

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>THE CHARLES MACHINE WORKS, INC 401(K) 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>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2003</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/2003</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/2003</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>THE CHARLES MACHINE WORKS, INC</u> <u>P O BOX 66</u> <u>PERRY, OK 73077</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>73-0660844</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>580-572-3379</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>333100</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>73-0660844</u>	2c Sponsor's telephone number <u>580-572-3379</u>	2d Business code (see instructions) <u>333100</u>	
2b Employer Identification Number (EIN) <u>73-0660844</u>					
2c Sponsor's telephone number <u>580-572-3379</u>					
2d Business code (see instructions) <u>333100</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. Signature of plan administrator	10/15/2013 Date	DEE WILLIAMS Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/15/2013 Date	ANGIE DRAKE Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
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 1286
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 1440	
b Retired or separated participants receiving benefits.....	6b 0	
c Other retired or separated participants entitled to future benefits.....	6c 132	
d Subtotal. Add lines 6a , 6b , and 6c	6d 1572	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 0	
f Total. Add lines 6d and 6e	6f 1572	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g 1295	
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 Characteristics Codes in the instructions: 2E 2F 2G 2J 2T 3D 3F 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE 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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE CHARLES MACHINE WORKS, INC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE CHARLES MACHINE WORKS, INC</u>	D Employer Identification Number (EIN) <u>73-0660844</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
<u>COMMERCE TRUST COMPANY</u> <u>922 WALNUT STREET</u> <u>TBMZ-1</u> <u>KANSAS CITY, MO 64106</u>

(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)

COMMERCE TRUST COMPANY

922 WALNUT STREET
TBMZ-1
KANASA CITY, MO 64106

(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?
33 63	BROKERAGE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

ASCENSUS

11-3665754

(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 99 64 15 60 50	RECORD KEEPER	25890	Yes ☒ No ☐	Yes ☐ No ☒	12254	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
ASCENSUS	15 60	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.
CAPITAL RESEARCH AND MANAGEMENT CO 333 SOUTH HOPE ST. LOS ANGELES, CA 90071		SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR SUB-TA REVENUE BY FUND.
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ASCENSUS	15 60	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.
T ROWE PRICE 100 EAST PRATT STREET BALTIMORE, MD 21202		SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR SUB-TA REVENUE BY FUND.
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ASCENSUS	64	12254
(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.
COMMERCE 1000 WALNUT KANSAS CITY, MO 64141		RECORD KEEPING SUBSIDY

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
COMMERCE TRUST COMPANY	33 63	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.
CAPITAL RESEARCH AND MANAGEMENT CO 333 SOUTH HOPE ST. LOS ANGELES, CA 90071		SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR 12B-1 REVENUE BY FUND.
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
COMMERCE TRUST COMPANY	33 63	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.
JANUS 30 DAN ROAD SUITE 55932 CANTON, MA 02021-2809		SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR 12B-1 REVENUE BY FUND.
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
COMMERCE TRUST COMPANY	33 63	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.
T ROWE PRICE 100 EAST PRATT STREET BALTIMORE, MD 21202		SEE THE ATTACHED FORMULA DESCRIPTION REPORT LISTING THE FORMULAS FOR 12B-1 REVENUE BY FUND.

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
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(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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>THE CHARLES MACHINE WORKS, INC 401(K) PLAN</u>		B Three-digit plan number (PN) <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE CHARLES MACHINE WORKS, INC</u>		D Employer Identification Number (EIN) <u>73-0660844</u>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	1763493	2054544
	(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)	4562	0
	(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)	1282365	1372128
	(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)	25753657	32952046
	(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	28804077	36378718

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	28804077	36378718
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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)	2055636	
(B) Participants	2a(1)(B)	2664427	
(C) Others (including rollovers)	2a(1)(C)	236644	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		4956707

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)	53863	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		53863

(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)	553124	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		553124

(3) Rents	2b(3)		
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(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

(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

		(a) Amount	(b) Total
(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)		3501723
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		9065417

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1464295	
(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)		1464295
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)	25890	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	591	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		26481
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1490776

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		7574641
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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		1500000
4e			
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	
4f			
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	
4g			
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	
4h			
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		
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE CHARLES MACHINE WORKS, INC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE CHARLES MACHINE WORKS, INC</u>	D Employer Identification Number (EIN) <u>73-0660844</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>45-0404698</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
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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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Financial Statements, Supplemental Schedule and Report
of Independent Certified Public Accountants

**THE CHARLES MACHINE WORKS, INC. 401(k)
PLAN**

December 31, 2012 and 2011

Contents

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-2
FINANCIAL STATEMENTS:	
Statements of net assets available for plan benefits - December 31, 2012 and 2011	3
Statement of changes in net assets available for plan benefits - For the year ended December 31, 2012	4
NOTES TO FINANCIAL STATEMENTS	5-11
SUPPLEMENTAL SCHEDULE:	
Form 5500 - Schedule H, Line 4i - Schedule of assets (held at end of year) - December 31, 2012	12

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees
The Charles Machine Works, Inc. 401(k) Plan

We were engaged to audit the accompanying financial statements of The Charles Machine Works, Inc. 401(k) Plan (the “Plan”), which comprise the statements of net assets available for plan benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

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 certified information described in Note D, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2012 and 2011, and for the year ended December 31, 2012, stating that the certified information provided to the Plan administrator is complete and accurate.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Supplementary information

The supplemental schedule of Schedule H, Line 4i – Schedule of assets (held at end of year) as of December 31, 2012 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on form and content in compliance with DOL rules and regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the certified information described in Note D, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma
October 15, 2013

The Charles Machine Works, Inc. 401(k) Plan

Statements of net assets available for plan benefits

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Investments, at fair value		
Money market fund	\$ 948,849	\$ 939,838
Mutual funds	<u>32,003,197</u>	<u>24,818,381</u>
Total investments	<u>32,952,046</u>	<u>25,758,219</u>
Receivables		
Employee contributions receivable	-	131,466
Notes receivable from participants	1,372,128	1,282,365
Employer contribution receivable	<u>2,054,544</u>	<u>1,763,493</u>
Total receivables	<u>3,426,672</u>	<u>3,177,324</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS	<u>\$ 36,378,718</u>	<u>\$ 28,935,543</u>

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

The Charles Machine Works, Inc. 401(k) Plan

Statement of changes in net assets available for plan benefits

For the year ended December 31, 2012

ADDITIONS:

Additions to net assets attributed to:

Contributions:

Employer	\$ 2,055,636
Employee	2,532,961
Rollovers	236,644
Total contributions	<u>4,825,241</u>

Investment income:

Interest and dividends	553,124
Net appreciation in fair value of investments	3,501,723
Total investment income	<u>4,054,847</u>

Interest income on notes receivable from participants	<u>53,863</u>
---	---------------

Total additions	8,933,951
-----------------	-----------

DEDUCTIONS:

Distributions to participants	1,464,295
Administrative expenses	26,481
Total deductions	<u>1,490,776</u>

INCREASE IN NET ASSETS AVAILABLE FOR PLAN BENEFITS	7,443,175
--	-----------

NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	<u>28,935,543</u>
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NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	<u><u>\$ 36,378,718</u></u>
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The accompanying notes are an integral part of this financial statement.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements

December 31, 2012 and 2011

A - DESCRIPTION OF THE PLAN

The Charles Machine Works, Inc. (the “Company”) sponsors The Charles Machine Works, Inc. 401(k) Plan (the “Plan”) for the benefit of its employees. The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

1. General

The Plan is a defined contribution plan covering employees of the Company who have completed one-quarter year of service and who have attained age 18. Nonresident aliens who receive no earned income from the Company within the United States of America, leased employees, and employees of any affiliates or subsidiaries of the Company are not eligible to participate in the Plan. Employees may begin participating in the Plan on the first day of the month after the employee meets the eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

The Plan is administered by the Company and Ascensus, Inc. (“Asset Custodian”), which is the asset custodian and recordkeeper of the Plan. Commerce Trust Company (“Commerce”) serves as the Plan’s trustee.

The Plan had multiple amendments made to the Plan agreement on December 18, 2012, which were effective December 1, 2012. These amendments allow Plan participants to request in-plan Roth rollovers and direct rollovers of 403(b) after-tax contributions under certain pre-determined circumstances or events, and a participant may request a distribution of their elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings on account of deemed severance from employment while performing military service.

An additional Plan amendment on December 18, 2012, effective January 1, 2009, allows participants and beneficiaries to choose whether to remove their 2009 required minimum distributions, which would have otherwise been required to be received during 2009, if all required minimum distributions were not suspended during 2009.

2. Contributions

Employees can make elective and voluntary pre-tax contributions, with a maximum contribution percentage of 60% of eligible compensation, as defined in the Plan agreement, not to exceed the maximum amount allowable under the Internal Revenue Code (“IRC”). Employees are also allowed to make rollover contributions to the Plan. Under the provisions of the Plan agreement, the Company may make profit sharing and qualified matching contributions to the Plan at the Company’s discretion. Discretionary profit sharing contributions are allocated to participants based on the ratio that each participant’s compensation bears to the total compensation of all participants during the Plan year. The Company made a discretionary contribution of 3% of eligible participant wages totaling \$2,055,636 during 2012.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

3. Participant Accounts

Each participant's account is credited with the participant's contributions, an allocation of Company contributions, and an allocation of the Plan's earnings and losses. Plan earnings and losses are allocated to the participants' accounts based on the ratio of each participant's account in each investment fund to the total of all participants' accounts in each investment fund. Contributions are invested under the direction of the participant. The Plan allows participants to alter their elections between funds on a daily basis.

4. Vesting

Participants are immediately vested in their own contributions and any Company contributions plus or minus any earnings or losses thereon.

5. Notes Receivable from Participants

Participants may borrow from their vested fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The loans are secured by the balance in their participant's account. A participant may have only one loan outstanding at any time. Loans bear interest at Wall Street Journal Prime plus 1%. Loans must be repaid within a maximum of five years. At December 31, 2012 and 2011, all loans bore interest of 4.25%. Principal and interest are paid ratably through payroll deductions, which are made at least monthly.

6. Payment of Benefits

Participants are eligible to receive the balance of their accounts upon death, retirement, termination of employment, or total and permanent disability. Upon termination of service, if the participant's account balance exceeds \$1,000, a participant may elect a lump-sum distribution, partial payments or installment payments over a specified period of time, not exceeding life expectancy. Only lump-sum distributions are available for vested account balances less than \$1,000. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In-service withdrawals from a participant's account are allowed once a participant reaches age 59½.

7. Hardship Withdrawals

The Plan provides for participant withdrawals in the event of financial hardship. Hardship withdrawals are approved upon meeting the Internal Revenue Service's ("IRS") requirements for a hardship withdrawal.

8. Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company. The Company does not seek reimbursement from the Plan for the payment of these administrative expenses. The Company paid \$8,830 in 2012 of expenses on behalf of the Plan.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Use of Estimates

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

3. Investment Valuation and Income Recognition

Investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date.

The Plan provides for investments in various investment securities, which in general, are exposed to various risks, such as interest rate, market volatility, 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 statements of net assets available for plan benefits.

4. Payment of Benefits

Benefits are recorded when paid.

5. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

C - INVESTMENTS

The following table represents the fair value of those individual investments that represent 5% or more of the Plan's net assets available for plan benefits as of December 31:

	2012	2011
American Funds Wash Mutual INVS A	\$ 2,369,752	\$ 1,887,570
American Funds American Balanced A	4,097,224	3,314,833
American Funds Growth Fund of America A	3,121,588	2,298,051
American Funds EuroPacific Growth A	2,563,550	1,947,882
T. Rowe Price Retirement 2020 Adv Fund	3,159,241	2,506,251
T. Rowe Price Retirement 2030 Adv Fund	3,478,970	2,504,574
Janus Enterprise Fund-S Shares	2,195,809	1,721,601
Commerce Bond Fund	2,552,615	1,925,956
T. Rowe Price Retirement 2040 Adv Fund	1,932,778	*

* Investment represents less than 5% of the Plan's net assets at the date indicated.

During the year ended December 31, 2012, the Plan's mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,501,723.

D - INFORMATION CERTIFIED BY THE PLAN'S ASSET CUSTODIAN

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Ascensus, as agent for Frontier Trust Company's, the asset custodian of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- Investments and notes receivable from participants, as shown in the statements of net assets available for plan benefits as of December 31, 2012 and 2011
- Net investment income and interest income on notes receivable from participants, as shown in the statement of changes in net assets available for plan benefits for the year ended December 31, 2012
- Schedule H, Line 4i - schedule of assets (held at end of year) as of December 31, 2012

The Plan's independent certified public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

E - FAIR VALUE MEASUREMENTS

The Plan follows the provision of the Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about items measured at fair value.

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Plan's assumptions (unobservable inputs). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level one measurements) and the lowest priority to unobservable inputs (level three measurements). The three broad levels of fair value hierarchy 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; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liabilities have a specified (contractual) term, the level two 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.

The following methods and assumptions were used in estimating fair value:

Money market funds: Investments in securities backed by the full faith and credit of the U.S. government managed to maintain a constant \$1.00 share price where cost equals fair value.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Plan at year end. The NAV is based on quoted market prices.

The preceding methods may produce a fair value calculation that may not be indicative of the 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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

The following table sets forth by the three levels as established by ASC 820, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

		2012			
		Level 1	Level 2	Level 3	Total
Mutual funds:					
Equity funds	\$	15,544,567	\$ -	\$ -	\$ 15,544,567
Growth funds		8,314,969	-	-	8,314,969
Balanced funds		4,109,941	-	-	4,109,941
Fixed income funds		4,033,720	-	-	4,033,720
Total mutual funds		<u>32,003,197</u>	<u>-</u>	<u>-</u>	<u>32,003,197</u>
Money market fund		<u>948,849</u>	<u>-</u>	<u>-</u>	<u>948,849</u>
Total assets at fair value	\$	<u><u>32,952,046</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>32,952,046</u></u>
		2011			
		Level 1	Level 2	Level 3	Total
Mutual funds:					
Equity funds	\$	12,068,390	\$ -	\$ -	\$ 12,068,390
Growth funds		6,359,606	-	-	6,359,606
Balanced funds		3,322,409	-	-	3,322,409
Fixed income funds		3,067,976	-	-	3,067,976
Total mutual funds		<u>24,818,381</u>	<u>-</u>	<u>-</u>	<u>24,818,381</u>
Money market fund		<u>939,838</u>	<u>-</u>	<u>-</u>	<u>939,838</u>
Total assets at fair value	\$	<u><u>25,758,219</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>25,758,219</u></u>

F - TAX STATUS

The Plan adopted a prototype plan sponsored by Commerce. The prototype plan received favorable opinion letters from the IRS dated September 13, 2001 and February 14, 2004. The Plan has been amended since receiving the February 14, 2004 opinion letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed in compliance with the applicable requirements of the IRC and 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. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, 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 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 2009.

The Charles Machine Works, Inc. 401(k) Plan

Notes to financial statements - continued

December 31, 2012 and 2011

G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company may amend or terminate the Plan at any time subject to the provisions of ERISA. If the Plan is terminated, the Plan assets will be distributed to the participants in accordance with the Plan agreement.

H - RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of pooled equity funds managed by Commerce, the Plan's trustee. These transactions qualify as party-in-interest transactions, which are exempt from prohibited transaction rules.

I - RECONCILIATION TO FORM 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements at December 31 to Form 5500:

	2012	2011
Net assets available for plan benefits per the financial statements	\$ 36,378,718	\$ 28,935,543
Less: Accrued employee contributions	<u>-</u>	<u>(131,466)</u>
Net assets available for plan benefits per Form 5500	<u><u>36,378,718</u></u>	<u><u>28,804,077</u></u>

The following is a reconciliation of contributions per the financial statements for the year ended December 31, 2012 to Form 5500:

Contributions per the financial statements	\$ 4,825,241
Plus: Change in accrued employee contributions	<u>131,466</u>
Contributions per Form 5500	<u><u>\$ 4,956,707</u></u>

J - SUBSEQUENT EVENTS

Effective January 1, 2013, the 401(k) plan for American Augers, subsidiary of the Company, was spun off from the Astec Industries, Inc. 401(k) plan, and total assets of \$5.7 million were transferred to the Plan on February 7, 2013. Additionally, employees of MTI Equipment, Inc., subsidiary of the Company, became eligible to participate in the Plan as of January 1, 2013.

On May 9, 2013, the Plan changed asset custodians and recordkeeper's from Ascensus, Inc. to McCready and Keene, Inc.

The Plan has evaluated subsequent events through October 15, 2013, the date the financial statements were available to be issued. No additional subsequent events were identified requiring additional recognition or disclosure in the accompanying financial statements.

SUPPLEMENTAL SCHEDULE

The Charles Machine Works, Inc. 401(k) Plan

Form 5500 - Schedule H, Line 4i - Schedule of assets (held at end of year)

EIN #: 73-0660844; Plan #: 002

December 31, 2012

Investment	Description of Investment	Current Value
American Funds American Balanced A	Balanced Fund	\$ 4,097,224
American Funds EuroPacific Growth A	Growth Fund	2,563,550
American Funds Growth Fund of America A	Growth Fund	3,121,588
T. Rowe Price Retirement 2020 Adv Fund	Equity Fund	3,159,241
T. Rowe Price Retirement 2030 Adv Fund	Equity Fund	3,478,970
American Funds Wash Mutual INVS A	Equity Fund	2,369,752
Janus Enterprise Fund - S Shares	Growth Fund	2,195,809
Federated Prime Obligations Fund	Money Market Fund	948,849
American Funds Capital World Growth and Income A	Equity Fund	1,197,768
T. Rowe Price Retirement 2040 Adv Fund	Equity Fund	1,932,778
American Funds Income Fund of America	Fixed Income Fund	1,481,105
* Commerce Bond Fund	Fixed Income Fund	2,552,615
T. Rowe Price Retirement 2050 Adv Fund	Equity Fund	1,225,792
Vanguard Total Stock Market Index	Equity Fund	1,337,663
T. Rowe Price Retirement 2010 Adv Fund	Equity Fund	359,662
T. Rowe Price Small Cap Value Fund Adv	Growth Fund	434,023
American Fund New World A	Equity Fund	204,024
Perkins Mid-Cap Value Fund - S Shares	Equity Fund	278,917
T. Rowe Price Retirement Income Adv	Balanced Fund	12,716
* Notes receivable from participants	Notes receivable from participants, at 4.25% and various maturities	1,372,128
		<u>\$ 34,324,174</u>

* Party-in-interest

Schedule C, Part I, line 2(h) Formula Description and Schedule C, Part I, line 3(e)

Formula Description

Plan Name: THE CHARLES MACHINE WORKS, INC. 401(K) PLAN

Plan Number: 036070

Broker Dealer: Commerce Trust Company

Ticker Symbol	Investment Name	Formula used to determine Sub-TA Compensation paid to Ascensus	Formula used to determine 12b-1 Compensation to Broker Dealer
AGTHX	American Funds Growth Fund of America A	5 basis points	25 basis points
PARBX	T. Rowe Price Ret 2020 Adv	15 basis points	25 basis points
PARCX	T. Rowe Price Ret 2030 Adv	15 basis points	25 basis points
PARDX	T. Rowe Price Ret 2040 Adv	15 basis points	25 basis points
PARFX	T. Rowe Price Ret 2050 Adv	15 basis points	25 basis points
PARIX	T. Rowe Price Ret Income Adv	15 basis points	25 basis points
PASVX	T. Rowe Price Small Cap Value Adv	15 basis points	25 basis points
CFBNX	Commerce Bond Fund	15 basis points	N/A
PARAX	T. Rowe Price Ret 2010 Adv	15 basis points	25 basis points
AEPGX	American Funds EuroPacific Growth Fund A	5 basis points	25 basis points
VTSMX	Vanguard Total Stock Market Index Inv	N/A	N/A
AMECX	American Funds Income Fd Of America A	5 basis points	25 basis points
AWSHX	American Funds Washington Mutual Inv A	5 basis points	25 basis points
CWGIX	American Funds Cap World Gr and IncA	5 basis points	25 basis points
NEWFX	American Funds New World Fund A	5 basis points	25 basis points
JGRTX	Janus Enterprise Fund S	N/A	25 basis points
JMVIX	Perkins Mid Cap Value Fund S	N/A	25 basis points
PRSXX	Federated Prime Obligations SS	N/A	N/A
ABALX	American Funds American Balanced Fund A	5 basis points	25 basis points

Formula Description - Additional Fee Notes

Plan Name: THE CHARLES MACHINE WORKS, INC. 401(K) PLAN
Plan Number: 036070
Broker Dealer: Commerce Trust Company

American Funds

American Funds A-share upfront compensation (all equity, target date, and bond funds):
-\$1M to \$4M = 1.00%
-\$4M through \$10M = 0.50%
-\$10M and over = 0.25%

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name THE CHARLES MACHINE WORKS, INC 401(K) PLAN

EIN: 73-0660844

Plan Sponsor's Name THE CHARLES MACHINE WORKS, INC

PN: 002

(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
	American Funds	American Funds EuroPacific Growth Fund A	0	2,563,550
	American Funds	American Funds Growth Fund of America A	0	3,121,588
	American Funds	American Funds Washington Mutual Inv A	0	2,369,752
	Commerce	Commerce Bond Fund	0	2,552,615
	Federated	Federated Prime Obligations SS	0	948,849
	American Funds	American Funds American Balanced Fund A	0	4,097,224
	American Funds	American Funds Income Fd Of America A	0	1,481,105

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name THE CHARLES MACHINE WORKS, INC 401(K) PLAN

EIN: 73-0660844

Plan Sponsor's Name THE CHARLES MACHINE WORKS, INC

PN: 002

(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
	American Funds	American Funds Cap World Gr and InCA	0	1,197,768
	T. Rowe Price	T. Rowe Price Ret 2010 Adv	0	359,662
	T. Rowe Price	T. Rowe Price Ret 2020 Adv	0	3,159,241
	T. Rowe Price	T. Rowe Price Ret 2030 Adv	0	3,478,970
	T. Rowe Price	T. Rowe Price Ret 2040 Adv	0	1,932,778
	T. Rowe Price	T. Rowe Price Ret 2050 Adv	0	1,225,792
	T. Rowe Price	T. Rowe Price Ret Income Adv	0	12,716

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name THE CHARLES MACHINE WORKS, INC 401(K) PLAN

EIN: 73-0660844

Plan Sponsor's Name THE CHARLES MACHINE WORKS, INC

PN: 002

(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
	Vanguard	Vanguard Total Stock Market Index	Inv 0	1,337,663
	Janus	Janus Enterprise Fund S	0	2,195,809
	Perkins	Perkins Mid Cap Value Fund S	0	278,917
	T. Rowe Price	T. Rowe Price Small Cap Value Adv	0	434,023
	American Funds	American Funds New World Fund A	0	204,024
	Participants Loan Account	Various Rates And Maturites	0	1,372,128