

AGL RESOURCES INC

Form 4

May 01, 2014

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
WOLF HENRY C

(Last) (First) (Middle)

TEN PEACHTREE PLACE

(Street)

ATLANTA, GA 30309

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol
AGL RESOURCES INC [GAS]

3. Date of Earliest Transaction
(Month/Day/Year)
04/29/2014

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	04/29/2014		A	(A) or (D) A	3,776 (1) \$ 52.97	31,063	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repor Trans (Instr		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
WOLF HENRY C TEN PEACHTREE PLACE ATLANTA, GA 30309	X

Signatures

Michelle Johnson, by power of attorney
 05/01/2014
 **Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents shares issued under the AGL Resources Inc. 2006 Non-Employee Directors Equity Compensation Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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21,898

35,144

20,022

Change to contingent consideration liability

(3,000

)

Goodwill impairment

2,840

Operating profit

Explanation of Responses:

57,614

59,719

73,737

Other income, principally interest

731

705

Earnings before provision for income taxes

58,345

60,424

75,025

Provision for income taxes

17,093

21,549

27,057

Net earnings

Explanation of Responses:

\$

41,252

\$

38,875

\$

47,968

Weighted average common shares outstanding:

Basic and diluted

6,907

6,889

6,875

Net earnings per share:

Basic and diluted

\$

5.97

\$

5.64

\$

6.98

Comprehensive income:

Net earnings

41,252

38,875

Explanation of Responses:

47,968

Other comprehensive loss, net of tax:

Unrealized loss on available-for-sale securities

45

Explanation of Responses:

12

19

57

Comprehensive income

\$

41,207

\$

38,856

\$

47,911

The accompanying notes are an integral part of the Consolidated Financial Statements.

Explanation of Responses:

13

NATIONAL PRESTO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	For the years ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net earnings	\$ 41,252	\$ 38,875	\$ 47,968
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Provision for depreciation	8,277	10,136	9,037
Change in contingent consideration liability	(3,000)		
Goodwill impairment	2,840		
Loss (gain) on disposal and impairment of property, plant and equipment	(154)	5,843	10
Provision for doubtful accounts	816	5,629	1,037
Deferred income tax provision (benefit)	239	(4,792)	5,096
Intangibles amortization	667	1,049	
Other	608	568	618
Changes in operating accounts:			
Accounts receivable, net	(8,533)	(6,546)	16,936
Inventories	(9,150)	11,091	(10,284)
Other current assets	(10,728)	10,360	(6,729)
Accounts payable and accrued liabilities	2,948	(9,999)	(711)
Federal and state income taxes payable	(1,863)	128	(4,292)
Net cash provided by operating activities	24,219	62,342	58,686
Cash flows from investing activities:			
Marketable securities purchased	(6,151)	(26,023)	(40,962)
Marketable securities - maturities and sales	25,263	29,767	82,521
Acquisition of property, plant and equipment	(36,256)	(13,584)	(15,003)
Acquisition of customer contract	(21,968)		
Notes issued		(3,500)	(220)
Sale of property, plant and equipment	409	8	6
Acquisition of businesses, net of cash acquired		(246)	(4,526)
Net cash provided by (used in) investing activities	(38,703)	(13,578)	21,816
Cash flows from financing activities:			
Dividends paid		(86,106)	(56,665)
Other		784	439
Net cash used in financing activities		(85,322)	(56,226)
Net increase (decrease) in cash and cash equivalents	(14,484)	(36,558)	24,276
Cash and cash equivalents at beginning of year	37,437	73,995	49,719
Cash and cash equivalents at end of year	\$ 22,953	\$ 37,437	\$ 73,995
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Income taxes	\$ 19,076	\$ 26,532	\$ 26,686
The accompanying notes are an integral part of the Consolidated Financial Statements.			

NATIONAL PRESTO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands except per share data)

For the years ended December 31, 2013, 2012, 2011

	Shares of Common Stock Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Comprehensive Income (Loss)	Treasury Stock	Total
Balance December 31, 2010	6,865	\$ 7,441	\$ 2,738	\$ 351,571	\$ 129	\$ (17,942)	\$ 343,937
Net earnings				47,968			47,968
Unrealized loss on available-for-sale securities, net of tax					(57)		(57)
Dividends paid March 15, \$1.00 per share regular, \$7.25 per share extra				(56,665)			(56,665)
Other	10		801	(1)		307	1,107
Balance December 31, 2011	6,875	7,441	3,539	342,873	72	(17,635)	336,290
Net earnings				38,875			38,875
Unrealized loss on available-for-sale securities, net of tax					(19)		(19)
Dividends paid March 15, \$1.00 per share regular, \$5.00 per share extra				(41,292)			(41,292)
Dividends paid December 28, \$1.00 per share regular, \$5.50 per share extra				(44,814)			(44,814)
Other	19		933	1		597	1,531
Balance December 31, 2012	6,894	7,441	4,472	295,643	53	(17,038)	290,571
Net earnings				41,252			41,252
Unrealized loss on available-for-sale securities, net of tax					(45)		(45)
Other	8		526			247	773
Balance December 31, 2013	6,902	\$ 7,441	\$ 4,998	\$ 336,895	\$ 8	\$ (16,791)	\$ 332,551

The accompanying notes are an integral part of the Consolidated Financial Statements.

**NATIONAL PRESTO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (1) **USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS:** In preparation of the Company's Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and related revenues and expenses. Actual results could differ from the estimates used by management.
- (2) **BASIS OF PRESENTATION:** The Consolidated Financial Statements include the accounts of National Presto Industries, Inc. and its subsidiaries, all of which are wholly-owned. All material intercompany accounts and transactions are eliminated. For a further discussion of the Company's business and the segments in which it operates, please refer to Note L.
- (3) **RECLASSIFICATIONS:** Certain reclassifications have been made to the prior periods' financial statements to conform to the current period's financial statement presentation. These reclassifications did not affect net earnings or stockholders' equity as previously reported.
- (4) **FAIR VALUE OF FINANCIAL INSTRUMENTS:** The Company utilizes the methods of determining fair value as described in Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) 820, Fair Value Measurements and Disclosures to value its financial assets and liabilities. ASC 820 utilizes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The carrying amount for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments.

- (5) **CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES:**

Cash and Cash Equivalents: The Company considers all highly liquid marketable securities with an original maturity of three months or less to be cash equivalents. Cash equivalents include money market funds. The Company deposits its cash in high quality financial institutions. The balances, at times, may exceed federally insured limits. Money market funds are reported at fair value determined using quoted prices in active markets for identical securities (Level 1, as defined by FASB ASC 820).

The Company's cash management policy provides for its bank disbursement accounts to be reimbursed on a daily basis. Checks issued but not presented to the bank for payment of \$3,389,000 and \$4,091,000 at December 31, 2013 and 2012, respectively, are included as reductions of cash and cash equivalents or bank overdrafts in accounts payable, as appropriate.

Marketable Securities: The Company has classified all marketable securities as available-for-sale which requires the securities to be reported at fair value, with unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. Highly liquid, tax exempt variable rate demand notes with put options exercisable in three months or less are classified as marketable securities.

At December 31, 2013 and 2012, cost for marketable securities was determined using the specific identification method. A summary of the amortized costs and fair values of the Company's marketable securities at December 31 is shown in the following table. All of the Company's marketable securities are classified as Level 2, as defined by FASB ASC 820, with fair values determined using significant other observable inputs, which include quoted prices in markets that are not active, quoted prices of similar securities, recently executed transactions, broker quotations, and other inputs that are observable. There were no transfers into or out of Level 2 during 2013.

(In thousands)					
MARKETABLE SECURITIES					
	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	
<u>December 31, 2013</u>					
Tax-exempt Municipal Bonds	\$ 20,813	\$ 20,825	\$ 18	\$ 6	
Variable Rate Demand Notes	15,579	15,579			
Total Marketable Securities	\$ 36,392	\$ 36,404	\$ 18	\$ 6	
<u>December 31, 2012</u>					
Tax-exempt Municipal Bonds	\$ 24,412	\$ 24,494	\$ 94	\$ 12	
Variable Rate Demand Notes	31,092	31,092			
Total Marketable Securities	\$ 55,504	\$ 55,586	\$ 94	\$ 12	

Proceeds from sales of marketable securities totaled \$25,263,000 in 2013, \$29,767,000 in 2012, and \$82,521,000 in 2011. There were no gross gains or losses related to sales of marketable securities during the years ended December 31, 2013, 2012 and 2011. Net unrealized losses included in other comprehensive income were \$70,000, \$30,000 and \$87,000 before taxes for the years ended December 31, 2013, 2012, and 2011, respectively. No unrealized gains or losses were reclassified out of accumulated other comprehensive income during the same periods.

The contractual maturities of the marketable securities held at December 31, 2013 are as follows: \$15,949,000 within one year; \$7,465,000 beyond one year to five years; \$5,123,000 beyond five years to ten years, and \$7,867,000 beyond ten years. All of the instruments in the beyond five year ranges are variable rate demand notes which as noted above can be tendered for cash at par plus interest within seven days. Despite the stated contractual maturity date, to the extent a tender is not honored, the notes become immediately due and payable.

- (6) **ACCOUNTS RECEIVABLE:** The Company's accounts receivable are related to sales of products. Credit is extended based on prior experience with the customer and evaluation of customers' financial condition. Accounts receivable are primarily due within 30 to 60 days. The Company does not accrue interest on past due accounts receivable. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and the specific circumstances of the customer. The allowance for doubtful accounts represents an estimate of amounts considered uncollectible and is determined based on the Company's historical collection experience, adverse situations that may affect the customer's ability to pay, and prevailing economic conditions.
- (7) **INVENTORIES:** Housewares/Small Appliance segment inventories are stated at the lower of cost or market with cost being determined principally on the last-in, first-out (LIFO) method. Inventories for the Defense and Absorbent Products segments are stated at the lower of cost or market with cost being determined on the first-in, first-out (FIFO) method.
- (8) **PROPERTY, PLANT AND EQUIPMENT:** Property, plant and equipment are stated at cost. For machinery and equipment, all amounts which are fully depreciated have been eliminated from both the asset and allowance accounts. Straight-line depreciation is provided in amounts sufficient to charge the costs of depreciable assets to operations over their service lives which are estimated at 15 to 40 years for buildings, 3 to 10 years for machinery and equipment, and 15 to 20 years for land improvements. The Company reviews long lived assets consisting principally of property, plant, and equipment, for impairment when material events and changes in circumstances indicate the carrying value may not be recoverable. See Note S for a discussion of impairment charges recorded in the fourth quarter of 2012. Approximately \$15,200,000 of construction in progress in the Company's Absorbent Products segment is presented on the Consolidated Balance Sheet as Machinery and Equipment at December 31, 2013. The remaining costs to complete the construction and installation of the equipment is approximately \$11,200,000, which the Company expects to be largely completed by early 2015.

- (9) **GOODWILL AND INTANGIBLE ASSETS:** The Company recognizes the excess cost of acquired entities over the net amount assigned to the fair value of assets acquired and liabilities assumed as goodwill. Goodwill is tested for impairment on an annual basis at the start of the fourth quarter and between annual tests whenever an impairment is indicated, such as the occurrence of an event that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. Goodwill impairments of \$2,840,000, \$0, and \$0 were recognized during 2013, 2012, and 2011, respectively. The 2013 impairment related to AMTEC Less Lethal Systems, Inc. (ALS), a reporting unit in the Company's Defense segment. ALS was created in 2011 following the acquisition of certain assets of ALS Technologies, Inc., described in Note P. The impairment was recognized as a result of the Company's analysis comparing the implied fair value of the reporting unit's goodwill to its recorded carrying amount. The fair value used in the evaluation of the goodwill impairment was determined using a multiple of EBITDA approach and discounted cash flow estimates. See Note R for a discussion of a contingent consideration liability reversal of \$3,000,000 related to ALS.

During 2013 and 2012, \$0 and \$302,000, respectively, were added to goodwill as a result of the acquisition of certain assets of ALS Technologies, Inc., which is more fully described in Note P. The Company's goodwill as of December 31, 2013 and 2012 was \$11,485,000 and \$14,325,000, respectively, relating entirely to its Defense Products segment, which had cumulative impairment charges at December 31, 2013 of \$2,840,000.

Intangible assets primarily consist of the value of a government sales contract, product backlogs, and consulting and non-compete agreements recognized as a result of the acquisition of certain assets of DSE, Inc., more fully described in Note Q, and the value of customer relationships, trademarks and non-compete agreements recognized as a result of the acquisition of certain assets of ALS Technologies, Inc. mentioned above. The government sales contract intangible asset is amortized based on units fulfilled under the three year contract, while the other intangible assets are amortized on a straight-line basis that approximates economic use, over periods ranging from one to nine years. Intangible assets are evaluated for impairment whenever an impairment is indicated. No impairments were noted during 2013. The gross carrying amounts of the government sales contract and other intangible assets subject to amortization were \$21,690,000 and \$4,723,000, respectively, totaling \$26,413,000 at December 31, 2013. The gross carrying amount of other intangible assets subject to amortization was \$4,445,000 at December 31, 2012. Accumulated amortization was \$1,716,000 and \$1,049,000 at December 31, 2013 and 2012, respectively. Amortization expense was \$667,000, \$1,049,000, and \$0 during the years ended December 31, 2013, 2012, and 2011, respectively. Estimated amortization expense for the five succeeding years is shown in the following table:

Years ending December 31:	(In thousands)
2014	\$ 7,989
2015	7,989
2016	7,986
2017	550
2018	65

- (10) **REVENUE RECOGNITION:** For all of its segments, the Company recognizes revenue when product is shipped or title passes pursuant to customers' orders, the price is fixed and collection is reasonably assured. For the Housewares/Small appliance segment, the Company provides for its 60-day over-the-counter return privilege and warranties at the time of shipment. Net sales for this segment are calculated by deducting early payment discounts and cooperative advertising allowances from gross sales. The Company records cooperative advertising allowances when revenue is recognized. See Note A(11) for a description of the Company's policy for sales returns.
- (11) **SALES & RETURNS:** Sales are recorded net of estimated discounts and returns. The latter pertain primarily to warranty returns, returns of seasonal items, and returns of those newly introduced products sold with a return privilege. The calculation of warranty returns is based in large part on historical data, while seasonal and new product returns are primarily developed using customer provided information.

- (12) **SHIPPING AND HANDLING COSTS:** In accordance with FASB ASC 605-45, Revenue Recognition, the Company includes shipping and handling revenues in net sales and shipping costs in cost of sales.
- (13) **ADVERTISING:** The Company's policy is to expense advertising as incurred and include it in selling and general expenses. Advertising expense was \$363,000, \$210,000, and \$70,000 in 2013, 2012, and 2011, respectively.
- (14) **PRODUCT WARRANTY:** The Company's Housewares/Small Appliance segment's products are generally warranted to the original owner to be free from defects in material and workmanship for a period of 1 to 12 years from date of purchase. The Company allows a 60-day over-the-counter initial return privilege through cooperating dealers. The Company services its products through a corporate service repair operation. The Company estimates its product warranty liability based on historical percentages which have remained relatively consistent over the years.

The product warranty liability is included in accounts payable on the balance sheet. The following table shows the changes in product warranty liability for the period:

	(In thousands)	
	Year Ended December 31	
	2013	2012
Beginning balance January 1	\$ 388	\$ 341
Accruals during the period	840	528
Charges / payments made under the warranties	(660)	(481)
Balance December 31	\$ 568	\$ 388

- (15) **STOCK-BASED COMPENSATION:** The Company accounts for stock-based compensation in accordance with ASC 718, Compensation—Stock Compensation. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, net of estimated forfeitures. As more fully described in Note F, the Company awards non-vested restricted stock to employees and executive officers.
- (16) **INCOME TAXES:** Deferred income tax assets and liabilities are recognized for the differences between the financial and income tax reporting bases of assets and liabilities based on enacted tax rates and laws. The deferred income tax provision or benefit generally reflects the net change in deferred income tax assets and liabilities during the year. The current income tax provision reflects the tax consequences of revenues and expenses currently taxable or deductible on various income tax returns for the year reported. Income tax contingencies are accounted for in accordance with FASB ASC 740, Income Taxes. See Note H for summaries of the provision, the effective tax rates, and the tax effects of the cumulative temporary differences resulting in deferred tax assets and liabilities.

B. INVENTORIES:

The amount of inventories valued on the LIFO basis was \$32,090,000 and \$29,463,000 as of December 31, 2013 and 2012, respectively, and consists of housewares/small appliance finished goods. Under LIFO, inventories are valued at approximately \$4,434,000 and \$6,375,000 below current cost determined on a first-in, first-out (FIFO) basis at December 31, 2013 and 2012, respectively. During the years ended December 31, 2013, 2012, and 2011, \$421,000, \$858,000, and \$5,474,000, respectively, of a LIFO layer was liquidated. The Company uses the LIFO method of inventory accounting to improve the matching of costs and revenues for the Housewares/Small Appliance segment.

The following table describes that which would have occurred if LIFO inventories had been valued at current cost determined on a FIFO basis:

Increase (Decrease) (In thousands, except per share data)			
Year	Cost of Sales	Net Earnings	Earnings Per Share
2013	\$ 1,941	\$ (1,263)	\$ (0.18)
2012	\$ (857)	\$ 546	\$ 0.08
2011	\$ (1,313)	\$ 832	\$ 0.12

This information is provided for comparison with companies using the FIFO basis.

Inventory for Defense, Absorbent Products, and raw materials of the Housewares/Small Appliance segments are valued under the FIFO method and total \$60,424,000 and \$53,901,000 at December 31, 2013 and 2012, respectively. The December 31, 2013 FIFO total is comprised of \$3,988,000 of finished goods, \$49,690,000 of work in process, and \$6,746,000 of raw material and supplies. At December 31, 2012 the FIFO total was comprised of \$4,388,000 of finished goods, \$40,340,000 of work in process, and \$9,173,000 of raw material and supplies.

C. ACCRUED LIABILITIES:

At December 31, 2013, accrued liabilities consisted of payroll \$6,135,000, product liability \$6,060,000, environmental \$1,650,000, and other \$2,062,000. At December 31, 2012, accrued liabilities consisted of product liability \$6,395,000, payroll \$5,721,000, environmental \$1,875,000, and other \$1,263,000.

The Company is self-insured for health care costs, although it does carry stop loss and other insurance to cover health care claims once they reach a specified threshold. The Company is also subject to product liability claims in the normal course of business. It is partly self-insured for product liability claims, and therefore records an accrual for known claims and estimated incurred but unreported claims in the Company's Consolidated Financial Statements. The Company utilizes historical trends and other analysis to assist in determining the appropriate accrual. An increase in the number or magnitude of claims could have a material impact on the Company's financial condition and results of operations. The Company's policy is to accrue for legal fees expected to be incurred in connection with loss contingencies. See Note K for a discussion of environmental remediation liabilities.

D. TREASURY STOCK:

As of December 31, 2013, the Company has authority from the Board of Directors to reacquire an additional 504,600 shares. No shares were reacquired in 2013, 2012, or 2011. Treasury shares have been used for stock based compensation and to fund a portion of the Company's 401(k) contributions.

E. NET EARNINGS PER SHARE:

Basic earnings per share is based on the weighted average number of common shares and participating securities outstanding during the period. Diluted earnings per share also includes the dilutive effect of additional potential common shares issuable. Unvested stock awards, which contain non-forfeitable rights to dividends, whether paid or unpaid (participating securities), are included in the number of shares outstanding for both basic and diluted earnings per share calculations.

F. STOCK-BASED COMPENSATION:

The Company, from time to time, enters into separate non-vested share-based payment arrangements with employees and executive officers under the Incentive Compensation Plan approved by stockholders on May 18, 2010, which authorized 50,000 shares to be available for grants. The Compensation Committee of the Company's Board of Directors approves all stock-based compensation awards for employees and executive officers of the Company. The Company grants restricted stock that is subject to continued employment and vesting conditions, but has dividend and voting rights, and uses the fair-market value of the Company's common stock on the grant date to measure the fair value of the awards. The fair value of restricted stock is recognized as expense ratably over the requisite serviced period, net of estimated forfeitures.

During 2013, 2012, and 2011, the Company granted 8,102, 1,695 and 3,402 shares of restricted stock, respectively, to 17 employees and executive officers of the Company. Unless otherwise vested early in accordance with the Incentive Compensation Plan, the restricted stock vests on specified dates in 2015 through 2019, subject to the recipients' continued employment or service through each applicable vesting date.

The Company recognized pre-tax compensation expense in the Consolidated Statements of Comprehensive Income related to stock-based compensation of \$123,000, \$91,000, and \$29,000 in 2013, 2012, and 2011, respectively. As of December 31, 2013, there was approximately \$902,000 of unrecognized compensation cost related to the restricted stock awards that is expected to be recognized over a weighted-average period of 4.4 years. There were no shares of restricted stock that vested during 2013, 2012, or 2011.

The following table summarizes the activity for non-vested restricted stock:

	2013		2012		2011	
	Shares	Weighted Average Fair Value at Grant Date	Shares	Weighted Average Fair Value at Grant Date	Shares	Weighted Average Fair Value at Grant Date
Non-vested at beginning of period	8,393	\$ 96.28	6,730	\$ 101.26	3,328	\$ 109.38
Granted	8,102	73.28	1,695	76.43	3,402	93.32
Forfeited	(194)	86.97	(32)	93.60	0	
Non-vested at end of period	16,301	\$ 84.96	8,393	\$ 96.28	6,730	\$ 101.26

G. 401(K) PLAN:

The Company sponsors a 401(k) retirement plan that covers substantially all non-union employees. Historically, the Company matched up to 50% of the first 4% of salary contributed by employees to the plan. This matching contribution was made with common stock. Starting in 2004, the Company began to match, in cash, an additional 50% of the first 4% of salary contributed by employees plus 3% of total compensation for certain employees. Contributions made from treasury stock, including the Company's related cash dividends, totaled \$598,000 in 2013, \$1,391,000 in 2012, and \$1,030,000 in 2011. In addition, the Company made cash contributions of \$812,000 in 2013, \$781,000 in 2012, and \$697,000 in 2011 to the 401(k) Plan. The Company also contributed \$364,000, \$396,000, and \$369,000 to the 401(k) retirement plan covering its union employees at the Amron Division of the AMTEC subsidiary during the years ended December 31, 2013, 2012, and 2011, respectively.

H. INCOME TAXES:

The following table summarizes the provision for income taxes:

	For Years Ended December 31 (in thousands)		
	2013	2012	2011
Current:			
Federal	\$ 20,224	\$ 22,165	\$ 17,596
State	(3,345)	4,187	4,365
	16,879	26,352	21,961
Deferred:			
Federal	(531)	(3,938)	4,972
State	745	(865)	124
	214	(4,803)	5,096
Total tax provision	\$ 17,093	\$ 21,549	\$ 27,057

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The effective rate of the provision for income taxes as shown in the Consolidated Statements of Comprehensive Income differs from the applicable statutory federal income tax rate for the following reasons:

	Percent of Pre-tax Income		
	2013	2012	2011
Statutory rate	35.0%	35.0%	35.0%
State tax, net of federal benefit	(2.9%)	3.6%	3.9%
Tax exempt interest and dividends	(0.2%)	(0.3%)	(0.5%)
Other	(2.6%)	(2.6%)	(2.3%)
Effective rate	29.3%	35.7%	36.1%

As shown in the preceding table, the effective tax rate for 2013 is lower than rates for the prior periods primarily as a result of a revision to the filing approach used for one of the states in which the Company files returns. The revised filing approach resulted in a tax refund of approximately \$4,000,000 related to tax years 2009, 2010, and 2011.

Deferred tax assets and liabilities are recorded based on the differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. The tax effects of the cumulative temporary differences resulting in deferred tax assets and liabilities are as follows at December 31:

	(In thousands)	
	2013	2012
Deferred tax assets		
Doubtful accounts	\$ 3,202	\$ 3,245
Insurance (primarily product liability)	2,224	2,412
Vacation	907	961
Environmental	604	745
Inventory	557	414
Goodwill and other intangibles	296	697
Other	293	432
Total deferred tax assets	8,083	8,906
Deferred tax liabilities		
Depreciation	6,755	7,339
Other	4	29
Total deferred tax liabilities	6,759	7,368
Net deferred tax assets (liabilities)	\$ 1,324	\$ 1,538

The Company establishes tax reserves in accordance with FASB ASC 740, *Income Taxes*. As of December 31, 2013, the carrying amount of the Company's gross unrecognized tax benefits was \$204,000 which, if recognized, would affect the Company's effective income tax rate.

The following is a reconciliation of the Company's unrecognized tax benefits for the years ended December 31, 2013 and 2012:

	(In thousands)	
	2013	2012
Balance at January 1	\$ 209	\$ 248
Additions for tax positions taken related to the current year	74	56
Additions for tax positions taken related to prior years	18	115
Settlements	(97)	(210)
Balance at December 31	\$ 204	\$ 209

It is the Company's practice to include interest and penalties in tax expense. During the years ended December 31, 2013 and 2012, the Company accrued approximately \$7,000 and \$13,000 in interest, respectively.

The Company is subject to U.S. federal income tax as well as income taxes of multiple states. During the year ended December 31, 2012, the Company finalized its most recent audit by the Internal Revenue Service for the tax years 2009 and 2010. For all states in which it does business, the Company is subject to state audit statutes.

I. COMMITMENTS AND CONTINGENCIES

The Company is involved in largely routine litigation incidental to its business. Management believes the ultimate outcome of this litigation will not have a material effect on the Company's consolidated financial position, liquidity, or results of operations.

As of December 31, 2013, the Company had commitments to purchase approximately \$11,200,000 of equipment for the Absorbent Products segment, most of which is expected to be received by the Company by early 2015.

J. CONCENTRATIONS:

In the Housewares/Small Appliance segment, one customer accounted for 10% of consolidated net sales for the year ended December 31, 2012. In the Absorbent Products segment, one customer accounted for 12% of consolidated net sales for the year ended December 31, 2011. No customers in the Housewares/Small Appliance or Absorbent Products segments accounted for more than 10% of consolidated net sales for the year ended December 31, 2013.

The Company sources most of its housewares/small appliances from vendors in the Orient and, as a result, risks deliveries from the Orient being disrupted by labor or supply problems at the vendors, or transportation delays. Should such problems or delays materialize, products might not be available in sufficient quantities during the prime selling period. The Company has made and will continue to make every reasonable effort to prevent these problems; however, there is no assurance that its efforts will be totally effective. As the majority of the Housewares/Small Appliance segment's suppliers are located in China, periodic changes in the U.S. dollar and Chinese Renminbi (RMB) exchange rates do have an impact on the segment's product costs. To date, any material impact from fluctuations in the exchange rate has been to the cost of products secured via purchase orders issued subsequent to the currency value change. Foreign transaction gains/losses are immaterial to the financial statements for all years presented.

The Company's Defense segment manufactures products primarily for the U.S. Department of Defense (DOD) and DOD prime contractors. As a consequence, this segment's future business essentially depends on the product needs and governmental funding of the DOD. During 2013, 2012, and 2011, almost all of the work performed by this segment directly or indirectly for the DOD was performed on a fixed-price basis. Under fixed-price contracts, the price paid to the contractor is awarded based on competition at the outset of the contract and therefore, with the exception of limited escalation provisions on specific materials, is generally not subject to any adjustments reflecting the actual costs incurred by the contractor. In addition, in the case of the 40mm systems contract, key components and services are provided by third party subcontractors, several of which the segment is required to work with by government edict. Under the contract, the segment is responsible for the performance of those subcontractors, many of which it does not control. The Defense segment's contracts and subcontracts contain the customary provision permitting termination at any time for the convenience of the government, with payment for any work completed, associated profit, and inventory/work in process at the time of termination. Materials used in the Defense segment are available from multiple sources. As of December 31, 2013, 172 employees of Amron, or 19% of the Company's and its subsidiaries' total workforce, are members of the United Steel Workers union. The contract between Amron and the union is effective through February 28, 2015.

Raw materials for the Absorbent Products segment are commodities that are typically available from multiple sources.

K. ENVIRONMENTAL

In May 1986, the Company's Eau Claire, Wisconsin site was placed on the United States Environmental Protection Agency's National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 because of hazardous waste deposited on the property. As of December 31, 1998, all remediation projects required at the Company's Eau Claire, Wisconsin, site had been installed, were fully operational, and restoration activities had been completed. In addition, the Company is a member of a group of companies that may have disposed of waste into an Eau Claire area landfill in the 1960s and 1970s. After the landfill was closed, elevated volatile organic compounds were discovered in the groundwater. Remediation plans were established, and the costs associated with remediation and monitoring at the landfill are split evenly between the group and the City of Eau Claire. As of December 31, 2013, there does not appear to be exposure related to this site that would have a material impact on the operations or financial condition of the Company.

Based on factors known as of December 31, 2013, it is believed that the Company's existing environmental accrued liability reserve will be adequate to satisfy on-going remediation operations and monitoring activities both on- and off-site; however, should environmental agencies require additional studies, extended monitoring, or remediation projects, it is possible that the existing accrual could be inadequate. Management believes that in the absence of any unforeseen future developments, known environmental matters will not have any material effect on the results of operations or financial condition of the Company. The Company's environmental accrued liability on an undiscounted basis was \$1,650,000 and \$1,875,000 as of December 31, 2013 and 2012, respectively, and is included in accrued liabilities on the balance sheet.

Expected future payments for environmental matters are as follows:

	(In thousands)
Years Ending December 31:	
2014	\$ 290
2015	226
2016	213
2017	199
2018	135
Thereafter	587
	\$ 1,650

L. BUSINESS SEGMENTS:

The Company operates in three business segments. The Company identifies its segments based on the Company's organization structure, which is primarily by principal products. The principal product groups are Housewares/Small Appliances, Defense Products, and Absorbent Products. Sales for all three segments are primarily to customers in North America.

The Housewares/Small Appliance segment designs, markets, and distributes housewares and small appliances. These products are sold primarily in the United States and Canada directly to retail outlets and also through independent distributors. As more fully described in Note J, the Company primarily sources its Housewares/Small Appliance products from non-affiliated suppliers located in the Orient. Sales are seasonal, with the normal peak sales period occurring in the fourth quarter of the year prior to the holiday season.

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The Defense segment was started in 2001 with the acquisition of AMTEC Corporation, which manufactures precision mechanical and electromechanical assemblies for the U.S. Government and prime contractors. During 2005, and again during 2010, AMTEC Corporation was one of two prime contractors selected by the Army to supply all requirements for the 40mm family of practice and tactical ammunition cartridges for a period of five years. AMTEC's manufacturing plant is located in Janesville, Wisconsin. Since the inception of the Defense segment in 2001, the Company has expanded the segment by making several strategic business acquisitions, and has additional facilities located in East Camden, Arkansas, Antigo, Wisconsin, and Perry, Florida. During 2003, this segment was expanded with the acquisition of Spectra Technologies, LLC of East Camden, Arkansas. This facility performs Load, Assemble, and Pack (LAP) operations on ordnance-related products for the U.S. Government and prime contractors. During 2006, the segment was expanded with the acquisition of certain assets of Amron, LLC of Antigo, Wisconsin, which primarily manufactures cartridge cases used in medium caliber (20-40mm) ammunition. In 2011 the segment was further augmented with the purchase of certain assets of ALS Technologies, Inc. of Bull Shoals, Arkansas, which manufactures less lethal ammunitions. The Company subsequently relocated this operation to Perry, Florida. See Note P for further discussion of the relocation. See Note T, Subsequent Event, for a description of recent Defense segment acquisition activity. Its collection of facilities enables the Company to deliver in virtually all aspects of the manufacture of medium caliber training and tactical rounds and less lethal ammunition. They include the fuze, the metal parts including the cartridge case, and the load, assemble and pack of the final round, and beginning in 2014, the detonator.

The Absorbent Products segment was started in 2001 with the acquisition of certain assets from RMED International, Inc. The assets were placed in a company called Presto Absorbent Products, Inc. This company manufactured diapers. During 2003, this segment was expanded with the purchase of the assets of NCN Hygienic Products, Inc., a Marietta, Georgia manufacturer of adult incontinence products and puppy pads. Starting in 2004, the company began making adult incontinence products at the Company's facilities in Eau Claire, Wisconsin. The segment's products are sold to distributors and other absorbent product manufacturers. In 2007, the Company completed the closure of the Georgia facility and consolidated its absorbent products manufacturing in the Eau Claire, Wisconsin facility. It does not currently manufacture puppy pads or baby diapers.

In the following summary, operating profit represents earnings before other income (loss), principally interest income, and income taxes. The Company's segments operate discretely from each other with no shared manufacturing facilities. Costs associated with corporate activities (such as cash and marketable securities management) and the assets associated with such activities are included within the Housewares/Small Appliance segment for all periods presented.

	(in thousands)			
	Housewares / Small Appliances	Defense Products	Absorbent Products	Total
Year ended December 31, 2013				
External net sales	\$ 137,225	\$ 206,198	\$ 76,765	\$ 420,188
Gross profit	26,850	50,168	2,334	79,352
Operating profit	16,984	40,463	167	57,614
Total assets	171,659	159,775	62,106	393,540
Depreciation and amortization	1,072	2,241	5,631	8,944
Capital expenditures	947	23,728	11,581	36,256
Year ended December 31, 2012				
External net sales	\$ 145,023	\$ 244,998	\$ 82,469	\$ 472,490
Gross profit	27,858	64,095	2,910	94,863
Operating profit	15,714	55,071	(11,066)	59,719
Total assets	194,214	102,406	57,292	353,912
Depreciation and amortization	1,088	4,203	5,894	11,185
Capital expenditures	1,138	2,681	9,765	13,584
Year ended December 31, 2011				
External net sales	\$ 130,852	\$ 202,372	\$ 97,797	\$ 431,021
Gross profit	27,016	62,006	4,737	93,759
Operating profit	16,716	55,049	1,972	73,737
Total assets	238,534	109,137	63,970	411,641
Depreciation	993	3,469	4,575	9,037
Capital expenditures	3,249	1,558	10,196	15,003

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M. OPERATING LEASES

The Company leases office, manufacturing, and warehouse facilities and equipment under non-cancelable operating leases, many of which contain renewal options ranging from one to five years. Rent expense was approximately \$866,000, \$826,000, and \$806,000 for the years ended December 31, 2013, 2012, and 2011, respectively. Future minimum annual rental payments required under operating leases are as follows:

Years ending December 31:	(In thousands)
2014	\$ 430
2015	357
2016	250
2017	202
2018	184
Thereafter	29
	\$ 1,452

N. INTERIM FINANCIAL INFORMATION (UNAUDITED):

The following represents quarterly unaudited financial information for 2013 and 2012:

Quarter	(In thousands, except per share data)				Earnings per Share (Basic & Diluted)
	Net Sales	Gross Profit	Net Earnings		
2013					
First	\$ 83,190	\$ 16,209	\$ 6,854	\$	0.99
Second	101,396	18,411	8,301		1.20
Third	100,612	19,650	9,015		1.31
Fourth	134,990	25,082	17,082		2.47
Total	\$ 420,188	\$ 79,352	\$ 41,252	\$	5.97
2012					
First	\$ 96,773	\$ 20,352	\$ 9,344	\$	1.36
Second	117,114	19,594	8,703		1.26
Third	116,813	22,907	9,401		1.36
Fourth	141,790	32,010	11,427		1.66
Total	\$ 472,490	\$ 94,863	\$ 38,875	\$	5.64

As shown above, fourth quarter sales are significantly impacted by the holiday driven seasonality of the Housewares/Small Appliance segment. This segment purchases inventory during the first three quarters to meet the sales demand of the fourth quarter. The other segments are typically non-seasonal. During the fourth quarter of 2012, the Company's provision for doubtful accounts, impairment charges, and intangible asset amortization expenses were significantly higher than historical quarterly results. Further discussion is included in Note A(9) and Note S.

O. LINE OF CREDIT AND COMMERCIAL LETTERS OF CREDIT

The Company maintains an unsecured line of credit for short term operating cash needs. The line of credit is renewed each year at the end of the third quarter. As of December 31, 2013 and 2012, the line of credit limit was set at \$5,000,000, with \$0 outstanding on both dates. The interest rate on the line of credit is reset monthly to the London Inter-Bank Offered Rate (LIBOR) plus one half of one percent. In addition, the Company had issued commercial letters of credit totaling \$1,868,000 and \$3,380,000 as of December 31, 2013 and 2012, respectively, related to performance on certain customer contracts. As of December 31, 2013, the entire balance of the issued letters of credit had been drawn upon.

P. BUSINESS ACQUISITION

On November 1, 2011, the Company purchased the assets of ALS Technologies, Inc., a small Arkansas manufacturer of less lethal ammunition. Products include smoke and tear gas grenades, specialty impact munitions, diversionary devices and stun munitions, support accessories like launchers and gas masks, as well as training for the use of its products. The products are sold primarily to law enforcement, corrections, and military. The acquisition was immaterial to the Company's Consolidated Financial Statements. The purchase price allocation included in the Company's financial statements was finalized during 2012 upon the completion of a business valuation. During the second half of 2012, the Company began the process of relocating this operation to Perry, Florida, which was completed during 2013. The cost of the relocation was immaterial to the Company's Consolidated Financial Statements.

Q. ACQUISITION OF COMPETITOR'S ASSETS

On November 7, 2013, AMTEC Corporation, a wholly owned subsidiary of the Company, purchased certain assets from its competitor, DSE, Inc. The transaction was considered an acquisition of assets. DSE was the minority prime contractor for the 40mm ammunition system to the Department of Defense. At the time of purchase, DSE had terminated virtually all of its employees and was no longer manufacturing product. The primary assets acquired were a customer contract intangible of \$21,690,000 related to government contract backlog of approximately \$188,000,000, inventory valued at \$11,590,000, and equipment of \$14,245,000. As it already had the personnel, facilities and production equipment in place to fill the acquired backlog, AMTEC did not purchase any of DSE's plants or land and did not acquire or retain DSE's management, operational, resource management, or distribution processes. It also did not procure any of DSE's trademarks or seek to find or hire DSE's former employees. The purchase consideration was \$47,803,000, consisting of \$46,465,000 of cash paid and \$1,338,000 liabilities incurred. This amount does include the customary post-closing adjustments and the valuation of certain liabilities incurred.

R. CONTINGENT CONSIDERATION LIABILITY

During 2013, the Company adjusted its recorded liability for contingent consideration related to the 2011 acquisition of the assets of ALS Technologies, Inc., which is described in Note P. During the fourth quarter of 2013, the Company estimated that the earnings targets for the three calendar years following the year of acquisition, upon which the contingent consideration liability is based, would not be achieved. As a result, the entire contingent consideration liability of \$3,000,000 was reversed, and resulted in an additional \$3,000,000 of pre-tax earnings for 2013. See Note A(9) for a discussion of a goodwill impairment loss of \$2,840,000 related to ALS.

S. OTHER

During 2011, the Company entered into a royalty agreement with another absorbent products company. Under the agreement, it received royalties for its trademarks, technology, know-how, and the use of equipment that embodies that technology and know-how. It also purchased and sold to the other company the requisite materials for the use of the technology. However, because of ongoing financial issues at the other absorbent products company, sales of the requisite materials to the facility were discontinued during 2012. During 2012 and 2011, incident to the royalty agreement, the Company recognized material sales of \$598,000 and \$4,874,000 (classified as Net Sales) and royalty income (included in Selling and General Expense) of \$247,000 and \$479,000, respectively. Further, because of the other facility's financial difficulties, the Company reserved for all receivables from the other facility by increasing the provision for doubtful accounts by \$3,887,000 during 2012. In addition, the Company fully reserved for a note receivable of \$1,592,000 and recorded impairment on equipment of \$5,725,000 during the fourth quarter of 2012 (each classified as Selling and General Expense). Those reserves were written off in 2013. There were no material transactions between the Company and the other absorbent products company during 2013.

The Company has also entered into a licensing agreement with another firm that is developing certain products that would complement the assortment of products currently sold by the Housewares/Small Appliances segment. Under the agreement, the Company has advanced the entity funds, and has agreed to advance the entity additional funds as certain goals are achieved. In addition, the Company has also agreed to pay royalties to the entity on the commercial sales of the developed products. As of December 31, 2013, a note receivable plus accrued interest of \$3,695,000 related to the license agreement was classified as Note Receivable on the Company's Consolidated Balance Sheet.

T. SUBSEQUENT EVENTS

On January, 24, 2014, AMTEC Corporation, a wholly owned subsidiary of the Company, purchased substantially all of the assets of Chemring Energetic Devices, Inc.'s business located in Clear Lake, South Dakota and all of the real property owned by Technical Ordnance Realty, LLC. The Clear Lake facility is a manufacturer of detonators, booster pellets, release cartridges, lead azide, and other military energetic devices and materials. It has annual sales of approximately \$15,000,000, and its major customers include US and foreign government agencies, AMTEC Corporation, and other defense contractors. The acquisition of the Clear Lake facility will serve to complement the Defense segment's existing line of products. The initial accounting for this acquisition was incomplete at the time these financial statements were available for issuance. The Company expects to finalize the accounting for the acquisition as soon as practicable.

On February 14, 2014, the Company's Board of Directors announced a regular dividend of \$1.00 per share, plus an extra dividend of \$4.05. On March 14, 2014, a payment of \$34,954,000 was made to the shareholders of record as of March 3, 2014.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
National Presto Industries, Inc.
Eau Claire, Wisconsin

We have audited the accompanying consolidated balance sheets of National Presto Industries, Inc. as of December 31, 2013 and 2012 and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in the accompanying Schedule II, Valuation and Qualifying Accounts. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Presto Industries, Inc. at December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National Presto Industries, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 17, 2014 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
Milwaukee, Wisconsin
March 17, 2014

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NATIONAL PRESTO INDUSTRIES, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2013, 2012 and 2011

Column A	Column B	(In thousands)		Column D	Column E
		Column C Additions - Charged to Costs and Expenses (A)	Column C Additions - Charged to Other Accounts (B)		
Description	Balance at Beginning of Period			Deductions (C)	Balance at End of Period
Deducted from assets:					
Allowance for doubtful accounts:					
Year ended December 31, 2013	\$ 6,111	\$ 655	\$ 130	\$ 5,818	\$ 1,078
Year ended December 31, 2012	\$ 1,361	\$ 4,037	\$ 1,122	\$ 409	\$ 6,111
Year ended December 31, 2011	\$ 527	\$ 1,037	\$	\$ 203	\$ 1,361
Allowance for doubtful note receivable:					
Year ended December 31, 2013	\$ 1,592	\$ 162	\$	\$ 1,754	\$
Year ended December 31, 2012	\$	\$ 1,592	\$	\$	\$ 1,592
Year ended December 31, 2011	\$	\$	\$	\$	\$

Notes:

- (A) Amounts charged to selling and general expenses. See Note R to the Company's Consolidated Financial Statements for additional information regarding amounts for 2012.
- (B) Amounts charged to other accounts - Deferred revenue related to sales to an independent foreign manufacturing facility, which was deemed uncollectible during 2012, was reclassified to the allowance for doubtful accounts during 2012. The Company's relationship with the foreign facility is described in Note R to the Company's Consolidated Financial Statements. For 2013, this amount primarily reflects the reclassification of the Allowance for doubtful note receivable balance to Allowance for doubtful accounts.
- (C) Principally bad debts written off, net of recoveries. The amounts shown for the year ended December 31, 2013 were attributable to balances reserved in prior years related to the independent foreign manufacturing facility mentioned above. The corresponding receivables were written off in 2013.

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