

**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.**

Official Use Only

OMB No. 1210-0110

**2003**

**This Form is Open to  
Public Inspection.**

For calendar year 2003 or fiscal plan year beginning and ending

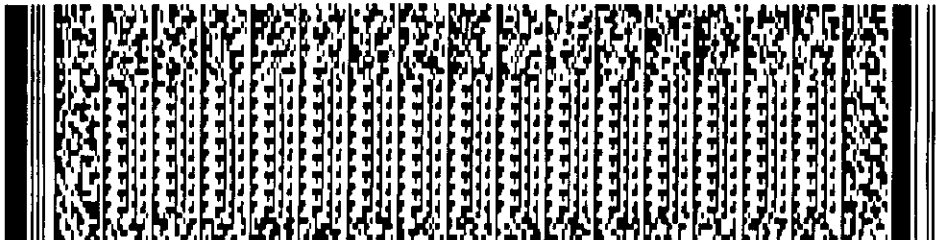
<b>A</b> Name of plan THE PACE INDUSTRY 401K PLAN	<b>B</b> Three-digit plan number 001
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 THE BOARD OF TRUSTEES THE PACE INDUSTRY 401K PLAN	<b>D</b> Employer Identification Number 62-1564649

**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.

<b>Assets</b>		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash	<b>a</b>	2229	162147
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions	<b>b(1)</b>	127992	195388
<b>(2)</b> Participant contributions	<b>b(2)</b>	405591	530812
<b>(3)</b> Other	<b>b(3)</b>		
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (incl. money market accounts and certificates of deposit)	<b>c(1)</b>	546924	899003
<b>(2)</b> U.S. Government securities	<b>c(2)</b>		
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred	<b>c(3)(A)</b>		
<b>(B)</b> All other	<b>c(3)(B)</b>		
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred	<b>c(4)(A)</b>		
<b>(B)</b> Common	<b>c(4)(B)</b>		
<b>(5)</b> Partnership/joint venture interests	<b>c(5)</b>		
<b>(6)</b> Real estate (other than employer real property)	<b>c(6)</b>		
<b>(7)</b> Loans (other than to participants)	<b>c(7)</b>		
<b>(8)</b> Participant loans	<b>c(8)</b>	4437657	4751042
<b>(9)</b> Value of interest in common/collective trusts	<b>c(9)</b>	33077428	37354852
<b>(10)</b> Value of interest in pooled separate accounts	<b>c(10)</b>		
<b>(11)</b> Value of interest in master trust investment accounts	<b>c(11)</b>		
<b>(12)</b> Value of interest in 103-12 investment entities	<b>c(12)</b>		
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds)	<b>c(13)</b>	42812369	59010543
<b>(14)</b> Value of funds held in insurance co. general account (unallocated contracts)	<b>c(14)</b>		
<b>(15)</b> Other	<b>c(15)</b>		

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		(a) Beginning of Year	(b) End of Year
<b>d</b>	Employer-related investments:		
(1)	Employer securities		
(2)	Employer real property		
<b>e</b>	Buildings and other property used in plan operation		
<b>f</b>	Total assets (add all amounts in lines 1a through 1e)	81410190	102903787
<b>Liabilities</b>			
<b>g</b>	Benefit claims payable		
<b>h</b>	Operating payables	848899	1032165
<b>i</b>	Acquisition indebtedness		
<b>j</b>	Other liabilities		
<b>k</b>	Total liabilities (add all amounts in lines 1g through 1j)	848899	1032165
<b>Net Assets</b>			
<b>l</b>	Net assets (subtract line 1k from line 1f)	80561291	101871622

**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.

		(a) Amount	(b) Total
<b>Income</b>			
<b>a</b>	Contributions:		
(1)	Received or receivable in cash from:		
	(A) Employers	3618899	
	(B) Participants	9861801	
	(C) Others (including rollovers)		
(2)	Noncash contributions		
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)		13480700
<b>b</b>	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)		
	(B) U.S. Government securities		
	(C) Corporate debt instruments:		
	(D) Loans (other than to participants)		
	(E) Participant loans		
	(F) Other	979966	
	(G) Total interest. Add lines 2b(1)(A) through (F)		979966
(2)	Dividends:		
	(A) Preferred stock		
	(B) Common stock		
	(C) Total dividends. Add lines 2b(2)(A) and (B)		0
(3)	Rents		
(4)	Net gain (loss) on sale of assets:		
	(A) Aggregate proceeds		
	(B) Aggregate carrying amount (see instructions)		
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result		0

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	(a) Amount	(b) Total
<b>(5) Unrealized appreciation (depreciation) of assets:</b>		
<b>(A) Real estate</b> .....	<b>b(5)(A)</b>	
<b>(B) Other</b> .....	<b>b(5)(B)</b>	
<b>(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)</b> .....	<b>b(5)(C)</b>	0
<b>(6) Net investment gain (loss) from common/collective trusts</b> .....	<b>b(6)</b>	11819196
<b>(7) Net investment gain (loss) from pooled separate accounts</b> .....	<b>b(7)</b>	
<b>(8) Net investment gain (loss) from master trust investment accounts</b> .....	<b>b(8)</b>	
<b>(9) Net investment gain (loss) from 103-12 investment entities</b> .....	<b>b(9)</b>	
<b>(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)</b> .....	<b>b(10)</b>	
<b>c Other income</b> .....	<b>c</b>	
<b>d Total income. Add all income amounts in column (b) and enter total</b> .....	<b>d</b>	26279862
<b>Expenses</b>		
<b>e Benefit payment and payments to provide benefits:</b>		
<b>(1) Directly to participants or beneficiaries, including direct rollovers</b> .....	<b>e(1)</b>	5078790
<b>(2) To insurance carriers for the provision of benefits</b> .....	<b>e(2)</b>	
<b>(3) Other</b> .....	<b>e(3)</b>	
<b>(4) Total benefit payments. Add lines 2e(1) through (3)</b> .....	<b>e(4)</b>	5078790
<b>f Corrective distributions (see instructions)</b> .....	<b>f</b>	
<b>g Certain deemed distributions of participant loans (see instructions)</b> .....	<b>g</b>	
<b>h Interest expense</b> .....	<b>h</b>	
<b>i Administrative expenses:</b>		
<b>(1) Professional fees</b> .....	<b>i(1)</b>	433918
<b>(2) Contract administrator fees</b> .....	<b>i(2)</b>	
<b>(3) Investment advisory and management fees</b> .....	<b>i(3)</b>	
<b>(4) Other</b> .....	<b>i(4)</b>	
<b>(5) Total administrative expenses. Add lines 2i(1) through (4)</b> .....	<b>i(5)</b>	433918
<b>j Total expenses. Add all expense amounts in column (b) and enter total</b> .....	<b>j</b>	5512708
<b>Net Income and Reconciliation</b>		
<b>k Net income (loss) (subtract line 2j from line 2d)</b> .....	<b>k</b>	20767154
<b>l Transfers of assets</b> .....		
<b>(1) To this plan</b> .....	<b>l(1)</b>	543177
<b>(2) From this plan</b> .....	<b>l(2)</b>	

**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) 62-1199757  
 LATTIMORE, BLACK, MORGAN & CAIN, PC
- d** The opinion of an independent qualified public accountant is **not attached** because:  
 (1)  the Form 5500 is filed for a CCT, PSA or MTIA. (2)  opinion will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

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Part IV Transactions During Plan Year

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, or 5. 103-12 IEs also do not complete 4j.

During the plan year:

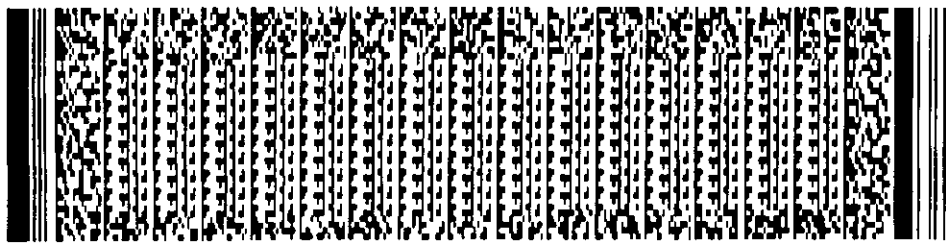
	Yes	No	Amount
a Did the employer fail to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (see instructions and DOL's Voluntary Fiduciary Correction Program)	X		429572
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of 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 on line 4d.)		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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	

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)

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**PACE INDUSTRY 401(K) FUND**

**Financial Statements and Supplemental Schedules**

**December 31, 2003 and 2002**

**(With Independent Auditors' Report Thereon)**



**LATTIMORE BLACK MORGAN & CAIN, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

**PACE INDUSTRY 401(K) FUND**

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## Independent Auditors' Report

**The Board of Trustees  
PACE Industry 401(k) Fund:**

We have audited the accompanying statement of net assets available for benefits of PACE Industry 401(k) Fund (the "Fund") as of December 31, 2003, and the related statement of changes in net assets available for benefits for the year then ended and the supplemental schedules as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based upon our audit. The financial statements of PACE Industry 401(k) Fund as of December 31, 2002 were audited by other auditors whose report dated March 28, 2003, expressed an unqualified opinion on those statements.

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

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of PACE Industry 401(k) Fund as of December 31, 2003, and the changes in its net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the 2003 financial statements taken as a whole. The supplemental schedules are presented for additional analysis and are not a required part of the basic 2003 financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in the audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lattimore, Black, Morgan & Cain, P.C.*

**Brentwood, Tennessee  
June 3, 2004**

**Nashville**

LBMC Financial Center • 5250 Virginia Way  
P.O. Box 1869 • Brentwood, TN 37024-1869  
615-377-4600 • Fax 615-309-2500

[www.lbmc.com](http://www.lbmc.com)

**Knoxville**

9125 Cross Park Drive, Suite 200  
Knoxville, TN 37923-4553  
865-694-4008 • Fax 865-694-8231

**PACE INDUSTRY 401(K) FUND**

**Statements of Net Assets Available for Benefits**

**December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets:</b>		
<b>Investments, at fair value:</b>		
Cash and cash equivalents	\$ 1,061,150	\$ 549,153
Mutual funds	59,010,543	42,812,369
Interest in collective trust funds	37,354,852	33,077,427
Participant notes receivable	<u>4,751,042</u>	<u>4,437,658</u>
	<u>102,177,587</u>	<u>80,876,607</u>
<b>Receivables:</b>		
Employer contributions	195,388	127,992
Participant contributions	<u>530,812</u>	<u>405,591</u>
<b>Total receivables</b>	<u>726,200</u>	<u>533,583</u>
<b>Total assets</b>	<u>102,903,787</u>	<u>81,410,190</u>
<b>Liabilities:</b>		
Accounts payable	31,070	121,051
Payable to PACE Industry Union Management Pension Fund	<u>1,001,095</u>	<u>727,848</u>
<b>Total liabilities</b>	<u>1,032,165</u>	<u>848,899</u>
<b>Net assets available for benefits</b>	<u>\$ 101,871,622</u>	<u>\$ 80,561,291</u>

See accompanying notes to the financial statements.



**PACE INDUSTRY 401(K) FUND**

**Statements of Changes in Net Assets Available for Benefits**

**Years ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Additions to net assets attributed to:</b>		
<b>Net change resulting from investment activity:</b>		
<b>Net appreciation (depreciation) in fair value     of investments</b>	\$ 11,819,196	\$ (8,463,963)
<b>Interest and dividend income</b>	<u>979,966</u>	<u>778,758</u>
<b>Net change resulting from investment activity</b>	<u>12,799,162</u>	<u>(7,685,205)</u>
<b>Contributions:</b>		
<b>Employers</b>	3,618,899	2,779,172
<b>Participants</b>	<u>9,861,801</u>	<u>9,522,754</u>
<b>Total contributions</b>	<u>13,480,700</u>	<u>12,301,926</u>
<b>Plan transfers</b>	<u>543,177</u>	<u>2,569,499</u>
<b>Total additions</b>	<u>26,823,039</u>	<u>7,186,220</u>
<b>Deductions from net assets attributed to:</b>		
<b>Benefits paid</b>	5,078,790	3,943,912
<b>General and administrative expenses</b>	<u>433,918</u>	<u>473,751</u>
<b>Total deductions</b>	<u>5,512,708</u>	<u>4,417,663</u>
<b>Net increase</b>	21,310,331	2,768,557
<b>Net assets available for benefits at beginning of year</b>	<u>80,561,291</u>	<u>77,792,734</u>
<b>Net assets available for benefits at end of year</b>	\$ <u>101,871,622</u>	\$ <u>80,561,291</u>

See accompanying notes to the financial statements.

# PACE INDUSTRY 401(K) FUND

## Notes to the Financial Statements

December 31, 2003 and 2002

### (1) Description of plan

The following description of the PACE Industry 401(k) Fund (the "Fund") provides only general information. Participants should refer to the Fund's plan of benefits (the "Plan") for a more complete description of the Plan's provisions.

#### (a) General description of Fund

The Fund provides benefits through a defined contribution multi-employer plan established in 1994 to allow employees of participating employers to accumulate funds on a tax-favorable basis for purposes of providing retirement income. Employees covered under a collective bargaining agreement with the Paper Allied-Industrial, Chemical and Energy International Union, AFL-CIO (the "Union") and a participation agreement with the Fund or who are described in a written participation agreement requiring contributions to the Fund are eligible to participate in the Plan on the earlier of the first date on which contributions are received on his or her behalf or one year after the first date that contributions were required to be made on his or her behalf. The Fund, which is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), is administered by a joint Board of Trustees, consisting of five union representatives and five employer representatives. The assets of the Fund are administered under the terms of a custodial agreement between the Fund and American Express Trust Company.

During 2004, MassMutual Insurance Company replaced American Express Trust Company as the custodian of the Plan.

#### (b) Contributions

Participants may voluntarily make qualified retirement contributions to the Plan which are deductible by the participants for federal income tax purposes under Section 401(k) of the Internal Revenue Code. Effective April 29, 2002, participants may contribute up to 100% of their compensation, subject to Internal Revenue Code limitations. Prior to April 29, 2002, participants could contribute up to 25% of their monthly compensation to the Plan.

Employers may make contributions on behalf of participants at a rate agreed to in the participation agreement between the Fund and the participating employer. Employers may also make matching contributions as agreed between the Fund and the participating employer.

#### (c) Participant accounts

Each participant's account is credited with the participant's contributions, and allocations of employer contributions, plan earnings and losses, and administrative expenses. Allocations are based on participant earnings and losses or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**PACE INDUSTRY 401(K) FUND**

**Notes to the Financial Statements**

**December 31, 2003 and 2002**

**(d) Vesting**

Participants are immediately 100% vested in employee and employer contributions plus actual earnings and losses thereon.

**(e) Participant notes receivable**

Participants may borrow from their accounts maintained under the Plan a minimum of \$500 (\$1,000 prior to November 1, 2001) up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 1%. Participants may maintain up to two loans at a time, but only one loan may be originated within a 12-month period. Additionally, a second loan cannot be obtained if the participant is in default of the original loan. Principal and interest is paid ratably through monthly payroll deductions of at least \$25 per month over periods ranging up to 60 months, with the exception of the purchase of a primary residence, which may be paid over 15 years.

**(f) Payment of benefits**

Upon termination of service due to retirement, death, disability, or termination of employment, participants may elect to receive an amount equal to the value of their accounts. The normal form of payment with respect to a married participant shall be a joint and survivor annuity, as defined in the Plan document. With respect to all other participants, the normal form of payment shall be a life annuity, as defined in the Plan document. There are also several alternate forms of benefit payments.

The automatic form of benefit for a former participant in the Crowley Marine Services, Inc. 401(k) Plan (Note 3) is a lump-sum distribution to the extent of the value of his or her account balance as of April 1, 2002, plus earnings or losses.

**(g) Hardship withdrawals**

The Plan permits distributions in the event of a hardship, as defined in the plan agreement. These distributions are taxable and subject to a tax penalty equal to 10% of the hardship distribution amount if the participant is younger than age 59½. Hardship withdrawals are limited to the participant's elective account.

**(h) Fund termination**

Although it has not expressed any intent to do so, the joint Board of Trustees has the right under the Fund to discontinue its operations at any time and to terminate the Fund subject to the provisions of ERISA and the Collective Bargaining Agreements between the Union and the participating employers.

**PACE INDUSTRY 401(K) FUND**

**Notes to the Financial Statements**

**December 31, 2003 and 2002**

**(2) Summary of significant accounting policies**

**(a) Basis of accounting**

The financial statements of the Fund are prepared under the accrual method of accounting.

**(b) Investment valuation and income recognition**

Investments are stated at fair value. Quoted market prices as of the last day of the year are used to value investments.

Shares of mutual funds and collective trust funds are valued at the net asset value of shares held by the Fund at year-end.

Participant notes receivable are valued at their outstanding balance, which approximates fair value.

Purchases and sales of securities are recorded on a settlement date basis, which does not differ significantly from the trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

**(c) Other investments**

The Fund's operating cash account with Bank of America is transferred at the end of each day into an overnight, interest-bearing investment account where the cash is used to purchase investments. These investments, which are non-participant directed, mature the following day and are then repurchased by Bank of America at principal plus interest. The investments are secured by obligations of the U.S. Government and its agencies.

**(d) Contributions and rollovers**

As of December 31, 2003 and 2002, respectively, contributions receivable amounted to \$726,200 and \$533,583. These amounts will be transferred to the respective funds when received and as designated by the employee.

Rollovers of participant balances in and out of the Fund are included in participant contributions and benefits paid, respectively, in the accompanying financial statements.

**(e) Payment of benefits**

Benefits are recorded when paid.

**PACE INDUSTRY 401(K) FUND**

**Notes to the Financial Statements**

**December 31, 2003 and 2002**

**(f) Allocation of operating and administrative expenses**

The Fund has entered into an agreement to share management and other services for the operations of the Fund with those of the PACE Industry Union Management Pension Fund ("PIUMPF").

The amounts of costs allocated to the Fund are determined via specific identification of direct expenses of the Plan and the appropriate allocation of PIUMPF's salaries, benefits and other common expenses. The Fund records these allocated costs in general and administrative expenses in the accompanying financial statements. The expenses allocated by PIUMPF to the Fund for the years ended December 31, 2003 and 2002 were as follows:

	<u>2003</u>	<u>2002</u>
Salaries and employee benefits	\$ 237,712	\$ 302,827
Administrative and occupancy expenses	<u>30,506</u>	<u>21,464</u>
	<u>\$ 268,218</u>	<u>\$ 324,291</u>

**(g) Use of estimates**

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

**(3) Plan transfers**

Effective October 1, 2003, JII Promotions, Inc. 401(k) Plan was merged into the Fund, contributing assets of \$502,471. Effective January 1, 2003, Premiere Candy Company 401(k) Plan was merged into the Fund, contributing assets of \$40,706. These assets, which total \$543,177, were received by the Fund in 2003 and are shown as Plan Transfers in the 2003 financial statements.

Effective April 1, 2002, Crowley Marine Services, Inc. 401(k) Plan was merged into the Fund, contributing assets of \$2,569,499, which are shown as Plan Transfers in the 2002 financial statements.

PACE INDUSTRY 401(K) FUND

Notes to the Financial Statements

December 31, 2003 and 2002

(4) Credit risk and other concentrations

At various times during the year, the Fund has cash deposits at a bank in excess of the federally insured limit. The Plan has not experienced any losses in such accounts and the Plan Sponsor believes the Plan is not exposed to any significant credit risk in this regard.

The Fund utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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 statements of net assets available for plan benefits.

(5) Investments and investment income

At December 31, 2003 and 2002, American Express Trust Company (AMEX) held all of the Plan's investments and executed all transactions therein. Effective in February of 2004, Mass Mutual Insurance Company replaced AMEX as the custodian of The Plan. The fair value of investments that represented 5% or more of the Plan's net assets as of December 31, 2003 and 2002 were as follows:

	<u>2003</u>	<u>2002</u>
AET Income II Fund	\$ <u>34,855,158</u>	\$ <u>32,360,971</u>
AXP Selective Fund	\$ <u>6,099,482</u>	\$ <u>5,547,239</u>
AXP Mutual Fund	\$ <u>8,466,026</u>	\$ <u>6,694,677</u>
AXP New Dimensions Fund	\$ <u>15,649,693</u>	\$ <u>11,472,094</u>
AXP S&P 500 Index Fund	\$ <u>15,912,787</u>	\$ <u>11,381,218</u>
Participant notes receivable	\$ <u>4,751,042</u>	\$ <u>4,437,658</u>

During 2003 and 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	<u>2003</u>	<u>2002</u>
Mutual funds	\$ <u>10,232,814</u>	\$ <u>(9,814,352)</u>
Interest in collective trust funds	<u>1,586,382</u>	<u>1,350,389</u>
	\$ <u>11,819,196</u>	\$ <u>(8,463,963)</u>

(6) Income tax status

The Plan obtained a favorable determination letter on August 19, 2002, in which the Internal Revenue Service stated that the Plan was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Board of Trustees believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC.

**PACE INDUSTRY 401(K) FUND**

**Notes to the Financial Statements**

**December 31, 2003 and 2002**

**(7) Untimely remittance of participant contributions**

Contributing employers are required by Department of Labor regulation to remit participant contributions to the Fund as soon as practicable, but by no later than the fifteenth business day following the end of the month in which the amounts were withheld from wages. For various contributions withheld by participating employers during the year, the funds were not remitted timely to the Fund by certain employers.

**(8) Related party transactions**

Transactions with parties-in-interest include purchases and sales of investments through American Express Trust Company.

**PACE INDUSTRY 401(K) FUND**

EIN 62-1564649, PLAN No. 001  
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

December 31, 2003

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	<u>Cost</u>	<u>Current value</u>
	<b>Cash and cash equivalents:</b>			
	Bank of America	Overnight repurchase agreement	\$ 899,003	\$ 899,003
*	American Express Trust Co.	Principal cash	**	<u>162,147</u>
	<b>Total cash and cash equivalents</b>		<u><b>899,003</b></u>	<u><b>1,061,150</b></u>
	<b>Mutual funds:</b>			
*	American Express Trust Co.	AXP Selective Fund	**	6,099,482
*	American Express Trust Co.	AXP Mutual Fund	**	8,466,026
	American Express Trust Co.	Invesco Dynamics Fund	**	2,324,055
*	American Express Trust Co.	AXP New Dimensions Fund	**	15,649,693
*	American Express Trust Co.	AXP S&P 500 Index Fund	**	15,912,787
*	American Express Trust Co.	AXP Mid Cap Index Fund	**	660,499
	American Express Trust Co.	American Century Income & Growth Fund	**	3,303,634
	American Express Trust Co.	Franklin Small-Mid Cap Growth	**	2,606,731
	American Express Trust Co.	Janus Adviser Growth - Class I	**	1,349,156
	American Express Trust Co.	Neuberger B Genesis Trust Fund	**	<u>2,638,480</u>
	<b>Total mutual funds</b>		<u><b>**</b></u>	<u><b>59,010,543</b></u>
	<b>Interest in collective trust funds:</b>			
*	American Express Trust Co.	AET Income II Fund	**	34,855,158
*	American Express Trust Co.	AET Horizon Short-Term	**	210,088
*	American Express Trust Co.	AET Horizon Medium-Term	**	765,861
*	American Express Trust Co.	AET Horizon Long-Term	**	616,826
*	American Express Trust Co.	AET Small Cap Equity Index II Fund	**	<u>906,919</u>
	<b>Total interest in collective trust funds</b>		<u><b>**</b></u>	<u><b>37,354,852</b></u>
*	Participant notes receivable	Interest rates range from 5.0% to 10.5%	-	<u>4,751,042</u>
	<b>Total investments</b>		<u><b>\$ 899,003</b></u>	<u><b>\$102,177,587</b></u>

\* Represents a party-in-interest.

\*\* Not required for participant directed investments.



PACE INDUSTRY 401(K) FUND

EIN 62-1564649, PLAN No. 001

Schedule H, Line 4j - Schedule of Reportable Transactions

Year ended December 31, 2003

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
Bank of America	Overnight repurchase agreement	\$ 169,343,204	\$ -	\$ -	\$ -	\$ 169,343,204	\$ 169,343,204	\$ -
Bank of America	Overnight repurchase agreement	\$ -	\$ 169,626,228	\$ -	\$ -	\$ 169,626,228	\$ 169,626,228	\$ -

**PACE INDUSTRY 401(K) FUND**

**EIN 62-1564649, PLAN No. 001**

**Schedule H, line 4a - Schedule of Delinquent Participant Contributions**

**Year ended December 31, 2003**

(a)	(b)	(c)	(d)
<u>Identity of Participating Employer Involved</u>	<u>Pay period during which participant contributions were withheld from pay</u>	<u>Date remitted by the Employer</u>	<u>Amount of delinquent contributions</u>
S K Wellman	January 31, 2003	February 25, 2003	\$ 14,243
Allied Envelope	various	various	530
Berlin & Jones Co., Inc.	October 31, 2003	December 16, 2003	1,952
Clarke Manufacturing	various	various	1,571
Clarke Ceramic Corp.	various	various	2,334
Clevaflex Limited	November 23, 2003	December 22, 2003	1,882
Alltrista Consumer Products Co.	various	various	63,457
Dickard Widder Industries	November 28, 2003	December 23, 2003	869
Etched Metals Co.	December 31, 2003	January 23, 2004	585
Excelsior West Packaging	various	various	4,003
Georgia Pacific-Wauna	various	various	166,321
Forest Hills Cemetery	various	various	11,655
Germyn Carpet Cleaning & Maintenance	various	various	2,531
IKO Production, Inc.	various	various	30,153
Kay Printing	various	various	11,535
Keystone Folding Box Co.	various	various	1,769
Lone Star Industries, Inc. - Brandon	various	various	396
Lone Star Industries, Inc. - Nashville	various	various	1,243
Lone Star Industries, Inc. - Cape Girardeau	various	various	40,751
Loroco Industries, Inc.	various	various	5,991
Mid Cities Paper Box	January 31, 2003	March 10, 2003	45
Greif Brothers	various	various	1,505
PACE Local 8-675	January 31, 2003	May 19, 2003	233
PACE Local 2-495	various	various	4,609
PACE Local 4-23	various	various	1,385
Ohmstede, Inc.	various	various	1,097
PACE Local 4-228	various	various	3,621
National Wire Fabric	May 31, 2003	July 14, 2003	1,771
Tyco Plastics	various	various	4,605
PACE Hazardous Waste Grant	December 31, 2003	January 22, 2004	1,489
Northeast Resource Center	December 31, 2003	January 22, 2004	871
R&D, Inc.	November 27, 2003	January 12, 2004	555

**PACE INDUSTRY 401(K) FUND**

**EIN 62-1564649, PLAN No. 001**

**Schedule H, line 4a - Schedule of Delinquent Participant Contributions, Continued**

**Year ended December 31, 2003**

<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>Identity of Participating Employer Involved</b>	<b>Pay period during which participant contributions were withheld from pay</b>	<b>Date remitted by the Employer</b>	<b>Amount of delinquent contributions</b>
Premiere Candy	October 19, 2003	January 14, 2004	\$ 550
PACE Local 8-5	October 31, 2003	December 3, 2003	2,002
Source Provider, Inc.	various	various	5,767
Sebro Packaging Corp.	various	various	2,343
Simplex Products	various	various	9,551
Integrated Packaging Corp.	various	various	4,922
Target Stamped Products Corp.	November 30, 2003	December 22, 2003	1,739
Teavee Oil & Gas, Inc.	various	various	2,107
Source Provider, Inc.	various	various	1,248
Tru Serve Corp.	December 23, 2003	February 20, 2004	1,457
Union Oil & Gas, Inc.	various	various	2,885
Unity Graphics & Engraving	various	various	4,694
PACE Local 7-0232	March 31, 2003	April 22, 2003	882
Vee Cor Company, Inc.	June 30, 2003	July 24, 2003	899
Valley Converting Co.	June 30, 2003	July 30, 2003	2,969

**Note: All of the above contributions have been remitted for the 2003 plan year. However, the earnings associated with these contributions will be remitted to the Plan by the participating employers during the 2004 Plan year.**