

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), 6057(b), 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 2011 This Form is Open to Public Inspection
---	--	---

Part I	Annual Report Identification Information		
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011			
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 GESC 401(K) PLAN	1b Three-digit plan number (PN) ▶	001	
	1c Effective date of plan	07/01/2000	
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) GATEWAY ENERGY SERVICES CORPORATION 400 RELLA BLVD STE 300 MONTEBELLO, NY 10901	2b Employer Identification Number (EIN)	13-3948227	
	2c Sponsor's telephone number	845-503-5100	
	2d Business code (see instructions)	454319	

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.	08/08/2012	SOPHIA DORRY
	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") GATEWAY ENERGY SERVICES CORPORATION 400 RELLA BLVD STE 300 MONTEBELLO, NY 10901	3b Administrator's EIN 13-3948227 3c Administrator's telephone number 845-503-5100
---	---

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	287
---	----------	-----

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	224
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	170
d Subtotal. Add lines 6a , 6b , and 6c	6d	394
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	394
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	297
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2T 3D 3H

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

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(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 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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>GESC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>GATEWAY ENERGY SERVICES CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3948227</u>

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
FID.INV.INST.OPS.CO.

04-2647786

(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)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
64 65 37 60	RECORDKEEPER	7643	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

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

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

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

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)

(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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>ALLNZ NfJ DIV VAL AD - BOSTON FINAN</p> <p>04-2526037</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.35%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>ALLNZ NfJ SMCpVAL AD - BOSTON FINAN</p> <p>04-2526037</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.35%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>MSIF MID CAP GRTH P - MORGAN STANLE</p> <p>13-3799749</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.35%</p>		

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
PIMCO TOT RETURN ADM - BOSTON FINAN	0.26%	
04-2526037		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		
RAINIER LARGE CAP EQ - US BANCORP F	0.40%	
39-0281260		
<div style="text-align: center;">(a) Enter service provider name as it appears on line 2</div>		
<div style="text-align: center;">(d) Enter name and EIN (address) of source of indirect compensation</div>		

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

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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan GESC 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 GATEWAY ENERGY SERVICES CORPORATION	D Employer Identification Number (EIN) 13-3948227	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	254976	278440
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	161095	115311
(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)	4362376	4847387
(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	4778447	5241138

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	4778447	5241138
---	-----------	---------	---------

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)	471695	
(B) Participants	2a(1)(B)	800812	
(C) Others (including rollovers)	2a(1)(C)	6795	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1279302

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	27	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	5351	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		5378

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	143906	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		143906

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

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

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(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)		-312498
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1116088

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	645670	
(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)		645670
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)		
(4) Other	2i(4)	7727	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		7727
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		653397

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		462691
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: GOLDSTEIN, KARLEWICZ & GOLDSTEIN, LLP

(2) EIN: 13-3692922

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		600000
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: 0

- 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 2011 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>GESC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>GATEWAY ENERGY SERVICES CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3948227</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
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): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

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

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT

To the Administrator of the
GESG 401(k) Plan
400 Rella Boulevard, Suite 300
Montebello, New York 10901

We were engaged to audit the accompanying statements of net assets available for benefits (cash basis) of the GESG 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits (cash basis) for the year ended December 31, 2011, and the supplemental schedule of Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4 which was certified by Fidelity Management Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. The Plan Administrator has obtained certifications from the custodian as of December 31, 2011 and 2010 and for the year ended December 31, 2011 that the information provided to the Plan Administrator by the custodian is complete and accurate.

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

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole on the basis of accounting described in Note 2. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with the basis of accounting described in Note 2 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.


Certified Public Accountants

Chestnut Ridge, New York
July 19, 2012

GESC 401(K) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

GESC 401(K) PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Statements of Net Assets Available for Benefits (Cash Basis)	2
Statement of Changes in Net Assets Available for Benefits (Cash Basis)	3
Notes to Financial Statements	4 - 8
Supplementary Information:	
Schedule H, Line 4i: Schedule of Assets (Held at End of Year)	9

GESC 401(K) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (CASH BASIS)
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets:</u>		
Investments, at Fair Value:		
Cash Equivalents:		
Fidelity Retirement Government Money Market Fund	\$ 278,440	\$ 254,976
Shares of Registered Investment Companies:		
Fidelity Capital and Income	63,502	41,897
Fidelity Leveraged Company Stock	17,225	24,621
Fidelity Disciplined Equity	48,511	33,434
Fidelity Emerging Markets	48,075	50,086
Fidelity Growth Discovery	73,564	58,814
Fidelity Freedom Income	7,960	7,340
Spartan Extended Market Index	76,177	62,644
Spartan International Index	19,431	28,992
Fidelity Freedom 2000	80,948	63,999
Fidelity Freedom 2005	51	-
Fidelity Freedom 2010	29,270	31,957
Fidelity Freedom 2015	166,005	108,170
Fidelity Freedom 2020	310,496	253,265
Fidelity Freedom 2025	145,301	106,337
Fidelity Freedom 2030	432,209	294,680
Fidelity Freedom 2035	294,310	198,762
Fidelity Freedom 2040	148,467	107,263
Fidelity Freedom 2045	93,646	76,737
Fidelity Freedom 2050	68,243	39,222
Rainier Large Cap Equity	30,319	26,278
Fidelity Balanced Fund	375,781	327,813
Fidelity Select Technology Fund	247,068	243,045
Morgan Stanley Institutional Fund Trust Mid Cap Growth	175,267	178,569
Fidelity International Discovery Fund	330,661	447,608
PIMCO Total Return Fund	176,028	221,969
Spartan U.S. Equity Index	215,181	200,461
Allianz NFJ Small Cap Value Fund	266,213	268,871
Allianz NFJ Dividend Value Fund Admin Class	345,246	356,995
Fidelity Government Income Fund	384,991	304,527
Fidelity Independence Fund	177,241	198,020
Participants' Notes Receivable	<u>115,311</u>	<u>161,095</u>
Total Assets	5,241,138	4,778,447
<u>Liabilities</u>	<u>-</u>	<u>-</u>
Net Assets Available for Benefits	<u>\$ 5,241,138</u>	<u>\$ 4,778,447</u>

The Accompanying Notes are an Integral
Part of the Financial Statements.

GESC 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011

Additions (Deductions) to Net Assets Attributed to:

Investment Income (Loss):

Net Depreciation in Fair Value of Investments	\$	(312,498)
Dividends and Capital Gains		143,906

Interest:

Investments	\$	27
Participants' Notes		<u>5,351</u>

Total Interest		<u>5,378</u>
----------------	--	--------------

Total Investment Loss		(163,214)
-----------------------	--	-----------

Contributions:

Participants		800,812
Employer		471,695
Rollover		<u>6,795</u>

Total Contributions		<u>1,279,302</u>
---------------------	--	------------------

Total Additions		1,116,088
-----------------	--	-----------

Deductions From Net Assets Attributed to:

Benefits Paid to Participants or Beneficiaries		645,670
Administrative Expenses		<u>7,727</u>

Total Deductions		<u>653,397</u>
------------------	--	----------------

Increase in Net Assets		462,691
------------------------	--	---------

Net Assets Available for Benefits - Beginning of Year		<u>4,778,447</u>
---	--	------------------

Net Assets Available for Benefits - End of Year	\$	<u>5,241,138</u>
---	----	------------------

The Accompanying Notes are an Integral
Part of the Financial Statements.

GESC 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1 - Description of Plan:

The GESC 401(k) Plan (the "Plan") is the 401(k) Plan for Gateway Energy Services Corporation (the "Company"). The following description of the Plan provides only general information. The Plan Document together with the Standardized Adoption Agreement should be consulted for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all of the Company's non-union employees who are age twenty-one or older and have completed .5 years of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Employees enter the Plan on the first day of the month following completion of the eligibility requirements.

Contributions - Each year participants may contribute from 1% to 25% of taxable wages not to exceed the maximum allowed by law. Participants may also contribute distributions from other qualified plans ("rollovers"). The Company may make discretionary profit sharing contributions to the account of each participant in an amount determined by management, provided the participant is an active participant at least one day of the Plan year and has completed 500 or more hours of service during that Plan year. For the year ended December 31, 2011, the Company has not elected to make a profit-sharing contribution. The Plan constitutes a Safe Harbor Plan, which requires a Safe Harbor Company match in an amount equal to 100% of the portion of participants' elective deferrals which do not exceed 3% of plan compensation plus 50% of the portion of participants' elective deferrals in excess of 3% but not in excess of 6% of plan compensation. All contributions are participant directed and are invested in any of thirty mutual funds and a money market account. Participants may redirect their investments in accordance with uniform and nondiscriminatory rules established by the Plan Administrator or other Fiduciary.

Participant Accounts - Each participant's account is credited with the participant's contribution and allocations of the Company's discretionary and matching contributions and Plan earnings, and is charged with the participant's withdrawals or distributions and an allocation of administrative expenses. Allocations are based on participant account balances as defined. The benefit to which a participant is entitled is the participant's vested account balance.

Vesting - Participants are immediately vested in their own contributions plus earnings thereon and in employer profit sharing contributions. Under the Safe Harbor Plan provisions, participants are 100% vested in amounts attributed as Safe Harbor employer matching contributions. In order for participants to have earned a year of vesting credit in the Company's matching contributions made prior to the Safe Harbor, they must have completed 1,000 hours of service. A participant is 50% vested in these matching contributions after 1 year of credited service and 100% vested after 2 years of credited service.

GESC 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

Note 1 - Description of Plan (Continued):

Participants' Notes Receivable - Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loans require repayment within 5 years or longer if for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest equal to the prevailing interest rates. Principal and interest must be paid ratably through payroll deductions or otherwise in at least equal quarterly installments.

Payments of Benefits - Upon separation from service including death, disability or normal retirement, a participant or beneficiary generally may elect to rollover benefits into an individual retirement account or receive a lump sum or installment form of payment in an amount equal to the value of the participant's vested interest in his or her account as dictated by provisions of the Plan.

Investments - Investments that represent 5% or more of the Plan's net assets as of December 31, 2011 or 2010, respectively, are separately identified as follows:

	<u>2011</u>	<u>2010</u>
Fidelity Retirement Government Money		
Market Fund	\$ 278,440	\$ 254,976
Fidelity Freedom 2020	310,496	253,265
Fidelity Freedom 2030	432,209	294,680
Fidelity Freedom 2035	294,310	*
Fidelity Balanced Fund	375,781	327,813
Fidelity Select Technology Fund	*	243,045
Fidelity International Discovery Fund	330,661	447,608
Allianz NFJ Small Cap Value Fund	266,213	268,871
Allianz NFJ Dividend Value Fund Admin Class	345,246	356,995
Fidelity Government Income Fund	384,991	304,527

*-Investments are not 5% or more of plan net assets

Forfeited Accounts - Forfeited balances of terminated participants' nonvested accounts are used first for payment of administrative expenses and then to reduce future Company contributions. There were no forfeitures during the year ended December 31, 2011. As of December 31, 2011, forfeitures available to reduce future employer contributions totaled \$3,190.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting - The financial statements of the Plan are prepared using the cash basis of accounting. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

GESC 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

Note 2 - Summary of Significant Accounting Policies (Continued):

Accounting Estimates - The preparation of financial statements in conformity with the cash basis of accounting requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Shares of the registered investment companies are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Participant notes receivable are valued at cost which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when received. Dividends are recorded on the ex-dividend date.

Expenses - Professional fees and other administrative expenses are paid by the Plan, unless paid by the Company.

Payments of Benefits - Benefits are recorded when paid.

Accounting for Uncertainty in Income Taxes - FASB ASC Topic 740, Subtopic 10 prescribes a comprehensive model for how a plan should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the plan has taken or expects to take on a tax return. The Plan recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There was no impact to the Plan's financial statements as a result of FASB ASC Topic 740, Subtopic 10.

Subsequent Events - The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure. The accompanying financial statements consider events through July 19, 2012, the date the financial statements were available to be issued.

Note 3 - Related Party Transactions:

As of December 31, 2011, Plan assets include funds held in registered investment companies managed by Fidelity Management Trust Company, the custodian of the Plan. Therefore, these transactions qualify as party-in-interest.

Note 4 - Information Prepared and Certified by Custodian:

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by Fidelity Management Trust Company, the custodian.

	<u>2011</u>	<u>2010</u>
<u>Fair Value of Interest in:</u>		
Cash Equivalents	\$ 278,440	\$ 254,976
Registered Investment Companies	<u>4,847,387</u>	<u>4,362,376</u>
Total	<u>\$ 5,125,827</u>	<u>\$ 4,617,352</u>

GESC 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

Note 5 - Fair Value Measurements:

FASB ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements - The fair value of Cash Equivalents are based on money market cash balances held by the Plan at year-end. The fair value of Registered Investment Companies is stated at unadjusted quoted prices in active markets for identical assets.

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit:

Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>December 31, 2011:</u>		
Cash Equivalents	\$ 278,440	\$ 278,440
Registered Investment Companies	<u>4,847,387</u>	<u>4,847,387</u>
Total	<u>\$ 5,125,827</u>	<u>\$ 5,125,827</u>

Fair Value Measurements Using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>December 31, 2010:</u>		
Cash Equivalents	\$ 254,976	\$ 254,976
Registered Investment Companies	<u>4,362,376</u>	<u>4,362,376</u>
Total	<u>\$ 4,617,352</u>	<u>\$ 4,617,352</u>

Note 6 - Plan Termination:

Although it has not expressed any intent to do so, the Company has the right, under the Plan Document, to terminate the Plan upon written notification to the custodian, Plan Administrator, Prototype Sponsor, participants and beneficiaries of deceased participants, subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

GESC 401(K) PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011 AND 2010

Note 7 - Tax Status:

The Plan utilizes a prototype plan document and relies on the opinion letter issued to the prototype document sponsor. The prototype document sponsor received an opinion letter on March 31, 2008, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since the prototype document sponsor received the opinion letter. However, the Company believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code and that, therefore, the Plan qualifies under Section 401(a) and the related trust is tax exempt as of December 31, 2011 and 2010. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Note 8 - Commitments:

As of December 31, 2011, the Plan owed \$910,259 to terminated employees.

Note 9 - Current Vulnerability Due to Concentrations of Risk:

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

Note 10 - Subsequent Events:

On January 1, 2012, in conjunction with Direct Energy's May 2011 acquisition of the Company, the GESC 401(k) Plan was merged into the Direct Energy US 401(k) Plan. The transferred net assets have been recognized in the accounts of the Direct Energy US 401(k) Plan as of January 3, 2012, at balances previously carried in the accounts of the GESC 401(k) Plan.

GESC 401(K) PLAN
SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2011

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
Employer Identification Number 13-3948227
Plan Number 001

(a)	(b) <u>Identity of Issuer/Borrower</u>	(c)	(d) <u>Cost</u>	(e) <u>Current Value</u>
		<u>Description of Investment</u> <u>(Rate of Interest)</u>		
*	Fidelity Retirement Government Money Market Fund	Money Market Fund	NR	\$ 278,440
*	Fidelity Capital and Income	Registered Investment Co.	NR	63,502
*	Fidelity Leveraged Company Stock	Registered Investment Co.	NR	17,225
*	Fidelity Disciplined Equity	Registered Investment Co.	NR	48,511
*	Fidelity Emerging Markets	Registered Investment Co.	NR	48,075
*	Fidelity Growth Discovery	Registered Investment Co.	NR	73,564
*	Fidelity Freedom Income	Registered Investment Co.	NR	7,960
*	Spartan Extended Market Index	Registered Investment Co.	NR	76,177
*	Spartan International Index	Registered Investment Co.	NR	19,431
*	Fidelity Freedom 2000	Registered Investment Co.	NR	80,948
*	Fidelity Freedom 2005	Registered Investment Co.	NR	51
*	Fidelity Freedom 2010	Registered Investment Co.	NR	29,270
*	Fidelity Freedom 2015	Registered Investment Co.	NR	166,005
*	Fidelity Freedom 2020	Registered Investment Co.	NR	310,496
*	Fidelity Freedom 2025	Registered Investment Co.	NR	145,301
*	Fidelity Freedom 2030	Registered Investment Co.	NR	432,209
*	Fidelity Freedom 2035	Registered Investment Co.	NR	294,310
*	Fidelity Freedom 2040	Registered Investment Co.	NR	148,467
*	Fidelity Freedom 2045	Registered Investment Co.	NR	93,646
*	Fidelity Freedom 2050	Registered Investment Co.	NR	68,243
*	Rainier Large Cap Equity	Registered Investment Co.	NR	30,319
*	Fidelity Balanced Fund	Registered Investment Co.	NR	375,781
*	Fidelity Select Technology Fund	Registered Investment Co.	NR	247,068
*	Morgan Stanley Institutional Fund Trust Mid Cap Growth	Registered Investment Co.	NR	175,267
*	Fidelity International Discovery Fund	Registered Investment Co.	NR	330,661
*	PIMCO Total Return Fund	Registered Investment Co.	NR	176,028
*	Spartan U.S. Equity Index	Registered Investment Co.	NR	215,181
*	Allianz NFJ Small Cap Value Fund	Registered Investment Co.	NR	266,213
*	Allianz NFJ Dividend Value Fund Admin Class	Registered Investment Co.	NR	345,246
*	Fidelity Government Income Fund	Registered Investment Co.	NR	384,991
*	Fidelity Independence Fund	Registered Investment Co.	NR	177,241
	Participants' Notes Receivable	Interest Rates (3.25% - 8.25%)	0	115,311
		Total		\$ 5,241,138

* - Party-in-interest
NR- Not Required

The Accompanying Notes are an Integral
Part of the Financial Statements.

GESC 401(K) PLAN
SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2011

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
Employer Identification Number 13-3948227
Plan Number 001

(a)	(b) <u>Identity of Issue/Borrower</u>	(c) <u>Description of Investment</u> <u>(Rate of Interest)</u>	(d) <u>Cost</u>	(e) <u>Current Value</u>
*	Fidelity Retirement Government Money Market Fund	Money Market Fund	NR	\$ 278,440
*	Fidelity Capital and Income	Registered Investment Co.	NR	63,502
*	Fidelity Leveraged Company Stock	Registered Investment Co.	NR	17,225
*	Fidelity Disciplined Equity	Registered Investment Co.	NR	48,511
*	Fidelity Emerging Markets	Registered Investment Co.	NR	48,075
*	Fidelity Growth Discovery	Registered Investment Co.	NR	73,564
*	Fidelity Freedom Income	Registered Investment Co.	NR	7,960
*	Spartan Extended Market Index	Registered Investment Co.	NR	76,177
*	Spartan International Index	Registered Investment Co.	NR	19,431
*	Fidelity Freedom 2000	Registered Investment Co.	NR	80,948
*	Fidelity Freedom 2005	Registered Investment Co.	NR	51
*	Fidelity Freedom 2010	Registered Investment Co.	NR	29,270
*	Fidelity Freedom 2015	Registered Investment Co.	NR	166,005
*	Fidelity Freedom 2020	Registered Investment Co.	NR	310,496
*	Fidelity Freedom 2025	Registered Investment Co.	NR	145,301
*	Fidelity Freedom 2030	Registered Investment Co.	NR	432,209
*	Fidelity Freedom 2035	Registered Investment Co.	NR	294,310
*	Fidelity Freedom 2040	Registered Investment Co.	NR	148,467
*	Fidelity Freedom 2045	Registered Investment Co.	NR	93,646
*	Fidelity Freedom 2050	Registered Investment Co.	NR	68,243
*	Rainier Large Cap Equity	Registered Investment Co.	NR	30,319
*	Fidelity Balanced Fund	Registered Investment Co.	NR	375,781
*	Fidelity Select Technology Fund	Registered Investment Co.	NR	247,068
*	Morgan Stanley Institutional Fund Trust Mid Cap Growth	Registered Investment Co.	NR	175,267
*	Fidelity International Discovery Fund	Registered Investment Co.	NR	330,661
*	PIMCO Total Return Fund	Registered Investment Co.	NR	176,028
*	Spartan U.S. Equity Index	Registered Investment Co.	NR	215,181
*	Allianz NFJ Small Cap Value Fund	Registered Investment Co.	NR	266,213
*	Allianz NFJ Dividend Value Fund Admin Class	Registered Investment Co.	NR	345,246
*	Fidelity Government Income Fund	Registered Investment Co.	NR	384,991
*	Fidelity Independence Fund	Registered Investment Co.	NR	177,241
	Participants' Notes Receivable	Interest Rates (3.25% - 8.25%)	0	115,311
Total				<u>\$ 5,241,138</u>

* - Party-in-interest
NR- Not Required

The Accompanying Notes are an Integral
Part of the Financial Statements.