Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/01/1990

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
STRATEGIC MATERIALS

16365 PARK TEN PLACE
SUITE 200
HOUSTON, TX 77084

16365 PARK TEN PLACE
SUITE 200
HOUSTON, TX 77084

2b Employer Identification Number (EIN)
76-0297116

2c Sponsor's telephone number
281-647-2700

2d Business code (see instructions)
423930

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	09/07/2010	DAVID MAJOR
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

STRATEGIC MATERIALS

16365 PARK TEN PLACE
SUITE 200
HOUSTON, TX 77084

3b Administrator's EIN
76-0297116

3c Administrator's telephone number
281-647-2700

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	1398
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	934
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	533
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	1467
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	1468
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1004
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	43
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2S 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)	X	**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2009** **This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

FID.INV.INST.OPS.CO.

04-2647786

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

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
64 65 37 60	RECORDKEEPER	8311	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLNZ CCM MID CP ADM - BOSTON FINAN 04-2526037	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLNZ NFJ DIV VAL AD - BOSTON FINAN 04-2526037	0.35%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OAKMARK EQ & INC I - BOSTON FINANCI 04-2526037	0.35%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINAN 04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
TMPL GLOBAL BOND A - FRANKLIN TEMPL 94-3167260	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
WFA SM CAP VAL INV - BOSTON FINANCI 04-2526037	0.35%

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: FID MGD INC PORT

b Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
04-3022712-024	C	881300

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

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

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

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	88493	82173
(9) Value of interest in common/collective trusts	1c(9)	866119	881300
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2638394	3555447
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	3593006	4518920
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	3593006	4518920

Part II Income and Expense Statement

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

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	112741	
	(B) Participants	2a(1)(B)	586112	
	(C) Others (including rollovers)	2a(1)(C)	5268	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		704121
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	6743	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		6743
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	65343	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		65343
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		44514
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		645831
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1466552
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	479276	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		479276
f Corrective distributions (see instructions)	2f		53046
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	8316	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		8316
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		540638
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		925914
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GREEN & MCELREATH (2) EIN: 74-1500886

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		2000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

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

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
STRATEGIC MATERIALS EMPLOYEE RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STRATEGIC MATERIALS

D Employer Identification Number (EIN)
76-0297116

Part I Distributions

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

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

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

STRATEGIC MATERIALS

EMPLOYEE RETIREMENT PLAN

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

G & M GREEN & MCELREATH
CERTIFIED PUBLIC ACCOUNTANTS
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713/228-1040 800/779-0124
713/228-0028 FAX
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FRANK CHOVANETZ, CPA
ROBERT PURNELL, CPA
JAMES J. WEBER, CPA

INDEPENDENT AUDITORS' REPORT

To Strategic Materials Employee Retirement Plan and Participants
Houston, Texas

We were engaged to audit the statements of net assets available for benefits of Strategic Materials Employee Retirement Plan as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008, and the supplemental schedule of assets held for investment purposes at the end of the year for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2008 and 2007, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statement and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Green & McElreath

Houston, Texas
October 13, 2009

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Statements of Net Assets Available for Benefits
December 31, 2008 and 2007

	2008	2007
Assets		
Investments (at fair value)		
Value of interest in registered investment companies	$ 2,638,394	$ 3,673,570
Value of interest in investment contracts	866,119	823,479
Total Investments	3,504,513	4,497,049
Participant loans	88,493	111,325
Total Assets	3,593,006	4,608,374
Liabilities		
Other liabilities	-	-
Net assets available for benefits (at fair value)	3,593,006	4,608,374
Adjustment from fair value to contract value for fully benefit responsive investment contracts	46,720	8,949
Net assets available for benefits	$ 3,639,726	$ 4,617,323

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

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2008

	2008
Additions:	
Additions to net assets attributed to:	
Interest	$ 8,404
Net gain on investments in investment contracts	31,265
Contributions:	
Participant	430,687
Employer	297,382
Other - Including rollovers and transfers	47,217
Total contributions	775,286
Total additions	814,955
Deductions:	
Administrative expenses	12,998
Benefits paid to participants and transfers out of plan	436,984
Corrective distributions	28,564
Deemed distributions of participant loans	3,127
Net loss on investments in mutual funds	1,310,879
Total deductions	1,792,552
Net decrease	(977,597)
Net assets available for benefits at beginning of year	4,617,323
Net assets available for benefits at end of year	$ 3,639,726

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

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Notes to Financial Statements
December 31, 2008 and 2007

(1) Plan Description

The following description of Strategic Materials Employee Retirement Plan provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - Each year, participants may contribute up to the statutory maximum of pre-tax annual compensation as defined in the Plan. The maximum deferral amount for 2008 is $15,500 for participants under fifty years of age and an additional $5,000 for participants age fifty and above. Participants may also contribute amounts representing distributions from other qualified plans. The Company contributes an amount equal to 50% of a participant's elective deferrals, up to 3% of a participant's compensation based on each payroll period. Additional discretionary amounts may be contributed by the Company as profit sharing contributions. The discretionary profit sharing contribution amount will be determined by the Company.

Participant Accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings, or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions portion of their accounts, plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after five years of credited service. Participants merging from the Nexcycle, Inc. 401(K) Plan have a grandfathered vesting schedule which achieves 100% vesting in four years.

Investment options - The Plan's investment options include a broad range of mutual funds. Each participant is responsible for the investment decisions relating to the assets in their individual accounts under the Plan.

Participant's Loans Receivable - Participants may borrow from their fund accounts a minimum of $1,000. The maximum is the lesser of one half of the participant's vested account balance, or $50,000, reduced by the highest outstanding loan balance in the participant's account during the prior twelve month period. The participant's vested account balance will be used as collateral for any loan. Principal and interest payments are made ratably through payroll deductions.

Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or in periodic installments if the account balance is greater than $5,000.

(1) Plan Description, (continued)

Forfeitures - Forfeitures are allocated in the same proportion that a terminated participant's compensation bears to the total compensation of all participants. However, any forfeiture attributable to matching contributions will be used to reduce any matching contributions made by the Company. During 2008 and 2007, $3,783 and $6,991 respectively, of forfeited participant accounts were used to reduce the Company's contributions.

(2) Summary of Significant Accounting Policies

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

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the FSP, the statements of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end. Participant loans are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Payment of Benefits - Benefits are recorded when paid.

(3) Information Prepared and Certified by Trustee (Unaudited)

At December 31, 2008 and 2007, the Plan's investments were held by the Trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

	2008	2007
Investments at fair value:		
Participant loans	$ 88,493	$ 111,325
Investment contract with insurance company	866,119	823,479
Value of participant directed interest in mutual funds	2,638,394	3,673,570
Total investments at fair value	$ 3,593,006	$ 4,608,374

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2008 and 2007, as reported by the trustee, is summarized as follows:

	2008	2007
Fidelity Managed Income Portfolio Common/Collective Trust	$ 866,119	$ 823,479
Fidelity Contrafund Mutual Fund	487,891	770,998
Spartan US Equity Index Mutual Fund	353,613	578,371
Fidelity Diversified Int'l Fund	245,531	430,037
Fidelity Puritan Mutual Fund	233,866	317,371
Oakmark Equity & Income Fund	224,498	229,554
Allnz CCM Mid Cap	170,746	336,723
Fidelity Capital Appreciation Fund	164,244	241,888
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 2,746,508	$ 3,728,421

The realized gain/(loss) by major investment classification at December 31, 2008 and 2007, as reported by the trustee, is summarized as follows:

	2008	2007
Net appreciation (depreciation) in fair value of investments:		
Fidelity Managed Income Portfolio Common/Collective Trust	$ 31,265	$ 107,365
Fidelity Contrafund Mutual Fund	(289,458)	119,692
Spartan US Equity Index Mutual Fund	(199,537)	39,878
Fidelity Diversified Int'l Fund	(201,726)	56,139
Fidelity Puritan Mutual Fund	(92,118)	20,485
Oakmark Equity & Income Fund	(43,015)	14,903
Allnz CCM Mid Cap Fund	(144,027)	9,600
Fidelity Capital Appreciation Fund	(106,382)	9,459
Other miscellaneous investments that do not comprise 5% or more of net assets of the plan	(234,616)	140,838
Total realized gain/(loss) by major investment classification	$ (1,279,614)	$ 518,359

(4) Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits.

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2008			
Mutual funds	$ 2,638,394	$ 2,638,394	$ -
Interest in investment contracts	866,119	-	866,119
Participant's loans	88,493	-	88,493
Total	$ 3,593,006	$ 2,638,394	$ 954,612
December 31, 2007			
Mutual funds	$ 3,673,570	$ 3,673,570	$ -
Interest in investment contracts	823,479	-	823,479
Participant's loans	111,325	-	111,325
Total	$ 4,608,374	$ 3,673,570	$ 934,804

SFAS No 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices.

(4) Fair Value Measurements, continued

Level 3 Fair Value Measurements

The guaranteed investment contract with an insurance company and participant loans are not actively traded and significant other observable inputs are not available. Thus, the fair value of the guaranteed investment contract is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations, and the fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Investment Contract	Participant Loans	Total
December 31, 2008			
Beginning balance	$ 823,479	$ 111,325	$ 934,804
Interest income		8,404	8,404
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits	(37,772)	-	(37,772)
Purchases, sales, issuances, and settlements (net)	80,412	(31,236)	49,176
Total	$ 866,119	$ 88,493	$ 954,612
December 31, 2007			
Beginning balance	$ 703,210	$ 80,635	$ 783,845
Interest income		9,557	9,557
Total gains or losses (realized and unrealized) included in changes in net assets available for benefits	-	-	-
Purchases, sales, issuances, and settlements (net)	120,269	21,133	141,402
Total	$ 823,479	$ 111,325	$ 934,804

As discussed in note 2, the statement of changes in net assets available for benefits is prepared on a contract value basis. Thus,the above gains and losses (realized and unrealized) included in changes in net assets available for benefits for the year ended December 31, 2008 are not reported in the net loss in fair value of investment contracts.

(5) Investment Contract with Investment Company

In 2006, the Plan entered into a benefit-responsive investment contract with Fidelity Investments. Fidelity maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the Plan by Fidelity. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal, or transfer of all, or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described in Note 2, because the guaranteed investment contract is fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Participants may ordinarily direct the withdrawal, or transfer all, or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contract at December 31, 2008 and 2007 was $866,119 and $823,479, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 4 percent. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the Plan's ability to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes, or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

(6) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination participants will become 100% vested in their accounts.

(7) Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to schedule H to the form 5500:

	2008	2007
Net assets available for benefits per the financial statements	$ 3,639,726	$ 4,617,323
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(46,720)	(8,949)
Net assets available for benefits per schedule H to the form 5500	$ 3,593,006	$ 4,608,374

(8) Tax Status

The Internal Revenue Service has determined and informed the Company by a letter that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been made in the financial statements.

(9) Risks and Uncertainties

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

(10) Merged Plan

During 2007 a 401(k) plan maintained by Nexcycle, Inc. (an affiliate of Strategic Materials, Inc.) was merged into the Strategic Materials Employee Benefit Plan. The accounts of the covered employees, amounting to $1,233,023 were transferred to the Strategic Plan. The vesting schedule of the Nexcycle Plan was grandfathered for the existing covered employees providing 100% vesting in matching contributions in four years.

(11) Commitments and Contingencies

In March 2008, Strategic Materials Holding Corp., the Plan Sponsor, settled a class action lawsuit involving its collections operation in California. Pursuant to the settlement agreement,the Company denied any wrong-doing, but agreed to pay plaintiff's legal fees, settlement-related administrative fees, certain Employee Retirement Income Security Act related obligations and claims submitted by eligible class members. This resulted in the establishment of and/or contribution to retirement accounts for eligible class members equal to their individual missed deferral opportunities which amounted to approximately $209,000.

(concluded)

Supplemental Schedule

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Schedule H, line 4i-Schedule of Assets (Held at End of Year)
For the year ended December 31, 2008

(a)	(b) Identity of Issuer	(c) Description of Fund	(d) Cost	(e) Current Value
	Fidelity Management Trust Company	Fidelity Puritan Mutual Fund	*	$ 233,866
	Fidelity Management Trust Company	Fidelity Contrafund Mutual Fund	*	487,891
	Fidelity Management Trust Company	Fidelity Freedom Income Mutual Fund	*	19,675
	Fidelity Management Trust Company	Fidelity Freedom 2000 Mutual Fund	*	73,676
	Fidelity Management Trust Company	Fidelity Freedom 2010 Mutual Fund	*	107,173
	Fidelity Management Trust Company	Fidelity Freedom 2020 Mutual Fund	*	64,813
	Fidelity Management Trust Company	Fidelity Freedom 2030 Mutual Fund	*	32,726
	Fidelity Management Trust Company	Spartan US Equity Index Mutual Fund	*	353,613
	Fidelity Management Trust Company	Fidelity Managed Income Portfolio Common/Collective Trust	*	866,119
	Fidelity Management Trust Company	Fidelity Capital Appreciation Fund	*	164,244
	Fidelity Management Trust Company	Fidelity Low PR Stock	*	48,785
	Fidelity Management Trust Company	Fidelity Diversified Int'l Fund	*	245,531
	Fidelity Management Trust Company	Pimco Total Return Adm.	*	153,703
	Fidelity Management Trust Company	Templeton Global Bond A Fund	*	33,945
	Fidelity Management Trust Company	Oakmark Equity & Income Fund	*	224,498
	Fidelity Management Trust Company	Fidelity Freedom 2040 Mutual Fund	*	13,301
	Fidelity Management Trust Company	Fidelity Freedom 2025 Mutual Fund	*	21,148
	Fidelity Management Trust Company	Spartan Int'l Index	*	97,297
	Fidelity Management Trust Company	Fidelity Diversified Freedom 2005	*	10,051
	Fidelity Management Trust Company	Fidelity Freedom 2015	*	11,288
	Fidelity Management Trust Company	Fidelity Freedom 2035	*	19,988
	Fidelity Management Trust Company	Fidelity Freedom 2045	*	14,702
	Fidelity Management Trust Company	Fidelity Freedom 2050	*	10,317
	Fidelity Management Trust Company	Allnz CCM Mid Cap	*	170,746
	Fidelity Management Trust Company	Allnz NFT Div. Val	*	15,873
	Fidelity Management Trust Company	WFA Small Cap Val	*	9,544
	Participant Loans	8.50%	-	88,493
	Total			$ 3,593,006

*All accounts are participant directed.

STRATEGIC MATERIALS

EMPLOYEE RETIREMENT PLAN

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

To Strategic Materials Employee Retirement Plan and Participants
Houston, Texas

We were engaged to audit the statements of net assets available for benefits of Strategic Materials Employee Retirement Plan as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008, and the supplemental schedule of assets held for investment purposes at the end of the year for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2008 and 2007, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statement and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Green & McElreath

Houston, Texas
October 13, 2009

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Statements of Net Assets Available for Benefits
December 31, 2008 and 2007

	2008	2007
Assets		
Investments (at fair value)		
Value of interest in registered investment companies	$ 2,638,394	$ 3,673,570
Value of interest in investment contracts	866,119	823,479
Total Investments	3,504,513	4,497,049
Participant loans	88,493	111,325
Total Assets	3,593,006	4,608,374
Liabilities		
Other liabilities	-	-
Net assets available for benefits (at fair value)	3,593,006	4,608,374
Adjustment from fair value to contract value for fully benefit responsive investment contracts	46,720	8,949
Net assets available for benefits	$ 3,639,726	$ 4,617,323

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

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2008

	2008
Additions:	
Additions to net assets attributed to:	
Interest	$ 8,404
Net gain on investments in investment contracts	31,265
Contributions:	
Participant	430,687
Employer	297,382
Other - Including rollovers and transfers	47,217
Total contributions	775,286
Total additions	814,955
Deductions:	
Administrative expenses	12,998
Benefits paid to participants and transfers out of plan	436,984
Corrective distributions	28,564
Deemed distributions of participant loans	3,127
Net loss on investments in mutual funds	1,310,879
Total deductions	1,792,552
Net decrease	(977,597)
Net assets available for benefits at beginning of year	4,617,323
Net assets available for benefits at end of year	$ 3,639,726

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

STRATEGIC MATERIALS
EMPLOYEE RETIREMENT PLAN
Notes to Financial Statements
December 31, 2008 and 2007

(1) Plan Description

The following description of Strategic Materials Employee Retirement Plan provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - Each year, participants may contribute up to the statutory maximum of pre-tax annual compensation as defined in the Plan. The maximum deferral amount for 2008 is $15,500 for participants under fifty years of age and an additional $5,000 for participants age fifty and above. Participants may also contribute amounts representing distributions from other qualified plans. The Company contributes an amount equal to 50% of a participant's elective deferrals, up to 3% of a participant's compensation based on each payroll period. Additional discretionary amounts may be contributed by the Company as profit sharing contributions. The discretionary profit sharing contribution amount will be determined by the Company.

Participant Accounts - Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and, (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings, or account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contributions portion of their accounts, plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after five years of credited service. Participants merging from the Nexcycle, Inc. 401(K) Plan have a grandfathered vesting schedule which achieves 100% vesting in four years.

Investment options - The Plan's investment options include a broad range of mutual funds. Each participant is responsible for the investment decisions relating to the assets in their individual accounts under the Plan.

Participant's Loans Receivable - Participants may borrow from their fund accounts a minimum of $1,000. The maximum is the lesser of one half of the participant's vested account balance, or $50,000, reduced by the highest outstanding loan balance in the participant's account during the prior twelve month period. The participant's vested account balance will be used as collateral for any loan. Principal and interest payments are made ratably through payroll deductions.

Payment of Benefits - On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or in periodic installments if the account balance is greater than $5,000.

(1) Plan Description, (continued)

Forfeitures - Forfeitures are allocated in the same proportion that a terminated participant's compensation bears to the total compensation of all participants. However, any forfeiture attributable to matching contributions will be used to reduce any matching contributions made by the Company. During 2008 and 2007, $3,783 and $6,991 respectively, of forfeited participant accounts were used to reduce the Company's contributions.

(2) Summary of Significant Accounting Policies

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

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the FSP, the statements of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end. Participant loans are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Payment of Benefits - Benefits are recorded when paid.

(3) Information Prepared and Certified by Trustee (Unaudited)

At December 31, 2008 and 2007, the Plan's investments were held by the Trustee. The following is a summary of the Plan's financial information that is included in the financial statements based on information certified by the Trustee as complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

	2008	2007
Investments at fair value:		
Participant loans	$ 88,493	$ 111,325
Investment contract with insurance company	866,119	823,479
Value of participant directed interest in mutual funds	2,638,394	3,673,570
Total investments at fair value	$ 3,593,006	$ 4,608,374

The fair value of individual investments that represent 5% or more of net assets available for benefits at December 31, 2008 and 2007, as reported by the trustee, is summarized as follows:

	2008	2007
Fidelity Managed Income Portfolio Common/Collective Trust	$ 866,119	$ 823,479
Fidelity Contrafund Mutual Fund	487,891	770,998
Spartan US Equity Index Mutual Fund	353,613	578,371
Fidelity Diversified Int'l Fund	245,531	430,037
Fidelity Puritan Mutual Fund	233,866	317,371
Oakmark Equity & Income Fund	224,498	229,554
Allnz CCM Mid Cap	170,746	336,723
Fidelity Capital Appreciation Fund	164,244	241,888
Total of participant directed investments representing 5% or more of net assets available for benefits	$ 2,746,508	$ 3,728,421

The realized gain/(loss) by major investment classification at December 31, 2008 and 2007, as reported by the trustee, is summarized as follows:

	2008	2007
Net appreciation (depreciation) in fair value of investments:		
Fidelity Managed Income Portfolio Common/Collective Trust	$ 31,265	$ 107,365
Fidelity Contrafund Mutual Fund	(289,458)	119,692
Spartan US Equity Index Mutual Fund	(199,537)	39,878
Fidelity Diversified Int'l Fund	(201,726)	56,139
Fidelity Puritan Mutual Fund	(92,118)	20,485
Oakmark Equity & Income Fund	(43,015)	14,903
Allnz CCM Mid Cap Fund	(144,027)	9,600
Fidelity Capital Appreciation Fund	(106,382)	9,459
Other miscellaneous investments that do not comprise 5% or more of net assets of the plan	(234,616)	140,838
Total realized gain/(loss) by major investment classification	$ (1,279,614)	$ 518,359

(4) Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits.

		Fair Value Measurements Using:	
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2008			
Mutual funds	$ 2,638,394	$ 2,638,394	$ -
Interest in investment contracts	866,119	-	866,119
Participant's loans	88,493	-	88,493
Total	$ 3,593,006	$ 2,638,394	$ 954,612
December 31, 2007			
Mutual funds	$ 3,673,570	$ 3,673,570	$ -
Interest in investment contracts	823,479	-	823,479
Participant's loans	111,325	-	111,325
Total	$ 4,608,374	$ 3,673,570	$ 934,804

SFAS No 157, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Plan, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices.

(4) Fair Value Measurements, continued

Level 3 Fair Value Measurements

The guaranteed investment contract with an insurance company and participant loans are not actively traded and significant other observable inputs are not available. Thus, the fair value of the guaranteed investment contract is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations, and the fair value of participant loans is equal to the amortized cost of the loans because the loans are secured by each respective participant's account balance. The following table provides further details of the Level 3 fair value measurements.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

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(concluded)

Supplemental Schedule

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EMPLOYEE RETIREMENT PLAN
Schedule H, line 4i-Schedule of Assets (Held at End of Year)
For the year ended December 31, 2008

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	Fidelity Management Trust Company	Fidelity Freedom 2000 Mutual Fund	*	73,676
	Fidelity Management Trust Company	Fidelity Freedom 2010 Mutual Fund	*	107,173
	Fidelity Management Trust Company	Fidelity Freedom 2020 Mutual Fund	*	64,813
	Fidelity Management Trust Company	Fidelity Freedom 2030 Mutual Fund	*	32,726
	Fidelity Management Trust Company	Spartan US Equity Index Mutual Fund	*	353,613
	Fidelity Management Trust Company	Fidelity Managed Income Portfolio Common/Collective Trust	*	866,119
	Fidelity Management Trust Company	Fidelity Capital Appreciation Fund	*	164,244
	Fidelity Management Trust Company	Fidelity Low PR Stock	*	48,785
	Fidelity Management Trust Company	Fidelity Diversified Int'l Fund	*	245,531
	Fidelity Management Trust Company	Pimco Total Return Adm.	*	153,703
	Fidelity Management Trust Company	Templeton Global Bond A Fund	*	33,945
	Fidelity Management Trust Company	Oakmark Equity & Income Fund	*	224,498
	Fidelity Management Trust Company	Fidelity Freedom 2040 Mutual Fund	*	13,301
	Fidelity Management Trust Company	Fidelity Freedom 2025 Mutual Fund	*	21,148
	Fidelity Management Trust Company	Spartan Int'l Index	*	97,297
	Fidelity Management Trust Company	Fidelity Diversified Freedom 2005	*	10,051
	Fidelity Management Trust Company	Fidelity Freedom 2015	*	11,288
	Fidelity Management Trust Company	Fidelity Freedom 2035	*	19,988
	Fidelity Management Trust Company	Fidelity Freedom 2045	*	14,702
	Fidelity Management Trust Company	Fidelity Freedom 2050	*	10,317
	Fidelity Management Trust Company	Allnz CCM Mid Cap	*	170,746
	Fidelity Management Trust Company	Allnz NFT Div. Val	*	15,873
	Fidelity Management Trust Company	WFA Small Cap Val	*	9,544
	Participant Loans	8.50%	-	88,493
	Total			$ 3,593,006

*All accounts are participant directed.