirement.

Name of Plan Sponsor: Hartzell Propeller Inc.
 EIN: 31-1258121
 Plan Number: 001
 Line Number: Part V

Schedule SB, Part V - Statement of Actuarial Assumptions / Methods

F. Actuarial Assumptions (continued)

10. *Examples of the preceding assumptions*

MORTALITY				
Age	Annual Probabilities Per 100 Annuitants		Annual Probabilities Per 100 Annuitants	
	Male	Female	Male	Female
25	0.0292	0.0146	0.0292	0.0146
30	0.0392	0.0205	0.0392	0.0205
35	0.0682	0.0360	0.0682	0.0360
40	0.0883	0.0484	0.0883	0.0484
45	0.1087	0.0751	0.1713	0.0755
50	0.1358	0.1092	0.3926	0.1751
55	0.1875	0.2066	0.4262	0.3080
60	0.3259	0.3468	0.6230	0.5694
65	0.5323	0.5135	1.0559	0.9517
70	0.6800	0.6716	1.7175	1.5374
75	1.9744	1.5988	2.9771	2.4519
80	5.4259	4.0715	5.4259	4.0715

TERMINATION*	
Age	Annual Probability Per 100 Employees
25	5.27
30	4.84
35	4.48
40	3.85
45	3.23
50	1.53
55	0.34
60	0.00
* - Set to 0.0 if eligible for early retirement	

11. *Changes to the assumptions*

The mortality and discount rate assumptions for funding purposes have been updated as required by the Pension Protection Act of 2006.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Summary of Plan Provisions

A. Effective Date

The initial effective date of the Salaried Plan was December 8, 1977. The initial effective data of the Hourly Plan was January 1, 1980. Effective December 31, 2001, the Hourly Plan was merged into the Salaried Plan. The Plan was renamed the Hartzell Propeller Inc. Defined Benefit Pension Plan.

The plan was most recently restated as of January 1, 2006, adopted on January 24, 2007. The Plan was most recently amended in December 2009 for the Early Retirement Incentive Program.

B. Eligibility for Participation

Each eligible employee shall become a participation upon attainment of age 21 and completion of one Year of Service.

An eligible employee shall become a Participant as of the January 1 or July 1 immediately following the completion of the eligibility requirements.

C. Employee Contributions

None permitted.

D. Year of Vesting Service

One full year of service for each plan year with at least 1,000 hours of service. For the purpose of determining the vested status of a Participant, no partial credit is given.

E. Year of Benefit Service

Elapsed time beginning at date of hire rounded to the nearest 1/12th year.

F. Plan Year

Plan Year means the 12 consecutive month period commencing January 1 and ending December 31.

G. Average Monthly Compensation

A Participant's average compensation is the average of his earnings during the 5 consecutive plan years in the 10 plan years preceding termination which produces the highest average.

As used above, monthly earnings means compensation actually paid including bonuses, overtime, and any other additional compensation. Salary deferrals by reason of Code Sections 125, 401(k) and 132(f) shall also be included.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Summary of Plan Provisions

H. Normal and Deferred Retirement Benefit

1. *Eligibility requirements* - Attainment of age 65.
2. *Monthly pension* - The formula is as follows:
 - A. For former Salaried Plan Participants and employees participating after December 31, 2001:
 - i. 0.5% of Average Monthly Compensation times years of benefit service, plus 0.25% of Average Monthly Compensation above the current Covered Compensation times years of benefit service up to 35 years.
 - ii. For former Salaried Plan Participants only, if greater, the monthly amount, if any, determined under the Frozen Pre-1989 Formula and converted to the actuarially equivalent Normal Form as of the Freeze Date.
 - B. For former Hourly Plan Participants, the formula is i. plus ii. as follows:
 - i. 0.5% of Average Monthly Compensation times years of benefit service after 12/31/88, plus 0.25% of Average Monthly Compensation above the current Covered Compensation times years of benefit after 12/31/88 service up to 35 years (measured from date of hire).
 - ii. \$7 times years of benefit service prior to 1/1/89 less the actuarial equivalent of the participants 12/31/88 profit sharing account balance.
3. *Payment* - Commences on the first day of the month coinciding with or next following the date of retirement and is payable each month thereafter for the lifetime of the Participant.

I. Early Retirement Benefit

1. *Eligibility requirements* - A Participant must have attained age 55 and completed at least 5 Years of Vesting Service.
2. *Monthly pension* - The amount is calculated as in H. above based on service and compensation at termination and accrued under the fractional rule.
3. *Payment* - full retirement benefit commences at Normal Retirement Date. A reduced benefit may commence on the first day of any month coincident with or following the early retirement date. Payment continues during the lifetime of the retired Participant. The benefit payable prior to Normal Retirement Date is the accrued benefit payable at Normal Retirement Date, reduced by 1/180th for each of the first 60 months, and 1/360th for each of the next 60 months, that the benefit commencement date precedes Normal Retirement Date.

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: Part V

Schedule SB, Part V - Summary of Plan Provisions

J. Vested Retirement Benefit

1. *Eligibility requirements* - Participants are 100% vested in their accrued benefits after completion of five Years of Vesting Service.
2. *Monthly pension* - The amount is calculated as in H. above based on service and compensation at termination and accrued under the fractional rule.
3. *Payment* - Full vested benefit commences on the first day of the month coinciding with or next following attainment of normal retirement age. A reduced benefit may commence as of the first day of any month coincident with or next following Early Retirement Date. The benefit is reduced for each month that payment begins prior to Normal Retirement Date in accordance with the Early Retirement Benefit above. Payments continue monthly for the remainder of the Participant's lifetime.

K. Death Benefits

1. *Postretirement* - none, except through an option elected at retirement.
2. *Preretirement* - Each married active Participant with 5 or more years of vesting service and terminated vested married Participants have an automatic spouse's death benefit. A monthly income payable to the eligible surviving spouse is equal to 50% of the reduced monthly retirement benefit had the Participant survived to earliest retirement date and elected a 50% Joint and Survivor Option.

L. Optional Forms of Pension Available on Normal or Early Retirement

The normal form of benefit is a life annuity. The optional payment methods described below are the actuarial equivalent of the normal form otherwise payable as of a Participant's retirement date.

1. *Contingent annuitant option* - Participant receives a reduced pension commencing at actual retirement. Survivor receives 50% or 75% of the Participant's reduced pension for life commencing at the Participant's death.
2. *Period certain and life option* - pension is reduced and paid for the longer of Participant's life or 120 or 240 months depending on the certain period elected.

M. Plan Change

The Plan was amended for an Early Retirement Incentive Program for certain participants at least age 61 before December 31, 2009 and also terminated prior to December 31, 2009.

Name of Plan Sponsor: Hartzell Propeller Inc.
 EIN: 31-1258121
 Plan Number: 001
 Line Number: 26

Schedule SB, line 26 - Schedule of Active Participant Data

Age	Years of Credited Service										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 +	
Under 25	0	4	2	0	0	0	0	0	0	0	6
25-29	0	12	6	0	0	0	0	0	0	0	18
30-34	0	15	2	3	1	0	0	0	0	0	21
35-39	0	14	5	16	4	0	0	0	0	0	39
40-44	0	13	5	19	6	4	0	0	0	0	47
45-49	0	12	5	8	9	11	3	1	0	0	49
50-54	0	9	7	6	6	31	1	4	0	0	64
55-59	0	1	3	5	3	16	2	1	3	0	34
60-64	0	2	2	2	0	8	1	1	2	0	18
65-69	0	0	0	0	0	0	0	0	0	0	0
70 & up	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total	0	82	37	60	29	70	7	7	5	0	297

Average completed years of service: 15.3 Average age: 45.8 years

Name of Plan Sponsor: Hartzell Propeller Inc.
EIN: 31-1258121
Plan Number: 001
Line Number: 32

Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of		Amortization Period Remaining	Amortization Installment
	Remaining Installments	Valuation Date Established		
Shortfall	1,722,551	1/1/2009	6	324,770
Shortfall	619,999	1/1/2010	7	103,618

Name of Plan Sponsor:	Hartzell Propeller Inc.
EIN:	31-1258121
Plan Number:	001
Line Number:	4i

The required Schedule of Assets and/or Schedule of Reportable Transactions is included in the Accountant's audit report attachment.

Name of Plan Sponsor:	Hartzell Propeller Inc.
EIN:	31-1258121
Plan Number:	001
Line Number:	4i

The required Schedule of Assets and/or Schedule of Reportable Transactions is included in the Accountant's audit report attachment.

Name of Plan Sponsor:	Hartzell Propeller Inc.
EIN:	31-1258121
Plan Number:	001
Line Number:	4i

The required Schedule of Assets and/or Schedule of Reportable Transactions is included in the Accountant's audit report attachment.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

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

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Hartzell Propeller Inc. Defined Benefit Pension Plan	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Hartzell Propeller Inc.	D Employer Identification Number (EIN) 31-1258121
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other	
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2 Assets:		
a Market value	2a	9,085,790
b Actuarial value	2b	9,085,790
3 Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a 123	4,588,782
b For terminated vested participants	3b 90	1,003,402
c For active participants:		
(1) Non-vested benefits	3c(1)	272,842
(2) Vested benefits	3c(2)	6,039,495
(3) Total active	3c(3) 297	6,312,337
d Total	3d 510	11,904,521
4 If the plan is at-risk, check the box and complete items (a) and (b) ☒		
a Funding target disregarding prescribed at-risk assumptions	4a	11,760,578
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b	12,480,295
5 Effective interest rate	5	6.65 %
6 Target normal cost	6	540,212

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Bret G. Johantgen

Type or print name of actuary

EBS-RMSCO, Inc.

Firm name

30 Perinton Hills Mall

Fairport

Address of the firm

NY 14450

10-12-2011

Date

11-06040

Most recent enrollment number

(585) 421-4400

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>31.78</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		421
b Interest on (a) using prior year's effective rate of <u>8.01</u> %		34
c Total available at beginning of current plan year to add to prefunding balance		455
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	77.26 %
15 Adjusted funding target attainment percentage	15	77.26 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	73.44 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/05/2010	222,073				
07/12/2010	222,073				
10/12/2010	222,073				
01/10/2011	222,073				
09/09/2011	130,000				
Totals ▶			18(b)	1,018,292	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 968,832

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	540,212
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	2,342,550	428,388
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	968,600
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	968,600
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	968,832
38 Interest-adjusted excess contributions for current year (see instructions)	38	232
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Name of Plan Sponsor:	Hartzell Propeller Inc.
EIN:	31-1258121
Plan Number:	001
Line Number:	4

Schedule SB, line 4 – Additional Information for Plans in At-Risk Status.

Since the plan's actuarial equivalence produces results within a de minimis amount of the funding assumptions, a life annuity was valued as the optional form of payment.