

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt;">2009</div>
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</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>RETIREMENT PLAN FOR BARG EE OF SAFETRAN SYSTEMS</u>	1b Three-digit plan number (PN) ► <u>004</u> 1c Effective date of plan <u>11/11/1951</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>INVENSYS RAIL CORPORATION</u> <u>C/O INVENSYS INC</u> <u>33 COMMERCIAL STREET B51-2C</u> <u>FOXBORO, MA 02035-2525</u>	2b Employer Identification Number (EIN) <u>61-0720011</u> 2c Sponsor's telephone number <u>508-549-6909</u> 2d Business code (see instructions) <u>336990</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/11/2010</u>	<u>ALLYN JEROME</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/11/2010</u>	<u>ALLYN JEROME</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ADMINISTRATIVE COMMITTEE C/O INVENSYS INC. 33 COMMERCIAL STREET B51-2C FOXBORO, MA 02035-2525	3b Administrator's EIN 61-0720011 3c Administrator's telephone number 508-549-6909
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	365
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	175
b Retired or separated participants receiving benefits.....	6b	50
c Other retired or separated participants entitled to future benefits.....	6c	131
d Subtotal. Add lines 6a , 6b , and 6c	6d	356
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	4
f Total. Add lines 6d and 6e	6f	360
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	10
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ 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
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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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT PLAN FOR BARG EE OF SAFETRAN SYSTEMS</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>INVENSYS RAIL CORPORATION</u>	D Employer Identification Number (EIN) <u>61-0720011</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>10395482</u>
b	Actuarial value 2b <u>10395482</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>52</u> <u>2243955</u>
b	For terminated vested participants 3b <u>105</u> <u>1824379</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>69464</u>
(2)	Vested benefits 3c(2) <u>5001001</u>
(3)	Total active 3c(3) <u>208</u> <u>5070465</u>
d	Total 3d <u>365</u> <u>9138799</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.07</u> %
6	Target normal cost 6 <u>456736</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/04/2010</u>
Signature of actuary	Date
<u>BERNARD H. FRIEDMAN</u>	<u>08-03237</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>617-747-9639</u>
Firm name	Telephone number (including area code)
<u>99 HIGH STREET</u> <u>BOSTON, MA 02110</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2009
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	1296809	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	1296809	0
10	Interest on item 9 using prior year's actual return of <u>5.04</u> %	65359	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.38</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	1362168	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	98.84 %
15	Adjusted funding target attainment percentage.....	15	113.75 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	92.48 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls	
18 Contributions made to the plan for the plan year by employer(s) and employees:			
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	
04/15/2009	136412		
07/15/2009	136412		
10/15/2009	136412		
01/15/2010	136412		
09/15/2010	914541		
Totals ►		18(b)	1460189
		18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 1319733
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	456736
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	456736
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	456736
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	1319733
38 Interest-adjusted excess contributions for current year (see instructions).....	38	862997
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

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

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

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

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>RETIREMENT PLAN FOR BARG EE OF SAFETRAN SYSTEMS</u>	B Three-digit plan number (PN) ▶	<u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>INVENSYS RAIL CORPORATION</u>		
		D Employer Identification Number (EIN) <u>61-0720011</u>

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)	<u>220695</u>	<u>1050953</u>
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	<u>10179478</u>	<u>10476129</u>
(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)		
(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	10400173	11527082

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	10400173	11527082
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1460189	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1460189

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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)		0

(3) Rents	2b(3)		
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(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)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(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)		-62367
(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)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1397822

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	258503	
(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)		258503
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	12410	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		12410
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		270913

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1126909
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: BOIVIN & ASSOC., CPAS, PLLC

(2) EIN: 27-1516157

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

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

Part IV Compliance Questions

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

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
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.			

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

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

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

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>RETIREMENT PLAN FOR BARG EE OF SAFETRAN SYSTEMS</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>INVENSYS RAIL CORPORATION</u>	D Employer Identification Number (EIN) <u>61-0720011</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): _____ 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>0</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	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

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

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

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

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

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS

**Retirement Plan for Bargaining Employees of
Safetran Systems Corporation
Years Ended December 31, 2009 and 2008**

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Financial Statements

Years Ended December 31, 2009 and 2008

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Report of Independent Auditors

The Administrative Committee and Participants
Retirement Plan for Bargaining Employees of Safetran Systems Corporation

We were engaged to audit the financial statements of the Retirement Plan for Bargaining Employees of Safetran Systems Corporation as of December 31, 2009 and 2008 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by State Street Bank & Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. 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, 2009 and 2008, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the investment 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.

Boivin & Associates, CPAs, PLLC

Boivin & Associates, CPAs, PLLC

Merrimack, New Hampshire

October 5, 2010

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Assets		
Investments in Invensys Inc. Master Retirement Trust	\$ 10,476,129	\$ 10,179,478
Employer contribution receivable	1,050,953	220,695
Net assets available for benefits	<u>\$ 11,527,082</u>	<u>\$ 10,400,173</u>

See accompanying notes.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2009	2008
Additions		
Employer contributions	\$ 1,460,189	\$ 574,857
Equity in net investment income (loss) of the Invensys Inc. Master Retirement Trust	(62,367)	476,932
Total additions	<u>1,397,822</u>	<u>1,051,789</u>
Deductions		
Benefits paid to participants	258,503	239,088
Administrative expenses	12,410	18,240
Total deductions	<u>270,913</u>	<u>257,328</u>
Net increase	1,126,909	794,461
Net assets available for benefits at beginning of year	10,400,173	9,605,712
Net assets available for benefits at end of year	<u>\$ 11,527,082</u>	<u>\$ 10,400,173</u>

See accompanying notes.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements

December 31, 2009

1. Plan Description

The Retirement Plan for Bargaining Employees of Safetran Systems Corporation (the Plan) is a noncontributory defined benefit pension plan. Safetran Systems Corporation (Safetran or the Company) is the Plan Sponsor. Effective January 1, 2010, the plan sponsor's legal name was changed to Invensys Rail Corporation. Employees with five years of vesting service, as defined by the Plan, are entitled to pension benefits upon retirement. The Plan covers bargaining employees of Safetran who have attained the age of 21 and completed one year of service as defined in the Plan. Information concerning the plan agreement is available from the Human Resources Department.

Funding Policy

The Plan is funded annually by the Company in an amount based on actuarial determinations. The contributions are at least equal to the minimum funding standards required by the Employee Retirement Income Security Act of 1974 (ERISA). The Plan has met the ERISA minimum funding requirements.

Contributions made to the Plan by the employer are invested in the Invensys Inc. Master Retirement Trust (Master Trust). The Master Trust pools the Plan's assets with those of other related Company plans, and makes investments in various types of equity and fixed-income securities. The trustee holds the funds to manage, invest, and reinvest in accordance with the provisions of the Master Trust agreement.

Plan Termination

Should the Plan terminate at some future time, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guarantee, while other benefits may not be provided for at all.

2. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Valuation of Investments and Income Recognition

The Plan's participation in the Master Trust is stated at fair value (based primarily on the quoted market prices on the last business day of the plan year) of the securities owned by the Master Trust, as determined by the trustee, State Street Bank & Trust Company (State Street).

Marketable securities are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held in the Master Trust. The fair value of the participation units owned by the Plan in common collective trust funds are based on quoted redemption values on the last business day of the plan year. Certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, and municipal obligations are valued based on quoted market prices, dealer quotations or alternative pricing sources.

Derivative investments (interest rate swaps) are market-to-market using the derivative trading desk and are priced at the level which, in the desk's judgment, the counterparty would agree to terminate the transaction or at which another party would agree to assume the rights and obligations of the plan under the transaction. The derivatives trading desk verifies prices periodically with the counterparty and/or dealers active in the relevant market.

The fair value of the various limited partnership investments is estimated using various methods. Marketable securities in the partnerships are stated at the quoted market price on the last business day of the Plan year, while nonpublicly traded securities are valued at amounts determined by the general partner.

The Plan also invests in certain securities collateralized by residential and commercial mortgages and other assets that may be affected by, among other things, changes in: interest rates, the quality of the underlying assets or the market's assessment thereof, factors concerning interests in and structure of the issuer or the originator of the receivables, or the creditworthiness of the entities that provide credit enhancements.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Valuation of Investments and Income Recognition (continued)

Plan investments are held in the Master Trust, which was established for the investment of assets of the Plan and other Company-sponsored retirement plans. Each participating retirement plan has an undivided interest in the Master Trust. Investment income and expenses are allocated to the Plan based upon its pro rata share in the net assets of the Master Trust.

The cost of investments sold is determined on the basis of average cost. The gain or loss on securities sold is the difference between average cost and market value at the date of disposal.

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

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits (Note 6) are those estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on employee's compensation during their last five years of credited service. The accumulated plan benefits for active employees are based on years of service and the annual earnings factor as described in the Plan Document. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Administrative Expenses

Administrative expenses are paid by the Plan.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In September 2009, the FASB issued Auditing Standards Update No. 2009-12, *Fair Value Measurements and Disclosures: Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)* (ASU 2009-12), which amended ASC Subtopic 820-10, *Fair Value Measurements and Disclosures — Overall*. ASU 2009-12 is effective for the first reporting period ending after December 15, 2009. ASU 2009-12 expands the required disclosures for certain investments with a reported net asset value (NAV). ASU 2009-12 permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The ASU requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan has adopted ASU 2009-12 on a prospective basis for the year ended December 31, 2009. Adoption did not have a material impact on the fair value determination and disclosure of applicable investments. The effect of the adoption of the ASU had no impact on the statements of net assets available for benefits and statement of changes in net assets available for benefits.

In June 2009, the FASB issued an Accounting Standards Update which amended the FASB Accounting Standards Codification (ASC) for the issuance of Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This Update established the Codification as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Plan has incorporated the disclosure requirements of this Update by reference to the ASC in these Notes to Financial Statements.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In May 2009, the FASB issued ASC Topic 855, *Subsequent Events*. Topic 855 establishes general standards of accounting and disclosure requirements for subsequent events, events that occur after the balance sheet date but before the financial statements are issued. In addition, certain events subsequent to the balance sheet date may require recognition in the financial statements as of the date net assets are available for benefits based on the requirements of Topic 855. The Plan adopted the provisions of Topic 855 as of December 31, 2009.

In April 2009, the FASB issued FASB Staff Position 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 supersedes FSP 157-3 and amends SFAS 157 to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. FSP 157-4 also provides additional guidance or circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities in meeting the disclosure requirements of SFAS 157. FSP 157-4 is effective for reporting periods ending after June 15, 2009. The Plan adopted the provisions of FSP 157-4 as of December 31, 2009.

Reclassifications

Certain 2008 financial statement amounts have been reclassified to conform with the 2009 financial statement presentation.

3. Investments

Certain investment information disclosed in the accompanying financial statements, including investments held at December 31, 2009 and 2008, equity in net investment income of the Master Trust and investment management fees for the years then ended, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

4. Invensys Inc. Master Retirement Trust

The participation of the Plan is approximately 1% of the Master Trust as of December 31, 2009 and 2008. The Master Trust is comprised of the following:

	December 31	
	2009	2008
Investments, at fair value:		
Money market and interest-bearing cash	\$ 226,052,208	\$ 171,724,664
Common stocks	60,797,044	41,455,187
Common collective trust funds	347,804,157	570,395,198
Registered investment companies	277,101,245	226,268,105
New England Life group annuity contract	3,426,630	3,259,207
Corporate obligations	97,661,832	3,703,202
Non-corporate bonds	9,047,881	—
Government obligations	118,250,410	196,882,663
Open interest rate swap contracts and other	(50,086,773)	108,964,222
Limited liability company – regulated foreign mutual fund	166,986,927	152,489,954
	1,257,041,561	1,475,142,402
Accrued investment income and pending security transactions	15,377,732	9,532,949
Net payables for pending security transactions and other, including broker owned collateral	(10,297,091)	(136,305,053)
Non-interest-bearing cash (overdraft)	—	(2,309,004)
	5,080,641	(129,081,108)
Net assets of the Master Trust	\$ 1,262,122,202	\$ 1,346,061,294

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

4. Invensys Inc. Master Retirement Trust (continued)

During the years ended December 31, 2009 and 2008, the investments of the Master Trust, including investments bought, sold, as well as held during the year, appreciated (depreciated) as follows:

	<u>2009</u>	<u>2008</u>
Government obligations	\$ (24,295,657)	\$ (127,550)
Corporate obligations	1,252,440	(124,715)
Non-corporate bonds	(180,385)	—
Common stocks	16,053,393	(24,384,485)
Common collective trust funds	(36,093,170)	63,302,345
Registered investment companies	33,867,741	(84,851,324)
Open interest rate swap contracts and other	(41,324,206)	128,760,933
Limited liability company – regulated foreign mutual fund	14,497,006	(39,214,299)
	<u>(36,222,838)</u>	<u>43,360,905</u>
Interest, dividends and other income	30,926,672	23,887,968
Net (depreciation) appreciation in fair value of investments	<u>\$ (5,296,166)</u>	<u>\$ 67,248,873</u>

Total administrative expenses for the Master Trust during the years ended December 31, 2009 and 2008 were \$8,582,368 and \$10,473,797, respectively.

The Master Trust participated in State Street's securities lending program in 2009 and 2008 by lending certain securities to borrowers to earn additional income, which is included in equity in net earnings of the Invensys Inc. Master Retirement Trust in the statements of changes in net assets. Loans of securities through State Street are collateralized by cash, letters of credit, or securities issued or guaranteed by the United States government or its agencies, equal to at least 102% of the current market value of the loaned securities. At December 31, 2009, the fair value of the loaned securities and collateral amounted to \$8,706,877 and \$8,999,043, respectively. At December 31, 2008, the fair value of the loaned securities and collateral amounted to \$12,068,589 and \$12,053,573, respectively.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

5. Interest Rate Swaps

Derivative investments consist of fixed for floating interest rate long maturity swaps (approximately 30 years). The Plan had eighteen separate swap arrangements outstanding at December 31, 2009 with a total net gross notional amount of \$523,750,000. The Plan had twenty separate swap arrangements outstanding at December 31, 2008 with a total net gross notional amount of \$480,550,000. The purpose of this strategy is to economically hedge the change in net funded status for a portion of the liability that can occur due to changes in interest rates. The marked to market value of the swaps, including accrued interest, in the over the counter market at December 31, 2009 is \$(46,264,060) and \$110,650,350 at December 31, 2008. In addition, \$118,212,882 is maintained in a money market account and other short-term investments at December 31, 2009 for collateral needs related to the swap arrangements. At December 31, 2009, approximately \$46,000,000 of this amount was posted as collateral to dealers.

The following interest rate swap contracts were outstanding at December 31, 2009 and 2008.

December 31, 2009					
Counterparty	Fixed Rate	Spot Rate	Maturity Date	Notional Amount	Unrealized Gain/(Loss)
Barclays	3.275%	4.525%	4/2/2039	\$ 120,000,000	\$ (23,802,763)
Barclays	4.730	4.521	3/31/2038	38,000,000	1,878,253
JP Morgan	4.868	4.521	3/4/2038	(39,900,000)	(2,865,272)
Royal Bank Scotland	4.469	4.523	11/4/2038	(29,500,000)	67,824
Deutsche Bank	4.526	4.529	1/5/2040	(5,300,000)	4,966
Deutsche Bank	4.003	4.526	6/2/2039	22,000,000	(1,761,560)
Barclays	3.300	4.456	4/2/2029	39,700,000	(5,621,998)
Royal Bank Scotland	4.473	4.451	11/4/2028	(28,000,000)	(262,283)
Barclays	3.331	4.456	4/2/2029	50,000,000	(7,085,873)
Barclays	3.250	3.883	4/2/2019	96,000,000	(3,732,768)
Royal Bank Scotland	4.465	3.829	11/4/2018	(31,000,000)	(1,713,566)
Barclays	3.321	3.883	4/2/2019	30,000,000	(1,112,586)
Deutsche Bank	3.655	3.903	6/2/2019	18,000,000	(312,635)
Deutsche Bank	3.610	3.934	9/2/2019	1,500,000	(22,547)
Barclays	2.506	2.688	4/2/2014	115,000,000	103,201
Royal Bank Scotland	3.867	2.508	11/4/2013	(24,000,000)	(1,338,689)
Deutsche Bank	2.860	2.656	9/2/2014	168,750,000	1,572,771
Barclays	2.905	2.826	8/4/2014	(17,500,000)	(258,535)
				<u>\$ 523,750,000</u>	<u>\$ (46,264,060)</u>

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

5. Interest Rate Swaps (continued)

December 31, 2008					
Counterparty	Fixed Rate	Spot Rate	Maturity Date	Notional Amount	Unrealized Gain/(Loss)
Barclays	4.650%	2.770%	11/4/2038	\$ 190,250,000	\$ 72,756,616
JP Morgan	4.798	2.768	2/4/2038	(15,250,000)	(6,378,339)
JP Morgan	4.868	2.768	3/4/2038	(39,900,000)	(17,262,285)
Barclays	4.730	2.768	3/31/2038	57,500,000	22,852,875
Royal Bank Scotland	4.469	2.770	11/4/2038	(29,500,000)	(10,189,784)
Deutsche Bank	3.090	2.770	12/2/2038	(8,000,000)	(514,695)
Deutsche Bank	2.777	2.770	1/5/2039	41,750,000	53,393
Barclays	4.989	2.823	5/30/2028	91,000,000	29,822,912
Barclays	4.908	2.822	7/2/2028	7,700,000	2,579,391
Barclays	4.773	2.820	9/2/2028	(14,250,000)	(4,413,988)
Royal Bank Scotland	4.473	2.818	11/4/2028	(29,500,000)	(7,496,114)
Barclays	4.633	2.566	5/30/2018	150,000,000	27,004,062
Barclays	4.648	2.571	7/2/2018	8,000,000	1,596,518
Barclays	4.498	2.582	9/2/2018	(15,250,000)	(2,700,372)
Royal Bank Scotland	4.465	2.592	11/4/2018	(33,000,000)	(5,439,080)
Deutsche Bank	3.160	2.597	12/2/2018	(26,000,000)	(1,276,414)
Deutsche Bank	2.600	2.602	1/5/2019	49,000,000	(13,515)
Barclays	4.126	2.053	5/30/2013	150,000,000	14,325,404
Barclays	4.113	2.105	10/2/2013	(30,000,000)	(2,726,704)
Royal Bank Scotland	3.867	2.119	11/4/2013	(24,000,000)	(1,929,531)
				\$ 480,550,000	\$ 110,650,350

6. Fair Value Measurements

Effective January 1, 2008, the Plan adopted ASC Topic 820, "Fair Value Measurements". ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level within the fair value hierarchy the Plan's investment assets and liabilities, if any, as of December 31, 2009.

	Level 1	Level 2	Level 3
Money market and interest-bearing cash	\$ 24,432,465	\$ 201,619,743	\$
Common stocks	60,797,044		
Common collective trust funds:			
Fixed income investments		269,348,784	
Equity investments		78,455,373	
		<u>347,804,157</u>	
Registered investment companies:			
Fixed income investment	202,401,481		
International investment	74,699,764		
	<u>277,101,245</u>		
New England Life group annuity contract			3,426,630
Corporate obligations		97,661,832	
Non-corporate bonds		9,047,881	
Government obligations	118,250,410		
Open interest rate swap contracts and other		(50,086,773)	
Limited liability company – regulated foreign mutual fund		166,986,927	

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

The table below sets forth a summary of changes in fair value of the Plan's level 3 investment assets for the year ended December 31, 2009.

	New England Life group annuity contract
Balance, at beginning of year	\$ 3,259,207
Purchases, sales, issuances and settlements, net	167,423
Balance, at end of year	<u>\$ 3,426,630</u>

The following table sets forth by level within the fair value hierarchy the Plan's investment assets and liabilities, if any, as of December 31, 2008.

	Level 1	Level 2	Level 3
Money market and interest-bearing cash	\$ 22,984,054	\$ 148,740,610	\$
Common stocks	41,455,187		
Common collective trust funds		570,395,198	
Registered investment companies	226,268,105		
New England Life group annuity contract			3,259,207
Corporate obligations	981,785	2,721,417	
Government obligations	196,882,663		
Alternative investments		108,964,222	
Limited partnerships		152,489,954	

The table below sets forth a summary of changes in fair value of the Plan's level 3 investment assets for the year ended December 31, 2008.

	New England Life group annuity contract
Balance, at beginning of year	\$ 3,099,539
Realized gains (losses)	—
Unrealized gains (losses)	—
Purchases, sales, issuances and settlements, net	159,668
Balance, at end of year	<u>\$ 3,259,207</u>

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

7. Accumulated Plan Benefits

An actuary from Mercer Human Resource Consulting, Inc. estimates the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information as of December 31, 2008 and 2007 is as follows:

	2008	2007
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Active participants	\$ 5,049,671	\$ 5,241,853
Retired employees and beneficiaries currently receiving benefits	2,378,747	2,031,505
Inactive participants with deferred benefits	1,926,276	1,162,333
	<u>9,354,694</u>	<u>8,435,691</u>
Nonvested benefits	89,821	166,086
	<u>\$ 9,444,515</u>	<u>\$ 8,601,777</u>

The reconciliation of the actuarial present value of accumulated plan benefits from December 31, 2007 to December 31, 2008 is as follows:

Actuarial present value of accumulated plan benefits at December 31, 2007	\$ 8,601,777
Changes during the year:	
Increase due to benefits accumulated and non-investment experience	793,775
Increase for interest due to decrease in the discount period	636,167
Actual benefits paid	(239,088)
Decrease due to change in actuarial assumption	(348,116)
Net increase	<u>842,738</u>
Actuarial present value of accumulated plan benefits at December 31, 2008	<u>\$ 9,444,515</u>

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

7. Accumulated Plan Benefits (continued)

Significant assumptions underlying the actuarial computations are:

Interest	—7.5% in 2008 and 2007, compounded annually.
Retirement	—Age-related retirement rates from age 55 to age 65, with terminated vested participants assumed to retire at age 62.
Mortality	—RP2000 Mortality Tables for Males and Females, without adjustment for collar, benefit amount, or employee/annuitant distinction, but projected by Scale AA to 2015 in 2008 and RP2000 Mortality Tables for Males and Females, with certain adjustments for 2007.

In addition to the above significant assumptions there were changes in certain disabled mortality tables from the January 1, 2008 valuation.

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

8. Risks 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 change could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

9. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS), dated September 1, 1999, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

10. Subsequent Events

The Plan Sponsor amended the Plan to freeze benefit accruals as of June 30, 2010 with respect to any participant whose benefits are subject to the collective bargaining agreement between the Brotherhood of Railroad Signalman, AFL-CIO Local 234 ("Louisville BRS Union") and the Employer as ratified on April 29, 2010. Participation in the Plan is closed for Louisville BRS Union members who have not met participation requirements in the Plan as of June 30, 2010, and service by Participants whose benefits were frozen as of June 30, 2010 shall continue to receive credit for vesting service and early retirement under the Plan. A participant is fully vested after five years of service.

The plan administrator advised the Pension Benefit Guarantee Corporation (the "PBGC") that a reportable event occurred on June 18, 2010, due to a reduction in the number of active participants that exceeds 25% of the number of active participants at the beginning of the prior plan year, January 1, 2009, at which date there were 208 active members. As of June 18, 2010, there were 134 active employees. The event resulted from a reduction in the number of manufacturing employees.

Effective September 15, 2010, the Plan Sponsor agreed to merge the Plan with and become a plan component of the Invensys Pension Plan, such merger to be effected in compliance with Section 414(l) of the Internal Revenue Code of 1986, as amended.

The Company has evaluated all subsequent events through October 5, 2010, the date the financial statements were available to be issued. During this period, there have been no other material events that would require recognition in the financial statements or disclosures to the financial statements.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1510-0110</small> 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Ret. Plan for Bargaining Ees of Safetran Systems	B Three-digit plan number (PN) ▶ <u>004</u>	
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Safetran Systems Corporation	D Employer Identification Number (EIN) 61-0720011	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500		

Part I Basic Information			
1	Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>		
2	Assets:		
	a Market value.....	2a	10,395,482
	b Actuarial value.....	2b	10,395,482
3	Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	52
	b For terminated vested participants.....	3b	105
	c For active participants:		
	(1) Non-vested benefits.....	3c(1)	69,464
	(2) Vested benefits.....	3c(2)	5,001,001
	(3) Total active.....	3c(3)	208
	d Total.....	3d	365
4	If the plan is at-risk, check the box and complete items (a) and (b)..... ☐		
	a Funding target disregarding prescribed at-risk assumptions.....	4a	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5	Effective interest rate.....	5	8.07 %
6	Target normal cost.....	6	456,736

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Signature of actuary BERNARD H. FRIEDMAN Type or print name of actuary Mercer Firm name 99 High Street Address of the firm BOSTON MA 02110	Date 08-03237 Most recent enrollment number (617) 747-9639 Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	1,296,809	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	1,296,809	0
10	Interest on item 9 using prior year's actual return of <u>5.04</u> %	65,359	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.38</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	1,362,168	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	98.84 %
15	Adjusted funding target attainment percentage	15	113.75 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	92.48 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2009	136,412				
07/15/2009	136,412				
10/15/2009	136,412				
01/15/2010	136,412				
09/15/2010	914,541				
			Totals ▶	18(b)	1,460,189
				18(c)	0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	1,319,733

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:**a** Segment rates:1st segment:
%2nd segment:
%3rd segment:
%☒ N/A, full yield curve used**b** Applicable month (enter code) **21b** 2**22** Weighted average retirement age **22** 64**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute**Part VI Miscellaneous items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... ☒ Yes ☐ No**27** If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment..... **27****Part VII Reconciliation of unpaid minimum required contributions for prior years****28** Unpaid minimum required contribution for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)..... **29** 0**30** Remaining amount of unpaid minimum required contributions (item 28 minus item 29) **30** 0**Part VIII Minimum required contribution for current year****31** Target normal cost, adjusted, if applicable (see instructions)..... **31** 456,736

Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment		0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33****34** Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)..... **34** 456,736

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0

36 Additional cash requirement (item 34 minus item 35)..... **36** 456,736**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)..... **37** 1,319,733**38** Interest-adjusted excess contributions for current year (see instructions)..... **38** 862,997**39** Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)..... **39** 0**40** Unpaid minimum required contribution for all years **40** 0

Attachments to Schedule SB

Schedule SB, Line 22 — Description of weighted average retirement age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire each potential retirement age is shown below. The average retirement age is 64.

(A) Retirement Age	(B) Rate of Retirement	(C) Probability of Retirement	(D) Average Retirement Age (A) * (C)
55	0.02	0.0200	1.10
56	0.02	0.0196	1.10
57	0.02	0.0192	1.09
58	0.02	0.0188	1.09
59	0.02	0.0184	1.09
60	0.02	0.0181	1.08
61	0.02	0.0177	1.08
62	0.15	0.1302	8.07
63	0.10	0.0738	4.65
64	0.10	0.0664	4.25
65	0.50	0.2989	19.43
66	0.75	0.2241	14.79
67	0.75	0.0560	3.75
68	0.75	0.0140	0.95
69	0.75	0.0035	0.24
70	1.00	0.0012	0.08
Weighted Average Retirement			63.84
Nearest Whole Age			64

Attachments to Schedule SB

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Discount rate elections	Full yield curve with 2 month look-back.
Mortality elections	2009 PPA separate static annuitant and nonannuitant mortality tables
Other economic assumptions	
▪ Salary increases	4.50% per year
Demographic assumptions	
Withdrawal	See table of sample rates.
Disability incidence	Sex-Distinct 1985 Pension Disability Table Class 2.
Retirement age	
▪ Active	See table of retirement rates
▪ Current vested deferred	62
▪ Future deferred vested	62
Spouse assumptions	85% of male participants and 55% of female participants are assumed to be married, and husbands are assumed to be three years older than wives.
Form of payment	Life Annuity
Administrative expenses	Prior year's administrative expenses

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

Table of Sample Rates

Attained age	Withdrawal		Disability	
	Male	Female	Male	Female
20	22.50%	37.50%	0.064%	0.055%
25	15.00%	22.50%	0.093%	0.096%
30	10.50%	15.00%	0.134%	0.165%
35	7.50%	10.50%	0.199%	0.252%
40	4.50%	7.50%	0.314%	0.357%
45	3.00%	4.50%	0.505%	0.522%
50	1.50%	3.00%	0.830%	0.854%
55	-	1.50%	1.502%	1.490%
60	-	-	2.266%	1.793%
65	-	-		
70	-	-		

Table of Retirement Rates

Attained age	Rates
55	2%
56	2%
57	2%
58	2%
59	2%
60	2%
61	2%
62	15%
63	10%
64	10%
65	50%
66	75%
67	75%
68	75%
69	75%
70 and older	100%

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

Asset methods

We used financial data submitted by the trustee as of the valuation date without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

The asset valuation method is the fair market value.

Participant methods

We used the participant data supplied by the plan sponsor. We have reviewed the data and, except for the data estimated missing data discussed below, we have no reason to doubt its substantial accuracy. Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.
- **Disabled participants:** Disabled participants are included in the active employee count since they continue to earn vesting service for early retirement eligibility. We assume they will not earn future pay credits.
- **Compensation history:** 2008 pensionable earnings have been estimated for 28 active participants. It was rolled forward using the salary scale for 27 participants, and the average was plugged for the remaining participant.
- **Estimated benefits:** We estimated benefits for 8 terminated vested participants since exact termination calculations were not provided to us.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

Plan sponsor elections – effective January 1, 2009

Funding interest rate

- *Full yield curve*
- *2 months look back*

Valuation of lump sums based on IRC Section 417(e) assumptions

Not applicable

Minimum funding method

Target liability for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **accrued benefit** for valuation purposes related to a particular separation date is the accrued benefit described under the plan.
- The **benefit** deemed to accrue for an individual during a plan year is the excess of the accrued benefit for valuation purposes at the end of the plan year over the accrued benefit for valuation purposes at the beginning of the plan year. Both accrued benefits are calculated from the same projections to the various anticipated separation dates as described above.
- An individual's **accrued liability** is the present value of the accrued benefit for valuation purposes at the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit deemed to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the individual separating on those dates.
- The plan's **target normal cost** is the sum of the individual normal costs, and the plan's **funding target liability** is the sum of the accrued liabilities for all participants under the plan.

Maximum funding method

Maximum funding calculations include the excess of the accrued liability computed using the projected unit credit method over the minimum funding target liability. The objective of the projected unit credit method is to fund each participant's benefits under the plan as they accrue, taking into consideration future compensation increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

A detailed description of the calculation follows:

- An individual's **projected accrued liability** is the present value of benefits based on credited service as of the beginning of the plan year and projected compensation that would be used in the calculation of the benefit on each expected separation date. If multiple decrements are used, the accrued liability for an individual is the sum of the component accrued liabilities associated with the various anticipated separation dates.
- The plan's **projected funding target liability** is the sum of the projected accrued liabilities for all participants under the plan.

Attachments to Schedule SB

Schedule SB, Part V – Summary of plan provisions

Following is a brief summary of the major plan provisions used to determine the plan's financial position. It should not be used in determining plan benefits.

Benefits included or excluded

To the best of our knowledge, no other benefits were excluded from the valuation.

- **Plan amendments:** Amendments adopted after the valuation date or effective after the current plan year are excluded from the valuation.
- **Scheduled benefit increases:** Scheduled benefit increases effective after the end of the current plan year are excluded from minimum funding requirements.
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement age; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½. This valuation includes increases for current participants over age 70.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Shutdown benefits:** We are not aware of any corporate actions that would create shutdown benefits; therefore, they are excluded.
- **IRC Section 415(b):** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **Benefit restrictions:** Benefit restrictions (if applicable) are ignored in this valuation.

Schedule SB, Part V – Summary of plan provisions *(continued)*

<i>Effective Date</i>	November 1, 1951
<i>Most Recent Amendment</i>	January 1, 2009
<i>Sponsoring Employer</i>	Safetran Systems Corporation
<i>Administration</i>	61072011/004
<i>Eligibility</i>	All collectively bargained employees of Safetran Systems Corporation become participants on the first day of the month coincident with or next following the completion of one year of Vesting Service and the attainment of age 21. Leased employees are not eligible to participate under the Plan.
<i>Credited Service</i>	One year of Credited Service means the number of calendar years, determined to the nearest month, before a participant's Normal Retirement Date during which the employee has service as an eligible employee. A month of service for this purpose is defined as a calendar month in which the employee is in service for fifteen or more days.
<i>Vesting Service</i>	One year of Vesting Service is earned in each calendar year in which the participant is credited with 1,000 or more hours of service.
<i>Base Earnings</i>	Base Earnings generally include all wages paid while an active participant by the company excluding bonuses and commissions. Base Earnings include amounts deferred on a pre-tax basis under a 401(k) plan or a Section 125 cafeteria plan of the company.

Schedule SB, Part V – Summary of plan provisions *(continued)*

Normal Retirement

Eligibility

Age 65

Benefit

For non-Cucamonga Bargaining Employees, and Cucamonga Bargaining Employees for periods prior to January 27, 1989, the monthly benefit payable upon retirement is equal to one-twelfth of the greater of (a) plus (b), or (c) as follows:

- (a) 0.75% times the participant's first \$6,600 of Base Earnings plus 1.5% times the Base Earnings in excess of \$6,600 for each year of service after January 1, 1968
- (b) 1% times the first \$6,000 of the participant's 1967 Base Earnings plus 1.5% times the participant's 1967 Base Earnings in excess of \$6,600, the sum multiplied by whole years of active contributory service from the later of age 25 and 2 years of service to December 31, 1967
- (c) minimum benefit of \$30 times years of Credited Service not in excess of 30 plus 15% of total employee contributions, if any.

For Cucamonga Bargaining Employees, for periods after January 27, 1989, the monthly benefit payable upon retirement is equal to one-twelfth of the greater of (a) plus (b), or (c) as follows:

- (a) 1.8% times the participant's Base Earnings for each year of service after January 27, 1990
- (b) 1.25% times the first \$6,600 of the participant's Base Earnings plus 2% times the participant's Base Earnings in excess of \$6,600, for the period beginning January 27, 1989 and ending January 27, 1990
- (c) minimum benefit of \$30 times years of Credited Service not in excess of 30 plus 15% of total employee contributions, if any.

Commencement

Payments commence on the later of the first day of the month following an employee's retirement or the date the participant applies for the benefit.

Form of Payment

Benefits are normally payable in an unreduced amount as a life annuity for unmarried participants and in a reduced amount on a 50% Joint and Survivor basis for married participants. Optional forms of benefit payments are available on an actuarially equivalent basis.

Schedule SB, Part V – Summary of plan provisions *(continued)*

Late Retirement Each employee who continues to be an employee after attaining his/her Normal Retirement Age shall be entitled upon actual retirement to receive a monthly benefit determined in the same manner as for Normal Retirement as of his/her Late Retirement Date.

Early Retirement

Eligibility Age 55 provided that the sum of attained age and completed years of Vesting Service is greater than or equal to 64 (with minimum of at least 4 years of Vesting Service).

Benefit The amount of benefit is computed as for Normal Retirement. The benefit is payable in full at age 62, or multiplied by the appropriate early retirement factor as follows:

Age	Early Retirement Factor
55	57.90%
56	63.50%
57	69.40%
58	75.20%
59	80.80%
60	86.70%
61	93.30%

Commencement Anytime between early retirement date and normal retirement date, at the employee's election.

Form of Payment Same as Normal Retirement

Deferred Vested Benefit

Eligibility Termination of employment prior to Normal Retirement with at least 5 years of Vesting Service.

Benefit The amount of benefit should be calculated as for Normal Retirement.

Commencement An employee's deferred vested benefit shall commence in full on his or her Normal Retirement Date, or at the participant's option, in a reduced amount prior to Normal Retirement any time after attaining age 55, provided the employee has four or more years of Vesting Service and provided that the sum of attained age and completed years of Vesting Service is greater than or equal to 64. Reduction factors are the same as for Early Retirement.

Form of Payment Same as Normal Retirement

Schedule SB, Part V – Summary of plan provisions *(continued)*

Disability Benefit

Eligibility

If a participant incurs a total and permanent disability, attained age 50 and completed 8 years of participation, he or she shall be entitled to receive a disability benefit.

Benefit

Monthly annuity is the greater of (a) or (b) as follows:

(a) \$70

(b) \$5 times years of continuous service ending on date of disability

Commencement

The first day of the month coincident with or next following six months after disability provided the participant has applied for a disability benefit. Payments will be payable until the earlier of the following:

(a) the participant's early retirement date,

(b) the date of his/her death, or

(c) the date as of which it was determined that the participant is no longer disabled.

Form of Payment

Temporary single life annuity

Death Benefit

Before Retirement

Upon the death of a vested participant who has been married for at least one year, his or her surviving spouse shall be eligible to receive a pre-retirement surviving spouse annuity. The pre-retirement surviving spouse annuity provides a reduced benefit equal to the benefit the spouse would have received had the participant retired on the day preceding his or her date of death (or had survived until his or her earliest retirement date, if death occurs prior to such date, and retired on such date) and elected to receive benefits in the 50% Joint and Survivor Annuity form.

After Retirement

Death benefits payable after retirement, if any, are payable in accordance with whichever option the retiree elected.

Schedule SB, Part V – Summary of plan provisions *(continued)*

<i>Actuarial Equivalent Except as Noted Below</i>	For determination dates occurring on or after July 1, 1996, means an amount having equal value when computed on the basis of 7.00% interest rate compounded annually and a blend of 50% of the male mortality rates and 50% of the female mortality rates from the 1983 Group Annuity Mortality Table.
<i>Actuarial Equivalent for Lump Sums</i>	For payments occurring on or after January 1, 2008, an interest rate equal to the annual rate structure based on the Pension Protection Act of 2006 (PPA) rates for the month of October immediately preceding the plan year during which the payment occurs and mortality rates based on PPA rates for the applicable year.
<i>Changes Since Prior Valuation</i>	The maximum benefit limit under Code Section 415(b) increased from \$185,000 for 2008 to \$195,000 for 2009. The compensation limit under Code Section 401(a)(17) increased from \$230,000 for 2008 to \$245,000 for 2009.

Attachments to Schedule SB

Schedule SB, Line 24 – Change in actuarial assumptions

Disability incidence is now based on the sex-distinct Class 2 – 1985 Pension Disability Tables.

Retirement rates have been updated.

These assumption changes were made to better reflect anticipated plan experience.

Attachments to Schedule SB

Schedule SB, Line 25 – Change in method

The full yield curve look-back month was changed in accordance with IRS automatic approval. This change reflects a reasonable interpretation of the PPA and related proposed regulations

Attachments to Schedule SB

Schedule SB, Line 26 – Schedule of active participant data

Age	Years of Credited Service as of January 1, 2009										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25		4	1								5
25 to 29		3	9								12
30 to 34		2	16	4	1						23
35 to 39		1	10	3	2						16
40 to 44		2	13	3	7	4					29
45 to 49		2	12	2	8	1	2				27
50 to 54		3	8	8	13	1	1	1			35
55 to 59		1	5	13	5	2	2	1	1		30
60 to 64			6	4	5	1	1	3			20
65 to 69		1	3	2	1		1	1			9
70 & up					1		1				2
TOTAL		19	83	39	43	9	8	6	1		208
											38,640

Average Age: 47.4

Average Credited Service: 12.5

The earnings shown above are 2008 pensionable earnings and are limited to \$230,000.

In accordance with Form 5500 Schedule B instructions, average pay is not shown for any cell which contains fewer than 20 participants.

Attachments to Schedule SB

Schedule SB, Line 21b – Explanation of Discount Rate Applicable Month Discrepancy

The full yield curve with an applicable lookback month of November 2008 was used to value funding liabilities as of January 1, 2009.

The applicable month has not been entered here due to restrictions within the EFAST2 system which did not allow for an entry in line 21b if the "N/A, full yield curve used" option was selected in line 21a. Since the applicable month was the second month preceding the month including the valuation date (November 2008), "2" would have been entered in line 21b had the system allowed an entry.

Line 21b was completed on the pdf attachment of the Schedule SB.

FINANCIAL STATEMENTS
Retirement Plan for Bargaining Employees of
Safetran Systems Corporation
Years Ended December 31, 2009 and 2008

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Financial Statements

Years Ended December 31, 2009 and 2008

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Report of Independent Auditors

The Administrative Committee and Participants
Retirement Plan for Bargaining Employees of Safetran Systems Corporation

We were engaged to audit the financial statements of the Retirement Plan for Bargaining Employees of Safetran Systems Corporation as of December 31, 2009 and 2008 and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by State Street Bank & Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. 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, 2009 and 2008, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the investment 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.

Boivin & Associates, CPAs, PLLC

Boivin & Associates, CPAs, PLLC

Merrimack, New Hampshire

October 5, 2010

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Assets		
Investments in Invensys Inc. Master Retirement Trust	\$ 10,476,129	\$ 10,179,478
Employer contribution receivable	1,050,953	220,695
Net assets available for benefits	<u>\$ 11,527,082</u>	<u>\$ 10,400,173</u>

See accompanying notes.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2009	2008
Additions		
Employer contributions	\$ 1,460,189	\$ 574,857
Equity in net investment income (loss) of the Invensys Inc. Master Retirement Trust	(62,367)	476,932
Total additions	1,397,822	1,051,789
Deductions		
Benefits paid to participants	258,503	239,088
Administrative expenses	12,410	18,240
Total deductions	270,913	257,328
Net increase	1,126,909	794,461
Net assets available for benefits at beginning of year	10,400,173	9,605,712
Net assets available for benefits at end of year	<u>\$ 11,527,082</u>	<u>\$ 10,400,173</u>

See accompanying notes.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements

December 31, 2009

1. Plan Description

The Retirement Plan for Bargaining Employees of Safetran Systems Corporation (the Plan) is a noncontributory defined benefit pension plan. Safetran Systems Corporation (Safetran or the Company) is the Plan Sponsor. Effective January 1, 2010, the plan sponsor's legal name was changed to Invensys Rail Corporation. Employees with five years of vesting service, as defined by the Plan, are entitled to pension benefits upon retirement. The Plan covers bargaining employees of Safetran who have attained the age of 21 and completed one year of service as defined in the Plan. Information concerning the plan agreement is available from the Human Resources Department.

Funding Policy

The Plan is funded annually by the Company in an amount based on actuarial determinations. The contributions are at least equal to the minimum funding standards required by the Employee Retirement Income Security Act of 1974 (ERISA). The Plan has met the ERISA minimum funding requirements.

Contributions made to the Plan by the employer are invested in the Invensys Inc. Master Retirement Trust (Master Trust). The Master Trust pools the Plan's assets with those of other related Company plans, and makes investments in various types of equity and fixed-income securities. The trustee holds the funds to manage, invest, and reinvest in accordance with the provisions of the Master Trust agreement.

Plan Termination

Should the Plan terminate at some future time, its net assets will generally not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guarantee, while other benefits may not be provided for at all.

2. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Valuation of Investments and Income Recognition

The Plan's participation in the Master Trust is stated at fair value (based primarily on the quoted market prices on the last business day of the plan year) of the securities owned by the Master Trust, as determined by the trustee, State Street Bank & Trust Company (State Street).

Marketable securities are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held in the Master Trust. The fair value of the participation units owned by the Plan in common collective trust funds are based on quoted redemption values on the last business day of the plan year. Certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, and municipal obligations are valued based on quoted market prices, dealer quotations or alternative pricing sources.

Derivative investments (interest rate swaps) are market-to-market using the derivative trading desk and are priced at the level which, in the desk's judgment, the counterparty would agree to terminate the transaction or at which another party would agree to assume the rights and obligations of the plan under the transaction. The derivatives trading desk verifies prices periodically with the counterparty and/or dealers active in the relevant market.

The fair value of the various limited partnership investments is estimated using various methods. Marketable securities in the partnerships are stated at the quoted market price on the last business day of the Plan year, while nonpublicly traded securities are valued at amounts determined by the general partner.

The Plan also invests in certain securities collateralized by residential and commercial mortgages and other assets that may be affected by, among other things, changes in: interest rates, the quality of the underlying assets or the market's assessment thereof, factors concerning interests in and structure of the issuer or the originator of the receivables, or the creditworthiness of the entities that provide credit enhancements.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Valuation of Investments and Income Recognition (continued)

Plan investments are held in the Master Trust, which was established for the investment of assets of the Plan and other Company-sponsored retirement plans. Each participating retirement plan has an undivided interest in the Master Trust. Investment income and expenses are allocated to the Plan based upon its pro rata share in the net assets of the Master Trust.

The cost of investments sold is determined on the basis of average cost. The gain or loss on securities sold is the difference between average cost and market value at the date of disposal.

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

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits (Note 6) are those estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits for retired or terminated employees or their beneficiaries are based on employee's compensation during their last five years of credited service. The accumulated plan benefits for active employees are based on years of service and the annual earnings factor as described in the Plan Document. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Administrative Expenses

Administrative expenses are paid by the Plan.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In September 2009, the FASB issued Auditing Standards Update No. 2009-12, *Fair Value Measurements and Disclosures: Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)* (ASU 2009-12), which amended ASC Subtopic 820-10, *Fair Value Measurements and Disclosures — Overall*. ASU 2009-12 is effective for the first reporting period ending after December 15, 2009. ASU 2009-12 expands the required disclosures for certain investments with a reported net asset value (NAV). ASU 2009-12 permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment. The ASU requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan has adopted ASU 2009-12 on a prospective basis for the year ended December 31, 2009. Adoption did not have a material impact on the fair value determination and disclosure of applicable investments. The effect of the adoption of the ASU had no impact on the statements of net assets available for benefits and statement of changes in net assets available for benefits.

In June 2009, the FASB issued an Accounting Standards Update which amended the FASB Accounting Standards Codification (ASC) for the issuance of Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. This Update established the Codification as the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The Plan has incorporated the disclosure requirements of this Update by reference to the ASC in these Notes to Financial Statements.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In May 2009, the FASB issued ASC Topic 855, *Subsequent Events*. Topic 855 establishes general standards of accounting and disclosure requirements for subsequent events, events that occur after the balance sheet date but before the financial statements are issued. In addition, certain events subsequent to the balance sheet date may require recognition in the financial statements as of the date net assets are available for benefits based on the requirements of Topic 855. The Plan adopted the provisions of Topic 855 as of December 31, 2009.

In April 2009, the FASB issued FASB Staff Position 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4). FSP 157-4 supersedes FSP 157-3 and amends SFAS 157 to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability. FSP 157-4 also provides additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities in meeting the disclosure requirements of SFAS 157. FSP 157-4 is effective for reporting periods ending after June 15, 2009. The Plan adopted the provisions of FSP 157-4 as of December 31, 2009.

Reclassifications

Certain 2008 financial statement amounts have been reclassified to conform with the 2009 financial statement presentation.

3. Investments

Certain investment information disclosed in the accompanying financial statements, including investments held at December 31, 2009 and 2008, equity in net investment income of the Master Trust and investment management fees for the years then ended, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

4. Invensys Inc. Master Retirement Trust

The participation of the Plan is approximately 1% of the Master Trust as of December 31, 2009 and 2008. The Master Trust is comprised of the following:

	December 31	
	2009	2008
Investments, at fair value:		
Money market and interest-bearing cash	\$ 226,052,208	\$ 171,724,664
Common stocks	60,797,044	41,455,187
Common collective trust funds	347,804,157	570,395,198
Registered investment companies	277,101,245	226,268,105
New England Life group annuity contract	3,426,630	3,259,207
Corporate obligations	97,661,832	3,703,202
Non-corporate bonds	9,047,881	—
Government obligations	118,250,410	196,882,663
Open interest rate swap contracts and other	(50,086,773)	108,964,222
Limited liability company – regulated foreign mutual fund	166,986,927	152,489,954
	<u>1,257,041,561</u>	<u>1,475,142,402</u>
Accrued investment income and pending security transactions	15,377,732	9,532,949
Net payables for pending security transactions and other, including broker owned collateral	(10,297,091)	(136,305,053)
Non-interest-bearing cash (overdraft)	—	(2,309,004)
	<u>5,080,641</u>	<u>(129,081,108)</u>
Net assets of the Master Trust	<u><u>\$ 1,262,122,202</u></u>	<u><u>\$ 1,346,061,294</u></u>

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

4. Invensys Inc. Master Retirement Trust (continued)

During the years ended December 31, 2009 and 2008, the investments of the Master Trust, including investments bought, sold, as well as held during the year, appreciated (depreciated) as follows:

	<u>2009</u>	<u>2008</u>
Government obligations	\$ (24,295,657)	\$ (127,550)
Corporate obligations	1,252,440	(124,715)
Non-corporate bonds	(180,385)	—
Common stocks	16,053,393	(24,384,485)
Common collective trust funds	(36,093,170)	63,302,345
Registered investment companies	33,867,741	(84,851,324)
Open interest rate swap contracts and other	(41,324,206)	128,760,933
Limited liability company – regulated foreign mutual fund	14,497,006	(39,214,299)
	<u>(36,222,838)</u>	<u>43,360,905</u>
Interest, dividends and other income	30,926,672	23,887,968
Net (depreciation) appreciation in fair value of investments	<u>\$ (5,296,166)</u>	<u>\$ 67,248,873</u>

Total administrative expenses for the Master Trust during the years ended December 31, 2009 and 2008 were \$8,582,368 and \$10,473,797, respectively.

The Master Trust participated in State Street's securities lending program in 2009 and 2008 by lending certain securities to borrowers to earn additional income, which is included in equity in net earnings of the Invensys Inc. Master Retirement Trust in the statements of changes in net assets. Loans of securities through State Street are collateralized by cash, letters of credit, or securities issued or guaranteed by the United States government or its agencies, equal to at least 102% of the current market value of the loaned securities. At December 31, 2009, the fair value of the loaned securities and collateral amounted to \$8,706,877 and \$8,999,043, respectively. At December 31, 2008, the fair value of the loaned securities and collateral amounted to \$12,068,589 and \$12,053,573, respectively.

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

5. Interest Rate Swaps

Derivative investments consist of fixed for floating interest rate long maturity swaps (approximately 30 years). The Plan had eighteen separate swap arrangements outstanding at December 31, 2009 with a total net gross notional amount of \$523,750,000. The Plan had twenty separate swap arrangements outstanding at December 31, 2008 with a total net gross notional amount of \$480,550,000. The purpose of this strategy is to economically hedge the change in net funded status for a portion of the liability that can occur due to changes in interest rates. The marked to market value of the swaps, including accrued interest, in the over the counter market at December 31, 2009 is \$(46,264,060) and \$110,650,350 at December 31, 2008. In addition, \$118,212,882 is maintained in a money market account and other short-term investments at December 31, 2009 for collateral needs related to the swap arrangements. At December 31, 2009, approximately \$46,000,000 of this amount was posted as collateral to dealers.

The following interest rate swap contracts were outstanding at December 31, 2009 and 2008.

December 31, 2009					
Counterparty	Fixed Rate	Spot Rate	Maturity Date	Notional Amount	Unrealized Gain/(Loss)
Barclays	3.275%	4.525%	4/2/2039	\$ 120,000,000	\$ (23,802,763)
Barclays	4.730	4.521	3/31/2038	38,000,000	1,878,253
JP Morgan	4.868	4.521	3/4/2038	(39,900,000)	(2,865,272)
Royal Bank Scotland	4.469	4.523	11/4/2038	(29,500,000)	67,824
Deutsche Bank	4.526	4.529	1/5/2040	(5,300,000)	4,966
Deutsche Bank	4.003	4.526	6/2/2039	22,000,000	(1,761,560)
Barclays	3.300	4.456	4/2/2029	39,700,000	(5,621,998)
Royal Bank Scotland	4.473	4.451	11/4/2028	(28,000,000)	(262,283)
Barclays	3.331	4.456	4/2/2029	50,000,000	(7,085,873)
Barclays	3.250	3.883	4/2/2019	96,000,000	(3,732,768)
Royal Bank Scotland	4.465	3.829	11/4/2018	(31,000,000)	(1,713,566)
Barclays	3.321	3.883	4/2/2019	30,000,000	(1,112,586)
Deutsche Bank	3.655	3.903	6/2/2019	18,000,000	(312,635)
Deutsche Bank	3.610	3.934	9/2/2019	1,500,000	(22,547)
Barclays	2.506	2.688	4/2/2014	115,000,000	103,201
Royal Bank Scotland	3.867	2.508	11/4/2013	(24,000,000)	(1,338,689)
Deutsche Bank	2.860	2.656	9/2/2014	168,750,000	1,572,771
Barclays	2.905	2.826	8/4/2014	(17,500,000)	(258,535)
				<u>\$ 523,750,000</u>	<u>\$ (46,264,060)</u>

Retirement Plan for Bargaining Employees
of Safetran Systems Corporation

Notes to Financial Statements (continued)

5. Interest Rate Swaps (continued)

December 31, 2008					
Counterparty	Fixed Rate	Spot Rate	Maturity Date	Notional Amount	Unrealized Gain/(Loss)
Barclays	4.650%	2.770%	11/4/2038	\$ 190,250,000	\$ 72,756,616
JP Morgan	4.798	2.768	2/4/2038	(15,250,000)	(6,378,339)
JP Morgan	4.868	2.768	3/4/2038	(39,900,000)	(17,262,285)
Barclays	4.730	2.768	3/31/2038	57,500,000	22,852,875
Royal Bank Scotland	4.469	2.770	11/4/2038	(29,500,000)	(10,189,784)
Deutsche Bank	3.090	2.770	12/2/2038	(8,000,000)	(514,695)
Deutsche Bank	2.777	2.770	1/5/2039	41,750,000	53,393
Barclays	4.989	2.823	5/30/2028	91,000,000	29,822,912
Barclays	4.908	2.822	7/2/2028	7,700,000	2,579,391
Barclays	4.773	2.820	9/2/2028	(14,250,000)	(4,413,988)
Royal Bank Scotland	4.473	2.818	11/4/2028	(29,500,000)	(7,496,114)
Barclays	4.633	2.566	5/30/2018	150,000,000	27,004,062
Barclays	4.648	2.571	7/2/2018	8,000,000	1,596,518
Barclays	4.498	2.582	9/2/2018	(15,250,000)	(2,700,372)
Royal Bank Scotland	4.465	2.592	11/4/2018	(33,000,000)	(5,439,080)
Deutsche Bank	3.160	2.597	12/2/2018	(26,000,000)	(1,276,414)
Deutsche Bank	2.600	2.602	1/5/2019	49,000,000	(13,515)
Barclays	4.126	2.053	5/30/2013	150,000,000	14,325,404
Barclays	4.113	2.105	10/2/2013	(30,000,000)	(2,726,704)
Royal Bank Scotland	3.867	2.119	11/4/2013	(24,000,000)	(1,929,531)
				\$ 480,550,000	\$ 110,650,350

6. Fair Value Measurements

Effective January 1, 2008, the Plan adopted ASC Topic 820, "Fair Value Measurements". ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Retirement Plan for Bargaining Employees
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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level within the fair value hierarchy the Plan's investment assets and liabilities, if any, as of December 31, 2009.

	Level 1	Level 2	Level 3
Money market and interest-bearing cash	\$ 24,432,465	\$ 201,619,743	\$
Common stocks	60,797,044		
Common collective trust funds:			
Fixed income investments		269,348,784	
Equity investments		78,455,373	
		347,804,157	
Registered investment companies:			
Fixed income investment	202,401,481		
International investment	74,699,764		
	277,101,245		
New England Life group annuity contract			3,426,630
Corporate obligations		97,661,832	
Non-corporate bonds		9,047,881	
Government obligations	118,250,410		
Open interest rate swap contracts and other		(50,086,773)	
Limited liability company – regulated foreign mutual fund		166,986,927	

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Notes to Financial Statements (continued)

6. Fair Value Measurements (continued)

The table below sets forth a summary of changes in fair value of the Plan's level 3 investment assets for the year ended December 31, 2009.

	New England Life group annuity contract
Balance, at beginning of year	\$ 3,259,207
Purchases, sales, issuances and settlements, net	167,423
Balance, at end of year	<u>\$ 3,426,630</u>

The following table sets forth by level within the fair value hierarchy the Plan's investment assets and liabilities, if any, as of December 31, 2008.

	Level 1	Level 2	Level 3
Money market and interest-bearing cash	\$ 22,984,054	\$ 148,740,610	\$
Common stocks	41,455,187		
Common collective trust funds		570,395,198	
Registered investment companies	226,268,105		
New England Life group annuity contract			3,259,207
Corporate obligations	981,785	2,721,417	
Government obligations	196,882,663		
Alternative investments		108,964,222	
Limited partnerships		152,489,954	

The table below sets forth a summary of changes in fair value of the Plan's level 3 investment assets for the year ended December 31, 2008.

	New England Life group annuity contract
Balance, at beginning of year	\$ 3,099,539
Realized gains (losses)	—
Unrealized gains (losses)	—
Purchases, sales, issuances and settlements, net	159,668
Balance, at end of year	<u>\$ 3,259,207</u>

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

7. Accumulated Plan Benefits

An actuary from Mercer Human Resource Consulting, Inc. estimates the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The accumulated plan benefit information as of December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Active participants	\$ 5,049,671	\$ 5,241,853
Retired employees and beneficiaries currently receiving benefits	2,378,747	2,031,505
Inactive participants with deferred benefits	1,926,276	1,162,333
	<u>9,354,694</u>	8,435,691
Nonvested benefits	89,821	166,086
	<u>\$ 9,444,515</u>	<u>\$ 8,601,777</u>

The reconciliation of the actuarial present value of accumulated plan benefits from December 31, 2007 to December 31, 2008 is as follows:

Actuarial present value of accumulated plan benefits at December 31, 2007	\$ 8,601,777
Changes during the year:	
Increase due to benefits accumulated and non-investment experience	793,775
Increase for interest due to decrease in the discount period	636,167
Actual benefits paid	(239,088)
Decrease due to change in actuarial assumption	(348,116)
Net increase	<u>842,738</u>
Actuarial present value of accumulated plan benefits at December 31, 2008	<u>\$ 9,444,515</u>

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

7. Accumulated Plan Benefits (continued)

Significant assumptions underlying the actuarial computations are:

Interest	—7.5% in 2008 and 2007, compounded annually.
Retirement	—Age-related retirement rates from age 55 to age 65, with terminated vested participants assumed to retire at age 62.
Mortality	—RP2000 Mortality Tables for Males and Females, without adjustment for collar, benefit amount, or employee/annuitant distinction, but projected by Scale AA to 2015 in 2008 and RP2000 Mortality Tables for Males and Females, with certain adjustments for 2007.

In addition to the above significant assumptions there were changes in certain disabled mortality tables from the January 1, 2008 valuation.

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

8. Risks 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 change could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

Retirement Plan for Bargaining Employees of Safetran Systems Corporation

Notes to Financial Statements (continued)

9. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS), dated September 1, 1999, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

10. Subsequent Events

The Plan Sponsor amended the Plan to freeze benefit accruals as of June 30, 2010 with respect to any participant whose benefits are subject to the collective bargaining agreement between the Brotherhood of Railroad Signalman, AFL-CIO Local 234 ("Louisville BRS Union") and the Employer as ratified on April 29, 2010. Participation in the Plan is closed for Louisville BRS Union members who have not met participation requirements in the Plan as of June 30, 2010, and service by Participants whose benefits were frozen as of June 30, 2010 shall continue to receive credit for vesting service and early retirement under the Plan. A participant is fully vested after five years of service.

The plan administrator advised the Pension Benefit Guarantee Corporation (the "PBGC") that a reportable event occurred on June 18, 2010, due to a reduction in the number of active participants that exceeds 25% of the number of active participants at the beginning of the prior plan year, January 1, 2009, at which date there were 208 active members. As of June 18, 2010, there were 134 active employees. The event resulted from a reduction in the number of manufacturing employees.

Effective September 15, 2010, the Plan Sponsor agreed to merge the Plan with and become a plan component of the Invensys Pension Plan, such merger to be effected in compliance with Section 414(l) of the Internal Revenue Code of 1986, as amended.

The Company has evaluated all subsequent events through October 5, 2010, the date the financial statements were available to be issued. During this period, there have been no other material events that would require recognition in the financial statements or disclosures to the financial statements.