

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 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</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 HOURLY EMPLOYEES' PENSION PLAN OF ARLO, LLC, MICROWAVE MATERIAL AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE	<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;">016</td> </tr> <tr> <td colspan="2">1c Effective date of plan 10/19/1976</td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) 13-3057520</td> </tr> <tr> <td colspan="2">2c Sponsor's telephone number 914-461-1275</td> </tr> <tr> <td colspan="2">2d Business code (see instructions) 339900</td> </tr> </table>	1b Three-digit plan number (PN) ▶	016	1c Effective date of plan 10/19/1976		2b Employer Identification Number (EIN) 13-3057520		2c Sponsor's telephone number 914-461-1275		2d Business code (see instructions) 339900	
1b Three-digit plan number (PN) ▶	016										
1c Effective date of plan 10/19/1976											
2b Employer Identification Number (EIN) 13-3057520											
2c Sponsor's telephone number 914-461-1275											
2d Business code (see instructions) 339900											
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) BAIRNCO CORPORATION C/O HANDY & HARMAN LTD. 1133 WESTCHESTER AVE., SUITE N222 WHITE PLAINS, NY 10604											

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2014	JAMES MCCABE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2014	JAMES MCCABE
	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
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 <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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	126
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	47
b Retired or separated participants receiving benefits	6b	16
c Other retired or separated participants entitled to future benefits.....	6c	56
d Subtotal. Add lines 6a , 6b , and 6c	6d	119
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e	6
f Total. Add lines 6d and 6e	6f	125
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1B 3H 1I		
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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

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

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

A Name of plan <u>HOURLY EMPLOYEES' PENSION PLAN OF ARLOW, LLC, MICROWAVE MATERIAL AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE</u>	B Three-digit plan number (PN) ▶ <u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>BAIRNCO CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3057520</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>1820931</u>
b Actuarial value	2b <u>1918484</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>19</u> <u>824869</u>
b For terminated vested participants.....	3b <u>56</u> <u>731054</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>12698</u>
(2) Vested benefits	3c(2) <u>1013257</u>
(3) Total active.....	3c(3) <u>51</u> <u>1025955</u>
d Total.....	3d <u>126</u> <u>2581878</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.39</u> %
6 Target normal cost	6 <u>110000</u>

Statement by Enrolled Actuary

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

SIGN HERE		<u>09/18/2014</u>
	Signature of actuary	Date
<u>THOMAS A. DEFILIPPO</u>	Type or print name of actuary	<u>14-06419</u>
		Most recent enrollment number
<u>TOWERS WATSON</u>	Firm name	<u>412-497-3000</u>
		Telephone number (including area code)
<u>600 GRANT STREET, SUITE 4940</u> <u>PITTSBURGH, PA 15219-2742</u>	Address of the firm	

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

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

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>4.40</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b Interest on (a) using prior year's effective interest rate of <u>7.12</u> % except as otherwise provided (see instructions)		
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	74.30 %
15 Adjusted funding target attainment percentage	15	74.30 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	82.09 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2013	55000				
07/15/2013	55000				
10/15/2013	55000				
01/14/2014	55000				
09/12/2014	60503				
			Totals ►	18(b)	280503
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	265685
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

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

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....		31a	110000
b Excess assets, if applicable, but not greater than line 31a		31b	0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment.....		663394	155685
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...		34	265685
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36		265685
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37		265685
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected		☐ 2 plus 7 years ☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made		☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

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
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan HOURLY EMPLOYEES' PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIAL AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE	B Three-digit plan number (PN) ▶ <u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 BAIRNCO CORPORATION	D Employer Identification Number (EIN) <u>13-3057520</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
BECKER DRAPKIN MANAGEMENT, L.P.

20-1718136

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
MASON CAPITAL, LTD 110 EAST 59TH STREET, 30TH FLOOR
NEW YORK, NY 10022

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PROXIMA CAPITAL MANAGEMENT, LLC

20-1385704

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
TITAN MASTER FUND, L.P.

06-1603170

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

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(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)

TOWERS WATSON PENNSYLVANIA INC.

23-1159360

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50 70	NONE	38544	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

USI

22-1147033

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	24510	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

WPN CORPORATION

13-3410792

(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?
16 50 70	NONE	15903	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
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

a Name: GRANT THORNTON LLP	b EIN: 36-6055558
c Position: ACCOUNTANT	
d Address: 399 THORNALL STREET 4TH FLOOR EDISON, NJ 08837	e Telephone: 732-516-5519

Explanation: THE ROLE OF ACCOUNTANT WAS CHANGED DUE TO THE COMPETITIVE BID PROCESS.

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 of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN

d Entity
code

e Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>HOURLY EMPLOYEES' PENSION PLAN OF ARLO, LLC, MICROWAVE MATERIAL AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE</u>	B Three-digit plan number (PN) ►	<u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BAIRNCO CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3057520</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)	77590	115503
(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)		
(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)	1744980	2103232
(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)		
(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	1822570	2218735

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	5181	3711
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	5181	3711

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1817389	2215024
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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)	280503	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		280503

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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(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)		281954
(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)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		562457

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	66403	
(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)		66403
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)	63055	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)	17071	
(4) Other.....	2i(4)	18293	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		98419
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		164822

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		397635
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: BDO

(2) EIN: 13-5381590

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		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	
4d		X	
e Was this plan covered by a fidelity bond?	X		10000000
4e	X		10000000
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		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	
4g		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	
4h		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		
4i	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	
4j		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	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

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 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>HOURLY EMPLOYEES' PENSION PLAN OF ARLO, LLC, MICROWAVE MATERIAL AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE</u>	B Three-digit plan number (PN) ▶ <u>016</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BAIRNCO CORPORATION</u>	D Employer Identification Number (EIN) <u>13-3057520</u>

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

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-3581074</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	<u>0</u>

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)
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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
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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.
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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): _____



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New York, NY 10017

Independent Auditor's Report

To the Plan Administrator

Hourly Employees Pension Plan of Arlon, LLC, Microwave Materials and Silicone Technologies Divisions,
Bear, Delaware

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Hourly Employees Pension Plan of Arlon, LLC, Microwave Materials and Silicone Technologies Divisions, Bear, Delaware (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, 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 information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. 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 a certification from the trustee as of December 31, 2013, and for the year ended December 31, 2013, that the information provided to the plan administrator by the trustee 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.



Other Matter - 2012 Financial Statements

The financial statements of the plan as of December 31, 2012, were audited by predecessor auditors. 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 (ERISA), the plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 11, 2013, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the 2013 financial statements, 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.

BDO USA, LLP

October 10, 2014

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, line 22 - Description of Weighted Average Retirement Age

Participants are assumed to retire at the later of age 65 or their current age.

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Attachment to 2013 Form 5500 Schedule SB — General Notes

Plan Sponsor	Bairnco Corporation
EIN/PN	13-3057520 (PN 016)
Plan Name	Hourly Employees Pension Plan of Arlon, LLC
Valuation Date	January 1, 2013
Enrolled Actuary	Thomas DeFilippo
Enrollment Number	14-06419

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- | | |
|---|---|
| ▶ Applicable month | September (based on bond yields through August) |
| ▶ Yield curve basis | Segment rates |
| ▶ MAP-21 applied for funding | Yes |
| ▶ MAP-21 applied for benefit restrictions | Yes |

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
▶ First segment rate	4.94%	1.75%
▶ Second segment rate	6.15%	4.62%
▶ Third segment rate	6.76%	5.72%
▶ Effective interest rate	6.39%	5.12%

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2028 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2020 using Scale AA).

Termination

Rates in accordance with the 2003 study conducted by the Society of Actuaries.

Percentage leaving during the year

Age	Service < 2	Service = 2, 3, 4	Service = 5-9	Service ≥ 10
25	21.74%	17.14%	12.96%	0.00%
30	18.61	13.58	8.39	4.84
35	16.78	11.02	7.15	5.02
40	15.91	10.35	6.01	4.15
45	15.48	9.47	5.82	3.73
50	15.60	8.90	5.32	3.49
55	13.52	7.82	2.59	0.88
60	13.63	7.84	2.12	0.20

Schedule SB

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Disability

1987 Commissioners Group Disability Table. Sample rates:

Percentage becoming disabled during the year

Age	Males	Females
20	.04%	.05%
25	.05	.06
30	.06	.09
35	.09	.15
40	.14	.20
45	.26	.33
50	.51	.55
55	.96	.85
60	1.47	1.09
65	1.86	1.27

Retirement

Participants are assumed to retire at the later of age 65 or their current age. There is no assumption for early retirement. Participants can retire at age 55 with 10 years of service.

Benefit commencement date:

- ▶ Preretirement death benefit: Surviving spouse benefits commence at the later of the death of the active participant or the date the participant would have attained earliest retirement age
- ▶ Termination benefit: Age 65
- ▶ Deferred vested benefit: The later of age 65 or their current age
- ▶ Disability benefit: Upon termination of employment
- ▶ Retirement benefit: Upon termination of employment

Form of payment: Normal form for unmarried participant

Percent married: 85% of males; 65% of females

Spouse age: Wife three years younger than husband

Administrative expenses: An expense assumption of \$110,000 was included in the Target normal cost. This assumption is intended to include expected non-investment expenses and PBGC premiums to be paid from the plan trust during 2013. Non-investment expenses are based on an average of similar expenses paid from the plan in prior years.

At-risk assumptions: For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan, which is usually the lump sum.

Cash flow

- ▶ Timing of benefit payments: Annuity payments are payable monthly at the beginning of the month

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Methods

Valuation date	First day of plan year
Funding target	<p>Present value of accrued benefits</p> <p>The IRC §430 regulations describe the required methodology for attributing benefits among Funding Target, current year Target Normal Cost, and future years' Target Normal Costs for disability benefits, Social Security benefits, death benefits and other ancillary benefits.</p>
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	<p>Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2012 plan year.)</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Handy & Harman and, based on that review, is not aware of any significant benefits required to be valued that were not.
Change in assumptions and methods since prior valuation	<p>The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.</p> <p>The assumed plan-related expenses added to the target normal cost were changed from \$95,000 for 2012 to \$110,000 for 2013.</p>

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Plan Provisions

The Effective Date of the amended Plan is January 1, 2002.

Covered Employees	(a) Each Employee who was a Participant on December 31, 2001, shall continue as a Participant on January 1, 2002, unless he or she ceased being a Participant on December 31, 2001, under the terms of the Plan as then in effect. (b) Each Employee not described in subsection (a) above shall become a Participant on the first day of the month coincident with or next following the date as of which he meets the applicable requirements in the Collective Bargaining Agreement; provided, however, that the Employee shall in any event become a participant no later than the first day of the month coincident with or next following the date that he completes on Year of Service. (c) If a former Participant becomes an Employee again, he shall become a participant again as of the date on which he is credited with his first Hour of Service upon his becoming an Employee again.
Participation Date	Date of becoming a covered employee
Eligibility	The Plan was closed to new participants on December 31, 2009
Credited Service	Each Employee who was a Participant on December 31, 2001, shall continue as a Participant on January 1, 2002, unless he or she ceased being a Participant on December 31, 2001, under the terms of the Plan as then in effect. No service is credited under the plan after December 31, 2009 for benefit accrual purposes

Retirement Dates

Normal	First of the month coincident with or next following a participant's 65th birthday
Early	First day of month coincident with or next following a participant's 55th birthday and the completion of 10 Years of Credited Service
Disability	Not provided
Deferred	First day of month coincident with or next following a participant's termination of service after his Normal Retirement Date

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Retirement Benefits

Normal

An employee will receive a monthly benefit for each year of Credited Service, in accordance with the following schedule:

<u>Date of Retirement</u>	<u>Benefit Rate for each Year of Credited Service</u>
9/27/82 through 9/27/84	\$8.00
9/27/84 through 9/28/85	\$9.00
9/28/85 through 9/28/86	\$10.00
9/28/86 through 10/1/88	\$10.50
10/1/88 through 10/2/89	\$11.50
10/2/89 through 9/28/91	\$12.00
9/28/91 through 9/28/92	\$13.00
9/28/92 through 9/28/93	\$14.00
9/28/93 through 9/30/94	\$15.00
9/30/94 through 9/29/95	\$16.00
9/29/95 through 9/27/96	\$17.00
9/27/96 through 10/5/97	\$18.00
10/5/97 through 10/4/98	\$19.00
10/4/98 through 10/3/99	\$20.00
10/3/99 through 10/8/00	\$21.00
10/8/00 through 10/7/01	\$22.00
10/7/01 through 10/6/02	\$23.00
10/6/02 and thereafter	\$24.00

Credited Service for benefit accrual purposes was frozen as of December 31, 2009

Early

The benefit is determined as for Normal Retirement but based on Credited Service to the Early Retirement Date. The benefit commences at the Normal Retirement Date.

If the employee elects for the benefit to commence prior to Normal Retirement Date, the amount of the benefit will be reduced by 5/9ths of 1% for every month by which the pension commencement date precedes the Normal Retirement Date up to the first 60 months, and 5/18ths of 1% for every month thereafter.

Disability

Not provided

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Deferred	The benefit is determined as for Normal Retirement but based on Credited Service to the earlier of December 31, 2009 or the Deferred Retirement Date. The benefit commences at the Deferred Retirement Date.
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Death Benefits

Active Employees	A spouse of any employee who dies in active service with a vested benefit is entitled to a benefit equal to 50% of the amount he could have received if he had retired early and had elected to receive his benefit under a joint and 50% survivor form of payment
Retired Employees	None, unless an optional form of retirement benefit is elected, which provides a death benefit

Deferred Vested Benefits

Eligibility	Completion of 5 Years of Service
Benefit	<p>The benefit is determined as for Normal Retirement but based on Years of Service to the Date of Termination. The benefit commences at the Normal Retirement Date.</p> <p>An employee may elect to commence benefit payments on the first day of any month following his Early Retirement Date. If the employee elects for the benefit to commence prior to Normal Retirement Date, the benefit will be reduced as for Early Retirement.</p>

Eligibility for Benefits

Normal retirement	Retirement on NRD
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing ten Years of Service
Postponed retirement	Retirement after NRD
Vested termination	Termination for reasons other than death or retirement after completing five Years of Service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	Monthly pension benefit determined as of early retirement date, reduced 5/9ths of 1% for every month by which the pension commencement date precedes the NRD up to the first 60 months, and 5/18ths of 1% for every month thereafter
Postponed retirement	Monthly pension benefit determined as of actual retirement date
Vested termination	Monthly pension benefit determined as of termination date, actuarially reduced if the payments begin prior to age 65
Preretirement death	Monthly preretirement death benefit payable on behalf of the deceased participant is equal to 50% of the monthly benefit payable to the participant had he/she retired on the first day of the month preceding or coincident with his/her date of death. This benefit is actuarially equivalent of the Life annuity to which the participant is entitled or would have been entitled if he/she had lived.

Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 100% joint and survivor annuity, 66-2/3% joint and survivor annuity, a ten-year certain and life annuity, or (for married participants) a life annuity. Actuarial equivalence is based on interest at the rate of interest on 30-Year Treasury Securities.
Pension Increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Schedule SB

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Future Plan Changes

No future plan changes were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Bairnco Corporation (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Line 26 – Schedule of Active Participant Data

Attained Age	Completed Years of Service										Total
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<25	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	1	2	0	0	0	0	0	0	3
35 to 39	0	0	3	1	1	0	0	0	0	0	5
40 to 44	0	1	0	1	0	0	0	0	0	0	2
45 to 49	0	0	4	3	1	1	0	0	0	0	9
50 to 54	0	0	2	3	1	2	5	0	0	0	13
55 to 59	0	0	3	3	1	3	1	1	0	0	12
60 to 64	0	0	1	1	0	0	0	2	0	0	4
65 to 69	0	0	1	0	0	0	0	0	0	0	1
70 & up	0	0	0	1	1	0	0	0	0	0	2
Total	0	1	15	15	5	6	6	3	0	0	51
Average Age:					51.3	Average Service:		15.2			

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)
Schedule SB, Line 32 – Schedule of Amortization Bases

Amortization Record in Support of Minimum Required Contribution

Type of Base	Present Value of Remaining Installments	Year Established	Remaining Period	Installment
Shortfall	\$ 57,365	2008	2.000	\$ 29,374
Shortfall	\$ (16,064)	2009	3.000	\$ (5,615)
Shortfall	\$ 144,596	2010	4.000	\$ 38,804
Shortfall	\$ 307,099	2011	5.000	\$ 67,481
Shortfall	\$ (126,924)	2012	6.000	\$ (23,980)
Shortfall	\$ 297,322	2013	7.000	\$ 49,621
	<u>\$ 663,394</u>			<u>\$ 155,685</u>

SCHEDULE SB (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>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

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

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

A Name of plan HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIAL AND SI	B Three-digit plan number (PN) ►	016
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Bairnco Corporation	D Employer Identification Number (EIN) 13-3057520	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2013</u>			
2 Assets:			
a Market value	2a	1,820,931	
b Actuarial value	2b	1,918,484	
3 Funding target/participant count breakdown:	(1) Number of participants		(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	19	824,869
b For terminated vested participants.....	3b	56	731,054
c For active participants:			
(1) Non-vested benefits	3c(1)		12,698
(2) Vested benefits	3c(2)		1,013,257
(3) Total active.....	3c(3)	51	1,025,955
d Total.....	3d	126	2,581,878
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate	5	6.39 %	
6 Target normal cost	6	110,000	

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

SIGN HERE	<u>Thomas A. DeFilippo TAD</u> Signature of actuary	<u>9/18/14</u> Date
THOMAS A. DEFILIPPO Type or print name of actuary		14-06419 Most recent enrollment number
TOWERS WATSON Firm name		(412) 497-3000 Telephone number (including area code)
600 GRANT STREET, SUITE 4940 Address of the firm		
PITTSBURGH PA 15219-2742		

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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF. Schedule SB (Form 5500) 2013 v. 130118

Part II		Beginning of Year Carryover and Prefunding Balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>4.40</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b Interest on (a) using prior year's effective interest rate of <u>7.12</u> % except as otherwise provided (see instructions)		
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III		Funding Percentages	
		14	74.30 %
14	Funding target attainment percentage		
15	Adjusted funding target attainment percentage	15	74.30 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	82.09 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and Liquidity Shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2013	55,000				
07/15/2013	55,000				
10/15/2013	55,000				
01/14/2014	55,000				
09/12/2014	60,503				
			Totals ►	18(b)	280,503
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 265,685
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	110,000	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment.....	663,394		155,685
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	265,685	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	265,685	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	265,685	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Attachment to 2013 Form 5500 Schedule SB — General Notes

Plan Sponsor	Bairnco Corporation
EIN/PN	13-3057520 (PN 016)
Plan Name	Hourly Employees Pension Plan of Arlon, LLC
Valuation Date	January 1, 2013
Enrolled Actuary	Thomas DeFilippo
Enrollment Number	14-06419

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, line 22 - Description of Weighted Average Retirement Age

Participants are assumed to retire at the later of age 65 or their current age.

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- | | |
|---|---|
| ▶ Applicable month | September (based on bond yields through August) |
| ▶ Yield curve basis | Segment rates |
| ▶ MAP-21 applied for funding | Yes |
| ▶ MAP-21 applied for benefit restrictions | Yes |

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
▶ First segment rate	4.94%	1.75%
▶ Second segment rate	6.15%	4.62%
▶ Third segment rate	6.76%	5.72%
▶ Effective interest rate	6.39%	5.12%

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2028 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2020 using Scale AA).

Termination

Rates in accordance with the 2003 study conducted by the Society of Actuaries.

Percentage leaving during the year

Age	Service < 2	Service = 2, 3, 4	Service = 5-9	Service ≥ 10
25	21.74%	17.14%	12.96%	0.00%
30	18.61	13.58	8.39	4.84
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40	15.91	10.35	6.01	4.15
45	15.48	9.47	5.82	3.73
50	15.60	8.90	5.32	3.49
55	13.52	7.82	2.59	0.88
60	13.63	7.84	2.12	0.20

Schedule SB

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Disability

1987 Commissioners Group Disability Table. Sample rates:

Percentage becoming disabled during the year

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55	.96	.85
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65	1.86	1.27

Retirement

Participants are assumed to retire at the later of age 65 or their current age. There is no assumption for early retirement. Participants can retire at age 55 with 10 years of service.

Benefit commencement date:

- ▶ Preretirement death benefit: Surviving spouse benefits commence at the later of the death of the active participant or the date the participant would have attained earliest retirement age
- ▶ Termination benefit: Age 65
- ▶ Deferred vested benefit: The later of age 65 or their current age
- ▶ Disability benefit: Upon termination of employment
- ▶ Retirement benefit: Upon termination of employment

Form of payment: Normal form for unmarried participant

Percent married: 85% of males; 65% of females

Spouse age: Wife three years younger than husband

Administrative expenses: An expense assumption of \$110,000 was included in the Target normal cost. This assumption is intended to include expected non-investment expenses and PBGC premiums to be paid from the plan trust during 2013. Non-investment expenses are based on an average of similar expenses paid from the plan in prior years.

At-risk assumptions: For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan, which is usually the lump sum.

Cash flow

- ▶ Timing of benefit payments: Annuity payments are payable monthly at the beginning of the month

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Methods

Valuation date	First day of plan year
Funding target	<p>Present value of accrued benefits</p> <p>The IRC §430 regulations describe the required methodology for attributing benefits among Funding Target, current year Target Normal Cost, and future years' Target Normal Costs for disability benefits, Social Security benefits, death benefits and other ancillary benefits.</p>
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year
Actuarial value of assets	<p>Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2012 plan year.)</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued. Towers Watson has reviewed the plan provisions with Handy & Harman and, based on that review, is not aware of any significant benefits required to be valued that were not.
Change in assumptions and methods since prior valuation	<p>The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.</p> <p>The assumed plan-related expenses added to the target normal cost were changed from \$95,000 for 2012 to \$110,000 for 2013.</p>

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Plan Provisions

The Effective Date of the amended Plan is January 1, 2002.

- | | |
|-------------------|---|
| Covered Employees | (a) Each Employee who was a Participant on December 31, 2001, shall continue as a Participant on January 1, 2002, unless he or she ceased being a Participant on December 31, 2001, under the terms of the Plan as then in effect. |
| | (b) Each Employee not described in subsection (a) above shall become a Participant on the first day of the month coincident with or next following the date as of which he meets the applicable requirements in the Collective Bargaining Agreement; provided, however, that the Employee shall in any event become a participant no later than the first day of the month coincident with or next following the date that he completes on Year of Service. |
| | (c) If a former Participant becomes an Employee again, he shall become a participant again as of the date on which he is credited with his first Hour of Service upon his becoming an Employee again. |

Participation Date	Date of becoming a covered employee
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Eligibility	The Plan was closed to new participants on December 31, 2009
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Credited Service	Each Employee who was a Participant on December 31, 2001, shall continue as a Participant on January 1, 2002, unless he or she ceased being a Participant on December 31, 2001, under the terms of the Plan as then in effect.
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No service is credited under the plan after December 31, 2009 for benefit accrual purposes

Retirement Dates

Normal	First of the month coincident with or next following a participant's 65th birthday
Early	First day of month coincident with or next following a participant's 55th birthday and the completion of 10 Years of Credited Service
Disability	Not provided
Deferred	First day of month coincident with or next following a participant's termination of service after his Normal Retirement Date

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Retirement Benefits

Normal

An employee will receive a monthly benefit for each year of Credited Service, in accordance with the following schedule:

<u>Date of Retirement</u>	<u>Benefit Rate for each Year of Credited Service</u>
9/27/82 through 9/27/84	\$8.00
9/27/84 through 9/28/85	\$9.00
9/28/85 through 9/28/86	\$10.00
9/28/86 through 10/1/88	\$10.50
10/1/88 through 10/2/89	\$11.50
10/2/89 through 9/28/91	\$12.00
9/28/91 through 9/28/92	\$13.00
9/28/92 through 9/28/93	\$14.00
9/28/93 through 9/30/94	\$15.00
9/30/94 through 9/29/95	\$16.00
9/29/95 through 9/27/96	\$17.00
9/27/96 through 10/5/97	\$18.00
10/5/97 through 10/4/98	\$19.00
10/4/98 through 10/3/99	\$20.00
10/3/99 through 10/8/00	\$21.00
10/8/00 through 10/7/01	\$22.00
10/7/01 through 10/6/02	\$23.00
10/6/02 and thereafter	\$24.00

Credited Service for benefit accrual purposes was frozen as of December 31, 2009

Early

The benefit is determined as for Normal Retirement but based on Credited Service to the Early Retirement Date. The benefit commences at the Normal Retirement Date.

If the employee elects for the benefit to commence prior to Normal Retirement Date, the amount of the benefit will be reduced by 5/9ths of 1% for every month by which the pension commencement date precedes the Normal Retirement Date up to the first 60 months, and 5/18ths of 1% for every month thereafter.

Disability

Not provided

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Deferred	The benefit is determined as for Normal Retirement but based on Credited Service to the earlier of December 31, 2009 or the Deferred Retirement Date. The benefit commences at the Deferred Retirement Date.
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Death Benefits

Active Employees	A spouse of any employee who dies in active service with a vested benefit is entitled to a benefit equal to 50% of the amount he could have received if he had retired early and had elected to receive his benefit under a joint and 50% survivor form of payment
Retired Employees	None, unless an optional form of retirement benefit is elected, which provides a death benefit

Deferred Vested Benefits

Eligibility	Completion of 5 Years of Service
Benefit	<p>The benefit is determined as for Normal Retirement but based on Years of Service to the Date of Termination. The benefit commences at the Normal Retirement Date.</p> <p>An employee may elect to commence benefit payments on the first day of any month following his Early Retirement Date. If the employee elects for the benefit to commence prior to Normal Retirement Date, the benefit will be reduced as for Early Retirement.</p>

Eligibility for Benefits

Normal retirement	Retirement on NRD
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing ten Years of Service
Postponed retirement	Retirement after NRD
Vested termination	Termination for reasons other than death or retirement after completing five Years of Service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD
Early retirement	Monthly pension benefit determined as of early retirement date, reduced 5/9ths of 1% for every month by which the pension commencement date precedes the NRD up to the first 60 months, and 5/18ths of 1% for every month thereafter
Postponed retirement	Monthly pension benefit determined as of actual retirement date
Vested termination	Monthly pension benefit determined as of termination date, actuarially reduced if the payments begin prior to age 65
Preretirement death	Monthly preretirement death benefit payable on behalf of the deceased participant is equal to 50% of the monthly benefit payable to the participant had he/she retired on the first day of the month preceding or coincident with his/her date of death. This benefit is actuarially equivalent of the Life annuity to which the participant is entitled or would have been entitled if he/she had lived.

Other Plan Provisions

Forms of payment	Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 100% joint and survivor annuity, 66-2/3% joint and survivor annuity, a ten-year certain and life annuity, or (for married participants) a life annuity. Actuarial equivalence is based on interest at the rate of interest on 30-Year Treasury Securities.
Pension Increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are assumed for determining pension cost but not for determining contributions.

Schedule SB

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Part V – Summary of Plan Provisions

Future Plan Changes

No future plan changes were recognized in determining pension cost or in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

There have been no changes in benefits valued since the prior year.

Bairnco Corporation (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Line 26 – Schedule of Active Participant Data

Attained Age	Completed Years of Service										Total
	<1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<25	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	1	2	0	0	0	0	0	0	3
35 to 39	0	0	3	1	1	0	0	0	0	0	5
40 to 44	0	1	0	1	0	0	0	0	0	0	2
45 to 49	0	0	4	3	1	1	0	0	0	0	9
50 to 54	0	0	2	3	1	2	5	0	0	0	13
55 to 59	0	0	3	3	1	3	1	1	0	0	12
60 to 64	0	0	1	1	0	0	0	2	0	0	4
65 to 69	0	0	1	0	0	0	0	0	0	0	1
70 & up	0	0	0	1	1	0	0	0	0	0	2
Total	0	1	15	15	5	6	6	3	0	0	51
Average Age:					51.3	Average Service:		15.2			

Bairnco Corporation – (EIN 13-3057520)
Hourly Employees Pension Plan of Arlon, LLC (PN 016)

Schedule SB, Line 32 – Schedule of Amortization Bases

Amortization Record in Support of Minimum Required Contribution

Type of Base	Present Value of Remaining Installments	Year Established	Remaining Period	Installment
Shortfall	\$ 57,365	2008	2.000	\$ 29,374
Shortfall	\$ (16,064)	2009	3.000	\$ (5,615)
Shortfall	\$ 144,596	2010	4.000	\$ 38,804
Shortfall	\$ 307,099	2011	5.000	\$ 67,481
Shortfall	\$ (126,924)	2012	6.000	\$ (23,980)
Shortfall	\$ 297,322	2013	7.000	\$ 49,621
	<u>\$ 663,394</u>			<u>\$ 155,685</u>

**Hourly Employees Pension Plan of Arlon, LLC,
Microwave Materials and Silicone Technologies
Divisions, Bear, Delaware
Plan: #016
EIN: 13-3057520**

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

Financial Statements

December 31, 2013 and 2012

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

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Independent Auditor's Report

To the Plan Administrator

Hourly Employees Pension Plan of Arlon, LLC, Microwave Materials and Silicone Technologies Divisions,
Bear, Delaware

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Hourly Employees Pension Plan of Arlon, LLC, Microwave Materials and Silicone Technologies Divisions, Bear, Delaware (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013, 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 information summarized in Note 6, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. 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 a certification from the trustee as of December 31, 2013, and for the year ended December 31, 2013, that the information provided to the plan administrator by the trustee 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.



Other Matter - 2012 Financial Statements

The financial statements of the plan as of December 31, 2012, were audited by predecessor auditors. 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 (ERISA), the plan administrator instructed the predecessor auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the custodian. Their report, dated October 11, 2013, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (b) the form and content of the information included in the financial statements other than that derived from the information certified by the custodian, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the 2013 financial statements, 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.

BDO USA, LLP

October 10, 2014

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

Statements of Net Assets Available for Benefits

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Investment, at fair value		
Plan interest in the WHX Master Pension Trust, at fair value	\$ 2,103,232	\$ 1,744,980
Contribution receivable	<u>115,503</u>	<u>77,590</u>
Total assets	2,218,735	1,822,570
LIABILITIES		
Accrued expenses	<u>(3,711)</u>	<u>(5,181)</u>
Net assets available for benefits	<u>\$ 2,215,024</u>	<u>\$ 1,817,389</u>

See Notes to Financial Statements.

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2013

ADDITIONS TO NET ASSETS

Employer contributions	\$ 280,682
Plan interest in the WHX Master Pension Trust net investment income	<u>281,775</u>
Total additions	<u>562,457</u>

DEDUCTIONS FROM NET ASSETS

Benefits paid directly to defined benefit plan participants	66,403
Administrative expenses	<u>98,419</u>
Total deductions	<u>164,822</u>

Net increase in net assets	397,635
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NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	<u>1,817,389</u>
End of year	<u>\$ 2,215,024</u>

See Notes to Financial Statements.

HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE

Notes to Financial Statements

December 31, 2013 and 2012

1. PLAN DESCRIPTION

The following brief description of the Hourly Employees Pension Plan of Arlon, LLC, Microwave Materials and Silicone Technologies Divisions, Bear, Delaware (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

Bairnco Corporation ("Bairnco") is the formal sponsor of the Plan. Arlon, LLC (the "Employer") is a subsidiary of Bairnco and is the employer of employees covered under the Plan. Handy & Harman Ltd. (the "Company") (formerly WHX Corporation) is the ultimate parent of Bairnco. Effective January 3, 2011, WHX Corporation changed its name to Handy & Harman Ltd. Effective January 31, 2011 Arlon, Inc. was changed to Arlon, LLC.

The Plan is a defined benefit plan for which all contributions are made by Bairnco. Bairnco contributes amounts needed, as determined by the actuary, to meet minimum funding requirements.

Participants in the Plan include individuals employed by the Employer at its Materials for Electronics Division or Silicone Technologies Divisions, Bear, Delaware who were employees prior to January 1, 2010 and who are represented by the United Food and Commercial Workers, Textile and Garment Council, AFL-CIO, Local 266T (the "Union"), and are covered by the collective bargaining agreement between the Employer and the Union.

Administration of the Plan

The accounting records are maintained by the Company. The Plan assets are invested in the WHX Master Pension Trust ("Master Trust") under which State Street Bank and Trust Company (the "Trustee") serves as trustee of the Plan's assets.

Vesting and Payment of Benefits

A participant's benefits are 100% vested in the Plan at the earliest of either:

The participant attains age 65, provided the participant is an employee of the Employer on the date the participant becomes 65; or

Upon completion of five years of credited service.

Upon retirement, benefits are paid monthly during the lifetime of the retiree and, if applicable, during the lifetime of a surviving annuitant. A participant with an eligible spouse will have the benefits paid in the form of a joint and survivor annuity unless the participant elects not to receive it in this form. The amount of the monthly benefit is based on years of service and other factors, as defined in the Plan agreement.

An employee will receive a monthly benefit for each year of credited service in accordance with a benefit rate schedule set forth in the Plan. For a participant employed on December 31, 2009, his or her benefit is an amount equal to \$28 multiplied by his or her years of credited service on that date. Monthly normal

HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE

Notes to Financial Statements

December 31, 2013 and 2012

retirement benefits for participants who terminated employment prior to December 31, 2009, are determined by their credited service multiplied by a benefit rate which varies from \$5 to \$28 based upon the date of their termination of employment. Credited service for benefit accrual excludes all service after December 31, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Plan have been prepared using the accrual method of accounting in conformity with the accounting principles generally accepted in the United States of America ("US GAAP") as applied to employee benefit plans, and in accordance with the Plan agreement.

Investment Valuation and Income Recognition

The investment in the Master Trust (see Note 7) is valued at fair market value, which is determined by the current fair value of the underlying assets as reported by the Trustee as of December 31, 2013 and 2012, respectively. The Master Trust invests in certain securities and other investments, including limited partnerships, joint ventures and hedge funds, for which no publicly quoted market value is readily available. The Trustee reported the fair value of these investments based upon the valuation techniques discussed in Note 8. The investment account is credited with earnings on the underlying investments and charged with plan withdrawals. Purchases and sales of securities are recognized on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes, and when applicable, disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on years of service and the benefit rate in effect at the time of termination. The accumulated plan benefits for active employees are based on a \$28 benefit rate and credited service as of January 1, 2010. Benefits payable under all circumstances (retirement, death, and termination of employment) are included, to the extent they are deemed attributable to employee service which is counted under the Plan for the applicable purpose rendered to the valuation date.

Contributions

The Company contributes such amounts as are necessary on an actuarial basis to provide sufficient assets to meet benefit payments to Plan members. Contributions to the Plan are recorded as additions to the Plan on an accrual basis.

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

Notes to Financial Statements

December 31, 2013 and 2012

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Certain employees of the Company provide services to the Plan. Neither these individuals nor the Company receives any compensation from the Plan. Certain plan expenses, including consulting, legal, accounting, actuary and investment manager fees, were paid by the Master Trust and allocated to the respective plans based on their interest in the Master Trust or, if the fees were applicable to a particular plan, allocated directly to such plan.

Subsequent Events

The Plan has evaluated subsequent events through October 10, 2014, the date the financial statements were available to be issued.

3. FUNDING POLICY

Bairnco's funding policy is to make annual contributions to the Plan in amounts to meet the minimum funding requirements of ERISA as amended. For the Plan years ended December 31, 2013 and 2012, Bairnco met the minimum funding requirements.

4. ACTUARIAL VALUATION

The actuarial present value of accumulated plan benefits is determined by the actuary, Towers Watson, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability or retirement) between the valuation date and the expected date of payment. The actuarial cost method used to calculate the actuarial present value of accumulated plan benefits is the projected unit cost method. The Company's contributions are calculated by using the credited service method.

HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE

Notes to Financial Statements

December 31, 2013 and 2012

The significant assumptions underlying the actuarial computations are as follows for the year ended December 31, 2013:

Assumed rate of return, net of 0.50% of administrative expenses	3.00% per year, compounded annually
Turnover	Rates in accordance with the 2003 study conducted by the Society of Actuaries
Mortality	RP 2000 Combined Healthy No Collar 2021 Projection Table
Disability	1987 Commissioners Group Disability Table
Retirement Rates	
Age < 65	Probability of Retirement - 0%
Age > 65	Probability of Retirement - 100%

The significant assumptions underlying the actuarial computations are as follows for the year ended December 31, 2012:

Assumed rate of return, net of 0.50% of administrative expenses	3.50% per year, compounded annually
Turnover	Rates in accordance with the 2003 study conducted by the Society of Actuaries
Mortality	RP 2000 Combined Healthy No Collar 2020 Projection Table
Disability	1987 Commissioners Group Disability Table
Retirement Rates	
Age < 65	Probability of Retirement - 0%
Age > 65	Probability of Retirement - 100%

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC,
MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS,
BEAR, DELAWARE**

Notes to Financial Statements

December 31, 2013 and 2012

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

The actuarially determined present values of accumulated plan benefits are as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants and beneficiaries currently receiving payments	\$ 995,664	\$ 1,037,343
Other participants	<u>3,236,635</u>	<u>2,932,290</u>
	4,232,299	3,969,633
Nonvested benefits	<u>73,724</u>	<u>68,019</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 4,306,023</u>	<u>\$ 4,037,652</u>

The increase in the actuarial present value of accumulated plan benefits are as follows for the year ended December 31:

	<u>Year Ended December 31, 2013</u>
Actuarial present value of accumulated plan benefits at beginning of year	\$ 4,037,652
Increase (decrease) during the year attributable to	
Change in assumptions	242,339
Benefits accumulated and other experience	(47,731)
Increase for interest due to decrease in discount period	140,166
Benefits paid	<u>(66,403)</u>
Actuarial present value of accumulated plan benefits at end of year	<u>\$ 4,306,023</u>

HOURLY EMPLOYEES PENSION PLAN OF ARLON, LLC, MICROWAVE MATERIALS AND SILICONE TECHNOLOGIES DIVISIONS, BEAR, DELAWARE

Notes to Financial Statements

December 31, 2013 and 2012

5. TERMINATION OF THE PLAN

Although it has not expressed any intention to do so, the Company has the right under the Plan, subject to certain collective bargaining agreements, to discontinue or adjust its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

In the event of termination, all participants would become 100% vested. After all expenses of administration and liquidation are paid, benefits shall be distributed to vested participants in accordance with statutory priorities as defined by Title IV of ERISA. The participants' vested benefits shall be paid as defined in Note 1 above. If assets remain following the complete distribution of all benefit payments and plan liabilities, they shall be returned to the Company. To the extent that unfunded vested benefits exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

6. CERTIFIED FINANCIAL DATA

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, the Trustee of the Plan certified that the following data included in the accompanying financial statements are complete and accurate:

- Plan's interest in the Master Trust as shown in the Statements of Net Assets Available for Benefits at December 31, 2013 and 2012.
- Net investment income from the Plan's interest in the Master Trust as shown in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2013.

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

7. MASTER TRUST/INVESTMENTS

The Trustee maintains all records of investment transactions and determines the valuation of the investment portfolio.

All of the Plan's investments are an interest in the Master Trust, which was established for the investment of assets of the Plan and several other retirement plans sponsored by the Company. Each participating plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by the Trustee. The value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the Master Trust, plus actual contributions and allocated investment income, less actual distributions and allocated administrative expenses. At December 31, 2013 and 2012, the Plan's interest in the net assets of

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the Master Trust was approximately 0.59% and 0.53%, respectively. Income related to the Master Trust is allocated to the individual plans based upon average monthly balances invested by each plan. The Plan's interest in the net assets of the Master Trust is included in plan interest in the Master Trust in the accompanying Statements of Net Assets Available for Benefits.

The following table presents the net assets of the Master Trust, as of December 31:

	<u>2013</u>	<u>2012</u>
Cash	\$ 94,148,452	\$ 134,168,740
Preferred stock	-	2,556,805
Fixed income securities	63,952,822	52,241,060
Common trust funds	98,629,422	69,127,751
Equity securities	123,428,060	89,751,256
Fund of funds	41,905,506	37,302,915
Shorts	(63,726,789)	(52,898,677)
Net payable	<u>(4,296,647)</u>	<u>(347,739)</u>
Net assets of the Master Trust	<u>\$ 354,040,826</u>	<u>\$ 331,902,111</u>
Plan interest in the Master Trust	<u>\$ 2,103,232</u>	<u>\$ 1,744,980</u>

During 2013, the Master Trust's investments (including investments bought and sold, as well as held during the year) appreciated as follows:

Net appreciation in fair value of investments	
Fixed income securities	\$ 7,155,128
Common trust funds	15,441,671
Equity securities	28,480,351
Fund of funds	4,602,592
Shorts	<u>1,106,871</u>
Total net investment gain	<u>\$ 56,786,613</u>

8. FAIR VALUE MEASUREMENTS OF INVESTMENTS IN THE MASTER TRUST

FASB ASC 820, *Fair Value Measurement*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for

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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 ASC 820 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 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's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012:

Equities and Preferred Stocks: When available, quoted market prices to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities primarily include publicly-traded equity securities. When unobservable, valuation methodologies are used, including utilization of the Company's financial statements and industry comparisons. These investments are held in the Plan's name.

Fixed Income Securities: When available, observable market data, including pricing on recent closed market transactions to value loans. When this data is unobservable, valuation methodologies are used including current market interest rate data adjusted for inherent credit risk.

Common Trust Funds: Common trust funds are comprised of shares or units in commingled funds that are not publicly traded. The underlying assets in these funds are primarily publicly traded equity securities, fixed income securities, and commodity-related securities and are valued at their net asset values ("NAVs") that are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity.

Fund of Funds: Consist of fund-of-fund LLC or commingled fund structures. The underlying assets in these funds are primarily publically traded equity securities, fixed income securities, and

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commodity-related securities. The LLCs are primarily valued based on NAVs calculated by the fund and are not publicly available. In most cases, the liquidity for the LLCs is quarterly with advance notice and is subject to liquidity of the underlying funds. In some cases, there may be extended lock-up periods greater than 90 days or side-pockets for non-liquid assets.

Shorts: Shorts which are traded either on exchanges or liquid over-the-counter markets, are valued at closing prices and included in Level 1. Shorts included in Level 2 primarily represent shorts of corporate bonds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future 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.

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The following table sets forth, by level, within the fair value hierarchy, the Master Trust assets and liabilities at fair value as of December 31, 2013:

	Assets (Liabilities) at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. large cap	\$27,394,139	\$ 596,400	\$ -	\$ 27,990,539
U.S. mid-cap growth	62,488,873	-	-	62,488,873
U.S. small-cap value	14,462,921	2,031,611	-	16,494,532
International large cap value	16,358,402	-	-	16,358,402
Equity contracts	95,715	-	-	95,715
Fixed income securities:				
Corporate bonds and loans	32,764	63,416,845	503,213	63,952,822
Other types of investments:				
Common trust funds	-	98,629,421	-	98,629,421
Fund of funds	-	41,905,506	-	41,905,506
	<u>120,832,814</u>	<u>206,579,783</u>	<u>503,213</u>	<u>327,915,810</u>
Shorts	<u>(62,788,753)</u>	<u>(938,035)</u>	<u>-</u>	<u>(63,726,788)</u>
Total Master Trust investments, at fair value	<u>\$58,044,061</u>	<u>\$ 205,641,748</u>	<u>\$ 503,213</u>	264,189,022
Cash and cash equivalents				94,148,451
Net payable				<u>(4,296,647)</u>
Total Master Trust assets, at fair value				<u>\$354,040,826</u>
Plan interest in WHX Master Pension Trust				<u>\$ 2,103,232</u>

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The following table sets forth, by level, within the fair value hierarchy, the Master Trust assets and liabilities at fair value as of December 31, 2012:

	Assets (Liabilities) at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. large cap	\$ 20,660,943	\$ 545,411	\$ -	\$ 21,206,354
U.S. mid-cap growth	36,221,336	-	209,524	36,430,860
U.S. small-cap value	15,361,649	138,848	-	15,500,497
International large cap value	16,187,613	116,875	-	16,304,488
Equity contracts	309,057	-	-	309,057
Preferred stocks	531,860	2,024,945	-	2,556,805
Fixed income securities:				
Corporate bonds and loans	417,120	51,273,628	550,312	52,241,060
Other types of investments:				
Common trust funds	-	69,127,751	-	69,127,751
Fund of funds	-	37,302,915	-	37,302,915
	<u>89,689,578</u>	<u>160,530,373</u>	<u>759,836</u>	<u>250,979,787</u>
Shorts	<u>(58,400,263)</u>	<u>5,501,586</u>	<u>-</u>	<u>(52,898,677)</u>
Total Master Trust investments, at fair value	<u>\$ 31,289,315</u>	<u>\$166,031,959</u>	<u>\$ 759,836</u>	198,081,110
Cash and cash equivalents				134,168,740
Net payable				(347,739)
Total Master Trust assets, at fair value				\$331,902,111
Plan interest in WHX Master Pension Trust				<u>\$ 1,744,980</u>

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The following table sets forth a summary of changes in fair value of the Master Trust's Level 3 assets for the year ended December 31, 2013:

	US Mid Cap	Corporate Bonds and Loans	Total
Balance, beginning of year	\$ 209,524	\$ 550,312	\$ 759,836
Gain or loss included in net assets	23,281	83,006	106,287
Purchases	-	-	-
Issuances	-	-	-
Sales	(232,805)	(130,105)	(362,910)
Settlements	-	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ 503,213</u>	<u>\$ 503,213</u>

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation (depreciation) in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

Valuation Processes Used in Level 3 Measurements

The Plan administrator discusses and assesses fair value measurements with internally responsible personnel as well as with State Street Bank and Trust Company, investment managers of separately managed funds, and an independent investment advisor.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

For the year ended December 31, 2013 and 2012, there were no transfers in or out of Levels 1, 2 or 3.

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Master Trust's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

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Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Input Values
Fixed income securities				
Shane Co. Trade				
Claims	\$ 503,213	Discounted cash flow analysis	Discount rate	15 - 22%

In accordance with the fair value measurements and disclosures guidance, the following table presents the category, fair value, redemption frequency, and redemption notice period for those plan investments whose fair value was estimated using the NAV per share, as well as other Master Trust plan assets which have redemption notice periods, as of December 31, 2013 and 2012:

	Fair Value December 31, 2013	Fair Value December 31, 2012	Frequency (if Currently Eligible)	Notice Period
WHX Pension Master Trust Investments				
<u>Fund of Funds</u>				
Proxima Capital Offshore	\$ 5,708,102	\$ 4,883,293	quarterly	45 days
Titan Masters Fund, L.P.	36,197,404	32,419,622	quarterly	45 days
	<u>\$ 41,905,506</u>	<u>\$ 37,302,915</u>		
<u>Common Trust Funds</u>				
Mason Capital, Ltd	\$ 69,268,389	\$ 56,094,558	annually	45 days
FrontFour Capital Partners, Ltd **	16,723,403	13,033,193	monthly	90 days
Becker Drapkin Partners	12,637,630	-	annually	90 days
	<u>\$ 98,629,422</u>	<u>\$ 69,127,751</u>		
<u>Separately Managed Funds *</u>				
Sage Capital Equity Fund	\$ 34,998,047	\$ 33,468,164	monthly	30 days
Proxima Capital Management LLC	77,107,488	64,769,326	quarterly	45 days
FrontFour Capital Group	39,109,831	14,602,760	monthly	90 days
Special Situations	-	51,033,538	monthly	30 days
	<u>\$ 151,215,366</u>	<u>\$ 163,873,788</u>		

* These items are included as part of cash and cash equivalents and equity securities.

** As of December 31, 2013, the Master Trust had an unfunded commitment for additional capital of approximately \$39.0 million to an event driven hedge fund. The commitment was funded in January 2014 through an in-kind transfer from one of the Plan's separately managed funds.

9. RELATED PARTY TRANSACTIONS

Section 3(14) of ERISA defines a party-in-interest to include, among others, fiduciaries or employees of the Plan, any person who provides services to the Plan, or an employer whose employees are covered by the Plan. Certain Plan investments are managed by the Trustees. Transactions related to those investments qualify as party-in-interest transactions. State Street Bank and Trust Company was the Trustee of the Plan for the years ended December 31, 2013 and 2012. The Plan pays fees for investment management services

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and other exempt services provided by the Trustees. For the year ended December 31, 2013, the amount of administrative fees incurred and paid by the Plan to State Street Bank and Trust Company was approximately \$242. Certain investments in the Master Trust are managed by State Street Bank and Trust Company or affiliates, and are therefore considered exempt party-in-interest transactions.

10. RISKS AND UNCERTAINTIES

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

The Plan invests in the Master Trust, which in turn invests in various equity and debt securities, mutual funds, limited partnerships, joint ventures, and hedge funds. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

11. TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated June 1, 2011 that the Plan is qualified under the Internal Revenue Code ("IRC") and therefore the related trust is exempt from taxation. The Plan has been amended since receiving the tax determination letter. However, the Plan administrator believes that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt. The letter expires on January 31, 2016.

US GAAP requires 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 a government authority. The Plan administrator has analyzed the tax 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 examinations by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2010.

EIN: #13-3057520
PLAN: #016

**HOURLY EMPLOYEES PENSION PLAN OF ARLON, INC., MICROWAVE
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SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2013**

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
*	WHX Master Pension Trust	Master Trust		<u>\$ 2,103,232</u>

* Party-in-interest

See the notes to the Financial Statements