

| | | |
|---|---|---|
| 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 2012 This Form is Open to Public Inspection |
|---|---|---|

| | |
|--|--|
| Part I | Annual Report Identification Information |
| For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u> | |
| A This return/report is for: | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____ |
| B This return/report is: | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input checked="" type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. | <input type="checkbox"/> |
| D Check box if filing under: | <input type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input checked="" type="checkbox"/> special extension (enter description) <u>29 CFR 2560.501C-2(B) (3)</u> |

| | | |
|---|---|--|
| Part II | Basic Plan Information —enter all requested information | |
| 1a Name of plan <u>SCHWEITZER ENGINEERING LABORATORIES, INC ESOP</u> | 1b Three-digit plan number (PN) ▶ <u>001</u> 1c Effective date of plan <u>01/01/1994</u> | |
| 2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>SCHWEITZER ENGINEERING LABORATORIES, INC</u> <u>2350 NE HOPKINS COURT</u> <u>PULLMAN, WA 99163-5603</u> | 2b Employer Identification Number (EIN) <u>91-1196408</u> 2c Sponsor's telephone number <u>509-332-1890</u> 2d Business code (see instructions) <u>335310</u> | |

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

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

| | | | |
|--|---|------------|--|
| SIGN HERE | Filed with authorized/valid electronic signature. | 11/09/2016 | JOSEPH NESTEGARD |
| | Signature of plan administrator | Date | Enter name of individual signing as plan administrator |
| SIGN HERE | Filed with authorized/valid electronic signature. | 11/09/2016 | JOSEPH NESTEGARD |
| | 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 <input checked="" type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> 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 1739 |
| 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 | 1968 |
| b Retired or separated participants receiving benefits..... | 6b | |
| c Other retired or separated participants entitled to future benefits..... | 6c | 169 |
| d Subtotal. Add lines 6a , 6b , and 6c | 6d | 2137 |
| e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits..... | 6e | 3 |
| f Total. Add lines 6d and 6e | 6f | 2140 |
| g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... | 6g | 2112 |
| h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested..... | 6h | 82 |
| 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: 2C 2I 2P 2Q 3H 3I | | |
| 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) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor | | 9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> 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) <input checked="" type="checkbox"/> R (Retirement Plan Information) (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | | b General Schedules (1) <input checked="" type="checkbox"/> H (Financial Information) (2) <input type="checkbox"/> I (Financial Information – Small Plan) (3) <input type="checkbox"/> A (Insurance Information) (4) <input type="checkbox"/> C (Service Provider Information) (5) <input type="checkbox"/> D (DFE/Participating Plan Information) (6) <input type="checkbox"/> G (Financial Transaction Schedules) |

| | | |
|--|--|---|
| SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small> | Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500. | OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection |
| For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u> | | |
| A Name of plan <u>SCHWEITZER ENGINEERING LABORATORIES, INC ESOP</u> | | B Three-digit plan number (PN) <u>001</u> |
| C Plan sponsor's name as shown on line 2a of Form 5500 <u>SCHWEITZER ENGINEERING LABORATORIES, INC</u> | | D Employer Identification Number (EIN) <u>91-1196408</u> |

| Part I | Asset and Liability Statement | | (a) Beginning of Year | (b) End of Year |
|---|--|-----------------|-----------------------|-----------------|
| 1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions. | | | | |
| | Assets | | | |
| a | Total noninterest-bearing cash | 1a | | |
| b | Receivables (less allowance for doubtful accounts): | | | |
| | (1) Employer contributions | 1b(1) | 18515739 | 17868740 |
| | (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) | | |
| | (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) | 427403040 | 420420960 |
| (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 | 445918779 | 438289700 |

Liabilities

| | | | |
|---|-----------|-----------|-----------|
| g Benefit claims payable | 1g | | |
| h Operating payables | 1h | 6862190 | 6492258 |
| i Acquisition indebtedness | 1i | 228062158 | 216408609 |
| j Other liabilities | 1j | | |
| k Total liabilities (add all amounts in lines 1g through 1j) | 1k | 234924348 | 222900867 |

Net Assets

| | | | |
|---|-----------|-----------|-----------|
| l Net assets (subtract line 1k from line 1f) | 1l | 210994431 | 215388833 |
|---|-----------|-----------|-----------|

Part II Income and Expense Statement

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

Income

| | | (a) Amount | (b) Total |
|--|-----------------|------------|-----------|
| a Contributions: | | | |
| (1) Received or receivable in cash from: (A) Employers | 2a(1)(A) | 22814579 | |
| (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) | | 22814579 |
| 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) | | |
| (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) | -6982080 | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | -6982080 |

| | | (a) Amount | (b) Total |
|--|---------------|------------|-----------|
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)..... | 2b(10) | | |
| c Other income..... | 2c | | |
| d Total income. Add all income amounts in column (b) and enter total..... | 2d | | 15832499 |

Expenses

| | | | |
|--|--------------|---------|----------|
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 4945839 | |
| (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) | | 4945839 |
| f Corrective distributions (see instructions) | 2f | | |
| g Certain deemed distributions of participant loans (see instructions)..... | 2g | | |
| h Interest expense..... | 2h | | 6492258 |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 0 |
| j Total expenses. Add all expense amounts in column (b) and enter total..... | 2j | | 11438097 |

Net Income and Reconciliation

| | | | |
|---|--------------|--|---------|
| k Net income (loss). Subtract line 2j from line 2d | 2k | | 4394402 |
| 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: MCGLADREY LLP

(2) EIN: 42-0714325

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 | |
| d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)..... | | X | |
| e Was this plan covered by a fidelity bond?..... | X | | 1000000 |
| f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | | X | |
| g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | | X | |
| h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | | X | |
| i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)..... | X | | |
| j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)..... | | X | |
| k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?..... | | X | |
| l Has the plan failed to provide any benefit when due under the plan? | | X | |
| m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)..... | | X | |
| n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | | | |

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

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

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

5b(1) Name of plan(s)

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

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

| | | |
|---|--|--|
| SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation | Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500. | OMB No. 1210-0110 2012 This Form is Open to Public Inspection. |
|---|--|--|

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

| | |
|--|--|
| A Name of plan <u>SCHWEITZER ENGINEERING LABORATORIES, INC ESOP</u> | B Three-digit plan number (PN) ▶ <u>001</u> |
| C Plan sponsor's name as shown on line 2a of Form 5500 <u>SCHWEITZER ENGINEERING LABORATORIES, INC</u> | D Employer Identification Number (EIN) <u>91-1196408</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 |
| 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>36-3994756</u> | |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3. | |
| 3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year..... | 3 |

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

| | | | |
|---|------------------------------|-----------------------------|---|
| 4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> 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 | <u>5830671</u> | |
| b Enter the amount contributed by the employer to the plan for this plan year | 6b | <u>22814579</u> | |
| 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 | <u>-16983908</u> | |
| 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? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> 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?..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

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

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

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

| | | |
|---|---|--|
| 10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 11 a Does the ESOP hold any preferred stock? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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.)..... | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 12 Does the ESOP hold any stock that is not readily tradable on an established securities market? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> 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): _____

**Schweitzer Engineering
Laboratories, Inc.
Employee Stock
Ownership Plan**

Financial Report
December 31, 2012

Schweitzer
Engineering
Laboratories
Inc.
Employee
Stock
Ownership
Plan

**Financial
Report**

December 31
2012

Contents

| | |
|---|------------|
| Independent Auditor's Report | 1-2 |
|---|------------|

Financial Statements

| | |
|--|------|
| Statements of Net Assets (Deficit) Available for Benefits | 3 |
| Statement of Changes in Net Assets (Deficit) Available for Benefits..... | 4 |
| Notes to Financial Statements | 5-12 |

Supplemental Schedule

| | |
|--|----|
| Schedule of Assets (Held at End of Year) | 13 |
|--|----|

Independent Auditor's Report

To the Trustees
Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
Pullman, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of **Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan** (the Plan), which comprise the statements of net assets (deficit) available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets (deficit) available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets (deficit) available for benefits for the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

(continued)

Independent Auditor's Report

(concluded)

Other Matter - Report on Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

McGladrey LLP

Seattle, Washington
October 2, 2013

**Financial
Statements**

Statements of Net Assets (Deficit) Available for Benefits

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

| | 2012 | | 2011 | | |
|---|----------------------|------------------------|----------------------|----------------------|------------------------|
| | Allocated | Unallocated | Total | Allocated | Unallocated |
| | | | | | Total |
| Assets | | | | | |
| Investment in Schweitzer Engineering Laboratories, Inc., Class A common stock, at fair market value | \$240,970,205 | \$179,450,755 | \$420,420,960 | \$233,301,419 | \$194,101,621 |
| Employer contribution receivable | -- | 17,868,740 | 17,868,740 | -- | 18,515,739 |
| Total assets | 240,970,205 | 197,319,495 | 438,289,700 | 233,301,419 | 212,617,360 |
| | | | | | 445,918,779 |
| Liabilities | | | | | |
| Interest payable | -- | 6,492,258 | 6,492,258 | -- | 6,862,190 |
| Loans payable | -- | 216,408,609 | 216,408,609 | -- | 228,062,158 |
| Total liabilities | -- | 222,900,867 | 222,900,867 | -- | 234,924,348 |
| Net assets (deficit) available for benefits | \$240,970,205 | (\$ 25,581,372) | \$215,388,833 | \$233,301,419 | (\$ 22,306,988) |
| | | | | | \$210,994,431 |

See notes to financial statements.

Statement of Changes in Net Assets (Deficit) Available for Benefits

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
Year Ended December 31, 2012

| | Allocated | Unallocated | Total |
|---|----------------------|-----------------------|----------------------|
| Additions to Net Assets | | | |
| Investment income: | | | |
| Net unrealized depreciation in fair market value of investments | (\$ 3,811,225) | (\$ 3,170,855) | (\$ 6,982,080) |
| Employer contributions | 4,945,837 | 17,868,742 | 22,814,579 |
| Allocation of 13,618 shares of Class A common stock, at fair value | 11,480,013 | -- | 11,480,013 |
| Total additions to net assets | 12,614,625 | 14,697,887 | 27,312,512 |
| Deductions from Net Assets | | | |
| Interest expense | -- | 6,492,258 | 6,492,258 |
| Distributions to participants | 4,945,839 | -- | 4,945,839 |
| Allocation of 13,618 shares of Class A common stock of Schweitzer Engineering Laboratories, Inc., at fair value | -- | 11,480,013 | 11,480,013 |
| Total deductions from net assets | 4,945,839 | 17,972,271 | 22,918,110 |
| Net increase (decrease) in net assets (deficit) available for benefits | 7,668,786 | (3,274,384) | 4,394,402 |
| Net Assets (Deficit) Available for Benefits | | | |
| Beginning of year | 233,301,419 | (22,306,988) | 210,994,431 |
| End of year | \$240,970,205 | (\$25,581,372) | \$215,388,833 |

See notes to financial statements.

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 1 - Plan Description

The following description of Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

Schweitzer Engineering Laboratories, Inc. (the Company) established the Plan effective January 1, 1994. As of January 1, 2008, the Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP). The Plan is designed to comply with Section 4975(e)(7), and is a stock bonus plan under Section 401(a) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC). The Plan is subject to applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by a committee appointed by the Company's board of directors. An independent trust company is the Plan's trustee.

The Plan purchased Company common stock using proceeds from loans from the Company (see Note 6). The Plan holds the common stock in a trust established under the Plan. The loans are to be repaid over a period of years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employee accounts in accordance with applicable regulations under the IRC. Shares vest in accordance with the vesting schedule, as defined in the Plan document.

The loans are collateralized by the unallocated shares of common stock. Accordingly, the financial statements of the Plan as of December 31, 2012 and 2011, and for the year ended December 31, 2012, present separately the assets and liabilities and changes therein pertaining to: 1) the accounts of employees with vested rights in allocated common stock (allocated) and 2) common stock not yet allocated to employees (unallocated).

Eligibility and Vesting

Employees of the Company are generally eligible to participate in the Plan after meeting the age and service requirements. Employees must be 18 years of age to be eligible and have completed one year of service. Once eligible, employees become participants as of the next enrollment date: January 1, April 1, July 1 or October 1. Eligibility service is a Plan year for which an employee is credited with 1,000 hours of service. Participant balances for employees are subject to a vesting schedule. After two years of service, employees are 20 percent vested, with an additional 20 percent vesting per year until the employee is fully vested after the completion of six years of service.

Employer Contributions

The Company is obligated to make contributions in cash to the Plan, which, when aggregated with the Plan's dividends and interest earnings (if any), equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its loans. The Company will make discretionary contributions to the Plan, as determined by the board of directors, with a minimum contribution of 5 percent of participant compensation.

(continued)

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 1 - Plan Description *(continued)*

Participant Accounts and Forfeitures

The Plan is a defined contribution plan, under which a separate individual stock account is maintained to reflect the interest of each Plan participant. Each participant's account is credited as of the last day of each Plan year with the participant's allocable share of the Company's common stock released by the trustee from the unallocated account, along with forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. All employer contributions are allocated as of the end of each Plan year based on the ratio of each participant's eligible compensation to the total compensation of all participants.

Forfeitures of terminated nonvested account balances allocated to remaining participants at December 31, 2012 and 2011, totaled \$544,265 and \$323,971. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

Payment of Benefits

Upon termination of employment, payment of benefits will be made to participants and beneficiaries in cash. Termination includes retirement, death or disability. Upon a participant's termination date, the participant, or his or her beneficiary, will be entitled to receive payment from the participant's ESOP account based on the value of the participant's vested percentage. The valuation date will be the last day of the Plan year prior to the date payment is scheduled to be made. Payments will begin as of the valuation date coinciding with or following the participant's termination date. Payments, generally, will be made in the following manner:

- If the value is less than \$25,000, payment will be made in a lump sum.
- If the value is greater than \$25,000, payments will be made in equal annual installments, up to 10 years.

Under the provisions of the Plan, the Company is obligated to repurchase participant shares, which have been distributed under the terms of the Plan. During 2012 the Plan recycled 5,771 shares from participants, at prices determined from the independent appraisal.

Administrative Expenses

As provided in the Plan agreement, administrative expenses are paid by the Plan or by the Company. The Company has historically paid the operating expenses for the Plan.

Voting Rights

Each participant is entitled, under certain (limited) circumstances, to direct the trustee with respect to the voting shares allocated to his or her account, and is notified by the trustee prior to the time that such rights may be exercised. The trustee is required to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

(continued)

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 1 - Plan Description *(concluded)*

Termination of the Plan

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon termination, the interest of each participant in the trust will be distributed to such participant, or his or her beneficiary, at the time prescribed by the Plan's terms and the IRC. Upon termination of the Plan, the Plan Administration Committee should direct the trustee to pay all liabilities and expenses of the trust fund and to sell shares of financed common stock held in the loan suspense account to the extent it determines such sale is necessary in order to repay the loans.

Put Option

Under federal income tax regulations, the employer stock held by the Plan and its participants that is not readily tradable on an established market includes a put option. The put option is a right to demand the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The purpose of the put option is to ensure the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of their investments in Company common stock into investments that are more diversified. Participants who are at least 55 years of age, with at least 10 years of participation in the Plan may elect to diversify a portion of their accounts. Diversification is offered to each eligible participant over a six-year period. For each of the first five years, a participant may diversify up to 25 percent of the participant's stock account balance, less all amounts previously diversified. In the sixth year, the percentage changes to 50 percent. A participant who elects to diversify receives a cash distribution.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

Investment Valuation and Income Recognition

Class A common stock shares of the Company are valued at estimated fair value as of December 31, 2012 and 2011. Estimated fair value is determined by an annual, independent appraisal. Purchases and sales of securities are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are reported on the specific-identification method. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

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

(continued)

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 2 - Summary of Significant Accounting Policies *(concluded)*

Recent Accounting Pronouncement

On July 8, 2013, the Financial Accounting Standards Board issued Accounting Standards Update No. 2013-09, *Fair Value Measurement (Topic 820): Deferral of the Effective Date of Certain Disclosures for Nonpublic Employee Benefit Plans in Update No. 2011-04*, which was effective upon issuance. The amendments in this ASU defer indefinitely the effective date of certain required disclosures in Update No. 2011-04 (Topic 820) of quantitative information about the significant unobservable inputs used in Level 3 fair value measurements for investments held by a nonpublic employee benefit plan in its plan sponsor's own nonpublic entity equity securities, including equity securities of its plan sponsor's nonpublic affiliated entities. The amendments in this update do not defer the effective date for those certain quantitative disclosures for other nonpublic entity equity securities held in the nonpublic employee benefit plan or any qualitative disclosures. Update No. 2013-09 has been adopted and reflected in Note 8.

Risk and Uncertainties

The Plan's investments consist of the Company's common stock, which is exposed to various risks such as interest rate, market and credit risks, as well as valuation assumptions based on earnings, cash flows and other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported on the statements of net assets (deficit) available for benefits.

Subsequent Events

Subsequent events have been evaluated through October 2, 2013, which is the date the financial statements were available to be issued.

Note 3 - Tax Status

The Internal Revenue Service (IRS) has determined that the Plan is qualified, and the trust established under the Plan is tax-exempt, under the appropriate sections of the Code. The Plan received a determination letter dated March 5, 2003, in which the IRS stated the Plan, as then designed, was in compliance with the applicable requirements of the IRS. The Plan has been amended since receiving the determination letter; however, the Plan administrator believes the Plan is currently designed and operated in compliance with applicable requirements of the IRC. Therefore, they believe that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan. Management evaluated the Plan's tax positions and concluded that the Plan has maintained its tax-exempt status and has taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in process. The Plan administrator believes the Plan is no longer subject to income tax examinations for years before 2009.

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 4 - Administration of Plan Assets

The Plan's assets consist of Class A common stock of the Company. The stock is held by the Plan trustee. Company contributions are held and managed by the trustee, which invests cash received, interest and dividend income (if any), and makes distributions to participants. The Company funds the Plan and the trustee administers the principal and interest on the loan.

Certain administrative functions are performed by officers or employees of the Company. No such officers or employees receive compensation from the Plan. Administrative expenses of the Plan are paid directly by the Company.

Note 5 - Investments

The Plan's investments are as follows at December 31:

| | 2012 Allocated | Unallocated | 2011 Allocated | Unallocated |
|---|-------------------|---------------|-------------------|---------------|
| Schweitzer Engineering Laboratories, Inc. Class A common stock: | | | | |
| Number of shares | 285,848 | 212,872 | 272,230 | 226,490 |
| Cost | \$161,853,864 | \$120,538,647 | \$154,146,050 | \$128,246,105 |
| Fair market value | \$240,970,205 | \$179,450,755 | \$233,301,419 | \$194,101,621 |

Note 6 - Loans Payable

During the year ended December 31, 2008, the Company and the Plan entered into a stock purchase agreement with Edmund Schweitzer to purchase 15,000 shares of Class A common stock for \$10,995,000. The Company loaned this amount to the Plan to purchase the stock. The loan bears interest at 4.4 percent and was paid off in full during 2012.

During the year ended December 31, 2009, the Company and the Plan entered into a stock purchase agreement with Edmund Schweitzer to purchase 255,740 shares of Class A common stock for \$236,559,500. The Company loaned this amount to the Plan to purchase the stock. The loan bears interest at 3 percent and is due in March 2034. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments, divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 13,618 shares being released and allocated for the Plan year ended December 31, 2012.

(continued)

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 6 - Loans Payable *(concluded)*

The fair value of the note payable as of December 31, 2012 and 2011, was approximately \$216,409,000 and \$228,062,000, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturities dates and nonperformance risk.

The scheduled amortization of loans payable for future years ending December 31 is as follows:

| | |
|--------------|----------------------|
| 2013 | \$ 11,376,482 |
| 2014 | 7,149,834 |
| 2015 | 7,364,330 |
| 2016 | 7,585,259 |
| 2017 | 7,812,817 |
| Thereafter | 175,119,887 |
| Total | \$216,408,609 |

For 2012 and 2011, the loan interest rate averaged 2.92 percent and 2.94 percent, respectively.

Note 7 - Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of the changes in net assets (deficit) available for benefits per the financial statements to Form 5500 as of December 31, 2012:

| | |
|--|---------------------|
| Total additions per Form 5500 | \$15,832,499 |
| Allocation of shares, at fair value | 11,480,013 |
| Total additions per the financial statements | \$27,312,512 |
| | |
| Total deductions per Form 5500 | \$11,438,097 |
| Allocation of shares, at fair value | 11,480,013 |
| Total deductions per the financial statements | \$22,918,110 |

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 8 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, 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 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 FASB ASC 820 are as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3: Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Plan's needs.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following discloses by level, within the fair value hierarchy, the Plan's assets at fair value:

| | Assets at Fair Value as of December 31, 2012 | | | |
|----------------------|---|----------------|----------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Class A common stock | \$- - | \$- - | \$420,420,960 | \$420,420,960 |

| | Assets at Fair Value as of December 31, 2011 | | | |
|----------------------|---|----------------|----------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Class A common stock | \$- - | \$- - | \$427,403,040 | \$427,403,040 |

(continued)

Notes to Financial Statements

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012 and 2011

Note 8 - Fair Value Measurements *(concluded)*

The following sets forth a summary of changes in the fair value of the Plan's Level 3 assets:

| | |
|-----------------------------|----------------------|
| Balance, beginning of year | \$427,403,040 |
| Net unrealized depreciation | (6,982,080) |
| Balance, end of year | \$420,420,960 |

The amount of gains or losses for the period included in changes in net assets (deficit) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date totals (\$6,982,080).

Gains and losses (realized and unrealized) included in changes in net assets (deficit) for the period above are reported in net depreciation in fair market value of investments on the statement of changes in net assets (deficit) available for benefits.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Common Stock

The Company's Class A common stock share value is determined by an annual, independent appraisal, which approximates fair value. The appraisal is based on a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and estimated fair value of Company assets and liabilities. Plan management has concluded that a market participant would also recognize a discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser. Plan management accumulates the data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report, which Plan management, along with the ESOP trustees, reviews in detail, discusses and approves.

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

Note 9 - Related-Party and Party-in-Interest Transactions

The Plan invests in Company common stock and has indebtedness to the Company. These are related-party and party-in-interest transactions. As described in notes 1 and 4, the Plan has a number of service providers. Such parties are parties-in-interest under ERISA.

Note 10 - Reconciliation of Financial Statements to Form 5500

The Company's confidentiality policy prohibits Form 5500, Schedule H, and Schedule of Assets Held to be completed and the audited financial statements to be attached to Form 5500 filed on the public domain. In lieu of these schedules, a statement is attached to Form 5500 supplying information for obtaining the completed documents upon inquiry with management.

**Supplemental
Schedule**

Schedule of Assets (Held at End of Year)

Schweitzer Engineering Laboratories, Inc. Employee Stock Ownership Plan
December 31, 2012

EIN: 91-1196408
Plan Number: 001

| (a) and (b) Identity of Issuer, Borrower, Lessor or Similar Party | (c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost | (e) Current Value |
|--|--|---------------------------|--|
| * Schweitzer Engineering Laboratories, Inc. | 498,720 shares Class A common stock | \$282,392,511 | \$420,420,960 |

* Party-in-Interest

See independent auditor's report.

[illegible]