

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
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 <u>FRICTION PRODUCTS CO. EMPLOYEES PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>004</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/01/1971</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>004</u>	1c Effective date of plan <u>08/01/1971</u>	
1b Three-digit plan number (PN) ▶	<u>004</u>				
1c Effective date of plan <u>08/01/1971</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>FRICTION PRODUCTS CO.</u> <u>6180 COCHRAN RD</u> <u>OLON, OH 44139</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>34-1608009</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>440-528-3218</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>332900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>34-1608009</u>	2c Sponsor's telephone number <u>440-528-3218</u>	2d Business code (see instructions) <u>332900</u>	
2b Employer Identification Number (EIN) <u>34-1608009</u>					
2c Sponsor's telephone number <u>440-528-3218</u>					
2d Business code (see instructions) <u>332900</u>					

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	THOMAS A GILBRIDE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	THOAS A GILBRIDE
	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

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

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") FRICTION PRODUCTS CO. 6180 COCHRAN RD SOLON, OH 44139	3b Administrator's EIN 34-1608009 3c Administrator's telephone number 440-528-3218
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	5 327
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 128
b Retired or separated participants receiving benefits.....	6b 71
c Other retired or separated participants entitled to future benefits.....	6c 121
d Subtotal. Add lines 6a , 6b , and 6c	6d 320
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 6
f Total. Add lines 6d and 6e	6f 326
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 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: 1A 1G 3H 1I	
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	b General Schedules
(1) ☒ R (Retirement Plan Information)	(1) ☒ H (Financial Information)
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) ☐ I (Financial Information – Small Plan)
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) ☐ A (Insurance Information)
	(4) ☒ C (Service Provider Information)
	(5) ☐ D (DFE/Participating Plan Information)
	(6) ☐ G (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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

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

A Name of plan <u>FRITION PRODUCTS CO. EMPLOYEES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>FRITION PRODUCTS CO.</u>	D Employer Identification Number (EIN) <u>34-1608009</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>20386446</u>
b Actuarial value	2b <u>20386446</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>70</u> <u>10199502</u>
b For terminated vested participants	3b <u>120</u> <u>3340742</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>2653169</u>
(2) Vested benefits	3c(2) <u>3484029</u>
(3) Total active	3c(3) <u>137</u> <u>6137198</u>
d Total	3d <u>327</u> <u>19677442</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.66</u> %
6 Target normal cost	6 <u>129000</u>

Statement by Enrolled Actuary

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

SIGN HERE	<u>10/13/2011</u>
Signature of actuary	Date
<u>MARGARET W. FUREY</u>	<u>11-04849</u>
Type or print name of actuary	Most recent enrollment number
<u>PRIAC</u>	<u>860-534-2895</u>
Firm name	Telephone number (including area code)
<u>P.O. BOX 2975</u> <u>HARTFORD, CT 06104-2975</u>	
Address of the firm	

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

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	18645	134279
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	18645	134279
9	Amount remaining (Item 7 minus item 8).....	0	0
10	Interest on item 9 using prior year's actual return of <u>28.80</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		421
b	Interest on (a) using prior year's effective rate of <u>6.31</u> %		121
c	Total available at beginning of current plan year to add to prefunding balance		542
d	Portion of (c) to be added to prefunding balance.....		542
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	542

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	103.60 %
15	Adjusted funding target attainment percentage.....	15	103.60 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.00 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/08/2010	200196				
Totals ▶			18(b)	200196	18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 196795
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.92 %	2nd segment: 6.71 %	3rd segment: 6.80 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 60
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	0
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	196795
38 Interest-adjusted excess contributions for current year (see instructions).....	38	196795
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan FRICTION PRODUCTS CO. EMPLOYEES PENSION PLAN		B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 FRICTION PRODUCTS CO.		D Employer Identification Number (EIN) 34-1608009

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

MANNING AND NAPIER

16-0995736

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	20534	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

NEUBERGER BERMAN

13-5521910

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	NONE	20230	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PRUDENTIAL RETIREMENT INS & ANNUITY

06-1050034

(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?
11	NONE	37344	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

LEGACY

34-1542819

(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?
17	NONE	20537	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

GRANT THORNTON

36-6055558

(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?
10	NONE	8177	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

HUNTINGTON BANK

31-0966785

(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?
21	NONE	10000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan FRICTION PRODUCTS CO. EMPLOYEES PENSION PLAN	B Three-digit plan number (PN)	004
C Plan sponsor's name as shown on line 2a of Form 5500 FRICTION PRODUCTS CO.	D Employer Identification Number (EIN) 34-1608009	

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	0	79629
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	467377	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	40328	59718
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	653317	3351533
(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)	5261637	5836014
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	13001883	13424752
(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)	1056600	1030000
(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	20481142	23781646

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	77967	79629
k Total liabilities (add all amounts in lines 1g through 1j)	1k	77967	79629

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	20403175	23702017
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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)	200196	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		200196

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

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	82693	
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		82693

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	66868	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	533297	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		600165

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

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	20564519	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	18667093	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		1897426

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	834495	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		834495
(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)		856018
c Other income.....	2c		110
d Total income. Add all income amounts in column (b) and enter total.....	2d		4471103

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1043944	
(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)		1043944
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)	128317	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		128317
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1172261

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3298842
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: GRANT THORNTON

(2) EIN: 36-6055558

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		5000000
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.).....			
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.			

- 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)

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan FRICION PRODUCTS CO. EMPLOYEES PENSION PLAN		B Three-digit plan number (PN) ► 004
C Plan sponsor's name as shown on line 2a of Form 5500 FRICION PRODUCTS CO.		D Employer Identification Number (EIN) 34-1608009
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 22-1211670		
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 0
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☒ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2010 v.092308.1		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Friction Products Co. Employees Pension Plan
December 31, 2010 and 2009

Friction Products Co. Employees Pension Plan
Financial Statements and Supplemental Schedules
December 31, 2010 and 2009 and
Years Ended December 31, 2010 and 2009

Table of Contents

Report of Independent Certified Public Accountants	1
Financial Statements	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2010 and 2009	3
Statement of Accumulated Plan Benefits as of January 1, 2010	4
Statement of Changes in Accumulated Plan Benefits for the year ended January 1, 2010	5
Notes to Financial Statements	6
Supplemental Schedule	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2010	14
Schedule H, Line 4j—Schedule of Reportable Transactions for the year ended December 31, 2010	17



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Report of Independent Certified Public Accountants

Plan Administrator

Friction Products Co. Employees Pension Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Friction Products Co. Employees Pension Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and the statement of accumulated plan benefits as of January 1, 2010, and the related statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Huntington National Bank N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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.

Grant Thornton LLP

Cleveland, Ohio

October 13, 2011

Friction Products Co. Employees Pension Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
Investments, at fair value:		
Common stocks	\$ 5,836,014	\$ 6,318,237
Senior notes	1,030,000	-
Mutual funds	13,424,752	13,001,883
Money market funds	3,351,533	653,317
	<u>23,642,299</u>	<u>19,973,437</u>
Cash, non-interest bearing	79,629	-
Receivables:		
Employer contributions	-	467,377
Interest and dividends	59,718	21,015
Due from broker	-	19,313
	<u>59,718</u>	<u>507,705</u>
Payables:		
Due to broker	(79,629)	(77,967)
Net assets available for benefits	<u>\$ 23,702,017</u>	<u>\$ 20,403,175</u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2010	2009
Investment income:		
Interest and dividends	682,858	530,025
Net appreciation in fair value of investments	3,587,939	4,041,642
Net investment income	4,270,797	4,571,667
Employer contributions	\$ 200,196	\$ 726,640
Other income	110	54
Benefit payments	(1,043,944)	(1,021,026)
Fees and expenses	(128,317)	(139,783)
Net increase	3,298,842	4,137,552
Net assets available for benefits at beginning of year	20,403,175	16,265,623
Net assets available for benefits at end of year	\$ 23,702,017	\$ 20,403,175

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statement of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits	January 1, 2010
Vested benefits:	
Participants currently receiving payments	\$ 9,831,300
Other participants	6,525,625
Total for vested participants	16,356,925
Non-vested benefits	2,554,656
Total actuarial present value of accumulated plan benefits	\$ 18,911,581

See notes to financial statements.

Friction Products Co. Employees Pension Plan
Statement of Changes in Accumulated Plan Benefits

Year Ended January 1, 2010

Actuarial present value of accumulated plan benefits as of January 1, 2009	\$18,458,111
Increase (decrease) during the year attributed to:	
Interest at 7%	1,256,936
Benefits paid	(1,021,026)
Benefits accumulated and actuarial (gain)/loss	146,319
Assumption changes	<u>71,241</u>
Net increase	<u>453,470</u>
Actuarial present value of accumulated plan benefits as of January 1, 2010	<u><u>\$ 18,911,581</u></u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

1. Description of the Plan

The following description of the Friction Products Co. Employees Pension Plan (Plan) provides only general information. Information about the Plan agreement, vesting and benefit provisions, and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is contained in the Plan document. A copy of this document is available from the Plan administrator.

General

The Plan is a non-contributory defined benefit plan that covers all full-time employees of the Friction Products Co. (the Company and Plan Sponsor) and non-union employees of Logan Metal Stampings, Inc. (Logan), an affiliated company, hired prior to January 1, 2004. The Plan was amended effective June 1, 2006 and provided that after May 31, 2006 no further benefit accruals would be earned by Plan participants (the Amendment). At that date, all participants became fully vested in their accrued benefit. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Benefits

Benefits for normal retirement are calculated based upon earnings and years of service. Benefits for Logan employees are reduced by amounts earned under a plan in which they were previously covered. Additionally, the Amendment provided that a retirement benefit date known as the "Rule of 80" changed from an early retirement benefit date to a normal retirement benefit date under the provisions of the Plan. The Plan also provides other forms of benefits including disability and surviving spouse benefits.

Funding Policy

The Plan Sponsor voluntarily contributes such amounts as are necessary on an actuarial basis to provide sufficient net assets to fund benefit payments to Plan participants. The Plan has met minimum funding requirements under ERISA for 2010 and 2009.

Plan Termination Policy

Should the Plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time.

Some benefits may be fully or partially provided for by the then existing net assets and the PBGC guarantee while other benefits may not be provided for at all.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

2. Significant Accounting Policies

Basis of Accounting

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's assets are invested in common stocks, senior notes, mutual funds and money market funds. Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4, "Fair Value Measurements" for further discussion of fair value measurements.

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

Administrative Expenses

All expenses of maintaining the Plan are paid by the Plan.

New Accounting Standards Adopted

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures About Fair Value Measurements* (ASU 2010-06), to add new disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning on or after December 15, 2010. The adoption of this guidance did not have an impact on the Plan's financial statements or disclosures.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

Actuarial Present Value of Accumulated Plan Benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary from Prudential Retirement Insurance and Annuity Company and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The more significant actuarial assumptions used in the January 1, 2010 and 2009 valuations are as follows:

Assumed interest rate	7% per annum, compounded annually
Mortality	IRS 2010 Static Mortality Table for January 1, 2010 and IRS 2009 Static Mortality Table for January 1, 2009.
Normal Retirement age	For participants with less than 80 points or those hired after January 1, 2002, age 65. For all others the assumed retirement age is the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the accumulated plan benefits.

3. Investments

All investment information disclosed in the accompanying financial statements, except for Note 4, and supplemental schedules, including investments held at December 31, 2010 and 2009, and net appreciation in fair value of investments and interest and dividend income for the years ended December 31, 2010 and 2009, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the trustee of the Plan, Huntington National Bank (Trustee).

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The fair value of individual investments that represent 5% or more of the Plan's net assets at either December 31, 2010 or 2009 are as follows:

	2010	2009
Pimco Total Return Fund	\$ 3,949,573	**
Federated Government Obligations Fund	3,299,233	*
Dodge & Cox International Stock Fund	2,697,924	2,373,086
Artio International Equity Fund	2,410,978	2,215,477
Pimco All Asset All Authority Fund	1,987,292	1,795,712
Calamos Growth Fund	1,222,464	*
Hawk Corporation Common Stock	***	1,056,600
Vanguard Total Bond Market Index Fund	***	4,649,243

*Does not exceed 5% of Plan net assets

** Was not an investment as of December 31, 2009

*** Was not an investment as of December 31, 2010

Net appreciation in fair value of investments (including investments bought, sold, as well as held during the year) for the years ended December 31, 2010 and 2009 was as follows:

	2010	2009
Common stocks	\$ 2,661,413	\$ 1,885,532
Mutual funds	896,526	2,156,110
Senior notes	30,000	-
	<u>\$ 3,587,939</u>	<u>\$ 4,041,642</u>

4. Fair Value Measurements

The Plan follows the fair value accounting guidance which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2010 and 2009. Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2010 and 2009:

Money Market Funds: money market funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

Common Stocks: common stocks are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Senior Notes: the senior notes are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Mutual Funds: mutual funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

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

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

December 31, 2010	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,351,533	\$ 3,351,533	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,538,591	2,538,591	-	-
Foreign companies - Growth	210,092	210,092	-	-
U.S. companies - Value	2,988,835	2,988,835	-	-
Foreign companies - Value	98,496	98,496	-	-
Total common stocks	5,836,014	5,836,014	-	-
Mutual funds:				
Domestic growth funds	2,378,985	2,378,985	-	-
International growth funds	2,410,978	2,410,978	-	-
International value fund	2,697,924	2,697,924	-	-
Fixed income fund	3,949,573	3,949,573	-	-
Multi class fund	1,987,292	1,987,292	-	-
Total mutual funds	13,424,752	13,424,752	-	-
Senior notes	1,030,000	1,030,000	-	-
Total assets at fair value	\$ 23,642,299	\$ 23,642,299	\$ -	\$ -
December 31, 2009	Total	Level 1	Level 2	Level 3
Money market funds	\$ 653,317	\$ 653,317	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,364,433	2,364,433	-	-
Foreign companies - Growth	149,266	149,266	-	-
U.S. companies - Value	3,729,541	3,729,541	-	-
Foreign companies - Value	74,997	74,997	-	-
Total common stocks	6,318,237	6,318,237	-	-
Mutual funds:				
Growth funds	4,183,842	4,183,842	-	-
Value fund	2,373,086	2,373,086	-	-
Fixed income fund	4,649,243	4,649,243	-	-
Multi class fund	1,795,712	1,795,712	-	-
Total mutual funds	13,001,883	13,001,883	-	-
Total assets at fair value	\$ 19,973,437	\$ 19,973,437	\$ -	\$ -

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

5. Income Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 18, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. The Plan has applied for, but has not received, a new determination letter from IRS.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

6. Risks and Uncertainties

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

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. Transactions with Parties-in-Interest

During 2010 and 2009, certain legal fees and certain administrative expenses relating to the maintenance of participant eligibility records were paid by the Plan Sponsor. Fees paid during the year for other services rendered by parties-in interest were based on customary and reasonable rates for such services.

At December 31, 2010, the Plan holds \$1,000,000 of Hawk Corporation (Hawk) 8¼% Senior Notes which were acquired on the open market and recorded \$30,000 of net appreciation in the value of these securities for the year ended December 31, 2010.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The Plan held 60,000 shares of Hawk common stock with a fair value of \$1,056,000 and a cost basis of \$716,778 at December 31, 2009. On December 1, 2010, Hawk was purchased by Carlisle Companies Incorporated (Carlisle) and the 60,000 shares of Hawk common stock were purchased by Carlisle for \$50.00 per share. Accordingly, this transaction qualifies as a party-in-interest transaction.

8. Subsequent Events

The Plan evaluated its December 31, 2010 financial statements for subsequent events through October 13, 2011, the date the financial statements were available to be issued.

On January 10, 2011, the \$1,000,000 of Hawk 8¾% Senior Notes due 2014, which the Plan held in its investment portfolio were called by the issuer at \$103.281. Accordingly, this sale qualified as a party-in-interest transaction. The Plan is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Friction Products Co. Employees Pension Plan

Employer Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Common Stocks				
3M Co	610	common stock	48,566	52,643
Adobe Systems Inc	1,204	common stock	37,961	37,059
Allegheny Technologies Inc	1,117	common stock	57,744	61,636
Allergan Inc.	657	common stock	42,087	45,116
Amazon.com Inc	485	common stock	37,744	87,300
American Express Co	1,920	common stock	37,379	82,406
American Tower Corp	1,178	common stock	49,409	60,832
Amgen Inc	584	common stock	33,743	32,062
Amphenol Corp	350	common stock	15,457	18,473
Apple Inc	572	common stock	49,036	184,504
Autodesk Inc. W/1 RT/SH	1,250	common stock	41,451	47,750
Automatic Data Processing	1,290	common stock	44,008	59,701
Baker Hughes, Inc	1,820	common stock	58,706	104,049
Bank of New York Mellon Corp	3,380	common stock	99,143	102,076
Becton Dickinson	1,180	common stock	79,118	99,734
Boeing Co.	1,673	common stock	100,303	109,180
Borg-Warner Co	554	common stock	24,054	40,087
Boston Scientific Corp.	9,600	common stock	70,105	72,672
Cameron International Corp W/1 RT/SH	737	common stock	27,070	37,388
Canadian Natural Resources	1,485	common stock	51,213	65,964
Carnival Corp	1,950	common stock	35,642	89,915
Caterpillar, Inc	518	common stock	35,991	48,516
CelegeneCorp W/1 RT/SH	724	common stock	42,975	42,817
Cerner Corp	1,270	common stock	104,700	120,320
Check Point Software Tech	1,061	common stock	36,596	49,082
Cisco Systems Inc	4,855	common stock	85,068	98,217
Citrix Systems Inc	1,263	common stock	58,446	86,402
CME Group Inc	89	common stock	28,834	28,636
Coach Inc W/1 RT/SH	514	common stock	18,131	28,429
Coca Cola Co	1,877	common stock	101,217	123,450
Colgate Palmolive	346	common stock	27,777	27,808
Corning Inc	1,984	common stock	34,736	38,331
Covidien Plc	607	common stock	30,337	27,716
Ctrip.com Intl	566	common stock	26,487	22,895
Cummins Inc	517	common stock	27,896	56,875
Danaher Corp	648	common stock	21,238	30,566
Denbury Resources Inc	783	common stock	12,680	14,947
Discovery Communications	1,390	common stock	53,779	57,963
EMC Corp/Mass	4,702	common stock	63,530	107,676
Emerson Electric Co	554	common stock	17,589	31,672
EOG Resources Inc	391	common stock	38,826	35,741

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Express Scripts Inc	550	common stock	28,513	29,728
F5 Networks Inc	164	common stock	14,622	21,346
FedEx Corp	680	common stock	33,018	63,247
Freeport-McMoran C & G W/1 RT/SH	925	common stock	87,255	111,083
General Mills Inc	740	common stock	19,903	26,337
Google Inc	210	common stock	97,798	124,734
Heinz H J Co	810	common stock	31,061	40,063
Hess Corp	1,700	common stock	95,965	130,118
Home Depot Inc	1,040	common stock	21,612	36,462
JP Morgan Chase & Co	692	common stock	31,338	29,355
Juniper Networks, Inc	1,020	common stock	13,729	37,658
Juniper Networks, Inc	774	common stock	27,341	28,576
Kellogg Co	490	common stock	21,253	25,029
Kohls Corp	1,240	common stock	54,416	67,382
Kraft Foods Inc	570	common stock	17,687	17,961
Kroger Co	2,260	common stock	51,665	50,534
Laboratory Corp Amer Hldgs Inc W/1 RT/SH	315	common stock	23,823	27,695
Mastercard Inc	250	common stock	55,268	56,028
McDonalds Corp	674	common stock	45,870	51,736
Mead Johnson Nutrition Co	643	common stock	28,203	40,027
Monsanto Co	1,680	common stock	107,523	116,995
Netapp Inc	755	common stock	36,536	41,495
Netflix Inc	398	common stock	49,652	69,929
Nordstrom Inc	681	common stock	24,574	28,861
Norfolk Southern Corp W/1 RT/SH	800	common stock	41,928	50,256
Northern Trust Corp	1,040	common stock	54,187	57,626
Oracle Corporation	3,504	common stock	88,562	109,675
Owens Illinois Inc	1,660	common stock	50,965	50,962
Pepsico Inc	750	common stock	46,812	48,998
Potash Corp of Saskatchewan	287	common stock	40,386	44,436
Precision Castparts Corp	385	common stock	48,143	53,596
Priceline.com Inc	115	common stock	23,152	45,948
Procter & Gamble Co	687	common stock	39,104	44,195
Qualcom Inc W/1 RT/SH	1,460	common stock	56,444	72,255
Range Resources Corp	633	common stock	30,949	28,472
Rockwell Collins Inc	791	common stock	49,094	46,084
Safeway Inc	2,280	common stock	48,637	51,277
Sales force.com Inc	369	common stock	32,415	48,708
Sandisk Corp	572	common stock	27,502	28,520
Schlumberger Ltd	524	common stock	36,540	43,754
Schwab (Charles) Corp	7,000	common stock	97,642	119,770
Sherwin-Williams Co W/1 RT/SH	750	common stock	41,506	62,813

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Southwest Airlines Co	4,490	common stock	44,660	58,280
Southwestern Energy Company	596	common stock	29,667	22,308
Starbucks Corp	1,645	common stock	42,692	52,854
Target Corp	670	common stock	33,475	40,287
Texas Instruments Inc	922	common stock	26,125	29,965
Thermo Fisher Scientific Inc	820	common stock	26,712	45,395
Time Warner Inc	2,750	common stock	85,014	88,468
United Parcel Service	1,440	common stock	61,638	104,515
United Technologies Corp	351	common stock	21,422	27,631
UnitedHealth Group Inc	1,412	common stock	47,146	50,987
VF Corp W/1 RT/SH	384	common stock	31,017	33,093
VISA Inc	890	common stock	66,181	62,638
Visa Inc	452	common stock	31,489	31,812
Walgreen Co	1,030	common stock	36,028	40,129
Walt Disney Co	1,570	common stock	25,732	58,891
Waste Management Inc	1,830	common stock	59,499	67,472
Weatherford Intl Ltd	4,320	common stock	50,687	98,496
Western Union Co	4,010	common stock	66,342	74,466
Subtotal				5,836,015
Money Market Funds				
Huntington Treasury Money Market	52,300	shares	52,300	52,300
Federated Government Obligations Fund	3,299,233	shares	3,299,233	3,299,233
Subtotal				3,351,533
Mutual Funds				
Artio International Equity Fund	79,993	shares	2,141,299	2,410,978
Calomos Growth Fund	22,901	shares	770,680	1,222,464
Dodge & Cox International Stock Fund	75,551	shares	2,003,607	2,697,924
Neuberger Berman Genesis Institutional Fund	25,164	shares	790,017	1,156,521
Pimco All Asset All Authority Fund	188,012	shares	2,025,172	1,987,292
Pimco Total Return Fund	364,016	shares	3,996,895	3,949,573
Subtotal				13,424,752
Hawk Corporation 8 3/4% Senior Notes			1,000,000	1,030,000
Total Assets Held for Investment Purposes				\$ 23,642,299

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4j – Schedule of Reportable Transactions

December 31, 2010

Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Category (i) – Individual transactions in excess of 5% of Plan assets					
Vanguard Total Bond Fund	\$ -	\$ 3,718,281	\$ 3,570,017	\$ 3,718,281	\$ 148,264
Hawk Corpoation Common Stock	\$ -	\$ 3,000,000	\$ 716,778	\$ 3,000,000	\$ 2,283,222
Category (iii) - Series of transactions in excess of 5% of Plan assets					
Pimco Total Return Fund	\$ 3,996,895	\$ -	\$ 3,996,895	\$ 3,996,895	\$ -
Vanguard Total Bond Market Index	\$ -	\$ 4,718,281	\$ 4,508,783	\$ 4,718,281	\$ 209,498
Federated Government Obligations Fund	\$ 11,055,680	\$ -	\$ 11,055,680	\$ 11,055,680	\$ -
Federated Government Obligations Fund	\$ -	\$ 8,403,704	\$ 8,403,704	\$ 8,403,704	\$ -
Huntington Treasury Money Market II	\$ 322,320	\$ -	\$ 322,320	\$ 322,320	\$ -
Huntington Treasury Money Market II	\$ -	\$ 760,083	\$ 760,083	\$ 760,083	\$ -

There were no category (ii) or (iv) reportable transactions during 2010

Friction Products Company Employees Pension Plan

34 - 1608009 / 004

1/1/2010

Line 11b - Interest on prior year's excess contributions to be added to the Prefunding Balance

Line 11B – A Credit Balance of \$421 was created to replenish the Prefunding Credit Balance. Consequently, the Actual Rate of Return of 28.80% was used to determine the interest. The effective rate for the prior year was 6.31%, but the value displayed on line 11b reflects 28.80% interest on the excess contribution of \$421.

Friction Products Company Employees Pension Plan
EIN/PN 34-1608009 004
Attachment to 2010 Schedule SB (Form 5500)
Line 22 - Description of Weighted Average Retirement Age

<u>Age</u>	<u>Probability</u>	<u>Percent Retiring</u>	<u>Percent Remaining</u>	<u>Result</u>
55	34.3%	0.34	0.66	18.87
56	3.3%	0.02	0.64	1.23
57	9.2%	0.06	0.58	3.33
58	8.9%	0.05	0.53	2.96
59	15.3%	0.08	0.45	4.74
60	8.2%	0.04	0.41	2.19
61	3.6%	0.01	0.39	0.89
62	3.7%	0.01	0.38	0.91
63	0.0%	0.00	0.38	0.00
64	7.7%	0.03	0.35	1.87
65	100.0%	0.35	0.00	22.77

59.751825

Weighted-Average Retirement Age for line 22 of Schedule SB 60.00

DISTRIBUTION OF ACTIVE PARTICIPANTS BY AGE AND SERVICE**Number of Active Employees as of January 1, 2010 -- Distribution by Age and Service**

Attained Age	Years of Credited Service										Total
	<u>Under 1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40+</u>	
Under 25											
25-29		1									1
30-34		3	5	1							9
35-39		8	11	6							25
40-44		3	12	3	5						23
45-49		3	9	2	3	1	2				20
50-54		8	9	7	2	2	9				37
55-59		3	5	1	2						11
60-64		6	4	1							11
65-69											
70 +											
Total		35	55	21	12	3	11				137

ACTUARIAL COST METHOD

Actuarial Cost Method

Costs have been computed in accordance with the Unit Credit Actuarial Cost Method and reflect the actuarial assumptions described in “Plan Assumptions” of this report as provided under the applicable regulations of the Pension Protection Act of 2006.

Target Normal Cost

The Target Normal Cost is the present value of benefits expected to accrue during the plan year for all Participants.

Target Liability and Funding Shortfall

As of January 1, 2008, a Target Liability is established which represents the present value of accrued benefits. This Target Liability is offset by adjusted assets, and the remainder (i.e. Funding Shortfall), if any, is amortized over seven years.

Subsequent changes in the Funding Shortfall due to asset experience, liability experience, plan amendments, and/or actuarial assumption changes will be amortized over a seven year period from their valuation dates.

Discount Rate

The plan sponsor has elected to use the Segment Rate approach for discount rate purposes, with an applicable month that is 3 months prior to the valuation date.

The plan sponsor elected not to phase in the new interest rate basis. Refer to the plan assumptions section (Appendix E) for additional detail.

Asset Valuation Method

Assets have been valued in accordance with generally accepted procedures as described below.

Funds invested in the General Accounts of an insurance company.	Stated contract value of funds
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Funds invested in insurance company Separate Accounts.	Market value
--	--------------

PLAN ASSUMPTIONS

Assumptions have been chosen to anticipate the long range experience of the Plan. Consistency among assumptions is important as each interacts with the others; equally important is the recognition of inflationary trends in the economy.

As the Enrolled Actuary for the Plan, I will certify to the reasonableness of these assumptions, in aggregate, as required by ERISA.

The actuarial assumptions used to compute Plan costs are:

Mortality:*Funding:*

Male: The IRS 2010 Static Mortality Table (male)

Female: The IRS 2010 Static Mortality Table (female)

Accounting:

Male: The IRS 2010 Static Mortality Table (male)

Female: The IRS 2010 Static Mortality Table (female)

Termination:

The probabilities that Participants at the ages indicated will terminate before reaching the assumed retirement age are:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	93.9%	93.9%
25	89.8%	89.8%
30	83.1%	83.1%
35	72.8%	72.8%
40	58.0%	58.0%
45	38.8%	38.8%
50	18.4%	18.4%

This is Crocker T-7

Retirement Age:

For Participants with less than 80 points or those hired after January 1, 2002, age 65. For all others, the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

PLAN ASSUMPTIONS (CONT'D)

Investment Return:	<i>Funding:</i> Non-transitional segment rates with a 3 month look-back: October 2009 rates, 4.92%, 6.71%, and 6.8%. <i>Accounting:</i> 7.00% per annum, compounded annually, net of investment and contract fees.
Estimated Expenses:	\$129,000
Salary Scale:	None
Social Security	
<i>Primary Insurance Amount</i>	Not Applicable
<i>Covered Compensation</i>	Not Available
Survivor's Benefit:	It is assumed that husbands are 3 years older than wives and that 80% of the male Participants and 80% of the female Participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.
Disability:	The 1952 Disability Study of the Society of Actuaries, Period 2, Benefit 5 rates were used.

PLAN PROVISIONS

Earnings	W-2 Earnings maximized at \$200,000 as indexed. Effective 5/31/2006, the Plan froze.
Final Earnings	The average of the highest three consecutive years out of the last six.
Service	Prior to January 1, 1987, Service is determined in accordance with the Plan in effect on December 31, 1986. Beginning January 1, 1987, an employee shall be credited with one year of Service for each Plan Year during which he has 1,000 hours.
Credited Service	Credited Service prior to August 1, 1976: a Participant's Credited Service shall be based on his Service. Beginning August 1, 1976, a Participant shall earn one year of Credited Service for each Plan Year in which he has at least 1,000 hours of Service.. Effective 5/31/2006, the Plan froze, and there will be no future accruals.
Form of Annuity	Life annuity
Normal Retirement Date	Age 65 or the date that an active Participant completes 20 or more years of service and his/her age plus service equals 80 or more.
Participation Eligibility	One year of Service, hired prior to January 1, 2004.
Benefit Formula	Accrued Benefit to 12/31/1988: 35% of the first \$24,000 plus 50% in excess multiplied by Credited Service to 12/31/1988. Accrued Benefit after 12/31/1988: 45% of compensation multiplied by Credited Service after 12/31/1988. All retirement benefits are to be prorated for Service before and after 12/31/1988 and shall be reduced by $6\frac{2}{3}\%$ for each year of Service less than 15 at retirement. Effective 5/31/2006, the Plan froze, and there will be no future accruals.
Income Payable	Amount described in (a) or (b) below, whichever applies: a. If a Participant has a spouse as of retirement date and does not elect otherwise, retirement benefits will be paid on the basis of a Joint and Survivor form, as stipulated by ERISA, and will be the amount determined under the benefit formula, multiplied by the appropriate factor.

PLAN PROVISIONS (CONT'D)

Income Payable (cont'd)	b. If a Participant either has no spouse as of his retirement date, or elects to receive income under the Normal Form, retirement income will be the amount determined under the benefit formula.
Early Eligibility	Age 60 and the completion of 10 years of Service.
Special Early Retirement	For Participants hired before January 1, 2002, beginning at age 55 with 20 or more years of Service, if the sum of age plus service equals 80 or more. The accrued benefit is unreduced, and commences immediately.
Early Benefit Amount	Benefit accrued to Early Retirement Date, reduced by 7.2% per year that Early Retirement Date precedes Normal Retirement Date.
Vesting Schedule	Completion of five years of Service. Effective 31, May 2009 all active Participants became 100% vested.
Vested Benefit	Benefit accrued to date of termination, payable at Normal Retirement Date.
Preretirement Spouse Benefit	
<i>A. Eligibility</i>	Eligible for Early Retirement, married.
<i>Benefit Formula</i>	50% of the pension benefit accrued to date of death, reduced by the appropriate early retirement and joint and survivor factors.
<i>B. Eligibility</i>	Eligible for vesting but not eligible for early retirement, married.
<i>Benefit Formula</i>	50% of the vested pension benefit accrued to date of death, payment deferred to no earlier than the early retirement date of the deceased participant and reduced by the appropriate early retirement and joint and survivor factors.
Disability Benefit	
<i>A. Eligibility</i>	Permanent and total disability occurring while as active participant, provided that the participant's age plus service equals 65 or more.
<i>Benefit Formula</i>	Benefit accrued to date of Disability.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

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

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

OMB No. 1210-0110

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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

A Name of plan FRICTION PRODUCTS CO. EMPLOYEES PENSION PLAN		B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF FRICTION PRODUCTS CO.		D Employer Identification Number (EIN) 34-1608009
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value.....		2a	20,386,446
b Actuarial value.....		2b	20,386,446
3 Funding target/participant count breakdown		(1) Number of participants	
a For retired participants and beneficiaries receiving payment.....		3a	70
b For terminated vested participants.....		3b	120
c For active participants:			
(1) Non-vested benefits.....		3c(1)	2,653,169
(2) Vested benefits.....		3c(2)	3,484,029
(3) Total active.....		3c(3)	137
d Total.....		3d	327
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....		4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....		4b	
5 Effective interest rate.....		5	6.66 %
6 Target normal cost.....		6	129,000

Statement by Enrolled Actuary

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

SIGN HERE	<i>Margaret W. Furey</i> Signature of actuary	10/13/2011 Date
MARGARET W. FUREY Type or print name of actuary		11-04849 Most recent enrollment number
PRIAC Firm name		(860) 534-2895 Telephone number (including area code)
P.O. BOX 2975 HARTFORD CT 06104-2975 Address of the firm		

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

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	18,645	134,279
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	18,645	134,279
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>28.80</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		421
b Interest on (a) using prior year's effective rate of <u>6.31</u> %		121
c Total available at beginning of current plan year to add to prefunding balance		542
d Portion of (c) to be added to prefunding balance		542
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	542

Part III Funding percentages

14 Funding target attainment percentage	14	103.60 %
15 Adjusted funding target attainment percentage	15	103.60 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	80.00 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/08/2010	200,196				
Totals ▶			18(b)	200,196	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	196,795

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

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.92 %	2nd segment: 6.71 %	3rd segment: 6.80 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 3
22 Weighted average retirement age				22 60
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	0
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	0
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	196,795
38 Interest-adjusted excess contributions for current year (see instructions)	38	196,795
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

Friction Products Company Employees Pension Plan

34 - 1608009 / 004

1/1/2010

Line 11b - Interest on prior year's excess contributions to be added to the Prefunding Balance

Line 11B – A Credit Balance of \$421 was created to replenish the Prefunding Credit Balance. Consequently, the Actual Rate of Return of 28.80% was used to determine the interest. The effective rate for the prior year was 6.31%, but the value displayed on line 11b reflects 28.80% interest on the excess contribution of \$421.

Friction Products Company Employees Pension Plan
EIN/PN 34-1608009 004
Attachment to 2010 Schedule SB (Form 5500)
Line 22 - Description of Weighted Average Retirement Age

<u>Age</u>	<u>Probability</u>	<u>Percent Retiring</u>	<u>Percent Remaining</u>	<u>Result</u>
55	34.3%	0.34	0.66	18.87
56	3.3%	0.02	0.64	1.23
57	9.2%	0.06	0.58	3.33
58	8.9%	0.05	0.53	2.96
59	15.3%	0.08	0.45	4.74
60	8.2%	0.04	0.41	2.19
61	3.6%	0.01	0.39	0.89
62	3.7%	0.01	0.38	0.91
63	0.0%	0.00	0.38	0.00
64	7.7%	0.03	0.35	1.87
65	100.0%	0.35	0.00	22.77
				59.751825

Weighted-Average Retirement Age for line 22 of Schedule SB 60.00

DISTRIBUTION OF ACTIVE PARTICIPANTS BY AGE AND SERVICE**Number of Active Employees as of January 1, 2010 -- Distribution by Age and Service**

Attained Age	Years of Credited Service									Total	
	<u>Under 1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35-39</u>		<u>40+</u>
Under 25											
25-29		1									1
30-34		3	5	1							9
35-39		8	11	6							25
40-44		3	12	3	5						23
45-49		3	9	2	3	1	2				20
50-54		8	9	7	2	2	9				37
55-59		3	5	1	2						11
60-64		6	4	1							11
65-69											
70 +											
Total		35	55	21	12	3	11				137

PLAN ASSUMPTIONS

Assumptions have been chosen to anticipate the long range experience of the Plan. Consistency among assumptions is important as each interacts with the others; equally important is the recognition of inflationary trends in the economy.

As the Enrolled Actuary for the Plan, I will certify to the reasonableness of these assumptions, in aggregate, as required by ERISA.

The actuarial assumptions used to compute Plan costs are:

Mortality:*Funding:*

Male: The IRS 2010 Static Mortality Table (male)

Female: The IRS 2010 Static Mortality Table (female)

Accounting:

Male: The IRS 2010 Static Mortality Table (male)

Female: The IRS 2010 Static Mortality Table (female)

Termination:

The probabilities that Participants at the ages indicated will terminate before reaching the assumed retirement age are:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	93.9%	93.9%
25	89.8%	89.8%
30	83.1%	83.1%
35	72.8%	72.8%
40	58.0%	58.0%
45	38.8%	38.8%
50	18.4%	18.4%

This is Crocker T-7

Retirement Age:

For Participants with less than 80 points or those hired after January 1, 2002, age 65. For all others, the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

PLAN ASSUMPTIONS (CONT'D)

Investment Return:	<i>Funding:</i> Non-transitional segment rates with a 3 month look-back: October 2009 rates, 4.92%, 6.71%, and 6.8%. <i>Accounting:</i> 7.00% per annum, compounded annually, net of investment and contract fees.
Estimated Expenses:	\$129,000
Salary Scale:	None
Social Security	
<i>Primary Insurance Amount</i>	Not Applicable
<i>Covered Compensation</i>	Not Available
Survivor's Benefit:	It is assumed that husbands are 3 years older than wives and that 80% of the male Participants and 80% of the female Participants who are or will become eligible for coverage under the Survivor's Benefit will be survived by an eligible survivor.
Disability:	The 1952 Disability Study of the Society of Actuaries, Period 2, Benefit 5 rates were used.

PLAN PROVISIONS

Earnings	W-2 Earnings maximized at \$200,000 as indexed. Effective 5/31/2006, the Plan froze.
Final Earnings	The average of the highest three consecutive years out of the last six.
Service	Prior to January 1, 1987, Service is determined in accordance with the Plan in effect on December 31, 1986. Beginning January 1, 1987, an employee shall be credited with one year of Service for each Plan Year during which he has 1,000 hours.
Credited Service	Credited Service prior to August 1, 1976: a Participant's Credited Service shall be based on his Service. Beginning August 1, 1976, a Participant shall earn one year of Credited Service for each Plan Year in which he has at least 1,000 hours of Service.. Effective 5/31/2006, the Plan froze, and there will be no future accruals.
Form of Annuity	Life annuity
Normal Retirement Date	Age 65 or the date that an active Participant completes 20 or more years of service and his/her age plus service equals 80 or more.
Participation Eligibility	One year of Service, hired prior to January 1, 2004.
Benefit Formula	Accrued Benefit to 12/31/1988: 35% of the first \$24,000 plus 50% in excess multiplied by Credited Service to 12/31/1988. Accrued Benefit after 12/31/1988: 45% of compensation multiplied by Credited Service after 12/31/1988. All retirement benefits are to be prorated for Service before and after 12/31/1988 and shall be reduced by 6 $\frac{2}{3}$ % for each year of Service less than 15 at retirement. Effective 5/31/2006, the Plan froze, and there will be no future accruals.
Income Payable	Amount described in (a) or (b) below, whichever applies: a. If a Participant has a spouse as of retirement date and does not elect otherwise, retirement benefits will be paid on the basis of a Joint and Survivor form, as stipulated by ERISA, and will be the amount determined under the benefit formula, multiplied by the appropriate factor.

PLAN PROVISIONS (CONT'D)

Income Payable (cont'd)

- b. If a Participant either has no spouse as of his retirement date, or elects to receive income under the Normal Form, retirement income will be the amount determined under the benefit formula.

Early Eligibility

Age 60 and the completion of 10 years of Service.

Special Early Retirement

For Participants hired before January 1, 2002, beginning at age 55 with 20 or more years of Service, if the sum of age plus service equals 80 or more. The accrued benefit is unreduced, and commences immediately.

Early Benefit Amount

Benefit accrued to Early Retirement Date, reduced by 7.2% per year that Early Retirement Date precedes Normal Retirement Date.

Vesting Schedule

Completion of five years of Service. Effective 31, May 2009 all active Participants became 100% vested.

Vested Benefit

Benefit accrued to date of termination, payable at Normal Retirement Date.

Preretirement Spouse Benefit

A. Eligibility

Eligible for Early Retirement, married.

Benefit Formula

50% of the pension benefit accrued to date of death, reduced by the appropriate early retirement and joint and survivor factors.

B. Eligibility

Eligible for vesting but not eligible for early retirement, married.

Benefit Formula

50% of the vested pension benefit accrued to date of death, payment deferred to no earlier than the early retirement date of the deceased participant and reduced by the appropriate early retirement and joint and survivor factors.

Disability Benefit

A. Eligibility

Permanent and total disability occurring while as active participant, provided that the participant's age plus service equals 65 or more.

Benefit Formula

Benefit accrued to date of Disability.

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Friction Products Co. Employees Pension Plan
December 31, 2010 and 2009

Friction Products Co. Employees Pension Plan
Financial Statements and Supplemental Schedules
December 31, 2010 and 2009 and
Years Ended December 31, 2010 and 2009

Table of Contents

Report of Independent Certified Public Accountants	1
Financial Statements	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2010 and 2009	3
Statement of Accumulated Plan Benefits as of January 1, 2010	4
Statement of Changes in Accumulated Plan Benefits for the year ended January 1, 2010	5
Notes to Financial Statements	6
Supplemental Schedule	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2010	14
Schedule H, Line 4j—Schedule of Reportable Transactions for the year ended December 31, 2010	17



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Report of Independent Certified Public Accountants

Plan Administrator

Friction Products Co. Employees Pension Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Friction Products Co. Employees Pension Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and the statement of accumulated plan benefits as of January 1, 2010, and the related statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Huntington National Bank N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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.

Grant Thornton LLP

Cleveland, Ohio

October 13, 2011

Friction Products Co. Employees Pension Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
Investments, at fair value:		
Common stocks	\$ 5,836,014	\$ 6,318,237
Senior notes	1,030,000	-
Mutual funds	13,424,752	13,001,883
Money market funds	3,351,533	653,317
	<u>23,642,299</u>	<u>19,973,437</u>
Cash, non-interest bearing	79,629	-
Receivables:		
Employer contributions	-	467,377
Interest and dividends	59,718	21,015
Due from broker	-	19,313
	<u>59,718</u>	<u>507,705</u>
Payables:		
Due to broker	(79,629)	(77,967)
Net assets available for benefits	<u>\$ 23,702,017</u>	<u>\$ 20,403,175</u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2010	2009
Investment income:		
Interest and dividends	682,858	530,025
Net appreciation in fair value of investments	3,587,939	4,041,642
Net investment income	4,270,797	4,571,667
Employer contributions	\$ 200,196	\$ 726,640
Other income	110	54
Benefit payments	(1,043,944)	(1,021,026)
Fees and expenses	(128,317)	(139,783)
Net increase	3,298,842	4,137,552
Net assets available for benefits at beginning of year	20,403,175	16,265,623
Net assets available for benefits at end of year	\$ 23,702,017	\$ 20,403,175

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statement of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits	January 1, 2010
Vested benefits:	
Participants currently receiving payments	\$ 9,831,300
Other participants	6,525,625
Total for vested participants	16,356,925
Non-vested benefits	2,554,656
Total actuarial present value of accumulated plan benefits	\$ 18,911,581

See notes to financial statements.

Friction Products Co. Employees Pension Plan
Statement of Changes in Accumulated Plan Benefits

Year Ended January 1, 2010

Actuarial present value of accumulated plan benefits as of January 1, 2009	\$18,458,111
Increase (decrease) during the year attributed to:	
Interest at 7%	1,256,936
Benefits paid	(1,021,026)
Benefits accumulated and actuarial (gain)/loss	146,319
Assumption changes	<u>71,241</u>
Net increase	<u>453,470</u>
Actuarial present value of accumulated plan benefits as of January 1, 2010	<u><u>\$ 18,911,581</u></u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

1. Description of the Plan

The following description of the Friction Products Co. Employees Pension Plan (Plan) provides only general information. Information about the Plan agreement, vesting and benefit provisions, and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is contained in the Plan document. A copy of this document is available from the Plan administrator.

General

The Plan is a non-contributory defined benefit plan that covers all full-time employees of the Friction Products Co. (the Company and Plan Sponsor) and non-union employees of Logan Metal Stampings, Inc. (Logan), an affiliated company, hired prior to January 1, 2004. The Plan was amended effective June 1, 2006 and provided that after May 31, 2006 no further benefit accruals would be earned by Plan participants (the Amendment). At that date, all participants became fully vested in their accrued benefit. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Benefits

Benefits for normal retirement are calculated based upon earnings and years of service. Benefits for Logan employees are reduced by amounts earned under a plan in which they were previously covered. Additionally, the Amendment provided that a retirement benefit date known as the "Rule of 80" changed from an early retirement benefit date to a normal retirement benefit date under the provisions of the Plan. The Plan also provides other forms of benefits including disability and surviving spouse benefits.

Funding Policy

The Plan Sponsor voluntarily contributes such amounts as are necessary on an actuarial basis to provide sufficient net assets to fund benefit payments to Plan participants. The Plan has met minimum funding requirements under ERISA for 2010 and 2009.

Plan Termination Policy

Should the Plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time.

Some benefits may be fully or partially provided for by the then existing net assets and the PBGC guarantee while other benefits may not be provided for at all.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

2. Significant Accounting Policies

Basis of Accounting

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's assets are invested in common stocks, senior notes, mutual funds and money market funds. Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4, "Fair Value Measurements" for further discussion of fair value measurements.

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

Administrative Expenses

All expenses of maintaining the Plan are paid by the Plan.

New Accounting Standards Adopted

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures About Fair Value Measurements* (ASU 2010-06), to add new disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning on or after December 15, 2010. The adoption of this guidance did not have an impact on the Plan's financial statements or disclosures.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

Actuarial Present Value of Accumulated Plan Benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary from Prudential Retirement Insurance and Annuity Company and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The more significant actuarial assumptions used in the January 1, 2010 and 2009 valuations are as follows:

Assumed interest rate	7% per annum, compounded annually
Mortality	IRS 2010 Static Mortality Table for January 1, 2010 and IRS 2009 Static Mortality Table for January 1, 2009.
Normal Retirement age	For participants with less than 80 points or those hired after January 1, 2002, age 65. For all others the assumed retirement age is the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the accumulated plan benefits.

3. Investments

All investment information disclosed in the accompanying financial statements, except for Note 4, and supplemental schedules, including investments held at December 31, 2010 and 2009, and net appreciation in fair value of investments and interest and dividend income for the years ended December 31, 2010 and 2009, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the trustee of the Plan, Huntington National Bank (Trustee).

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The fair value of individual investments that represent 5% or more of the Plan's net assets at either December 31, 2010 or 2009 are as follows:

	2010	2009
Pimco Total Return Fund	\$ 3,949,573	**
Federated Government Obligations Fund	3,299,233	*
Dodge & Cox International Stock Fund	2,697,924	2,373,086
Artio International Equity Fund	2,410,978	2,215,477
Pimco All Asset All Authority Fund	1,987,292	1,795,712
Calamos Growth Fund	1,222,464	*
Hawk Corporation Common Stock	***	1,056,600
Vanguard Total Bond Market Index Fund	***	4,649,243

*Does not exceed 5% of Plan net assets

** Was not an investment as of December 31, 2009

*** Was not an investment as of December 31, 2010

Net appreciation in fair value of investments (including investments bought, sold, as well as held during the year) for the years ended December 31, 2010 and 2009 was as follows:

	2010	2009
Common stocks	\$ 2,661,413	\$ 1,885,532
Mutual funds	896,526	2,156,110
Senior notes	30,000	-
	<u>\$ 3,587,939</u>	<u>\$ 4,041,642</u>

4. Fair Value Measurements

The Plan follows the fair value accounting guidance which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2010 and 2009. Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2010 and 2009:

Money Market Funds: money market funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

Common Stocks: common stocks are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Senior Notes: the senior notes are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Mutual Funds: mutual funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

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

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

December 31, 2010	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,351,533	\$ 3,351,533	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,538,591	2,538,591	-	-
Foreign companies - Growth	210,092	210,092	-	-
U.S. companies - Value	2,988,835	2,988,835	-	-
Foreign companies - Value	98,496	98,496	-	-
Total common stocks	5,836,014	5,836,014	-	-
Mutual funds:				
Domestic growth funds	2,378,985	2,378,985	-	-
International growth funds	2,410,978	2,410,978	-	-
International value fund	2,697,924	2,697,924	-	-
Fixed income fund	3,949,573	3,949,573	-	-
Multi class fund	1,987,292	1,987,292	-	-
Total mutual funds	13,424,752	13,424,752	-	-
Senior notes	1,030,000	1,030,000	-	-
Total assets at fair value	\$ 23,642,299	\$ 23,642,299	\$ -	\$ -
December 31, 2009	Total	Level 1	Level 2	Level 3
Money market funds	\$ 653,317	\$ 653,317	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,364,433	2,364,433	-	-
Foreign companies - Growth	149,266	149,266	-	-
U.S. companies - Value	3,729,541	3,729,541	-	-
Foreign companies - Value	74,997	74,997	-	-
Total common stocks	6,318,237	6,318,237	-	-
Mutual funds:				
Growth funds	4,183,842	4,183,842	-	-
Value fund	2,373,086	2,373,086	-	-
Fixed income fund	4,649,243	4,649,243	-	-
Multi class fund	1,795,712	1,795,712	-	-
Total mutual funds	13,001,883	13,001,883	-	-
Total assets at fair value	\$ 19,973,437	\$ 19,973,437	\$ -	\$ -

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

5. Income Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 18, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. The Plan has applied for, but has not received, a new determination letter from IRS.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

6. Risks and Uncertainties

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

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. Transactions with Parties-in-Interest

During 2010 and 2009, certain legal fees and certain administrative expenses relating to the maintenance of participant eligibility records were paid by the Plan Sponsor. Fees paid during the year for other services rendered by parties-in interest were based on customary and reasonable rates for such services.

At December 31, 2010, the Plan holds \$1,000,000 of Hawk Corporation (Hawk) 8¼% Senior Notes which were acquired on the open market and recorded \$30,000 of net appreciation in the value of these securities for the year ended December 31, 2010.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The Plan held 60,000 shares of Hawk common stock with a fair value of \$1,056,000 and a cost basis of \$716,778 at December 31, 2009. On December 1, 2010, Hawk was purchased by Carlisle Companies Incorporated (Carlisle) and the 60,000 shares of Hawk common stock were purchased by Carlisle for \$50.00 per share. Accordingly, this transaction qualifies as a party-in-interest transaction.

8. Subsequent Events

The Plan evaluated its December 31, 2010 financial statements for subsequent events through October 13, 2011, the date the financial statements were available to be issued.

On January 10, 2011, the \$1,000,000 of Hawk 8¾% Senior Notes due 2014, which the Plan held in its investment portfolio were called by the issuer at \$103.281. Accordingly, this sale qualified as a party-in-interest transaction. The Plan is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Friction Products Co. Employees Pension Plan

Employer Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Common Stocks				
3M Co	610	common stock	48,566	52,643
Adobe Systems Inc	1,204	common stock	37,961	37,059
Allegheny Technologies Inc	1,117	common stock	57,744	61,636
Allergan Inc.	657	common stock	42,087	45,116
Amazon.com Inc	485	common stock	37,744	87,300
American Express Co	1,920	common stock	37,379	82,406
American Tower Corp	1,178	common stock	49,409	60,832
Amgen Inc	584	common stock	33,743	32,062
Amphenol Corp	350	common stock	15,457	18,473
Apple Inc	572	common stock	49,036	184,504
Autodesk Inc. W/1 RT/SH	1,250	common stock	41,451	47,750
Automatic Data Processing	1,290	common stock	44,008	59,701
Baker Hughes, Inc	1,820	common stock	58,706	104,049
Bank of New York Mellon Corp	3,380	common stock	99,143	102,076
Becton Dickinson	1,180	common stock	79,118	99,734
Boeing Co.	1,673	common stock	100,303	109,180
Borg-Warner Co	554	common stock	24,054	40,087
Boston Scientific Corp.	9,600	common stock	70,105	72,672
Cameron International Corp W/1 RT/SH	737	common stock	27,070	37,388
Canadian Natural Resources	1,485	common stock	51,213	65,964
Carnival Corp	1,950	common stock	35,642	89,915
Caterpillar, Inc	518	common stock	35,991	48,516
CelegeneCorp W/1 RT/SH	724	common stock	42,975	42,817
Cerner Corp	1,270	common stock	104,700	120,320
Check Point Software Tech	1,061	common stock	36,596	49,082
Cisco Systems Inc	4,855	common stock	85,068	98,217
Citrix Systems Inc	1,263	common stock	58,446	86,402
CME Group Inc	89	common stock	28,834	28,636
Coach Inc W/1 RT/SH	514	common stock	18,131	28,429
Coca Cola Co	1,877	common stock	101,217	123,450
Colgate Palmolive	346	common stock	27,777	27,808
Corning Inc	1,984	common stock	34,736	38,331
Covidien Plc	607	common stock	30,337	27,716
Ctrip.com Intl	566	common stock	26,487	22,895
Cummins Inc	517	common stock	27,896	56,875
Danaher Corp	648	common stock	21,238	30,566
Denbury Resources Inc	783	common stock	12,680	14,947
Discovery Communications	1,390	common stock	53,779	57,963
EMC Corp/Mass	4,702	common stock	63,530	107,676
Emerson Electric Co	554	common stock	17,589	31,672
EOG Resources Inc	391	common stock	38,826	35,741

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Express Scripts Inc	550	common stock	28,513	29,728
F5 Networks Inc	164	common stock	14,622	21,346
FedEx Corp	680	common stock	33,018	63,247
Freeport-McMoran C & G W/1 RT/SH	925	common stock	87,255	111,083
General Mills Inc	740	common stock	19,903	26,337
Google Inc	210	common stock	97,798	124,734
Heinz H J Co	810	common stock	31,061	40,063
Hess Corp	1,700	common stock	95,965	130,118
Home Depot Inc	1,040	common stock	21,612	36,462
JP Morgan Chase & Co	692	common stock	31,338	29,355
Juniper Networks, Inc	1,020	common stock	13,729	37,658
Juniper Networks, Inc	774	common stock	27,341	28,576
Kellogg Co	490	common stock	21,253	25,029
Kohls Corp	1,240	common stock	54,416	67,382
Kraft Foods Inc	570	common stock	17,687	17,961
Kroger Co	2,260	common stock	51,665	50,534
Laboratory Corp Amer Hldgs Inc W/1 RT/SH	315	common stock	23,823	27,695
Mastercard Inc	250	common stock	55,268	56,028
McDonalds Corp	674	common stock	45,870	51,736
Mead Johnson Nutrition Co	643	common stock	28,203	40,027
Monsanto Co	1,680	common stock	107,523	116,995
Netapp Inc	755	common stock	36,536	41,495
Netflix Inc	398	common stock	49,652	69,929
Nordstrom Inc	681	common stock	24,574	28,861
Norfolk Southern Corp W/1 RT/SH	800	common stock	41,928	50,256
Northern Trust Corp	1,040	common stock	54,187	57,626
Oracle Corporation	3,504	common stock	88,562	109,675
Owens Illinois Inc	1,660	common stock	50,965	50,962
Pepsico Inc	750	common stock	46,812	48,998
Potash Corp of Saskatchewan	287	common stock	40,386	44,436
Precision Castparts Corp	385	common stock	48,143	53,596
Priceline.com Inc	115	common stock	23,152	45,948
Procter & Gamble Co	687	common stock	39,104	44,195
Qualcom Inc W/1 RT/SH	1,460	common stock	56,444	72,255
Range Resources Corp	633	common stock	30,949	28,472
Rockwell Collins Inc	791	common stock	49,094	46,084
Safeway Inc	2,280	common stock	48,637	51,277
Sales force.com Inc	369	common stock	32,415	48,708
Sandisk Corp	572	common stock	27,502	28,520
Schlumberger Ltd	524	common stock	36,540	43,754
Schwab (Charles) Corp	7,000	common stock	97,642	119,770
Sherwin-Williams Co W/1 RT/SH	750	common stock	41,506	62,813

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Southwest Airlines Co	4,490	common stock	44,660	58,280
Southwestern Energy Company	596	common stock	29,667	22,308
Starbucks Corp	1,645	common stock	42,692	52,854
Target Corp	670	common stock	33,475	40,287
Texas Instruments Inc	922	common stock	26,125	29,965
Thermo Fisher Scientific Inc	820	common stock	26,712	45,395
Time Warner Inc	2,750	common stock	85,014	88,468
United Parcel Service	1,440	common stock	61,638	104,515
United Technologies Corp	351	common stock	21,422	27,631
UnitedHealth Group Inc	1,412	common stock	47,146	50,987
VF Corp W/1 RT/SH	384	common stock	31,017	33,093
VISA Inc	890	common stock	66,181	62,638
Visa Inc	452	common stock	31,489	31,812
Walgreen Co	1,030	common stock	36,028	40,129
Walt Disney Co	1,570	common stock	25,732	58,891
Waste Management Inc	1,830	common stock	59,499	67,472
Weatherford Intl Ltd	4,320	common stock	50,687	98,496
Western Union Co	4,010	common stock	66,342	74,466
Subtotal				5,836,015
Money Market Funds				
Huntington Treasury Money Market	52,300	shares	52,300	52,300
Federated Government Obligations Fund	3,299,233	shares	3,299,233	3,299,233
Subtotal				3,351,533
Mutual Funds				
Artio International Equity Fund	79,993	shares	2,141,299	2,410,978
Calomos Growth Fund	22,901	shares	770,680	1,222,464
Dodge & Cox International Stock Fund	75,551	shares	2,003,607	2,697,924
Neuberger Berman Genesis Institutional Fund	25,164	shares	790,017	1,156,521
Pimco All Asset All Authority Fund	188,012	shares	2,025,172	1,987,292
Pimco Total Return Fund	364,016	shares	3,996,895	3,949,573
Subtotal				13,424,752
Hawk Corporation 8 3/4% Senior Notes			1,000,000	1,030,000
Total Assets Held for Investment Purposes				\$ 23,642,299

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4j – Schedule of Reportable Transactions

December 31, 2010

Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Category (i) – Individual transactions in excess of 5% of Plan assets					
Vanguard Total Bond Fund	\$ -	\$ 3,718,281	\$ 3,570,017	\$ 3,718,281	\$ 148,264
Hawk Corpoation Common Stock	\$ -	\$ 3,000,000	\$ 716,778	\$ 3,000,000	\$ 2,283,222
Category (iii) - Series of transactions in excess of 5% of Plan assets					
Pimco Total Return Fund	\$ 3,996,895	\$ -	\$ 3,996,895	\$ 3,996,895	\$ -
Vanguard Total Bond Market Index	\$ -	\$ 4,718,281	\$ 4,508,783	\$ 4,718,281	\$ 209,498
Federated Government Obligations Fund	\$ 11,055,680	\$ -	\$ 11,055,680	\$ 11,055,680	\$ -
Federated Government Obligations Fund	\$ -	\$ 8,403,704	\$ 8,403,704	\$ 8,403,704	\$ -
Huntington Treasury Money Market II	\$ 322,320	\$ -	\$ 322,320	\$ 322,320	\$ -
Huntington Treasury Money Market II	\$ -	\$ 760,083	\$ 760,083	\$ 760,083	\$ -

There were no category (ii) or (iv) reportable transactions during 2010

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Friction Products Co. Employees Pension Plan

December 31, 2010 and 2009

Friction Products Co. Employees Pension Plan
Financial Statements and Supplemental Schedules
December 31, 2010 and 2009 and
Years Ended December 31, 2010 and 2009

Table of Contents

Report of Independent Certified Public Accountants	1
Financial Statements	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2010 and 2009	3
Statement of Accumulated Plan Benefits as of January 1, 2010	4
Statement of Changes in Accumulated Plan Benefits for the year ended January 1, 2010	5
Notes to Financial Statements	6
Supplemental Schedule	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2010	14
Schedule H, Line 4j—Schedule of Reportable Transactions for the year ended December 31, 2010	17



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Report of Independent Certified Public Accountants

Plan Administrator

Friction Products Co. Employees Pension Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Friction Products Co. Employees Pension Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and the statement of accumulated plan benefits as of January 1, 2010, and the related statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Huntington National Bank N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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.

Grant Thornton LLP

Cleveland, Ohio

October 13, 2011

Friction Products Co. Employees Pension Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
Investments, at fair value:		
Common stocks	\$ 5,836,014	\$ 6,318,237
Senior notes	1,030,000	-
Mutual funds	13,424,752	13,001,883
Money market funds	3,351,533	653,317
	<u>23,642,299</u>	<u>19,973,437</u>
Cash, non-interest bearing	79,629	-
Receivables:		
Employer contributions	-	467,377
Interest and dividends	59,718	21,015
Due from broker	-	19,313
	<u>59,718</u>	<u>507,705</u>
Payables:		
Due to broker	(79,629)	(77,967)
Net assets available for benefits	<u>\$ 23,702,017</u>	<u>\$ 20,403,175</u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2010	2009
Investment income:		
Interest and dividends	682,858	530,025
Net appreciation in fair value of investments	3,587,939	4,041,642
Net investment income	4,270,797	4,571,667
Employer contributions	\$ 200,196	\$ 726,640
Other income	110	54
Benefit payments	(1,043,944)	(1,021,026)
Fees and expenses	(128,317)	(139,783)
Net increase	3,298,842	4,137,552
Net assets available for benefits at beginning of year	20,403,175	16,265,623
Net assets available for benefits at end of year	\$ 23,702,017	\$ 20,403,175

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statement of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits	January 1, 2010
Vested benefits:	
Participants currently receiving payments	\$ 9,831,300
Other participants	6,525,625
Total for vested participants	16,356,925
Non-vested benefits	2,554,656
Total actuarial present value of accumulated plan benefits	\$ 18,911,581

See notes to financial statements.

Friction Products Co. Employees Pension Plan
Statement of Changes in Accumulated Plan Benefits

Year Ended January 1, 2010

Actuarial present value of accumulated plan benefits as of January 1, 2009	\$18,458,111
Increase (decrease) during the year attributed to:	
Interest at 7%	1,256,936
Benefits paid	(1,021,026)
Benefits accumulated and actuarial (gain)/loss	146,319
Assumption changes	<u>71,241</u>
Net increase	<u>453,470</u>
Actuarial present value of accumulated plan benefits as of January 1, 2010	<u><u>\$ 18,911,581</u></u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

1. Description of the Plan

The following description of the Friction Products Co. Employees Pension Plan (Plan) provides only general information. Information about the Plan agreement, vesting and benefit provisions, and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is contained in the Plan document. A copy of this document is available from the Plan administrator.

General

The Plan is a non-contributory defined benefit plan that covers all full-time employees of the Friction Products Co. (the Company and Plan Sponsor) and non-union employees of Logan Metal Stampings, Inc. (Logan), an affiliated company, hired prior to January 1, 2004. The Plan was amended effective June 1, 2006 and provided that after May 31, 2006 no further benefit accruals would be earned by Plan participants (the Amendment). At that date, all participants became fully vested in their accrued benefit. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Benefits

Benefits for normal retirement are calculated based upon earnings and years of service. Benefits for Logan employees are reduced by amounts earned under a plan in which they were previously covered. Additionally, the Amendment provided that a retirement benefit date known as the "Rule of 80" changed from an early retirement benefit date to a normal retirement benefit date under the provisions of the Plan. The Plan also provides other forms of benefits including disability and surviving spouse benefits.

Funding Policy

The Plan Sponsor voluntarily contributes such amounts as are necessary on an actuarial basis to provide sufficient net assets to fund benefit payments to Plan participants. The Plan has met minimum funding requirements under ERISA for 2010 and 2009.

Plan Termination Policy

Should the Plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time.

Some benefits may be fully or partially provided for by the then existing net assets and the PBGC guarantee while other benefits may not be provided for at all.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

2. Significant Accounting Policies

Basis of Accounting

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's assets are invested in common stocks, senior notes, mutual funds and money market funds. Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4, "Fair Value Measurements" for further discussion of fair value measurements.

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

Administrative Expenses

All expenses of maintaining the Plan are paid by the Plan.

New Accounting Standards Adopted

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures About Fair Value Measurements* (ASU 2010-06), to add new disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning on or after December 15, 2010. The adoption of this guidance did not have an impact on the Plan's financial statements or disclosures.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

Actuarial Present Value of Accumulated Plan Benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary from Prudential Retirement Insurance and Annuity Company and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The more significant actuarial assumptions used in the January 1, 2010 and 2009 valuations are as follows:

Assumed interest rate	7% per annum, compounded annually
Mortality	IRS 2010 Static Mortality Table for January 1, 2010 and IRS 2009 Static Mortality Table for January 1, 2009.
Normal Retirement age	For participants with less than 80 points or those hired after January 1, 2002, age 65. For all others the assumed retirement age is the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the accumulated plan benefits.

3. Investments

All investment information disclosed in the accompanying financial statements, except for Note 4, and supplemental schedules, including investments held at December 31, 2010 and 2009, and net appreciation in fair value of investments and interest and dividend income for the years ended December 31, 2010 and 2009, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the trustee of the Plan, Huntington National Bank (Trustee).

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The fair value of individual investments that represent 5% or more of the Plan's net assets at either December 31, 2010 or 2009 are as follows:

	2010	2009
Pimco Total Return Fund	\$ 3,949,573	**
Federated Government Obligations Fund	3,299,233	*
Dodge & Cox International Stock Fund	2,697,924	2,373,086
Artio International Equity Fund	2,410,978	2,215,477
Pimco All Asset All Authority Fund	1,987,292	1,795,712
Calamos Growth Fund	1,222,464	*
Hawk Corporation Common Stock	***	1,056,600
Vanguard Total Bond Market Index Fund	***	4,649,243

*Does not exceed 5% of Plan net assets

** Was not an investment as of December 31, 2009

*** Was not an investment as of December 31, 2010

Net appreciation in fair value of investments (including investments bought, sold, as well as held during the year) for the years ended December 31, 2010 and 2009 was as follows:

	2010	2009
Common stocks	\$ 2,661,413	\$ 1,885,532
Mutual funds	896,526	2,156,110
Senior notes	30,000	-
	<u>\$ 3,587,939</u>	<u>\$ 4,041,642</u>

4. Fair Value Measurements

The Plan follows the fair value accounting guidance which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2010 and 2009. Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2010 and 2009:

Money Market Funds: money market funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

Common Stocks: common stocks are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Senior Notes: the senior notes are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Mutual Funds: mutual funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

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

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

December 31, 2010	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,351,533	\$ 3,351,533	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,538,591	2,538,591	-	-
Foreign companies - Growth	210,092	210,092	-	-
U.S. companies - Value	2,988,835	2,988,835	-	-
Foreign companies - Value	98,496	98,496	-	-
Total common stocks	5,836,014	5,836,014	-	-
Mutual funds:				
Domestic growth funds	2,378,985	2,378,985	-	-
International growth funds	2,410,978	2,410,978	-	-
International value fund	2,697,924	2,697,924	-	-
Fixed income fund	3,949,573	3,949,573	-	-
Multi class fund	1,987,292	1,987,292	-	-
Total mutual funds	13,424,752	13,424,752	-	-
Senior notes	1,030,000	1,030,000	-	-
Total assets at fair value	\$ 23,642,299	\$ 23,642,299	\$ -	\$ -
December 31, 2009	Total	Level 1	Level 2	Level 3
Money market funds	\$ 653,317	\$ 653,317	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,364,433	2,364,433	-	-
Foreign companies - Growth	149,266	149,266	-	-
U.S. companies - Value	3,729,541	3,729,541	-	-
Foreign companies - Value	74,997	74,997	-	-
Total common stocks	6,318,237	6,318,237	-	-
Mutual funds:				
Growth funds	4,183,842	4,183,842	-	-
Value fund	2,373,086	2,373,086	-	-
Fixed income fund	4,649,243	4,649,243	-	-
Multi class fund	1,795,712	1,795,712	-	-
Total mutual funds	13,001,883	13,001,883	-	-
Total assets at fair value	\$ 19,973,437	\$ 19,973,437	\$ -	\$ -

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

5. Income Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 18, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. The Plan has applied for, but has not received, a new determination letter from IRS.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

6. Risks and Uncertainties

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

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. Transactions with Parties-in-Interest

During 2010 and 2009, certain legal fees and certain administrative expenses relating to the maintenance of participant eligibility records were paid by the Plan Sponsor. Fees paid during the year for other services rendered by parties-in interest were based on customary and reasonable rates for such services.

At December 31, 2010, the Plan holds \$1,000,000 of Hawk Corporation (Hawk) 8¼% Senior Notes which were acquired on the open market and recorded \$30,000 of net appreciation in the value of these securities for the year ended December 31, 2010.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The Plan held 60,000 shares of Hawk common stock with a fair value of \$1,056,000 and a cost basis of \$716,778 at December 31, 2009. On December 1, 2010, Hawk was purchased by Carlisle Companies Incorporated (Carlisle) and the 60,000 shares of Hawk common stock were purchased by Carlisle for \$50.00 per share. Accordingly, this transaction qualifies as a party-in-interest transaction.

8. Subsequent Events

The Plan evaluated its December 31, 2010 financial statements for subsequent events through October 13, 2011, the date the financial statements were available to be issued.

On January 10, 2011, the \$1,000,000 of Hawk 8¾% Senior Notes due 2014, which the Plan held in its investment portfolio were called by the issuer at \$103.281. Accordingly, this sale qualified as a party-in-interest transaction. The Plan is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Friction Products Co. Employees Pension Plan

Employer Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Common Stocks				
3M Co	610	common stock	48,566	52,643
Adobe Systems Inc	1,204	common stock	37,961	37,059
Allegheny Technologies Inc	1,117	common stock	57,744	61,636
Allergan Inc.	657	common stock	42,087	45,116
Amazon.com Inc	485	common stock	37,744	87,300
American Express Co	1,920	common stock	37,379	82,406
American Tower Corp	1,178	common stock	49,409	60,832
Amgen Inc	584	common stock	33,743	32,062
Amphenol Corp	350	common stock	15,457	18,473
Apple Inc	572	common stock	49,036	184,504
Autodesk Inc. W/1 RT/SH	1,250	common stock	41,451	47,750
Automatic Data Processing	1,290	common stock	44,008	59,701
Baker Hughes, Inc	1,820	common stock	58,706	104,049
Bank of New York Mellon Corp	3,380	common stock	99,143	102,076
Becton Dickinson	1,180	common stock	79,118	99,734
Boeing Co.	1,673	common stock	100,303	109,180
Borg-Warner Co	554	common stock	24,054	40,087
Boston Scientific Corp.	9,600	common stock	70,105	72,672
Cameron International Corp W/1 RT/SH	737	common stock	27,070	37,388
Canadian Natural Resources	1,485	common stock	51,213	65,964
Carnival Corp	1,950	common stock	35,642	89,915
Caterpillar, Inc	518	common stock	35,991	48,516
CelegeneCorp W/1 RT/SH	724	common stock	42,975	42,817
Cerner Corp	1,270	common stock	104,700	120,320
Check Point Software Tech	1,061	common stock	36,596	49,082
Cisco Systems Inc	4,855	common stock	85,068	98,217
Citrix Systems Inc	1,263	common stock	58,446	86,402
CME Group Inc	89	common stock	28,834	28,636
Coach Inc W/1 RT/SH	514	common stock	18,131	28,429
Coca Cola Co	1,877	common stock	101,217	123,450
Colgate Palmolive	346	common stock	27,777	27,808
Corning Inc	1,984	common stock	34,736	38,331
Covidien Plc	607	common stock	30,337	27,716
Ctrip.com Intl	566	common stock	26,487	22,895
Cummins Inc	517	common stock	27,896	56,875
Danaher Corp	648	common stock	21,238	30,566
Denbury Resources Inc	783	common stock	12,680	14,947
Discovery Communications	1,390	common stock	53,779	57,963
EMC Corp/Mass	4,702	common stock	63,530	107,676
Emerson Electric Co	554	common stock	17,589	31,672
EOG Resources Inc	391	common stock	38,826	35,741

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Express Scripts Inc	550	common stock	28,513	29,728
F5 Networks Inc	164	common stock	14,622	21,346
FedEx Corp	680	common stock	33,018	63,247
Freeport-McMoran C & G W/1 RT/SH	925	common stock	87,255	111,083
General Mills Inc	740	common stock	19,903	26,337
Google Inc	210	common stock	97,798	124,734
Heinz H J Co	810	common stock	31,061	40,063
Hess Corp	1,700	common stock	95,965	130,118
Home Depot Inc	1,040	common stock	21,612	36,462
JP Morgan Chase & Co	692	common stock	31,338	29,355
Juniper Networks, Inc	1,020	common stock	13,729	37,658
Juniper Networks, Inc	774	common stock	27,341	28,576
Kellogg Co	490	common stock	21,253	25,029
Kohls Corp	1,240	common stock	54,416	67,382
Kraft Foods Inc	570	common stock	17,687	17,961
Kroger Co	2,260	common stock	51,665	50,534
Laboratory Corp Amer Hldgs Inc W/1 RT/SH	315	common stock	23,823	27,695
Mastercard Inc	250	common stock	55,268	56,028
McDonalds Corp	674	common stock	45,870	51,736
Mead Johnson Nutrition Co	643	common stock	28,203	40,027
Monsanto Co	1,680	common stock	107,523	116,995
Netapp Inc	755	common stock	36,536	41,495
Netflix Inc	398	common stock	49,652	69,929
Nordstrom Inc	681	common stock	24,574	28,861
Norfolk Southern Corp W/1 RT/SH	800	common stock	41,928	50,256
Northern Trust Corp	1,040	common stock	54,187	57,626
Oracle Corporation	3,504	common stock	88,562	109,675
Owens Illinois Inc	1,660	common stock	50,965	50,962
Pepsico Inc	750	common stock	46,812	48,998
Potash Corp of Saskatchewan	287	common stock	40,386	44,436
Precision Castparts Corp	385	common stock	48,143	53,596
Priceline.com Inc	115	common stock	23,152	45,948
Procter & Gamble Co	687	common stock	39,104	44,195
Qualcom Inc W/1 RT/SH	1,460	common stock	56,444	72,255
Range Resources Corp	633	common stock	30,949	28,472
Rockwell Collins Inc	791	common stock	49,094	46,084
Safeway Inc	2,280	common stock	48,637	51,277
Sales force.com Inc	369	common stock	32,415	48,708
Sandisk Corp	572	common stock	27,502	28,520
Schlumberger Ltd	524	common stock	36,540	43,754
Schwab (Charles) Corp	7,000	common stock	97,642	119,770
Sherwin-Williams Co W/1 RT/SH	750	common stock	41,506	62,813

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Southwest Airlines Co	4,490	common stock	44,660	58,280
Southwestern Energy Company	596	common stock	29,667	22,308
Starbucks Corp	1,645	common stock	42,692	52,854
Target Corp	670	common stock	33,475	40,287
Texas Instruments Inc	922	common stock	26,125	29,965
Thermo Fisher Scientific Inc	820	common stock	26,712	45,395
Time Warner Inc	2,750	common stock	85,014	88,468
United Parcel Service	1,440	common stock	61,638	104,515
United Technologies Corp	351	common stock	21,422	27,631
UnitedHealth Group Inc	1,412	common stock	47,146	50,987
VF Corp W/1 RT/SH	384	common stock	31,017	33,093
VISA Inc	890	common stock	66,181	62,638
Visa Inc	452	common stock	31,489	31,812
Walgreen Co	1,030	common stock	36,028	40,129
Walt Disney Co	1,570	common stock	25,732	58,891
Waste Management Inc	1,830	common stock	59,499	67,472
Weatherford Intl Ltd	4,320	common stock	50,687	98,496
Western Union Co	4,010	common stock	66,342	74,466
Subtotal				5,836,015
Money Market Funds				
Huntington Treasury Money Market	52,300	shares	52,300	52,300
Federated Government Obligations Fund	3,299,233	shares	3,299,233	3,299,233
Subtotal				3,351,533
Mutual Funds				
Artio International Equity Fund	79,993	shares	2,141,299	2,410,978
Calomos Growth Fund	22,901	shares	770,680	1,222,464
Dodge & Cox International Stock Fund	75,551	shares	2,003,607	2,697,924
Neuberger Berman Genesis Institutional Fund	25,164	shares	790,017	1,156,521
Pimco All Asset All Authority Fund	188,012	shares	2,025,172	1,987,292
Pimco Total Return Fund	364,016	shares	3,996,895	3,949,573
Subtotal				13,424,752
Hawk Corporation 8 3/4% Senior Notes			1,000,000	1,030,000
Total Assets Held for Investment Purposes				\$ 23,642,299

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4j – Schedule of Reportable Transactions

December 31, 2010

Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Category (i) – Individual transactions in excess of 5% of Plan assets					
Vanguard Total Bond Fund	\$ -	\$ 3,718,281	\$ 3,570,017	\$ 3,718,281	\$ 148,264
Hawk Corporation Common Stock	\$ -	\$ 3,000,000	\$ 716,778	\$ 3,000,000	\$ 2,283,222
Category (iii) - Series of transactions in excess of 5% of Plan assets					
Pimco Total Return Fund	\$ 3,996,895	\$ -	\$ 3,996,895	\$ 3,996,895	\$ -
Vanguard Total Bond Market Index	\$ -	\$ 4,718,281	\$ 4,508,783	\$ 4,718,281	\$ 209,498
Federated Government Obligations Fund	\$ 11,055,680	\$ -	\$ 11,055,680	\$ 11,055,680	\$ -
Federated Government Obligations Fund	\$ -	\$ 8,403,704	\$ 8,403,704	\$ 8,403,704	\$ -
Huntington Treasury Money Market II	\$ 322,320	\$ -	\$ 322,320	\$ 322,320	\$ -
Huntington Treasury Money Market II	\$ -	\$ 760,083	\$ 760,083	\$ 760,083	\$ -

There were no category (ii) or (iv) reportable transactions during 2010

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Friction Products Co. Employees Pension Plan

December 31, 2010 and 2009

Friction Products Co. Employees Pension Plan

Financial Statements and Supplemental Schedules

December 31, 2010 and 2009 and

Years Ended December 31, 2010 and 2009

Table of Contents

Report of Independent Certified Public Accountants	1
Financial Statements	
Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009	2
Statements of Changes in Net Assets Available for Benefits for the years ended	
December 31, 2010 and 2009	3
Statement of Accumulated Plan Benefits as of January 1, 2010	4
Statement of Changes in Accumulated Plan Benefits for the year ended January 1, 2010	5
Notes to Financial Statements	6
Supplemental Schedule	
Schedule H, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2010	14
Schedule H, Line 4j—Schedule of Reportable Transactions for the year ended	
December 31, 2010	17



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Report of Independent Certified Public Accountants

Plan Administrator

Friction Products Co. Employees Pension Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Friction Products Co. Employees Pension Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits and the statement of accumulated plan benefits as of January 1, 2010, and the related statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Huntington National Bank N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to express, and we do not express, an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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.

Grant Thornton LLP

Cleveland, Ohio

October 13, 2011

Friction Products Co. Employees Pension Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2010	2009
Investments, at fair value:		
Common stocks	\$ 5,836,014	\$ 6,318,237
Senior notes	1,030,000	-
Mutual funds	13,424,752	13,001,883
Money market funds	3,351,533	653,317
	<u>23,642,299</u>	<u>19,973,437</u>
Cash, non-interest bearing	79,629	-
Receivables:		
Employer contributions	-	467,377
Interest and dividends	59,718	21,015
Due from broker	-	19,313
	<u>59,718</u>	<u>507,705</u>
Payables:		
Due to broker	(79,629)	(77,967)
Net assets available for benefits	<u>\$ 23,702,017</u>	<u>\$ 20,403,175</u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2010	2009
Investment income:		
Interest and dividends	682,858	530,025
Net appreciation in fair value of investments	3,587,939	4,041,642
Net investment income	4,270,797	4,571,667
Employer contributions	\$ 200,196	\$ 726,640
Other income	110	54
Benefit payments	(1,043,944)	(1,021,026)
Fees and expenses	(128,317)	(139,783)
Net increase	3,298,842	4,137,552
Net assets available for benefits at beginning of year	20,403,175	16,265,623
Net assets available for benefits at end of year	\$ 23,702,017	\$ 20,403,175

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Statement of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits	January 1, 2010
Vested benefits:	
Participants currently receiving payments	\$ 9,831,300
Other participants	6,525,625
Total for vested participants	16,356,925
Non-vested benefits	2,554,656
Total actuarial present value of accumulated plan benefits	\$ 18,911,581

See notes to financial statements.

Friction Products Co. Employees Pension Plan
Statement of Changes in Accumulated Plan Benefits

Year Ended January 1, 2010

Actuarial present value of accumulated plan benefits as of January 1, 2009	\$18,458,111
Increase (decrease) during the year attributed to:	
Interest at 7%	1,256,936
Benefits paid	(1,021,026)
Benefits accumulated and actuarial (gain)/loss	146,319
Assumption changes	71,241
Net increase	<u>453,470</u>
Actuarial present value of accumulated plan benefits as of January 1, 2010	<u>\$ 18,911,581</u>

See notes to financial statements.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

1. Description of the Plan

The following description of the Friction Products Co. Employees Pension Plan (Plan) provides only general information. Information about the Plan agreement, vesting and benefit provisions, and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is contained in the Plan document. A copy of this document is available from the Plan administrator.

General

The Plan is a non-contributory defined benefit plan that covers all full-time employees of the Friction Products Co. (the Company and Plan Sponsor) and non-union employees of Logan Metal Stampings, Inc. (Logan), an affiliated company, hired prior to January 1, 2004. The Plan was amended effective June 1, 2006 and provided that after May 31, 2006 no further benefit accruals would be earned by Plan participants (the Amendment). At that date, all participants became fully vested in their accrued benefit. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Benefits

Benefits for normal retirement are calculated based upon earnings and years of service. Benefits for Logan employees are reduced by amounts earned under a plan in which they were previously covered. Additionally, the Amendment provided that a retirement benefit date known as the "Rule of 80" changed from an early retirement benefit date to a normal retirement benefit date under the provisions of the Plan. The Plan also provides other forms of benefits including disability and surviving spouse benefits.

Funding Policy

The Plan Sponsor voluntarily contributes such amounts as are necessary on an actuarial basis to provide sufficient net assets to fund benefit payments to Plan participants. The Plan has met minimum funding requirements under ERISA for 2010 and 2009.

Plan Termination Policy

Should the Plan terminate at some future time, its net assets generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time.

Some benefits may be fully or partially provided for by the then existing net assets and the PBGC guarantee while other benefits may not be provided for at all.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

2. Significant Accounting Policies

Basis of Accounting

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

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's assets are invested in common stocks, senior notes, mutual funds and money market funds. Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4, "Fair Value Measurements" for further discussion of fair value measurements.

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

Administrative Expenses

All expenses of maintaining the Plan are paid by the Plan.

New Accounting Standards Adopted

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) - Improving Disclosures About Fair Value Measurements* (ASU 2010-06), to add new disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. This ASU is effective for the first reporting period beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances and settlements on a gross basis, which will be effective for fiscal years beginning on or after December 15, 2010. The adoption of this guidance did not have an impact on the Plan's financial statements or disclosures.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

Actuarial Present Value of Accumulated Plan Benefits

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

The actuarial present value of accumulated plan benefits is determined by an actuary from Prudential Retirement Insurance and Annuity Company and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The more significant actuarial assumptions used in the January 1, 2010 and 2009 valuations are as follows:

Assumed interest rate	7% per annum, compounded annually
Mortality	IRS 2010 Static Mortality Table for January 1, 2010 and IRS 2009 Static Mortality Table for January 1, 2009.
Normal Retirement age	For participants with less than 80 points or those hired after January 1, 2002, age 65. For all others the assumed retirement age is the earlier of age 65 or the attainment of 80 points (minimum age 55 and minimum service 20).

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the accumulated plan benefits.

3. Investments

All investment information disclosed in the accompanying financial statements, except for Note 4, and supplemental schedules, including investments held at December 31, 2010 and 2009, and net appreciation in fair value of investments and interest and dividend income for the years ended December 31, 2010 and 2009, were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the trustee of the Plan, Huntington National Bank (Trustee).

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The fair value of individual investments that represent 5% or more of the Plan's net assets at either December 31, 2010 or 2009 are as follows:

	2010	2009
Pimco Total Return Fund	\$ 3,949,573	**
Federated Government Obligations Fund	3,299,233	*
Dodge & Cox International Stock Fund	2,697,924	2,373,086
Artio International Equity Fund	2,410,978	2,215,477
Pimco All Asset All Authority Fund	1,987,292	1,795,712
Calamos Growth Fund	1,222,464	*
Hawk Corporation Common Stock	***	1,056,600
Vanguard Total Bond Market Index Fund	***	4,649,243

*Does not exceed 5% of Plan net assets

** Was not an investment as of December 31, 2009

*** Was not an investment as of December 31, 2010

Net appreciation in fair value of investments (including investments bought, sold, as well as held during the year) for the years ended December 31, 2010 and 2009 was as follows:

	2010	2009
Common stocks	\$ 2,661,413	\$ 1,885,532
Mutual funds	896,526	2,156,110
Senior notes	30,000	-
	<u>\$ 3,587,939</u>	<u>\$ 4,041,642</u>

4. Fair Value Measurements

The Plan follows the fair value accounting guidance which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full terms of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2010 and 2009. Following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2010 and 2009:

Money Market Funds: money market funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

Common Stocks: common stocks are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Senior Notes: the senior notes are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year.

Mutual Funds: mutual funds are valued at quoted market prices on an exchange and active markets, which represent the net asset values of shares held by the Plan at year end.

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

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

December 31, 2010	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,351,533	\$ 3,351,533	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,538,591	2,538,591	-	-
Foreign companies - Growth	210,092	210,092	-	-
U.S. companies - Value	2,988,835	2,988,835	-	-
Foreign companies - Value	98,496	98,496	-	-
Total common stocks	5,836,014	5,836,014	-	-
Mutual funds:				
Domestic growth funds	2,378,985	2,378,985	-	-
International growth funds	2,410,978	2,410,978	-	-
International value fund	2,697,924	2,697,924	-	-
Fixed income fund	3,949,573	3,949,573	-	-
Multi class fund	1,987,292	1,987,292	-	-
Total mutual funds	13,424,752	13,424,752	-	-
Senior notes	1,030,000	1,030,000	-	-
Total assets at fair value	\$ 23,642,299	\$ 23,642,299	\$ -	\$ -
December 31, 2009	Total	Level 1	Level 2	Level 3
Money market funds	\$ 653,317	\$ 653,317	\$ -	\$ -
Common stocks:				
U.S. companies - Growth	2,364,433	2,364,433	-	-
Foreign companies - Growth	149,266	149,266	-	-
U.S. companies - Value	3,729,541	3,729,541	-	-
Foreign companies - Value	74,997	74,997	-	-
Total common stocks	6,318,237	6,318,237	-	-
Mutual funds:				
Growth funds	4,183,842	4,183,842	-	-
Value fund	2,373,086	2,373,086	-	-
Fixed income fund	4,649,243	4,649,243	-	-
Multi class fund	1,795,712	1,795,712	-	-
Total mutual funds	13,001,883	13,001,883	-	-
Total assets at fair value	\$ 19,973,437	\$ 19,973,437	\$ -	\$ -

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

5. Income Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 18, 2002 that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is designed and currently being operated in compliance with the applicable requirements of the IRC. The Plan has applied for, but has not received, a new determination letter from IRS.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010 and 2009, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by the IRS; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

6. Risks and Uncertainties

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

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. Transactions with Parties-in-Interest

During 2010 and 2009, certain legal fees and certain administrative expenses relating to the maintenance of participant eligibility records were paid by the Plan Sponsor. Fees paid during the year for other services rendered by parties-in interest were based on customary and reasonable rates for such services.

At December 31, 2010, the Plan holds \$1,000,000 of Hawk Corporation (Hawk) 8¼% Senior Notes which were acquired on the open market and recorded \$30,000 of net appreciation in the value of these securities for the year ended December 31, 2010.

Friction Products Co. Employees Pension Plan

Notes to Financial Statements

Years ended December 31, 2010 and 2009

The Plan held 60,000 shares of Hawk common stock with a fair value of \$1,056,000 and a cost basis of \$716,778 at December 31, 2009. On December 1, 2010, Hawk was purchased by Carlisle Companies Incorporated (Carlisle) and the 60,000 shares of Hawk common stock were purchased by Carlisle for \$50.00 per share. Accordingly, this transaction qualifies as a party-in-interest transaction.

8. Subsequent Events

The Plan evaluated its December 31, 2010 financial statements for subsequent events through October 13, 2011, the date the financial statements were available to be issued.

On January 10, 2011, the \$1,000,000 of Hawk 8¾% Senior Notes due 2014, which the Plan held in its investment portfolio were called by the issuer at \$103.281. Accordingly, this sale qualified as a party-in-interest transaction. The Plan is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Friction Products Co. Employees Pension Plan

Employer Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Common Stocks				
3M Co	610	common stock	48,566	52,643
Adobe Systems Inc	1,204	common stock	37,961	37,059
Allegheny Technologies Inc	1,117	common stock	57,744	61,636
Allergan Inc.	657	common stock	42,087	45,116
Amazon.com Inc	485	common stock	37,744	87,300
American Express Co	1,920	common stock	37,379	82,406
American Tower Corp	1,178	common stock	49,409	60,832
Amgen Inc	584	common stock	33,743	32,062
Amphenol Corp	350	common stock	15,457	18,473
Apple Inc	572	common stock	49,036	184,504
Autodesk Inc. W/1 RT/SH	1,250	common stock	41,451	47,750
Automatic Data Processing	1,290	common stock	44,008	59,701
Baker Hughes, Inc	1,820	common stock	58,706	104,049
Bank of New York Mellon Corp	3,380	common stock	99,143	102,076
Becton Dickinson	1,180	common stock	79,118	99,734
Boeing Co.	1,673	common stock	100,303	109,180
Borg-Warner Co	554	common stock	24,054	40,087
Boston Scientific Corp.	9,600	common stock	70,105	72,672
Cameron International Corp W/1 RT/SH	737	common stock	27,070	37,388
Canadian Natural Resources	1,485	common stock	51,213	65,964
Carnival Corp	1,950	common stock	35,642	89,915
Caterpillar, Inc	518	common stock	35,991	48,516
CelegeneCorp W/1 RT/SH	724	common stock	42,975	42,817
Cerner Corp	1,270	common stock	104,700	120,320
Check Point Software Tech	1,061	common stock	36,596	49,082
Cisco Systems Inc	4,855	common stock	85,068	98,217
Citrix Systems Inc	1,263	common stock	58,446	86,402
CME Group Inc	89	common stock	28,834	28,636
Coach Inc W/1 RT/SH	514	common stock	18,131	28,429
Coca Cola Co	1,877	common stock	101,217	123,450
Colgate Palmolive	346	common stock	27,777	27,808
Corning Inc	1,984	common stock	34,736	38,331
Covidien Plc	607	common stock	30,337	27,716
Ctrip.com Intl	566	common stock	26,487	22,895
Cummins Inc	517	common stock	27,896	56,875
Danaher Corp	648	common stock	21,238	30,566
Denbury Resources Inc	783	common stock	12,680	14,947
Discovery Communications	1,390	common stock	53,779	57,963
EMC Corp/Mass	4,702	common stock	63,530	107,676
Emerson Electric Co	554	common stock	17,589	31,672
EOG Resources Inc	391	common stock	38,826	35,741

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Express Scripts Inc	550	common stock	28,513	29,728
F5 Networks Inc	164	common stock	14,622	21,346
FedEx Corp	680	common stock	33,018	63,247
Freeport-McMoran C & G W/1 RT/SH	925	common stock	87,255	111,083
General Mills Inc	740	common stock	19,903	26,337
Google Inc	210	common stock	97,798	124,734
Heinz H J Co	810	common stock	31,061	40,063
Hess Corp	1,700	common stock	95,965	130,118
Home Depot Inc	1,040	common stock	21,612	36,462
JP Morgan Chase & Co	692	common stock	31,338	29,355
Juniper Networks, Inc	1,020	common stock	13,729	37,658
Juniper Networks, Inc	774	common stock	27,341	28,576
Kellogg Co	490	common stock	21,253	25,029
Kohls Corp	1,240	common stock	54,416	67,382
Kraft Foods Inc	570	common stock	17,687	17,961
Kroger Co	2,260	common stock	51,665	50,534
Laboratory Corp Amer Hldgs Inc W/1 RT/SH	315	common stock	23,823	27,695
Mastercard Inc	250	common stock	55,268	56,028
McDonalds Corp	674	common stock	45,870	51,736
Mead Johnson Nutrition Co	643	common stock	28,203	40,027
Monsanto Co	1,680	common stock	107,523	116,995
Netapp Inc	755	common stock	36,536	41,495
Netflix Inc	398	common stock	49,652	69,929
Nordstrom Inc	681	common stock	24,574	28,861
Norfolk Southern Corp W/1 RT/SH	800	common stock	41,928	50,256
Northern Trust Corp	1,040	common stock	54,187	57,626
Oracle Corporation	3,504	common stock	88,562	109,675
Owens Illinois Inc	1,660	common stock	50,965	50,962
Pepsico Inc	750	common stock	46,812	48,998
Potash Corp of Saskatchewan	287	common stock	40,386	44,436
Precision Castparts Corp	385	common stock	48,143	53,596
Priceline.com Inc	115	common stock	23,152	45,948
Procter & Gamble Co	687	common stock	39,104	44,195
Qualcom Inc W/1 RT/SH	1,460	common stock	56,444	72,255
Range Resources Corp	633	common stock	30,949	28,472
Rockwell Collins Inc	791	common stock	49,094	46,084
Safeway Inc	2,280	common stock	48,637	51,277
Sales force.com Inc	369	common stock	32,415	48,708
Sandisk Corp	572	common stock	27,502	28,520
Schlumberger Ltd	524	common stock	36,540	43,754
Schwab (Charles) Corp	7,000	common stock	97,642	119,770
Sherwin-Williams Co W/1 RT/SH	750	common stock	41,506	62,813

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4i – Schedule of Assets (Held at End of Year) (continued)

December 31, 2010

Identity of Issue, Borrower, Lessor or Similar Party	Number of Shares	Description of Investment	Cost	Current Value
Southwest Airlines Co	4,490	common stock	44,660	58,280
Southwestern Energy Company	596	common stock	29,667	22,308
Starbucks Corp	1,645	common stock	42,692	52,854
Target Corp	670	common stock	33,475	40,287
Texas Instruments Inc	922	common stock	26,125	29,965
Thermo Fisher Scientific Inc	820	common stock	26,712	45,395
Time Warner Inc	2,750	common stock	85,014	88,468
United Parcel Service	1,440	common stock	61,638	104,515
United Technologies Corp	351	common stock	21,422	27,631
UnitedHealth Group Inc	1,412	common stock	47,146	50,987
VF Corp W/1 RT/SH	384	common stock	31,017	33,093
VISA Inc	890	common stock	66,181	62,638
Visa Inc	452	common stock	31,489	31,812
Walgreen Co	1,030	common stock	36,028	40,129
Walt Disney Co	1,570	common stock	25,732	58,891
Waste Management Inc	1,830	common stock	59,499	67,472
Weatherford Intl Ltd	4,320	common stock	50,687	98,496
Western Union Co	4,010	common stock	66,342	74,466
Subtotal				5,836,015
Money Market Funds				
Huntington Treasury Money Market	52,300	shares	52,300	52,300
Federated Government Obligations Fund	3,299,233	shares	3,299,233	3,299,233
Subtotal				3,351,533
Mutual Funds				
Artio International Equity Fund	79,993	shares	2,141,299	2,410,978
Calomos Growth Fund	22,901	shares	770,680	1,222,464
Dodge & Cox International Stock Fund	75,551	shares	2,003,607	2,697,924
Neuberger Berman Genesis Institutional Fund	25,164	shares	790,017	1,156,521
Pimco All Asset All Authority Fund	188,012	shares	2,025,172	1,987,292
Pimco Total Return Fund	364,016	shares	3,996,895	3,949,573
Subtotal				13,424,752
Hawk Corporation 8 3/4% Senior Notes			1,000,000	1,030,000
Total Assets Held for Investment Purposes				\$ 23,642,299

Friction Products Co. Employees Pension Plan

Employee Identification Number 34-1608009

Plan Number 004

Schedule H, line 4j – Schedule of Reportable Transactions

December 31, 2010

Description of Asset	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Category (i) – Individual transactions in excess of 5% of Plan assets					
Vanguard Total Bond Fund	\$ -	\$ 3,718,281	\$ 3,570,017	\$ 3,718,281	\$ 148,264
Hawk Corpoation Common Stock	\$ -	\$ 3,000,000	\$ 716,778	\$ 3,000,000	\$ 2,283,222
Category (iii) - Series of transactions in excess of 5% of Plan assets					
Pimco Total Return Fund	\$ 3,996,895	\$ -	\$ 3,996,895	\$ 3,996,895	\$ -
Vanguard Total Bond Market Index	\$ -	\$ 4,718,281	\$ 4,508,783	\$ 4,718,281	\$ 209,498
Federated Government Obligations Fund	\$ 11,055,680	\$ -	\$ 11,055,680	\$ 11,055,680	\$ -
Federated Government Obligations Fund	\$ -	\$ 8,403,704	\$ 8,403,704	\$ 8,403,704	\$ -
Huntington Treasury Money Market II	\$ 322,320	\$ -	\$ 322,320	\$ 322,320	\$ -
Huntington Treasury Money Market II	\$ -	\$ 760,083	\$ 760,083	\$ 760,083	\$ -

There were no category (ii) or (iv) reportable transactions during 2010