

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>ERM GROUP SALARY DEFERRAL PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>04/01/1984</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>04/01/1984</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>04/01/1984</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>ERM GROUP, INC.</u> <u>75 VALLEY STREAM PARKWAY SUITE 200</u> <u>MALVERN, PA 19355</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>23-2053856</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>484-913-0300</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541330</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>23-2053856</u>	2c Sponsor's telephone number <u>484-913-0300</u>	2d Business code (see instructions) <u>541330</u>	
2b Employer Identification Number (EIN) <u>23-2053856</u>					
2c Sponsor's telephone number <u>484-913-0300</u>					
2d Business code (see instructions) <u>541330</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	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>10/10/2013</u> Date	<u>JOHN STIPA</u> 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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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 1954
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	1601
b Retired or separated participants receiving benefits.....	6b	4
c Other retired or separated participants entitled to future benefits.....	6c	732
d Subtotal. Add lines 6a , 6b , and 6c	6d	2337
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	2338
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	2223
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	42
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 Characteristics Codes in the instructions: 3D 2J 2G		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ 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) ☒ 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) ☒ 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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ERM GROUP SALARY DEFERRAL PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ERM GROUP, INC.</u>	D Employer Identification Number (EIN) <u>23-2053856</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
<u>THE VANGUARD GROUP, INC.</u> <u>PO BOX 2600</u> <u>VALLEY FORGE, PA 19482</u>
<u>23-1945930</u>

(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)

(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 ☐

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
(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.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(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.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(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.	

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

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) 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
		2012
		This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan ERM GROUP SALARY DEFERRAL PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 ERM GROUP, INC.	D Employer Identification Number (EIN) 23-2053856	

Part I	Asset and Liability Statement
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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)	3501047	4381255
(2) Participant contributions	1b(2)	3765	
(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)	1591066	1600724
(9) Value of interest in common/collective trusts.....	1c(9)		0
(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)	171168309	207349050
(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	176264187	213331029

Liabilities

g Benefit claims payable	1g	43400128	48405635
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	43400128	48405635

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	132864059	164925394
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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)	4380714	
(B) Participants	2a(1)(B)	12817705	
(C) Others (including rollovers)	2a(1)(C)	2010233	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		19208652
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)	85887	
(F) Other	2b(1)(F)	5747094	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		5832981
(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)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(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)		
(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)		

		(a) Amount	(b) Total
(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)		18165295
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		43206928

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	17050275	
(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)		17050275
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)	2430	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		2430
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		17052705

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		26154223
l Transfers of assets:			
(1) To this plan.....	2l(1)		5907112
(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: ARENA SNYDER & DUNLAP LLP

(2) EIN: 23-2334403

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		1250000
4e			
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	
4f			
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	
4g			
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	
4h			
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		
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
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			

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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>ERM GROUP SALARY DEFERRAL PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ERM GROUP, INC.</u>	D Employer Identification Number (EIN) <u>23-2053856</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
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>23-2186884</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 <u>172</u>

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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

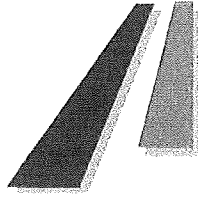
- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding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

- 19** If the total number of participants is 1,000 or more, complete lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



ARENA SNYDER & DUNLAP LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 4, 2013

Harry A. Arena
Kathryn V. Snyder
Jeffrey T. Dunlap

Independent Auditors' Report

To the Plan Administrator
The ERM Group Salary Deferral Plan
Malvern, Pennsylvania

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The ERM Group Salary Deferral Plan ('the Plan'), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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 11, which was certified by The Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing the 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 and for the years ended December 31, 2012 and 2011, that the information provided to the Plan administrator by the trustee is complete and accurate.

Independent Auditors' Report
(continued)

Disclaimer of Opinion

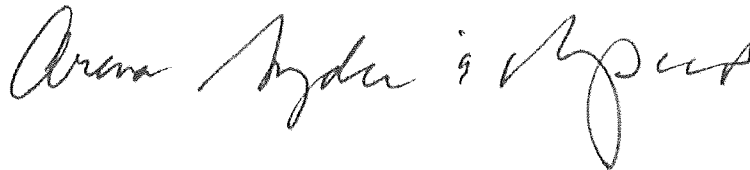
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held at end of year, which is the responsibility of Plan management, is presented for the purpose 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. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

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's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in dark ink, appearing to read "Aron Snyder". The signature is fluid and cursive, with a large, stylized "S" at the end.

ERM Group Salary Deferral Plan

EIN# 23-2053856

Plan year ended 12/31/2012

Explanation of reasonable cause

Form 5558, *Application for Extension of Time to File Certain Employee Plan Returns* was filed because additional time was needed to gather sufficient audit evidence to accurately prepare Form 5500 and audited financial statements.

The ERM Group Salary Deferral Plan
Supplemental Information
December 31, 2012

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

EIN# 23-2053856

Pn# 001

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest collateral, par or maturity value	Cost	Current Value	
* The Vanguard Group	Wellington Fund Investor Shares	\$ 29,105,741	\$ 33,528,408	
* The Vanguard Group	PRIMECAP Fund Investor Shares	24,077,784	29,115,314	
* The Vanguard Group	Windsor II Fund Investor Shares	22,194,550	24,960,526	
* The Vanguard Group	500 Index Fund Investor Shares	15,991,729	18,932,706	
* The Vanguard Group	Long-Term Investment Grade Investor Shares	16,090,019	18,636,599	
* The Vanguard Group	Total International Stock Index Fund	12,563,676	13,432,253	
* The Vanguard Group	Prime Money Market Fund	12,546,138	12,546,138	
* The Vanguard Group	Explorer Fund Investor Shares	10,021,892	12,027,218	
* The Vanguard Group	Extended Market Index Fund Investor Shares	6,192,673	7,946,728	
* The Vanguard Group	Target Retirement 2025 Fund	6,562,361	7,275,804	
* The Vanguard Group	Target Retirement 2035 Fund	6,195,644	6,919,714	
* The Vanguard Group	Target Retirement 2020 Fund	4,706,703	4,893,375	
* The Vanguard Group	Target Retirement 2045 Fund	4,118,823	4,657,249	
* The Vanguard Group	Target Retirement 2015 Fund	3,610,497	3,997,701	
* The Vanguard Group	Total Bond Market Index Fund Investor Shares	3,859,537	3,982,956	
* The Vanguard Group	Target Retirement Income	1,805,157	1,964,462	
* The Vanguard Group	Target Retirement 2030 Fund	1,155,188	1,180,134	
* The Vanguard Group	Target Retirement 2040 Fund	615,204	637,638	
* The Vanguard Group	Target Retirement 2050 Fund	489,500	512,021	
* The Vanguard Group	Target Retirement 2055 Fund	93,826	97,498	
* The Vanguard Group	Target Retirement 2010 Fund	70,315	71,692	
* The Vanguard Group	Target Retirement 2060 Fund	29,423	31,335	
* The Vanguard Group	International Value Fund	1,587	1,581	
		182,097,967	207,349,050	
Participant notes	Maturing February 2013 - November 2027 5.25% to 10.50%	0	1,600,724	
		\$ 182,097,967	\$ 208,949,774	

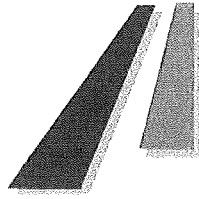
* Represents a party-in-interest.

The ERM Group Salary Deferral Plan
Financial Statements
December 31, 2012 and 2011

The ERM Group Salary Deferral Plan
Financial Statements
December 31, 2012 and 2011

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Statements of Changes in Net Assets Available for Benefits	4
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ARENA SNYDER & DUNLAP LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 4, 2013

Harry A. Arena
Kathryn V. Snyder
Jeffrey T. Dunlap

Independent Auditors' Report

To the Plan Administrator
The ERM Group Salary Deferral Plan
Malvern, Pennsylvania

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Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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 11, which was certified by The Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing the 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 and for the years ended December 31, 2012 and 2011, that the information provided to the Plan administrator by the trustee is complete and accurate.

Independent Auditors' Report
(continued)

Disclaimer of Opinion

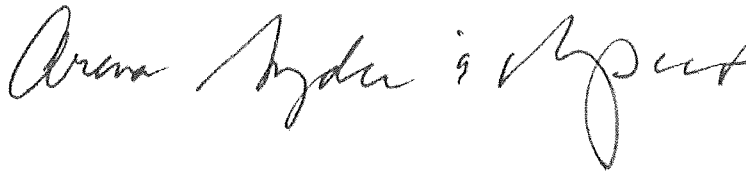
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held at end of year, which is the responsibility of Plan management, is presented for the purpose 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. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

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's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in cursive script, appearing to read "Aruna Snyder".

The ERM Group Salary Deferral Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2012	2011
Assets		
Investments at fair market value:		
Funds invested with The Vanguard Group:		
Wellington Fund Investor Shares	\$ 33,528,408	\$ 28,029,697
PRIMECAP Fund Investor Shares	29,115,314	26,249,630
Windsor II Fund Investor Shares	24,960,526	23,402,444
500 Index Fund Investor Shares	18,932,706	15,649,114
Long-Term Investment Grade Investor Shares	18,636,599	16,289,450
Total International Stock Index Fund	13,432,253	11,701,617
Prime Money Market Fund	12,546,138	11,321,876
Explorer Fund Investor Shares	12,027,218	10,444,233
Extended Market Index Fund Investor Shares	7,946,728	6,480,525
Target Retirement 2025 Fund	7,275,804	5,151,075
Target Retirement 2035 Fund	6,919,714	4,713,855
Target Retirement 2020 Fund	4,893,375	633,719
Target Retirement 2045 Fund	4,657,249	3,142,176
Target Retirement 2015 Fund	3,997,701	2,968,529
Total Bond Market Index Fund Investor Shares	3,982,956	3,013,789
Target Retirement Income	1,964,462	1,090,776
Target Retirement 2030 Fund	1,180,134	40,514
Target Retirement 2040 Fund	637,638	128,276
Target Retirement 2050 Fund	512,021	192,287
Target Retirement 2055 Fund	97,498	12,715
Target Retirement 2010 Fund	71,692	1,497
Target Retirement 2060 Fund	31,335	-
International Value Fund	1,581	-
Target Retirement 2005 Fund	-	510,515
Participant notes	1,600,724	1,591,066
Total investments	208,949,774	172,759,375
Receivables:		
Participants' contributions	-	3,765
Employer's matching contributions	4,381,255	3,501,047
Total receivables	4,381,255	3,504,812
Net assets available for benefits	\$ 213,331,029	\$ 176,264,187

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

The ERM Group Salary Deferral Plan
Statements of Changes in Net Assets Available for Benefits

	For the Years Ended December 31,	
	2012	2011
Additions to net assets attributed to:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 18,165,295	\$ (3,643,819)
Mutual fund interest and dividend income	5,747,094	4,678,534
Loan interest	85,887	94,222
Total investment income	23,998,276	1,128,937
Contributions:		
Participants'	12,817,705	10,473,762
Employer's matching	4,380,714	3,549,513
Rollovers	2,010,233	979,528
Total contributions	19,208,652	15,002,803
Asset transfers in	5,907,112	-
Total additions	49,114,040	16,131,740
Deductions from net assets attributed to:		
Benefits paid to participants	12,044,768	7,424,532
Administrative fees	2,430	5,271
Total deductions	12,047,198	7,429,803
Net increase	37,066,842	8,701,937
Net assets available for benefits:		
Beginning of year	176,264,187	167,562,250
End of year	\$ 213,331,029	\$ 176,264,187

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

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 1 - Description of the plan

The following description of The ERM Group (“the Company”) Salary Deferral Plan (“the Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering all full-time employees of the Company who are age twenty-one or older. Part-time employees of the Company may participate if they are age twenty-one or older and have completed at least 1,000 hours of service. The Company, as defined in these financial statements and notes, consists of The ERM Group, Inc. and all subsidiaries and affiliated companies. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions

Each year, participants may contribute up to fifty percent (50%) of pretax annual compensation, as defined in the Plan, subject to a maximum dollar limit which is set by law. The maximum contribution amount was \$17,000 and \$16,500 for 2012 and 2011, respectively. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Contribution percentages may be changed by participants at any time throughout the year. The company match is a discretionary contribution. The Company matched forty percent (40%) of participants’ contributions up to fifteen percent (15%) of their compensation for the years ended December 31, 2012 and 2011.

Participant accounts

Each participant’s account is credited with the participant’s contribution, the Company’s matching contribution, and Plan earnings. Allocations are based on participant compensation or account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. The Plan’s allocation requirement is one thousand (1,000) hours of service during the Plan year and being employed by the Company on the last day of the Plan year for the Company’s matching contribution.

Vesting

Participants are immediately vested in employee-elected salary deferral contributions plus actual earnings thereon. Vesting in the Company’s matching contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 100% vested after three years of credited service.

Investment options

Upon enrollment in the Plan, a participant may direct employee contributions among various mutual fund investment options managed by The Vanguard Group. A participant may change such allocations and investment options daily and may transfer all or a portion of the value of his or her accounts among the various funds.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 1 - Description of the plan (continued)

Participant notes

Participants may borrow a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or fifty percent (50%) of their vested account balance. Loan transactions are treated as a transfer to (from) the investment funds from (to) the Participant Notes Funds. Loan terms range from one to five years. Loans taken by the participants that are used to acquire a principal residence may provide for a repayment period exceeding five years. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Interest rates range from 5.25% to 10.50%. Principal and interest are repaid ratably by the participant through payroll deductions.

Payment of benefits

The plan was amended with an effective date of January 1, 2011. Prior to the amendment, a participant terminated for any reason other than death would receive a lump-sum payment if his or her vested account balance was \$5,000 or less. If the account balance was greater than \$5,000, the participant was entitled to elect to receive the value of the vested interest in his or her account as a lump-sum distribution or receive installment payments. Effective January 1, 2011, the option to receive installment payments was no longer available.

On termination of service due to death, a beneficiary will receive a lump-sum payment equal to the vested account balance.

Note 2 - Summary of accounting policies

Basis of accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Use of estimates

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

Investment valuation and income recognition

The Plan's fund investments are stated at fair value, as based on quoted market prices and other observable inputs of the underlying assets, in accordance with the "*Fair Value Measurements and Disclosures*" Topic of the FASB Accounting Standards Codification. Participant notes are valued at amortized cost which approximates fair value.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 2 - Summary of accounting policies (continued)

Investment valuation and income recognition (continued)

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.

Payment of benefits

Benefits are recorded when paid.

Administrative expenses

The Plan's administrative expenses are paid by the Company.

Note 3 - Fair value measurements

The Plan fair values its investments utilizing a hierarchy that prioritizes inputs to the valuation techniques that are used to measure fair value, in accordance with authoritative guidance on fair value measurements and disclosures. Where inputs for an asset fall in more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's fair value measurement. Assets measured at fair value on a recurring basis are comprised of funds held as available-for-sale securities. The three levels of the fair value hierarchy are described below:

- Level 1 - unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs are unobservable and cannot be corroborated by observable market data.

Fair value of the Plan's fund investments is determined to be Level 1, based on quoted prices in active markets. The underlying investments within each fund may be invested in Level 2 or Level 3.

Realized and unrealized gains (losses) are included in total investment income on the statements of changes in net assets available for benefits. Realized gains (losses) were \$1,586,536 and \$(56,472) for the years ended December 31, 2012 and 2011, respectively. Unrealized gains (losses) were \$16,578,759 and \$(3,587,347) for the years ended December 31, 2012 and 2011, respectively.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 3 - Fair value measurements (continued)

The following table summarizes the inputs used in valuing the Plan's investments:

	Quoted Prices in Active Markets (Level 1)		Other Significant Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	2012	2011	2012	2011	2012	2011
Mutual funds	\$207,349,050	\$171,168,309	\$	\$ -	\$ -	\$ -
Participant notes	-	-		-	1,600,724	1,591,066
	<u>\$207,349,050</u>	<u>\$171,168,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,600,724</u>	<u>\$1,591,066</u>

The following table summarizes changes in the Plan's participant notes, valued based on Level 3 inputs:

	For the Year Ended December 31,	
	2012	2011
Balance, beginning of year	\$ 1,591,066	\$ 1,423,020
Loans issued	661,994	765,548
Loan repayments	(574,410)	(569,123)
Assets transferred in	62,033	-
Defaulted/offset loans	<u>(139,959)</u>	<u>(28,379)</u>
Balance, end of year	<u>\$ 1,600,724</u>	<u>\$ 1,591,066</u>

The ERM Group Salary Deferral Plan
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Note 4 - Investments

The Plan's funds were invested with The Vanguard Group as of December 31, 2012 and 2011. The following table presents the current value of the individual investment securities available for benefits:

<u>Investment</u>	December 31,	
	<u>2012</u>	<u>2011</u>
Wellington Fund Investor Shares	\$ 33,528,408 *	\$ 28,029,697 *
PRIMECAP Fund Investor Shares	29,115,314 *	26,249,630 *
Windsor II Fund Investor Shares	24,960,526 *	23,402,444 *
500 Index Fund Investor Shares	18,932,706 *	15,649,114 *
Long-Term Investment Grade Investor Shares	18,636,599 *	16,289,450 *
Total International Stock Index Fund	13,432,253 *	11,701,617 *
Prime Money Market Fund	12,546,138 *	11,321,876 *
Explorer Fund Investor Shares	12,027,218 *	10,444,233 *
Extended Market Index Fund Investor Shares	7,946,728	6,480,525
Target Retirement 2025 Fund	7,275,804	5,151,075
Target Retirement 2035 Fund	6,919,714	4,713,855
Target Retirement 2020 Fund	4,893,375	633,719
Target Retirement 2045 Fund	4,657,249	3,142,176
Target Retirement 2015 Fund	3,997,701	2,968,529
Total Bond Market Index Fund Investor Shares	3,982,956	3,013,789
Target Retirement Income	1,964,462	1,090,776
Target Retirement 2030 Fund	1,180,134	40,514
Target Retirement 2040 Fund	637,638	128,276
Target Retirement 2050 Fund	512,021	192,287
Target Retirement 2055 Fund	97,498	12,715
Target Retirement 2010 Fund	71,692	1,497
Target Retirement 2060 Fund	31,335	-
International Value Fund	1,581	-
Target Retirement 2005 Fund	-	510,515
Participant notes	1,600,724	1,591,066
	<u>\$208,949,774</u>	<u>\$172,759,375</u>

* Current value of individual assets represents five percent (5%) or more of the Plan's net assets available for benefits at year end.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 5 - Forfeited accounts

At December 31, 2012 and 2011, forfeited nonvested accounts totaled \$142,397 and \$74,757, respectively. These accounts will be used to reduce future employer contributions. Reductions of employer contributions from forfeited nonvested accounts were \$179,023 and \$61,524 for the years ended December 31, 2012 and 2011, respectively.

Note 6 - Reportable transactions

There were no reportable transactions for the years ended December 31, 2012 and 2011.

Note 7 - 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 one hundred percent (100%) vested in their accounts.

Note 8 - Plan merger

During 2012, Oasis Environmental, Inc. was acquired by ERM Group, Inc. On April 13, 2012, the Oasis Environmental, Inc. 401(k) Profit Sharing Plan was terminated, and the Plan assets of the Oasis Environmental, Inc. participants were transferred from the Oasis Environmental, Inc. 401(k) Profit Sharing Plan into the ERM Group Salary Deferral Plan on April 16, 2012. The transferred net assets have been recognized in the accounts of the ERM Group Salary Deferral Plan as of April 16, 2012 at their balances previously carried in the accounts of the Oasis Environmental, Inc. 401(k) Profit Sharing Plan as of April 13, 2012.

A summary of the transferred net assets follows:

Investments at fair value	\$ 5,845,079
Participant notes	<u>62,033</u>
	<u>\$ 5,907,112</u>

Note 9 - Tax status

The Plan received a favorable determination letter, dated August 12, 2003, from the Internal Revenue Service stating that the Plan is qualified under Section 401 of the Internal Revenue Code. The Plan was amended and adopted the Vanguard Fiduciary Trust Company prototype plan document effective January 1, 2011. In accordance with this amendment, the Plan is covered by the Vanguard Fiduciary Trust Company Internal Revenue Service determination letter dated March 31, 2008 which states that the Plan is qualified under Section 401 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 10 - Risk and uncertainties

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

Note 11 - Certified information (unaudited)

The Plan Administrator has elected the method of annual reporting compliance permitted by ERISA. The assets of the Plan are held by the trustee, The Vanguard Fiduciary Trust Company. Accordingly, the trustee has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- a. Investments, as shown in the statements of net assets available for benefits, as of December 31, 2012 and 2011.
- b. Investment activity, including net appreciation (depreciation) in fair value of investments as shown in the statements of changes in net assets available for benefits, for the years ended December 31, 2012 and 2011.
- c. Participant notes, as shown in the statements of net assets available for benefits, as of December 31, 2012 and 2011.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements.

Note 12 - Party-in-interest transactions

The Plan investments are shares of mutual funds managed by The Vanguard Group. The Vanguard Group is related to the trustee of the Plan; therefore, these transactions qualify as party-in-interest transactions.

Note 13 - Additional disclosure

Net assets available for benefits at December 31, 2012 and 2011 include \$48,405,635 and \$43,400,128, respectively, which are allocated to the accounts of persons who have withdrawn from participating in the earnings and operations of the Plan.

The ERM Group Salary Deferral Plan
Notes to the Financial Statements
December 31, 2012 and 2011

Note 14 - Reconciliation to the Form 5500

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

	December 31,	
	2012	2011
Net assets available for benefits per the financial statements	\$213,331,029	\$176,264,187
Less: amounts allocated to withdrawing participants	<u>(48,405,635)</u>	<u>(43,400,128)</u>
Net assets available for benefits per the Form 5500	<u>\$164,925,394</u>	<u>\$132,864,059</u>

	For the Year Ended December 31,	
	2012	2011
Benefits paid to participants per the financial statements	\$ 12,044,768	\$ 7,424,532
Plus: amounts allocated to withdrawing participants at December 31, 2012 and 2011	48,405,635	43,400,128
Less: amounts allocated to withdrawing participants at December 31, 2011 and 2010	<u>(43,400,128)</u>	<u>(41,668,444)</u>
Net benefits per the Form 5500	<u>\$ 17,050,275</u>	<u>\$ 9,156,216</u>

Note 15 - Subsequent events

The Plan sponsor has evaluated events from December 31, 2012 to October 4, 2013, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

SUPPLEMENTAL INFORMATION

The ERM Group Salary Deferral Plan
Supplemental Information
December 31, 2012

Schedule H, line 4i - Schedule of Assets (Held at End of Year)
EIN# 23-2053856
Pn# 001

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest collateral, par or maturity value	Cost	Current Value	
* The Vanguard Group	Wellington Fund Investor Shares	\$ 29,105,741	\$ 33,528,408	
* The Vanguard Group	PRIMECAP Fund Investor Shares	24,077,784	29,115,314	
* The Vanguard Group	Windsor II Fund Investor Shares	22,194,550	24,960,526	
* The Vanguard Group	500 Index Fund Investor Shares	15,991,729	18,932,706	
* The Vanguard Group	Long-Term Investment Grade Investor Shares	16,090,019	18,636,599	
* The Vanguard Group	Total International Stock Index Fund	12,563,676	13,432,253	
* The Vanguard Group	Prime Money Market Fund	12,546,138	12,546,138	
* The Vanguard Group	Explorer Fund Investor Shares	10,021,892	12,027,218	
* The Vanguard Group	Extended Market Index Fund Investor Shares	6,192,673	7,946,728	
* The Vanguard Group	Target Retirement 2025 Fund	6,562,361	7,275,804	
* The Vanguard Group	Target Retirement 2035 Fund	6,195,644	6,919,714	
* The Vanguard Group	Target Retirement 2020 Fund	4,706,703	4,893,375	
* The Vanguard Group	Target Retirement 2045 Fund	4,118,823	4,657,249	
* The Vanguard Group	Target Retirement 2015 Fund	3,610,497	3,997,701	
* The Vanguard Group	Total Bond Market Index Fund Investor Shares	3,859,537	3,982,956	
* The Vanguard Group	Target Retirement Income	1,805,157	1,964,462	
* The Vanguard Group	Target Retirement 2030 Fund	1,155,188	1,180,134	
* The Vanguard Group	Target Retirement 2040 Fund	615,204	637,638	
* The Vanguard Group	Target Retirement 2050 Fund	489,500	512,021	
* The Vanguard Group	Target Retirement 2055 Fund	93,826	97,498	
* The Vanguard Group	Target Retirement 2010 Fund	70,315	71,692	
* The Vanguard Group	Target Retirement 2060 Fund	29,423	31,335	
* The Vanguard Group	International Value Fund	1,587	1,581	
		182,097,967	207,349,050	
Participant notes	Maturing February 2013 - November 2027 5.25% to 10.50%	0	1,600,724	
		<u>\$ 182,097,967</u>	<u>\$ 208,949,774</u>	

* Represents a party-in-interest.