

LABARGE INC  
Form 11-K  
June 11, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

**ANNUAL REPORT**

**Pursuant to Section 15(d) of**

**The Securities Exchange Act of 1934**

(Mark one)

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS  
PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
for the year ended December 14, 2011

or

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**  
for the transition period from            to            .

Commission files number 1-5761

A. Full title of plan and address of the plan, if different from that of the issuer named below:

**The LaBarge, Inc. Employee Savings Plan**

B. Name of the issuer of securities held pursuant to the plan and the Address of its principal executive offices:

**LaBarge, Inc.**

**9900 Clayton Road**

**St. Louis, MO 63124**

This filing has 18 pages

**Table of Contents**

**REQUIRED INFORMATION**

- 1) Financial Statements.
  
- 2) Exhibits:
  - 23 Consent of Independent Registered Public Accounting Firm, Brown Smith Wallace LLC.
  
- 3) Other supplemental schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting Disclosures under ERISA have been Omitted because they are not applicable.

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the LaBarge, Inc. Employee Savings Plan Administrative Committee has duly caused this Annual Report to be signed by the undersigned hereunto duly authorized.

Date: June 11, 2012

**The LaBarge, Inc. Employee Savings Plan**  
(Full Title of Plan)

By: /s/ ROSE ROGERS  
Rose Rogers  
Vice President of Human Resources &  
Organizational Development

By: /s/ TIMOTHY G. LoGRASSO  
Timothy G. LoGrasso  
Plan Administrator

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

**FOR PERIOD ENDED DECEMBER 14, 2011 AND**

**FOR YEAR ENDED DECEMBER 31, 2010**

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

**Table of Contents**

|                                                                                                                                               | <b>Page</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <u>Report of Independent Registered Public Accounting Firm</u>                                                                                | 1           |
| Financial Statements:                                                                                                                         |             |
| <u>Statements of Net Assets Available for Benefits as of December 14, 2011 and December 31, 2010</u>                                          | 2           |
| <u>Statements of Changes in Net Assets Available for Benefits for the period ended December 14, 2011 and the year ended December 31, 2010</u> | 3           |
| <u>Notes to Financial Statements</u>                                                                                                          | 4           |

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

Participants of the LaBarge, Inc. Employee Savings Plan and

The Plan Administration Committee of Ducommun, Inc.

We have audited the accompanying statements of net assets available for benefits of LaBarge, Inc. Employee Savings Plan (the Plan) as of December 14, 2011 and December 31, 2010, and the related statement of changes in net assets available for benefits for the period ended December 14, 2011 and the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of LaBarge, Inc. Employee Savings Plan as of December 14, 2011 and December 31, 2010, and the changes in its net assets available for benefits for the period ended December 14, 2011 and the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

St. Louis, Missouri  
June 11, 2012

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND AN INDEPENDENT FIRM  
ASSOCIATED WITH THE NORTH AMERICAN REGION OF MOORE STEPHENS INTERNATIONAL LIMITED  
KNOWN INTERNATIONALLY AS MOORE STEPHENS BROWN SMITH WALLACE, LLC

**Table of Contents****LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Statements of Net Assets Available for Benefits

December 14, 2011 and December 31, 2010

|                                      | 2011 | 2010          |
|--------------------------------------|------|---------------|
| <b>Assets</b>                        |      |               |
| Investments, at fair value:          |      |               |
| Registered investment company shares | \$   | \$ 25,928,410 |
| Money market accounts                |      | 3,259,705     |
| LaBarge, Inc. common stock           |      | 12,317,226    |
|                                      |      | 41,505,341    |
| Receivables:                         |      |               |
| Other                                |      | 34,473        |
| Notes receivable from participants   |      | 1,205,954     |
| Total receivables                    |      | 1,240,427     |
| Total assets                         |      | 42,745,768    |
| <b>Liabilities</b>                   |      |               |
| Accrued expenses                     |      | 2,175         |
| Net Assets Available for Benefits    | \$   | \$ 42,743,593 |

See accompanying notes to financial statements.



**Table of Contents****LABARGE, INC. EMPLOYEES SAVINGS PLAN**

## Statements of Changes in Net Assets Available for Benefits

Period ended December 14, 2011 and Year ended December 31, 2010

|                                                          | 2011         | 2010          |
|----------------------------------------------------------|--------------|---------------|
| <b>Additions:</b>                                        |              |               |
| Income:                                                  |              |               |
| Dividend and interest investment income                  | \$ 700,233   | \$ 585,602    |
| Interest from notes receivable from participants         | 52,637       | 57,506        |
| Net appreciation in fair market value of investments     | 133,083      | 5,728,549     |
| Total income                                             | 885,953      | 6,371,657     |
| <b>Contributions:</b>                                    |              |               |
| Participant                                              | 3,134,526    | 2,827,688     |
| Employer                                                 | 572,560      | 292,122       |
| Total contributions                                      | 3,707,086    | 3,119,810     |
| Total additions                                          | 4,593,039    | 9,491,467     |
| <b>Deductions:</b>                                       |              |               |
| Participant distributions                                | (9,136,946)  | (1,741,223)   |
| Administrative expenses                                  | (44,766)     | (54,540)      |
| Total deductions                                         | (9,181,712)  | (1,795,763)   |
| (Decrease)/increase in net assets available for benefits | (4,588,673)  | 7,695,704     |
| <b>Net assets available for benefits:</b>                |              |               |
| Beginning of year                                        | 42,743,593   | 30,655,151    |
| Transfer of assets into Plan (See note 10)               |              | 4,392,738     |
| Transfer of assets from Plan (See note 1)                | (38,154,920) |               |
| End of year                                              | \$           | \$ 42,743,593 |

See accompanying notes to financial statements.



---

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

**(1) Description of the Plan**

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

**(a) General**

The Plan is a defined contribution plan sponsored by LaBarge, Inc. (the Company) covering substantially all employees immediately and is subject to the provisions of ERISA.

Effective December 14, 2011, the Plan was merged into the Ducommun 401(k) Plan (Merged Plan). Management has elected to use December 14, 2011 as the measurement date for these financial statements. The net assets available for benefits were transferred to the Merged Plan as of the effective date.

**(b) Contributions**

Employees may elect to contribute, on a pre-tax basis, the lesser of 60% of covered compensation, or \$16,500, whichever is less, in 2011 and 2010 in various investment funds of the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Effective May 1, 2009 the Plan temporarily suspended contributions of the Company match portion of the Plan. The Company match was reinstated with the July 9, 2010 payroll. The Company contributes an amount equal to 50% of the first \$25 per month of employee contributions plus 25% of the employee contribution in excess of \$25. The Company provided matching contributions on amounts contributed up to 8% of the participant's compensation. The Company matching contributions were invested in LaBarge, Inc. common stock and are restricted from being transferred to other Plan funds until the employee completes three years of service. In April 2011 following the acquisition of LaBarge, Inc. by Ducommun, Inc., the common shares of LaBarge, Inc. held in the Company common stock fund were converted to common shares of Ducommun, Inc. and the fund was closed to new contributions. In June 2011 the Company matching contributions were no longer invested in common stock, but rather in participants' individual investment allocations.

Each year the Company may also, at its option, contribute an additional discretionary amount as determined by the Company's Board of Directors as a profit-sharing contribution. There were no discretionary profit-sharing contributions for 2011 or 2010.

**(c) Participants Accounts**

Each participant account is credited with the participant's contribution, the Company's matching contribution, and an allocation of the Company's discretionary profit-sharing contribution and fund earnings, net of administrative expenses. Allocations are based upon covered compensation or account balances, as defined in the Plan agreement.

Participants may transfer amounts between any funds other than the LaBarge, Inc. Common Stock Fund during any business day of the year. A transfer must equal a minimum of \$250 or 100% of the participant's fund account balance for balances less than \$250. The Trustee records these transfers in the participant's account and reinvests the amounts to reflect these changes. At year-end, the investments are presented net of any transfers in process as directed by the participants.

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

A participant's interest in transfers and trading activity in the LaBarge Common Stock Fund is measured in actual shares of LaBarge, Inc. Common Stock Fund that are allocated to the participant's account.

***(d) Vesting***

Participants are vested immediately in their contributions plus any earnings thereon. Participants are fully vested with respect to a month for employer matching contributions if that participant is employed by the Company on the last day of such month. Upon a participant's attainment of his/her normal retirement date (65th birthday), or upon death or total disability, his/her entire account balance as of the most recent valuation date will become 100% vested. In the event a participant terminates employment, vesting in the Company's profit-sharing contribution allocated to the participant's account is 100% after five full years of continuous service.

***(e) Notes Receivable from Participants***

Participants are allowed to borrow a portion of their account balance. The minimum loan is \$1,000 and the maximum amount is the lesser of one-half of the participant's vested account balance or \$50,000 reduced by the highest outstanding loan balance in the participant's account during the prior twelve month period. All participant loans from plans maintained by the Company will be considered for purposes of determining the maximum amount of the participant's loan. Up to 50% of the participant's vested account balance may be used as collateral for any loan.

***(f) Payment of Benefits***

Upon termination or retirement of service, a participant's account is distributed in the form of a lump-sum payment or installment payments over a period of time. Distributions may be deferred until age 70-1/2 at the participant's election if the account balance is not less than \$1,000.

The Plan was amended in September 2010 to allow hardship withdrawals. The Company hereby directs the third party administrator to collect information electronically from participants and use the information to process hardship withdrawals under the Plan. Assets are to be distributed from participant accounts as employer approved eCertified hardship withdrawals pursuant to Section 10.05 of the Plan.

**(2) Summary of Significant Accounting Policies**

***(a) Basis of Presentation***

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting.

***(b) Use of Estimates***

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



**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

***(c) Investments***

Participants may elect to have a portion of their account balances invested in the following separate investment funds within the Plan:

LaBarge, Inc. Common Stock Fund, which shall be exclusively invested in common stock of the Company;

Fidelity Retirement Money Market Fund, which seeks to obtain as high a level of current income as is consistent with the preservation of capital and liquidity;

Fidelity Equity-Income Fund, which seeks reasonable income. The fund will also consider the potential for capital appreciation. Seeks a yield that exceeds the yield on the securities comprising the Standard and Poor's 500 Index;

Fidelity Low-priced Stock Fund, which seeks capital appreciation;

Fidelity Contrafund, which seeks capital appreciation;

Fidelity Fifty Fund, which seeks capital appreciation;

Fidelity Diversified International Fund, which seeks capital growth;

Fidelity Select Consumer Discretionary Portfolio, which seeks capital appreciation;

Fidelity Select Financial Services Fund, which seeks capital appreciation;

Fidelity Select Health Care Fund, which seeks capital appreciation;

Fidelity Select Natural Resources Fund, which seeks capital appreciation;

Fidelity Select Technology Fund, which seeks capital appreciation;

## Edgar Filing: LABARGE INC - Form 11-K

Fidelity Select Utilities Growth Fund, which seeks capital appreciation;

Fidelity Freedom Income Fund, which seeks high current income and, as a secondary objective, capital appreciation;

Fidelity Freedom 2000 Fund, which seeks high total return;

Fidelity Freedom 2005 Fund, which seeks high total return;

Fidelity Freedom 2010 Fund, which seeks high total return;

Fidelity Freedom 2015 Fund, which seeks high total return;

Fidelity Freedom 2020 Fund, which seeks high total return;

Fidelity Freedom 2025 Fund, which seeks high total return;

Fidelity Freedom 2030 Fund, which seeks high total return;

Fidelity Freedom 2035 Fund, which seeks high total return;

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

Fidelity Freedom 2040 Fund, which seeks high total return;

Fidelity Freedom 2045 Fund, which seeks high total return;

Fidelity Freedom 2050 Fund, which seeks high total return;

Davis NY Venture Fund, Inc. - Class A, which seeks long-term capital appreciation;

Fidelity Emerging Markets Fund, which seeks capital appreciation;

PIMCO Long-term U.S. Government A Fund, which seeks to provide high current income by investing in high-quality, longer-maturity bonds;

Alliance/Bernstein Small Mid Cap Value Fund, which seeks to provide long term growth in capital.

Franklin Mutual Beacon Fund Class A, which seeks to provide capital appreciation with income as a secondary objective.

Oppenheimer Developing Market Class A, which seeks to provide capital appreciation.

Oakmark Equity & Income I Fund, which seeks high current income and preservation and growth of capital;

Spartan U.S. Equity Index Fund, which seeks investment results corresponding to the total return (capital changes and income) of common stocks publicly traded in the U.S.;

Spartan Extended Market Index Fund - Investor Class, which seeks to provide investment results that correspond to the total returns of stocks of small to mid-cap U.S. Companies;

RS Partners Fund Class A, which seeks to provide long-term growth. The fund seeks to increase shareholder capital over the long term.

RS Value Fund - Class A, which seeks to provide long-term growth.



## Edgar Filing: LABARGE INC - Form 11-K

The Fidelity Funds (excluding the Fidelity Retirement Money Market Fund), RS Partners Fund Class A, PIMCO, Oakmark, Spartan, Davis NY, Alliance/Bernstein, and the Ariel Appreciation Funds (all invest in registered investment company shares), and the LaBarge, Inc. Common Stock Fund are stated at fair market value, as determined by quoted market price. The fair market value of the Company's common stock is determined based on the quoted market value of the stock on the last day of trading for the period. The Fidelity Retirement Money Market Fund is valued at cost plus interest, which approximates fair value. The appreciation (depreciation) in fair value of investments of the Plan represents the change in the difference between market value and cost of the investments during the year and realized gains or losses on the sale of investments.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on a trade-date basis.

### ***(d) Notes Receivable from Participants***

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document. Participant loans are valued at their outstanding balances, which approximates fair value.

**Table of Contents****LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

**(e) Trust Fund Managed by the Trustee**

Under the terms of a trust agreement, the Trustee manages a trust fund on behalf of the Plan. The investments and changes therein of this trust fund have been reported to the Plan by the Trustee.

**(f) Payment of Benefits**

Benefits are recorded when paid.

**(g) Administrative Charges**

The Plan gives the Company the option of paying all administrative expenses or charging them to the Plan. All expenses incidental to the operation and management of the Plan have been paid by the Plan except for annual testing fees which are paid by the Company.

**(3) Investments**

The following table presents investments. Investments that represent 5% or more of the Plan's net assets are separately identified.

|                                                                 | December 14,<br>2011 | December 31,<br>2010 |
|-----------------------------------------------------------------|----------------------|----------------------|
| Investments at fair value as determined by quoted market price: |                      |                      |
| Registered Investment Companies Value:                          |                      |                      |
| Fidelity Diversified International Fund                         | \$                   | \$ 2,011,454         |
| Fidelity Freedom Fund                                           |                      | 2,040,063            |
| Spartan U.S. Equity Index Fund                                  |                      | 2,285,008            |
| Other                                                           |                      | 19,591,885           |
| LaBarge, Inc. Common Stock Fund*                                |                      | 12,317,226           |
|                                                                 |                      | 38,245,636           |
| Investments at fair value:                                      |                      |                      |
| Fidelity Retirement Money Market Fund                           |                      | 3,259,705            |
| Total investments                                               | \$                   | \$ 41,505,341        |

\* Reference Note 4 Contains Nonparticipant-Directed investments.



**Table of Contents****LABARGE, INC. EMPLOYEE SAVINGS PLAN**

## Notes to Financial Statements

December 14, 2011 and December 31, 2010

During the years ended December 31, 2011 and 2010, Plan investments (including gains and losses on investments bought, sold, and held during the year) appreciated in value by \$133,083 in 2011 and appreciated in value by \$5,728,549 in 2010, as follows:

|                                       | Period<br>Ended<br>December 14<br>2011 | Year Ended<br>December 31<br>2010 |
|---------------------------------------|----------------------------------------|-----------------------------------|
| Registered Investment Companies Value | \$ (2,585,062)                         | \$ 2,721,543                      |
| LaBarge, Inc. Common Stock Fund       | 2,718,145                              | 3,007,006                         |
|                                       | <b>\$ 133,083</b>                      | <b>\$ 5,728,549</b>               |

**(4) LaBarge, Inc. Common Stock Fund**

Information about net assets and the significant amounts of the changes in net assets relating to the participant directed and nonparticipant directed investments in the LaBarge, Inc. Common Stock Fund are included in the following information.

|                                               | Period Ended<br>December 14<br>2011 | Year Ended<br>December 31<br>2010 |
|-----------------------------------------------|-------------------------------------|-----------------------------------|
| LaBarge, Inc. Common Stock, beginning of year | \$ 12,317,226                       | \$ 9,750,537                      |
| Net appreciation in fair value                | 2,718,143                           | 3,007,006                         |
| Employer and participant contributions        | 330,015                             | 412,113                           |
| Participant reallocations                     | (15,363,888)                        | (850,077)                         |
| Administrative expenses                       | (1,496)                             | (2,353)                           |
| LaBarge, Inc. Common Stock, end of year       | \$                                  | \$ 12,317,226                     |

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

**(5) Fair Value Measurements**

Financial Accounting Standard Board Accounting Standards Codification ( 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 described below:

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

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the quoted market price of shares held by the Plan at year end.

**Table of Contents****LABARGE, INC. EMPLOYEE SAVINGS PLAN**

## Notes to Financial Statements

December 14, 2011 and December 31, 2010

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

| Description          | Balance<br>12/31/2010 | Fair Value Measurements at Reporting Date<br>Using:                           |                                                           |                                                    |
|----------------------|-----------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                      |                       | Quoted Prices in<br>Active<br>markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>Mutual Funds:</b> |                       |                                                                               |                                                           |                                                    |
| Small Cap            | \$ 201,512            | \$ 201,512                                                                    | \$                                                        | \$                                                 |
| Mid Cap              | 5,104,449             | 5,104,449                                                                     |                                                           |                                                    |
| Large Cap            | 3,792,194             | 3,792,194                                                                     |                                                           |                                                    |
| International        | 3,957,490             | 3,957,490                                                                     |                                                           |                                                    |
| Money Market         | 3,259,705             | 3,259,705                                                                     |                                                           |                                                    |
| Balanced Hybrid      | 1,259,679             | 1,259,679                                                                     |                                                           |                                                    |
| Specialty            | 1,708,994             | 1,708,994                                                                     |                                                           |                                                    |
| Bond                 | 2,454,051             | 2,454,051                                                                     |                                                           |                                                    |
| Lifecycle            | 7,450,041             | 7,450,041                                                                     |                                                           |                                                    |
| Common Stock         | 12,317,226            | 12,317,226                                                                    |                                                           |                                                    |
| <b>Total</b>         | <b>\$ 41,505,341</b>  | <b>\$ 41,505,341</b>                                                          | <b>\$</b>                                                 | <b>\$</b>                                          |

**Table of Contents**

**LABARGE, INC. EMPLOYEE SAVINGS PLAN**

Notes to Financial Statements

December 14, 2011 and December 31, 2010

**(6) Tax Status**

The Internal Revenue Service (IRS) has determined and informed the Plan administrator by a letter dated March 15, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 14, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

**(7) Related-Party Transactions**

Certain Plan investments are in funds managed by Fidelity Management Trust Company. Fidelity Management Trust Company is the trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for investment administration services amounted to \$44,766 and \$54,540 for the years ended December 31, 2011 and 2010, respectively. Additionally, Plan investments include shares of LaBarge, Inc. common stock. LaBarge, Inc. is the Plan sponsor, as defined by the Plan, and therefore, these transactions qualify as party in interest transactions. These party-in-interest transactions are allowable under ERISA regulations. On various dates during 2011 and 2010, the Plan purchased 19,495 and 32,492 shares of the Company's common stock at fair market value at prices ranging from \$13.50 to \$19.26 and \$10.11 to \$16.67 per share for investment in the Plan's LaBarge Common Stock Fund.

The market value of the investment in the LaBarge Inc. Common Stock Fund was valued at \$0 and \$15.71 per share at December 14, 2011 and December 31, 2010, respectively.

**Table of Contents****LABARGE, INC. EMPLOYEE SAVINGS PLAN**

## Notes to Financial Statements

December 14, 2011 and December 31, 2010

**(8) Reconciliation of Financial Statements to Form 5500 for Administrative Expenses**

The following is a reconciliation of administrative expenses per Form 5500 to the financial statements:

|                                                        | 2011      | 2010      |
|--------------------------------------------------------|-----------|-----------|
| Cash basis expenses per Form 5500                      | \$ 46,941 | \$ 59,265 |
| Less accrued expenses at beginning of plan year        | (2,175)   | (6,900)   |
| Add expenses incurred but not paid as of plan year-end |           | 2,175     |
| Financial statement administrative expenses            | \$ 44,766 | \$ 54,540 |

|                                                           | Period Ended<br>December<br>14<br>2011 | Year Ended<br>December 31<br>2010 |
|-----------------------------------------------------------|----------------------------------------|-----------------------------------|
| Liabilities per Form 5500                                 | \$                                     | \$                                |
| Add liabilities incurred but not paid as of plan year-end |                                        | 2,175                             |
| Financial statement liabilities                           | \$                                     | \$ 2,175                          |

**(9) Risks and Uncertainties**

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

**(10) Transfer of Assets from Pensar Electronic Solutions LLC 401(k) Plan**

On January 4, 2010, the Plan assets of Pensar Electronic Solutions LLC 401(k) amounting to \$4,392,738 were transferred to the LaBarge, Inc. Employee Savings Plans subsequent to the merger that occurred between Pensar Electronic Solutions LLC and LaBarge, Inc.