

WHY WE HAVE A CODE OF CONDUCT

Vertellus is committed to increasing its value to employees, shareholders, the communities in which it does business and other key stakeholders around the world. Vertellus expects its employees and associates to fulfill this commitment while upholding the highest level of ethical conduct and acting as good corporate citizens at all times. This Code of Conduct applies to all direct and indirect subsidiaries of VSI Holdings LLC. Anyone who violates the Code will be acting outside the scope of his employment or other relationship with Vertellus and will be subject to disciplinary action, up to and including termination of employment or other relationship. The term “associate” as used in this Code includes employees, officers and directors of Vertellus and any third parties acting on behalf of Vertellus.

The Code is based on the following general principles:

1. Compliance with the Law

The Company will abide by all applicable laws and regulations, and will act in such a manner that the full disclosure of all facts related to any activity will always reflect favorably upon the Company.

2. Adherence to High Ethical Standards

The Company will adhere to the highest ethical standards of conduct in all business activities, and will act in a manner that enhances the Company’s standing as a vigorous and ethical competitor within the business community.

3. Responsible Business Citizenship

The Company will act as responsible citizen in the communities where it does business.

4. Open Door Policy

This means that every manager’s door is open to every employee. The purpose of our open door policy is to encourage open communication, feedback, and discussion about any matter of importance to an employee. Our open door policy means that employees are free to talk with any manager at any time.

CONFIDENTIAL AND ANONYMOUS REPORTING

Vertellus encourages all of its employees to address any concerns they may have with their immediate manager. We recognize that there are situations in which employees may not feel comfortable discussing their concerns with their manager, and we have engaged the services of an independent company, EthicsPoint, to provide a confidential reporting hotline. This hotline is available 24 hours a day, 7 days a week.

VERTELLUS INTEGRITY HOTLINE

(All calls will be confidential and you may remain anonymous if you wish.)

U.S.: 1-888-224-7066

U.K.: 08-000328483

Belgium - Dutch: 0800-77004

Belgium - French: 0800-902500

China - North: 10-800-712-1239

China - South: 10-800-120-1239

India - Hindi: 00-800-100-1071

Malaysia: 1-800-80-8641

Singapore: 800-1204201

These toll free numbers are subject to change. If you have any difficulties using them, please visit the website below for an alternative phone number or to utilize web-based reporting, which also may be done on a confidential basis.

Internet: www.vertellus.ethicspoint.com or see link on our intranet homepage

You may also contact the Corporate Compliance Officer, Anne Frye,
in one of the following methods:

Anne Frye, c/o Vertellus Specialties, Inc., 201 N. Illinois St., Suite 1800, Indianapolis, IN 46204

Phone: 317-248-6512 **Email:** afrye@vertellus.com **Fax:** 317-248-6546

REPORTING REQUIREMENTS – NO RETALIATION

If you suspect that any activity or conduct of yourself or others is in violation of the law or the Code of Conduct, you are required to promptly report the circumstances to your manager, the Corporate Compliance Officer or through the Integrity Hotline.

If you do identify yourself, if requested and if possible, your identity will be kept confidential. If you are reporting or questioning your own activity, please bear in mind that the Company views self-reporting favorably.

A person who makes a good faith report of a suspected or actual violation of this Code shall not be disciplined, sanctioned or any other employment risk for having made the report or complaint. The prohibition against retaliation does not impair in any way the ability of the Company to discipline an employee for a violation of the Code. The Company also prohibits retaliation against any individual who participates and/or cooperates in an investigation of such report.

Any supervisor who receives a report, or otherwise becomes aware of a violation or potential violation of the law or any policy set forth in this Code of Conduct, shall forward the report to the Compliance Officer. The Compliance Officer will investigate all reports and assist the Company in taking prompt and appropriate action. All associates are expected to fully cooperate with compliance investigations, including maintaining the confidentiality of those investigations. The Compliance Officer reports any violations of the Code directly to the Audit Committee of the Board of Directors.

OPEN DOOR POLICY

If any area of your work is causing you concern, you have the responsibility to address your concern with a manager. Whether you have a problem, a complaint, a suggestion or an observation, your company managers want to hear from you. By listening to you, the Company is able to improve, to address complaints, and to foster employee understanding of the rationale for practices, processes and decisions.

BEFORE YOU PURSUE THE OPEN DOOR POLICY

Most problems can and should be solved in discussion with your immediate supervisor; this is encouraged as your first effort to solve a problem. But, an open door policy means that you may also discuss your issues and concerns with any member of management and/or Human Resources staff members. No matter how you approach your problem, complaint or suggestion, you will find managers at all levels of the organization willing to listen and to help bring about a solution or a clarification.

SPECIFIC ISSUES

The specific issues discussed in this document do not cover all situations where a law or Company policy may apply. However they should help you better understand the general principles stated above.

HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL PERFORMANCE

The Company is committed to the protection of the environment and to the safety and health of our employees and communities. We are committed to compliance with the legal and Responsible Care® related requirements to which our operations are subject. It is each employee's responsibility to continuously improve our health, safety, security and environmental performance using the Guiding Principles of Responsible Care®. We are committed to the safe and environmentally sound development, manufacture, distribution, use and disposal of our products.

EQUAL EMPLOYMENT OPPORTUNITY, DISCRIMINATION & HARASSMENT

The Company is committed to a work environment in which all individuals are treated with respect. The Company expects its associates to ensure that all interactions are conducted in a professional manner, free of discrimination, harassment or intimidation.

Equal Employment Opportunity – No Discrimination

The Company will recruit, hire, develop, promote, discipline and provide other conditions of employment without regard to, and there will be no discrimination on the basis of, an employee's race, religion, color, national origin or ancestry, age, sex, disability, veteran status, or any other characteristic protected by law.

Harassment

The Company will not tolerate harassment of any kind. Harassment can be verbal, physical or visual behavior where the purpose or effect is to create an offensive, hostile or intimidating environment. Harassing conduct may include, but is not limited to: epithets, slurs or negative stereotyping; offensive jokes; threatening, intimidating or hostile acts; denigrating jokes; and display or transmission of words, objects or images that denigrates or shows hostility or aversion toward an individual or group.

Sexual Harassment

Prohibited harassment includes sexual harassment, which, for purposes of this policy, is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. Sexual harassment may include a range of subtle and not so subtle behaviors and may involve individuals of the same or different gender. Those behaviors include, but are not limited to: sexual jokes or innuendo; verbal abuse of a sexual nature; commentary about an individual's body or sexual prowess; leering or whistling; obscene comments or gestures; display or transmission of sexually suggestive words, objects or images; subtle pressure for sexual activity; physical conduct such as patting, pinching or brushing against another's body; and explicit demands for sexual favors, whether or not accompanied by implied or overt promises of preferential treatment or threats concerning an individual's employment status.

Consensual Relationships

The Company strongly discourages romantic relationships between employees when one of the employees has supervisory authority or other employment influence over the other. Such relationships can create compromising conflicts of interest or the appearance of such conflicts. This can undermine the spirit of trust and mutual respect that is essential to a healthy work environment. If the Company becomes aware of such a relationship, the Company reserves the right to transfer one or more of the parties to another job or to take other action, including, but not limited to, termination.

The Company encourages individuals who believe they are being harassed to promptly advise the person engaging in the conduct that his or her behavior is unwelcome and request that it be discontinued. Often, this action alone will resolve the problem. However, the Company recognizes that an employee may be uncomfortable confronting such behavior directly and this policy imposes no duty to do so.

ACCURATE BOOKS AND RECORDS

The integrity of our books, records and accounting is an important measure of the Company's credibility. We are committed to providing our shareholders and any third parties who rely upon our financial reports with full, accurate, timely and understandable information, in all material respects, about the Company's financial condition and results of operations. We report our results in accordance with generally accepted accounting principles and maintain books and records that accurately and fairly reflect all transactions. Every associate is responsible to help ensure that reporting of any business information of whatever kind (financial or otherwise) and in whatever form (computerized, paper or otherwise) is accurate, complete and timely. This requires, among other things, accurately recording costs, inventory, sales, shipments, time sheets, expenses, payroll and benefits records, training records, regulatory data, safety records and other essential Company information.

ANTI-CORRUPTION & ANTI-BRIBERY

Most jurisdictions where the Company conducts business have laws that prohibit payment of bribes. Generally, a bribe is defined as anything of value given or offered for the purpose of influencing an act or a decision to obtain, retain or direct business. Anything of value can include things other than cash.

Any director, officer, employee or agent of the Company, or any stockholder acting on behalf of the Company, who is convicted of violating anti-corruption laws is subject to substantial fines and/or imprisonment. If convicted, the Company is also subject to substantial fines.

No associate shall in any way offer, make or cause to be offered or made an illegal payment, contribution or gift of any kind.

Problems relating to the anti-bribery laws are more likely to occur in the use of consultants who perform services. A consultant is any person or entity that provides business, professional or technical advice to the Company or that facilitates relationships between the Company and any other person. Before a consultant is hired, an investigation should be conducted to confirm that the consultant is not a government official and has the skill and experience to perform the desired services. An appropriate written contract should be executed before the consultant performs services.

ANTITRUST/COMPETITION

The purpose of the antitrust and competition laws is to preserve fair, honest and vigorous competition. The Company intends to compete aggressively on the basis of superior products and customer satisfaction, and not through practices prohibited by antitrust laws. The Company has prepared an Antitrust Compliance Guide. The Compliance Guide is available to all associates through the Company's General Counsel. Specific questions regarding antitrust compliance should be directed to the General Counsel. The two areas where antitrust violations most frequently occur are in relations with competitors and with customers.

Relations with Competitors

The greatest danger for violations of the antitrust laws rests in contacts with competitors. The laws make illegal any agreement or understanding, expressed or implied, written or oral, that unreasonably restricts competition or interferes with the ability of the free market system to function properly. The determination of whether a restriction is "unreasonable" is frequently difficult to ascertain and requires legal expertise. Therefore, it is best to avoid any restriction on competition. In the eyes of the law, good intentions or customer or consumer benefits do not justify or excuse violations.

A formal agreement with a competitor need not exist to prove a conspiracy. A general discussion followed by common action often is enough to show an implied agreement. In an investigation, every communication, written or oral, is subject to extreme scrutiny.

Communications with competitors should be avoided unless they concern a true customer-supplier relationship, other legitimate business ventures or permitted trade association activities. You must not engage in any communications with competitors that could result, or even appear to result, in any of the following: price-fixing, allocation of customers or markets, boycotts or production limits to restrain trade. The antitrust laws recognize your need to be aware of market conditions, and you may discuss these with customer, suppliers, distributors, agents and brokers, if they are not your competitors.

Relations with Customers and Suppliers

Generally speaking, the Company has an unrestricted right to choose our customers and suppliers. But, there are antitrust pitfalls in this area. The biggest danger is an allegation that, through an understanding or threat, the Company has improperly restricted a customer's (including a distributor's) freedom to establish its own prices or terms of sale. We must also avoid any agreement with a supplier that sets the price or terms of sale for our products. In addition, we should avoid complaining to our supplier about the prices charged by that supplier to other customers who are our competitors. Further, avoid discussions with customers who complain to you regarding the Company supplying another customer or the prices charged by other customers.

Antitrust laws prohibit selling the same products to competing customers at different prices, terms or conditions of sale if the result would be harmful to one of the customers and to competition. Exceptions to this rule arise and a lower price may be offered to some but not all customers if (i) it is justified by a savings in cost to the Company, (ii) there is a functional discount because the customer provides services to the Company, or (iii) it has been established that an equally low or lower price has been offered by a competitor. These exceptions can be complex and you should consult with the General Counsel with respect to their application in specific situations.

Tie-in sales and reciprocal dealing are other potential danger areas where caution should rule. Tie-in sales occur when a customer must purchase one product or service to be able to purchase another product or service. Reciprocal sales can be described as you buy from me because I buy from you. Consult the General Counsel before proposing such relationships to customers.

CONFIDENTIALITY OF CORPORATE INFORMATION

One of the Company's most valuable assets is its body of business information, which includes, but is not limited to, manufacturing processes, intellectual property, marketing plans, customer lists, pricing and cost information, financial information, forecasts, personnel and compensation information and sales data. The widespread use of computer terminals and systems and cellular phones has caused this information to be potentially accessible by many individuals. In addition, the Company shares certain strategic and financial information with associates to ensure that all associates are aligned with the Company's goals. Failure to adequately protect this business information can lead to the loss of highly confidential data that may place the Company at a disadvantage in the marketplace.

You are responsible and accountable for the integrity and protection of all business information (including your electronic mail and voice mail). You must take steps to protect information that has been entrusted to you, and you may not use business information for personal gain. For example, you must not make inappropriate modifications of information or destroy, disfigure or disclose information. Internal communications regarding the strategy and direction of the Company are not to be disclosed outside the Company without approval of the CEO of Vertellus Specialties Inc.

Documents containing sensitive data should be handled carefully during working hours and must be properly secured at the end of the business day. Particular attention must be paid to the security of the data stored on the computer system. You must maintain the secrecy of your

password and lock the equipment when not in use. If you see people that you do not recognize using computers in your area, immediately report this to your supervisor.

In addition, you should be aware that all electronic and/or voice mail communications are considered records and property of the Company. The Company reserves the right to monitor the contents of messages sent or received over its systems. The Company at times receives certain business information from its business partners under obligations to limit the use of the information and to protect the confidentiality of the information. Our associates must protect such information in the same manner as the Company's business information.

CONFLICT OF INTEREST

The Company expects its associates to serve the Company with undivided business loyalty. You shall put the Company's interests ahead of any other business and commercial interests you may have as an individual. A conflict of interest exists when there is a conflict between an individual's obligation to the Company and personal self-interest. In other words, a conflict of interest is any activity, transaction, relationship, service or consideration that is, or appears to be, contrary to the best interests of the Company or in which the interests of an individual or another organization have the potential to be placed above those of the Company. Associates should avoid any relationship with other businesses that could impair or unduly influence their ability to discharge their duties properly. The *appearance* of a conflict often can be as damaging as an *actual* conflict. A good general rule is to avoid any action or association that would be embarrassing to you or the Company if it were disclosed to the public.

Giving and receiving gifts can lead to conflicts of interest or the appearance thereof. The Company desires to treat fairly and impartially all persons and companies with whom it has business relationships, including its customers, distributors and suppliers. Giving or accepting gifts and entertainment can be construed as an attempt to unduly influence the relationship. Generally, you should not provide or accept gifts of more than nominal value or entertainment of greater than usual or customary expense. Gifts of money are never permissible. Your judgment should tell you when a gift is improper and should be refused to prevent embarrassment to everyone and to avoid what may be an unintentional violation of the law. Business entertainment is an ambiguous area. Picking up the check (or letting someone else pay the tab) for a business lunch or dinner or a trip to a sporting event or the theater is usually permissible. But a clear business purpose should be involved. If in doubt about whether a gift or entertainment is appropriate, ask your supervisor or the General Counsel. Consult the Delegation of Authority Policy for approval requirements for gifts and hospitality.

The following are examples of conflicts of interest. If an actual or possible conflict of interest arises, an individual must disclose the existence thereof to his supervisor. Supervisors receiving such disclosures must report them to the Leadership Team Member to whom they ultimately report who will discuss them with the CEO. Upon considering the totality of the circumstances including the safeguards in place, the Company may, in its sole discretion, waive a conflict of interest. The CEO has the ability to waive, in writing, conflicts of interest for any associates other than himself or members of the Board of Directors. In those cases, written waiver must be made by a majority of the non-interested Directors.

- Being employed by or operating a firm (including consulting) that does business with or desires to do business with the Company or that competes with the Company
- Holding any financial interest in the business of any client, customer, competitor, or supplier of materials or services or interest held by any immediate family member or person who shares the same household
- Family relationships with customers, suppliers or other firms that do business with the Company (including parents, siblings, in-laws, etc.)
- Working in any area where there is a direct reporting relationship with a family member or domestic partner

- Engaging in romantic or sexual relationships with any employee who directly or indirectly reports to the associate
- Engaging in romantic or sexual relationships with employees of customers, suppliers or associates of the Company
- Engaging in business transactions with a customer, supplier or related company in a context other than on behalf of the Company
- Engaging personally in transactions in which the Company has an interest
- Giving favors or unauthorized preferential treatment to customers/vendors (waived fees/charges, etc.) based upon a personal relationship or in exchange for favors, discounts, gifts, job opportunities for self/family/friends, etc.

Associates involved in the procurement of goods and services for the Company must also comply with the Procurement Process Conflict of Interest Policy.

GRATUITIES AND GOVERNMENT EMPLOYEES

Most jurisdictions where the Company conducts business have laws that restrict the ability to give gifts or gratuities to government employees, including elected officials. These laws specifically prohibit making a gift to a government employee in connection with a business transaction. Procurement and contracting officers, inspectors, auditors and even local officials who issue permits are examples of government employees. But the restriction applies to any government employee. These laws could be violated if anything of value is given to a government employee even if there is no intent to influence an official action or decision. A limited exception permits certain entertainment of public officials in connection with lobbying efforts and closely related public affairs work. However, applicable laws and rules restrict even this exception. Under certain conditions, even more stringent controls are imposed, such as requirements to register as a lobbyist and to report expenditures. Therefore, no associate should entertain a public official or otherwise engage in lobbying efforts without authorization from the Company's General Counsel and the CEO.

INSIDER INFORMATION AND SECURITIES TRADING

In the normal course of business, some associates may have access to information that would materially affect the value of our or other companies' stock, options or other securities. Even though our Company is not a publicly traded company, the rules of the New York Stock Exchange, the Securities and Exchange Commission and comparable bodies outside the US may apply. Until information is otherwise publicly disclosed, it is considered inside information and must be kept confidential. Acting on this information for personal gain or disclosing it to anyone else before it has been released to the public violates the law and Company policy.

The guideline for compliance is simple: you should not reveal non-public information about our Company and you should not trade in another company's stock, options or other securities if you believe their value will be affected by our Company's plan or activities and you should not share the underlying information supporting your belief with any other person. For example, if you are aware that our Company is considering or planning an acquisition from or a divestiture to a publicly traded company, trading in that company's securities or sharing that information is prohibited. Further, if you are aware that our Company is considering or in the process of entering into a contract with a publicly traded company and that contract would be significant to the financial condition of that company, then the trading and information disclosures would apply.

INTERNATIONAL TRADE RESTRICTIONS AND BOYCOTTS

The ability of U.S. companies and their international affiliates to trade in the world market is restricted by regulations issued by the U.S. federal government. The countries where non-U.S. Vertellus affiliates are resident may impose additional restrictions.

Antiboycott Laws

The antiboycott laws are intended to prevent U.S. companies and their non-U.S. affiliates from supporting a boycott imposed by one non-U.S. country against another country that is friendly to the United States. Although the current laws were passed primarily to respond to the boycott of Israel by several Middle Eastern nations, other boycotts are also covered.

These laws prohibit the Company or any of its associates from refusing to do business with anyone based upon race, religion, gender or national origin, and from providing information about these matters to customers or potential customers. They also prohibit the providing of information about relationships that the Company may have with a boycotted country.

Under the regulations, requests to participate in a boycott must be reported promptly to the U.S. federal government. These requests can potentially be found in almost any business document, including contracts, requests to bid, letters of credit, purchase orders and questionnaires that seek information about potential suppliers. You should also be alert to provisions that prohibit importing goods from certain countries or that require shipping goods on vessels that are able to enter the ports of particular countries. If any document contains language that you believe may be boycott-related, immediately contact the General Counsel before completing the transaction.

Compliance with boycott requests or failure to promptly report the receipt of boycott requests can subject the Company to severe penalties. For more information on this subject, you should contact the General Counsel.

Regulation of International Trade

Various government agencies in the countries where Vertellus and its affiliates are located regulate and in some cases prohibit trade with various other countries, groups and individuals. Trading with these countries can subject the Company to severe penalties. For additional information, please refer to the Export Control Compliance Manual available from the General Counsel. Since the laws in this area are constantly changing, you should consult with the General Counsel before conducting business with or exporting goods to a non-U.S. country with which you are not currently doing business.

MEDIA AND PUBLIC RELATIONS

No associate may release information to the news media about the Company, its activities or the activities of other associates, without coordination with and approval by the Vice President of Human Resources. The Company has established systems for responding to news media requests and for obtaining management approval for public statements. If an activity merits or requires public disclosure, the Vice President of Human Resources will coordinate its release.

From time to time, employees may wish to communicate with public agencies considering rule changes, public officials, or may wish to appear at public hearings or meetings to provide information and opinions. Where such activity is part of your job, your department manager or the General Counsel must approve the content and form of the communications or other participation in advance. This applies in all cases where you are or could be identified as an employee of the Company and are acting as a representative or spokesperson for the Company.

If you make it clear that you are not representing the Company, you may have such communication as a private citizen.

RECORDS MANAGEMENT

Our corporate records are important assets. Corporate records include essentially everything you produce as an associate, regardless of its format. A corporate record may be in the form of paper, computer tapes, microfilm, electronic mail or voice mail. It may be something as obvious as a memorandum or a contract, or something not as obvious, such as an expense record.

The Company is required by law to maintain certain types of corporate records, usually for a specified period of time. Failure to retain such documents for such minimum periods could subject

the Company to penalties and fines, cause the loss of rights, obstruct justice, place the Company in contempt of court, or place the Company at a serious disadvantage in litigation.

Accordingly, the Company has established controls to assure retention for required periods and timely destruction of retrievable records, such as paper copies and records on computers, electronic systems, microfiche and microfilm. Even if a document is retained for the legally required period, liability could still result if a document is destroyed before its scheduled destruction date.

You are expected to become familiar with and fully comply with the Record Retention Policy, which is available from the General Counsel. If you believe that documents should be retained beyond the applicable retention period, consult your supervisor who, in turn, should contact the General Counsel.

REFERENCES

Employment references may not be given on behalf of any employee or former employee by any employee of the Company without prior consent of the Vice President of Human Resources. References provided in a personal capacity (speaking on behalf of yourself as compared to as a supervisor or employee of the Company) do not fall within this policy. However, it must be clear that such personal references are your individual opinion and not that of the Company. References for current or former employees for professional organizations or honors, for admission to educational institutions, or for non-professional matters (e.g., scout troop leader) do not fall within this policy. Such references may be on Company letterhead and may be signed in your Company capacity.

USE OF COMPANY SOFTWARE

It is our policy to respect copyright laws and observe the terms and conditions of any license agreement. Copyright law imposes civil and criminal penalties for illegal reproductions and use of licensed software. Each user must be aware of the restrictions on the use of software and must abide by those restrictions.