

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ 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:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>VERTELLUS SPECIALTIES INC. 401K DEFERRED SAVINGS PLAN</u>	1b Three-digit plan number (PN) ▶ <u>006</u> 1c Effective date of plan <u>07/01/1987</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>VERTELLUS SPECIALTIES INC.</u> <u>201 N. ILLINOIS STREET, STE. 1800</u> <u>INDIANAPOLIS, IN 46204</u>	2b Employer Identification Number (EIN) <u>35-0607240</u> 2c Sponsor's telephone number <u>317-248-6517</u> 2d Business code (see instructions) <u>325900</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>07/24/2012</u>	<u>SCOTT SMITH</u>
	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") VERTELLUS SPECIALTIES INC. 201 N. ILLINOIS STREET, STE. 1800 INDIANAPOLIS, IN 46204	3b Administrator's EIN 35-0607240 3c Administrator's telephone number 317-248-6517
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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
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5 Total number of participants at the beginning of the plan year	5	734
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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	530
b Retired or separated participants receiving benefits.....	6b	6
c Other retired or separated participants entitled to future benefits.....	6c	191
d Subtotal. Add lines 6a , 6b , and 6c	6d	727
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	8
f Total. Add lines 6d and 6e	6f	735
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	725
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2G 2J 2K 2S 2T

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)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(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)** ☒ **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)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>VERTELLUS SPECIALTIES INC. 401K DEFERRED SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VERTELLUS SPECIALTIES INC.</u>	D Employer Identification Number (EIN) <u>35-0607240</u>

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)..... ☒ 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
FIDELITY INVESTMENTS INSTITUTIONAL

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)

STRATEGIC ADVISORS, INC.

04-2654524

(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?
27	ADVISOR	6604	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(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	6308	Yes ☒ No ☐	Yes ☒ No ☐	0	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 ☐

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)

(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
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>ABF LG CAP VAL INV - STATE STREET B</p> <p>04-1867445</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.40%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>DAVIS NY VENTURE Y - BOSTON FINANCI</p> <p>04-2526037</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.10%</p>		
<p>(a) Enter service provider name as it appears on line 2</p> <p>FIDELITY INVESTMENTS INSTITUTIONAL</p>		
<p>(b) Service Codes (see instructions)</p> <p>60</p>		
<p>(c) Enter amount of indirect compensation</p> <p>0</p>		
<p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>HARTFORD SMALL CO Y - HARTFORD ADMI</p> <p>41-0679409</p>		
<p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>0.15%</p>		

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.	
NORTHERN SM CAP VAL - THE NORTHERN 36-2723087	0.40%	
(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.	
RS PARTNERS Y - BOSTON FINANCIAL DA 04-2526037	0.10%	
(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.	
3RD AV VALUE IS - BNY MELLON INV SE P.O. BOX 9793 PROVIDENCE, RI 02940	0.40%	

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
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(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 H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="font-size: 24pt; font-weight: bold;">2011</div> This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>VERTELLUS SPECIALTIES INC. 401K DEFERRED SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<div style="border: 1px solid black; padding: 2px;">006</div>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VERTELLUS SPECIALTIES INC.</u>	D Employer Identification Number (EIN) <u>35-0607240</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(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)	10400002	9361812
	(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)	242415	388248
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	60091703	58357853
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(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	70734120	68107913

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	70734120	68107913
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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)	1821589	
(B) Participants	2a(1)(B)	3235057	
(C) Others (including rollovers)	2a(1)(C)	93210	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		5149856
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2496	
(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)	17403	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		19899
(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)	1398785	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1398785
(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)		
(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)		-2652141
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3916399

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	6529462	
(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)		6529462
f Corrective distributions (see instructions)	2f		
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)	6604	
(4) Other	2i(4)	6540	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		13144
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		6542606

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-2626207
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

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

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

(1) Name: DUNBAR COOK AND SHEPPARD

(2) EIN: 35-1518874

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.).....		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.).....		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.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		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 2011 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>VERTELLUS SPECIALTIES INC. 401K DEFERRED SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VERTELLUS SPECIALTIES INC.</u>	D Employer Identification Number (EIN) <u>35-0607240</u>

Part I	Distributions
---------------	----------------------

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ 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 (include any prior year accumulated funding deficiency not waived)	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 or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ 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. 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): _____

- 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): _____



**VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

December 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

Vertellus Specialties Inc.
401(k) Deferred Savings Plan
Indianapolis, Indiana

We were engaged to audit the accompanying statements of net assets available for benefits of **Vertellus Specialties Inc. 401(k) Deferred Savings Plan** as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the years then ended, and the supplemental schedule for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29CFR 2520.103-8 of the Department of Labor 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 C, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. 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 December 31, 2011 and 2010 and for the year ended December 31, 2011, 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 these accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements 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 Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

July 17, 2012

Dunbar, Cook & Shepard, P.C.

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
INVESTMENTS, at fair value		
Mutual funds	\$ 67,719,665	\$ 70,491,705
NOTES RECEIVABLE FROM PARTICIPANTS	<u>388,248</u>	<u>242,415</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 68,107,913</u>	<u>\$ 70,734,120</u>

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS:		
Additions to net assets attributed to:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ (2,775,301)	\$ 6,698,815
Net realized gain (loss) on investments	123,161	(720,281)
Interest and dividend income	<u>1,401,280</u>	<u>1,323,302</u>
Total investment income (loss)	(1,250,860)	7,301,836
Interest income on notes receivable from participants	18,970	19,166
Contributions:		
Participant	3,328,267	3,354,889
Employer	<u>1,821,589</u>	<u>1,665,611</u>
	<u>5,149,856</u>	<u>5,020,500</u>
TOTAL ADDITIONS	3,917,966	12,341,502
DEDUCTIONS:		
Deductions from net assets attributed to:		
Benefits paid to participants	(6,531,028)	(4,972,458)
Administrative expenses	<u>(13,145)</u>	<u>(6,900)</u>
TOTAL DEDUCTIONS	<u>(6,544,173)</u>	<u>(4,979,358)</u>
NET INCREASE (DECREASE)	(2,626,207)	7,362,144
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	<u>70,734,120</u>	<u>63,371,976</u>
End of year	<u>\$ 68,107,913</u>	<u>\$ 70,734,120</u>

**VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE A - DESCRIPTION OF THE PLAN

The following description of the Vertellus Specialties Inc. 401(k) Deferred Savings Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Information about the Plan agreement is also contained in a publication entitled "Summary of Vertellus Specialties Inc. 401(k) Deferred Savings Plan." Copies of this summary are available from the Plan administrator.

1. **General.** The Plan is a contributory participant directed deferred savings arrangement designed to qualify under Section 401(k) of the Internal Revenue Code. The Plan allows employees an opportunity to save for their retirement while excluding the contribution from their current taxable income. The Plan allows for employees to be eligible immediately upon employment.
2. **Contributions.** Employees may elect to defer 1 percent to 60 percent of their compensation. The employee may also make additional nondeductible contributions to the Plan of up to 10 percent of their compensation. The Company makes a safe harbor employer matching contribution on the employees' behalf based in the following formula: 100 percent of the first 3 percent of participant compensation contributed plus 70 percent of the next 3 percent of participant compensation contributed. In addition, the Company may make a discretionary contribution on behalf of Participants who do not participate in another Company sponsored retirement or pension plan in an amount equal to 3 percent of their compensation. The Company's matching contributions were temporarily suspended for non-union employees from April 1, 2009 to April 1, 2010. The match remained in effect for union employees during that period.
3. **Participant Accounts.** Each participant's account is credited with the participant's salary deferral and allocation of (a) the Company's contribution and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.
4. **Vesting.** The interest of a participant in the value of his account is fully vested at all times.
5. **Investment Options.** Upon enrollment in the Plan, a participant may direct contributions among a variety of investment options. Participants may change their investments options daily.

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010

NOTE A - CONTINUED

6. **Notes Receivable from Participants.** Participants may borrow from their fund accounts 50 percent of their vested account balance to a maximum of \$50,000, and a minimum of \$1,000. In addition, the participants must show a heavy financial need. Loan terms may not exceed five years. The loans are treated as a transfer from the investment fund of the participant into a separate loan account in the name of the participant. The interest rate is fixed over the life of the loan at the rate determined annually by the Plan sponsor benefits committee, which range from 4.25 percent to 9.50 percent. Principal and interest are paid ratably through payroll deductions.
7. **Payment of Benefits.** On termination of service, a participant will receive the value of his or her account as a lump sum distribution.

The Company may terminate the Plan at any time by action of its Board of Directors, although it currently has no intention to do so. In the event the Plan is terminated, the participant's vested interest in his account will be distributed to him.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting.** The financial statements of the Plan are prepared under the accrual method of accounting.
2. **Investments Valuation and Income Recognition.** Investments are stated at aggregate fair value. Investments which are traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Investments traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year. The realized gain or loss from sales of investments is the difference between the proceeds received and the specific cost of investments sold.
3. **Notes Receivable from Participants.** Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.
4. **Operating Expenses.** All expenses of maintaining the Plan are paid by the Company.
5. **Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010**

NOTE B - CONTINUED

6. **Benefit Payments.** Benefits are recorded when paid.
7. **Cash and Cash Equivalents.** The Plan considers demand accounts, money market savings, and short-term certificates of deposit and debt securities to be cash equivalents.

NOTE C - INVESTMENTS

The Plan's investments for 2011 and 2010 were held by Fidelity Management Trust Company.

Investments held during the year ended December 31, 2011 depreciated in fair value by \$2,775,301. Investments held during the year ended December 31, 2010 appreciated in fair value by \$6,698,815.

	NET APPRECIATION (DEPRECIATION) IN FAIR VALUE DURING YEAR	FAIR VALUE AT END OF YEAR
<u>Year Ended December 31, 2011</u>		
Fair value as determined by quoted market price:		
Mutual Funds	\$ (2,775,301)	\$ 58,357,853
Fair value as determined by trustee bank:		
Mutual funds - money market	-	9,361,812
	<u>\$ (2,775,301)</u>	<u>\$ 67,719,665</u>
<u>Year Ended December 31, 2010</u>		
Fair value as determined by quoted market price:		
Mutual Funds	\$ 6,698,815	\$ 60,091,702
Fair value as determined by trustee bank:		
Mutual funds - money market	-	10,400,003
	<u>\$ 6,698,815</u>	<u>\$ 70,491,705</u>

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010

NOTE C - CONTINUED

The following presents investments that represent 5 percent or more of the Plan's net assets for December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Davis NY Venture Fund	\$ 4,003,174	\$ 4,231,054
Fidelity Contrafund	4,324,023	4,117,745
Fidelity International Discovery	4,926,091	6,159,301
Fidelity Retirement Money Market	8,973,475	10,158,186
Fidelity Total Bond Fund	8,204,313	8,769,407
Vanguard Institutional Index Fund	8,121,723	7,694,045
Vanguard Midcap Index Institutional Fund	5,861,866	6,134,444

NOTE D - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of investment income and benefits paid per the financial statements to Form 5500:

For the year ended December 31, 2011:

	<u>Financial Statements</u>	<u>Form 5500</u>
Unrealized appreciation of assets	\$ (2,775,301)	\$ -
Dividend and interest income	1,420,250	1,418,684
Benefits paid to participants	(6,531,028)	(6,529,462)
Net investment gain from registered investment companies	123,161	(2,652,141)
Rounding	(1)	-
	<u>\$ (7,762,919)</u>	<u>\$ (7,762,919)</u>

NOTE E - TRANSACTIONS WITH PARTIES-IN-INTEREST

There were no transactions with parties-in-interest other than the payment of customary and reasonable fees for services rendered by the plan trustee.

**VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010**

NOTE G - NAME CHANGE

Reilly Industries, Inc. changed its name to Vertellus Specialties Inc. effective July 2006.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 17, 2012, which is the date the financial statements were available to be issued.

NOTE I - TAX STATUS

The Plan is intended to qualify under Section 401 of the Internal Revenue Code, and consequently not be subject to tax. A favorable determination was made on the Plan by the IRS on March 31, 2008.

Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to regulatory examinations for the years prior to 2005.

NOTE J - FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 - Inputs to valuation methodologies include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

**VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010**

NOTE J - CONTINUED

- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

Mutual funds - Valued at the Net Asset Value (NAV) of shares held by the Plan at year end.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010.

	<i>Assets at Fair Value as of December 31, 2011</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Blended fund	\$11,271,750	\$ -	\$ -	\$11,271,750
Bond investments	9,110,646	-	-	9,110,646
International	6,026,800	-	-	6,026,800
Large cap	21,330,920	-	-	21,330,920
Mid cap	5,861,866	-	-	5,861,866
Short term	9,361,812	-	-	9,361,812
Small cap	<u>4,755,871</u>	<u>-</u>	<u>-</u>	<u>4,755,871</u>
Total assets, at fair value	<u>\$67,719,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$67,719,665</u>

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2011 and 2010

NOTE J - CONTINUED

	<i>Assets at Fair Value as of December 31, 2010</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Blended fund	\$11,766,492	\$ -	\$ -	\$11,766,492
Bond investments	9,034,807	-	-	9,034,807
International	7,535,374	-	-	7,535,374
Large cap	21,019,706	-	-	21,019,706
Mid cap	6,134,444	-	-	6,134,444
Short term	10,400,003	-	-	10,400,003
Small cap	<u>4,600,879</u>	<u>-</u>	<u>-</u>	<u>4,600,879</u>
Total assets, at fair value	<u>\$70,491,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$70,491,705</u>

NOTE K - RISKS AND UNCERTAINTIES

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

SUPPLEMENTAL SCHEDULE

VERTELLUS SPECIALTIES INC.
401(k) DEFERRED SAVINGS PLAN
SCHEDULE OF ASSETS HELD AT THE END OF THE YEAR
December 31, 2011

Plan # 006
EIN # 35-1504652

Form 5500, Schedule H, Part IV, Item 4(i) - Schedule of Assets Held At the End of the Year

<u>IDENTITY OF ISSUE</u>	<u>DESCRIPTION OF INVESTMENT</u>	<u>COST</u>	<u>CURRENT VALUE</u>
ABF Large Cap Value Inst	96,649 shares	\$ 1,809,521	\$ 1,795,739
American Funds Growth Fund of America	107,460 shares	3,126,682	3,086,260
Blackrock Infl Pro BD BR	79,156 shares	887,841	906,333
Davis NY Venture Fund	121,974 shares	4,361,327	4,003,174 *
Fidelity Balanced	115,242 shares	2,108,105	2,096,255
Fidelity Contrafund	64,096 shares	3,995,159	4,324,023 *
Fidelity Freedom 2000	4,941 shares	58,945	58,699
Fidelity Freedom 2005	112 shares	1,195	1,177
Fidelity Freedom 2010	78,523 shares	1,072,491	1,028,648
Fidelity Freedom 2015	31,575 shares	360,251	345,116
Fidelity Freedom 2020	207,993 shares	2,941,718	2,728,865
Fidelity Freedom 2025	87,176 shares	1,018,623	942,377
Fidelity Freedom 2030	104,646 shares	1,449,519	1,343,659
Fidelity Freedom 2035	50,329 shares	572,665	530,972
Fidelity Freedom 2040	82,780 shares	646,243	609,260
Fidelity Freedom 2045	49,520 shares	441,718	430,330
Fidelity Freedom 2050	25,331 shares	236,036	216,329
Fidelity Freedom Income	83,635 shares	937,879	940,063
Fidelity International Discovery	178,417 shares	6,108,166	4,926,091 *
Fidelity Retirement Money Market	8,973,475 shares	8,973,475	8,973,475 *
Fidelity Total Bond Fund	751,311 shares	7,889,836	8,204,313 *
Fidelity US Treasury Money Market	388,337 shares	388,337	388,337
Hartford Small Cap	52,009 shares	1,071,992	994,421
Northern Small Cap Value	52,259 shares	706,338	783,369
RS Partners	18,186 shares	546,187	537,932
Third Avenue Value	27,422 shares	1,332,178	1,100,709
Vanguard Institutional Index Fund	70,599 shares	8,554,240	8,121,723 *
Vanguard Midcap Index Institutional Fund	297,708 shares	5,611,572	5,861,866 *
Vanguard Small Cap Index	81,122 shares	2,405,364	2,440,150
TOTAL INVESTMENTS		69,613,603	67,719,665

IDENTITY OF BORROWER

Participant loans	Maturities from 12 to 60 months with interest rates ranging from 4.25 % to 9.50%	-	388,248
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TOTAL ASSETS HELD FOR INVESTMENT \$ 69,613,603 \$ 68,107,913

* The fair value of these investments represents 5 percent or more of the Plan's assets at December 31, 2011.