

## ANNUAL FUNDING NOTICE

### For the FOX VALLEY AND VICINITY LABORERS PENSION FUND

#### Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning June 1, 2009 and ending May 31, 2010 (referred to hereafter as “Plan Year”).

#### Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2009	2008	2007
Valuation Date	June 1, 2009	June 1, 2008	June 1, 2007
Funded Percentage	66%	82%	82%
Value of Assets	\$212,355,542	\$236,247,426	\$208,359,967
Value of Liabilities	\$319,547,705	\$286,956,053	\$254,009,882

#### Transition Data

The Plan was not required by law to report the funding-related information shown above for plan years before 2008. Prior to 2008, under the law then in effect, the Plan provided you with information regarding the “current liability funded percentage.” For June 1, 2007, the Plan’s “current liability funded percentage” was 53 percent, the Plan’s assets were \$208,359,967, and the Plan’s liabilities were \$390,168,586.

#### Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of May 31, 2010, the fair market value of the Plan’s assets was \$225,973,232. As of May 31, 2009, the fair market value of the Plan’s assets was \$176,962,952. As of May 31, 2008, the fair market value of the Plan’s assets was \$230,338,151.

## Participant Information

The total number of participants in the plan as of the Plan's valuation date, June 1, 2009, was 4,461. Of this number, 2,241 were active participants, 690 were retired or separated from service and receiving benefits, and 1,530 were retired or separated from service and entitled to future benefits.

## Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and to ensure that, over the long term, expected employer contributions meet or exceed the Scheduled Cost Contribution determined by the actuary each year.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to invest in a diversified portfolio of assets that is designed to meet or exceed an annual rate of return of 7.75% per year over the long term while maintaining sufficient liquidity to pay Plan benefits and administrative expenses.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets.

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	0.3%
2. U.S. Government securities	_____
3. Corporate debt instruments (other than employer securities):	_____
Preferred	_____
All other	_____
4. Corporate stocks (other than employer securities):	_____
Preferred	_____
Common	_____
5. Partnership/joint venture interests	_____
6. Real estate (other than employer real property)	_____
7. Loans (other than to participants)	_____
8. Participant loans	_____
9. Value of interest in common/collective trusts	25.1%
10. Value of interest in pooled separate accounts	_____
11. Value of interest in master trust investment accounts	_____
12. Value of interest in 103-12 investment entities	_____
13. Value of interest in registered investment companies (e.g., mutual funds)	71.1%
14. Value of funds held in insurance co. general account (unallocated contracts)	2.4%
15. Employer-related investments:	_____
Employer Securities	_____
Employer real property	_____
16. Buildings and other property used in plan operation	1.1%
17. Other	_____

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or there is an accumulated funding deficiency projected in the current Plan Year or next six succeeding plan years. A plan will be considered to be in “critical” status if there is an accumulated funding deficiency projected in the current Plan Year or next three plan succeeding plan years (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was certified to be in endangered status in the 2009 Plan Year. However, the Plan was treated as being neither in endangered status nor in critical status for the 2009 Plan Year due to an election made by the Board of Trustees under section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 (“WRERA”). A notice of this election was provided to you in September of 2009.

For the Plan Year beginning June 1, 2010, the Plan has been certified to be in endangered status. A separate notice regarding the Plan’s endangered status is enclosed in this mailing.

### Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets.

The Plan was amended June 1, 2010 so that benefits earned on and after this date will be equal to 1.5% of employer contributions. Benefits earned prior to June 1, 2010 are still based on the multipliers in effect prior to this date (such as the 3.0% of contributions from June 1, 2005 to May 31, 2010).

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called “plan reorganization rules,” a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC’s guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued

benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

#### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

### Where to Get More Information

For more information about this notice, you may contact:

Board of Trustees  
c/o Ms. Pat Shales, Administrator  
Fox Valley and Vicinity Laborers Pension Fund  
2400 Big Timber Road, Building B  
Suite 206  
Elgin, Illinois 60124-7812  
(847)-742-0900  
Toll Free (866)-828-0900

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 36-6147409.

For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).