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

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 333-130470

Accellent Inc.
(Exact name of registrant as specified in its charter)

Maryland	**84-1507827**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

100 Fordham Road
Wilmington, Massachusetts 01887
(978) 570-6900
(Address, zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2011: not applicable

As of March 28, 2012, 1,000 shares of the Registrant's common stock were outstanding. The registrant is a wholly owned subsidiary of Accellent Holdings Corp.

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CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. In some cases, these "forward looking statements" can be identified by the use of words like "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause our actual results, performance and achievements or industry results to differ materially from the forward-looking statements are set forth in this report, including under the headings "Item 7—Management Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1A—Risk Factors."

We undertake no obligation to update publicly or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

OTHER INFORMATION

We maintain our principal executive offices at 100 Fordham Road, Wilmington, Massachusetts 01887, and our telephone number is (978) 570-6900. Our internet website address is http://www.accellent.com

We are required to file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other information with the Securities and Exchange Commission (the "SEC"). You can obtain copies of these materials by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330, or by accessing the SEC's website at *www.sec.gov*.

PART I

Item 1. Business

Unless the context otherwise requires, references in this Form 10-K to "Accellent," "we," "our," "us" and "the Company" refer to Accellent Inc. and its consolidated subsidiaries.,

Overview

We believe that we are a leading provider of outsourced precision manufacturing and engineering services in our target markets of the medical device industry. We focus on what we believe are the largest and fastest growing segments of the medical device market including cardiology, endoscopy and orthopaedics. Our customers include leading global medical device companies including Abbott Laboratories, Boston Scientific, Johnson & Johnson, Medtronic, Smith & Nephew, St. Jude, and Stryker. We provide our customers with reliable, high-quality, cost-efficient integrated outsourcing solutions that span the complete supply chain spectrum.

Our design, development and engineering, precision component manufacturing, device assembly and supply chain capabilities provide multiple strategic benefits to our customers. We help speed our customers' products to market, lower their manufacturing costs, provide capabilities that they do not possess internally and enable our customers to concentrate their resources where they maximize value, including clinical education, research and sales and marketing.

We have long-term relationships with many of our largest customers and work closely with them as they design, test, prototype, validate and produce their products. In many cases, we have worked with our key customers for over ten years. Based on discussions with our customers, we believe we are considered a preferred strategic supplier by a majority of our top ten customers and often become the sole supplier of the manufacturing and engineering services that we provide to our customers. Many of the end products we produce for our customers are regulated by the U.S. Food and Drug Administration (the "FDA"), which has stringent quality standards for manufacturers of medical devices. Complying with these requirements involves significant investments of money and time, which results in stronger relationships with our customers through the multiple validations of our manufacturing process required to ensure high quality and reliable production. The joint investment of time and process validation by us and our customers, along with the possibility of supply disruptions and quality fluctuations associated with moving a product line, often create high switching costs for transferring product lines once a product is in production. Typically, once our customers have started production of a certain product with us, they do not move this product to another supplier. Further, validation requirements encourage customers to consolidate business with preferred suppliers such as us, whose processes have been previously validated.

We generate significant revenues from a diverse range of products that generally have long product life cycles. The majority of our revenues are generated by high value, single use products that are either regulated for one-time use, implanted into the body or are considered too critical to be re-used. We currently work with our customers on over 12,000 stock keeping units, providing us with tremendous product diversity across our customer base.

Our opportunities for future growth are expected to come from a combination of factors, including market growth, increasing our market share of the overall outsourcing market and increased outsourcing of existing and new products by our customers. This growing revenue base is made up of a diversified product mix with limited technology or product obsolescence risk. We manufacture many products that have been used in medical devices, such as biopsy instruments, joint implants, pacemakers and surgical instruments, for over ten years. As our customers' end market products experience new product innovation, we continue to supply the base products and services across end market product cycles.

The chart below provides a few examples of target markets, market segments, and the customer products that utilize our products and services.

Target Market	Market Segment	Customer Products
Cardiology	• Cardiac Rhythm Management	• Pacemakers and Implantable Defibrillators • Implantable Conductor Leads and Implant Tools • Procedure Tools and Accessories
	• Cardiovascular	• Cardiac and Peripheral Stents • Guide Wires, Guide Gatherers, and Delivery Systems
	• Cardiac Surgery	• Heart Valves • Perfusion Cannulae and Kits • Vein Grafting and Bypass Instruments
Orthopaedics	• Joint	• Hip, Knee and Shoulder Implants • Surgical and Navigation Instruments
	• Spinal	• Vertebral Body Repair and Fusion • Disc Repair and Replacement • Procedure Instruments and Accessories
	• Arthroscopy	• Arthroscopes • Shaver Blades, Suture Anchors, and Tools
	• Trauma	• Maxillofacial and Cranial Repair • External and Extremity Repair
Endoscopy	• Gastrointestinal	• Biopsy Forceps • GERD and pH Diagnostics and Therapy
	• Urology	• Stone Retrieval Systems • Gynecology and Birth Control Devices • Prostate Removal and Care Devices
	• Laparoscopy	• Harmonic Scalpel Blades and Surgical Tools • Forceps and Biopsy Devices • Procedural Tools and Accessories

Our Industry

We focus on the largest and fastest growing end markets within the medical device industry: cardiology, orthopaedics, and endoscopy. These end markets are attractive based on their large size, significant volume growth, strong product pipelines, competitive environment and a demonstrated need for our high-quality manufacturing and engineering services. We believe medical device companies that participate in one or more of these markets will generate demand growth and outsourcing opportunities related to the end markets in which they operate.

We believe that demand growth in the target end markets is driven primarily by the following:

Aging Population

The average age of the U.S. population is expected to increase significantly over the next decade. According to 2010 U.S. Census data, the total U.S. population was projected to grow approximately 5% over the following five years, while the number of individuals in the United States over the age of 65 was projected to grow approximately 16% in that same time. As the average age of the population increases, the demand for medical products and services, including medical devices, is expected to increase as well.

Active Lifestyles

As people live longer, more active lives, the adoption of medical devices such as orthopaedic implants and arthroscopy devices has grown. In addition, in order to maintain this active lifestyle, patients demand more functional, higher technology devices.

Advances in Medical Device Technology

The development of new medical device technology is driving growth in the medical device market. Examples include neurostimulation, minimally invasive spinal repair, vascular stenting and innovative implantable defibrillators, all of which are increasingly being adopted in the medical community because of the significant demonstrated patient benefits.

Increased Global Utilization

The global medical device market is largely concentrated in North America, Western Europe and Japan. As these populations grow and age, medical device volume growth increases. In addition, increased global utilization of medical devices further adds to medical device volume growth. Lastly, emerging countries in Asia, South America and Eastern Europe are also increasing their consumption of medical devices due to enhanced awareness and increasing financial flexibility.

Increase in Minimally Invasive Technologies

The medical device market is witnessing a major shift away from invasive or open surgical procedures to minimally invasive procedures and technologies. Minimally invasive procedures have been developed to reduce the pain, trauma, recovery time and overall costs resulting from open and more invasive procedures. The continued adoption of minimally invasive technologies is expected to continue driving growth in the overall medical device market.

Medical Device Companies in Our Key Target End Markets Are Outsourcing Manufacturing, Design and Engineering

As medical devices have become more technically complex, the demand for precision manufacturing capabilities and related engineering services has increased significantly. Many of the leading medical device companies in our end markets are increasingly utilizing third-party manufacturing and engineering providers as part of their business and manufacturing strategies. Outsourcing allows medical device companies to take advantage of the manufacturing technologies, manufacturing process experience and expertise, economies of scale, and supply chain management of third-party manufacturers. Most importantly, outsourcing enables medical device companies to concentrate their resources to create value including clinical education, research and development and sales and marketing.

We believe our current target market will continue to increase due to both the growth in medical device end markets and an increase in outsourcing by medical device companies. Key factors driving increased penetration in outsourcing include:

Increasing Complexity of Manufacturing Medical Device Products

As medical device companies seek to provide additional functionality in their products, the complexity of the technologies and processes involved in producing medical devices has increased. Medical device outsourcing companies have invested in facilities with comprehensive services and experienced personnel to deliver precision manufacturing services for these increasingly complex products. Medical device companies may also outsource because they do not possess the capabilities to manufacture their new products and/or manufacture them in a cost effective manner.

Desire to Accelerate Time-to-Market with Innovation

The leading medical device companies are focused on clinical education, research and development and sales and marketing in order to maximize the commercial potential for new products. For these new products, the medical device companies are attempting to reduce development time and compete more effectively. Outsourcing enables medical device companies to accelerate time-to-market and clinical adoption.

Reduced Product Development and Manufacturing Costs

We provide comprehensive services, including design and development, raw material sourcing, component manufacturing, final assembly, quality control and sterilization and warehousing and delivery, to our customers, often resulting in lower total product development costs.

Rationalization of Medical Device Companies' Existing Manufacturing Facilities

Medical device companies are continually looking to reduce costs and improve efficiencies within their organizations. As medical device companies rationalize their manufacturing base as a way to realize cost savings, they are increasingly turning to outsourcing. Through outsourcing, medical device companies can reduce capital requirements and fixed overhead costs, as well as benefit from the economies of scale of the third-party manufacturer.

Increasing Focus on Clinical Education, Research and Development and Sales and Marketing

We believe medical device companies are increasingly focusing resources on clinical education, research and development and sales and marketing. Outsourcing enables medical device companies to focus greater resources on these areas while taking advantage of the manufacturing technologies, economies of scale and supply chain management expertise of third-party manufacturers.

Our Strengths

Our competitive strengths make us a preferred strategic partner for many of the leading medical device companies and position us for profitable growth. Our preferred provider status is evidenced through our long-term customer relationships, sourcing agreements and/or by official designations.

Market Leader

We believe that we are a leading provider of outsourced precision manufacturing services in our target markets. We continue to invest in information technology and quality systems that enable us to meet or exceed the increasingly rigorous standards of our customers and differentiate us from our competitors.

Strong Long-term Strategic Partnerships with Targeted Customers

We believe we are considered a preferred strategic provider of manufacturing services by many of our customers. Our highly focused sales teams are dedicated to serving the leading medical device manufacturers. With our large customers, we generate diversified revenue streams across separate divisions and multiple products. As a result, we are well-positioned to compete for a majority of our customers' outsourcing needs and benefit as our customers seek to reduce their supplier base.

Breadth of Manufacturing and Engineering Capabilities

We provide a comprehensive range of manufacturing and engineering services, including: design, testing, prototyping, production and device assembly, as well as comprehensive global supply chain management capabilities. We have made significant investments in precision manufacturing equipment, proprietary manufacturing processes, information technology and quality systems. In addition, our internal research and development team has developed innovative automation techniques that create economies of scale that can reduce production costs and enable us to manufacture many products at lower costs than our customers and competitors.

Reputation for Quality

We believe that we have a reputation as a high quality manufacturer. Our manufacturing facilities follow a single uniform quality system and are ISO 13485 certified, a quality standard that is specific to medical devices and the most advanced level attainable. Due to the patient-critical and highly regulated nature of the products our customers provide, strong quality systems are an important factor in our customers' selection of a strategic manufacturing partner. As a result, our systems and experience provide us with an advantage as large medical device companies partner with successful, proven manufacturers who have the systems necessary to deliver high quality products that meet or exceed their own quality standards.

Strategic Locations

We believe that the proximity of our design, prototyping and engineering centers to our major customers and the advantageous location of our manufacturing centers provide us with a competitive advantage. Our strategic locations allow us to facilitate speed to market, rapid prototyping, low cost assembly and overall customer familiarity. For example, our design, prototyping and engineering centers near Boston, Massachusetts and Minneapolis, Minnesota, and our manufacturing centers in Galway, Ireland, and near Minneapolis, Minnesota are strategically located near our major customers. In addition, our Juarez, Mexico and Penang Malaysia facilities provide our customers with low-cost manufacturing and assembly capabilities.

Recurring Free Cash Flow

We believe that as large medical device companies look to partner with suppliers of significant scale and stability, we are favorably positioned by having steady margins and considerable liquidity. It is our belief that these factors combined with modest capital expenditures and working capital requirements will provide a base from which to generate recurring free cash flow.

Focus on Cost Savings

Since 2007, we have streamlined our sales, finance, quality, engineering and customer service organizations into centrally managed organizations. Since that time, we have also continued to focus on optimizing our operating performance and aligning our service capabilities to more strategically meet our customers' needs. In the process, we continuously seek to improve capital and facility utilization and enhance our cost structure and recently completed a multi-year deployment of a common enterprise resource planning platform across our manufacturing facilities.

Experienced and Committed Management Team

We have a highly experienced management team with past experience in the healthcare and contract manufacturing industries.

Our Strategy

Our primary objective is to follow a focused and profitable growth strategy. We intend to strengthen our position as a leading provider of outsourced precision manufacturing and engineering services to our target markets through the following activities:

Grow Our Revenues

We are focused on increasing our share of revenues from the leading companies within our target markets and gaining new customers within these markets. We believe the strength of our customer relationships and our customer-focused sales teams, in combination with our comprehensive engineering and operating capabilities put us in a preferred position to capture an increasing percentage of new business with existing customers and gain new customers.

Increase Manufacturing Efficiencies

We are implementing "Lean Manufacturing" focused on improving overall process control and cycle time reduction while substantially increasing our labor, equipment and facility efficiencies. The program is aimed at reducing our overall manufacturing costs and improving our capital and facility utilization necessary to support our continued growth. The program consists of standardized training for all Accellent employees in both lean and six sigma fundamentals including standard tools to support the identification and elimination of waste and variation. We are also deploying customized training for specialized job functions to increase our population of Lean Sigma certified employees.

Leverage Design and Prototyping Capabilities and Presence

We intend to grow revenues from design and prototyping services by continuing to invest in selected strategic locations and equipment. We currently have design facilities near Minneapolis, Minnesota and Boston, Massachusetts. We believe being involved in the initial design and prototyping of medical devices positions us favorably to win the ongoing manufacturing business for these devices as they move to volume production.

Provide an Integrated Supply Chain Solution

We are constantly adding strategic capabilities in order to provide a continuum of service for our customers throughout their product life cycles, thereby allowing them to reduce the number of vendors they deal with and focus their resources on speed to market. These capabilities range from concept validation and design and development, through manufacturing, warehousing and distribution. We are also evaluating other low cost capabilities and partnerships with customers. For example, our established presence in low-cost regions such as Juarez, Mexico and Penang, Malaysia will continue to help us provide our customers with the most cost-effective solutions to meet their needs.

Selectively Pursue Complementary Acquisitions

Our first priority is to strengthen our core competencies and grow the business organically. However, given the fragmented nature of the medical device outsourcing industry and the opportunity this presents, we will selectively pursue complementary acquisitions which would allow us to expand our scope and scale to further enhance our offering to our customers.

Capabilities

As outsourcing by medical device companies continues to grow, we believe that our customers' reliance upon the breadth of our capabilities increases. Our capabilities include Design and Engineering, Precision Component Manufacturing, Device Assembly and Supply Chain Management.

Design and Engineering We offer design and engineering services that include product design engineering, design for manufacturability, analytical engineering, rapid prototyping and pilot production. We focus on providing design solutions to meet our customers' functional and cost needs by incorporating reliable manufacturing and assembly methods. Through our engineering design capabilities, we engage our customers early in the product development cycle to reduce their manufacturing costs and accelerate their time to market.

Capability	Description & Customer Application
Product Design Engineering	Computer Aided Design (CAD) tool used to model design concepts which supports the design portion of the project, freeing customers' staff for additional research
Design for Manufacturability	Experience in manufacturing and process variation analysis ensures reliability and ongoing quality are designed in from the onset which eliminates customers' need for duplicate quality assurance measures, provides for continuous improvement and assures long-term cost control objectives are met
Analytical Engineering	Finite Element Analysis (FEA) and Failure Mode and Effect Analysis (FMEA) tools verify function and reliability of a device prior to producing clinical builds, shortening the design cycle and allowing products to reach the market faster and more cost effectively
Physical Models	Computer Aided Manufacturing (CAM), Stereolithography and "Soft Tooling" concepts which permit rapid prototyping to provide customers with assurance that they have fulfilled the needs of their clinical customers and confirm a transition from design to production
Pilot Production	Short run manufacturing in a controlled environment utilizing significant engineering support to optimize process prior to production transfer, which provides opportunity to validate manufacturing process before placement in a full scale manufacturing environment

Precision Component Manufacturing We utilize a broad array of manufacturing processes to produce metal and plastic based medical device components. These include metal forming, machining and molding and polymer molding, machining and extrusion processes.

Capability	Description & Customer Application
Tube Drawing	Process to manufacture miniature finished tubes or tubular parts used in stents, cardio catheters, endoscopic instruments and orthopedic implants
Wire Drawing	Process to manufacture specialized clad wires utilized in a variety of cardiology and neurological applications
Wire Grinding & Coiling	Secondary processing of custom wires to create varying thicknesses or shapes (springs) used in guidewires and catheters for angioplasty and as components in neurological applications
Micro-Laser Cutting	Process uses a laser to remove material in tubular components resulting in tight tolerances and the ability to create the "net like" shapes used in both cardiology and peripheral stents
CNC Swiss Machining	Machining process using a predetermined computer controlled path to remove metal or plastic material thereby producing a three dimensional shape. Used in orthopedic implants such as highly specialized bone screws and miniature components used in cardiac rhythm management

Capability	Description & Customer Application
High Speed CNC multi-axis Profile Machining	Machining process using a predetermined computer controlled path to remove metal or plastic material thereby producing a three dimensional shape. Used to produce orthopedic implants where precise mating surfaces are required
Electrical Discharge Machining (EDM)	Machining process using thermal energy from an electrical discharge to create very accurate, thin delicate shapes and to manufacture complete components used in arthroscopy, laparoscopy and other surgical procedures
Plastic Injection Molding	Melted plastic flows into a mold which has been machined in the mirror image of the desired shape; process is used throughout the medical industry to create components of assemblies and commonly combined with metal components
Metal Injection Molding	Metal powders bound by a polymer are injected into a mold to produce a metal part of the desired shape; used in higher volume metal applications to reduce manufacturing costs in orthopaedics, endoscopy, arthroscopy and other procedures
Plastic Extrusion	Process that forces liquid polymer material between a shaped die and mandrel to produce a continuous length of plastic tubing; used in cardiology catheter applications
Alloy Development	Product differentiation in the medical device industry is commonly driven by the use of alternative materials; we work with our customers to develop application-specific materials that offer marketable features and demonstrable benefits
Forging	Process using heat and impact to "hammer" metal shapes and forms. Secondary processing needed to bring to finished form. Most often to fabricate surgical instruments within the medical industry

Device Assembly Device assembly is being driven by medical device companies' focus on more products being released in shorter timeframes. To fulfill this growing need, we provide contract manufacturing services for complete/finished medical devices at our U.S., Mexico and Ireland facilities. We provide the full range of assembly capabilities defined by our customers' needs, including packaging, labeling, kitting and sterilization.

Capability	Description & Customer Application
Mechanical Assembly	Uses a variety of sophisticated attachment methods such as laser, plasma, ultrasonic welding or adhesives to join components into complete medical device assemblies
Electro-Mechanical Assembly	Uses a combination of electrical devices such as printed circuit boards, motors and graphical displays with mechanical sub-assemblies to produce a finished medical device
Marking/Labeling & Sterile Packaging	Use of laser or ink jet marking or pad printing methods for product identification, branding and regulatory compliance; applying packaging methods such as form-fill-seal or pouch-fill-seal to package individual medical products for sterilization and distribution

Supply Chain Management Our supply chain management services encompass the complete order fulfillment process from raw materials to finished devices for entire product lines. This category of capabilities is an umbrella for the capabilities listed above, including design and engineering, component manufacturing, device assembly, raw materials sourcing, quality control/sterilization and warehousing and delivery, described below.

Capability	Description & Customer Application
Raw Materials Sourcing	Procurement and consulting on the choice of raw materials, assuring design and material suitability
Quality Control/Sterilization	The ability to design and validate quality control systems that meet or exceed customer requirements. In addition, we provide validated sterilization services
Warehousing and Delivery	The ability to provide customer storage and distribution services, including end user distribution

Business Segments

We have aligned the Company to reflect the consolidation of our sales, finance, quality, engineering and customer services into a centrally managed organization designed to better serve our customers, many of whom service multiple medical device markets. We have one operating and reportable segment which is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and assess performance. Our chief operating decision maker is our chief executive officer.

Customers

Our customers include leading worldwide medical device manufacturers that concentrate primarily in the cardiology, endoscopy and orthopedic markets. We maintain strong relationships with our customers by delivering highly customized and engineered finished goods, assemblies, and components for their markets. For each of the years ended December 31, 2009, 2010 and 2011, approximately 95% of our net sales were derived from medical device companies. The remaining 5% of our net sales was derived from customers that serve the electronics, computer, industrial equipment and consumer markets for which we manufacture high quality, complex components that are used in such products as high density discharge lamps, fiber optics, motion sensors and power generators.

Our strategy is to focus on leading medical device companies, which we believe represent a substantial portion of the overall market opportunity, and emerging medical device companies. We provide numerous products and services to our customers across their varied business units. For each of the years ended December 31, 2009, 2010 and 2011 our 10 largest medical device customers accounted for approximately 60%, 64% and 65% of our consolidated net sales. In particular, Johnson & Johnson and Medtronic each accounted for more than 10% of our net sales for the years ended December 31, 2009, 2010 and 2011. In addition, Boston Scientific accounted for more than 10% of our net sales for the year ended December 31, 2011.

Our customers are attractive to us based on their large size, significant potential for volume growth, and strong product pipelines. Our customers continuously seek ways to maximize shareholder return, reduce costs, and speed innovation and time to market by outsourcing manufacturing and engineering services. Additionally, they have been increasingly willing to outsource their needs with us based on our proven quality, preferred supplier status, and strong relational partnerships.

Our firm order backlog at December 31, 2010 and 2011 totaled approximately $206.7 million and $233.0 million, respectively. Substantially all of the 2011 orders are expected to be shipped within one year.

International Operations

For the years ended December 31, 2010 and 2011, approximately 17% and 19% of our sales, respectively were to customers outside of the United States. International sales include additional risks such as currency fluctuations, duties and taxation, foreign legal and regulatory requirements, changing labor conditions and longer payment cycles. Refer to Note 14 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for information regarding sales and long-lived assets by country.

During 2011, the Company completed the build-out of its Penang, Malaysia facility. Production commenced in the first quarter of 2012.

Information Technology

We use the Oracle 11i enterprise resource planning, or ERP, system across our primary manufacturing facilities. We believe our ERP platform and related information technology systems enables us to better serve our customers by aiding us in predicting customer demand, utilizing the latest production planning methodologies, taking advantage of economies of scale in purchasing, providing greater flexibility to move product from design to manufacturing at various sites and improving the accuracy of capturing and estimating our manufacturing and engineering costs. In addition, we utilize computer aided design, or CAD, and computer aided manufacturing, or CAM, software at our facilities which allows us to improve our product quality and enhance the interactions between our engineers and our customers. We deploy our systems to provide direct business benefits to us, our customers and our suppliers.

Quality

Due to the patient-critical and highly regulated nature of the products our customers provide, strong quality systems are an important factor in our customers' selection of a strategic manufacturing partner. In order for our customers to outsource manufacturing to us, our quality program must meet or exceed customer requirements.

Our Quality Management System is based on the standards developed by the International Organization for Standardization (ISO) and the FDA's Quality System Regulation. These standards specify the requirements necessary for a quality management system to consistently provide product that meet or exceed customer requirements. Also included are requirements for processes to ensure continual improvement and continued effectiveness of the system. Compliance to ISO Standards is assessed by independent audits from an accredited third party (a Registrar) and through internal and customer audits of the quality system at each facility.

We have registered our facilities under a single Quality Management System which conforms to ISO 13485:2003, "Medical Devices—Quality management systems—Requirements for regulatory purposes."

Supply Arrangements

We have established relationships with many of our materials providers. However, most of the raw materials that are used in our products are subject to fluctuations in market price. In particular, the prices of stainless steel, titanium and platinum have historically fluctuated, and the prices that we pay for these materials, and, in some cases, their availability, are dependent upon general market conditions. In most cases we have pass-through pricing arrangements with our customers that purchase precious metal components or we have established firm-pricing agreements with our suppliers designed to minimize our exposure to market fluctuations.

When manufacturing and assembling medical devices, we may subcontract manufacturing services that we cannot perform in-house. As we provide our customers with a fully integrated supply chain solution, we will continue to rely on third-party suppliers, subcontractors and outside sources for components or services that we cannot provide through our internal resources.

To date, we have not experienced any significant difficulty obtaining necessary raw materials or subcontractor services.

Intellectual Property

The products that we manufacture are made to order based on the customers' specifications and may be designed using our design and engineering services. Generally, our customers retain ownership of and the rights to their products' design while we retain the rights to any of our proprietary manufacturing processes.

We continue to develop intellectual property primarily in the areas of process engineering and materials development for the purpose of internal proprietary utilization. Our intellectual property enhances our production capabilities and improves margins in our manufacturing processes while providing competitive differentiation. Examples of technologies developed include improvements in micro profile grinding, polymer micro tube manufacturing, metal injection molding and surface enhancement methods for surgical implants.

We also continue to develop intellectual property for the purpose of licensing certain technologies to our medical device customers. The use of these technologies by our medical device customers in their finished design, component or material solution results in royalty revenues which are recognized at the time the product is shipped. Examples of licensed technologies include improvements to catheter based applications, gastrointestinal surgical devices and vascular stents.

In addition, we are a party to several license agreements with third parties pursuant to which we have obtained, on varying terms, non-exclusive rights to utilize patents held by third parties in connection with precision metal injection manufacturing technology.

Competition

The medical device outsourced manufacturing industry has traditionally been highly fragmented with several thousand companies, many of which we believe have limited manufacturing capabilities and limited sales and marketing expertise. We believe that very few companies offer the scope of manufacturing capabilities and services that we provide to medical device companies, however, we may compete in the future against companies that provide broad manufacturing capabilities and related services. We compete with different companies depending on the type of product or service offered or the geographic area served. We are not aware of a single competitor that operates in all of our target markets or offers the same range of products and services that we offer.

Our existing or potential competitors include suppliers with different subsets of our manufacturing capabilities, suppliers that concentrate in niche markets, and suppliers that have, are developing, or may in the future develop, broad manufacturing capabilities and related services. We compete for new business at all phases of the product lifecycle, which includes development of new products, the redesign of existing products and transfer of mature product lines to outsourced manufacturers. Competition is generally based on reputation, quality, delivery, responsiveness, breadth of capabilities, including design and engineering support, price, customer relationships and increasingly the ability to provide complete supply chain management rather than individual components.

Many of our customers also have the capability to manufacture similar products in house, if they so choose.

Government Regulation

Our business is subject to governmental requirements, including those federal, state and local environmental laws and regulations governing the emission, discharge, use, storage and disposal of hazardous materials and the remediation of contamination associated with the release of these materials at or from our facilities or off-site disposal locations. Many of our manufacturing processes involve the use and subsequent regulated disposal of hazardous materials. We monitor our compliance with all federal and state environmental regulations and have in the past paid civil penalties and taken corrective measures for violations of environmental laws. In anticipation of proposed changes to air emission regulations, we have incorporated advanced air emission control technologies at one of our manufacturing sites which uses a regulated substance. To date, such matters have not had a material impact on our business or financial condition. However, we cannot assure you that such matters will not have a material impact on us in the future.

In prior years, we have entered into several settlements arising from alleged liability as potentially responsible parties for the off-site disposal or treatment of hazardous substances. None of those settlements have had a material impact on our business or financial condition.

Environmental laws have been interpreted to impose strict, joint and several liability on owners and operators of contaminated facilities and parties that arrange for the off-site disposal or treatment of hazardous materials. In 2001 the United States Environmental Protection Agency, or EPA, approved a Final Design Submission submitted by UTI Corporation (“UTI”), our wholly owned subsidiary, to the EPA in respect of a July 1988 Administrative Consent Order issued by the EPA (the “Consent order”). The Consent Order alleged that hazardous substances had been released into the environment from UTI’s Collegeville, Pennsylvania plant and required UTI to study and, if necessary, remediate the groundwater and soil beneath and around the plant. Since that time, UTI has implemented, and has been operating successfully, a contamination treatment system approved by the EPA.

During 2010, the EPA approved an amendment to the Consent Order which eliminated the need to treat potentially elevated chromium levels with an ion exchange treatment system. As a result of the amendment to the Consent Order, the environmental liability related to the Collegeville remediation was reduced by $1.3 million during 2010 to exclude the costs of operating the ion exchange treatment system. Refer to Note 13 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

At December 31, 2011, we have a liability of $1.8 million, of which the Company expects to pay $0.1 million during 2012, related primarily to the Collegeville remediation. We have prepared estimates of our potential liability, if any, based on available information. Changes in EPA standards, improvement in cleanup technology and discovery of additional information, however, could affect the estimated costs associated with these matters in the future.

The Pennsylvania Department of Environmental Protection ("DEP") has filed a petition for review with the U.S. Court of Appeals for the District of Columbia Circuit challenging recent amendments to the U.S. Environmental Protection Agency ("EPA") National Air Emissions Standards for hazardous air pollutants from halogenated solvent cleaning operations. These revised standards exempt three industry sectors (aerospace, narrow tube manufacturers and facilities that use continuous web-cleaning and halogenated solvent cleaning machines) from facility emission limits for TCE and other degreaser emissions. The EPA has agreed to reconsider the exemption. The Company's Collegeville facility meets current EPA control standards for TCE emissions and is exempt from the new lower TCE emission limit since we manufacture narrow tubes. As part of efforts to lower TCE emissions, we have begun to implement a process that will reduce the Company's TCE emissions generated by its Collegeville facility. However, this process will not reduce TCE emissions to the levels required should a new standard become law.

We are a medical device and component manufacturing and engineering services provider. Some of the products that we manufacture are finished medical devices or components that go into finished medical devices. The manufacturing processes used in the production of these products must comply with FDA regulations, including its Quality System Regulation, or QSR. The QSR requires manufacturers of medical devices to follow elaborate design, testing, control, documentation and other quality assurance procedures during the manufacturing process. The QSR governs manufacturing activities broadly defined to include activities such as product design, manufacture, testing, packaging, labeling, distribution and installation. Our FDA registered facilities are subject to FDA inspection at any time for compliance with the QSR and other FDA regulatory requirements. Failure to comply with these regulatory requirements may result in civil and criminal enforcement actions, including financial penalties, seizures, injunctions and other measures. In some cases, failure to comply with the QSR could prevent or delay our customers from gaining approval to market their products. Our products must also comply with state and foreign regulatory requirements.

In addition, the FDA and state and foreign governmental agencies regulate many of our customers' products as medical devices. FDA approval/clearance is required for those products prior to commercialization in the U.S., and approval of regulatory authorities in other countries may also be required prior to commercialization in those jurisdictions. Moreover, in the event that we build or acquire additional facilities outside the U.S., we will be subject to the medical device manufacturing regulations of those countries. Our Mexico facility must comply with U.S. FDA regulations, which we believe are more stringent than the local regulatory requirements that our Mexico facility must also comply with. Some other countries may rely upon compliance with U.S. regulations or upon ISO certification as sufficient to satisfy certain of their own regulatory requirements for a product or the manufacturing process for a product.

In order to comply with regulatory requirements, our customers may wish to audit our operations to evaluate our quality systems. Accordingly, we routinely permit audits by our customers.

Employees

As of December 31, 2011, we had 3,246 employees. We also employ a number of temporary employees to assist with various projects. Other than certain employees at our facility in Aura, Germany, our employees are not represented by any union. We have never experienced a work stoppage or strike and believe that we have good relationships with our employees.

Item 1A. Risk Factors

We may occasionally make forward-looking statements and estimates such as forecasts and projections of our future performance or statements of our plans and objectives. These forward-looking statements may be contained in, among other things, SEC filings, including this Annual Report on Form 10-K, press releases made by us, and in oral statements made by our officers. Actual results could differ materially from those contained in such forward-looking statements. Important factors that could cause our actual results to differ from those contained in such forward-looking statements include, among other things, the risks described below.

We have a substantial amount of indebtedness which may adversely affect our ability to operate our business and our cash flow and make payments on our indebtedness.

As of December 31, 2011, our total indebtedness was $715.0 million, which consists of $400.0 million of 8 3/8% Senior Secured Notes due in 2017 (the "2017 Senior Secured Notes"), $315.0 million of 10% Senior Subordinated Notes, due in 2017 (the "2017 Senior Subordinated Notes") and an Asset Based Revolving line of credit with an aggregate borrowing capacity of $75.0 million, subject to borrowing base limitations (the “ABL Revolver”). No amounts were outstanding on the ABL Revolver at December 31, 2011. The 2017 Senior Secured Notes and the 2017 Senior Subordinated Notes are collectively referred to as the “2017 Notes”. The annual cash interest payments on the 2017 Notes total approximately $65.0 million.

Our substantial indebtedness could have important consequences, including the following:

- Our high level of indebtedness could make it more difficult for us to satisfy our obligations with respect to the 2017 Notes and any other indebtedness including any repurchase obligations that may arise thereafter;
- The restrictions imposed on the operation of our business may hinder our ability to take advantage of strategic opportunities to grow our business;
- Our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, restructuring, acquisitions or general corporate or other purposes may be impaired, which could be exacerbated by further volatility in the credit markets;
- We must use substantial portion of our cash flow from operations to pay interest on the 2017 Notes and, to the extent incurred, on the ABL Revolver and any other indebtedness, which will reduce the funds available to us for operations and other purposes;
- Our high level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;
- Our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited;
- Our high level of indebtedness makes us more vulnerable to economic downturns and adverse developments in our business;
- We may be vulnerable to interest rate increases, as the interest rate on our ABL Revolver carries a variable rate;
- If we fail to satisfy our obligations under the 2017 Notes or fail to comply with the financial and other restrictive covenants contained in the indentures that govern our 2017 Notes, or the Credit Agreement that governs our ABL Revolver, it could result in an event of default, which could result in all of our indebtedness becoming immediately due and payable and could permit the holders of the 2017 Notes and our ABL Revolver lenders to foreclose on our assets securing such indebtedness.
- We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our ABL Revolver and the indentures governing the 2017 Notes. If new indebtedness is added to our current debt levels, the related risks that we now face could increase.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the 2017 Notes.

The terms of our debt covenants could limit how we conduct our business and our ability to raise additional funds.

The agreements that govern the terms of our debt, including the indentures that govern the 2017 Notes and the credit agreement that governs our ABL Revolver, contain, and any agreements that govern potential future indebtedness may contain, covenants that restrict our ability and the ability of our subsidiaries to:

- Incur and guarantee additional indebtedness or issue preferred stock;
- Repay subordinated indebtedness prior to its stated maturity;
- Pay dividends or make other distributions on or redeem or repurchase our stock;
- Make certain investments or acquisitions;
- Consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- Make certain capital expenditures;
- Create liens;
- Restrict dividends, distributions, or other payments from our subsidiaries;
- Enter into certain transactions with stockholders and affiliates.

In addition, under the ABL Revolver, if our borrowing availability falls below 15% of the lesser of (i) the commitment amount and (ii) the borrowing base for 5 consecutive business days, we will be required to satisfy and maintain a fixed charge coverage ratio not less than 1.1 to 1 until the first day thereafter on which excess availability has been greater than 15% of the lesser of (i) the commitment amount and (ii) the borrowing base for 30 consecutive days. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our control, and we may not be able to meet this ratio. A breach of any of these covenants could result in a default under the ABL Revolver.

Moreover, the ABL Revolver provides the ABL collateral agent considerable discretion to impose reserves or availability blocks, which could materially impair the amount of borrowings that would otherwise be available to us. There can be no assurance that the ABL collateral agent under the ABL Revolver will not impose such actions during the term of the ABL Revolver and further, were it to do so, the resulting impact of this action could materially and adversely impair our ability to make interest payments on our indebtedness.

A breach of the covenants or restrictions under the indentures that govern the 2017 Notes or the credit agreement that governs the ABL Revolver could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our ABL Revolver would permit the lenders under our ABL Revolver to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our ABL Revolver those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders and note holders accelerate the repayment of our borrowings, we cannot assure that we and our subsidiaries would have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

The amount of borrowings permitted under the ABL Revolver may fluctuate significantly, and the maturity of the ABL Revolver may be accelerated under certain circumstances, which may adversely affect our liquidity, financial position and results of operations.

The amount of borrowings permitted at any time under the ABL Revolver is limited to a periodic borrowing base valuation of our inventory and accounts receivable. As a result, our access to credit under the ABL Revolver is potentially subject to significant fluctuations depending on the value of the borrowing base eligible assets as of any measurement date, as well as certain discretionary rights of the agent in respect of the calculation of such borrowing base value. The inability to borrow under or the early termination of the ABL Revolver may adversely affect our liquidity, financial position and results of operations. As of December 31, 2011, our borrowing capacity under the ABL Revolver was approximately $27.6 million, after giving effect to outstanding letters of credit and borrowing base limitations. Because the borrowing base under the ABL Revolver depends, in part, on inventory, accounts receivable and other assets that fluctuate from time to time, such amount may not reflect actual borrowing capacity in the future.

We may not be able to generate sufficient cash to service all of our indebtedness, including the 2017 Notes or borrowings under the ABL Revolver, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on the 2017 Notes or our ABL Revolver, should any become due.

During 2011, cash flows from operating, investing, and financing activities totaled a net decrease in cash and cash equivalents of approximately $1.9 million. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. The ABL Revolver and the indentures governing the 2017 Notes restrict our ability to sell assets and use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices we believe are fair, and proceeds that we do receive may not be adequate to meet any debt service obligations then due.

Repayment of our debt is dependent on cash flow generated by our subsidiaries.

We are a holding company, and all of our tangible assets are owned by our subsidiaries. Repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes our subsidiaries do not have any obligation to pay amounts due on such notes, or to make funds available for that purpose. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the terms of our ABL Revolver and the indentures governing the 2017 Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to important qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Quality problems with our processes, products and services could harm our reputation for producing high quality products and erode our competitive advantage.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure. Many of our customers require us to adopt and comply with specific quality standards, and they periodically audit our performance. Our quality certifications are critical to the marketing success of our products and services. If we fail to meet these standards, our reputation could be damaged, we could lose customers and our sales could decline. Aside from specific customer standards, our success depends generally on our ability to manufacture to exact tolerances precision engineered components, subassemblies and finished devices using multiple materials. If our components fail to meet these standards or fail to adapt to evolving standards, our reputation as a manufacturer of high quality components could be harmed, our competitive advantage could be damaged, and we could lose customers and market share.

Our business could be materially adversely affected as a result of general economic and market conditions, including recent economic uncertainty.

We are subject to the effects of general global economic and market conditions. For example, during 2008 and 2009, disruptions in the banking sector and financial markets resulted in a tightening in the credit markets, a low level of liquidity in many financial markets, and volatility in fixed income, credit and equity markets. In addition, the United States and some foreign countries that are markets for our products have recently experienced slow or negative economic growth and downgrades in their sovereign debt ratings. If these conditions persist, spread or deteriorate further, our business, results of operations or financial condition could be materially adversely affected. Possible consequences on our business include reduced customer demand, insolvency of key suppliers resulting in product delays, inability of customers to obtain credit to finance purchases of our products and/or customer insolvencies, increased risk that customers may delay payments, fail to pay or default on credit extended to them, and counterparty failures negatively impacting our treasury operations, could have a material adverse effect on our results of operations or financial condition.

If we experience decreasing prices for our products and services and we are unable to reduce our expenses, our results of operations will suffer.

We may experience decreasing prices for the products and services we offer due to pricing pressure experienced by our customers from managed care organizations and other third party payors, increased market power of our customers as the medical device industry consolidates, and increased competition among medical engineering and manufacturing services providers. If the prices for our products and services decrease and we are unable to reduce our expenses, our results of operations may be materially adversely affected.

Because a significant portion of our net sales comes from a few large customers, any decrease in sales to these customers could harm our operating results.

The medical device industry is concentrated, with relatively few companies accounting for a large percentage of sales in the markets that we target. Accordingly, our net sales and profitability are highly dependent on our relationships with a limited number of large medical device companies. For the year ended December 31, 2011 our ten largest customers accounted for approximately 65% of our net sales. In particular, Johnson & Johnson, Medtronic and Boston Scientific each accounted for more than 10% of our net sales for the year ended December 31, 2011. We are likely to continue to experience a high degree of customer concentration, particularly if there is further consolidation within the medical device industry. We cannot assure you that net sales to customers that have accounted for significant net sales in the past, either individually or as a group, will reach or exceed historical levels in any future period. The loss or a significant reduction of business from any of our major customers would adversely affect our results of operations.

We may not be able to grow our business if the trend by medical device companies to outsource their manufacturing activities does not continue or if our customers decide to manufacture internally products that we currently provide.

Our design, manufacturing and assembly business has grown partly as a result of the increase over the past several years in medical device companies outsourcing these activities. We view the increasing use of outsourcing by medical device companies as an important component of our future growth strategy. While industry analysts expect the outsourcing trend to increase, our current and prospective customers continue to evaluate our capabilities against the merits of internal production. Protecting intellectual property rights and maximizing control over regulatory compliance are among factors that may influence medical device companies to keep production in-house. Any substantial slowing of growth rates or decreases in outsourcing by medical device companies could cause our sales to decline, and we may be limited in our ability, or unable to continue, to grow our business.

Our operating results may fluctuate, which may make it difficult to forecast our future performance.

Fluctuations in our operating results may cause uncertainty concerning our performance and prospects or may result in our failure to meet expectations. Our operating results have fluctuated in the past and are likely to fluctuate significantly in the future due to a variety of factors, which include, but are not limited to:

- the fixed nature of a substantial percentage of our costs, which results in our operations being particularly sensitive to fluctuations in sales;
- changes in the relative portion of our sales represented by our various products, which could result in reductions in our profits if the relative portion of our sales represented by lower margin products increases;
- introduction and market acceptance of our customers' new products and changes in demand for our customers' existing products;
- the accuracy of our customers' forecasts for future production requirements;
- timing of orders placed by our principal customers that account for a significant portion of our revenues;
- future price concessions as a result of pressure to compete;
- cancellations by customers which may result in recovery of only our costs;
- the availability of raw materials, including nitinol, elgiloy, tantalum, stainless steel, columbium, zirconium, titanium, gold, silver and platinum;
- increased costs of raw materials, supplies or skilled labor;
- our effectiveness in managing our manufacturing processes; and
- changes in the competitive and economic conditions generally, or in our customers' markets.

Investors should not rely on results of operations in any past period as an indication of what our results will be for any future period.

Our industry is very competitive. We may face competition from, and we may be unable to compete successfully against, new entrants and established companies with greater resources.

The market for outsourced manufacturing and engineering services to the medical device industry is very competitive and includes thousands of companies. As more medical device companies seek to outsource more of the design, prototyping and manufacturing of their products, we will face increasing competitive pressures to grow our business in order to maintain our competitive position, and we may encounter competition from and lose customers to other companies with design, technological and manufacturing capabilities similar to ours. Some of our potential competitors may have greater name recognition, greater operating revenues, larger customer bases, longer customer relationships and greater financial, technical, personnel and marketing resources than we have. If we are unsuccessful competing with our competitors for our existing and prospective customers' business, we could lose business and our financial results could suffer.

As we rationalize manufacturing capacity and shift production to more economical facilities, our customers may choose to reallocate their outsource requirements among our competitors or perform such functions internally.

As we rationalize manufacturing capability and shift production to more economical facilities, our customers may evaluate their outsourcing requirements and decide to use the services of our competitors or move design and production work back to their own internal facilities. For some customers, geographic proximity to the outsourced design or manufacturing facility may be an important consideration and changes we may make in manufacturing locations may lead them to no longer use our services for future work. If our customers reallocate work among outsourcing vendors or complete design or production in their own facilities, we would lose business, which could impair our growth and operating results. Further, unanticipated delays or difficulties in facility consolidation and rationalization of our current and future facilities could cause interruptions in our services which could damage our reputation and relationships with our customers and could result in a loss of customers and market share.

If we do not respond to changes in technology, our manufacturing, design and engineering processes may become obsolete and we may experience reduced sales and lose customers.

We use highly engineered, proprietary processes and highly sophisticated machining equipment to meet the critical specifications of our customers. Without the timely incorporation of new processes and enhancements, particularly relating to quality standards and cost-effective production, our manufacturing, design and engineering capabilities will likely become outdated, which could cause us to lose customers and result in reduced sales or profit margins. In addition, new or revised technologies could render our existing technology less competitive or obsolete or could reduce demand for our products and services. It is also possible that finished medical device products introduced by our customers may require fewer of our components or may require components that we lack the capabilities to manufacture or assemble. In addition, we may expend resources on developing new technologies that do not result in commercially viable processes for our business, which could adversely impact our margins and operating results.

Inability to obtain sufficient quantities of raw materials and production feedstock could cause delays in our production.

Our business depends on a continuous supply of raw materials and production feedstock. Raw materials and production feedstock needed for our business are susceptible to fluctuations in price and availability due to transportation costs, government regulations, price controls, changes in economic climates or other unforeseen circumstances. Failure to maintain our supply of raw materials and production feedstock could cause production delays resulting in a loss of customers and a decline in sales. Due to the supply and demand fundamentals of raw material and production feedstock used by us, we have occasionally experienced extended lead times on purchases and deliveries from our suppliers. Consequently, we have had to adjust our delivery schedule to customers. In addition, fluctuations in the cost of raw materials and production feedstock may increase our expenses and affect our operating results. The principal raw materials and production feedstock used in our business include platinum, stainless steel, titanium, copper, tantalum, cobalt chromium, niobium, nitinol, hydrogen, natural gas and electricity. In particular, tantalum and nitinol are in limited supply. For wire fabrication, we purchase most of our stainless steel wire from an independent, third party supplier. Any supply disruptions from this supplier could interrupt production and harm our business.

Our international operations are subject to a variety of risks that could adversely affect those operations and thus our profitability and operating results.

We have international manufacturing operations in Europe, Mexico and Malaysia. We also receive a portion of our net sales from international customers. During 2011, approximately 19% of our net sales were to foreign customers, of which 12% was generated by exports from our facilities in the United States and the remaining 7% was generated from our international facilities. Although we take measures to minimize risks inherent to our international operations, the following risks may have a negative effect on our profitability and operating results, impair the performance of our foreign operations or otherwise disrupt our business:

- fluctuations in the value of currencies could cause exchange rates to change which would impact our profitability; changes in labor conditions and difficulties in staffing and managing foreign operations, including labor unions, could lead to delays or disruptions in production or transportation of materials or our finished products;
- greater difficulty in collecting accounts receivable due to longer payment cycles, which can be more common in our international operations, could adversely impact our operating results over a particular fiscal period; and
- changes in foreign regulations, export duties, taxation and limitations on imports or exports could increase our operational costs, impose fines or restrictions on our ability to carry on our business or expand our international operations.

We may expand into new geographic or product markets or new products and our expansion may not be successful.

We may expand into new geographic or product markets through the development of new product applications based on our existing specialized manufacturing, design and engineering capabilities and services. For example, we recently established a manufacturing facility in Malaysia. These efforts could require us to make substantial investments, including significant research, development, engineering and capital expenditures for new, expanded or improved manufacturing facilities which would divert resources from other aspects of our business. Expansion into new markets may be costly without resulting in any benefit to us. Specific risks in connection with expanding into new markets include the inability to transfer our quality standards into new products, the failure of customers in new markets to accept our products, price competition in new markets and unfavorable political, legal and economic environment of the new markets. If our attempts to expand into new markets are unsuccessful, our financial condition could be adversely affected and our business harmed.

We conduct significant operations at our facility in Juarez, Mexico, which could be materially adversely affected as a result of the increased levels of drug-related violence in that city.

Over the past several years fighting amongst rival drug cartels has led to high levels of violent crime in Juarez, Mexico and elsewhere along the U.S.-Mexico border despite increased law-enforcement efforts by the Mexican and U.S. governments. This situation presents several risks to our operations, including, among others, that our employees may be directly affected by the violence, that our employees may elect to relocate out of the Juarez region in order to avoid the risk of violent crime to themselves or their families, and that our customers may become increasingly reluctant to visit our Juarez facility, which could delay product certifications, new business opportunities and other important aspects of our business. If any of these risks materializes, our business may be materially adversely affected.

We are subject to a variety of environmental, health and safety laws that could be costly for us to comply with, and we could incur liability if we fail to comply with such laws or if we are responsible for releases of contaminants to the environment.

Federal, state and local laws impose various environmental, health and safety requirements on our operations, including with respect to the management, handling, generation, emission, release, discharge, manufacturing, transportation, storage, use and disposal of hazardous substances and other materials used or generated in the manufacturing of our products. If we fail to comply with any present or future environmental, health and safety laws, we could be subject to fines, corrective action, other liabilities or the suspension of production. We could also be subject to claims under such laws, including common law, alleging the release of hazardous substances into the environment. We have in the past paid civil penalties for violations of such laws and certain of our permitted air emissions have been in the past (and, although we believe our efforts to lower certain emissions have alleviated this concern, may be in the future) the subject of regulatory scrutiny and community complaints. To date, such matters have not had a material adverse impact on our business or financial condition. However, we cannot assure you that such matters will not have a material impact on us in the future.

In addition, conditions relating to our operations may require expenditures for clean-up of releases of hazardous substances into the environment. For example, we were required and continue to perform remediation as a result of leaks from underground storage tanks at our Collegeville, Pennsylvania facility. In addition, we may have future liability with respect to contamination at our current or former properties or with respect to third party disposal sites. Although we do not anticipate that currently pending matters will have a material adverse effect on our results of operations and financial condition, we cannot assure you that these matters or others that arise in the future will not have such an effect.

Changes in environmental, health and safety laws may result in costly compliance requirements or otherwise subject us to future liabilities. For example, in anticipation of proposed changes to air emission regulations (and in response to past regulatory and community scrutiny), we incorporated new air emission control technologies at one of our manufacturing sites which emits a regulated substance. We cannot assure you, however, that such control technologies will be sufficient to meet the requirements of any future regulations at current production levels.

In that regard, the EPA has agreed to consider making our industry subject to air emissions standards from which we are exempt. In the event that we become subject to such regulations, we may face additional compliance costs or curtail production at this site, which could have material adverse effect on our results of operations and financial condition. In addition, to the extent changes in environmental, health and safety laws affect our customers and require changes to their devices, our customers could have a reduced need for our products and services, and, as a result, our sales could decline.

Our inability to protect our intellectual property could result in a loss of our competitive advantage, and infringement claims by third parties could be costly and distracting to management.

We rely on a combination of patent, copyright, trade secret and trademark laws, confidentiality procedures and contractual provisions to protect our intellectual property. The steps we have taken or will take to protect our proprietary rights may not adequately deter unauthorized disclosure or misappropriation of our intellectual property, technical knowledge, practice or procedures. We may be required to spend significant resources to monitor our intellectual property rights, we may be unable to detect infringement of these rights and we may lose our competitive advantage associated with our intellectual property rights before we do so. If it becomes necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome and costly and we may not prevail. Although we do not believe that any of our products, services or processes infringe the intellectual property rights of third parties, historically, patent applications in the United States and some foreign countries have not been publicly disclosed until the patent is issued (or as of recently, until publication, which occurs eighteen months after filing), and we may not be aware of currently filed patent applications that relate to our products or processes. If patents later issue on these applications, we may in the future be notified that we are infringing patent or other intellectual property rights of third parties and we may be liable for infringement at that time. In the event of infringement of patent or other intellectual property rights, we may not be able to obtain licenses on commercially reasonable terms, if at all, and we may end up in litigation. The failure to obtain necessary licenses or other rights or the occurrence of litigation arising out of infringement claims could disrupt our business and impair our ability to meet our customers' needs which, in turn, could have a negative effect on our financial condition and results of operations. Infringement claims, even if not substantiated, could result in significant legal and other costs and may be a distraction to management. We also may be subject to significant damages or injunctions against development and sale of our products.

In addition, any infringement claims, significant charges or injunctions against our customers' products that incorporate our components may result in our customers not needing or having a reduced need for our capabilities and services.

Our earnings and financial condition could suffer if we or our customers become subject to product liability claims or recalls. We may also be required to spend significant time and money responding to investigations or requests for information related to end-products of our customers.

The manufacture and sale of products that incorporate components manufactured or assembled by us exposes us to potential product liability claims and product recalls, including those that may arise from misuse or malfunction of, or design flaws in, our components or use of our components with components or systems not manufactured or sold by us. Product liability claims or product recalls with respect to our components or the end-products of our customers into which our components are incorporated, whether or not such problems relate to the products and services we have provided and regardless of their ultimate outcome, could require us to pay significant damages or to spend significant time and money in litigation or responding to investigations or requests for information. We may also lose revenue from the sale of components if the commercialization of a product that incorporates our components or subassemblies is limited or ceases as a result of such claims or recalls. Certain finished medical devices into which our components were incorporated have been subject to product recalls. Expenditures on litigation or damages, to the extent not covered by insurance, and declines in revenue could impair our earnings and our financial condition. Also, if, as a result of claims or recalls our reputation is harmed, we could lose customers, which would also negatively affect our business.

We cannot assure you that we will be able to maintain our existing insurance coverage or to do so at reasonable cost and on reasonable terms. In addition, if our insurance coverage is not sufficient to cover any costs we may incur or damages we may be required to pay if we are subject to product liability claims or product recalls, we will have to use other resources to satisfy our obligations.

We and our customers are subject to various regulations, as well as political, economic and regulatory changes in the healthcare industry or otherwise, that could force us to modify how we develop and price our components, manufacturing capabilities and services and could harm our business.

The healthcare industry is highly regulated and is influenced by changing political, economic and regulatory factors. Regulations affecting the healthcare industry in general, and the medical device industry in particular, are complex, change frequently and have tended to become more stringent over time. Specifically, the FDA and state and foreign governmental agencies regulate many of our customers' products and approval/clearance is required for those products prior to commercialization in the U.S. and certain foreign jurisdictions. Some of our facilities are subject to inspection by the FDA and other regulatory agencies for compliance with regulations or regulatory requirements. Our failure to comply with these regulations or regulatory requirements may result in civil and criminal enforcement actions or fines and, in some cases, the prevention or delay of our customers' ability to gain or maintain approval to market their products. Any failure by us to comply with applicable regulations could also result in the cessation of portions or all of our operations and restrictions on our ability to continue or expand our operations.

The Affordable Healthcare for America Act includes provisions that may adversely affect our business and results of operations, including an excise tax on the sales of most medical devices.

On March 21, 2010, the House of Representatives passed the Affordable Health Care for America Act, which President Obama signed into law on March 23, 2010. This legislation may adversely affect our business and results of operations, possibly materially.

Specifically, one of the new law's components is a 2.3% excise tax on sales of most medical devices, starting in 2013. This tax may put increased cost pressure on medical device companies, including our customers, and may lead our customers to reduce their orders for products we produce or to request that we reduce the prices we charge for products we produce in order to offset the tax.

Consolidation in the healthcare industry could have an adverse effect on our revenues and results of operations.

Many healthcare industry companies, including medical device companies, are consolidating to create new companies with greater market power. As the healthcare industry consolidates, competition to provide products and services to industry participants will become more intense. These industry participants may try to use their market power to negotiate price concessions or reductions for medical devices that incorporate components produced by us. If we are forced to reduce our prices because of consolidation in the healthcare industry, our revenues would decrease and our business, financial condition and results of operations would suffer.

Our business is indirectly subject to healthcare industry cost containment measures that could result in reduced sales of medical devices containing our components.

Our customers and the healthcare providers to whom our customers supply medical devices rely on third party payors, including government programs and private health insurance plans, to reimburse some or all of the cost of the procedures in which medical devices that incorporate components manufactured or assembled by us are used. The continuing efforts of government, insurance companies and other payors of healthcare costs to contain or reduce those costs could lead to patients being unable to obtain approval for payment from these third party payors. If that were to occur, sales of finished medical devices that include our components may decline significantly, and our customers may reduce or eliminate purchases of our components. The cost containment measures that healthcare providers are instituting, both in the United States and internationally, could harm our ability to operate profitably. For example, managed care organizations have successfully negotiated volume discounts for pharmaceuticals. While this type of discount pricing does not currently exist for medical devices, if managed care or other organizations were able to affect discount pricing for devices, it may result in lower prices to our customers from their customers and, in turn, reduce the amounts we can charge our customers for our design and manufacturing services.

Unanticipated disruptions of our manufacturing operations could adversely affect our ability to manufacture or distribute products and subject us to claims for damages.

Our business could be adversely affected if a significant portion of our, or our suppliers' facilities, plants, equipment, operations were damaged or interrupted by casualty events, natural disasters, industrial accidents, interruption or loss of power, condemnations, cancellation or non-renewals of leases for our facilities, fire or explosions, acts of terrorism, pandemic, political upheavals, work stoppages or other labor difficulties or other events beyond our control. Such an event or combination of events could impair our ability to manufacture or distribute products and have a material adverse affect on our business, results of operations and financial condition. Furthermore, our business involves complex manufacturing processes and hazardous materials that can be dangerous to our employees. We employ safety procedures in the design and operation of our facilities and may be required to incur additional expenditures for the development of additional safety procedures in the future. There is a risk that an accident or death could occur at our facilities despite such procedures. Any accident could result in significant manufacturing delays, disruption of operations, claims for damages resulting from injuries or additional expenditures on safety procedures, which could result in decreased sales and increased expenses. To date, we have not incurred any such significant delays, disruptions or claims. The potential liability resulting from any accident or death, to the extent not covered by insurance, would require us to use other resources to satisfy our obligations and could cause our business to suffer.

A substantial amount of our assets represents goodwill, and our earnings will be reduced if our goodwill becomes impaired.

As of December 31, 2011, our goodwill represented approximately $629.9 million, or 57.9%, of our total assets. Goodwill is generated in acquisitions where the cost of an acquisition exceeds the fair value of the net tangible and identifiable intangible assets we acquire. Goodwill is subject to an impairment analysis at least annually based on a comparison of the fair value of the reporting unit to its carrying value. If an impairment is indicated from this first step, the implied fair value of the goodwill must be determined. Goodwill impairment charges recognized in prior years amount to $217.3 million through December 31, 2011. We could be required to recognize additional non-cash reductions in our earnings in the future resulting from the impairment of goodwill, which if significantly impaired, could materially and adversely affect our results of operations.

Our inability to access additional capital could have a negative impact on our growth strategy.

Our growth strategy will require additional capital for, among other purposes, completing any acquisitions we enter into, managing any acquired companies, acquiring new equipment and maintaining the condition of existing equipment. If cash generated internally is insufficient to fund capital requirements, or if funds are not available under our ABL Revolver, we will require additional debt or equity financing. Adequate financing may not be available or, if available, may not be available on terms satisfactory to us. If we fail to obtain sufficient additional capital in the future, we could be forced to curtail our growth strategy by reducing or delaying capital expenditures and acquisitions, selling assets or restructuring or refinancing our indebtedness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" elsewhere in this Annual Report on Form 10-K for the year ended December 31, 2011.

Some of our operations are highly cyclical.

We have established customer relationships with companies outside of the medical device market. These customers incorporate our products and services into their products such as high density discharge lamps, fiber optics, motion sensors and power generators. For the year ended December 31, 2011 these industrial operations accounted for approximately 5% of our net sales. Historically, net sales from these operations have been highly cyclical. Additionally, a significant portion of our orthopedic sales are for instruments used in implant procedures. Our sales from orthopedic instrumentation related products are directly related to the timing of product launches by our customers. Delays in product releases by our orthopedic customers can result in increased volatility in our net sales. We cannot predict when volume volatility will occur and how severely it will impact our results of operations.

We face risks associated with the use and enhancement of our Enterprise Resource Planning System.

We use a third party enterprise resource planning system, or ERP System, across many of our facilities, which enables sharing of customer and supplier operations and engineering data across our company. We continue to enhance this ERP system to improve its capabilities. Enhancement of the ERP system may divert the attention of our information technology professionals and certain members of management from the management of daily operations to the integration of the ERP system. Further, we may experience interruptions in service due to failures of the ERP system. Continuing and uninterrupted performance of our ERP system is critical to the success of our business strategy. Any damage or failure that interrupts or delays operations may dissatisfy customers and could have a material effect on our business, financial condition, results of operations and cash flows.

We license the ERP software from a third party. If these licenses are discontinued, or become invalid or unenforceable, there can be no assurance that we will be able to develop substitutes for this software independently or to obtain alternative sources at acceptable prices or in a timely manner. Any delays in obtaining or developing substitutes for licensed software could have a material effect on our operations.

The loss of the services of members of our senior management could adversely affect our business.

Our success depends upon having a strong senior management team. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. We do not currently maintain key-man life insurance for any of our employees.

Our business could be materially adversely affected as a result of war or acts of terrorism.

Terrorist acts or acts of war may cause damage or disruption to our employees, facilities, customers, partners, suppliers, distributors and resellers, which could have a material adverse effect on our business, results of operations or financial condition. Such conflicts may also cause damage or disruption to transportation and communication systems and to our ability to manage logistics in such an environment, including receipt of components and distribution of products.

Our business may suffer if we are unable to recruit and retain the experienced engineers and management personnel that we need to compete in the medical device industry.

Our future success depends upon our ability to attract, develop and retain highly skilled engineers and management personnel. We may not be successful in attracting new engineers or management personnel or in retaining or motivating our existing personnel, which may lead to increased recruiting, relocation and compensation costs for such personnel. These increased costs may reduce our profit margins. Some of our manufacturing processes are highly technical in nature. Our ability to maintain or expand existing business with our customers and provide additional services to our existing customers depends on our ability to hire and retain engineers with the skills necessary to keep pace with continuing changes in the medical device industry. We compete with other companies in the medical device industry to recruit engineers.

We depend on outside suppliers and subcontractors, and our production and reputation could be harmed if they are unable to meet our quality and volume requirements and alternative sources are not available.

Although our current internal capabilities are comprehensive, they do not include all elements that are required to satisfy all of our customers' requirements. As we position ourselves to provide our customers with a single source solution, we may rely increasingly on third party suppliers, subcontractors and other outside sources for components or services. Manufacturing problems may occur with these third parties. A supplier may fail to develop and supply products and components to us on a timely basis, or may supply us with products and components that do not meet our quality, quantity or cost requirements. If any of these problems occur, we may be unable to obtain substitute sources of these products and components on a timely basis or on terms acceptable to us, which could harm our ability to manufacture our own products and components profitably or on time. In addition, if the processes that our suppliers use to manufacture products and components are proprietary, we may be unable to obtain comparable components from alternative suppliers.

We may selectively pursue acquisitions in the future, but, because of the uncertainty involved, we may not be able to identify suitable acquisition candidates and may not successfully integrate acquired businesses into our business and operations.

We may selectively pursue complementary acquisitions. However, we may not be able to identify potential acquisition candidates that could complement our business or may not be able to negotiate acceptable terms for acquisition candidates we identify. As a result, we may not be able to realize this element of our growth strategy. In addition, even if we are successful in acquiring any companies, we may experience material negative consequences to our business, financial condition or results of operations if we cannot successfully integrate the operations of acquired businesses with ours. The integration of companies that have previously been operated separately involves a number of risks, including, but not limited to:

- demands on management related to the significant increase in the size of the business for which they are responsible;
- diversion of management's attention from the management of daily operations to the integration of operations;
- management of employee relations across facilities;
- difficulties in the assimilation of different corporate cultures and practices, as well as in the assimilation and retention of broad and geographically dispersed personnel and operations;
- difficulties and unanticipated expenses related to the integration of departments, systems (including accounting systems), technologies, books and records, procedures and controls (including internal accounting controls, procedures and policies), as well as in maintaining uniform standards, including environmental management systems;
- expenses related to any undisclosed or potential liabilities; and
- ability to maintain strong relationships with our and our acquired companies' customers after the acquisitions.

Successful integration of acquired operations depends on our ability to effectively manage the combined operations, realize opportunities for revenue growth presented by broader product offerings and expanded geographic coverage and eliminate redundant and excess costs. If our integration efforts are not successful, we may not be able to maintain the levels of revenues, earnings or operating efficiency that we and the acquired companies achieved or might achieve separately.

Our Sponsors control our decisions and may have interests that conflict with ours.

Affiliates of Kohlberg Kravis Roberts & Co., L.P. ("KKR") and Bain Capital, LLC (collectively, the "Sponsors") approve significant business decisions and certain policies. Circumstances may occur in which the interests of the Sponsors could be in conflict with our interests. For example, the Sponsors and certain of their affiliates are in the business of making investments in companies and may from time to time in the future acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Further, if the Sponsors pursue such acquisitions or make further investments in our industry, those acquisition and investment opportunities may not be available to us. So long as the Sponsors continue to indirectly own a significant amount of our equity, even if such amount is less than 50%, they will continue to be able to influence our decisions.

Subsequent to December 31, 2011 our internal controls over financial reporting may not be effective and we may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

Section 404 of the Sarbanes Oxley Act of 2002 and rules and regulations of the SEC thereunder require that companies who are required to file reports under section 13(a) or 15(d) of the Securities Exchange Act 1934 evaluate their internal controls over financial reporting in order to allow management to report on, and their independent registered public accounting firm to attest to, their internal controls over financial reporting. On July 21, 2010, the Dodd- Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was signed into law. Dodd-Frank provides a permanent exemption from Section 404(b) of the Sarbanes- Oxley Act of 2002 ("Section 404(b)") for those entities that are neither large accelerated filers nor accelerated filers. As a result, the requirement for us to have our independent registered public accounting firm attest to, and report on, our internal controls over financial reporting does not currently apply. Management has conducted an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2011 based on the framework and criteria established in Internal Control—Integration Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, we have concluded that our internal controls over financial reporting were effective as of December 31, 2011. If we are not able to certify as to the effectiveness of our internal controls over financial reporting, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs to improve our internal control system and to hire additional personnel. Any such action could negatively affect our results of operations.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We lease 17 facilities and own 6 facilities. Our principal executive office is located at 100 Fordham Road, Building C, Wilmington, Massachusetts 01887. We believe that our current facilities are adequate for our operations. Certain information about our facilities is set forth below:

Location	Approximate Square Footage	Own/Lease
Arvada, Colorado	45,000	Lease
Brimfield, Massachusetts	30,000	Own
Brooklyn Park, Minnesota	133,000	Lease
Collegeville, Pennsylvania	179,000	Own
El Paso, Texas	20,000	Lease
Englewood, Colorado	40,000	Lease
Huntsville, Alabama	44,000	Own
Laconia, New Hampshire	41,000	Lease
Orchard Park, New York	64,000	Lease
Pittsburgh, Pennsylvania	68,000	Own
Salem, Virginia	66,000	Lease
Sturbridge, Massachusetts	18,000	Lease
Trenton, Georgia	42,000	Lease
Upland, California	50,000	Lease
Watertown, Connecticut	46,000	Lease
Wheeling, Illinois	48,000	Own
Wheeling, Illinois	51,000	Lease
Wilmington, Massachusetts	55,000	Lease
Aura, Germany	17,000	Lease
Galway, Ireland	16,000	Lease
Juarez, Mexico	101,000	Lease
Manchester, England (1)	11,000	Lease
Penang, Malaysia	61,000	Own
Total	1,246,000	

(1) In December 2011 the Company's Board of Directors approved a plan to close its Manchester facility. We expect the facility to be closed on or about the date of this filing.

Item 3. Legal Proceedings

The Company is involved in various legal proceedings in the ordinary course of business including the environmental matters described above in "Government Regulation," which are incorporated by reference herein. In the opinion of management, the outcome of such proceedings will not have a materially adverse effect on the Company's financial position or results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

There is no established public trading market for our common stock. As of the date hereof, there was one stockholder of record of our common stock. Accellent Acquisition Corp. owns 100% of our capital stock. Accellent Holdings Corp. owns 100% of the capital stock of Accellent Acquisition Corp.

We do not maintain any equity compensation plans under which our equity securities are authorized for issuance.

No dividends have been declared on our common stock during the last two fiscal years.

Item 6. Selected Financial Data

The following table presents our selected historical consolidated financial data for the years ended December 31, 2007, 2008, 2009, 2010 and 2011. The results of operations for any year are not necessarily indicative of the results to be expected for any future year.

The information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

	For the years ended December 31,				
	2007	2008	2009	2010	2011
STATEMENT OF OPERATIONS DATA:					
Net sales	$ 471,681	$ 525,476	$ 478,793	$ 506,954	$ 531,782
Cost of sales	349,929	386,143	347,783	369,250	400,848
Gross profit	121,752	139,333	131,010	137,704	130,934
Selling, general and administrative expenses	52,454	58,814	47,725	52,002	54,288
Research and development expenses	2,565	2,924	2,064	2,393	2,522
Restructuring charges	729	2,499	5,727	(117)	348
Merger related costs	(67)	—	—	—	—
Amortization of intangible assets	15,506	14,939	14,939	14,939	14,939
Loss (gain) on disposal of property and equipment	345	1,074	966	15	(706)
Impairment of goodwill and intangibles (1)	251,253	—	—	—	—
Income (loss) from operations	(201,033)	59,083	59,589	68,472	59,543
Other (expense) income, net					
Interest expense, net	(67,367)	(65,257)	(56,569)	(73,939)	(68,883)
Loss on debt extinguishment	—	—	—	(20,882)	—
Other (expense) income, net	(1,090)	(2,453)	(514)	6,211	30
Total other (expense)	(68,457)	(67,710)	(57,083)	(88,610)	(68,853)
(Loss) income before income taxes	(269,490)	(8,627)	2,506	(20,138)	(9,310)
Income tax expense	5,391	4,689	3,576	4,365	5,629
Net loss	$ (274,881)	$ (13,316)	$ (1,070)	$ (24,503)	$ (14,939)
OTHER FINANCIAL DATA:					
Cash flows provided by (used in):					
Operating activities	$ 8,218	$ 41,996	$ 55,479	$ 34,575	$ 29,015
Investing activities	(23,806)	(15,734)	(14,150)	(25,878)	(29,840)
Financing activities	18,280	(17,001)	(22,171)	(1,521)	(771)
Capital expenditures	23,952	17,363	16,434	25,944	30,810
Depreciation and amortization	35,378	35,636	37,128	37,358	38,740
EBITDA (2)	(166,745)	92,266	96,203	91,159	98,313
Adjusted EBITDA (2)	86,606	103,974	109,818	110,147	103,390
Ratio of earnings to fixed charges (3)	—	—	1.04	—	—
Deficiency of earnings to fixed charges	$ 269,490	$ 8,627	$ —	$ 20,138	$ 9,310
BALANCE SHEET DATA (at period end):					
Cash and cash equivalents	$ 5,688	$ 14,525	$ 33,785	$ 40,787	$ 38,858
Total assets	1,122,365	1,102,731	1,078,975	1,098,076	1,087,422
Total debt, net of unamortized discount	721,201	706,536	684,657	712,684	712,989
Total stockholder's equity	311,995	302,173	306,516	280,508	266,900

(1) We recorded impairment charges for the impairment of goodwill and other intangible assets of $217.3 million and $34.0 million, respectively, during the year ended December 31, 2007.

(2) We define "EBITDA" as net loss before net interest expense, income tax expense, depreciation and amortization. Since EBITDA may not be calculated in the same manner by all companies, this measure may not be comparable to similarly titled measures by other companies. "Adjusted EBITDA" is defined as EBITDA, adjusted to give effect to unusual items, non-cash items and certain other adjustments, all of which are required in determining compliance with certain restrictive covenants of the indentures governing the 2017 Notes and the credit agreement governing our ABL Revolver.

We disclose EBITDA and Adjusted EBITDA to provide additional information to investors related to the indentures governing the 2017 Notes and our ABL Revolver. We also disclose it as a supplemental measure of our performance.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. See Item 7 for a reconciliation of net loss to EBITDA and a reconciliation of EBITDA to Adjusted EBITDA under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Key Indicators of Financial Condition and Operating Performance".

(3) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges. Fixed charges include: interest expense, whether expensed or capitalized; amortization of debt issuance costs; and the portion of rental expense representative of the interest factor.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under "Item 1A. Risk Factors." Our actual results may differ materially from those contained in any forward-looking statements.

Overview

We believe that we are a leading provider of outsourced precision manufacturing and engineering services in our target markets of the medical device industry. We offer our customers design and engineering, precision component manufacturing, device assembly and supply chain management services. We have extensive resources focused on providing our customers with reliable, high quality, cost-efficient, integrated outsourced solutions. Based on discussions with our customers, we believe we often become the sole supplier of manufacturing services for the products we provide to our customers.

We primarily focus on leading companies in large and growing markets within the medical device industry including cardiology, endoscopy and orthopaedics. Our customers include many of the leading medical device companies including Abbott Laboratories, Boston Scientific, Johnson & Johnson, Medtronic, Smith & Nephew, St. Jude Medical and Stryker. While revenues are aggregated by us to the ultimate parent of a customer, we typically generate diversified revenue streams within these large customers across their separate divisions and multiple products. During 2009, 2010 and 2011, our 10 largest customers accounted for approximately 60%, 64% and 65% of net sales with two customers each accounting for greater than 10% of net sales in 2009 and 2010 and three customers each accounting for greater than 10% of net sales in 2011.

We have aligned the Company to reflect the consolidation of our sales, finance, quality, engineering and customer services into a centrally managed organization designed to better serve our customers, many of whom service multiple medical device markets. We have one operating and reportable segment which is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and assess performance.

Net Sales are recorded when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price from the buyer is fixed or determinable, and collectibility is reasonably assured. Generally, we recognize revenue based on written arrangements or purchase orders with our customers and upon transfer of title of the product or rendering of the service. Amounts billed for shipping and handling fees are classified within net sales in our consolidated statements of operations. Costs incurred for shipping and handling fees are classified as cost of sales. We provide an allowance for estimated future returns in the period revenue is recorded. The estimate of future returns is based on such factors as known pending returns and historical return data. We primarily generate our sales domestically. For each of the years ended December 31, 2009 and 2010, approximately 83% of our net sales were to customers located in the United States. For the year ended December 31, 2011, approximately 81% of our net sales were to customers located in the United States. Since a substantial majority of the leading medical device companies are located in the United States, we expect our net sales to U.S.-based companies to remain a high percentage of our net sales in the future. Our operations are based on purchase orders that typically provide for 30 to 90 days delivery from the time the purchase order is received, but which can provide for delivery within 30 days or up to 180 days, depending on the product and customers' ability to forecast their requirements.

Cost of sales includes raw materials, labor and other manufacturing costs associated with the products we sell. Some products incorporate precious metals, such as gold, silver and platinum. Changes in prices for those commodities are generally passed through to our customers.

Selling, general and administrative expenses include salaries, sales commissions, professional fees and other selling and administrative costs.

Research and development costs consist of salaries, materials and other R&D costs.

Restructuring charges include severance expenses associated with employee rationalization and other expenses related to facility closures.

Amortization of intangible assets consists of charges to amortize the Company's finite-lived intangible assets over their expected useful lives.

Impairment charges consist of charges to write down goodwill and other intangible assets to fair value.

Interest expense relates primarily to the debt initially incurred to finance the acquisition of us by our Sponsors, debt subsequently incurred to refinance such acquisition financing and the amortization of deferred financing costs.

Results of Operations

The following table sets forth our operating data as a percentage of net sales for the years ended December 31, 2009, 2010 and 2011:

	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Net sales	100.0%	100.0%	100.0%
Cost of sales	72.6	72.8	75.4
Gross profit	27.4	27.2	24.6
Selling, general and administrative expenses	10.0	10.3	10.2
Research and development expenses	0.4	0.5	0.5
Restructuring charges	1.2	—	—
Loss (gain) on disposal of property and equipment	0.2	—	(0.1)
Amortization of intangible assets	3.1	2.9	2.8
Income from operations	12.5%	13.5%	11.2%

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Net sales

Net sales for 2011 were $531.8.0 million, an increase of $24.8 million, or 4.9%, compared to net sales of $507.0 million for 2010. The increase in net sales is attributable to higher sales volume of $19.2 million, net of price decreases of $5.3 million, and approximately $10.9 million of higher platinum sales resulting from passing through to our customers, increases in precious metal prices which do not benefit gross profit.

Three customers, Johnson & Johnson, Medtronic and Boston Scientific, each accounted for greater than 10% of our net sales in 2011. Two customers, Johnson & Johnson and Medtronic, each accounted for greater than 10% of our net sales in 2010.

Cost of Sales and Gross Profit

Cost of sales was $400.8 million for 2011 compared to $369.3 million for 2010, an increase of $31.5 million, or 8.5%. Cost of sales reflects our variable manufacturing costs and our fixed overhead costs necessary to produce products for our customers. The increase in cost of sales is primarily attributable to increased material costs resulting from the sales increase related to platinum of approximately $10.9 million, increases in material costs primarily related to the increase in net sales of approximately $2.3 million, excluding costs related to new product introductions, increases in material costs related to new product introduction sales that generally have a higher material content of approximately $5.1 million, increased variable labor costs resulting primarily from wage inflation of approximately $5.7 million, increased manufacturing overhead costs of approximately $9.7 million, offset by lower variable manufacturing costs of $2.2 million.

Gross profit for 2011 was $130.9 million, or 24.6% of net sales, compared to $137.7 million, or 27.2% of net sales, for 2010. The decrease in our gross profit of $6.8 million for 2011 compared to 2010 was primarily attributable to higher fixed manufacturing costs, increases in the market price of certain non-precious metals which we use extensively in manufacturing, and higher labor costs during the December 31, 2011 compared to the year ended December 31, 2010. As a percent of sales, gross profit decreased 2.6% during 2011 compared to 2010, due to the increase in sales of platinum, which represented 0.5% of the gross profit decrease as a percent of sales and overall higher manufacturing costs.

Selling, general and administrative expenses

Selling, general and administrative, or SG&A, expenses were $54.3 million for 2011 compared to $52.0 million for 2010. The net $2.3 million increase in SG&A expenses was primarily attributable to higher employee related costs of $2.4 million, offset by a net decrease in discretionary SG&A spending totaling $0.1 million The increases in employee related costs reflect increased sales commissions of $0.2 million, increased retirement benefits of $0.6 million related primarily to a supplemental retirement plan maintained for an executive of the Company, higher non-cash compensation totaling $0.3 million and higher labor compensation and benefits provided for salaried and hourly SG&A personnel totaling $1.3 million.

Research and development expenses

Research and development expenses for 2010 were $2.4 million compared to $2.5 million for 2011. The increase of $0.1 million in 2011 compared to 2010 is related to an increase in discretionary spending during the year ended December 31, 2011 compared to the year ended December 31, 2010. Research and development expenses for both 2011 and 2012 include grant funds received totaling $0.1 million from the government of Ireland related to eligible research and development spending in Ireland.

Restructuring charges

In December 2011, the Company's Board of Directors approved a plan of closure with respect to the Company's manufacturing facility in Manchester, England. The facility will be closed, and all employees will be terminated, on or about March 31, 2012. All affected employees were offered both stay-bonuses as well as severance benefits to be received upon termination of employment, should they remain with the Company through the closing date. The total one-time termination benefits total approximately $0.6 million and are being recorded over the remaining service period as employees are required to stay through their termination date to receive the benefits. During the year ended December 31, 2011, the Company recorded $0.3 million of costs related to these one-time termination benefits which is recorded within "Restructuring charges" in the accompanying consolidated statement of operations for the year ended December 31, 2011.

During 2010, the Company reduced its estimates that are used in determining the amount of its liability related to restructuring charges. As a result, restructuring charges reflects an expense reduction of $0.1 million in 2010.

Loss on disposal of property and equipment

During the year ended December 31, 2011, the Company recorded approximately $0.7 million of net gains related to the disposal of property and equipment compared to $15,000 during the year ended December 31, 2010. During the year ended 2011, the Company sold certain intellectual property which resulted in a gain of approximately $0.7 million.

Amortization

Amortization of finite-lived intangible assets was $14.9 million for 2010 and $14.9 million for 2011.

Interest expense, net

Interest expense, net, decreased $5.1 million to $68.9 million in 2011, compared to $74.0 million in 2010. The decrease was primarily the result of lower rates of interest on our outstanding fixed rate indebtedness resulting from the debt refinancing transactions we completed in 2010. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Other (expense) income, net

Other (Expense) Income, net includes foreign currency gains and losses and mark-to-market gains and losses on derivative instruments that we held through November 2010. During the year ended December 31, 2011, we recorded a currency exchange loss of $0.1 million compared to a gain of approximately $1.5 million during the year ended December 31, 2010. This difference of approximately $1.6 million is due primarily to a decline in the in the dollar foreign exchange rate compared to the foreign exchange rate of the Euro during the year ended December 31, 2011 compared to the year ended December 31, 2010.

Through November 2010, we maintained an interest rate swap agreement which reduced our exposure to variable interest rates on our then outstanding term indebtedness. During the year ended December 31, 2010 we realized a $4.5 million gain related to this interest rate swap agreement resulting from the changes in the underlying fair value of the interest rate swap agreement. The fair value of the interest rate swap agreement was largely dependent on movements in short-term interest rates, among other factors.

Income tax expense

Income tax expense for 2011 was $5.6 million and consisted of $2.0 million of deferred income taxes, which included $2.9 million related to the difference between the book and tax treatment of goodwill and indefinite lived intangible assets and a deferred income tax benefit of $0.2 million related to foreign deferred income taxes. Income tax expense for 2010 was $4.4 million and consisted of $3.1 million of deferred income taxes, which included $3.3 million related to the difference between the book and tax treatment of goodwill and indefinite lived intangible assets and a deferred income tax benefit of $0.2 million related to foreign deferred income taxes. At December 31, 2011, we provided a valuation allowance for substantially all of our net deferred tax assets that are temporary as we have determined that it is more likely than not that any future benefit from these net deferred tax assets will not be realized.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Net sales

Net sales for 2010 were $507.0 million, an increase of $28.2 million, or 5.9%, compared to net sales of $478.8 million for 2009. The increase in net sales is attributable to higher sales volume of $28.0 million driven by increased demand for the Company's products from many of our larger customers, and a $5.9 million increase in platinum sales resulting from passing through to our customers, increases in precious metal prices which do not impact gross profit, offset by net price decreases.

Two customers, Johnson & Johnson and Medtronic, each accounted for greater than 10% of our net sales in 2010 and 2009.

Cost of Sales and Gross Profit

Cost of sales was $369.3 million for 2010 compared to $347.8 million for 2009, an increase of $21.5 million, or 6.2%. Cost of sales reflects our variable manufacturing costs and our fixed overhead costs necessary to produce products for our customers. The increase in Cost of sales is primarily attributable to higher 2010 revenue and, to a lesser extent, higher variable manufacturing costs resulting from (i) an increase in labor costs reflecting increased use of temporary personnel, which carries a higher cost per hour and (ii) increased costs of certain metals including platinum. These increases were partially offset by a reduction in our environmental liability of $1.3 million during 2010.

Gross profit for 2010 was $137.7 million, or 27.2% of net sales, compared to $131.0 million, or 27.4% of net sales, for 2009. The increase in our gross profit of $6.7 million for 2010 compared to 2009 was primarily attributable to increased net sales during the year. As a percent of sales, gross profit decreased 0.2% during 2010 compared to 2009, primarily due to higher variable manufacturing costs which were partially offset by increased leverage of our fixed overhead infrastructure with increased net sales and a reduction in our environmental liability of $1.3 million during the year.

Selling, general and administrative expenses

Selling, general and administrative, or SG&A, expenses were $52.0 million for 2010 compared to $47.7 million for 2009. The net $4.3 million increase in SG&A expenses was primarily attributable to higher employee labor related costs of $3.2 million and increases in professional fees, contract services and other discretionary spending totaling $1.4 million, $1.1 million and $0.1 million, respectively, offset by lower costs related to bad debts and lower recruiting and relocation costs of $0.9 million and $0.6 million, respectively. The increase in labor costs reflects increased sales commissions of $1.3 million and increased compensation of $1.9 million.

Research and development expenses

Research and development expenses for 2010 were $2.4 million compared to $2.1 million for 2009. The increase of $0.3 million in 2010 compared to 2009 is related to a decline in the amount of research and development grant funds received of $0.4 million from the government of Ireland related to eligible research and development spending in Ireland and higher discretionary spending of $0.1 million, both of which are offset by lower personnel and labor related costs of $0.2 million.

Restructuring charges

The Company undertook no restructuring actions in 2010. During 2010, the Company reduced its estimates that are used in determining the amount of its liability related to restructuring charges. As a result, restructuring charges reflects an expense reduction of $0.1 million in 2010 compared to an expense $5.7 million for 2009. Details about our 2009 restructuring actions are summarized below.

During the year ended December 31, 2009, the Company recorded $5.7 million of restructuring charges consisting of severance costs resulting from both the elimination of 344 positions in manufacturing and administrative functions as part of the ongoing company-wide efforts to reduce costs and the closure of the Company's manufacturing facility in Huntsville, Alabama as described below. Total costs associated with the Huntsville plant closure approximated $1.9 million.

In May 2009, the Company's Board of Directors approved a plan of closure with respect to the Company's Huntsville manufacturing. Pursuant to the plan, the facility closed in November 2009 and a majority of the operations were transferred to other Accellent facilities. In connection with the plan, all employees were terminated in November, 2009. All affected employees were offered both retention bonuses as well as individually determined severance benefits to be received upon termination of employment, if they remained with the Company through that date. The total one-time termination benefits approximated $1.2 million and were recorded over the employees' remaining service period as employees were required to stay through their termination date to receive the benefits. Costs to consolidate facilities totaled approximately $0.7 million and are also reported in restructuring charges.

In connection with the closure of the Company's Huntsville facility, in addition to termination benefits of approximately $1.2 million, the equipment that was not transferred to other of our factories was sold or written down to its fair value, less costs to sell, during the year ended December 31, 2009. The Company recorded approximately $0.4 million of losses on these assets. At December 31, 2009, approximately $0.9 million related to the closure of the Huntsville facility remained unpaid, all of which was paid by December 31, 2010.

Loss on disposal of property and equipment

During the year ended December 31, 2010, the Company recorded approximately $15,000 of losses related to the disposal of property and equipment compared to $1.0 million during the year ended December 31, 2009. The decrease is primarily due to lower asset disposals during 2010 compared to 2009. In 2009, in connection with the closure of the Company's Huntsville manufacturing facility, the Company wrote-down the carrying value of certain assets to their fair value of $0.7 million. The resulting charges of $0.4 million during 2009 are included in loss on disposal of property and equipment in the consolidated statements of operations included elsewhere in this Annual Report on Form 10-K.

Amortization

Amortization of finite-lived intangible assets was $14.9 million for both 2010 and 2009.

Interest expense, net

Interest expense, net, increased $17.4 million to $74.0 million in 2010, compared to $56.6 million in 2009. The increase was primarily the result of a higher rate of interest on our 2017 Notes compared to our term loan, which was refinanced in January 2010, and higher gross debt outstanding during 2010 compared to 2009 as a result of two refinancing transactions completed during 2010. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Loss on Debt Extinguishment

In January 2010, the Company repaid the entire balance then outstanding of its term loan totaling $381.6 million plus accrued interest thereon with proceeds received from the sale of $400 million principal amount of Senior Secured Notes (the "Term Loan Refinancing"). As a result of the Term Loan Refinancing, the Company terminated its then existing revolving credit facility and replaced it with the "ABL Revolver". In connection with the Term Loan Refinancing, deferred financing fees in the amount of $14.4 million, net of accumulated amortization of $8.6 million, related to its term loan and revolving credit facility were recorded as a loss on debt extinguishment of approximately $5.8 million during 2010.

In June 2010, the Company purchased $10.0 million principal amount of its 10 1/2% Senior Subordinated Notes due 2013 (the "2013 Senior Subordinated Notes") at a price of 99.8% plus accrued interest thereon, for a total of approximately $10.0 million dollars. Subsequent to the purchase, the notes were cancelled. In connection with the purchase and subsequent cancellation of the 2013 Subordinated Notes, the Company recorded a loss on debt extinguishment of approximately $0.2 million.

In October 2010, the Company sold $315 million of the 2017 Senior Subordinated Notes ("the "2017 Subordinated Notes"). A portion of the net proceeds from the sale of the 2017 Senior Subordinated Notes was used to finance the Company's tender offer (the "Tender Offer") for any and all of its then outstanding Senior Subordinated Notes due 2013, and the remaining net proceeds of the offering, along with available cash, were used to finance the Company's redemption of the outstanding 2013 Senior Subordinated Notes that were not tendered during the period that the Tender Offer remained open. In connection with the sale of the 2017 Senior Subordinated Notes and the redemption of its then outstanding 2013 Senior Subordinated Notes, the Company recorded a loss on debt extinguishment which amounted to $14.9 million which consisted of a redemption premium of $6.3 million, a consent premium associated with the Tender Offer of $2.3 million, a write off of deferred financing fees of approximately $12.4 million, net of accumulated amortization thereon of approximately $7.6 million, and the remaining unamortized discount of $1.5 million.

Other (Expense) Income, net

Other (expense) income, net includes gains and losses on our derivative instruments and foreign currency transaction gains and losses. Through November 2010, we maintained an interest rate swap agreement which reduced our exposure to variable interest rates on our term loan. During 2010, we recorded a $4.5 million gain on the interest rate swap agreement compared to a $0.4 million gain during 2009. The fair value of the interest rate swap agreement was largely dependent on movements in short-term interest rates, among other factors. The difference of $4.1 million in 2010 compared to 2009 reflects the underlying difference due to short term interest rate changes. In addition, we recorded net currency exchange transaction gains of $1.5 million during 2010 compared to losses of $0.9 million during 2009. The difference of $2.4 million is primarily due to an improvement in the dollar foreign exchange rate compared to the Euro and British pound foreign exchange rates during 2010 compared to 2009.

Income tax expense

Income tax expense for 2010 was $4.4 million and consisted of $3.1 million of deferred income taxes, which included $3.3 million related to the difference between the book and tax treatment of goodwill and indefinite lived intangible assets and a deferred income tax benefit of $0.2 million related to foreign deferred income taxes. Income tax expense for 2009 was $3.6 million and consisted of $2.6 million of deferred federal income taxes primarily related to the difference between the book and tax treatment of goodwill and indefinite lived intangible assets, $0.8 million of foreign income taxes and state income taxes of $0.2 million. At December 31, 2010, we provided a valuation allowance for substantially all of our net deferred tax assets that are temporary as we have determined that it is more likely than not that any future benefit from these net deferred tax assets will not be realized.

Liquidity and Capital Resources

Our principal source of liquidity is our cash flow from operations and borrowings available to us under our $75 million ABL Revolver. At December 31, 2011, we had $12.1 million of letters of credit outstanding and no outstanding loans under the ABL Revolver. As of December 31, 2011, our total indebtedness amounted to $715.0 million. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Cash provided by operations was $29.0 million during 2011, compared to 34.6 million in 2010. The decrease in cash provided by operating activities of $5.6 million is primarily attributable to lower operating profitability offset by lower demand for working capital investments and lower cash interest costs.

Cash used in investing activities was $29.8 million during 2011 compared to $25.9 million during 2010. The increase in cash used for investing activities of $3.9 million during 2011 is attributable to higher capital asset acquisitions of $4.8 million, offset by the proceeds from sale of intellectual property of $0.9 million. During 2011, cash used in financing activities was $0.7 million compared to $1.5 million during 2010. During 2010, the Company completed two transactions to refinance its then outstanding indebtedness which resulted in a net use of $2.1 million of cash which was offset by $0.6 million received from the sale of stock in the Company's parent company. In 2011, cash used for financing activities primarily reflects remaining payments of debt issuance costs related to the refinancing completed in 2010. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Cash provided by operations was $34.6 million during 2010, compared to $55.5 million in 2009. The decrease in cash provided by operating activities of $20.9 million is primarily attributable to working capital investments in accounts receivable and inventory and increased cash paid for interest during 2010, partially offset by increases in cash generated from higher operating profits and increased accounts payable and accrued liabilities.

Cash used in investing activities was $25.9 million during 2010 compared to $14.2 million during 2009. The increase in cash used for investing activities of $11.7 million during 2010 is attributable to higher capital asset acquisitions of $9.5 million, lower cash generated from sale of equipment of $0.9 million and cash proceeds of $1.3 million from the repayment of a note receivable generated in 2009.

During 2010, cash used in financing activities was $1.5 million compared to $22.2 million during 2009. The decrease in cash used in financing activities of $20.7 million was attributable primarily to net incremental cash received from the refinancing transactions, lower scheduled debt principal payments of $39.6 million during 2010 and an increase in cash from the sale of parent company stock of $0.4 million, all of which were offset by $19.3 million of fees paid to unrelated third parties in connection with the refinancing transactions completed during 2010. Refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Capital Expenditures. We expect our capital expenditures for 2012 to approximate 5% of revenues and to include investments related to new business opportunities, upgrades of our existing equipment infrastructure and information technology enhancements. We expect that these investments will be financed from operating cash flow.

As of December 31, 2011, we have a liability of $1.8 million, of which the Company expects to pay $0.1 million during 2012, for environmental clean up matters. The United States Environmental Protection Agency, or EPA, issued an Administrative Consent Order in July 1988 requiring UTI, our subsidiary, to study and, if necessary, remediate the groundwater and soil beneath and around its plant in Collegeville, Pennsylvania. Since that time, UTI has implemented and is operating successfully a TCE contamination well pumping treatment system approved by the EPA. We expect to pay approximately $0.1 million of ongoing annual operating costs during each of the next five years relating to this remediation effort. Our environmental accrual at December 31, 2011 includes $1.7 million related to our Collegeville location. The remaining environmental accrual, related to our other locations, was $0.1 million at December 31, 2011.

Our ability to make payments on our indebtedness and to fund planned capital expenditures, other expenditures and long-term liabilities, and necessary working capital will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe our cash flow from operations and available borrowings under the ABL Revolver will be adequate to meet our liquidity requirements for the next 12 months. However, no assurance can be given that this will be the case.

Indebtedness. At December 31, 2011 our aggregate debt was approximately $715.0 million substantially all of which was due in 2017. Our debt at December 31, 2011 consisted of our Senior Secured Notes which bear interest at 8.375% and our Senior Subordinated Notes which bear interest at 10%. In addition, we have a $75 million asset based revolving credit facility. Our revolving credit facility afforded us borrowing capacity of $27.6 million at December 31, 2011. No amounts have been drawn under the facility since it was put in place in January 2010. Our Senior Secured Notes were issued in January 2010 and our Senior Subordinated Notes were issued in October 2010.

ABL Revolver

In January 2010 in connection with refinancing, the Company entered into its ABL Revolver pursuant to a credit agreement among the Company, a syndicate of financial institutions, and certain institutional lenders.

The ABL Revolver provides for revolving credit financing of up to $75.0 million, subject to borrowing base availability, with a maturity of five years. The borrowing base at any time is limited to certain percentages of eligible accounts receivable and inventories. All borrowings under the ABL Revolver are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. If at any time the aggregate amount of outstanding loans, unreimbursed letter of credit drawings, and undrawn letters of credit under the ABL Revolver exceeds the lesser of (i) the commitment amount and (ii) the borrowing base, the Company will be required to repay outstanding loans and cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount.

Borrowings under the ABL Revolver bear interest at a rate per annum equal to, at the Company’s option, either (a) a base rate determined by reference to the highest of (1) the prime rate of the administrative agent, (2) the federal funds effective rate plus 1/2 of 1% and (3) the LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for a three month interest period plus 1% or (b) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin set at 2.25% per annum with respect to base rate borrowings and 3.25% per annum with respect to LIBOR borrowings. In addition to paying interest on outstanding principal under the ABL Revolver, the Company is required to pay a commitment fee of 0.50% per annum in respect of unutilized commitments. The Company must also pay customary administrative agency fees and customary letter of credit fees equal to the applicable margin on LIBOR loans. All outstanding loans under the ABL Revolver are due and payable in full on the fifth anniversary of the closing date.

&All obligations under the ABL Revolver are unconditionally guaranteed jointly and severally on a senior secured basis by all the Company's domestic restricted subsidiaries (refer to Note 16 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for supplemental guarantor financial information). All obligations under the ABL Revolver, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the Company's assets and the assets of the guarantors, including:

- a first-priority security interest in personal property consisting of accounts receivable, inventory, certain cash, related general intangibles and instruments related to the foregoing and proceeds of the foregoing (such assets, the "ABL Priority Collateral"); and
- a second-priority security interest in, and mortgages on, substantially all of the Company's material real property and equipment and all other assets other than the ABL Priority Collateral, which secure the 2017 Senior Secured Notes on a first-priority basis (such assets, the "Notes Priority Collateral").

The ABL Revolver requires that if excess availability is less than 15% of the lesser of (i) the commitment amount and (ii) the borrowing base for five consecutive business days, the Company must comply with a minimum fixed charge coverage ratio test of not less than 1.1 to 1.0 for a period ending on the first day thereafter on which excess availability has been greater than the amounts set forth above for 30 consecutive days. In addition, the ABL Revolver includes affirmative and negative covenants that, subject to significant exceptions, limit the Company's ability and the ability of its subsidiaries to, among other things:

- incur, assume or permit to exist additional indebtedness or guarantees;
- incur liens;
- make investments and loans;
- pay dividends, make payments or redeem or repurchase capital stock;
- engage in mergers, acquisitions and asset sales;
- prepay, redeem or purchase certain indebtedness including the 2017 Notes;
- amend or otherwise alter terms of certain indebtedness, including the 2017 Notes;
- engage in certain transactions with affiliates; and
- alter the business that the Company conducts.

At December 31, 2011 the Company is in compliance with all covenants.

The ABL Revolver contains certain customary representations and warranties, affirmative covenants and events of default, including among other things payment defaults, breach of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy, certain events under ERISA, material judgments, actual or asserted failure of any guaranty or security document supporting the ABL Revolver to be in full force and effect, and change of control. If such an event of default occurs, the lenders under the ABL Revolver would be entitled to take various actions, including the acceleration of amounts due under the ABL Revolver and all actions generally permitted to be taken by a secured creditor.

During 2010, the Company refinanced both its term loan and its 2013 Senior Subordinated Notes – each of which were outstanding at December 31, 2009. The term loan was refinanced in January 2010 with proceeds from the issuance of the 2017 Senior Secured Notes and the 2013 Senior Subordinated Notes were redeemed using proceeds from the issuance of the 2017 Senior Subordinated Notes. The 2013 Senior Subordinated Notes were re-purchased in part, through a tender offer in which holders of the then outstanding 2013 Senior Subordinated Notes were offered a 0.3% premium which included a 0.2% redemption premium and a 0.1% consent premium for holders who tendered during an early tender period. Approximately 78% of the 2013 Senior Subordinated Notes were tendered and redeemed in October and the remaining 2013 Senior Subordinated Notes were redeemed in December. A summary of each of the 2017 Senior Secured Notes and the 2017 Senior Subordinated Notes is provided below.

Senior Notes

8 $^{3}/_{8}$% Senior Secured Notes due 2017

In January 2010, the Company issued $400 million aggregate principal amount of its 2017 Senior Secured Notes to refinance the term loan outstanding under its then existing credit facility (refer to Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K).

The 2017 Senior Secured Notes bear interest at 8.375% per annum and mature on February 1, 2017. Interest is payable on a semi-annual basis on August 1 and February 1. Prior to February 1, 2013, the Company may redeem the 2017 Senior

Secured Notes, in whole or in part, at a price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any. Additionally, during any 12-month period commencing on the issue date, the Company may redeem up to 10% of the aggregate principal amount of the notes at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest, if any. The Company may also redeem any of the 2017 Senior Secured Notes at any time on or after February 1, 2013, in whole or in part, at specified redemption prices plus accrued and unpaid interest, if any. In addition, prior to February 1, 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Secured Notes with the net proceeds of certain equity offerings, provided at least 65% of the aggregate principal amount of the 2017 Senior Secured Notes remains outstanding immediately after such redemption. Upon a change of control, the Company will be required to make an offer to purchase each holder's 2017 Senior Secured Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

The Company's obligations under the 2017 Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by the Company and all of the Company's domestic subsidiaries (refer to Note 16 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for supplemental guarantor financial information). All obligations under the 2017 Senior Secured Notes, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the Company's assets and the assets of the guarantors, including:

- a first-priority security interest in, and mortgages on, the Notes Priority Collateral; and
- a second-priority security interest in the ABL Priority Collateral.

10% Senior Subordinated Notes due 2017

In October 2010, the Company issued $315 million aggregate principal amount of its 2017 Senior Subordinated Notes. The 2017 Subordinated Notes bear interest at 10.0% per annum and mature on November 1, 2017. Interest is payable semi-annually on May 1 and November 1, commencing on May 1, 2011. Prior to November 1, 2013, the Company may redeem the 2017 Senior Subordinated Notes, in whole or in part, at a price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any. The Company may also redeem any of the 2017 Senior Subordinated Notes at any time on or after November 1, 2013, in whole or in part, at specified redemption prices plus accrued and unpaid interest, if any. In addition, prior to November 1, 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Subordinated Notes with the net proceeds of certain equity offerings, provided at least 65% of the aggregate principal amount of the 2017 Senior Subordinated Notes remain outstanding immediately after such redemption. Upon a change of control, the Company will be required to offer to purchase the 2017 Senior Subordinated Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Company's obligations under the 2017 Senior Subordinated Notes are jointly and severally guaranteed on a senior subordinated basis by all of the Company's domestic restricted subsidiaries (refer to Note 16 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for supplemental guarantor financial information).

Terms Applicable to the 2017 Notes

The indentures that govern the 2017 Notes contain restrictions on our ability, and the ability of our subsidiaries, to:

- incur additional indebtedness or issue preferred stock;
- repay subordinated indebtedness prior to its stated maturity;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- agree to any restrictions on the ability of restricted subsidiaries to make payments to the issuer
- enter into certain transactions with our affiliates.

The 2017 Notes include customary events of default, including among other things payment defaults, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy, material judgments and actual or asserted failure of certain guarantees or security interests to be in full force and effect. If such an event of default occurs, the trustee or holders of the 2017 Notes, as applicable, may be entitled to take various actions, which may include the acceleration of amounts due under the 2017 Notes and, in the case of the trustee or holders of the 2017 Senior Notes, to enforce their security interests in our assets.

Other Key Indicators of Financial Condition and Operating Performance

EBITDA and Adjusted EBITDA presented in this Annual Report on Form 10-K are supplemental measures of our performance that are not required by, or presented in accordance with GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net loss or any other performance measures derived in accordance with GAAP.

EBITDA represents net loss before net interest expense, income tax expense, depreciation and amortization. Adjusted EBITDA is defined as EBITDA further adjusted to give effect to certain non-cash items and other adjustments, all of which are defined in the indentures governing the 2017 Notes and our ABL Revolver. We believe that the inclusion of EBITDA and Adjusted EBITDA in this Annual Report on Form 10-K is appropriate to provide additional information to investors regarding certain restrictions in the indentures governing the 2017 Notes and our ABL Revolver. There are no material differences in the manner in which EBITDA and Adjusted EBITDA were previously determined under our credit agreement, as amended.

We also present EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of high yield issuers, many of which present EBITDA when reporting their results. We believe EBITDA facilitates operating performance comparison from period to period and company to company by backing out potential differences caused by variations in capital structures, tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense).

In determining Adjusted EBITDA, as permitted by the terms of our indebtedness, we eliminate the impact of a number of items. For the reasons indicated herein, you are encouraged to evaluate each adjustment and whether you consider it appropriate. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in the presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they do not reflect our cash expenditures for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital requirements;
- they do not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements;
- Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations, as discussed in our presentation of "Adjusted EBITDA" in this report; and
- other companies, including other companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business or reduce our indebtedness. For these purposes, we rely on our GAAP results. For more information, see our consolidated financial statements and the notes to those statements included elsewhere in this report.

The following table sets forth a reconciliation of net loss to EBITDA for the years indicated:

	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
RECONCILIATION OF NET LOSS TO EBITDA:			
Net loss	$ (1,070)	$ (24,503)	$ (14,939)
Interest expense, net	56,569	73,939	68,883
Provision for income taxes	3,576	4,365	5,629
Depreciation and amortization	37,128	37,358	38,740
EBITDA	$ 96,203	$ 91,159	$ 98,313

The following table sets forth a reconciliation of EBITDA to Adjusted EBITDA for the years indicated:

	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
EBITDA	$ 96,203	$ 91,159	$ 98,313
Adjustments:			
Restructuring charges	5,727	(117)	348
Stock-based compensation—employees (*a*)	617	695	1,021
Stock-based compensation—non-employees(*a*)	93	90	90
Severance and relocation (*b*)	1,968	1,942	1,701
Executive recruiting costs (*b*)	310	—	307
Loss (gain) on disposal of property and equipment(*c*)	966	15	(706)
Management fees to stockholder (*d*)	1,216	1,231	1,292
Currency (gain)/ loss (*e*)	900	(1,467)	97
Loss (gain) on derivative instruments (*f*)	(425)	(4,511)	—
Plant closure costs and other (*g*)	2,243	49	158
Other taxes (*h*)	—	179	769
Loss on debt extinguishment (*i*)	—	20,882	—
Adjusted EBITDA	$ 109,818	$ 110,147	$ 103,390

The differences between Adjusted EBITDA and cash flows provided by operating activities are summarized as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Adjusted EBITDA	$ 109,818	$ 110,147	$ 103,390
Net changes in operating assets and liabilities	9,645	(685)	(1,776)
Interest expense, net	(56,569)	(73,939)	(68,883)
Cash portion of restructuring charges	(4,599)	—	(8)
Deferred tax provisions	2,456	3,087	2,801
Income tax expense	(3,576)	(4,365)	(5,629)
Amortization of debt discount and non-cash interest	4,229	3,662	2,934
Other items, net	(5,925)	(3,332)	(3,814)
Net cash provided by operating activities	$ 55,479	$ 34,575	$ 29,015
Net cash used in investing activities	$ (14,150)	$ (25,878)	$ (29,840)
Net cash provided by (used in) financing activities	$ (22,171)	$ (1,521)	$ (771)

(a) We provide for the adjustment to EBITDA for non-cash compensation.

(b) We provide for the adjustment to EBITDA for certain expenses, including employee severance and relocation expenses and recruitment costs for our Executive Management.

(c) We provide for the adjustment to EBITDA for all gains and losses from sales of our property, plant and equipment.

(d) We have a management services agreement with KKR that provides for a $1.0 million annual payment, with such amount to increase by 5% per year. See Item 13-Certain Relationships and Related Party Transactions.

(e) We provide for the adjustment to EBITDA to exclude the effects of any non operating currency gains and losses.

(f) We provide for the adjustment to EBITDA to exclude the effects of any (gains) or losses on derivative instruments used to hedge future cash flows. Refer to Note 5 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

(g) We provide for the adjustment to EBITDA to exclude the effects of any other costs related to the closure of a facility.

(h) We provide for the adjustment to EBITDA for franchise and certain non-income based taxes pursuant to the agreements governing the ABL Revolver and our 2017 Notes.

(i) We provide for the adjustment to EBITDA for the loss on debt extinguishments related to our refinancing transactions completed in 2010.

Off-Balance Sheet Arrangements

We do not have any "off-balance sheet arrangements" (as such term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, except for stand-by letters of credit of $12.1 million outstanding at December 31, 2011.

Contractual Obligations and Commitments

The following table sets forth our long-term contractual obligations as of December 31, 2011 (in thousands).

	Payment due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
2017 Senior Secured Notes (1)	$ 584,250	$ 33,500	$ 67,000	$ 67,000	$ 416,750
2017 Senior Subordinated Notes (1)	504,000	31,500	63,000	63,000	346,500
Capital leases	22	7	14	1	—
Operating leases	23,245	6,150	9,571	5,398	2,126
Purchase obligations (2)	36,660	36,660	—	—	—
Other obligations (3)	38,779	388	1,048	663	36,680
Total	$1,186,956	$108,205	$140,633	$136,062	$ 802,056

(1) Includes annual interest payments and principal payments due in 2017.
(2) Purchase obligations consist of commitments for materials, supplies, machinery and equipment.
(3) Other obligations include share based payment obligations of $0.3 million payable to employees and $1.0 million payable to non-employees, environmental remediation obligations of $1.7 million, accrued compensation and pension benefits of $4.0 million, deferred income taxes of $31.0 million and other obligations of $0.8 million.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. We make estimates and assumptions in the preparation of our consolidated financial statements that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an ongoing basis and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results could differ materially from those estimates under different assumptions or conditions.

We have identified the following critical accounting policies that require us to make significant judgments and estimates in preparing our consolidated financial statements.

Revenue Recognition. The amount of product revenue recognized in a given period is impacted by our judgments made in establishing our allowance for potential future product returns. We provide for our estimate of future returns against revenue in the period the revenue is recorded. Our estimate of future returns is based on such factors as historical return data, current economic conditions, and our customer base. The amount of revenue we recognize is directly impacted by the estimates made to establish the allowance for potential future product returns. Our allowance for sales returns was $1.4 million and $1.3 million at December 31, 2010 and 2011, respectively.

Allowance for Doubtful Accounts. We estimate the collectability of our accounts receivable in establishing our allowance for doubtful accounts. The allowance for doubtful accounts is determined based on an analysis of specific customer accounts, changes in payment patterns, historical experience, customer credit worthiness and current economic trends. Based on this analysis, we provide allowances for doubtful accounts at the time we estimate that collectability becomes uncertain. Our allowance for doubtful accounts was $0.6 million at December 31, 2010 and $0.7 million at December 31, 2011.

Valuation of Goodwill and Trade Names and Trademarks. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. Goodwill and certain of our other intangible assets, specifically trade names and trademarks, have indefinite lives. Goodwill and other indefinite- lived intangible assets are subject to an annual impairment test, or more often, if impairment indicators arise. If based on the results of such assessment the carrying value of goodwill and intangible assets may not be recoverable, we measure impairment as an amount by which the carrying value of goodwill and intangible assets exceeds their fair value. When we evaluate potential impairments outside of the annual measurement date, judgment is required in determining whether an event has occurred that may impair the value of goodwill or intangible assets. Factors that could indicate that impairment may exist include significant underperformance relative to plan or long-term projections, significant changes in business strategy, significant negative industry or economic trends or a significant decline in the value of the reporting unit for a sustained period of time. We utilize a combined weighted average of a market based (utilizing fair value multiples of comparable publicly traded companies) and an income based approach (utilizing discounted projected after tax cash flows) to determine the fair value of the reporting unit. We evaluate our trade name and trademark using a relief-from-royalty methodology of the income approach, which measures the present value of the net after-tax savings excepted to be realized over the life of the intangible asset. We make assumptions about future cash flows, discount rates and other estimates in those models. Different assumptions and judgment determinations could yield different conclusions that would affect our operating results in the period that such change or determination is made. At October 31, 2011, the Company had one reporting unit and its fair value exceeded its carrying value by approximately 25%.

Valuation of Long-lived Assets. Long-lived assets are comprised of property, plant and equipment and intangible assets with finite lives. We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable through projected undiscounted cash flows expected to be generated by the asset or the asset group.

When we determine that the carrying value of intangible assets or fixed assets may not be recoverable, we measure impairment by the amount by which the carrying value of the asset exceeds the related fair value. In these instances, fair value is estimated utilizing either a market approach considering quoted market prices for identical or similar assets, or an income approach determined using discounted projected cash flows. The determination of fair value requires that we make assumptions about future cash flows, discount rates and other estimates. Different assumptions could yield different conclusions that would affect our operating results in the period that such determination is made. There were no impairment losses on long-lived assets incurred during 2009, 2010 and 2011.

Self Insurance Reserves. We accrue for costs to provide self-insured benefits under our workers' compensation and employee health benefits programs. We determine the accrual for workers' compensation losses based on estimated costs to resolve each claim. We accrue for self-insured health benefits based on historical claims experience. We maintain insurance coverage to prevent financial losses from catastrophic workers' compensation or employee health benefit claims. Our financial position or results of operations could be materially adversely impacted should we experience a material increase in claims costs, including claim settlements or the projected costs to resolve claims increase significantly from the previously estimated amounts. Our accrued liability for self-insured workers' compensation and employee health benefits at December 31, 2010 and December 31, 2011 were $4.9 million and $4.5 million, respectively.

Environmental Reserves. We accrue for environmental remediation costs when it is probable that a liability has been incurred and a reasonable estimate of the liability can be made. Our remediation cost estimates are based on the facts known at the current time including consultation with a third-party environmental specialist and external legal counsel. Changes in environmental laws, improvements in remediation technology and discovery of additional information concerning known or new environmental matters could affect our operating results in the period that such change or determination is made.

Share Based Payments. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period. Determining the fair value of stock-based awards at the grant date requires considerable judgment, including estimating the underlying value of the common stock, the expected term of stock options, expected volatility of the underlying stock, and the number of stock-based awards expected to be forfeited due to future terminations. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material impact on our financial results in the period that such determination is made.

Income Taxes. We estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as goodwill amortization, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheets. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, we establish a valuation allowance. To the extent we adjust our valuation allowance during a period, we increase or decrease our income tax provision in our consolidated statements of operations. If any of our estimates of our prior period taxable income or loss require change, material differences could impact the amount and timing of income tax benefits or payments for any period.

The Company provides liabilities for uncertain tax positions which requires that we evaluate positions taken or expected to be taken in our income tax filings in all jurisdictions where we are required to file, and provide a liability for any positions that do not meet a "more likely than not" threshold of being sustained if examined by tax authorities. Potential interest and penalties associated with any uncertain tax positions are recorded as a component of income tax expense.

Recent Accounting Pronouncements

None.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk associated with change in interest rates and foreign currency exchange rates. We do not use derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

At December 31, 2011 we were not subject to market risk as the interest rates on our long-term debt are fixed and we do not have a balance outstanding on our ABL revolver.

Foreign Currency Risk

Foreign currency risk is the risk that we will incur economic losses due to changes in foreign currency exchange rates. We operate facilities in foreign countries. Our principal currency exposures relate to the Euro, the British pound, the Mexican peso and Malaysian ringgit. We consider impacts to our operating results related to foreign currency exposures to be low. Our foreign operations are generally cash flow positive and all transactions, both revenue and expense, are predominantly denominated in the local currency. As a result, any adverse currency changes would impact both revenue and expenses, offsetting each other, with little change to net income or loss and the related cash flows.

Commodity Price Risk

We are exposed to fluctuations in commodity prices through the purchase of raw materials that are processed from commodities, such as platinum, gold, titanium, stainless steel, cobalt-chrome and aluminum. Given the historical volatility of certain commodity prices, this exposure can impact product costs. To manage these fluctuations, we utilize competitive pricing methods such as bulk purchases, blanket orders and long-term contracts with our major suppliers to reduce short term fluctuations, in addition to certain instances where we generally pass through the cost of the raw material, such as with platinum. Additionally, we often do not set prices for our products in advance of our commodity purchases; therefore, we can take into account the cost of the commodity in setting our prices for each order. In instances where we have supply agreements with customers, we partially adjust prices for the impact of raw material price increases. However, to the extent that we are unable to offset the increased commodity costs in our product prices, our results could be affected.

Item 8. Consolidated Financial Statements and Supplementary Data

Our consolidated financial statements and related notes and report of our Independent Registered Public Accounting Firm are included beginning on page 66 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

The certifications of our principal executive officer and principal financial officer required in accordance with Rule 13a-14(a) under the Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached as exhibits to this Annual Report on Form 10-K. The disclosures set forth in this Item 9A contain information concerning the evaluation of our disclosure controls and procedures, and changes in internal control over financial reporting, referred to in paragraph 4 of the certifications. Those certifications should be read in conjunction with this Item 9A for a more complete understanding of the matters covered by the certifications.

(a) Evaluation of Disclosure Controls and Procedures.

Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2011. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and our management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2011.

(b) Management's Report on Internal Control over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets, provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made in accordance with authorizations of our management and Directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on our financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. Based on this evaluation, our management concluded that we maintained effective internal control over financial reporting as of December 31, 2011, based on criteria in *Internal Control—Integrated Framework* issued by the COSO.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the Dodd- Frank Wall Street Reform and Consumer Protection Act signed into law on July 21, 2010 ("Dodd-Frank"). Dodd-Frank provides a permanent exemption from the requirements of Section 404(b) of the Sarbanes- Oxley Act of 2002 for those entities that are neither large accelerated filers nor accelerated filers. As a result, the requirement for us to have our independent registered public accounting firm attest to, and report on, internal controls over financial reporting does not currently apply.

(c) Changes in Internal Control over Financial Reporting.

In 2011, we completed the process of implementing the Oracle ERP system throughout the entire company. The implementation of Oracle during the year ended December 31, 2011 modified our existing controls at two manufacturing locations as they migrated to the Oracle ERP system.

There have been no changes in our internal controls over financial reporting during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our executive officers and the directors, and their respective ages as of the date of this report, are as follows:

Name	Age	Position
Donald J. Spence	58	Chief Executive Officer, President and Director
Jeremy A. Friedman	58	Chief Financial Officer, Executive Vice President, Treasurer and Secretary
Jeffrey M. Farina	55	Executive Vice President of Technology and Chief Technology Officer
James M. McGorry	55	Executive Vice President, Sales and Marketing
Dean D. Schauer	45	Executive Vice President Operations, Supply Chain and Engineering
Kenneth W. Freeman	61	Chairman of the Board and Director
James C. Momtazee	40	Director
Chris Gordon	39	Director

Director Qualifications

The Board of Directors (the "Board") seeks to ensure that the Board is composed of members whose particular experience, qualifications, attributes and skills, when taken together, will allow the Board to satisfy its oversight responsibilities effectively. In identifying candidates for membership on the Board, our Board takes into account (1) minimum individual qualifications, such as high ethical standards, integrity, mature, careful judgment, industry knowledge or experience and an ability to work collegially with the other members of the Board and (2) all other factors it considers appropriate, including our contractual obligations with investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. ("KKR") and Bain Capital, LLC (collectively, the "Sponsor Group").

Kenneth W. Freeman, James C. Momtazee and Chris Gordon were appointed to the Board as a consequence of their respective relationships with investment funds affiliated with the Sponsor Group. Donald J. Spence was appointed to the Board upon his appointment as President and Chief Executive Officer in May 2010. Mr. Spence's appointment to the Board considered his experience, qualifications, attributes and skills, particularly within the medical device space.

When considering whether the Board's directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of Company's business and structure, the Board focused primarily on the information discussed in each of the Board members' or nominees' biographical information set forth below.

Each of the directors was elected to the Board pursuant to a Stockholders' Agreement, dated as of November 16, 2005, among Accellent Holdings Corp., our parent company, an affiliate of Kohlberg Kravis Roberts & Co. L.P. and certain affiliates of Bain Capital. Pursuant to such agreement, Kenneth W. Freeman and James C. Momtazee were appointed to the Board as a consequence of their respective relationships with KKR, and Chris Gordon was appointed to the Board as a consequence of his relationship with Bain Capital.

As a group, the directors possess experience in owning and managing enterprises like the Company and are familiar with corporate finance, strategic business planning activities and issues involving stakeholders more generally.

Donald J. Spence has served as our President and Chief Executive Officer and a Director since May 2010. Prior to joining us Mr. Spence was Chief Executive Officer of Philips Home Healthcare Solutions. Mr. Spence was President of the Sleep and Home Respiratory Group for Respironics, Inc. from 2005 until the firm was acquired by Royal Philips Electronics in 2008. Mr. Spence began his career as a financial analyst at Ford Motor Company, and has served in various roles in the medical device and automotive industries, including strategic planning, operations, global marketing, sales and senior management for BOC Group plc and GKN plc. Mr. Spence received a bachelor's degree in economics from Michigan State University and a master's degree in economics from Central Michigan University.

Jeremy A. Friedman has served as our Chief Financial Officer, Executive Vice President, Treasurer and Secretary since September 4, 2007. Prior to joining us, Mr. Friedman held several executive positions at Flextronics International Ltd., including Senior Vice President—Business Development from December 2006 to August 2007, Senior Vice President of Finance and Global Supply Chain—Components from January 2006 to December 2006, Chief Operating Officer—Flextronics Network Services from January 2004 to January 2006 and Vice President—Global Internal Audit from September 2002 to January 2004. Mr. Friedman holds a Bachelor of Arts Degree in Religion from Haverford College and an M.B.A. from Harvard Business School.

Jeffrey M. Farina has served as our Executive Vice President of Technology and Chief Technology Officer since June 2004, and from June 2000 to June 2004 our Vice President of Engineering. Mr. Farina has B.S. and M.S. degrees in mechanical engineering from Drexel University.

James M. McGorry has served as our Executive Vice President, Sales and Marketing, since August 2011. Prior to joining us, Mr. McGorry held various executive positions at Genzyme Corporation from 1998 to 2010, most recently serving as Senior Vice President, Oncology from 2003 to 2010. Mr. McGorry graduated from the United States Military Academy, West Point with a Bachelor of Science in Engineering and served in the United States Military from 1979 to 1985. He also holds an M.B.A from the Fuqua School of Business at Duke University.

Dean D. Schauer has served on the Executive Staff of Accellent since 2004. In his current role as our Executive Vice President, Engineering and Sales, Dean is responsible for all sales, customer service, technical services, manufacturing engineering, and design and development engineering. He has been affiliated with Accellent and its predecessor companies since 2000 in roles including Engineering Manager, Director of Program Management, Vice President of Engineering and Quality, Senior Vice President of Engineering and Customer Operations as well as direct Operations Leadership. Prior to working at Accellent, Dean worked for 10 years in various positions including Application Engineering, Technology Development, Technical Management, and Global Engineering and Sales Management. Dean has a Bachelor of Science degree in Metallurgical Engineering from South Dakota School of Mines and Technology and is certified in Six Sigma methodology.

Kenneth W. Freeman has served as Chairman of Accellent since May 2010, and previously served as Executive Chairman since January 2006. He joined the board of directors in November 2005. Mr. Freeman has been a senior advisor of Kohlberg Kravis Roberts & Co. since August 2010 and in August 2010 was appointed Dean of Boston University School of Management. From October 2009 to August 2010, Mr. Freeman was a member of KKR Management LLC, the general partner of KKR & Co. Before that, he was a member of the limited liability company which served as the general partner of Kohlberg Kravis Roberts & Co. L.P. since 2007 and joined the firm as Managing Director in May 2005. From May 2004 to December 2004, Mr. Freeman was Chairman of Quest Diagnostics Incorporated, and from January 1996 to May 2004, he served as Chairman and Chief Executive Officer of Quest Diagnostics Incorporated. From May 1995 to December 1996, Mr. Freeman was President and Chief Executive Officer of Corning Clinical Laboratories, the predecessor company to Quest Diagnostics. Prior to that, he served in various general management and financial roles with Corning Incorporated. Mr. Freeman currently serves as a director of HCA, Inc., and Masonite, Inc. and is chairman of the board of trustees of Bucknell University.

James C. Momtazee has been a member of KKR Management LLC, the general partner of KKR & Co. L.P. since October 1, 2009. Before that, he was a member of the limited liability company which served as the general partner of Kohlberg Kravis Roberts & Co. L.P. since 2009. From 1996 to 2009, he was an executive of Kohlberg Kravis Roberts & Co. L.P. From 1994 to 1996, Mr. Momtazee was with Donaldson, Lufkin & Jenrette in its investment banking department. Mr. Momtazee served as a director of Alliance Imaging from 2002 to 2007 and Accuride from March 2005 to December 2005 and currently serves as a director of Jazz Pharmaceuticals, Inc. and HCA, Inc.

Chris Gordon has been a Managing Director at Bain Capital since 2008 and has been with the firm since 1997. Prior to joining Bain Capital, Mr. Gordon was a consultant at Bain & Company. Mr. Gordon holds an MBA from Harvard Business School and an AB in Economics from Harvard College. Mr. Gordon also serves as a member of the Board of Directors of HCA, Inc., CRC Health Group, Inc., Air Medical Group Holdings, Inc., Physio-Control, Inc. and Quintiles Transnational, Inc.

Section 16(a) Beneficial Ownership Reporting Compliance

None of our directors, executive officers or any beneficial owner of more than 10% of our equity securities is required to file reports pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to their relationship with us because we do not have any equity securities registered pursuant to Section 12 of the Exchange Act.

Code of Business Conduct and Ethics

Our Board of Directors has adopted a code of business conduct and ethics applicable to directors, officers and employees to establish standards and procedures related to the compliance with laws, rules and regulations, treatment of confidential information, conflicts of interest, competition and fair dealing and reporting of violations of the code; and includes a requirement that we make prompt disclosure of any waiver of the code for executive officers or directors made by our Board of Directors. A copy of the code of business conduct and ethics is available in print without charge to any person who sends a request to the office of the Secretary of the Company at 100 Fordham Road, Wilmington, Massachusetts 01887.

Audit Committee Matters

Our Board of Directors has an Audit Committee that is responsible for, among other things, overseeing our accounting and financial reporting processes and audits of our financial statements. The Audit Committee is comprised of Messrs. Momtazee and Gordon.

Our audit committee does not include a “financial expert” as that term is defined in applicable regulations. The members of our audit committee have substantial experience in assessing the performance of companies and in understanding financial statements, accounting issues, financial reporting and audit committee functions. However, no member has comprehensive professional experience with generally accepted accounting principles and financial statement preparation and analysis and, accordingly, the Board of Directors does not consider either of them to be a “financial expert” as that term is defined in applicable regulations. Nevertheless, the Board of Directors believes that the members of our audit committee have the necessary expertise and experience to perform the functions required of the audit committee and, given their respective backgrounds, it would not be in the best interests of the Company to replace any of them with another person to qualify a member of the audit committee as a “financial expert.”

Item 11. Executive Compensation

Director Compensation

The non-employee directors of Accellent Holdings Corp. are paid an annual retainer of $30,000 in cash or phantom stock, as described below, for their service as members of the board of directors. Mr. Spence, who serves as our Chief Executive Officer in addition to serving as a director, did not receive any separate compensation in respect of his service as a director. In addition, all directors are reimbursed for any out-of-pocket expenses incurred by them in connection with services provided in such capacity.

Accellent Holdings Corp. has established a Directors’ Deferred Compensation Plan (the “Plan”) for all non-employee directors of Accellent Holdings Corp. The Plan allows each non-employee director to elect to defer receipt of all or a portion of his or her annual directors’ fees to a future date or dates. Any amounts deferred under the Plan are credited to a phantom stock account. The number of shares of phantom stock of Accellent Holdings Corp. credited to the director’s phantom stock account will be determined based on the amount of compensation deferred during any given year, divided by the then “fair market value per share” (as such term is defined in the Plan) of Accellent Holdings Corp.’s common stock. If there has been no public offering of Accellent Holdings Corp.’s common stock, the “fair market value per share” of the common stock will be determined in the good faith discretion of the Accellent Holdings Corp. Board of Directors. Upon a separation from service with the Accellent Holdings Corp. Board of Directors or the occurrence of a “change in control” of Accellent Holdings Corp. (as such term is defined in the Plan), each non-employee director will receive (or commence receiving, depending upon whether the director has elected to receive distributions from his or her phantom stock account in a lump sum or in installments over time) a distribution of his or her phantom stock account, in either cash or common stock of Accellent Holdings Corp. (subject to the prior election of each such director). The Plan may be amended or terminated at any time by the Accellent Holdings Corp. Board of Directors and in form and operation is intended to be compliant with Section 409A of the Internal Revenue Code of 1986, as amended.

Director Compensation for 2011

Name	Fees Earned or Paid in Cash ($) (1) (2)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James C. Momtazee	$30,000	$ —	$ —	$ —	$ —	$ —	$30,000
Chris Gordon	$30,000	$ —	$ —	$ —	$ —	$ —	$30,000
Kenneth W. Freeman	$30,000	$ —	$ —	$ —	$ —	$ —	$30,000

(1) Each Director elected to defer the entire amount of his fees for 2011 under the Plan to a phantom stock account.

(2) Compensation for Donald J. Spence, a Director, is included in the Summary Compensation Table included elsewhere in this Item 11 as he served as our Chief Executive Officer during all of 2011.

Compensation Discussion and Analysis

Executive Compensation Philosophy and Objectives

Our compensation philosophy and programs are designed to attract and retain talented executives that will drive shareholder value. We achieve this goal by offering a competitive comprehensive compensation strategy that links executive pay to the achievement of measurable corporate and individual performance objectives that we believe enhance and motivate our executives to excel. Examples of such objectives include growth in revenue and EBITDA and the accomplishment of personal objectives that typically focus on more tactical areas like market penetration, new business, increased productivity, decreased costs, reductions in cycle time, fill rate and customer lot acceptance. We manage this process through our performance management and incentive design strategies.

Broadly stated, our compensation programs intend to reward the creation of shareholder value, financial and operational performance and individual expertise and experience.

Accellent also provides special compensation in certain situations. When attracting talent to our organization, annual compensation packages for new executives are determined by the competitive market for the role, experience of the candidate and to some extent, geographical location. As part of our executive recruiting process, we occasionally offer signing bonuses to offset compensation forfeited by the candidate when terminating employment with his or her prior employer.

Compensation Process

The Board of Directors of Accellent Holdings Corp. establishes compensation and benefit practices for the executives of Accellent. The compensation levels for executive officers are based on internal assessments by our largest stockholder, KKR Millennium GP LLC, prior compensation levels of those executives, the pay levels of the person in the role previously at Accellent and input from our search firm. For executive officers who are not newly recruited, current compensation levels are a result of merit increases from prior levels.

Elements of Compensation for Named Executive Officers

We achieve the objectives of our compensation program through the use of several compensation elements. We use a combination of direct compensation, such as salary, bonus, equity awards, limited perquisites and indirect compensation in the form of retirement benefits. We also provide executives with change in control and severance protection. During 2011, our Named Executive Officers were Donald J. Spence, our President and Chief Executive Officer, Jeremy A. Friedman, our Chief Financial Officer, Executive Vice President, Treasurer and Secretary, Dean D. Schauer, our Executive Vice President of Operations, Supply Chain and Engineering, Jeffrey M. Farina, our Executive Vice President and Chief Technology Officer and James M. McGorry, our Executive Vice President, Sales and Marketing.

- Salary

Our base salary payments are used to compensate executives for their role at Accellent and for their individual expertise and experience and to provide executives with a stable and predictable source of income. Annual merit increases are based on a combination of accomplishments versus objectives (50%), completion of the normal duties of the role as defined in the job description (20%) and abiding by Accellent's values (30%). During 2011, each of Messrs. Friedman, Schauer and Farina received 4% salary increases as a result of the merit increase process. Mr. McGorry, who joined us in August 2011, did not receive any salary increase in 2011.

- Bonus

Accellent's short-term incentive program consists of our annual bonus plan. We use our annual bonus plan, in combination with salary, to provide the executive with a total compensation package that exceeds the market when all annual goals are met. Eligibility for the annual bonus plan is dependent on role within the organization as well as competitive market data. All of our executive officers participate in the annual bonus plan. Rewards are determined based upon the accomplishment of annual goals and objectives. An annual target bonus of a percentage of the base salary is established at date of hire, and reviewed annually, and also determined, near time of payment, utilizing a combination of financial target elements, such as growth of Adjusted EBITDA (as defined in Item 6 in the "Selected Financial Data" section above), and personal objectives. We believe that both the financial targets and personal objectives are achievable. Executives may also be eligible for bonuses in excess of the annual target bonus for substantially exceeding the financial targets or for extraordinary performance. In 2011, the Named Executive Officer bonus plan was based on achievement of a revenue target (40%), an Adjusted EBITDA target (40%) and achievement of a measure of employee engagement (20%). To achieve the full bonus potential at 100%, the Company must have achieved revenue of $535.4 million and Adjusted EBITDA of $115.0 million. The plan permits bonus achievement should a minimum level of achievement be reached. For 2011 these minimums were $110.1 million for Adjusted EBITDA and $515.0 million for revenue. Should any one of the three bonus criteria not be achieved the Company is not obligated to pay bonuses regardless of achievement of any of the other measures. In 2011, the Company's Adjusted EBITDA was $103.4 million, revenue was $531.8 million and the employee engagement measure was achieved. Since the minimum Adjusted EBITDA was not achieved, bonuses to be paid for 2011 are discretionary. Notwithstanding that the minimum Adjusted EBITDA target was not achieved, the Board of Directors approved discretionary bonus payments representing 30% of each named executive officer's target bonus.

- Equity awards

Accellent's long-term incentive award program utilizes equity instruments to offer our executives a vehicle for wealth accumulation and provides Accellent with a strong retention instrument. Equity-based awards are intended to align the financial interest of our executives with long-term shareholder value creation. Equity-based awards are typically provided to executives upon hire or with an increase in responsibility. Equity grants historically have not been provided on an annual basis.

We have adopted the 2005 Equity Plan for Key Employees of Accellent Holdings Corp. and its Subsidiaries and Affiliates (the "Equity Plan"), which provides for the grant of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code), options that are not incentive stock options and various other stock-based grants, including the shares of common stock of Accellent Holdings Corp. (our Parent) and options granted to executive officers and other key employees. The options are generally granted as follows: 50% vest and become exercisable over the passage of time, which we refer to as "time options," assuming the option holder continues to be employed by us, and 50% vest and become exercisable upon the achievement of certain performance targets, which we refer to as "performance options."

Exercise Price. The exercise price of the options is the fair market value of the shares underlying the options on the date of the grant of the option.

Vesting of Time Options. Time options generally become exercisable by the holder of the option in installments equal to 20% on each of the first five anniversaries of the grant date.

Vesting of Performance Options. Performance options generally are eligible to become exercisable over the first five fiscal years occurring after the grant date upon the achievement of certain performance targets for fully diluted share value growth over the five year window, using a defined calculation and pre-determined performance targets. In the event that performance targets are not achieved in any given fiscal year but are achieved in a subsequent year, the performance option will become exercisable as to the previously unexercisable percentage of the performance options from the missed years, as well as with respect to the percentage of the performance options in respect of the fiscal year in which the performance targets are achieved.

Effect of Change in Control of Accellent Holdings Corp. In addition, immediately prior to a change in control of Accellent Holdings Corp., as defined in the Equity Plan, (1) the exercisability of the time options will automatically accelerate with respect to 100% of the shares of common stock of Accellent Holdings Corp. subject to the time options and (2) a percentage of the unvested performance options will automatically vest if, as a result of the change in control, a specified rate of return is achieved by Accellent Holding Corp.

Effect of Disposition of Shares of Common Stock of Accellent Holdings Corp. In addition, based upon Accellent Holdings LLC's disposition of its shares of common stock of Accellent Holdings Corp., the exercisability of the time and performance options will automatically accelerate with respect to a percentage of the shares of common stock of Accellent Holdings Corp. that would otherwise be subject to time and performance vesting conditions.

Miscellaneous. The options will only be transferable by will or pursuant to applicable laws of descent and distribution upon the death of the option holder. The Equity Plan may be amended or terminated by Accellent Holdings Corp.'s Board of Directors at any time. During 2011, considering several factors, including retention, Mr. Farina was granted 40,000 options.

- Limited Perquisites

Accellent has limited perquisite benefits. We provide our executives with access to a Company-paid comprehensive annual physical. In addition, we provide certain executives with a car allowance, the amount of which is dependent on their role within the organization.

- Retirement Benefits

Accellent provides retirement benefits to executives through a Company-wide 401(k) plan. The plan has a five year vesting schedule and matches employee contributions at a rate of 50% of the first 6% of employee contributions. This retirement benefit is designed to allow the executive to use the tax-deferred feature of a 401(k) plan to build a retirement fund. Mr. Farina is also a participant in the Supplemental Executive Retirement Pension Program (SERP) because he was affiliated with us before we discontinued any new participation in the SERP.

- Change-in-Control and Severance Arrangements

Accellent believes executive officers should be protected and motivated in the event of a change in control of Accellent. The major component of the change in control protections for executives is reflected in our equity agreements and is in the form of an accelerated vesting schedule. In addition, we also offer salary continuation protection commensurate with role in the organization and experience.

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2009, 2010 and 2011 concerning all compensation awarded to, earned by or paid to the individuals who served as our chief executive officer and chief financial officer during the fiscal year ended December 31, 2011 and our other three Executive Vice Presidents who served in their roles during our most recently completed fiscal year. We refer to these individuals as our named executive officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Donald J. Spence	2011	559,625	152,955	—	—	—	—	—	712,580
President and Chief Executive Officer	2010	334,521	150,545	—	2,903,845	—	—	—	3,388,911
Jeremy A. Friedman	2011	380,996	69,416	—	—	—	—	7,440(3)	457,852
Chief Financial Officer,	2010	368,408	112,333	—	223,527	—	—	7,910(3)	712,178
Executive Vice President,	2009	360,000	—	—	—	—	—	7,530(3)	367,530
Treasurer and Secretary									
Dean D. Schauer	2011	307,000	56,160	—	—	—	—	14,658(5)	377,818
Executive Vice President,	2010	281,423	71,508	—	223,527	—	—	14,610(5)	591,068
Operations, Supply Chain and	2009	248,482	—	—	234,611	—	—	14,672(5)	497,765
Engineering									
Jeffrey M. Farina	2011	245,135	37,296	—	173,752	—	229,325(4)	15,087(5)	700,595
Executive Vice President of Technology	2010	237,176	60,062	—	—	—	1,059,732(4)	15,117(5)	1,372,087
and Chief Technology Officer	2009	232,101	—	—	—	—	217,295(4)	15,046(5)	464,442
James M. McGorry	2011	111,301	20,036	—	282,706	—	—	2,348(6)	416,391
Executive Vice President,									
Sales and Marketing (1)									

(1) Mr. McGorry joined the Company as Executive Vice President, Sales and Marketing in August 2011.

(2) Option awards reflect the aggregate grant date fair value of awards granted during the applicable fiscal year calculated pursuant to Financial Accounting Standards Board Accounting Standards Codification 718, *Compensation – Stock Compensation*. For assumptions used to determine grant date fair value, see the "Stock-Based Compensation" section in Note 8 to the Consolidated Financial Statements.

(3) This amount represents the change in the actuarial present value of accumulated pension benefits.

(4) This amount represents employer contributions to a 401(k) plan, life insurance premiums, relocation costs and an incentive for Mr. Friedman's participation in a Company sponsored wellness incentive.

(5) This amount includes employer contributions to a 401(k) plan, life insurance premiums and auto allowances.

(6) This amount includes employer contributions to a 401(k) plan.

Grants of Plan-Based Awards in 2011

The following table provides summary information for each of our named executive officers with respect to grants of plan-based awards in 2011.

	Estimated Future Payouts Under Non-Equity Incentive Plan Awards				Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Threshold ($)	Target ($)	Maximum ($)	Grant Date	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Donald J. Spence	—	$152,955	—	—	—	—	—	—	—	—	—
Jeremy A. Friedman	—	$ 69,416	—	—	—	—	—	—	—	—	—
Dean D. Schauer	—	$ 55,266	—	—	—	—	—	—	—	—	—
Jeffrey M. Farina	—	$ 37,296	—	4/20/11	—	20,000	—	—	20,000	$ 3.00	$ 40,728
Jeffrey M. Farina	—	—	—	2/24/11	—	65,000	—	—	65,000	$ 3.00	$133,024
James M. McGorry	—	$ 66,788	—	10/20/11	—	150,000	—	—	150,000	$ 3.00	$282,706

The time-based options generally become exercisable by the holder of the option in installments of 20% on each of the first five anniversaries of the option's grant date. Performance options generally become exercisable over the first five fiscal years occurring after the grant date upon the achievement of certain performance targets. In the event that performance targets are not achieved in any given fiscal year but are achieved in a subsequent year, the performance option will become exercisable as to the previously unexercisable percentage of the performance options from the missed years, as well as with respect to the percentage of the performance options in respect of the fiscal year in which the performance targets are achieved. For further details on performance options, see the "Compensation Discussion & Analysis" section.

Employment Agreements

We have entered into employment agreements with certain named executive officers, which provide for their employment as executive officers of us and our subsidiaries. The terms of these employment agreements are set forth below.

In April 2010, we entered into an employment agreement with Donald J. Spence to serve as our President and Chief Executive Officer. We and Mr. Spence amended the employment agreement as of October 2011. Under the agreement, Mr. Spence is entitled to an annual salary of $550,000, subject to subsequent annual adjustment. Mr. Spence is eligible for an annual target bonus of 90% of his base salary (the "Annual Target Bonus"), based upon his reaching individual and Company-related performance milestones. Mr. Spence was also eligible for bonuses in excess of the Annual Target Bonus of up to one and one-half times the Annual Target Bonus for substantially exceeding the specified milestones, as well as for other extraordinary performance. The agreement also incorporates non-competition provisions. Mr. Spence's employment agreement has a two year initial term with one year extensions after the initial term and is subject to termination upon 90 days written notice.

In September 2007, we entered into an employment agreement with Jeremy Friedman to serve as our Executive Vice President and Chief Financial Officer. We and Mr. Friedman amended the employment agreement as of March 2008 and as of December 2008. Under the amended agreement, Mr. Friedman is entitled to an annual salary of $360,000, subject to subsequent annual adjustment. Mr. Friedman is eligible for an annual target bonus of 60% of his base salary (the "Annual Target Bonus"), based upon Mr. Friedman reaching individual and Company-related performance milestones. Mr. Friedman may also be eligible for bonuses in excess of the Annual Target Bonus of up to one and one-half times the Annual Target Bonus for substantially exceeding the specified milestones, as well as for other extraordinary performance. For 2008, Mr. Friedman's bonuses were paid in the form of fully vested shares of common stock of Accellent Holdings Corp. to the extent that Mr. Friedman had not made an investment in Accellent Holdings Corp. of an amount equal to $150,000 at the time the bonuses were paid. The agreement also incorporates non-competition provisions. Mr. Friedman's employment agreement is subject to termination upon 90 days written notice.

As of February 24, 2011, we entered into an employment agreement with Jeffrey M. Farina to continue as our Executive Vice President of Technology and Chief Technology Officer. Under the agreement, Mr. Farina is entitled to an annual salary of $240,000, subject to subsequent annual adjustment. In addition, Mr. Farina is eligible for an annual target bonus of 50% of his base salary (the "Annual Target Bonus"), based upon Mr. Farina reaching individual and Company-related performance milestones. Mr. Farina may also be eligible for bonuses in excess of the Annual Target Bonus for substantially exceeding the specified milestones, as well as for other extraordinary performance. The agreement also incorporates non-competition provisions. The agreement also entitles Mr. Farina to a longevity bonus of $150,000 if he remains employed with Accellent through January 1, 2015.

In July 2009, we entered into an employment agreement with Dean D. Schauer to serve as our Executive Vice President of Operations, Supply Chain and Engineering. We and Mr. Schauer amended the employment agreement as of October 2011. Under the agreement, Mr. Schauer is entitled to an annual salary of $275,000, subject to subsequent annual adjustment. In addition, Mr. Schauer is eligible for an annual target bonus of 50% of his base salary (the "Annual Target Bonus"), based upon Mr. Schauer reaching individual and Company-related performance milestones. Mr. Schauer may also be eligible for bonuses in excess of the Annual Target Bonus for substantially exceeding the specified milestones, as well as for other extraordinary performance. The agreement also incorporates non-competition provisions. Mr. Schauer's employment agreement has a two year initial term with one year extensions after the initial term and is subject to termination upon 90 days written notice.

In August 2011, we entered into an employment agreement with James M. McGorry to serve as our Executive Vice President, Sales and Marketing. Under the agreement, Mr. McGorry is entitled to an annual salary of $325,000, subject to subsequent annual adjustment. In addition, Mr. McGorry is eligible for an annual target bonus of 60% of his base salary (the "Annual Target Bonus"), based upon Mr. McGorry reaching individual and Company-related performance milestones. Mr. McGorry may also be eligible for bonuses in excess of the Annual Target Bonus for substantially exceeding the specified milestones, as well as for other extraordinary performance. The agreement also incorporates non-competition provisions. Mr. McGorry's employment agreement has a two year initial term with one year extensions after the initial term and is subject to termination upon 60 days written notice.

Outstanding Equity Awards at December 31, 2011

The following table provides summary information for each of our named executive officers with respect to outstanding equity awards held as of December 31, 2011. All stock options in the table below were granted by Accellent Holdings Corp. Our named executive officers did not hold any other form of equity-based compensation as of December 31, 2011.

	Option Awards				
Name	**Number of Securities Underlying Unexercised Options (#) (Exercisable)**	**Number of Securities Underlying Unexercised Options (#) (Unexercisable)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Options Exercise Price ($)**	**Option Expiration Date**
Donald Spence	250,000	1,000,000	1,250,000	$ 3.00	5/24/20
Jeremy Friedman	566,650	100,000	333,350	$ 3.00	9/4/17
	20,000	80,000	100,000	$ 3.00	7/20/20
Jeffrey M. Farina	20,182	—	—	$ 1.25	7/19/14
	82,401	—	82,401	$ 5.00	11/22/15
	93,330	40,000	66,670	$ 3.00	4/29/18
	—	20,000	20,000	$ 3.00	4/20/21
	—	65,000	65,000	$ 3.00	2/24/21
Dean D. Schauer	40,363	—	—	$ 1.25	7/1/14
	20,182	—	—	$ 1.25	7/19/14
	20,812	—	20,812	$ 5.00	11/22/15
	25,000	—	25,000	$ 5.00	12/19/16
	34,999	15,000	25,001	$ 3.00	4/29/18
	60,000	90,000	150,000	$ 3.00	7/14/19
	20,000	80,000	100,000	$ 3.00	7/20/20
James M. McGorry	—	150,000	150,000	$ 3.00	10/20/21

Certain options with the exercise price of $1.25 are roll-over options and were fully vested upon grant. For the remaining options, 50% are time options and 50% are performance options. The grant dates for time and performance options are 10 years prior to the expiration dates. For more details about the vesting schedule of our equity awards, see the "Compensation Discussion & Analysis" section.

Option Exercises and Stock Vested in 2011

The following table provides summary information for each of our named executive officers with respect to option exercises and stock vested in 2011. All stock awards vested as noted in the table below were in the stock of Accellent Holdings Corp.

	Option Exercises and Stock Vested in 2011			
	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Donald J. Spence	—	—	—	—
Jeremy Friedman	—	—	—	—
Dean D. Schauer	—	—	—	—
Jeffrey M. Farina	—	—	—	—
James M. McGorry	—	—	—	—

Pension Benefits for 2011

We maintain a Supplemental Executive Retirement Pension Program ("SERP") for one of our named executives. Mr. Farina is the only named executive officer who participates in the SERP because he is the only named executive officer who was affiliated with us before we discontinued new participation in the SERP. Benefits under the SERP are shown in the table below.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Jeffrey Farina	SERP	20	$ 816,265	$ —

The present value of the accumulated benefit was determined based on discounted cash flows at a rate of 5.5%. Annual salary increases were projected at the rate of 3%. Benefits are payable if the participant has at least 10 years of service and retires no earlier than age 55. Termination prior to age 55 will result in forfeiture of the SERP benefit.

Potential Payments Upon Termination or Change-In-Control

Severance Arrangements

We have entered into severance and change-in-control agreements with certain of our named executive officers. The terms of these agreements are set forth below.

If Mr. Spence is terminated without cause or decides to leave his employment for good reason, then we will pay Mr. Spence in equal installments over 24 months, an amount equal to two times the sum of his (i) then-effective base salary and (ii) annual bonuses earned in respect of the two fiscal years prior to the termination (provided that this amount will be paid in one lump sum if the termination occurs within 24 months of a change of control). We will also continue to provide health, dental and vision insurance for 24 months from the date of termination of employment. We estimate the total severance cost to be approximately $1.8 million based on Mr. Spence's compensation level as of December 31, 2011 and bonuses for 2011 and 2010. If Mr. Spence is terminated due to death or disability, then the Company will pay to the estate of Mr. Spence or Mr. Spence, as the case may be, the compensation that would otherwise be payable to Mr. Spence through the date of his termination including pro-rata bonus. If Mr. Spence is terminated for cause or decides to leave his employment without good reason, his rights to base salary, benefits and bonuses shall immediately terminate.

If Mr. Friedman is terminated without cause or decides to leave his employment for good reason, then we will pay Mr. Friedman, in equal installments over 18 months, an amount equal to the present value (using an 8% discount rate) of one and one half times the sum of his (i) then-effective base salary and (ii) annual bonus earned in respect of the fiscal year prior to the termination provided that this amount will be paid in one lump sum if a change of control occurs and Mr. Friedman is terminated (whether in anticipation of the change of control or thereafter). We will also continue to provide health, dental and vision insurance for eighteen months from the date of termination of employment. We estimate the total severance cost to be approximately $565,000 based on Mr. Friedman's compensation level as of December 31, 2011 and bonus for 2011. If Mr. Friedman is terminated due to death or disability, then the Company will pay to the estate of Mr. Friedman or Mr. Friedman, as the case may be, the compensation that would otherwise be payable to Mr. Friedman through the date of his termination including pro-rata bonus. If Mr. Friedman is terminated for cause or decides to leave his employment without good reason, his rights to base salary, benefits and bonuses shall immediately terminate.

If Mr. Farina is terminated without cause, then we will continue to pay Mr. Farina his base salary for a period of 12 months from the date of termination. We will also continue to provide health, dental and vision insurance for twelve months from the date of termination of employment. We estimate the total severance cost to be approximately $260,000 based on Mr. Farina's compensation level as of December 31, 2011. If Mr. Farina is terminated due to death or disability, then the Company will pay to the estate of Mr. Farina or Mr. Farina, as the case may be, the compensation that would otherwise be payable to Mr. Farina through the end of the month in which the termination occurs. If Mr. Farina is terminated for cause or decides to leave his employment, his rights to base salary, benefits and bonuses shall immediately terminate.

If Mr. Schauer is terminated without cause or decides to leave his employment for good reason, then we will continue to pay Mr. Schauer in equal installments over twelve months, an amount equal to the sum of his (i) then-effective base salary and (ii) annual bonus earned in respect of the fiscal year prior to the termination (provided that this amount will be paid in one lump sum if the termination occurs within 24 months of a change of control). We will also continue to provide health, dental and vision insurance for twelve months from the date of termination of employment. We estimate the total severance cost to be approximately $380,000 based on Mr. Schauer's compensation level as of December 31, 2011 and bonus for 2011. If Mr. Schauer is terminated due to death or disability, then the Company will pay to the estate of Mr. Schauer or Mr. Schauer, as the case may be, the compensation that would otherwise be payable to Mr. Schauer through the date of his termination including pro-rata bonus. If Mr. Schauer is terminated for cause or decides to leave his employment without good reason, his rights to base salary, benefits and bonuses shall immediately terminate.

If Mr. McGorry is terminated without cause or decides to leave his employment for good reason, then we will continue to pay Mr. McGorry in equal installments over twelve months, an amount equal to the sum of his (i) then-effective base salary and (ii) annual bonus earned in respect of the fiscal year prior to the termination (provided that this amount will be paid in one lump sum if the termination occurs within 24 months of a change of control). We estimate the total severance cost to be $345,036 based on Mr. McGorry's compensation level as of December 31, 2011 and bonus for 2011. If Mr. McGorry is terminated due to death or disability, then the Company will pay to the estate of Mr. McGorry or Mr. McGorry, as the case may be, the compensation that would otherwise be payable to Mr. McGorry through the date of his termination including pro-rata bonus. If Mr. McGorry is terminated for cause or decides to leave his employment without good reason, his rights to base salary, benefits and bonuses shall immediately terminate.

Change in Control Arrangements

In addition, immediately prior to a change in control of Accellent Holdings Corp., as defined in the Equity Plan, (1) the exercisability of the time options will automatically accelerate with respect to 100% of the shares of common stock of Accellent Holdings Corp. subject to the time options and (2) a percentage of the unvested performance options will automatically vest if, as a result of the change in control, a specified rate of return is achieved by Accellent Holdings Corp. All named executives have entered into this change in control arrangement. Assuming that as of December 31, 2011 a change in control has occurred and the options accelerated, no value would have been realized based on the fair market value of December 31, 2011.

Following the completion of the Acquisition, Accellent Holdings Corp. entered into agreements with certain members of management providing such individuals with excise tax protection from excise taxes imposed on such member of management under Section 4999 of the Internal Revenue Code of 1986, as amended, in the event of a change in control (as defined in the agreement) following a public offering (as defined in the agreement) and if certain conditions are met, prior to a public offering. In 2011, because there would have been no value to the acceleration of options no excise tax would have been incurred.

Employee Benefit Plans

Generally, our employees, including certain of our directors and named executive officers, participate in our various employee benefit plans, including a stock option and incentive plan which provides for grants of incentive stock options, nonqualified stock options, restricted stock and restricted stock units. We maintain pension plans which provide benefits at a fixed rate for each month of service and a 401(k) plan which are available to employees at several of our locations as described above under "Compensation Discussion and Analysis." We have a Supplemental Executive Retirement Pension Program (SERP), a non-qualified, unfunded deferred compensation plan that covers one executive.

Compensation Committee Report

The Board of Accellent Holdings Corp. has reviewed and discussed the Compensation Discussion and Analysis with management. Based on the Board's review and discussion with management, the Board of Accellent Holdings Corp. recommended that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

James C. Momtazee
Chris Gordon
Kenneth W. Freeman

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Accellent Acquisition Corp. owns 100% of the capital stock of Accellent Inc., and Accellent Holdings Corp. owns 100% of the capital stock of Accellent Acquisition Corp. Accellent Inc. does not maintain any equity compensation plans under which our equity securities are authorized for issuance.

The following table and accompanying footnotes show information regarding the beneficial ownership of Accellent Holdings Corp. common stock as of March 19, 2012 by (i) each person known by us to beneficially own more than 5% of the outstanding shares of Accellent Holdings Corp. common stock, (ii) each of our directors, (iii) each named executive officer and (iv) all directors and executive officers as a group. Unless otherwise indicated, the address of each person named in the table below is c/o Accellent Inc., 100 Fordham Road, Building C, Wilmington, Massachusetts 01887.

Name and Address of Beneficial Owner	Beneficial Ownership of Accellent Holdings Corp. Common Stock (1)	Percentage of Accellent Holdings Corp. Common Stock
KKR Millennium GP LLC (2)	91,650,000	71.7%
Bain Capital (3)	30,550,000	23.9%
Donald J. Spence	200,000	*
Jeremy A. Friedman (4)	516,650	*
Jeffrey M. Farina (5)	274,009	*
Dean D. Schauer (6)	158,856	*
James M. McGorry (8)	50,000	*
Kenneth W. Freeman (2)	—	—
James C. Momtazee (2)	—	—
Chris Gordon (3)	30,550,000	23.9%
Directors and named executive officers as a group (11 persons) (7)	123,349,515	96.6%

* Less than one percent

(1) The amounts and percentages of Accellent Holdings Corp. common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of such securities as to which such person has an economic interest.

(2) Reflects shares of common stock owned of record by Accellent Holdings LLC, which is the investment vehicle of KKR Millennium Fund L.P., KKR Partners III, L.P. and KKR KFN Co-Invest Holdings, L.P. As the sole general partner of KKR Millennium Fund L.P., KKR Associates Millennium L.P. may be deemed to be the beneficial owner of such securities held by KKR Millennium Fund L.P. As the sole general partner of KKR Associates Millennium L.P., KKR Millennium GP LLC also may be deemed to be the beneficial owner of such securities held by KKR Millennium Fund L.P. Each of KKR Fund Holdings L.P. (as the designated member of KKR Millennium GP LLC); KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.); KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited); KKR Group Limited (as the sole general partner of KKR Group Holdings L.P.); KKR & Co. L.P. (as the sole shareholder of KKR Group Limited) and KKR Management LLC (as the sole general partner of KKR & Co. L.P.) may also be deemed to be the beneficial owner of the securities held by KKR Millennium Fund L.P. As the designated members of KKR Management LLC, Henry R. Kravis and George R. Roberts may also be deemed to beneficially own the securities held by KKR Millennium Fund L.P. Messrs. Kravis and Roberts have also been designated as managers of KKR Millennium GP LLC by KKR Fund Holdings L.P. Each person, other than the record holder, disclaims beneficial ownership of the securities held by Accellent Holdings LLC. Each of Mr. Kenneth W. Freeman and Mr. James C. Momtazee is a director of Accellent Holdings Corp. and Accellent Inc. and each is an executive of KKR and/or its affiliates. They disclaim beneficial ownership of any Accellent Holdings Corp. shares beneficially owned by affiliates of KKR. The address of the above holders is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, New York 10019, except the address for George R. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

(3) Shares shown as beneficially owned by Bain Capital and Mr. Chris Gordon reflect the aggregate number of shares of common stock held, or beneficially held, by Bain Capital Integral Investors, LLC (“Bain”) and BCIP TCV, LLC (“BCIP”). Mr. Gordon is a Managing Director of Bain Capital Investors, LLC (“BCI”), which is the administrative member of each of Bain and BCIP. Accordingly, Mr. Gordon and BCI may each be deemed to beneficially own shares owned by Bain and BCIP. Mr. Gordon is a director of Accellent Holdings Corp. and Accellent Inc. Mr. Gordon and BCI disclaim beneficial ownership of any such shares in which they do not have a pecuniary interest. The address of Bain, BCIP, BCI and Mr. Gordon is c/o Bain Capital, LLC, 111 Huntington Avenue, Boston, Massachusetts 02199.
(4) Consists of 466,650 shares of common stock underlying outstanding stock options that are exercisable within 60 days and 50,000 shares of common stock owned by Mr. Friedman which are subject to re-sale limitations.
(5) Consists of 274,009 shares of common stock underlying outstanding stock options that are exercisable within 60 days.
(6) Consists of 158,856 shares of common stock underlying outstanding stock options that are exercisable within 60 days.
(7) Includes 801,419 shares of common stock underlying outstanding stock options that are exercisable with 60 days.
(8) Includes 50,000 shares of common stock owned by Mr. McGorry which are subject to resale limitations.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Person Transaction Policy

We have established a related person transaction policy which provides procedures for the review of transactions in excess of $120,000 in any year between us and any covered person having a direct or indirect material interest, with certain exceptions. Covered persons include any director, executive officer, director nominee, 5% stockholder or any immediate family members of the foregoing. Any such related person transactions will require advance approval by our Board of Directors with covered persons involved in the transaction not participating.

Management Services Agreement with KKR

In connection with the Acquisition, we entered into a management services agreement with KKR pursuant to which KKR will provide certain structuring, consulting and management advisory services to us. Pursuant to this agreement, KKR received an aggregate transaction fee of $13.0 million paid upon the closing of the Acquisition and will receive an advisory fee of $1.0 million payable annually, such amount to increase by 5% per year beginning October 1, 2006. We indemnify KKR and its affiliates, directors, officers and representatives (collectively, the “Indemnified Parties”) for losses relating to the services contemplated by the management services agreement and the engagement of KKR pursuant to, and the performance by KKR of the services contemplated by, the management services agreement. We also reimburse any Indemnified Party for all expenses (including counsel fees and disbursements) upon request as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim or any action or proceeding arising from any of the foregoing, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by us; provided, however, that we will not be liable under the foregoing indemnification provision to the extent that any loss, claim, damage, liability or expense is found in a final judgment by a court to have resulted from an Indemnified Party’s willful misconduct or gross negligence. During the year ended December 31, 2011, the Company incurred KKR management fees and related expenses of $1.3 million. As of December 31, 2011, the Company owed KKR $0.3 million for unpaid management fees which are included in accounts payable on the consolidated balance sheet included elsewhere in this Annual Report on Form 10-K. In addition, Capstone Consulting LLC and certain of its affiliates (“KKR-Capstone”), provide integration consulting services to the Company. Although neither KKR nor any entity affiliated with KKR owns any equity interest in KKR-Capstone, KKR has provided financing to KKR-Capstone. At December 31, 2011 the Company owed KKR-Capstone $0.3 million, which is payable in common stock of AHC.

Entities affiliated with KKR Asset Management (“KKR-AM”), an affiliate of KKR, owned approximately $31.3 million principal amount of our 2017 Senior Secured Notes at December 31, 2011. KKR- AM owned approximately $27.9 million principal amount of our 2017 Senior Subordinated Notes at December 31, 2011.

The Company sells medical device equipment to Biomet, Inc., which in September 2007 became privately owned by a consortium of private equity sponsors, including KKR. Sales to Biomet, Inc. during the fiscal year ended December 31, 2011 totaled $0.2 million. At December 31, 2011, $0.1 million was due from Biomet, Inc.

In October 2009, the Company began utilizing the services of SunGard Data Systems, Inc (“SunGard”), a provider of software and information processing solutions. SunGard is privately owned by a consortium of private equity sponsors, including KKR and Bain Capital. The Company entered into an agreement with SunGard to provide information systems hosting services for the Company. The Company incurred approximately $0.6 million in fees in connection with this agreement for the year ended December 31, 2011.

Registration Rights Agreement

In connection with the Acquisition, we entered into a registration rights agreement with entities affiliated with KKR and entities affiliated with Bain Capital (each a "Sponsor Entity" and together the "Sponsor Entities") pursuant to which the Sponsor Entities are entitled to certain demand rights with respect to the registration and sale of their shares of Accellent Holdings Corp.

Management Stockholder's Agreement

In connection with retaining the Rollover Options, the grant of options under the new option plan and, in certain cases, the purchase of shares of common stock of Accellent Holdings Corp., certain of our members of management entered into a management stockholder's agreement with us. The management stockholder's agreement generally restricts the ability of the management stockholders to transfer shares held by them for five years after the closing of the Acquisition.

If a management stockholder's employment is terminated prior to the fifth anniversary of the closing of the Acquisition, we have the right to purchase the shares and options held by such person on terms specified in the management stockholder's agreement. If, prior to a public offering of Accellent Holdings Corp's common stock, a management stockholder's employment is terminated as a result of death or disability, such stockholder or, in the event of such stockholder's death, the estate of such stockholder has the right to force us to purchase his shares and options, on terms specified in the management stockholder's agreement. In addition, if, prior to a public offering of Accellent Holdings Corp's common stock, a management stockholder's employment is terminated by us without cause (as defined in the management stockholder's agreement) or by the management stockholder for good reason (as defined in the management stockholder's agreement), such stockholder has the right to force us to exercise his or her Rollover Options and then purchase all or a portion of the shares underlying such Rollover Options, but only the number of shares equal to the remaining tax liability (above the minimum required withholding tax liability) incurred upon exercise of such options. If, prior to a public offering of Accellent Holdings Corp's common stock, a management stockholder's employment is terminated by the management stockholder without good reason, such stockholder has the right to force us to exercise his or her Rollover Options and then purchase all or a portion of the shares underlying such Rollover Options, but only if the amount of applicable withholding taxes which we are required to withhold in respect of income recognized as a consequence of the exercise of such options (the "Statutory Withholding") is less than the actual tax liability that would have been incurred on the original value of the Rollover Options (the "Original Liability Amount") and then we are only required to purchase that number of shares equal to the difference between the Original Liability Amount and the Statutory Withholding. If, prior to a public offering of Accellent Holdings Corp.'s common stock, a management stockholder receives a notice from the Internal Revenue Service that taxes are due and payable in connection with his or her Rollover Options (other than in connection with the exercise or lapse of restrictions thereof) (the "Rollover Tax Liability"), such stockholder has the right to force us to exercise his or her Rollover Options and then purchase all or a portion of the shares underlying such Rollover Options, but only the number of shares equal to the Rollover Tax Liability.

The management stockholder's agreement also permits these members of management under certain circumstances to participate in registrations by us of our equity securities. Such registration rights would be subject to customary limitations.

Sale Participation Agreement

Each management stockholder entered into a sale participation agreement, which grants to the management stockholder the right to participate in any sale of shares of common stock by the Sponsor Entities occurring prior to the fifth anniversary of our initial public offering on the same terms as the Sponsor Entities. In order to participate in any such sale, the management stockholder may be required, among other things, to become a party to any agreement under which the common stock is to be sold, and to grant certain powers with respect to the proposed sale of common stock to custodians and attorneys-in-fact.

Director Independence

Accellent Inc. has no independent directors. The Company is a privately held corporation. Our directors are not independent because of their affiliations with funds which hold more than 5% equity interests in Accellent Holdings Corp.

Item 14. Principal Accountant Fees and Services

Deloitte & Touche LLP ("Deloitte") has served as our independent registered public accounting firm since 2006. For fiscal years 2011 and 2010 we paid fees for services from Deloitte as discussed below.

Audit Fees. The aggregate audit fees for professional services rendered by Deloitte for the fiscal years ended December 31, 2010 and 2011 were approximately $990,000 and $990,000, respectively, and were comprised entirely of services to audit our annual financial statements and the review of our quarterly financial statements.

Audit Related Fees: The aggregate fees for services rendered by Deloitte for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements were approximately $60,000 and $64,000 for the fiscal years ended December 31, 2010 and 2011, respectively. Fees for services rendered in the years ended December 31, 2011 and 2010 were for statutory audit services performed for our Mexican subsidiary.

Tax Fees: The aggregate fees billed for services rendered by Deloitte for tax compliance, tax advice and tax planning were approximately $510,000 and $447,000 for the fiscal years ended December 31, 2010 and 2011, respectively.

All Other Fees. Other fees paid to Deloitte in 2010 and 2011 totaled approximately $302,000 and $137,300 and related primarily to services provided in connection with the Company's refinancing transactions in 2010.

The Audit Committee has considered whether the independent auditors' provision of other non-audit services to the Company is compatible with the auditors' independence and determined that it is compatible. Since the Acquisition all audit and permissible non-audit services were pre-approved pursuant to the Audit Committee's Pre-Approval of Audit and Permissible Non-Audit Services policy.

Audit Committee Pre-Approval Policy

Our Audit Committee pre-approves all audit and permissible non-audit services provided by the independent registered public accounting firm on a case-by-case basis pursuant to its Pre-Approval of Audit and Permissable Non-Audit Service policy. These services may include audit services, audit-related services, tax services and other services. Our Chief Financial Officer is responsible for presenting the Audit Committee with an overview of all proposed audit, audit-related, tax or other non-audit services to be performed by the independent registered public accounting firm. The presentation must be in sufficient detail to define clearly the services to be performed. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management or to an individual member of the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this report:

1. Consolidated Financial Statements (See Item 8)

2. Consolidated Financial Statement Schedules

3. Exhibits

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
3.1	Third Articles of Amendment and Restatement, as amended, of Accellent Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to Accellent Inc.'s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
3.2	Amended and Restated Bylaws of Accellent Inc. (incorporated by reference to Exhibit 3.2 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
4.1	Indenture, dated as of January 29, 2010, among Accellent Inc., the subsidiary guarantors party thereto and The Bank of New York Mellon, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to Accellent Inc.'s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
4.2	Exchange and Registration Rights Agreement, dated as of January 29, 2010, among Accellent Inc., the guarantors party thereto and Credit Suisse Securities (USA) LLC, as representative of the several initial purchasers (incorporated by reference to Exhibit 4.2 to Accellent Inc.'s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
4.3	Pledge Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and the Bank of New York Mellon, as notes collateral agent (incorporated by reference to Exhibit 4.5 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
4.4	Security Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and the Bank of New York, as notes collateral agent (incorporated by reference to Exhibit 4.6 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
4.5	Indenture with respect to 10% Senior Subordinated Notes due 2017, dated as of October 28, 2010, among Accellent Inc., the guarantors party thereto and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to Accellent Inc.'s Current Report on Form 8-K, filed on November 2, 2010 (file number 333-130470)).
4.6	Exchange and Registration Rights Agreement with respect to 10% Senior Subordinated Notes due 2017, dated as of October 28, 2010, among Accellent Inc., the guarantors party thereto and the representatives of the several initial purchasers party thereto (incorporated by reference to Exhibit 4.2 to Accellent Inc.'s Current Report on Form 8-K, filed on November 2, 2010 (file number 333-130470)).
10.1*	2005 Equity Plan for Key Employees of Accellent Holdings Corp. and Its Subsidiaries and Affiliates (incorporated by reference to Exhibit 10.5 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.2	Management Services Agreement, dated November 22, 2005, between Accellent Inc. and Kohlberg Kravis Roberts & Co. L.P. (incorporated by reference to Exhibit 10.6 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.3*	Form of Rollover Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.7 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.4*	Form of Management Stockholder's Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.8 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.5*	Form of Sale Participation Agreement, dated November 22, 2005, between Accellent Holdings LLC and certain members of management (incorporated by reference to Exhibit 10.9 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.6	Registration Rights Agreement, dated November 22, 2005, between Accellent Holdings Corp. and Accellent Holdings LLC (incorporated by reference to Exhibit 10.10 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.7	Stock Subscription Agreement, dated November 16, 2005, between Bain Capital Integral Investors LLC and Accellent Holdings Corp. (incorporated by reference to Exhibit 10.11 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.8	Stockholders’ Agreement, dated as of November 16, 2005 by and among Accellent Holdings Corp., Bain Capital Integral Investors, LLC, BCIP TCV, LLC and Accellent Holdings LLC (incorporated by reference to Exhibit 10.12 to Accellent Inc.’s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.9*	Accellent Inc. Supplemental Executive Retirement Pension Program (incorporated by reference to Exhibit 10.11 to Accellent Inc.’s Registration Statement on Form S-1, filed on February 14, 2001).
10.10	Form of Stock Option Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to Accellent Inc.’s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
10.11*	Accellent Holdings Corp. Directors’ Deferred Compensation Plan (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to Accellent Inc.’s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
10.12*	Employment Agreement, dated December 1, 2005, between Accellent Corp. and Jeffrey M. Farina (incorporated by reference to Exhibit 10.29 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 13, 2007 (file number 333-130470)).
10.13*	Employment Agreement, dated September 4, 2007, between Accellent Inc. and Jeremy Friedman (incorporated by reference to Exhibit 99.2 to Accellent Inc.’s Current Report on Form 8-K, filed on September 6, 2007 (file number 333-130470)).
10.14*	First Amendment to the Employment Agreement, dated March 31, 2008, between Accellent Inc. and Jeremy Friedman (incorporated by reference to Exhibit 10. 26 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 31, 2008 (file number 333-130470)).
10.15*	Employment Agreement, dated January 15, 2010, between Accellent Inc. and Dean D. Schauer (incorporated by reference to Exhibit 10.23 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.16*	Amendment No. 1 to Employment Agreement, dated as of October 20, 2011, between Accellent Inc. and Dean D. Schauer.
10.17	Credit Agreement, dated as of January 29, 2010, among Accellent Inc., as Borrower, the Several Lenders from time to time parties thereto, Wells Fargo Capital Finance, LLC, as Administrative Agent and Collateral Agent and Wells Fargo Capital Finance, LLC, as Lead Arranger and Bookrunner (incorporated by reference to Exhibit 10.1 to Accellent Inc.’s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
10.18	Guarantee, dated as of January 29, 2010, among the subsidiaries named therein and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.25 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.19	Pledge Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.26 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.20	Security Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.27 to Accellent Inc.’s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.21*	Employment Agreement, dated January 15, 2010, between Accellent Inc. and Donald J. Spence (incorporated by reference to Exhibit 99.2 to Accellent Inc.’s Current Report on Form 8-K, filed on April 26, 2010 (file number 333-130470)).
10.22*	Amendment No. 1 to Employment Agreement, dated as of October 20, 2011, between Accellent Inc. and Donald J. Spence.
10.23*	Employment Agreement dated August 3, 2011 between Accellent Inc. and James M. McGorry.
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Accellent Inc.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.
101.LAB	XBRL Labels Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.

* Management contract or compensatory plan or arrangement required to be filed (and/or incorporated by reference) as an exhibit to this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Accellent Inc.

March 29, 2012

By: /s/ Donald J. Spence
Donald J. Spence
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Donald J. Spence **Donald J. Spence**	President and Chief Executive Officer, Director *(Principal Executive Officer)*	March 29, 2012
/s/ Jeremy A. Friedman **Jeremy A. Friedman**	Executive Vice President and Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 29, 2012
/s/ Kenneth W. Freeman **Kenneth W. Freeman**	Chairman of the Board of Directors and Director	March 29, 2012
/s/ James C. Momtazee **James C. Momtazee**	Director	March 29, 2012
/s/ Chris Gordon **Chris Gordon**	Director	March 29, 2012

Supplemental Information to be Furnished with Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

The registrant has not sent to its sole stockholder an annual report to security holders covering the registrant's last fiscal year or any proxy statement, form of proxy or other proxy soliciting material with respect to any annual or other meeting of security holders.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of Accellent Inc.
Wilmington, Massachusetts

We have audited the accompanying consolidated balance sheets of Accellent Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholder's equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement 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. The Company 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 Company'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, such consolidated financial statements present fairly, in all material respects, the financial position of Accellent Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such 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.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 29, 2012

ACCELLENT INC.

Consolidated Balance Sheets
December 31, 2010 and 2011
(In thousands)

Assets	**2010**	**2011**
Current assets:		
Cash	$ 40,787	$ 38,858
Accounts receivable, net of allowances of $2,002 and $1,983 at December 31, 2010 and 2011, respectively	54,011	54,763
Inventory	66,028	65,962
Prepaid expenses and other current assets	2,650	4,481
Total current assets	163,476	164,064
Property, plant and equipment, net	121,037	126,992
Goodwill	629,854	629,854
Other intangible assets, net	164,626	149,687
Deferred financing costs and other assets, net	19,083	16,825
Total assets	$1,098,076	$1,087,422
Liabilities and Stockholder's equity		
Current liabilities:		
Current portion of long-term debt	$ 9	$ 22
Accounts payable	24,025	22,580
Accrued payroll and benefits	9,102	8,221
Accrued interest	19,787	19,519
Accrued expenses	17,793	18,747
Total current liabilities	70,716	69,089
Long-term debt	712,675	712,967
Other liabilities	34,177	38,466
Total liabilities	817,568	820,522
Commitments and contingencies (Note 15)		
Stockholder's equity:		
Common stock, par value $0.01 per share, 50,000,000 shares authorized; 1,000 shares issued and outstanding at December 31, 2010 and 2011	—	—
Additional paid-in capital	637,290	638,445
Accumulated other comprehensive income (loss)	(1,442)	(1,266)
Accumulated deficit	(355,340)	(370,279)
Total stockholder's equity	280,508	266,900
Total liabilities and stockholder's equity	$1,098,076	$1,087,422

ACCELLENT INC.

Consolidated Statements of Operations
(In thousands)

	Year Ended December 31, 2009	2010	2011
Net sales	$478,793	$506,954	$531,782
Cost of sales (exclusive of amortization)	347,783	369,250	400,848
Gross profit	131,010	137,704	130,934
Operating expenses:			
Selling, general and administrative expenses	47,725	52,002	54,288
Research and development expenses	2,064	2,393	2,522
Restructuring charges	5,727	(117)	348
Amortization of intangible assets	14,939	14,939	14,939
Loss (gain) on disposal of property and equipment	966	15	(706)
Total operating expenses	71,421	69,232	71,391
Income from operations	59,589	68,472	59,543
Other (expense) income, net:			
Interest expense, net	(56,569)	(73,939)	(68,883)
Loss on debt extinguishment	—	(20,882)	—
Other (expense) income, net	(514)	6,211	30
Total other (expense) income, net	(57,083)	(88,610)	(68,853)
(Loss) income before income taxes	2,506	(20,138)	(9,310)
Provision for income taxes	3,576	4,365	5,629
Net loss	$ (1,070)	$ (24,503)	$ (14,939)

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

ACCELLENT INC.

Consolidated Statements of Stockholder's Equity and Comprehensive Income (Loss)
Years ended December 31, 2009, 2010 and 2011
(In thousands, except share data)

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total Stockholder's Equity
Balance, January 1, 2009	1,000	—	$633,914	$ (1,974)	$ (329,767)	$ 302,173
Comprehensive income:						
Net loss	—	—	—	—	(1,070)	(1,070)
Cumulative translation adjustment	—	—	—	965	—	965
Reclassification to earnings out of accumulated other comprehensive income (loss) of accumulated losses on derivative instruments	—	—	—	3,038	—	3,038
Amortization of pension actuarial loss	—	—	—	(44)	—	(44)
Total comprehensive income						2,889
Stock issuance (Note 6)	—	—	812	—	—	812
Vesting of restricted stock	—	—	164	—	—	164
Stock-based compensation	—	—	454	—	—	454
Forfeiture of rollover options	—	—	24	—	—	24
Balance, December 31, 2009	1,000	—	$635,368	$ 1,985	$ (330,837)	$ 306,516
Comprehensive loss:						
Net loss	—	—	—	—	(24,503)	(24,503)
Cumulative translation adjustment	—	—	—	(2,255)	—	(2,255)
Pension actuarial loss	—	—	—	(1,183)	—	(1,183)
Amortization of pension actuarial loss	—	—	—	11	—	11
Total comprehensive loss						(27,930)
Stock issuance (Note 6)	—	—	600	—	—	600
Vesting of restricted stock	—	—	104	—	—	104
Stock-based compensation	—	—	595	—	—	595
Exercise of employee stock options	—	—	689	—	—	689
Repurchase of parent company common stock	—	—	(66)	—	—	(66)
Balance, December 31, 2010	1,000	$ —	$637,290	$ (1,442)	$ (355,340)	$ 280,508
Comprehensive loss:						
Net loss	—	—	—	—	(14,939)	(14,939)
Cumulative translation adjustment	—	—	—	(1,659)	—	(1,659)
Unrealized gain on held for sale security	—	—	—	1,155	—	1,155
Pension actuarial gain	—	—	—	438	—	438
Amortization of pension actuarial loss	—	—	—	242	—	242
Total comprehensive loss						(14,763)
Stock issuance (Note 6)	—	—	50	—	—	50
Vesting of restricted stock	—	—	66	—	—	66
Stock-based compensation	—	—	963	—	—	963
Forfeiture of rollover options	—	—	62	—	—	62
Exercise of employee stock options	—	—	42	—	—	42
Repurchase of parent company common stock	—	—	(28)	—	—	(28)
Balance, December 31, 2011	$1,000	$ —	$638,445	$ (1,266)	$ (370,279)	$ 266,900

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

ACCELLENT INC.

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31, 2009	2010	2011
Cash flows from operating activities:			
Net loss	$ (1,070)	$ (24,503)	$(14,939)
Adjustments to reconcile net loss to net cash flows provided by operating activities:			
Depreciation and amortization	37,128	37,358	38,740
Amortization of debt discounts and non-cash interest accrued	4,229	3,662	2,934
Change in allowance for bad debts	712	(213)	510
Restructuring charges, net of adjustments and payments	1,128	(117)	340
Change in fair value of derivative instruments	(425)	(4,511)	—
Loss (gain) on disposal of property and equipment	966	15	(706)
Deferred income tax expense	2,456	3,087	2,801
Non-cash compensation expense	710	785	1,111
Loss on debt extinguishments	—	20,882	—
Change in environmental liabilities	—	(1,302)	—
Changes in operating assets and liabilities:			
Accounts receivable	5,300	(9,163)	(1,361)
Inventory	8,744	(10,635)	(62)
Prepaid expenses and other current assets	(299)	1,382	(998)
Accounts payable, accrued expenses and other liabilities	(4,100)	17,848	645
Net cash provided by operating activities	55,479	34,575	29,015
Cash flows from investing activities:			
Capital expenditures	(16,434)	(25,944)	(30,810)
Proceeds from the sale of property and equipment	1,016	66	970
Proceeds from note receivable	1,268	—	—
Net cash used in investing activities	(14,150)	(25,878)	(29,840)
Cash flows from financing activities:			
Proceeds from borrowings on long-term debt	—	712,396	—
Repayments of long-term debt and capital lease obligations	(22,384)	(695,220)	(18)
Proceeds from sale of parent company stock	239	600	50
Repurchase of parent company common stock	(16)	(66)	(28)
Proceeds from the exercise of options in parent company stock	—	106	19
Payment of debt issuance costs	(10)	(19,337)	(794)
Net cash used in financing activities	(22,171)	(1,521)	(771)
Effect of exchange rate changes	102	(174)	(333)
Net increase (decrease) in cash and cash equivalents	19,260	7,002	(1,929)
Cash and cash equivalents, beginning of year	14,525	33,785	40,787
Cash and cash equivalents, end of year	$ 33,785	$ 40,787	$ 38,858
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 53,074	$ 54,732	$ 66,172
Cash paid for income taxes	$ 2,354	$ 1,086	$ 2,343
Supplemental disclosure of non-cash investing and financing activities:			
Non-cash exercise of options in parent company stock	$ —	$ 360	$ —
Property and equipment purchases unpaid and included in accounts payable	$ 1,406	$ 471	$ 726
Deferred financing fees unpaid and included in accounts payable and accrued liabilities	$ —	$ 568	$ —

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

ACCELLENT INC.

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements include the accounts of Accellent Inc. and its wholly owned subsidiaries (collectively, the "Company"). All intercompany transactions have been eliminated.

The Company was acquired on November 22, 2005 through a merger transaction with Accellent Merger Sub Inc., a corporation formed by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. ("KKR") and Bain Capital ("Bain"). The acquisition was accomplished through the merger of Accellent Merger Sub Inc. into Accellent Inc. with Accellent Inc. being the surviving company (the "Merger"). The Merger and the consideration raised through debt and equity transactions are collectively referred to as the "Acquisition." The Company is a wholly owned subsidiary of Accellent Acquisition Corp., which is owned by Accellent Holdings Corp. Both of these companies were formed to facilitate the Acquisition. The Company's accounting for the Acquisition recognized the requirement that purchase accounting treatment of the Acquisition be "pushed down" to the Company, resulting in the adjustment of all net assets to their respective fair values as of the Acquisition date.

Nature of operations and organization

The Company is engaged in the provision of custom component manufacturing and finished device assembly services primarily for customers in the medical device industry. Sales are focused primarily in domestic and Western European markets.

The Company is aligned to streamline sales, quality, engineering and customer service activities into one centrally managed organization to better serve customers, many of whom service multiple medical device end markets. As a result, the Company has one operating and reportable segment which is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and assess performance. The Company's chief operating decision maker is its chief executive officer.

Major customers and concentration of credit

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily accounts receivable and cash equivalents. A significant portion of the Company's customer base is comprised of companies within the medical device industry. The Company does not require collateral from its customers.

For the years ended December 31, 2009, 2010 and 2011, the Company's ten largest customers in the aggregate accounted for 60%, 64% and 65% of consolidated net sales, respectively. Three customers each accounted for greater than 10% of net sales for the year ended December 31, 2011. Two customers each accounted for greater than 10% of net sales for the years ended December 31, 2009 and 2010. Actual percentages of net sales from all greater than 10% customers are as follows:

	Year Ended December 31,		
	2009	2010	2011
Customer A	18%	18%	16%
Customer B	15%	16%	16%
Customer C	*%	*%	10%

* Less than 10%

At December 31, 2011, Customers A and B each comprised approximately 12% of accounts receivable, net. At December 31, 2010, Customers A and B each comprised approximately 11.0%, of accounts receivable, net.

Foreign currency translation

The Company has manufacturing subsidiaries in Europe, Mexico and Malaysia. The functional currency of each of these subsidiaries is the respective local currency. Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars using the current rate of exchange existing at period-end, while revenues and expenses are translated at average monthly exchange rates. Translation gains and losses are recorded as a component of accumulated other comprehensive income (loss) within stockholder's equity. Transaction gains and losses are included in other (expense) income, net. Currency transaction gains (losses) included in other (expense) income, net in each of the years ended December 31, 2009, 2010 and 2011 were $(0.9) million, $1.5 million, and $0.1 million, respectively.

Cash and cash equivalents

Cash and cash equivalents consist of cash in bank deposit accounts and highly liquid investments with an original or remaining maturity of 90 days or less when acquired. Periodically the Company may invest in cash equivalents, principally bank deposits and overnight repurchase agreements. At December 31, 2010 and 2011, the Company had no cash equivalents.

Allowance for Doubtful Accounts

The Company provides credit to its customers in the normal course of business. The Company maintains an allowance for doubtful accounts for those receivables that it determines are no longer collectible. The Company estimates its losses from uncollectable accounts based upon recent historical experience, the length of time the receivable has been outstanding and other specific information as it becomes available. The allowance for doubtful accounts was $0.6 million and $0.7 million at December 31, 2010 and 2011, respectively.

Inventories

Inventories are stated at the lower of cost (on first-in, first-out basis) or market and include the cost of materials, labor and manufacturing overhead. Costs related to abnormal amounts of idle facility expense, freight, handling costs, and wasted material are recognized as current period expenses.

Property, plant and equipment

Property, plant and equipment consisted of the following (in thousands):

	December 31,	
	2010	2011
Land	$ 4,367	$ 4,448
Buildings	16,450	18,812
Machinery and equipment	140,756	155,612
Leasehold improvements	14,228	14,773
Computer equipment and software	26,579	30,820
Acquired assets to be placed in service	19,155	25,942
	221,535	250,407
Less—Accumulated depreciation	(100,498)	(123,415)
Property, plant and equipment, net	$ 121,037	$ 126,992

Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures which significantly increase the value of, or extend the useful lives of property, plant and equipment, are capitalized, while replaced assets are retired when removed from service. Acquired assets to be placed in service are those assets where either (*i*) we have yet to begin using the asset in operations or (*ii*) additional costs are necessary to complete the asset for the use in operation. Depreciation expense is recorded on assets when they are placed in service.

Depreciation is calculated using the straight-line method over the estimated useful lives of depreciable assets. Amortization of leasehold improvements is calculated using the straight-line method over the shorter of the lease's term including renewal options expected to be exercised, or estimated useful lives of the leased asset. Useful lives of depreciable assets, by class, are as follows:

Buildings	20 years
Machinery and equipment	3 to 10 years
Leasehold improvements	2 to 10 years
Computer equipment and software	3 years

The Company evaluates the useful lives and potential impairment of property, plant and equipment whenever events or changes in circumstances indicate that either the useful life or carrying value may be impaired. Events and circumstances which may indicate impairment include a change in the use or condition of the asset, regulatory changes impacting the future use of the asset, or projected operating or cash flow losses, or an expectation that an asset could be disposed of prior to the end of its useful life. If the carrying value of the asset is not recoverable based on an analysis of cash flow, a charge for impairment is recorded equal to the amount by which the carrying value of the asset exceeds its fair value, less costs to sell. In these instances, fair value is estimated utilizing either a market approach considering quoted market prices for identical or similar assets, or the income approach determined using discounted projected cash flows. Additionally, the Company analyzes the remaining useful lives of potential impaired assets and adjusts these lives when appropriate.

Cost and accumulated depreciation for property retired or disposed of are removed from the accounts, and any gain or loss on disposal is recorded in earnings. Capitalized interest in connection with constructing property and equipment was not significant. Depreciation expense was $22.2 million, $22.4 million and $23.8 million for each of the years ended December 31, 2009, 2010 and 2011, respectively.

Goodwill

Goodwill represents the amount of cost over the fair value of the net assets of acquired businesses. Goodwill is subject to an annual impairment test (or more often if impairment indicators arise), using a fair value-based approach. Fair value is determined using a combined weighted average of a market based (utilizing fair value multiples of comparable publicly traded companies) and an income based approach (utilizing discounted projected after tax cash flows). In applying the income based approach, the Company makes assumptions about the amount and timing of future expected cash flows, growth rates and appropriate discount rates. The amount and timing of future cash flows are based on the Company’s most recent long-term financial projections. The Company’s discount rate is determined using estimates of market participant risk-adjusted weighted-average costs of capital and reflects the risks associated with achieving future cash flows. If the fair value of the reporting unit is less than its carrying value, the amount of impairment, if any, is based on the implied fair value of goodwill. The Company has elected October 31st as the annual impairment assessment date and performs additional impairment tests if triggering events occur. The Company’s annual tests have not indicated any goodwill impairment for the years ended December 31, 2009, 2010 and 2011, respectively. No triggering events indicating goodwill impairment occurred during the years ended December 31, 2009, 2010 and 2011, respectively.

Other intangible assets

Other intangible assets include the value ascribed to trade names, developed technology and know how, as well as customer contracts and relationships obtained in connection with acquisitions. The values ascribed to finite lived intangible assets are amortized to expense over the estimated useful life of the assets. The amortization periods are as follows:

	Amortization Period
Developed technology and know how	8.5 years
Customer contracts and relationships	15 years

The Company evaluates the indefinite lived intangible assets, including its trade name for potential impairment on an annual basis. Indefinite lived and finite lived intangibles are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable through projected undiscounted cash flows expected to be generated by the asset, or at least annually. If the carrying value of intangible assets is not recoverable, a charge for impairment is recorded equal to the amount by which the carrying value of the asset exceeds the related fair value. The estimated fair value is generally based on projections of future cash flows using the relief-from-royalty method and appropriate discount rates. The Company’s discount rate is determined using estimates of market participant risk-adjusted weighted-average costs of capital and reflects the risks associated with achieving future cash flows.

The Company reports all amortization expense related to finite lived intangible assets separately within its consolidated statements of operations. For the years ended December 31, 2009, 2010 and 2011, the Company recorded amortization expense related to intangible assets as follows (in thousands):

	Year Ended		
	December 31, 2009	December 31, 2010	December 31, 2011
Cost of sales related amortization	$ 1,988	$ 1,988	$ 1,988
Selling, general and administrative related amortization	12,951	12,951	12,951
Total amortization reported	$ 14,939	$ 14,939	$ 14,939

Deferred financing costs and other assets

Deferred financing costs and other assets consisted of the following (in thousands):

	December 31,	
	2010	2011
Deferred financing costs, net of accumulated amortization of $1,486 and $4,117 at December 31, 2010 and 2011, respectively	$18,429	$16,022
Other (primarily deferred tax assets and deposits on long term assets)	654	803
Total	$19,083	$16,825

Other liabilities

Other liabilities consisted of the following (in thousands):

	December 31,	
	2010	2011
Deferred tax liabilities	$26,406	$30,958
Environmental liabilities	1,823	1,654
Pension liabilities	4,128	4,001
Stock compensation liabilities—employees	448	355
Stock compensation liabilities—non-employees	876	966
Other long-term liabilities	496	532
Total	$34,177	$38,466

Accumulated other comprehensive income (loss)

Comprehensive income (loss) is comprised of net loss, plus all changes in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including any foreign currency translation adjustments. These changes in equity are recorded as adjustments to accumulated other comprehensive income (loss) in the Company's consolidated balance sheet. The components of accumulated other comprehensive income (loss) consist of cumulative foreign currency translation adjustments and unfunded pension liabilities.

The components of accumulated other comprehensive income (loss) were as follows (in thousands):

	December 31,	
	2010	2011
Cumulative translation adjustment of foreign currency statements	$ (444)	$(2,103)
Investment in held for sale security		$ 1,155
Over/(Under) funded pension liability	(998)	(318)
Accumulated Other Comprehensive Income (Loss)	$(1,442)	$(1,266)

Research and development costs

Research and development costs are expensed as incurred. During the years ended December 31, 2009, 2010 and 2011, the Company received from the Government of Ireland, research and development grants of approximately $0.6 million, $0.2 million and $0.2 million, respectively. These grants have been recorded as an offset to research and development expense for the years ended December 31, 2009, 2010 and 2011, respectively.

Fair value measurements

On a recurring basis, the Company measures certain financial assets and liabilities at fair value based upon quoted market prices when available, or from discounted future cash flows. The carrying value of the Company's financial instruments, including cash equivalents, accounts receivable, and accounts payable, approximate their fair values due to their short maturities. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

Measurement Type	Description
Level 1	Utilizes quoted market prices for identical assets or liabilities, principally in active brokered markets.
Level 2	Utilizes other observable inputs, including quoted market prices for similar assets or liabilities and market-corroborated inputs.
Level 3	Utilizes unobservable inputs determined using management's best estimate of inputs that a market participant would use in pricing the asset or liability at the measurement date, including assumptions about risk.

Derivative instruments and hedging activities

During the year ended December 31, 2010, the Company maintained derivative instruments, specifically interest rate contracts, which expired in 2010 prior to December 31, 2010, The Company did not use these derivative instruments for trading or speculative purposes. Changes in the fair value of derivative instruments for which the Company did not apply hedge accounting, as well as the ineffective portion of designated hedges, were recorded in the statement of operations within other expense (income), net. Net realized (losses) gains related to derivative instruments in each of the years ended December 31, 2009 and 2010 were $0.4 million and $4.5 million, respectively.

The Company has in the past designated a derivative instrument as a cash flow hedge when the derivative hedged a forecasted transaction of the variability of cash flows to be received or paid related to a recognized asset or liability. Changes in the fair value of a derivative that is designated as, and meets all the required criteria for, a cash flow hedge was recorded in accumulated other comprehensive income and reclassified into earnings as the underlying hedged item affects earnings. The Company documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes correlating all derivatives that are designated as cash flow hedges to forecasted transactions. There were no gains or losses on hedging activities reported in accumulated other comprehensive income (loss) at December 31, 2010 or 2011.

Income taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement and the tax basis of assets and liabilities using enacted tax rates. Valuation allowances are provided when the Company does not believe it to be more likely than not that the benefit of identified deferred tax assets will be realized. The Company records a liability to recognize the exposure related to uncertain income tax positions taken on returns that have been filed or that are expected to be taken in a tax return. The Company evaluates its uncertain tax positions based on a determination of whether, and how much of a, tax benefit taken by the Company in its tax filings or positions is more likely than not to be realized. Potential interest and penalties associated with any uncertain tax positions are recorded as a component of income tax expense.

Stock-based compensation

The Company accounts for employee stock option awards and restricted stock awards using the grant date fair value of the award (refer to Note 8). The Company recognizes costs over the requisite service period for all stock option awards that vest over time, and when attainment of the associated performance criteria becomes probable for stock option awards that vest upon attainment of certain performance targets.

Revenue recognition

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price from the buyer is fixed or determinable, and collectability is reasonably assured. The Company generally records revenue when executed written arrangements or purchase orders exist with the customer that detail the price to be paid and transfer of product title and risk of loss has occurred.

Amounts billed for shipping and handling fees are classified within net sales in the consolidated statements of operations. Costs incurred for shipping and handling are classified as cost of sales. Shipping and handling fees and cost amounts were not significant for the years ended December 31, 2009, 2010 and 2011.

The Company recognizes an allowance for estimated future sales returns in the period revenue is recorded. The estimate of future returns is based on pending returns and historical return data, among other factors. The allowance for sales returns was $1.4 million and $1.3 million at December 31, 2010 and 2011, respectively.

Environmental costs

Environmental expenditures that relate to an existing condition caused by past operations and that do not provide future benefits are expensed as incurred. Liabilities are recorded when environmental assessments are made, the requirement for remedial efforts is probable and the amount of the liability can be reasonably estimated. Liabilities are recorded generally no later than the completion of feasibility studies. The Company has an ongoing monitoring and identification process to assess how the activities, with respect to known exposures, are progressing against the recorded liabilities, as well as to identify other potential remediation sites that are presently unknown. As of December 31, 2010 and 2011, the Company had accrued environmental remediation liabilities of $1.9 million and $1.8 million, respectively, which includes $0.1 million expected to be paid during 2012. During the year ended December 31, 2010, the Company reduced the amount of the recorded liability by $1.3 million, which was recorded as a reduction of Cost of sales (exclusive of amortization) in the accompanying consolidated statements of operations for the year ended December 31, 2010. See Note 13.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Defined benefit pension plans

The Company recognizes the funded status of each of its defined benefit pension and postretirement plans as an asset or liability in the balance sheet. Changes in the funded status are recognized in the year in which changes occur through other comprehensive income (loss). The funded status of each of the Company's plans is measured as of the reporting date. Refer to Note 9.

2. Inventories

Inventories consisted of the following (in thousands):

	December 31,	
	2010	2011
Raw materials	$16,563	$16,056
Work-in-process	29,439	27,420
Finished goods	20,026	22,486
	$66,028	$65,962

During the years ended December 31, 2009, 2010 and 2011, the Company recorded non-cash charges for inventory write-down related to excess and obsolete inventory of $2.6 million, $1.6 million and $1.2 million, respectively.

3. Goodwill and other intangible assets

Goodwill consisted of the following at December 31, 2010 and 2011 (in thousands):

	2010	2011
Goodwill	$ 847,153	$ 847,153
Accumulated impairment losses	(217,299)	(217,299)
Goodwill carrying amount	$ 629,854	$ 629,854

There were no goodwill impairment charges recorded during the years ended December 31, 2009, 2010 or 2011. The cumulative impairment charge since inception of the Company totaled $217.3 million as of December 31, 2010 and 2011.

The acquired tax basis of goodwill amortizable for federal income tax purposes is approximately $110.9 million. The remaining amortizable tax basis of goodwill is $44.0 million and $36.6 million respectively at December 31, 2010 and 2011.

Intangible assets consisted of the following at December 31, 2010 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and know how	$ 16,991	$ (10,198)	$ 6,793
Customer contracts and relationships	197,575	(69,142)	128,433
Trade names and trademarks	29,400	—	29,400
Total intangible assets	$ 243,966	$ (79,340)	$ 164,626

Intangible assets consisted of the following at December 31, 2011 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology and know how	$ 16,991	$ (12,186)	$ 4,805
Customer contracts and relationships	197,575	(82,093)	115,482
Trade names and trademarks	29,400	—	29,400
Total intangible assets	$ 243,966	$ (94,279)	$ 149,687

Intangible asset amortization expense was $14.9 million for the years ended December 31, 2009, 2010 and 2011. Estimated intangible asset amortization expense in each of 2012 and 2013 approximates $14.9 million. Estimated intangible asset amortization expense approximates $13.8 million in 2014 and $13.0 million in 2015.

At December 31, 2010 and 2011, the remaining weighted average amortization periods for the Company's finite lived intangible assets were as follows:

	Remaining weighted-average amortization period, December 31,	
Finite lived intangible asset	2010	2011
Developed technology and know how	3.4	2.4
Customer contracts and relationships	9.9	8.9
Total finite lived intangible asset	9.6	8.7

4. Long-term debt

Long-term debt consisted of the following at December 31, 2010 and 2011 (in thousands):

	December 31, 2010	December 31, 2011
New Debt:		
Senior secured notes maturing on February 1, 2017, interest at 8.375%	$400,000	$400,000
Senior subordinated notes maturing on November 1, 2017, interest at 10.0%	315,000	315,000
Capital lease obligations	33	34
Total debt	715,033	715,034
Less—unamortized discount	(2,349)	(2,045)
Less—current portion	(9)	(22)
Long-term debt, excluding current portion	$712,675	$712,967

Debt Refinancing

During 2011, the Company completed a comprehensive plan to refinance its existing old senior secured credit facilities and senior subordinated notes and replace them with indebtedness that have long-dated maturities (the "Refinancing"). Through the Refinancing, the Company issued $400.0 million of its Senior Secured Notes in January 2010, entered into a $75 million asset based revolver (the "ABL Revolver") and in October 2010, issued $315 million of its Senior Subordinated Notes. The proceeds from these note issuances were used to retire the Company's existing old debt obligations that were entered into in connection with the Acquisition, pay fees associated with the transactions and provide working capital. The old term loan and old senior subordinated notes were guaranteed by Accellent Acquisition Corp. and by all of the Company's existing and future direct and indirect wholly-owned domestic subsidiaries. Such guarantees have been retained in the debt issued in 2010.

In connection with the Refinancing, the Company wrote off existing deferred financing costs, paid premiums and certain other fees to holders of the refinanced old obligations resulting in a loss on the extinguishment of these old obligations of approximately $20.9 million. The following describes the significant terms and conditions of the Company's long-term debt arrangements in place at both December 31, 2010 and 2011.

Senior Secured Notes and Revolving Credit Facility

In January 2010, the Company repaid the existing balance of its then outstanding old term loan totaling $381.6 million plus accrued interest unpaid thereon through the closing date, January 29, 2010, with the proceeds from the sale of $400 million of Senior Secured Notes (the "Senior Secured Notes"). The Senior Secured Notes were issued at a price of 99.9349% of par value, representing original issuance discount of $2.6 million. The discount is being amortized using the effective interest method over the life of the Senior Secured Notes, or through February 2017, and is being recorded within "Interest expense, net" in the accompanying consolidated statements of operations.

In connection with the Refinancing, the Company terminated its existing revolving credit facility, and replaced it with an asset-based revolving credit facility, the ABL Revolver, that provides for up to $75.0 million of borrowing capacity, subject to customary borrowing base limitations. There were no amounts outstanding under the terminated old revolving credit facility at the time of the Refinancing.

The Company incurred approximately $12.1 million of fees which were paid to unrelated third parties in connection with the issuance of the Senior Secured Notes. These costs were recorded as deferred financing fees. At the closing date, preexisting deferred financing fees related to the old term loan totaling approximately $14.4 million and accumulated amortization thereon of approximately $8.6 million related to the old term loan and revolving credit facility were charged to expense in connection with the Refinancing. The resulting loss on debt extinguishment totaled approximately $5.8 million for year ended December 31, 2010.

The Senior Secured Notes were initially sold in a private placement and governed by an indenture. In connection with the sale of the Senior Secured Notes, the Company entered into a Registration Rights Agreement (the "Registration Agreement"), pursuant to which, in June 2010 the Company filed a registration statement with the Securities and Exchange

Commission (“SEC”) on Form S-4, offering to exchange all of the then outstanding Senior Secured Notes (the “Outstanding Notes”) for an equal principal amount of notes that are registered under the Securities Act of 1933, as amended (the “Exchange Notes”). The Outstanding Notes and the Exchange Notes are collectively referred to as the “Senior Secured Notes”. The registration statement was declared effective in July 2010, and the exchange offer was launched on the date the registration statement became effective. The terms of the Exchange Notes are substantially identical to those of the Outstanding Notes, except the Exchange Notes are freely tradable. The Exchange Notes evidence the same debt as the Outstanding Notes, and were issued under and entitled to the benefits of the same indenture as the Outstanding Notes. In August 2010, the exchange was completed and all of the notes, with the exception of $33.1 million of Senior Secured Notes owned by entities affiliated with KKR Asset Management (“KKR—AM”), an entity affiliated with the Company, were tendered (refer to Note 11). In October 2010, pursuant to the Registration Agreement, the Company filed a registration statement with the SEC on Form S-1 to register the re-sale of the $33.1 million of outstanding Senior Secured Notes held by entities affiliated with KKR-AM for Exchange Notes. This registration statement was declared effective by the SEC in November 2010. The total costs related to the exchange offer and the registration statement on Form S-1 were not material.

The Senior Secured Notes bear interest at 8.375% per annum and mature on February 1, 2017. Interest is payable semi-annually on August 1 and February 1. Prior to February 1, 2013, the Company may redeem the Senior Secured Notes, in whole or in part, at a price equal to 100% of the principal amount thereof plus a make-whole premium. Additionally, during any 12-month period commencing on the issue date, the Company may redeem up to 10% of the aggregate principal amount of the Senior Secured Notes at a redemption price equal to 103.00% of the principal amount thereof plus accrued and unpaid interest, if any. The Company may also redeem any of the Senior Secured Notes at any time on or after February 1, 2013, in whole or in part, at the redemption price plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to February 1, 2013, the Company may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes with the net proceeds of certain equity offerings, provided at least 65% of the aggregate principal amount of the Senior Secured Notes remains outstanding immediately after such redemption. Upon a change of control, the Company would be required to offer to purchase all of the outstanding Senior Secured Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The Senior Secured Notes are subject to certain restrictions. The Senior Secured Notes and related guarantees are the Company’s and the guarantors’ senior secured obligations and 1) rank senior in right of payment to the existing and any future subordinated and unsecured indebtedness, including the Company’s existing senior subordinated notes; and 2) rank equally in right of payment with all of the Company’s and guarantors’ existing and future senior indebtedness, including any amounts outstanding under the ABL Revolver. The Company’s obligations under the Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by the Company and all of the Company’s domestic subsidiaries (refer to Note 16). All obligations under the Senior Secured Notes, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the Company’s assets and the assets of the guarantors. Further, the Senior Secured Notes have a second-party interest in the ABL Revolver Collateral described below.

Coincident with the issuance of the Senior Secured Notes in January 2010, the Company entered into the ABL Revolver pursuant to a credit agreement among the Company and a syndicate of financial institutions. The ABL Revolver provides for revolving credit financing of up to $75.0 million, subject to borrowing base availability, and matures in January 2015. The borrowing base at any time is limited to a percentage of eligible accounts receivable and inventories. Borrowings under the ABL Revolver bear interest at a rate per annum equal to, at the Company’s option: either (a) a base rate determined by reference to the highest of (1) the prime rate of the administrative agent, (2) the federal funds effective rate plus 1/2 of 1% or (3) the LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for a three month interest period plus 1%; or (b) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin set at 2.25% per annum with respect to base rate borrowings and 3.25% per annum with respect to LIBOR borrowings. In addition to interest on any outstanding borrowings under the ABL Revolver, the Company is required to pay a commitment fee of 0.50% per annum related to unutilized commitments. The Company must also pay customary administrative agency fees and customary letter of credit fees equal to the applicable margin on LIBOR loans. The total amount of commitment, administrative agency and letter of credit fees incurred under the ABL Revolver during each of 2010 and 2011 amounted to $0.8 million and are included within “Interest expense, net” in the accompanying consolidated statements of operations for years ended December 31, 2010 and 2011.

All outstanding loans under the ABL Revolver are due and payable in full in January 2015. All obligations under the ABL Revolver are unconditionally guaranteed jointly and severally on a senior secured basis by all the Company’s existing and subsequently acquired or organized, direct or indirect U.S. restricted subsidiaries and in any event by all subsidiaries that guarantee the Senior Secured Notes (refer to Note 16). All obligations under the ABL Revolver, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the Company’s assets and the assets of the guarantors (the “ABL Revolver Collateral”).

Under the ABL Revolver, if the Company's borrowing availability falls below 15% of the lesser of (i) the commitment amount and (ii) the borrowing base for 5 consecutive business days, the Company will be required to satisfy and maintain a fixed charge coverage ratio not less than 1.1 to 1 until the first day thereafter on which excess availability has been greater than 15% of the lesser of (i) the commitment amount and (ii) the borrowing base for 30 consecutive days. A breach of any of these restrictions or failure to satisfy the fixed charge coverage ratio requirement, should the Company be in such a scenario, could result in an event of default under the credit agreement that governs the ABL Revolver and indentures that govern the Senior Secured Notes and the 2017 Subordinated Notes described below in which case all amounts outstanding could become immediately due and payable.

In connection with the Refinancing, the Company's interest rate swap agreement was amended as to the counter-party and the fixed rate of interest we paid under the contract increased to 4.981%. All other terms of the contract remained consistent. The swap contract expired on November 27, 2010 (refer to Note 5).

At December 31, 2011, there were no amounts outstanding under the ABL Revolver and the Company's aggregate borrowing capacity was $27.6 million, after giving effect to outstanding letters of credit totaling $12.1 million and the amount of the ineligible accounts receivable and inventories, as defined in the credit agreement governing the ABL Revolver.

Senior Subordinated Notes

In October 2010, the Company issued at par value 10% Senior Subordinated Notes with a principal of $315.0 million, maturing on November 1, 2017 (the "2017 Subordinated Notes"). The 2017 Subordinated Notes were offered and sold pursuant to a Rule 144A offering. A portion of the net proceeds from the sale of the 2017 Subordinated Notes was used to finance the Company's tender offer (the "Tender Offer") for any and all of its than outstanding old subordinated notes, and the remaining net proceeds of the offering, along with available cash, were used to finance the Company's redemption of the remaining old subordinated notes not purchased in the Tender Offer.

The Tender Offer provided the holders of the old subordinated notes a premium of $20 per each $1,000 of principal tendered. In addition, the Tender Offer provided an additional consent payment of $10 per each $1,000 of principal tendered if completed by the early tender deadline (the "Consent solicitation deadline"), or October 28, 2010, in exchange for amendments to the indenture under which the old subordinated notes were issued, which eliminated substantially all of the restrictive covenants, certain affirmative covenants, certain events of default, among other items, all of which were made in order to permit this element of the Refinancing to occur.

Pursuant to the terms of the Tender Offer, the Company repurchased $230.8 million of its old subordinated notes with a carrying value of $229.6 million in October 2010 upon termination of the Consent solicitation deadline. Total cash consideration paid amounted $247.6 million, which included $9.9 million of accrued and unpaid interest up to, but not including, the payment date; $20 per $1,000 of principal tendered, or $4.6 million as the tender premium, and $10 per $1,000 of principal tendered, or $2.3 million of consent premium.

The Tender expired in November 2010. In December 2010, the Company redeemed for cash the remaining $64.2 million principal amount of then outstanding old subordinated notes with a carrying value of $63.9 million at a price of 102.625%, or $65.9 million, plus accrued and unpaid interest of $3.4 million at date of redemption.

The Company incurred approximately $7.8 million of fees in connection with these elements of the Refinancing which were recorded as deferred financing fees when incurred.

In addition, the Company incurred a loss on debt extinguishment in connection with the repurchase of its old subordinated notes amounting to $14.9 million, which included the redemption premium of $6.3 million, the consent premium of $2.3 million, a write off of preexisting deferred financing fees of approximately $12.4 million, net of accumulated amortization thereon of approximately $7.6 million, and the remaining unamortized discount on the old subordinated notes totaling $1.5 million.

The 2017 Subordinated Notes bear interest at 10.0% per annum and mature on November 1, 2017. Interest is payable semi-annually on May 1 and November 1 of each year, commencing on May 1, 2011. Prior to November 1, 2013, the Company may redeem the 2017 Subordinated Notes, in whole or in part, at a price equal to 100% of the principal amount thereof plus a make-whole premium and accrued and unpaid interest, if any, to the date of redemption. The Company may also redeem any of the 2017 Subordinated Notes at any time on or after November 1, 2013, in whole or in part, at the redemption prices set forth in the indenture agreement under which the 2017 Subordinated Notes were issued plus accrued and unpaid interest, if any, to the date of redemption. In addition, prior to November 1, 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Subordinated Notes issued under the indenture with the net proceeds of certain equity offerings, provided at least 65% of the aggregate principal amount of the 2017 Subordinated Notes remain outstanding immediately after such redemption. Upon a change of control, the Company will be required to offer to purchase the 2017 Subordinated Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2017 Subordinated Notes are subject to certain restrictions. The Company's obligations under the 2017 Subordinated Notes are jointly and severally guaranteed on a senior subordinated basis by all of the Company's domestic restricted subsidiaries (refer to Note 16). The 2017 Subordinated Notes and related guarantees are the Company's and the guarantors' senior subordinated obligations and 1) rank equally in right of payment with all senior subordinated indebtedness of the Company and the guarantors; and 2) rank senior in right of payment to any future indebtedness of the Company and guarantors that is, by its term, expressly subordinated in right of payment to the 2017 Subordinated Notes; and 3) are subordinated in the right of payment to all existing and future senior indebtedness of the Company and the guarantors (including the ABL Revolver and Senior Secured Notes and guarantees with respect thereto); and 4) are effectively subordinated in right of payment to all secured indebtedness of the Company and the guarantors (including the ABL Revolver and Senior Secured Notes and guarantees with respect thereto) to the extent of the value of the assets securing such indebtedness; and 5) are structurally subordinated to all existing and future indebtedness and other liabilities of the Company's non-guarantor subsidiaries (other than indebtedness and liabilities owed to the Company or one of its guarantor subsidiaries).

In June 2010, the Company purchased $10.0 million principal amount of old subordinated notes at a price of 99.8% plus accrued interest thereon, for a total of approximately $10.0 million. Subsequent to the purchase, the notes were cancelled. In connection with the purchase and subsequent cancellation of the old subordinated Notes, the Company incurred a loss on debt extinguishment of approximately $0.2 million.

The indentures that govern the Senior Secured Notes the 2017 Subordinated Notes and the credit agreement that governs the ABL Revolver, contain restrictions on the Company's ability, and the ability of the Company's subsidiaries: to (i) incur additional indebtedness or issue preferred stock; (ii) repay subordinated indebtedness prior to its stated maturity; (iii) pay dividends on, repurchase or make distributions in respect of the Company's capital stock or make other restricted payments; (iv) make certain investments; (v) sell certain assets; (vi) create liens; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets; and (viii) enter into certain transactions with the Company's affiliates.

Annual minimum principal payments on the Company's long-term debt are as follows (in thousands):

Year ending December 31,	Amount
2012	$ 7
2013	7
2014	7
2015-2016	3
2017	715,000
Total	$715,024

Interest expense, net, as reported in the statements of operations for the years ended December 31, 2009, 2010 and 2011 has been offset by interest income of $39,547, $6,840 and $46,373, respectively.

5. Derivative instruments

The Company maintained an interest rate swap agreement (the “swap” or the “swap agreement”) that, through January 29, 2010, the closing date of the Refinancing, was used to mitigate its exposure to changes in cash flows from movements in variable interest rates on its long-term debt. In connection with the Refinancing, the swap was amended as to the counter-party and the Company was required to collateralize the fair value of the swap with the ABL Revolver. During 2008 and 2009, the Company also maintained an interest rate collar agreement used to mitigate its exposure to changes in cash flows from movements in variable interest rates on its long term debt.

The interest rate swap agreement was designated as a cash flow hedge effective November 30, 2006. The Company used the dollar off-set method for measuring hedge effectiveness, the application of which included the Hypothetical Derivative Method. Upon designation as a cash flow hedge, changes in the fair value of the interest rate swap which related to the effective portion of the hedge were recorded in accumulated other comprehensive income (loss) and reclassified into earnings as the underlying hedged cash flows affected earnings. Changes in the fair value of the interest rate swap which related to the ineffective portion of the interest rate swap were recorded in other (expense) income, net. At December 31, 2009, the notional amount of the Company’s swap contract was $150.0 million, and decreased to $125.0 million on February 27, 2010. The swap contract expired on November 27, 2010. The Company was receiving variable rate payments (equal to the three-month LIBOR rate) during the term of the swap contract and were obligated to pay fixed interest rate payments at 4.85% during the term of the contract. Through September 30, 2009, every three months, coincident with the reset of the variable rate on the Company’s long-term debt, an amount was reclassified from accumulated other comprehensive income (loss) to earnings as a result of realized gains or losses from the quarterly contractual settlements on the cash flow hedging instrument. In addition, when the Company determined the cash flow hedge did not meet the Company’s requirements for measuring effectiveness under the Hypothetical Derivative Method required by the Company policy, management reclassified the then current effective portion of the cash flow hedge into earnings over the remaining life of the cash flow hedge.

In September 30, 2009, the Company determined that hedge accounting was no longer appropriate, as the hedged forecasted cash flow transactions were no longer probable of occurring due to the anticipation of the refinancing of the underlying debt which was completed in January 2010. Accordingly, net losses of $2.0 million accumulated during the periods of historical effectiveness through September 30, 2009 and the derivative mark-to-market gain of $2.1 million for the year ended December 31, 2009, were recorded in earnings during the year ended December 31, 2009. This net gain of approximately $0.1 million gain is included in other (expense) income, net, in the accompanying consolidated statements of operations for the year ended December 31, 2009.

Through February 2009, in addition to the swap arrangement detailed above, the Company maintained an interest rate collar agreement to mitigate exposures to changes in cash flows from movements in variable interest rates on its long-term debt. The Company’s interest rate collar arrangement expired in January 2009, at which time the realized gain of $0.3 million was recorded to other (expense) income, net in the accompanying consolidated statement of operations.

The Company did not have any derivative instruments at December 31, 2011 or 2010. The following table summarizes the changes in the Company’s liability for its interest rate swap contract and interest rate collar agreement for the year ended December 31, 2010 (in thousands):

	2010
Liability balance at beginning of year	$ 4,511
Cash paid to settle derivative liabilities	(6,216)
Realized loss included in other (income) expense, net	1,705
Unrealized loss included in other (income) expense, net	—
Liability balance at end of year	$ —

Cash paid to settle the derivative liability has been reported as a component of interest expense, net in the accompanying consolidated statements of operations for each of the years ended December 31, 2009 and 2010.

The following table summarizes the activity related to the Company's derivative instruments during the periods they were not designated as hedging instruments during the years ended December 31, 2008, 2009 and 2010 (in thousands):

Derivative Instrument	Location of gain (loss) on derivative instrument recognized in consolidated statements of operations	Amount of gain (loss) recognized in earnings for the year ended December 31, 2009	2010
Interest rate contracts	Other (expense) income, net	$ 285	$ (1,705)

The following table summarizes the activity related to the Company's derivative instruments during the periods they were designated as hedging instruments during the years ended December 31, 2008 and 2009 (in thousands):

	Amount of gain/(loss) recognized in OCI (Effective portion), year ended December 31 2009	Amount of gain/(loss) reclassified from AOCI (Prior effective portion), year ended December 31 2009	Amount of gain/(loss) reclassified from AOCI (Current effective portion), year ended December 31, 2009	Amount of gain/(loss) reclassified from AOCI (Ineffective portion), year ended December 31, 2009
Interest rate contract	$ 1,039	$ (3,038)	$ 1,039	$ (30)

6. Capital stock

The Company's Board of Directors has authorized an aggregate number of common shares for issuance equal to 1,000 shares, $0.01 par value per share. Accellent Acquisition Corp. owns 100% of the capital stock of the Company, and Accellent Holdings Corp. owns 100% of the capital stock of Accellent Acquisition Corp.

In connection with the Acquisition, Accellent Holdings Corp. entered into a registration rights agreement with entities affiliated with KKR and entities affiliated with Bain (each a "Sponsor Entity" and together the "Sponsor Entities") pursuant to which the Sponsor Entities are entitled to certain demand rights with respect to the registration and sale of their shares of Accellent Holdings Corp.

In connection with their employment, certain executives of the Company were required to make an investment in Accellent Holdings Corp. During the years ended December 31, 2009, 2010 and 2011 these investments totaled $0.8 million, $0.6 million and $0.1 million, respectively.

7. Restructuring charges

The following table summarizes the amounts recorded related to restructuring activities, which are included in "Accrued expenses" and "Restructuring charges" in the accompanying consolidated balance sheets and statements of operations (in thousands):

	Employee Costs	Other Exit Costs	Total
Balance, January 1, 2009	$ 400	$ 69	$ 469
Restructuring charges incurred	5,080	647	5,727
Less: cash payments	(3,955)	(644)	(4,599)
Balance, December 31, 2009	1,525	72	1,597
Adjustment to accrued restructuring charges	(45)	(72)	(117)
Less: cash payments	(1,480)	—	(1,480)
Balance, December 31, 2010	—	—	—
Restructuring charges incurred	340	8	348
Less: cash payments	—	(8)	(8)
Balance, December 31, 2011	$ 340	$ —	$ 340

Q4 2011 Facility Closure

In December 2011, the Company's Board of Directors approved a plan of closure with respect to the Company's manufacturing facility in Manchester, England. The facility will be closed, and all employees will be terminated, on or about March 31, 2012. All affected employees were offered both stay-bonuses as well as severance benefits to be received upon termination of employment, should they remain with the Company through the closing date. The total one-time termination benefits total approximately $0.6 million and are being recorded over the remaining service period as employees are required to stay through their termination date to receive the benefits. During the year ended December 31, 2011, the Company recorded $0.3 million of costs related to these one-time termination benefits which is recorded within "Restructuring charges" in the accompanying consolidated statement of operations for the year ended December 31, 2011.

The following restructuring actions were complete as of December 31, 2010.

Q1 2009 Reduction in Force

In March 2009, the Company eliminated 207 positions across both manufacturing and administrative functions as part of a company wide effort to reduce costs and streamline operations. All affected employees were offered individually determined severance arrangements which included one- time termination benefits. As a result of this action, the Company recorded $1.3 million in restructuring charges during the year ended December 31, 2009.

Q2 2009 Reductions in Force and Facility Closure

During the three months ended June 30, 2009, the Company eliminated 38 positions in its administrative functions as part of a company wide effort to reduce costs and streamline operations. All affected employees were offered one time termination benefits, which included severance arrangements and, in certain instances, retention bonuses, if they remained with the Company through their proposed termination date. The total one-time termination benefits approximated $1.2 million and were recorded over the employees' remaining service period as the employees were required to stay through their termination date to receive benefits. During the year ended December 31, 2009, the Company recorded $1.2 million of costs related to these one-time termination benefits.

During the three months ended June 30, 2009, the Company eliminated 29 positions across its manufacturing function as part of a company wide effort to reduce costs. All affected employees were offered individually determined severance arrangements which included one time termination benefits. As a result of this action, the Company recorded $0.3 million in restructuring charges during the year ended December 31, 2009.

In May 2009, the Company's Board of Directors approved a plan of closure with respect to the Company's manufacturing facility in Huntsville, Alabama. The facility closed in November 2009. In connection with the plan, all of the 60 employees were terminated in November 2009. All affected employees were offered both retention bonuses as well as individually determined severance benefits to be received upon termination of employment as planned, should they remain with the Company through the planned termination date. The total one-time termination benefits approximated $1.2 million and were recorded over the employees' remaining service period as employees were required to stay through their termination date to receive the benefits. During the year ended December 31, 2009, the Company recorded $1.2 million of costs related to these one-time termination benefits. In addition, during the year ended December 31, 2009 the Company recorded $0.7 million related to other costs related to the closing of the facility and the consolidation of its operations with other Company facilities.

In connection with the closure of the Company's manufacturing facility in Huntsville, Alabama, the Company assessed the carrying value of the property and equipment at the facility. As a result, the carrying value of certain assets was written down to their respective fair values, less selling costs, of $0.7 million at December 31, 2009. The costs to sell the assets were not significant. The resulting charges combined with losses on those assets that were sold prior to December 31, 2009, totaled $0.4 million for the year ended December 31, 2009 and are included in loss on disposal of property and equipment in the accompanying consolidated statements of operations. The fair value estimate was determined using a quoted price in a brokered market and is considered a level 2 estimate within the Company's fair value hierarchy as discussed in Note 1 above.

Q3 2009 Reduction in Force

During September 2009, the Company eliminated 70 positions across both manufacturing and administrative functions as part of a company wide effort to reduce costs and streamline operations. All affected employees were offered individually determined severance arrangements which included one- time termination benefits. As a result of this action, the Company recorded $1.0 million in restructuring charges during the year ended December 31, 2009.

8. Stock award plans

The Company maintains a 2005 Equity Plan for Key Employees of Accellent Holdings Corp. (the "2005 Equity Plan"), which provides for grants of incentive stock options, nonqualified stock options, restricted stock units and stock appreciation rights. The 2005 Equity Plan requires exercise of stock options within 10 years of grant. Vesting is determined in the applicable stock option agreement and occurs either in equal installments over five years from the date of grant ("Time-Based"), or upon achievement of certain performance targets, over a five-year period ("Performance-Based"). Targets underlying the vesting of Performance Based shares are achieved upon the attainment of a specified level of targeted adjusted earnings performance "Adjusted EBITDA", measured each calendar year. The vesting requirements for Performance Based shares permit a catch-up of vesting should the target not be achieved in the specified calendar year but is achieved in a subsequent calendar year within the five year vesting period. At December 31, 2011, the total number of shares authorized under the plan is 14,374,633. At December 31, 2011, 5,488,071 shares were available to grant under the 2005 Equity Plan. Awards are issued by Accellent Holdings Corp. and upon exercise are satisfied from shares authorized for issuance and not from treasury shares.

The Black-Scholes option pricing model is used to estimate fair value of Roll-Over options, Time-Based and Performance-Based options (as detailed below) and incorporates assumptions regarding stock price volatility, the expected life of the option, a risk-free interest rate, dividend yield, and an estimate of the fair value of Accellent Holdings Corp. common stock. The volatility of Accellent Holdings Corp's common stock is estimated utilizing a weighted average stock price volatility of its publicly traded peer companies, adjusted for the Company's financial performance and the risks associated with the illiquid nature of Accellent Holdings Corp common stock. The risk free rate is based on US Treasury rate for notes with terms best matching of the option's expected term. The dividend yield assumption of 0.0% is based on the Company's history and its expectation of not paying dividends on common shares. The fair value of Accellent Holdings Corp. common stock has been determined by the Board of Directors of Accellent Holdings Corp. utilizing a market based approach based on a variety of factors, including the Company's financial position, historical financial performance, projected financial performance, valuations of publicly traded peer companies, the illiquid nature of the common stock, and arm's length sales of Accellent Holdings Corp. common stock. The fair value of Accellent Holdings Corp. common stock was $3.00 per share at December 31, 2009 and 2010, respectively, and $2.50 per share at December 31, 2011, respectively.

Roll-Over options

In connection with the Acquisition, certain employees of the predecessor company exchanged fully vested stock options to acquire common shares of the predecessor company for 4,901,107 fully vested stock options, or “Roll-Over” options, of Accellent Holdings Corp. The options have an exercise price of $1.25 per share and were assigned the remaining contractual life of the exchanged option contracts. The Company may, at its option, elect to repurchase the Roll-Over options at fair market value from terminating employees within 60 days of termination and provide employees with settlement options to satisfy tax obligations in excess of minimum withholding rates. As a result of these features, Roll-Over options are recorded as a liability until such options are exercised, forfeited, expired or settled.

The table below summarizes the activity relating to the Roll-Over options during the years ended December 31, 2010, and 2011:

	2010		2011	
	Liability (in thousands)	Roll-Over Options Outstanding	Liability (in thousands)	Roll-Over Options Outstanding
Balance at January 1	$ 1,024	576,390	$ 448	250,049
Shares repurchased	(178)	(101,671)	—	—
Options exercised	(360)	(205,421)	(23)	(12,995)
Options forfeited	(34)	(19,249)	(62)	(35,237)
Change in fair value	(4)	—	(8)	—
Balance at December 31	$ 448	250,049	$ 355	201,817

The Roll-Over options permit net settlement by the holder of the option and therefore no cash is required to be received by the Company upon exercise.

As of December 31, 2010 and 2011, the Roll-Over options have a weighted average fair value of $1.79 and $1.76, respectively, based on the Black-Scholes option-pricing model using the following weighted average assumptions:

	2010	2011
Expected term to exercise	2.51 years	1.68 years
Expected volatility	33.69%	32.86%
Risk-free rate	0.82%	0.31%
Dividend yield	0.00%	0.00%

As of December 31, 2011, the weighted average remaining contractual life of the Roll-Over options is approximately 2.6 years. The aggregate intrinsic value of the Roll-Over options was $0.3 million as of December 31, 2011.

Restricted Stock

During the year ended December 31, 2009, 2010 and 2011, the Company did not grant any shares of restricted stock. All restricted stock awards had a fair value of $3.00 per share on the grant date. Total non-cash compensation expense related to restricted stock awards during the years ended December 31, 2009, 2010 and 2011 was approximately $0.2 million, $0.1 million and $0.1 million, respectively. The expense associated with restricted stock grants is amortized over the holder's requisite service period, generally from one to five years. Activity of unvested restricted stock for the years ended December 31, 2009, 2010 and 2011 was as follows:

	Shares of Restricted Stock		
	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Balance, January 1	250,667	120,000	58,667
Restricted stock granted	—	—	—
Restricted stock vested	(60,667)	(37,333)	(29,333)
Restricted stock forfeited	(70,000)	(24,000)	(29,334)
Balance, December 31	120,000	58,667	—

At December 31, 2011, there are no remaining shares of restricted stock expected to vest and no stock-based compensation expense yet to recognize related to restricted stock.

Time-based and performance-based stock options

Stock option activity for the 2005 Equity Plan during the year ended December 31, 2011 is as follows:

	Number of shares	Weighted average exercise price
Outstanding at January 1, 2011	7,815,526	$ 3.21
Granted	1,032,500	3.00
Exercised/ Repurchased	(1,000)	3.00
Forfeited	(193,131)	4.00
Outstanding at December 31, 2011	8,653,895	$ 3.17
Vested or expected to vest at December 31, 2011	5,234,853	$ 3.21
Exercisable at December 31, 2011	2,029,444	$ 3.35

Time-based and performance-based options granted during the years ended December 31, 2009, 2010 and 2011 have a weighted average grant date fair value per option of $0.80, $1.15 and $0.98, respectively, based on the Black-Scholes option-pricing model using the following weighted average assumptions:

	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Expected term to exercise	6.5 years	6.5 years	6.5 years
Expected volatility	36.70%	33.60%	28.30%
Risk-free rate	0.91%	2.27%	1.95%
Dividend yield	0.00%	0.00%	0.00%

The Company records stock-based compensation expense using the graded attribution method, which results in higher compensation expense in the earlier periods than recognition on a straight-line method. For performance-based options, compensation expense is recorded when the achievement of performance targets is considered probable.

As of December 31, 2011, the weighted average remaining contractual life of options granted under the 2005 Equity Plan was 7.49 years. Options outstanding under the 2005 Equity Plan had no intrinsic value as of December 31, 2011.

As of December 31, 2011, the Company had approximately $2.9 million of unearned stock-based compensation expense that will be recognized over approximately 3.3 years based on the remaining weighted average vesting period of all time-based awards and $4.5 million of unearned stock-based compensation expense that may be recognized over approximately 3.3 years based on the weighted average vesting period of all Performance-Based awards.

Stock-based compensation expense

The Company's stock-based compensation expense (benefit) for the years ended December 31, 2009, 2010 and 2011 was as follows:

	(in thousands)		
	2009	2010	2011
Roll-over option award mark to market adjustment	$ (1)	$ (4)	$ (8)
Restricted stock awards	164	104	66
Performance based option awards	239	—	—
Time based option awards	215	595	963
	$617	$695	$1,021

During the year ended December 31, 2011, the Company did not achieve the performance targets required for performance-based share awards to vest, therefore no performance-based stock compensation expense has been recorded.

Stock-based compensation expense was recorded in the consolidated statements of operations as follows:

	(in thousands)		
	2009	2010	2011
Cost of sales	$103	$110	$ 128
Selling, general and administrative	514	585	893
	$617	$695	$1,021

Director's Deferred Compensation Plan

Accellent Holdings Corp. maintains a Directors' Deferred Compensation Plan (the "Directors' Plan") for all non-employee directors of Accellent Holdings Corp. The Plan allows each non-employee director to elect to defer receipt of all or a portion of their annual directors' fees to a future date or dates. Any amounts deferred under the Directors' Plan are credited to a phantom stock account. The number of phantom shares of common stock of Accellent Holdings Corp. credited to each director's phantom stock account is determined based on the amount of the compensation deferred during any given year, divided by the then fair market value per share of Accellent Holdings Corp.'s common stock. If there has been no public offering of Accellent Holdings Corp.'s common stock, the fair market value per share of the common stock will be determined in the good faith discretion of the Accellent Holdings Corp. Board of Directors, or $2.50 at December 31, 2011. During the years ended December 31, 2009, 2010 and 2011, the Company recorded compensation expense related to the Directors' Plan of $93,000, $90,000 and $90,000, respectively.

9. Employee benefit plans

Defined Benefit Pension Plans

The Company has pension plans covering employees at two facilities, one in the United States of America (the "Domestic Plan") and one in Germany (the "Foreign Plan"). Benefits for the Domestic Plan are provided at a fixed rate for each month of service. The Company's funding policy is consistent with the minimum funding requirements of laws and regulations. For the Domestic Plan, plan assets consist of equity and fixed income investment funds. The Domestic Plan was frozen as to new participants in November 2006. The Foreign Plan is an unfunded frozen pension plan and is limited to covering employees hired before 1993.

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its benefit plans in the consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive (loss) income as of the end of each fiscal year. The measurement date used in determining the projected benefit obligation is December 31, consistent with the plan sponsor's fiscal year end. As of December 31, 2010 and 2011 the Accumulated Benefit Obligation of the Company's defined benefit pension plans totaled $3.7 million and $4.5 million, respectively.

The change in the projected benefit obligation is as follows (in thousands):

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Benefit obligation at beginning of period	$ 3,164	$ 3,394	$ 3,653
Service cost	43	42	53
Interest cost	184	184	194
Actuarial loss	74	303	294
Currency translation adjustment	35	(157)	(63)
Benefits paid	(106)	(113)	(120)
Benefit obligation at end of period	$ 3,394	$ 3,653	$ 4,011

The change in Domestic Plan assets were as follows (in thousands):

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Fair value of plan assets at beginning of year	$ 691	$ 902	$ 953
Actual return (loss) on plan assets	196	114	(11)
Employer contributions	75	—	—
Benefits paid	(60)	(63)	(59)
Fair value of plan assets at end of period	$ 902	$ 953	$ 883

A reconciliation of the accrued benefit cost for both the Domestic and Foreign Plans recognized in the financial statements is as follows (in thousands):

	December 31, 2010	December 31, 2011
Funded status	$(2,700)	$(3,128)
Unrecognized net actuarial (loss) gain	998	318
Accrued benefit obligation	(1,702)	(2,810)
Presented as current liabilities	(67)	(67)
Presented as other long-term liabilities	(2,633)	(3,061)
Accumulated other comprehensive (loss) income	998	318
Total	$(1,702)	$(2,810)

The following changes in projected benefit obligations were recognized in other comprehensive income for the years ended December 31, 2009, 2010 and 2011:

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Net actuarial pension (loss) gain	$ —	$ (1,183)	$ 438
Amortization of net actuarial pension loss	44	11	242
Total recognized in other comprehensive loss (income)	$ 44	$ (1,172)	$ 680
Total recognized in net periodic benefit cost and other comprehensive loss	$ 205	$ (1,036)	$ 866

As of December 31, 2011, there was approximately $318,000 of accumulated unrecognized net actuarial loss that has yet to be recognized as a component of net periodic benefit cost in the future periods. Of this amount the Company expects to recognize approximately $3,000 in earnings as a component of net periodic benefit cost during the fiscal year ending December 31, 2012. The Company does not expect to be required to make any contributions to the Company's funded plans in 2012.

Components of net periodic benefit cost for both the Domestic and Foreign Plan were as follows (in thousands):

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Service cost	$ 43	$ 42	$ 53
Interest cost	184	184	194
Expected return of plan assets	(48)	(61)	(64)
Recognized net actuarial gain (loss)	(18)	(29)	3
Total net periodic benefit cost	$ 161	$ 136	$ 186

Assumptions for benefit obligations at December 31 were as follows:

	2010	2011
Discount rate	5.24%	4.77%
Rate of compensation increase	1.92%	1.80%

Assumptions for net periodic benefit costs were as follows:

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
Discount rate	5.82%	5.24%	4.77%
Expected long term return on plan assets	7.00%	7.00%	7.00%
Rate of compensation increase	1.83%	1.92%	1.80%

To develop the expected long-term rate of return on plan assets, the Company considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio and the payment of plan expenses from the pension trust. This resulted in the selection of the 7.0% expected long-term rate of return on plan assets assumption.

To develop the discount rate utilized in determining benefit obligations and net periodic benefit cost, the Company performed a cash flow analysis using third party pension discount curve information and the projected cash flows of the plan as of the measurement date.

Estimated annual future benefit payments for both the Domestic and Foreign Plans for the next five fiscal years and the following five fiscal years are as follows:

Fiscal year	Amount (in thousands)
2012	$ 128
2013	130
2014	133
2015	138
2016	146
Thereafter	875

The fair values of the Company's Domestic Plan's assets at December 31, 2010 and 2011 by asset class, classified according to the fair value hierarchy described in Note 1, are as follows:

		Fair value Measurements at December 31, 2010:		
	Total Carrying Value at December 31, 2010	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
U.S. large- cap fund	$ 429	$ 429	$ —	$ —
U.S. mid- cap and small- cap funds	140	140	—	—
International value funds	84	84	—	—
Fixed income securities	261	261	—	—
Short- term fixed income securities	39	39	—	—
	$ 953	$ 953	$ —	$ —

		Fair value Measurements at December 31, 2011:		
	Total Carrying Value at December 31, 2011	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
U.S. large- cap fund	$ 395	$ 395	$ —	$ —
U.S. mid- cap and small- cap funds	137	137	—	—
International value funds	70	70	—	—
Fixed income securities	258	258	—	
Short- term fixed income securities	23	23	—	—
	$ 883	$ 883	$ —	$ —

As of December 31 the Domestic Plan's target asset allocation was as follows:

Asset Class	2010 Target Allocation %	2011 Target Allocation %
Domestic equity	69.0%	69.0%
Fixed income	31.0%	31.0%

The asset allocation policy was developed in consideration of the long-term investment objective of ensuring that there is an adequate level of assets to support benefit obligations to plan participants. A secondary objective is minimizing the impact of market fluctuations on the value of the plans' assets.

In addition to the broad asset allocation described above, the following policies apply to the individual asset classes:

i. Fixed income investments shall be oriented toward investment grade securities rated "BBB" or higher. They are diversified among individual securities and sectors.

ii. Equity investments are diversified among individual securities, industries and economic sectors. Most securities held are issued by companies with medium to large market capitalizations.

401(k) and Other Plans

The Company has a 401(k) plan available for most employees. An employee may contribute up to 50% of gross salary to the 401(k) plan, subject to certain maximum compensation and contribution limits as adjusted from time to time by the Internal Revenue Service. The Company's Board of Directors determines annually the amount of contribution, if any, the Company shall make to the 401(k) plan. The employees' contributions vest immediately, while the Company's contributions vest over a five-year period. The Company matches 50% of the employee's contributions up to a maximum of 6% of the employee's gross salary. The Company's matching contributions totaled approximately $2.2 million, $2.1 million and $2.2 million for the years ended December 31, 2009, 2010 and 2011, respectively.

The Company also maintains a Supplemental Executive Retirement Pension Program ("SERP") that covers one of its employees. The SERP is a non-qualified, unfunded deferred compensation plan. Expenses incurred by the Company related to the SERP, which are actuarially determined, were $59,264, $97,048 and $455,081 for the years ended December 31, 2009, 2010 and 2011 respectively. The liability for the plan was $1.5 million and $0.9 million as of December 31, 2010 and 2011, respectively, and was included within other long-term liabilities on the Company's consolidated balance sheets.

10. Income taxes

The provision for income taxes includes federal, state and foreign taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. The components of the provision for income taxes for the years ended December 31, 2009, 2010 and 2011 were as follows (in thousands):

	Year ended December 31,		
	2009	2010	2011
Current			
Federal	$ 39	$ —	$ —
State	261	(255)	260
Foreign	820	1,533	2,568
Deferred			
Federal	2,590	2,590	2,590
State	(113)	649	312
Foreign	(21)	(152)	(101)
Total provision	$3,576	$4,365	$5,629

Income before income taxes included income from foreign operations of $4.4 million, $8.7 million, and $10.7 million for the years ended December 31, 2009, 2010 and 2011, respectively.

Major differences between income taxes at the federal statutory rate and the amount recorded in the accompanying consolidated statements of operations for the years ended December 31 2009, 2010 and 2011 were as follows (in thousands):

	Year ended December 31,		
	2009	2010	2011
Expected tax (benefit) expense at statutory rate	$ 849	$(7,053)	$(2,860)
Change in valuation allowance on deferred tax assets	2,806	9,421	9,750
State taxes, net of federal benefit	170	203	(793)
Foreign rate differential	(669)	(1,314)	(744)
Repatriation of earnings	1,575	1,783	1,621
Changes in reserves for uncertain tax positions	(682)	(567)	25
Stock options	83	(188)	(3)
Return to provision and other adjustments	(556)	2,080	(1,367)
Tax provision	$3,576	$ 4,365	$ 5,629

The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of December 31, 2010 and 2011 (in thousands):

	December 31,	
	2010	2011
Deferred tax assets		
Operating loss and tax credit carryforwards	$115,243	$119,502
Environmental liabilities	717	650
Accrued compensation	4,260	4,788
Inventory and accounts receivable	4,112	3,422
Other	5,718	6,572
Total deferred tax asset	130,050	134,934
Deferred tax liabilities:		
Depreciation	(9,425)	(6,797)
Intangibles	(73,190)	(73,754)
Total deferred tax liabilities	(82,615)	(80,551)
Valuation allowance	(73,521)	(83,270)
Total net deferred tax liability	$ (26,086)	$ (28,887)

The Company's deferred income tax expense results primarily from the different book and tax treatment for a portion of the Company's goodwill and the Company's trade name intangible asset, "the amortizing tax intangibles". For tax purposes, the amortizing tax intangibles acquired in taxable asset transactions are subject to annual amortization, which reduces their tax basis. Such assets are not amortized for financial reporting purposes, which gives rise to a different book and tax basis. The lower taxable basis of the amortizing tax intangibles would result in higher taxable income upon any future disposition of the underlying business. Deferred taxes are recorded to reflect the future incremental taxes from the basis differences that would be incurred upon a future sale. This amount is included as a deferred tax liability in the table above within "Intangibles" and totals $26.4 million and $29.4 million at December 31, 2010 and December 31, 2011, respectively.

At December 31, 2011, the Company has federal net operating loss ("NOL") carryforwards of approximately $303.8 million expiring at various dates through 2029. Approximately $216.6 million of these carryforwards were acquired in the Acquisition. If not utilized, these carryforwards will begin to expire in 2018. Such losses are also subject to limitations of Internal Revenue Code, Section 382, which in general provides that utilization of NOL's is subject to an annual limitation if an ownership change results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50 percentage points over a three-year period. Such an ownership change occurred upon the consummation of the Acquisition. Certain acquired losses are subject to preexisting Section 382 limitations, which predate the Acquisition. Subsequent ownership changes, as defined in Section 382, could further limit the amount of net operating loss carryforwards, as well as research and development credits that can be utilized to offset future taxable income.

The Company's federal NOL carryforward for tax return purposes is $21.5 million greater than its federal NOL for financial reporting purposes due to $12.7 million of unrecognized tax benefits as well as $8.8 million of unrealized excess tax benefits related to share-based compensation awards. The tax benefit of the share-based compensation awards would be recognized for financial statement purposes through additional paid-in capital, in the period in which the tax benefit reduces income taxes payable.

The Company assessed the positive and negative evidence bearing upon the realizability of its deferred tax assets at December 31, 2010 and 2011. Based on an assessment of this evidence, the Company determined, at the end of each of these periods that it is more likely than not that the Company will not recognize the benefits of its federal and state deferred tax assets. As a result, the Company provided for valuation allowances on substantially all of the its net deferred tax assets, after considerations for deferred tax liabilities for indefinite lived intangibles and goodwill, which will not be a future source of income.

The Company's valuation allowance increased $2.8 million, $9.4 million and $9.8 million during the years ended December 31, 2009, 2010 and 2011, respectively, principally due to the Company's net losses in each of these years.

As of December 31, 2010 and 2011, the Company has not accrued deferred income taxes on $5.3 million and $8.9 million, respectively, of unremitted earnings from foreign subsidiaries as such earnings are expected to be permanently reinvested outside of the U.S. However, to the extent such foreign earnings were remitted in the future a deferred tax liability of $2.0 million would be recorded.

The change in unrecognized tax benefits related to uncertain tax positions for the years ended December 31, 2009, 2010 and 2011 is as follows (in thousands):

	2009	2010	2011
Balance at January 1	$8,680	$8,133	$7,400
Gross increases for tax positions taken in prior periods	277	—	233
Gross decreases for tax positions taken in prior periods	—	(116)	—
Gross increases for tax positions taken in current period	120	—	—
Lapse of statute of limitations	(944)	(617)	(42)
Balance at December 31	$8,133	$7,400	$7,591

Substantially all of the $7.6 million of uncertain tax benefits at December 31, 2011 would impact the effective tax rate if recognized in a future period.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of its provision for income tax expense. During the years ended December 31, 2009, 2010 and 2011, the Company recorded income tax expense (benefit) of approximately $(95,000) and $57,000, $30,000 and $(13,000), and $0 and $(2,000) for interest and penalties, respectively. The Company maintains balances for accrued interest and accrued penalties of $465,000 and $107,000, and $460,000 and $107,000, relating to unrecognized tax benefits as of December 31, 2010 and 2011, respectively.

The Company is subject to income taxes in the U.S. Federal jurisdiction, and various state and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax law and regulations and require significant judgment to apply. With exception to one state jurisdiction, the Company is not currently under any examination by U.S. Federal, state and local, or non-U.S. tax authorities. The tax years ended December 31, 2006 through 2011, inclusive, remain subject to examination by major tax jurisdictions. However, since the Company has net operating loss carryforwards which may be utilized in future years to offset taxable income, those years may also be subject to review by relevant taxing authorities if such net operating loss carryforwards are utilized, notwithstanding that the statute for assessment may have closed.

11. Related-party transactions

The Company maintains a management services agreement with its principal equity owner, Kohlberg, Kravis, Roberts & Co., ("KKR") pursuant to which KKR will provide certain structuring, consulting and management advisory services. During each of the years ended December 31, 2009 and 2010, the Company incurred management fees and expenses with KKR of $1.2 million, respectively. During the year ended December 31, 2011 the Company incurred management fees and expenses with KKR of $1.3 million. As of December 31, 2010 and 2011, the Company owed KKR $1.2 million and $0.3 million for unpaid management fees which are included in accrued expenses in the accompanying consolidated balance sheets. The Company has also historically utilized the services of Capstone Consulting LLC

(“Capstone”), an entity affiliated with KKR. For the years ended December 31, 2010 and 2011, the Company incurred $0.7 million and $0.1 million of integration consulting fees for the services of KKR-Capstone, respectively. There were no such fees incurred during 2009. At December 31, 2010 and 2011, the Company owed Capstone $0.3 million, which is payable in common stock of AHC.

In addition to the above, entities affiliated with KKR Asset Management (“KKR-AM”), an affiliate of KKR, owned approximately $31.3 million principal amount of the Company’s Senior Secured Notes and approximately $27.9 million principal amount of the Company’s 2017 Subordinated Notes at December 31, 2011, respectively (refer to Note 4). At the time that the Company’s old subordinated notes were redeemed, KKR- AM owned approximately $51.7 million principal amount of the old notes. In connection with the repurchase of the old subordinated notes, the Company paid KKR- AM approximately $55.0 million in cash consideration, which included $1.8 million of accrued and unpaid interest up to, but not including, the date of redemption the consent payment and the tender premium.

The Company sells products to Biomet, Inc., which in September 2007 became privately owned by a consortium of private equity sponsors, including KKR. Net revenues from sales to Biomet, Inc. during the years ended December 31, 2009, 2010 and 2011 totaled $1.2 million, $0.7 million, and $0.2 million, respectively. At December 31, 2010 and 2011, accounts receivable due from Biomet aggregated $0.1 million and $0.1 million, respectively.

In October 2009, the Company began utilizing the services of SunGard Data Systems, Inc (“SunGard”), a provider of software and information processing solutions, which is privately owned by a consortium of private equity sponsors, including KKR and Bain Capital. The Company entered into an agreement with SunGard to provide information systems hosting services for the Company. The Company incurred approximately $0.5 million and $0.6 million in fees in connection with this agreement for the years ended December 31, 2010 and 2011, respectively.

12. Fair value measurements

Financial Instruments

The Company determines fair value of financial instruments utilizing a fair value hierarchy that ranks the quality and reliability of the information used to determine fair value, as detailed in Note 1.

As detailed in Note 8, the Company uses the Black-Scholes option pricing model to determine the fair value of its liability for roll-over option awards. A roll-forward of the change in fair value of this financial instrument and information regarding the Level 3 inputs and the significant assumptions used in estimating the roll-over options’ fair value are also included in Note 8.

As discussed in Note 5, the Company maintained an interest rate swap contract at December 31, 2009, which expired in November 2010. This contract was valued using a discounted cash flow model that took into account the present value of future cash flows under the terms of the contracts using current market information as of the reporting dates pertaining to forward LIBOR rates and an estimate of the Company’s credit risk determined by management utilizing industry benchmark credit indices and market values for the Company’s debt securities. A rollforward of the change in fair value of this financial instrument is presented in Note 5.

The following tables provide a summary of the financial assets and liabilities recorded at fair value at December 31, 2010 and 2011:

		Fair Value Measurements determined using		
	Total Carrying Value at December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2010:				
Liability for Roll-Over options	$ 448	$ —	$ —	$ 448
December 31, 2011:				
Investment in available for sale security	$ 1,155	$ 1,155	$ —	$ —
Liability for Roll-Over options	$ 355	$ —	$ —	$ 355

During the year ended December 31, 2011 one of the Company’s cost-basis investments completed an initial public offering of its stock. As of December 31, 2011, this investment has been classified as available for sale and has been recorded at its fair value, which has been determined from its quoted market price, less a discount due to the restrictions on the security at December 31, 2011.

For other instruments, the estimated fair value has been determined by the Company using available market information; however, considerable judgment is required in interpreting market data to develop these estimates. The methods and assumptions used to estimate the fair value of each class of financial instruments is as set forth below:

- *Accounts receivable and accounts payable*: The carrying amounts of these items are a reasonable estimate of their fair values at December 31, 2010 and 2011 based on the short-term nature of these items.
- *Borrowings under the Senior Secured Notes due 2017*—Borrowings under the Senior Secured Notes due 2017 have a fixed rate. At December 31, 2011, the fair value of the Senior Secured Notes–2017, based on quoted market prices for them, was approximately 99.7% or $398.9 million compared to their carrying value of $400.0 million.
- *Borrowings under the Senior Subordinated Notes due 2017*—Borrowings under the Senior Subordinated Notes due 2017 have a fixed rate. At December 31, 2011 the fair value of the Senior Subordinated Notes due 2017 was 79.3%, or $249.6 million.

13. Environmental matters

The Pennsylvania Department of Environmental Protection ("DEP") has filed a petition for review with the U.S. Court of Appeals for the District of Columbia Circuit challenging recent amendments to the U.S. Environmental Protection Agency ("EPA") National Air Emissions Standards for hazardous air pollutants from halogenated solvent cleaning operations. These revised standards exempt three industry sectors (aerospace, narrow tube manufacturers and facilities that use continuous web-cleaning and halogenated solvent cleaning machines) from facility emission limits for TCE and other degreaser emissions. The EPA has agreed to reconsider the exemption. The Company's Collegeville facility meets current EPA control standards for TCE emissions and is exempt from the new lower TCE emission limit since the Company manufactures narrow tubes. As part of efforts to lower TCE emissions, the Company has begun to implement a process that will reduce the Company's TCE emissions generated by its Collegeville facility. However, this process will not reduce TCE emissions to the levels required should a new standard become law.

At December 31, 2010 and 2011, the Company maintained reserves for environmental liabilities of approximately $1.9 million and $1.8 million, respectively of which the Company expects to pay $0.1 million during 2012.

In September 2010, the EPA approved an amendment to the Consent Order which eliminated the need to treat potentially elevated levels of chromium. As a result of the amendment to the Consent Order, the Company is no longer obligated to operate a treatment system for chromium should levels become elevated. Accordingly, the Company reduced the amount of the recorded liability by $1.3 million which was recorded as a reduction of Cost of sales (exclusive of amortization) in the accompanying consolidated statement of operations for the year ended December 31, 2010. The Company expects to pay approximately $0.1 million per year to meet its current requirements under the Consent Order.

14. Geographic information

For each of the years ended December 31, 2009, 2010 and 2011, approximately 95% of the Company's sales were derived from medical device customers.

The following table presents net sales by country or geographic region based on the location of the customer and in order of significance for the years ended December 31, 2009, 2010 and 2011 (in thousands):

	Year Ended December 31,		
	2009	2010	2011
Net sales:			
United States of America	$399,324	$422,991	$426,925
Ireland	29,701	33,251	38,994
Germany	17,014	16,049	26,285
United Kingdom	6,382	5,710	4,093
Sweden	6,118	6,583	7,116
France	4,204	3,830	4,038
Netherlands	1,430	1,395	1,811
Other Western Europe	5,101	6,206	6,237
Asia Pacific	4,049	4,918	4,487
Central and South America	3,529	4,315	8,911
Eastern Europe	641	847	688
Other	1,300	859	2,197
Total	$478,793	$506,954	$531,782

Property, plant and equipment, based on the location of the assets, were as follows (in thousands):

	December 31,	
	2010	2011
Property, plant and equipment, net:		
United States	$107,329	$109,981
United Kingdom	326	270
Germany	3,922	5,310
Ireland	4,263	3,737
Mexico	770	664
Asia	4,427	7,030
Total	$121,037	$126,992

15. Commitments and contingencies

The Company is obligated on various lease agreements for office space, automobiles and equipment, expiring through 2018, which are accounted for as operating leases.

Aggregate rental expense for the years ended December 31, 2009, 2010 and 2011 was $7.7 million, $7.3 million and $7.4 million, respectively. Future minimum rental commitments under all operating leases are as follows (in thousands):

Year	Amount
2012	$ 6,150
2013	5,552
2014	4,019
2015	3,251
2016	2,147
Thereafter	2,126
Total	$23,245

The Company is involved in various legal proceedings in the ordinary course of business, including the environmental matters described in Note 13. In the opinion of management, the outcome of such proceedings will not have a material effect on the Company’s financial position or results of operations or cash flows.

The Company has various purchase commitments totaling approximately $36.7 million at December 31, 2011 for materials, supplies, machinery and equipment incident to the ordinary conduct of business. Such purchase commitments are generally for a period of less than one year, often cancelable and able to be rescheduled and not at prices in excess of current market prices.

16. Supplemental guarantor financial information

In connection with the Company's borrowing arrangements (refer to Note 4) (collectively the "Notes"), all of its domestic subsidiaries (the "Subsidiary Guarantors") which are 100% owned guaranteed on a joint and several, full and unconditional basis, the repayment by Accellent Inc. of such Notes. Foreign subsidiaries of Accellent Inc. (the "Non-Guarantor Subsidiaries") have not guaranteed the Notes.

The following tables present the supplemental condensed consolidating balance sheet information of the Company ("Parent"), the Subsidiary Guarantors and the Non-Guarantor Subsidiaries as of December 31, 2010 and December 31, 2011, and the supplemental condensed consolidating operational and cash flow information for each of the years ended December 31, 2009, 2010 and 2011.

Condensed Consolidating Balance Sheet Information
December 31, 2010 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash	$ —	$ 38,392	$ 2,395	$ —	$ 40,787
Receivables, net	—	51,816	3,175	(980)	54,011
Inventories	—	63,028	3,000	—	66,028
Prepaid expenses and other	2	2,537	111	—	2,650
Total current assets	2	155,773	8,681	(980)	163,476
Property, plant and equipment, net	—	107,655	13,382	—	121,037
Intercompany receivables, net	—	212,206	21,504	(233,710)	—
Investment in subsidiaries	426,194	36,197	—	(462,391)	—
Goodwill	629,854	—	—	—	629,854
Intangibles, net	164,626	—	—	—	164,626
Deferred financing costs and other assets	18,430	353	300	—	19,083
Total assets	$1,239,106	$512,184	$ 43,867	$(697,081)	$1,098,076
Current portion of long-term debt	$ —	$ 9	$ —	$ —	$ 9
Accounts payable	55	22,784	1,596	(410)	24,025
Accrued liabilities	20,375	22,579	3,741	(13)	46,682
Total current liabilities	20,430	45,372	5,337	(423)	70,716
Note payable and long-term debt	936,877	10,065	—	(234,267)	712,675
Other long-term liabilities	1,291	30,553	2,333	—	34,177
Total liabilities	958,598	85,990	7,670	(234,690)	817,568
Equity	280,508	426,194	36,197	(462,391)	280,508
Total liabilities and equity	$1,239,106	$512,184	$ 43,867	$(697,081)	$1,098,076

Condensed Consolidating Balance Sheet Information
December 31, 2011 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash	$ —	$ 32,627	$ 6,231	$ —	$ 38,858
Receivables, net	—	52,073	3,014	(324)	54,763
Inventories	—	62,528	3,434	—	65,962
Prepaid expenses and other	879	3,385	217	—	4,481
Total current assets	879	150,613	12,896	(324)	164,064
Property, plant and equipment, net	—	110,251	16,741	—	126,992
Intercompany receivable, net	—	300,148	21,728	(321,876)	—
Investment in subsidiaries	493,405	42,612	—	(536,017)	—
Goodwill	629,854	—	—	—	629,854
Intangibles, net	149,687	—	—	—	149,687
Deferred financing costs and other assets	16,310	155	352	8	16,825
Total assets	$1,290,135	$603,779	$ 51,717	$(858,209)	$1,087,422
Current portion of long-term debt	$ —	$ 22	$ —	$ —	$ 22
Accounts payable	15	21,236	1,764	(435)	22,580
Accrued liabilities	19,517	21,919	4,932	119	46,487
Total current liabilities	19,532	43,177	6,696	(316)	69,089
Note payable and long-term debt	1,003,063	31,780	—	(321,876)	712,967
Other long-term liabilities	1,321	34,736	2,409	—	38,466
Total liabilities	1,023,916	109,693	9,105	(322,192)	820,522
Equity	266,219	494,086	42,612	(536,017)	266,900
Total liabilities and equity	$1,290,135	$603,779	$ 51,717	$(858,209)	$1,087,422

Condensed Consolidating Operations Information
Year ended December 31, 2009 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$455,354	$ 24,198	$ (759)	$ 478,793
Cost of sales	—	331,865	16,677	(759)	347,783
Selling, general and administrative expenses	94	44,958	2,673	—	47,725
Research and development expenses	—	1,912	152	—	2,064
Restructuring charges	—	5,705	22	—	5,727
Amortization of intangibles assets	14,939	—	—	—	14,939
Loss on disposal of property and equipment	—	860	106	—	966
(Loss) income from operations	(15,033)	70,054	4,568	—	59,589
Interest expense, net	(56,644)	72	3	—	(56,569)
Other expense, net	425	(806)	(133)	—	(514)
Equity in earnings of affiliates	70,182	3,815	—	(73,997)	—
Provision for income taxes	—	(2,953)	(623)	—	(3,576)
Net (loss) income	$ (1,070)	$ 70,182	$ 3,815	$ (73,997)	$ (1,070)

Condensed Consolidating Operations Information
Year ended December 31, 2010 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$481,773	$ 26,401	$ (1,220)	$ 506,954
Cost of sales	—	353,413	17,057	(1,220)	369,250
Selling, general and administrative expenses	90	49,043	2,869	—	52,002
Research and development expenses	—	1,786	607	—	2,393
Restructuring charges	—	(117)	—	—	(117)
Amortization of intangibles assets	14,939	—	—	—	14,939
Loss on disposal of property and equipment	—	12	3		15
(Loss) income from operations	(15,029)	77,636	5,865	—	68,472
Interest expense, net	(73,838)	(103)	2	—	(73,939)
Loss on debt extinguishment	(20,882)	—	—	—	(20,882)
Other expense (income), net	4,511	(456)	2,156	—	6,211
Equity in earnings of affiliates	80,735	6,896	—	(87,631)	—
Provision for income taxes	—	(3,238)	(1,127)	—	(4,365)
Net (loss) income	$(24,503)	$ 80,735	$ 6,896	$ (87,631)	$ (24,503)

Condensed Consolidating Operations Information
Year ended December 31, 2011 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$494,315	$ 39,040	$ (1,573)	$ 531,782
Cost of sales	—	377,142	25,279	(1,573)	400,848
Selling, general and administrative expenses	91	50,631	3,566	—	54,288
Research and development expenses	—	1,601	921	—	2,522
Restructuring charges	—	348	—	—	348
Amortization of intangibles assets	14,939	—	—	—	14,939
(Gain) loss on disposal of property and equipment	(750)	44	—	—	(706)
(Loss) income from operations	(14,280)	64,549	9,274	—	59,543
Interest (expense), net	(68,780)	(177)	74	—	(68,883)
Other income (expense), net	—	(754)	784	—	30
Equity in earnings of affiliates	68,121	8,048	—	(76,169)	—
Provision for income taxes	—	(3,545)	(2,084)	—	(5,629)
Net (loss) income	$(14,939)	$ 68,121	$ 8,048	$ (76,169)	$ (14,939)

Condensed Consolidating Cash Flow Information
Year ended December 31, 2009 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$(51,774)	$101,406	$ 5,847	$ —	$ 55,479
Cash flows from investing activities:					
Capital expenditures	—	(15,000)	(1,434)	—	(16,434)
Proceeds from sale of equipment	—	1,016	—	—	1,016
Proceeds from payment of note receivable	—	1,268	—	—	1,268
Net cash used in investing activities	—	(12,716)	(1,434)	—	(14,150)
Cash flows from financing activities:					
Borrowings		—	—	—	—
Repayments	(22,376)	(8)	—	—	(22,384)
Repurchase of parent company stock	(16)	—	—	—	(16)
Deferred financing fees	(10)	—	—	—	(10)
Proceeds from sale of stock	239	—	—	—	239
Intercompany receipts (advances)	73,937	(69,481)	(4,456)	—	—
Cash flows provided by (used for) financing activities	51,774	(69,489)	(4,456)	—	(22,171)
Effect of exchange rate changes in cash	—	159	(57)	—	102
Net increase (decrease) in cash and cash equivalents	—	19,360	(100)	—	19,260
Cash and cash equivalents, beginning of year	—	12,379	2,146	—	14,525
Cash and cash equivalents, end of year	$ —	$ 31,739	$ 2,046	$ —	$ 33,785

Condensed Consolidating Cash Flow Information
Year ended December 31, 2010 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used for) provided by operating activities	$ (53,474)	$ 80,090	$ 7,959	$ —	$ 34,575
Cash flows from investing activities:					
Capital expenditures	—	(20,259)	(5,685)	—	(25,944)
Proceeds form sale of equipment	—	55	11	—	66
Net cash used in investing activities	—	(20,204)	(5,674)	—	(25,878)
Cash flows from financing activities:					
Proceeds from borrowings on long term debt	712,396	—	—	—	712,396
Repayments of long-term debt	(695,243)	23	—	—	(695,220)
Proceeds from sale of parent company stock	600	—	—	—	600
Proceeds from exercise of options in parent company stock	106	—	—	—	106
Repurchase of parent company stock	(66)	—	—	—	(66)
Payments of debt issuance costs	(19,337)	—	—	—	(19,337)
Intercompany receipts (advances)	55,018	(53,248)	(1,770)	—	—
Cash flows provided by (used for) financing activities	53,474	(53,225)	(1,770)	—	(1,521)
Effect of exchange rate changes in cash	—	(11)	(163)	—	(174)
Net increase (decrease) in cash and cash equivalents	—	6,650	352	—	7,002
Cash and cash equivalents, beginning of year	—	31,739	2,046	—	33,785
Cash, end of year	$ —	$ 38,389	$ 2,398	$ —	$ 40,787

Condensed Consolidating Cash Flow Information
Year ended December 31, 2011 (in $000's)

	Parent	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$(65,678)	$ 83,805	$ 10,888	$ —	$ 29,015
Cash flows from investing activities:					
Capital expenditures	—	(24,728)	(6,082)	—	(30,810)
Proceeds from sale of property and equipment	—	970	—	—	970
Net cash used in investing activities	—	(23,758)	(6,082)	—	(29,840)
Cash flows from financing activities:					
Repayments	—	(18)	—	—	(18)
Proceeds from exercise of options in parent company stock	19	—	—	—	19
Repurchase of parent company stock	(28)	—	—	—	(28)
Proceeds from sale of stock	50	—	—	—	50
Payments of debt issuance costs	(794)				(794)
Intercompany receipts (advances)	66,431	(66,206)	(225)	—	—
Cash flows provided by (used for) financing activities	65,678	(66,224)	(225)	—	(771)
Effect of exchange rate changes in cash	—	(13)	(320)	—	(333)
Net increase (decrease) in cash	—	(6,190)	4,261	—	(1,929)
Cash, beginning of year	—	38,389	2,398	—	40,787
Cash, end of year	$ —	$ 32,199	$ 6,659	$ —	$ 38,858

17. Subsequent events

The Company has evaluated the period from December 31, 2011, the date of the consolidated financial statements, through the date of the issuance and filing of the consolidated financial statements, and has determined that no material subsequent events have occurred that would affect the information presented in these consolidated financial statements or require additional disclosure.

ACCELLENT INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

For the years ended December 31, 2009, 2010 and 2011
(in thousands)

Amounts in Thousands	Balance at Beginning of Year	Additions Charged/ Adjustments credited to Expense	Other	Amounts Written Off	Balance at End of Year
Allowance for doubtful accounts:					
Year ended December 31, 2009	$ 534	$ 712	$—	$ (136)	$ 1,110
Year ended December 31, 2010	$ 1,110	$ (213)	$—	$ (307)	$ 590
Year ended December 31, 2011	$ 590	$ 510	$—	$ (384)	$ 716

Amounts in Thousands	Balance at Beginning of Year	Additions Charged to Net Sales	Other	Returns Processed	Balance at End of Year
Reserve for sales returns:					
Year ended December 31, 2009	$ 620	$ 5,819	$—	$(5,211)	$ 1,228
Year ended December 31, 2010	$ 1,228	$ 7,289	$—	$(7,105)	$ 1,412
Year ended December 31, 2011	$ 1,412	$ 5,649	$—	$(5,794)	$ 1,267

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
3.1	Third Articles of Amendment and Restatement, as amended, of Accellent Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to Accellent Inc.'s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
3.2	Amended and Restated Bylaws of Accellent Inc. (incorporated by reference to Exhibit 3.2 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
4.1	Indenture, dated as of January 29, 2010, among Accellent Inc., the subsidiary guarantors party thereto and The Bank of New York Mellon, as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to Accellent Inc.'s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
4.2	Exchange and Registration Rights Agreement, dated as of January 29, 2010, among Accellent Inc., the guarantors party thereto and Credit Suisse Securities (USA) LLC, as representative of the several initial purchasers (incorporated by reference to Exhibit 4.2 to Accellent Inc.'s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
4.3	Pledge Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and the Bank of New York Mellon, as notes collateral agent (incorporated by reference to Exhibit 4.5 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
4.4	Security Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and the Bank of New York, as notes collateral agent (incorporated by reference to Exhibit 4.6 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
4.5	Indenture with respect to 10% Senior Subordinated Notes due 2017, dated as of October 28, 2010, among Accellent Inc., the guarantors party thereto and The Bank of New York Mellon, as trustee (incorporated by reference to Exhibit 4.1 to Accellent Inc.'s Current Report on Form 8-K, filed on November 2, 2010 (file number 333-130470)).
4.6	Exchange and Registration Rights Agreement with respect to 10% Senior Subordinated Notes due 2017, dated as of October 28, 2010, among Accellent Inc., the guarantors party thereto and the representatives of the several initial purchasers party thereto (incorporated by reference to Exhibit 4.2 to Accellent Inc.'s Current Report on Form 8-K, filed on November 2, 2010 (file number 333-130470)).
10.1*	2005 Equity Plan for Key Employees of Accellent Holdings Corp. and Its Subsidiaries and Affiliates (incorporated by reference to Exhibit 10.5 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.2	Management Services Agreement, dated November 22, 2005, between Accellent Inc. and Kohlberg Kravis Roberts & Co. L.P. (incorporated by reference to Exhibit 10.6 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.3*	Form of Rollover Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.7 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.4*	Form of Management Stockholder's Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.8 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.5*	Form of Sale Participation Agreement, dated November 22, 2005, between Accellent Holdings LLC and certain members of management (incorporated by reference to Exhibit 10.9 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.6	Registration Rights Agreement, dated November 22, 2005, between Accellent Holdings Corp. and Accellent Holdings LLC (incorporated by reference to Exhibit 10.10 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.7	Stock Subscription Agreement, dated November 16, 2005, between Bain Capital Integral Investors LLC and Accellent Holdings Corp. (incorporated by reference to Exhibit 10.11 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.8	Stockholders' Agreement, dated as of November 16, 2005 by and among Accellent Holdings Corp., Bain Capital Integral Investors, LLC, BCIP TCV, LLC and Accellent Holdings LLC (incorporated by reference to Exhibit 10.12 to Accellent Inc.'s Registration Statement on Form S-4, filed on December 19, 2005 (file number 333-130470)).
10.9*	Accellent Inc. Supplemental Executive Retirement Pension Program (incorporated by reference to Exhibit 10.11 to Accellent Inc.'s Registration Statement on Form S-1, filed on February 14, 2001).
10.10	Form of Stock Option Agreement, dated November 22, 2005, between Accellent Holdings Corp. and certain members of management (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to Accellent Inc.'s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
10.11*	Accellent Holdings Corp. Directors' Deferred Compensation Plan (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to Accellent Inc.'s Registration Statement on Form S-4, filed on January 26, 2006 (file number 333-130470)).
10.12*	Employment Agreement, dated December 1, 2005, between Accellent Corp. and Jeffrey M. Farina (incorporated by reference to Exhibit 10.29 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 13, 2007 (file number 333-130470)).
10.13*	Employment Agreement, dated September 4, 2007, between Accellent Inc. and Jeremy Friedman (incorporated by reference to Exhibit 99.2 to Accellent Inc.'s Current Report on Form 8-K, filed on September 6, 2007 (file number 333-130470)).
10.14*	First Amendment to the Employment Agreement, dated March 31, 2008, between Accellent Inc. and Jeremy Friedman (incorporated by reference to Exhibit 10. 26 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2008 (file number 333-130470)).
10.15*	Employment Agreement, dated January 15, 2010, between Accellent Inc. and Dean D. Schauer (incorporated by reference to Exhibit 10.23 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.16*	Amendment No. 1 to Employment Agreement, dated as of October 20, 2011, between Accellent Inc. and Dean D. Schauer.
10.17	Credit Agreement, dated as of January 29, 2010, among Accellent Inc., as Borrower, the Several Lenders from time to time parties thereto, Wells Fargo Capital Finance, LLC, as Administrative Agent and Collateral Agent and Wells Fargo Capital Finance, LLC, as Lead Arranger and Bookrunner (incorporated by reference to Exhibit 10.1 to Accellent Inc.'s Current Report on Form 8-K, filed on February 3, 2010 (file number 333-130470)).
10.18	Guarantee, dated as of January 29, 2010, among the subsidiaries named therein and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.25 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.19	Pledge Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.26 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.20	Security Agreement, dated as of January 29, 2010, among Accellent Inc., the subsidiaries named therein, and Wells Fargo Capital Finance, LLC, as collateral agent (incorporated by reference to Exhibit 10.27 to Accellent Inc.'s Annual Report on Form 10-K, filed on March 31, 2010 (file number 333-130470)).
10.21*	Employment Agreement, dated January 15, 2010, between Accellent Inc. and Donald J. Spence (incorporated by reference to Exhibit 99.2 to Accellent Inc.'s Current Report on Form 8-K, filed on April 26, 2010 (file number 333-130470)).
10.22*	Amendment No. 1 to Employment Agreement, dated as of October 20, 2011, between Accellent Inc. and Donald J. Spence.
10.23*	Employment Agreement dated August 3, 2011 between Accellent Inc. and James M. McGorry.
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Accellent Inc.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Definition Linkbase Document.
101.LAB	XBRL Labels Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.

* Management contract or compensatory plan or arrangement required to be filed (and/or incorporated by reference) as an exhibit to this Annual Report on Form 10-K.

Exhibit 10.16

AMENDMENT NO. 1
TO
EMPLOYMENT AGREEMENT

This Amendment No. 1 (this "Amendment"), dated as of October 20, 2011, is made by and between Accellent Inc. (the "Company") and Dean Schauer (the "Executive").

WHEREAS, the Company and the Executive (collectively, the "Parties") are parties to an employment agreement dated effective as of July 16, 2009 (the "Employment Agreement"); and

WHEREAS, the Parties desire to amend the Employment Agreement in order to correct errors in the Employment Agreement regarding the amount and timing of severance payments and eligibility for coverage under Company group health plans, and to ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, the Parties hereby agree as follows:

Capitalized terms not defined herein shall have the meaning set forth in the Employment Agreement.

1. Amendment to Section 7(c)(iii). Section 7(c)(iii) shall be replaced in its entirety with the following:

"(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or if Executive resigns for Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights plus payment of the Pro-Rata Bonus; and

(B) subject to Executive's continued compliance with the provisions of Section 8, payment in equal installments over twelve months of an amount equal to the sum of (x) Executive's then Base Salary and (y) Executive's Annual Bonus, if any, earned or payable in respect of the fiscal year of the Company prior to the fiscal year in which the Executive's employment is terminated; provided, however, that if there occurs a Change in Control, and the Executive's employment terminates pursuant to this Section 7(c) within 24 months following such Change in Control, the amount to which Executive shall be entitled hereunder shall be paid in one lump sum; and

(C) Executive and his spouse and eligible dependents (to the extent covered immediately prior to such termination) shall continue to be eligible to participate in all of the Company's group health plans to the extent that Executive elects COBRA health care continuation coverage under Section 4980B of the Code, or any replacement or successor provision of United States tax law, and the Company shall pay Executive's costs for such coverage, during the Severance Period, or, if earlier, until such time as the Executive becomes employed by another employer (whether or not he is offered coverage under the benefit plans of the new employer). The COBRA health care continuation coverage period shall run concurrently with the Severance Period.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation for Good Reason, except as set forth in this Section 7(c)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement other than for rights to indemnification and directors and officers liability insurance as provided herein; provided, however, that the treatment of any equity rights held by Executive immediately prior to any such termination shall be subject to the applicable terms of the Management Equity Documents."

2. Amendment to Section 7(d)(ii). Section 7(d)(ii) is hereby amended by adding a new sentence to the end of such section:

"Notwithstanding the provisions of this Section 7(d)(ii), any amounts payable under this Section 7 that are subject to the execution of a release of claims by the Executive shall not be paid until the sixtieth (60^{th}) calendar day after the date of termination of Executive's employment, and then only if the Executive has in fact executed and not revoked such release of claims, provided that if the 60 calendar day period (and any permitted revocation period thereafter, if applicable) as described in the foregoing begins in one calendar year and ends in a second calendar year, then any payments under this Section 7 shall be delayed until the second of such two calendar years (regardless of whether Executive delivers the release in the first calendar year or in the second calendar year)."

3. Ratification. All other provisions of the Employment Agreement remain unchanged and are hereby ratified by the Company and the Executive.

4. Counterparts. This Amendment may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first set forth above.

Accellent Inc.

By: ______________________________
Name: Donald J. Spence
Title: President and
Chief Executive Officer

Executive

By: ______________________________
Dean Schauer

Exhibit 10.22

AMENDMENT NO. 1
TO
EMPLOYMENT AGREEMENT

This Amendment No. 1 (this "Amendment"), dated as of October 20, 2011, is made by and between Accellent Inc. (the "Company") and Donald J. Spence (the "Executive").

WHEREAS, the Company and the Executive (collectively, the "Parties") are parties to an employment agreement dated as of April 23, 2010, with an Effective Date of May 24, 2010 (the "Employment Agreement"); and

WHEREAS, the Parties desire to amend the Employment Agreement in order to ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, in recognition of market-related challenges the Executive is encountering in attempting to sell his current principal residence, the Parties desire to amend the Employment Agreement in order to extend to December 31, 2012, the date by which the Executive is expected to complete the relocation of his principal residence to Michigan, and the Parties further desire to maintain the Executive's right to reimbursement of relocation-related costs specified in the Employment Agreement through such date.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, the Parties hereby agree as follows:

Capitalized terms not defined herein shall have the meaning set forth in the Employment Agreement.

1. Amendment to Section 8(d)(ii). Section 8(d)(ii) is hereby amended by deleting the last sentence of such subsection and inserting the following sentence in its place:

"Notwithstanding the provisions of this Section 8(d)(ii), any amounts payable under this Section 8 that are subject to the execution of a release of claims by the Executive shall not be paid until the sixtieth (60^{th}) calendar day after the date of termination of Executive's employment, and then only if the Executive has in fact executed and not revoked such release of claims, provided that if the 60 calendar day period (and any permitted revocation period thereafter, if applicable) as described in the foregoing begins in one calendar year and ends in a second calendar year, then any payments under this Section 8 shall be delayed until the second of such two calendar years (regardless of whether Executive delivers the release in the first calendar year or in the second calendar year)."

2. Amendment to Section 7(b). Section 7(b) is hereby amended by deleting the reference to "December 31, 2011" in such section, and replacing it with "December 31, 2012."

3. Ratification. All other provisions of the Employment Agreement remain unchanged and are hereby ratified by the Company and the Executive.

4. Counterparts. This Amendment may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first set forth above.

Accellent Inc.

By: ______________________________
Name: Kenneth W. Freeman
Title: Chairman

Executive

By: ______________________________
Donald J. Spence

Exhibit 10.23

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") entered into as of August 3, 2011 (the "Effective Date") by and between Accellent Inc. (the "Company") and James McGorry (the "Executive").

WHEREAS, the Company desires to employ Executive and to enter into an agreement embodying the terms of such employment;

WHEREAS, Executive desires to accept such employment and enter into such an agreement;

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 8 of this Agreement, Executive shall be employed by the Company for a period commencing on August 29, 2011 (the "Commencement Date"), and ending on the second anniversary thereof (the "Initial Term") on the terms and subject to the conditions set forth in this Agreement. Following the Initial Term, the Agreement shall automatically be renewed for additional terms of one year on each anniversary of the last day of the Initial Term (the Initial Term and any annual extensions of the term of this Agreement, together, the "Employment Term"), subject to Section 8 of this Agreement, unless the Company or the Executive provides the other party with written notice at least sixty (60) days prior to the expiration of the Employment Term of the intent not to renew the Employment Term. Notwithstanding the foregoing, at the Company's option, any notice of nonrenewal given by the Company may specify that it is also a termination without Cause (as hereinafter defined) by the Company, to be effective as of the date such notice is given, in which case the Employment Term shall terminate immediately and any notice period shall be deemed to be waived by the Executive.

2. Position.

a. During the Employment Term, Executive shall serve as Executive Vice President, Sales and Marketing of the Company and its subsidiaries. The Executive shall report to the Chief Executive Officer and the Board of Directors (the "Board") of the Company. In such positions, Executive shall have such duties and authority commensurate with the position of a senior vice president of a company of similar size and nature and as the Chief Executive Officer and the Board shall otherwise determine from time to time. The Executive shall primarily perform Executive's duties hereunder at the Company's headquarters, currently located in Wilmington, Massachusetts.

b. During the Employment Term, Executive will devote substantially all of Executive's business time, and will devote Executive's personal efforts, to the performance of Executive's duties hereunder and will not engage in any other business, profession or occupation for compensation or otherwise which would materially conflict or materially interfere with the rendition of such services either directly or indirectly, without the prior written consent of the Board; provided, however, that nothing herein shall preclude Executive, (i) subject to the prior approval of the Board, from accepting appointment to or continue to serve on any board of directors or trustees of any business corporation or any charitable organization or (ii) from managing Executive's personal and family investments; provided, however, in each case, and in the aggregate, that such activities do not materially conflict or materially interfere with the performance of Executive's duties hereunder or conflict with Section 9.

3. Base Salary. During the Employment Term, the Company shall pay Executive a base salary at the annual rate of $325,000.00 payable in substantially equal periodic payments in accordance with the Company's practices for other executive employees, as such practices may be determined from time to time. Executive shall be entitled to such increases in Executive's base salary, if any, as may be determined from time to time in the sole discretion of the Board. Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "Base Salary." Once increased, the Executive's Base Salary shall not be decreased below such increased amount.

4. Annual Bonus. With respect to each full fiscal year during the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus"), with a target bonus amount equal to 60% of Executive's Base Salary (the "Target Bonus") (with a maximum Annual Bonus amount not to exceed 150% of the Target Bonus) based upon the achievement of reasonable performance goals established by the Board, provided, that to the extent that any portion of the achievement of the goals or amount of the Annual Bonus shall be based on a subjective criteria, that portion of the achievement of the goals or Annual Bonus shall be as determined in the sole, good faith discretion of the Board. In addition, in the sole discretion of the Board, Executive may be eligible to earn an Annual Bonus in excess of the Target Bonus, up to one and one-half times the Target Bonus. In addition, the Board shall establish certain threshold performance goals, which the Company must achieve before Executive shall be entitled to earn any Annual Bonus. All such Annual Bonus amounts shall otherwise be paid in accordance with the Company's annual incentive plan or policy, subject to the terms of this Agreement.

5. Equity Arrangements.

a. On or before September 26, 2011, Executive shall invest $50,000 in exchange for common stock of the Company's parent company, Accellent Holdings Corp. ("Common Stock"), at a per share price determined by the Fair Market Value (as defined in the 2005 Equity Plan for Key Employees of Accellent Holdings Corp. and its Subsidiaries and Affiliates) of the Common Stock on the date of Executive's investment. The Board evaluates the Fair Market Value from time to time, and at its July 2011 meeting, the Board determined and resolved that the Fair Market Value was equal to $3.00 per share as of June 30, 2011. The Board will make a subsequent determination of the Fair Market Value of the Common Stock on the date of Executive's investment.

b. On or promptly after the Commencement Date, Executive shall receive the grant of an option (the "Option") to acquire 300,000 shares of Common Stock at a per share purchase price equal to the Fair Market Value on the date of grant. In addition, Executive shall be eligible to receive additional option grants in the future at the discretion of the Board. All option grants shall be made pursuant to the Plan (as defined below).

c. The foregoing equity arrangements shall be governed by the terms and conditions of certain documents, including a Management Stockholder's Agreement, the 2005 Equity Plan for Key Employees of Accellent Holdings, Corp. and its Subsidiaries and Affiliates (the "Plan"), Stock Option Agreement, Sale Participation Agreement, and Registration Rights Agreement, in the forms attached hereto (collectively, the "Management Equity Documents").

6. Employee Benefits. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit plans as in effect from time to time (collectively "Employee Benefits"), on the same basis as those benefits are generally made available to other senior executives of the Company. In addition, Executive will be entitled to four weeks of paid vacation for each full year of the Employment Term.

7. Business Expenses. During the Employment Term, reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder shall be reimbursed by the Company in accordance with Company policies.

8. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided, however, that Executive will be required to give the Company at least thirty (30) days advance written notice of any resignation of Executive's employment; provided, further, however, that the Company may, in its discretion, waive all or any portion of such notice requirement. In the event that the Company waives all or any portion of such notice requirement and therefore causes Executive's employment to be terminated, in no event shall such waiver constitute a termination without Cause by the Company (as described in Section 8(c) below). In addition, Executive's notice requirement hereunder shall be subject to the notice provisions of Section 8(c) below.

a. By the Company For Cause or By Executive Resignation Without Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company for Cause (as defined below) immediately, without prior written notice thereof, and shall terminate automatically (subject to the notice requirements, which may be waived by the Company, as described above in this Section 8) upon Executive's resignation without Good Reason (as defined in Section 8(c)).

(ii) For purposes of this Agreement, "Cause" shall mean (A) Executive's continued failure to substantially perform Executive's duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness) which is not cured within 15 days following receipt by the Executive of written notice from the Company of such failure; provided that it is understood that this clause (A) shall not permit the Company to terminate Executive's employment for Cause because of dissatisfaction with the quality of services provided by or disagreement with the actions taken by Executive in the good faith performance of Executive's duties to the Company, (B) an act or acts constituting a (x) felony, (y) a misdemeanor involving the Company (z) misdemeanor not involving the Company, which results in material and demonstrable harm to the business or reputation of the Company, (iii) Executive's willful malfeasance or misconduct or (iv) a breach by Executive of the material terms of Section 9 of this Agreement.

(iii) If Executive's employment is terminated by the Company for Cause, or if Executive resigns without Good Reason, as hereinafter defined, then the Executive, subject to the Executive's execution, delivery and non-revocation of an effective release of claims (in a form acceptable to the Company) in favor of the Company and related parties within 45 days following the date of the termination of the Executive's employment (which release of claims shall be delivered to the Executive within 5 days following the date of such termination) shall be entitled to receive:

(A) the Base Salary through the date of termination and any earned but unpaid Annual Bonus for the prior year and any accrued but unpaid vacation;

(B) reimbursement for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to the date of Executive's termination; and

(C) such employee benefits (described in Section 6(a) above), if any, as to which Executive may be entitled under the employee benefit plans of the Company (the amounts described in clauses (A) through (C) hereof being referred to as the "Accrued Rights").

Following such termination of Executive's employment by the Company for Cause or resignation by Executive without Good Reason, except as set forth in this Section 8(a)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement other than for rights to indemnification and directors and officers liability insurance as provided herein; provided, however, that the treatment of any equity rights held by Executive immediately prior to any such termination shall be subject to the applicable terms of the Management Equity Documents.

b. Disability or Death.

(i) The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if a determination is made, at the request of Executive or upon the reasonable request of the Company set forth in a notice to Executive, by a physician selected by the Company and Executive, that Executive is unable to perform Executive's duties as an employee of the Company or its subsidiaries and in all reasonable medical likelihood such inability will continue for a period in excess of 180 consecutive days (such inability is hereinafter referred to as "Disability" or being "Disabled"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement. Notwithstanding any such determination, in the event Executive is Disabled, the Company shall, pursuant to a Company employee benefit plan or otherwise, cause Executive to continue to receive the then Base Salary (or such other salary continuation as may be provided pursuant to any Company employee benefit plan) and welfare benefits (in accordance with the applicable Company employee benefit plan under which Executive receives such benefits immediately prior to such Disability) until the earlier to occur of (x) six months after the date Executive is determined to be Disabled and (y) such time as Executive commences coverage pursuant to the Company's long-term disability plan.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

(A) the Accrued Rights; and

(B) a lump sum pro rata portion of any Annual Bonus, if any, that Executive would have been entitled to receive pursuant to Section 4 hereof in such year based upon the percentage of the fiscal year that shall have elapsed through the date of Executive's termination of employment, payable when such Annual Bonus would have otherwise been payable had Executive's employment not terminated, based on the Target for the fiscal year in which termination occurs (the "Pro-Rata Bonus"); provided that the payment shall be made no later than March 15th following the year in which such termination occurs.

Following Executive's termination of employment due to death or Disability, except as set forth in this Section 8(b)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement other than for rights to indemnification and directors and officers liability insurance as provided herein; provided, however, that the treatment of any equity rights held by Executive immediately prior to any such termination shall be subject to the applicable terms of the Management Equity Documents.

c. By the Company Without Cause or Resignation by Executive for Good Reason.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause, or by Executive's resignation for Good Reason (subject to the notice requirements, which may be waived by the Company, as described above in this Section 8, and to the provision of Section 8(c)(ii), below). In addition to the foregoing, a notice of non-extension of the Employment Term by the Company shall be deemed to be a termination of the Executive's employment without Cause as of the date the Company notifies Executive of such non-extension.

(ii) For purposes of this Agreement, “Good Reason” shall mean, without Executive’s consent, (A) a reduction in Executive’s base salary or annual bonus opportunity, (B) a substantial reduction in Executive’s duties, authorities, and responsibilities, (C) a transfer of Executive’s primary workplace by more than fifty (50) miles from the Company’s offices in Wilmington, Massachusetts, or (D) following a “Change in Control” (as defined in the Plan), a material adverse change in Executive’s aggregate duties and responsibilities from such aggregate duties and responsibilities in effect immediately prior to such Change in Control, such that Executive does not continue employment in a role comparable to the position described in Section 2 hereof; provided that these events shall constitute Good Reason only if the Company fails to cure such event within 30 days after receipt from Executive of written notice of the event which constitutes Good Reason; and provided, further, that “Good Reason” shall cease to exist for an event on the 60th day following the later of its occurrence or Executive’s knowledge thereof, unless Executive has given the Company written notice thereof prior to such date.

(iii) If Executive’s employment is terminated by the Company without Cause (other than by reason of death or Disability) or if Executive resigns for Good Reason, Executive shall be entitled to receive:

(A) the Accrued Rights plus payment of the Pro-Rata Bonus; and

(B) subject to Executive’s continued compliance with the provisions of Section 9, payment in equal installments over twelve months of an amount equal to the sum of (x) Executive’s then Base Salary and (y) Executive’s Annual Bonus, if any, earned or payable in respect of the fiscal year of the Company prior to the fiscal year in which the Executive’s employment is terminated; provided, however, that if there occurs a Change in Control, and the Executive’s employment terminates pursuant to this Section 8(c) within 24 months following such Change in Control, the amount to which Executive shall be entitled hereunder shall be paid in one lump sum; and

(C) Executive and his spouse and eligible dependents (to the extent covered immediately prior to such termination) shall continue to be eligible to participate in all of the Company’s group health plans to the extent that Executive elects COBRA health care continuation coverage under Section 4980B of the Code, or any replacement or successor provision of United States tax law, and the Company shall pay Executive’s costs for such coverage, during the Severance Period, or, if earlier, until such time as the Executive becomes employed by another employer (whether or not he is offered coverage under the benefit plans of the new employer). The COBRA health care continuation coverage period shall run concurrently with the Severance Period.

Following Executive’s termination of employment by the Company without Cause (other than by reason of Executive’s death or Disability) or by Executive’s resignation for Good Reason, except as set forth in this Section 8(c)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement other than for rights to indemnification and directors and officers liability insurance as provided herein; provided, however, that the treatment of any equity rights held by Executive immediately prior to any such termination shall be subject to the applicable terms of the Management Equity Documents.

d. Notice of Termination; Payment of Lump Sum Amounts. (i) Any purported termination of employment by the Company or by Executive (other than due to Executive's death) as set forth above in this Section 8 shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 11(h) hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of employment under the provision so indicated. Notwithstanding any other provision of this Agreement, the provisions of this Section 8 shall exclusively govern Executive's rights upon termination of employment with the Company and its affiliates.

(ii) For purposes of this Section 8, all amounts required to be paid in a lump sum pursuant to any subsection of this Section 8 shall be required to be made within thirty (30) business days after the date of the termination of Executive's employment. Notwithstanding the provisions of this Section 8(d)(ii), any amounts payable under this Section 8 that are subject to the execution of a release of claims by the Executive shall not be paid until the sixtieth (60^{th}) calendar day after the date of termination of Executive's employment, and then only if the Executive has in fact executed and not revoked such release of claims, provided that if the 60 calendar day period (and any permitted revocation period thereafter, if applicable) as described in the foregoing begins in one calendar year and ends in a second calendar year, then any payments under this Section 8 shall be delayed until the second of such two calendar years (regardless of whether Executive delivers the release in the first calendar year or in the second calendar year).

9. Non-Competition.

a. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees, effective as of the date of Executive's commencement of employment with the Company, without the Company's prior written consent, Executive shall not, directly or indirectly, (i) at any time during or after Executive's employment with the Company, disclose any Confidential Information pertaining to the business of the Company or any of its subsidiaries, except in connection with the performance of Executive's duties hereunder as he deems in good faith reasonably necessary or desirable, or when required by law, administrative or judicial process; or (ii) at any time during the Noncompete Period (as hereinafter defined) directly or indirectly, (A) be engaged in or have a financial interest (other than a passive ownership position of less than 5% in any company whose shares are publicly traded or any non-voting non-convertible debt securities in any company or any investment the Executive owns through a mutual fund, private equity fund or other pooled account) in any business which competes with a business of the Company or any of its subsidiaries, which business of the Company (or any of its subsidiaries) provided, at least five percent (5%) of the gross revenues of the Company and its subsidiaries in the full fiscal year of the Company immediately preceding the fiscal year in which Executive's termination of employment occurs or is expected to provide such level of gross revenues in the fiscal year of such termination (any such business which so competes, a "Competitor") or (B) solicit or offer employment to any person (other than Executive's secretary or other personal assistant who reports directly to Executive) who has been employed by the Company or any of its subsidiaries at any time during the six months immediately preceding the termination of Executive's employment. Notwithstanding the foregoing, nothing herein shall prevent Executive from working for a, subsidiary, division or other entity of an entity that controls, directly or indirectly, another subsidiary, division or other entity, that is a Competitor, so long as the entity, subsidiary or division by which Executive may be employed is not itself a Competitor. If Executive is bound by any other agreement with the Company regarding the use or disclosure of confidential information, the provisions of this Agreement shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of confidential information. For purposes of this Section 9, (x) "Noncompete Period" shall be defined as the period during which Executive continues to be employed by the Company and a period of one year following the date Executive ceases for any reason to be employed by the Company, and (y) "Confidential Information" shall mean all non-public information concerning trade secret, know-how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media, including any of the foregoing relating to research, operations, finances, current and proposed products and services, vendors, customers, advertising and marketing, and other proprietary and confidential information of the Restricted Group, and "Restricted Group" shall mean, collectively, the Company, its subsidiaries, Kohlberg Kravis Roberts & Co. L.P., and their respective affiliates.

b. Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area.

c. The provisions of this Section 9 are intended to supersede the terms contained in Section 24 of the Management Stockholders' Agreement with respect to the restrictive covenants contained therein.

10. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 9 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company or its successors or assigns, without posting any bond, may, in addition to other rights and remedies existing in their favor, immediately apply to any court of competent jurisdiction to equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available; provided, further, that in the event Executive actually breaches any of the provisions of Section 9, in addition to the foregoing, the Company or its successors or assigns shall also be entitled to cease making any payments or providing any benefit otherwise required by this Agreement.

11. Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

b. Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

c. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

d. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

e. Assignment. This Agreement shall not be assignable by Executive. This Agreement may be assigned by the Company to a successor in interest to substantially all of the business operations of the Company. The Company may also assign this Agreement to an affiliate. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

f. Mitigation/Set Off. The Company's obligation to pay Executive the amounts provided and to make the arrangements provided hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by Executive to the Company or its affiliates except for any specific, stated amounts owed by the Executive to the Company. In the event of any termination of employment hereunder, the Executive shall be under no obligation to seek other employment or mitigate and there shall be no offset against any amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain.

g. Indemnification. The Company shall indemnify and hold harmless the Executive to the fullest extent permitted by law or the by-laws of the Company for any action or inaction of Executive while serving as an officer or director of the Company or, at the Company's request, as an officer or director of any other entity or as a fiduciary of any benefit plan, except for any activity by the Executive that constitutes gross negligence or is self-enriching. The Company shall cover the Executive under directors and officers liability insurance both during and, while potential liability exists, after the Employment Term in the same amount and to the same extent as the Company covers its other senior officers and directors.

h. Arbitration. All disputes and controversies arising under or in connection with this Agreement, other than the seeking of injunctive or equitable relief pursuant to Section 9 hereof, shall be settled by arbitration conducted before one arbitrator sitting in such location agreed to by the parties hereto, in accordance with the rules for expedited resolution of commercial disputes of the American Arbitration Association then in effect. The determination of the arbitrator shall be final and binding on the parties. Judgment may be entered on the award of the arbitrator in any court having proper jurisdiction. All expenses of such arbitration, including the fees and expenses of the counsel of the Executive, shall be reimbursed by the Company unless the arbitrator determines that the Company has prevailed in such arbitration in all material respects, in which case the Executive shall bear Executive's own legal fees, without reimbursement by the Company.

i. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.

j. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Accellent Inc.
c/o Kohlberg Kravis Roberts & Co. L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Attn: James C. Momtazee
Facsimile: (650) 233-6584

with copies to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Joseph Kaufman Esq.
Facsimile: (212) 455-2502

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

k. Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

l. Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder; provided that, the Company shall pay all expenses related to the Executive's cooperation. This provision shall survive any termination of this Agreement, without implication of the survival of any other provision of this Agreement.

m. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

n. Compliance with IRC Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. The Company shall consult with Executive in good faith regarding the implementation of the provisions of this Section 11(n); provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to thereto. For purposes of Section 409A of the Code, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A of the Code, and references herein to Executive's "termination of employment" shall refer to Executive's separation from service with the Company within the meaning of Section 409A. To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv).

o. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ACCELLENT INC.	JAMES McGORRY
______________________________	______________________________
By: Donald J. Spence Title: President & CEO	

EXHIBIT 12.1

Accellent Inc.
Ratio of Earnings to Fixed Charges
(in thousands)

	Year Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011
Pre-tax (loss) income	$ (269,490)	$ (8,627)	$ 2,506	$ (20,138)	$ (9,310)
Interest expense, net	67,367	65,257	56,569	73,939	68,883
Interest	—	—	—		—
Distributed income of equity investees	—	—	—	—	—
Interest portion of rent	2,401	2,394	2,520	2,401	2,451
Earnings (loss)	(199,722)	59,024	61,595	56,202	62,024
Fixed charges	$ 69,768	$ 67,651	$ 59,089	$ 76,340	$ 71,334
Ratio	—	—	1.04	—	—
Deficiency	$ (269,490)	$ (8,627)	$ —	$ (20,138)	$ (9,310)

Exhibit 21.1

Subsidiaries of Accellent Inc.

Name	Jurisdiction of organization/incorporation
Accellent GmbH	Germany
Accellent LLC	Colorado
American Technical Molding, Inc.	California
Brimfield Acquisition, LLC	Delaware
Brimfield Precision, LLC	Delaware
CE Huntsville, LLC	Delaware
G&D, LLC	Colorado
Kelco Acquisition LLC	Delaware
Machining Technology Group, LLC	Tennessee
Medis S.A. de C.V.	Mexico
MedSource Technologies Holdings, LLC	Delaware
MedSource Technologies, LLC	Delaware
MedSource Technologies, Newton Inc.	Delaware
MedSource Technologies Pittsburgh, Inc.	Delaware
MedSource Trenton LLC	Delaware
Micro-Guide, Inc.	California
National Wire & Stamping, Inc.	Colorado
Noble-Met LLC	Virginia
Portlyn, LLC	Delaware
Spectrum Manufacturing, Inc.	Nevada
Star Guide Limited d/b/a Star Guide-Europe	Ireland
Thermat Acquisition, LLC	Delaware
UTI Holding Company	Delaware
UTI Holdings, LLC	Delaware
Venusa, Ltd.	New York
Venusa de Mexico, S.A. de C.V.	Mexico

EXHIBIT 31.1

CERTIFICATIONS

I, Donald J. Spence, Chief Executive Officer of the registrant, certify that:

1. I have reviewed this Annual Report on Form 10-K of Accellent Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2012

/s/ Donald J. Spence
Donald J. Spence
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Jeremy A. Friedman, Chief Financial Officer of the registrant, certify that:

1. I have reviewed this Annual Report on Form 10-K of Accellent Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2012

/s/ Jeremy A. Friedman
Jeremy A. Friedman
Chief Financial Officer

EXHIBIT 32.1

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Accellent Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald J. Spence, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2012

/s/ Donald J. Spence
Donald J. Spence
Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Accellent Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeremy A. Friedman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2012

/s/ Jeremy A. Friedman
Jeremy A. Friedman
Chief Financial Officer