

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
---	--	---

Part I	Annual Report Identification Information		
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</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>UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN</u>	1b Three-digit plan number (PN) ►	<u>001</u>	
	1c Effective date of plan	<u>01/01/1996</u>	
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>UNITED GRINDING TECHNOLOGIES INC</u> <u>510 EARL BOULEVARD</u> <u>MIAMISBURG, OH 45342</u>	2b Employer Identification Number (EIN) <u>13-3246026</u>	2c Sponsor's telephone number <u>937-847-1279</u>	2d Business code (see instructions) <u>423800</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	<u>Filed with authorized/valid electronic signature.</u>	<u>10/12/2012</u>	<u>CHRISTINE TAYLOR</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") UNITED GRINDING TECHNOLOGIES INC 510 EARL BOULEVARD MIAMISBURG, OH 45342	3b Administrator's EIN 13-3246026 3c Administrator's telephone number 937-847-1279
---	---

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	129
---	----------	-----

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	121
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	25
d Subtotal. Add lines 6a , 6b , and 6c	6d	146
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	146
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	112
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

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

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

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

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 (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

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

A Name of plan <u>UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED GRINDING TECHNOLOGIES INC</u>	D Employer Identification Number (EIN) <u>13-3246026</u>

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

FRANKLIN TEMPLETON DISTRIBUTORS, IN 100 FOUNTAIN PARKWAY
ST. PETERSBURG, FL 33716

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

GOLDMAN SACHS 71 SOUTH WACKER DRIVE
SUITE 500
CHICAGO, IL 60606

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

INVESCO DISTRIBUTORS, INC.

74-1894784

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

OPPENHEIMER FUNDS INC.

13-2527171

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

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

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

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

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

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

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

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

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

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

ADP

22-1467904

(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?
37 50 15 64	RECORD KEEPER	735	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

ADP BROKER-DEALER

22-3319984

(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?
60 59 49 99	RECORD KEEPER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59 99	0
(d) Enter name and EIN (address) of source of indirect compensation FRANKLIN TEMPLETON DISTRIBUTORS, IN 100 FOUNTAIN PARKWAY ST. PETERSBURG, FL 33716 (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.0017 OF AVERAGE DAILY ASSETS		
(a) Enter service provider name as it appears on line 2 ADP BROKER-DEALER (b) Service Codes (see instructions) 60 59 99 (c) Enter amount of indirect compensation 0		
(d) Enter name and EIN (address) of source of indirect compensation GOLDMAN SACHS 71 SOUTH WACKER DRIVE SUITE 500 CHICAGO, IL 60606 (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.0017 OF AVERAGE DAILY ASSETS		
(a) Enter service provider name as it appears on line 2 ADP BROKER-DEALER (b) Service Codes (see instructions) 60 59 99 (c) Enter amount of indirect compensation 0		
(d) Enter name and EIN (address) of source of indirect compensation INVESCO DISTRIBUTORS, INC. 74-1894784 (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.0017 OF AVERAGE DAILY ASSETS		

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
ADP BROKER-DEALER	60 59 99	0

(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.
OPPENHEIMER FUNDS INC. 13-2527171	ANNUAL RATE 0.0015 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.0017 OF AVERAGE DAILY ASSETS

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

For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN</u>	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED GRINDING TECHNOLOGIES INC</u>	D Employer Identification Number (EIN) <u>13-3246026</u>	

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

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	122680	169662
(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)	5096678	5537048
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5219358	5706710

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5219358	5706710
---	-----------	---------	---------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	88048	
(B) Participants	2a(1)(B)	621567	
(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)		709615
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)	6895	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		6895
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	138841	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		138841
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(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)		-346639
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		508712

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	19736	
(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)		19736
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		889
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)	735	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		735
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		21360

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		487352
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: **BRADY WARE** (2) EIN: **35-1476702**

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		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

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

5b(1) Name of plan(s)

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
---	--	--

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

A Name of plan <u>UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>UNITED GRINDING TECHNOLOGIES INC</u>	D Employer Identification Number (EIN) <u>13-3246026</u>

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

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>57-1198022</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



BRADY WARE
— & SCHOENFELD —

INDEPENDENT AUDITORS' REPORT

Trustees

United Grinding Technologies, Inc. 401(k) Plan
Miamisburg, Ohio

We were engaged to audit the financial statements of the **United Grinding Technologies, Inc. 401(k) Plan** (the "Plan") as of December 31, 2011 and 2010, and for the years then ended, and supplementary schedule as listed in the accompanying table of contents. These financial statements and supplementary schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note D, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplementary schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of inadequacies in the Plan's prior year records, we were unable to perform auditing procedures with respect to individual participant account balances accumulated from the inception of the Plan or to satisfy ourselves as to the basis on which participants' equity is stated as of December 31, 2011, or the propriety of the distributions to participants who terminated during the year then ended.

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

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
October 5, 2012

One South Main Street • Suite 600 • Dayton, Ohio • 45402-2042
One Woodside Drive • Richmond, Indiana • 47374-2630
10 West Broad Street • Suite 1500 • Columbus, Ohio • 43215-3471
10375 Old Alabama Road Connector • Suite 300 • Alpharetta, Georgia • 30022-1122

www.bradyware.com

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked “yes”:

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

**UNITED GRINDING TECHNOLOGIES,
INC. 401(K) PLAN**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

TABLE OF CONTENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 10
SUPPLEMENTARY INFORMATION	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	11



BRADY WARE
— & SCHOENFELD —

INDEPENDENT AUDITORS' REPORT

Trustees

United Grinding Technologies, Inc. 401(k) Plan
Miamisburg, Ohio

We were engaged to audit the financial statements of the **United Grinding Technologies, Inc. 401(k) Plan** (the "Plan") as of December 31, 2011 and 2010, and for the years then ended, and supplementary schedule as listed in the accompanying table of contents. These financial statements and supplementary schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note D, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplementary schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of inadequacies in the Plan's prior year records, we were unable to perform auditing procedures with respect to individual participant account balances accumulated from the inception of the Plan or to satisfy ourselves as to the basis on which participants' equity is stated as of December 31, 2011, or the propriety of the distributions to participants who terminated during the year then ended.

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

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
October 5, 2012

One South Main Street • Suite 600 • Dayton, Ohio • 45402-2042
One Woodside Drive • Richmond, Indiana • 47374-2630
10 West Broad Street • Suite 1500 • Columbus, Ohio • 43215-3471
10375 Old Alabama Road Connector • Suite 300 • Alpharetta, Georgia • 30022-1122

www.bradyware.com

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Investments at fair market value		
Money market fund	\$ 605,422	\$ 533,393
Equity securities funds	4,240,736	3,970,433
Government and corporate bond funds	<u>690,890</u>	<u>592,852</u>
Total investments at fair market value	5,537,048	5,096,678
Receivables		
Participant loans receivable	<u>169,662</u>	<u>122,680</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 5,706,710</u>	<u>\$ 5,219,358</u>

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income (loss)		
Interest and dividends	\$ 138,841	\$ 88,883
Interest - participant loans	6,895	4,379
Net increase (decrease) in market value of investments	<u>(346,639)</u>	<u>413,714</u>
Total investment income (loss)	<u>(200,903)</u>	<u>506,976</u>
Contributions		
Employee	621,567	566,039
Employer	88,048	83,408
Rollover	<u>-</u>	<u>5,423</u>
Total contributions	<u>709,615</u>	<u>654,870</u>
Total additions	<u>508,712</u>	<u>1,161,846</u>
DEDUCTIONS FROM PLAN ASSETS ATTRIBUTED TO		
Participant withdrawals	20,625	772,961
Administrative fees	<u>735</u>	<u>1,395</u>
Total deductions	<u>21,360</u>	<u>774,356</u>
NET INCREASE	487,352	387,490
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	<u>5,219,358</u>	<u>4,831,868</u>
End of year	<u>\$ 5,706,710</u>	<u>\$ 5,219,358</u>

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF PLAN

The following description of **United Grinding Technologies, Inc. 401(k) Plan** (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General - On January 1, 1995, United Grinding Technologies, Inc. (the "Company") adopted a money purchase pension plan, which permitted only employer contributions. On January 1, 1996, the Company adopted a 401(k) profit sharing plan (the "Plan"). Effective June 30, 2002, the Company ceased all benefit accruals under the money purchase plan. All assets of the money purchase plan were merged into the 401(k) profit sharing effective June 30, 2002. The Plan allows all employees of the Company to participate. Effective May 1, 2012, the Plan was amended to exclude non-resident aliens, leased employees, and part-time, seasonal, or temporary employees whose regularly scheduled service is less than 500 hours. Eligible employees may enter the Plan on the first day of the month coinciding with or following completion of six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - The Plan provides for employee salary deferrals up to 90% of compensation up to the Internal Revenue Code Section 402(g) limit. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants who have attained the age of 50 before the end of the Plan year are eligible to make catch-up contributions. The Company will make a matching contribution equal to 25% of a participant's elective deferrals up to 5% of a participant's compensation. The Company may make a discretionary profit sharing contribution to the Plan. All participants will share in the profit sharing contribution regardless of service completed during the Plan year or employment status at the end of the Plan year. The discretionary profit sharing contribution will be allocated to the participants in the same ratio as each participants' compensation to the total of such compensation of all participants. For the years ended December 31, 2011 and 2010, the Company did not make a discretionary profit sharing contribution to the Plan.

Forfeitures - Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. Forfeitures used to reduce the employer matching contribution totaled \$0 and \$97 for the years ended December 31, 2011 and 2010, respectively. Unallocated forfeitures at both December 31, 2011 and 2010 were \$10.

Participant Accounts - State Street Bank and Trust Company ("Trust") is trustee and custodian of Plan investments. The Trust maintains the self-directed investment accounts for each participant containing the participant's contributions, Company contributions, net earnings or losses, forfeitures, and distributions and withdrawals. Company contributions are allocated based on participants' compensation as defined by the Plan Agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Each participant directs both separately, and distinctly, into which investment the participant contribution, employer match, and discretionary contribution is to be invested.

Vesting - Participants are immediately vested in all contributions to the Plan and corresponding earnings.

Distributions - Upon termination of service by reason of retirement, death, permanent disability, or otherwise, participants or designated beneficiaries may elect to receive their vested balance either in a lump-sum amount or payments over a period of time in cash installments or in a form agreeable to the Plan Administrator. The Plan Administrator may elect to automatically distribute to terminated participants balances of \$5,000 or less. In addition, participants may receive distributions from all vested amounts for qualified financial hardships.

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF PLAN - continued

Participant Loans - Participants may borrow from the Plan in any amount between \$500 and \$50,000, but not more than 50% of their vested account balance. Loans bear interest at an agreed-upon percentage based on prevailing market rates, as determined by the Plan Administrator. Loan terms are for a period not exceeding five years. A longer term may be approved by the Plan Administrator if proceeds are to be used for the purchase of a primary residence. A participant may have a maximum of two loans outstanding at any one time. Loans are secured by the balance in the participant's accounts. Principal and interest is paid ratably through payroll deductions.

Investment Options - Upon enrollment in the Plan, a participant may currently direct contributions in any of 16 investment options in increments of one percent. Participants may change their investment options at any time via phone or Internet. Deferral percentages can be adjusted at the beginning of any payroll period only via phone or Internet.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared using the accrual method of accounting.

Financial Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's administrator to make estimates and assumptions that affect the reported amounts of net assets, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value, determined by quoted market prices in an active market, of the underlying funds, which represent the net asset value of shares held by the Plan. See Note E for discussion of fair value measurements. Unrealized appreciation and depreciation are calculated by comparing fair value to cost. Security transactions are recorded on a trade date basis. Gains and losses are computed using the specific identification method. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

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

Participant Loans Receivable - Loans receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan Document. No reserve is considered necessary for participant loans at December 31, 2011 and 2010.

Payment of Benefits - Benefits are recorded when paid.

Administrative Fees - Certain administrative fees of the Plan are paid by the Company. Fees for specific transactions, such as a loan withdrawal or distribution, are paid by the individual participant. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Subsequent Events - In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through October 5, 2012, the date the financial statements were available to be issued.

NOTE C - INVESTMENTS

The Plan's investments are held by a financial services administrated trust fund. The following table presents the fair values of the investments at December 31, 2011 and 2010.

	<u>2011</u>		<u>2010</u>
Goldman Sachs Fin Square Prime Obligations	\$ 605,422 *	\$	533,393 *
Franklin Growth Fund - A	226,707		214,660
Franklin Mutual Global Discovery - A	184,493		149,512
Franklin Rising Dividends	412,545 *		323,765 *
Goldman Sachs Small Mid Cap Growth	491,273 *		501,715 *
Goldman Sachs Balanced Strategy - A	43,988		39,912
Goldman Sachs Equity Growth Strategy - A	662,892 *		642,057 *
Goldman Sachs Growth and Income Strategy - A	623,319 *		588,345 *
Goldman Sachs Growth Opportunities - A	116,061		81,437
Goldman Sachs Growth Strategy - A	947,898 *		914,588 *
Goldman Sachs Technology Tollkeeper	221,746		248,879
Oppenheimer Equity Income Fund	127,469		96,154
Invesco International Growth - A	182,345		169,409
Goldman Sachs High Yield Fund - A	157,389		149,761
Goldman Sachs Short Duration Govt Fund	156,701		-
Oppenheimer Global Strategy Income	376,800 *		443,091 *
	<u>\$ 5,537,048</u>		<u>\$ 5,096,678</u>

* Fair values of individual assets represent five percent or more of the Plan's net assets as of December 31, 2011 and 2010.

The Plan's investments (including bought, sold, and held during the year) appreciated (depreciated) in value in 2011 and 2010 as follows:

	<u>2011</u>		<u>2010</u>
Equity securities funds	\$ (316,960)	\$	386,446
Government and corporate bond funds	(29,679)		27,268
	<u>\$ (346,639)</u>		<u>\$ 413,714</u>

NOTES TO FINANCIAL STATEMENTS

NOTE D - SUMMARY OF INFORMATION CERTIFIED BY PLAN TRUSTEE

The total fair value of the investments held by the trustee at December 31, 2011 and 2010, was \$5,537,048 and \$5,096,678, respectively. The cost of the investments at December 31, 2011 and 2010, was not readily determinable.

The trustee of the Plan, State Street Bank and Trust Company, has supplied the Plan Administrator with a certification as to the completeness and accuracy of the following information:

- Investments
- Interest and dividend income
- Net appreciation (depreciation) in fair value of investments

NOTE E - FAIR VALUE MEASUREMENTS

Accounting standards define fair value and establish a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the accounting standards are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE MEASUREMENTS - continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

Money market fund: Valued based on the contractual terms of the underlying fund; provides a daily mil-rate for income accretion.

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

Government and corporate bond funds: Valued at the net asset value (NAV) of shares held by the Plan at year-end.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	<u>\$ 605,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,422</u>
Equity securities funds				
Large cap growth	448,454	-	-	448,454
Large cap value	311,962	-	-	311,962
Large cap blend	2,690,642	-	-	2,690,642
Mid cap growth	607,333	-	-	607,333
Foreign large cap growth	<u>182,345</u>	<u>-</u>	<u>-</u>	<u>182,345</u>
	<u>4,240,736</u>	<u>-</u>	<u>-</u>	<u>4,240,736</u>
Government and corporate bond funds	<u>690,890</u>	<u>-</u>	<u>-</u>	<u>690,890</u>
	<u>\$ 5,537,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,537,048</u>

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE MEASUREMENTS - continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

	Level 1	Level 2	Level 3	Total
Money market fund	<u>\$ 533,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,393</u>
Equity securities funds				
Large cap growth	463,539	-	-	463,539
Large cap value	245,666	-	-	245,666
Large cap blend	2,508,667	-	-	2,508,667
Mid cap growth	583,152	-	-	583,152
Foreign large cap growth	<u>169,409</u>	<u>-</u>	<u>-</u>	<u>169,409</u>
	<u>3,970,433</u>	<u>-</u>	<u>-</u>	<u>3,970,433</u>
Government and corporate bond funds	<u>592,852</u>	<u>-</u>	<u>-</u>	<u>592,852</u>
	<u>\$ 5,096,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,096,678</u>

NOTE F - BENEFITS ALLOCABLE TO WITHDRAWN PARTICIPANTS

There were no benefits payable to participants terminated prior to year end for the years ended December 31, 2011 and 2010.

NOTE G - RELATED PARTY TRANSACTIONS

Certain Plan assets are invested with State Street Bank and Trust Company. Thus, State Street Bank and Trust Company, as trustee defined by the Plan, qualifies as a party-in-interest.

NOTE H - TAX STATUS

The Company adopted a Prototype Non-Standardized Profit Sharing and 401(k) Plan with a cash or deferral arrangement which received a favorable opinion letter from the Internal Revenue Service on March 31, 2008, which stated that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. The Plan has been amended since receiving the opinion letter; however, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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 Internal Revenue Service. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE I - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA and its related regulations. In the event of Plan termination, participants will become 100% vested in the employer portion of contributions.

NOTE J - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

There were no differences between the financial statements and the Form 5500 for the years ended December 31, 2011 and 2010.

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PLAN'S EMPLOYER IDENTIFICATION NUMBER: 13-3246026

PLAN NUMBER: 001

DECEMBER 31, 2011

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
	Money Market Fund			
	Goldman Sachs Fin Square Prime Obligations	Money market fund, 605,421.9400 units	#	\$ <u>605,422</u>
	Equity Securities Funds			
	Franklin Growth Fund - A	Large cap growth, 5,078.5720 units	#	226,707
	Franklin Mutual Global Discovery - A	Large cap value, 6,797.8088 units	#	184,493
	Franklin Rising Dividends	Large cap blend, 11,854.7485 units	#	412,545
	Goldman Sachs Small Mid Cap Growth	Mid cap growth, 36,498.7081 units	#	491,273
	Goldman Sachs Balanced Strategy - A	Large cap blend, 4,461.2456 units	#	43,988
	Goldman Sachs Equity Growth Strategy - A	Large cap blend, 64,798.8072 units	#	662,892
	Goldman Sachs Growth and Income Strategy - A	Large cap blend, 62,456.7619 units	#	623,319
	Goldman Sachs Growth Opportunities - A	Mid cap growth, 5,617.6606 units	#	116,061
	Goldman Sachs Growth Strategy - A	Large cap blend, 96,135.7368 units	#	947,898
	Goldman Sachs Technology Tollkeeper	Large cap growth, 19,349.5708 units	#	221,746
	Oppenheimer Equity Income Fund	Large cap value, 5,716.1037 units	#	127,469
	Invesco International Growth - A	Foreign large cap growth, 7,207.3305 units	#	<u>182,345</u>
				<u>4,240,736</u>
	Government and Corporate Bond Funds			
	Goldman Sachs High Yield Fund - A	High yield bond, 22,976.4817 units	#	157,389
	Goldman Sachs Short Duration Govt Fund	Multisector bond, 15,258.1674 units	#	156,701
	Oppenheimer Global Strategy Income	Multisector bond, 92,579.8144 units	#	<u>376,800</u>
				<u>690,890</u>
*	Participant Loans	Interest from 4.25% to 7.00%, maximum five-year term, collateralized by 50% of participants' vested account balance	-0-	<u>169,662</u>
				<u>\$ 5,706,710</u>

* Represents a party-in-interest to the Plan.

Cost not readily determinable.

UNITED GRINDING TECHNOLOGIES, INC. 401(K) PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PLAN'S EMPLOYER IDENTIFICATION NUMBER: 13-3246026

PLAN NUMBER: 001

DECEMBER 31, 2011

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	(d) Cost	(e) Current Value
	Money Market Fund			
	Goldman Sachs Fin Square Prime Obligations	Money market fund, 605,421.9400 units	#	\$ <u>605,422</u>
	Equity Securities Funds			
	Franklin Growth Fund - A	Large cap growth, 5,078.5720 units	#	226,707
	Franklin Mutual Global Discovery - A	Large cap value, 6,797.8088 units	#	184,493
	Franklin Rising Dividends	Large cap blend, 11,854.7485 units	#	412,545
	Goldman Sachs Small Mid Cap Growth	Mid cap growth, 36,498.7081 units	#	491,273
	Goldman Sachs Balanced Strategy - A	Large cap blend, 4,461.2456 units	#	43,988
	Goldman Sachs Equity Growth Strategy - A	Large cap blend, 64,798.8072 units	#	662,892
	Goldman Sachs Growth and Income Strategy - A	Large cap blend, 62,456.7619 units	#	623,319
	Goldman Sachs Growth Opportunities - A	Mid cap growth, 5,617.6606 units	#	116,061
	Goldman Sachs Growth Strategy - A	Large cap blend, 96,135.7368 units	#	947,898
	Goldman Sachs Technology Tollkeeper	Large cap growth, 19,349.5708 units	#	221,746
	Oppenheimer Equity Income Fund	Large cap value, 5,716.1037 units	#	127,469
	Invesco International Growth - A	Foreign large cap growth, 7,207.3305 units	#	<u>182,345</u>
				<u>4,240,736</u>
	Government and Corporate Bond Funds			
	Goldman Sachs High Yield Fund - A	High yield bond, 22,976.4817 units	#	157,389
	Goldman Sachs Short Duration Govt Fund	Multisector bond, 15,258.1674 units	#	156,701
	Oppenheimer Global Strategy Income	Multisector bond, 92,579.8144 units	#	<u>376,800</u>
				<u>690,890</u>
*	Participant Loans	Interest from 4.25% to 7.00%, maximum five-year term, collateralized by 50% of participants' vested account balance	-0-	<u>169,662</u>
				<u>\$ 5,706,710</u>

* Represents a party-in-interest to the Plan.

Cost not readily determinable.

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN

EIN: 13-3246026

Plan Sponsor's Name UNITED GRINDING TECHNOLOGIES INC

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	GSACHS TECHNOLOGY TOLLKEEPER A	REGISTERED INVESTMENT COMPANY		221,746
	GS GROWTH OPPORTUNITIES-A	REGISTERED INVESTMENT COMPANY		116,061
	INVESCO INTL GROWTH - A	REGISTERED INVESTMENT COMPANY		182,345
	FRANKLIN GROWTH FUND - A	REGISTERED INVESTMENT COMPANY		226,707
	GS HIGH YIELD FUND - A	REGISTERED INVESTMENT COMPANY		157,389
	GOLDMAN SMALL/MID CAP GRO - A	REGISTERED INVESTMENT COMPANY		491,273
	GS EQUITY GROWTH STRATEGY - A	REGISTERED INVESTMENT COMPANY		662,892

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN

EIN: 13-3246026

Plan Sponsor's Name UNITED GRINDING TECHNOLOGIES INC

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	GS GROWTH STRATEGY - A	REGISTERED INVESTMENT COMPANY		947,898
	GS GROWTH & INCOME STRAT - A	REGISTERED INVESTMENT COMPANY		623,318
	GS BALANCED STRATEGY - A	REGISTERED INVESTMENT COMPANY		43,988
	FRANKLIN MUT GLB DISC - A	REGISTERED INVESTMENT COMPANY		184,493
	OPPENHEIMER GLBL STRAT INC A	REGISTERED INVESTMENT COMPANY		376,800
	GS SHORT DURATION GOVT FUND- A	REGISTERED INVESTMENT COMPANY		156,701
	OPPENHEIMER EQUITY INCOME FD-A	REGISTERED INVESTMENT COMPANY		127,469

Plan Name	UNITED GRINDING TECHNOLOGIES INC 401(K) PLAN	EIN:	13-3246026
Plan Sponsor's Name	UNITED GRINDING TECHNOLOGIES INC	PN:	001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	FRANKLIN RISING DIVIDENDS - A	REGISTERED INVESTMENT COMPANY		412,545
	GS FIN SQUARE PRIME OBLIG SERV	REGISTERED INVESTMENT COMPANY		605,422
	PARTICIPANT LOANS	INTEREST RATES (4.25% TO 9.25%)		169,662