# 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

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] 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;
- [X] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
S&C 401K RETIREMENT SAVINGS AND ESOP

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 07/01/1989

**2a** Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
S&C ELECTRIC COMPANY

6601 N RIDGE BOULEVARD
CHICAGO, IL 60626

**2b** Employer Identification Number (EIN)
36-1747665

**2c** Sponsor's telephone number
773-338-1000

**2d** Business code (see instructions)
335900

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

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

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/15/2010 | STANLEY F SLABAS SENIOR VP CFO |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | | | |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
S&C ELECTRIC COMPANY

6601 N RIDGE BOULEVARD
CHICAGO, IL 60626

**3b** Administrator's EIN
36-1747665

**3c** Administrator's telephone number
773-338-1000

**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** | 2037 |
| **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** | 1892 |
| **b** | Retired or separated participants receiving benefits | **6b** | |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 125 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 2017 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 3 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 2020 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 1960 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 9 |
| **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:
3I 2P 2K 2J 2H 2F 2E

**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)** | X | 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)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | X | **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)** | X | **H** (Financial Information) |
| **(2)** | | **I** (Financial Information – Small Plan) |
| **(3)** | | **A** (Insurance Information) |
| **(4)** | X | **C** (Service Provider Information) |
| **(5)** | X | **D** (DFE/Participating Plan Information) |
| **(6)** | | **G** (Financial Transaction Schedules) |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2009**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
S&C 401K RETIREMENT SAVINGS AND ESOP

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
S&C ELECTRIC COMPANY

**D** Employer Identification Number (EIN)
36-1747665

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☐ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

GREATBANC TRUST COMPANY

801 WARRENVILLE ROAD
SUITE 500
LISLE, IL 60532

36-3681493

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 50 21 19 | NONE | 56236 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

VANGUARD FIDUCIARY TRUST COMPANY

100 VANGUARD BOULEVARD
MALVERN, PA 19355

23-2186884

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 64 50 19 15 | NONE | 39774 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

MCGLADREY & PULLEN LLP

20 N MARTINGALE ROAD
SCHAUMBURG, IL 60173

42-0714325

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 50 10 | NONE | 10500 | Yes [ ] No [X] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN: |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN; |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

| | |
|---|---|
| **a** Name: | **b** EIN; |
| **c** Position: | |
| **d** Address: | **e** Telephone: |

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

# DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
S&C 401K RETIREMENT SAVINGS AND ESOP

**B** Three-digit plan number (PN) ▶ 002

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
S&C ELECTRIC COMPANY

**D** Employer Identification Number (EIN)
36-1747665

## Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT SAVINGS TRUST

**b** Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

| **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) |
|---|---|---|
| 23-2186884-001 | C | 25734741 |

**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 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 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 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 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 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 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 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) |
|---|---|---|

## 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 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 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 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 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 01/01/2009 and ending 12/31/2009

**A** Name of plan
S&C 401K RETIREMENT SAVINGS AND ESOP

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
S&C ELECTRIC COMPANY

**D** Employer Identification Number (EIN)
36-1747665

## Part I Asset and Liability Statement

**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) | 17314124 | 10564681 |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | 4564 | 2044 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 6400785 | 4060852 |
| **(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) | 2472811 | 2926993 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 24795411 | 25734741 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 47419846 | 63941138 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 224715413 | 284920735 |
| | **(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 | 323122954 | 392151184 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | 123597434 | 113831127 |
| **j** | Other liabilities | 1j | 5098394 | 4695534 |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 128695828 | 118526661 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 194427126 | 273624523 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 10571461 | |
| | **(B)** Participants | 2a(1)(B) | 8358865 | |
| | **(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) | | 18930326 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 39172 | |
| | **(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) | 166473 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 205645 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | 388321 | |
| | **(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) | | 388321 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | 60205322 | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | 60205322 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 751028 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 12126114 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 92606756 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 6905470 | |
| (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) | | 6905470 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | 6394999 |
| **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) | 108890 | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 108890 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 13409359 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line 2j from line 2d | 2k | | 79197397 |
| **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) [X] 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 [X] No

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

(1) Name: MCGLADREY & PULLEN LLP (2) EIN: 42-0714325

**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.) | 4a | | 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.) | 4b | | 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.) | 4c | | 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.) | 4d | | X | |
| **e** | Was this plan covered by a fidelity bond? | 4e | X | | 3000000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | 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? | 4g | | 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? | 4h | | 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.) | 4i | 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.) | 4j | 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? | 4k | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | X | |

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

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

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

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2009**

**This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

**A** Name of plan
S&C 401K RETIREMENT SAVINGS AND ESOP

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
S&C ELECTRIC COMPANY

**D** Employer Identification Number (EIN)
36-1747665

## 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): 23-2186884

**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** 179

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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** 0

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b** 0

**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** 0

**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**

## 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):

---

**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):

# S&C 401(k) Retirement Savings and Employee Stock Ownership Plan

Financial Report
December 31, 2009

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McGladrey & Pullen
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of the S&C 401(k) Retirement Savings
and Employee Stock Ownership Plan
and the Board of Directors of S&C Electric Company
Chicago, Illinois

We have audited the accompanying statements of net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) and the schedule of reportable transactions as of or for the year ended December 31, 2009, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 8, 2010

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2009 and 2008

| | 2009 | | | | | |
|---|---|---|---|---|---|---|
| | Vanguard Funds | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | 2008 |
| ASSETS | | | | | | |
| Participant directed: | | | | | | |
| Investments, at fair value: | | | | | | |
| Shares of mutual funds: | | | | | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ - | $ - | $ - | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | 12,851,261 | - | - | - | 12,851,261 | 10,611,590 |
| Vanguard Strategic Equity Fund | 6,096,603 | - | - | - | 6,096,603 | 4,674,251 |
| Vanguard International Growth Fund | 4,054,346 | - | - | - | 4,054,346 | 2,363,613 |
| Vanguard Growth Equity Fund | 1,653,277 | - | - | - | 1,653,277 | 915,991 |
| Vanguard Total Bond Market Index Fund | 1,161,684 | - | - | - | 1,161,684 | - |
| Vanguard Target Retirement Income Fund | 845,679 | - | - | - | 845,679 | 699,633 |
| Vanguard Target Retirement 2005 Fund | 1,283,889 | - | - | - | 1,283,889 | 826,672 |
| Vanguard Target Retirement 2015 Fund | 6,477,561 | - | - | - | 6,477,561 | 5,290,058 |
| Vanguard Target Retirement 2025 Fund | 3,347,778 | - | - | - | 3,347,778 | 2,432,145 |
| Vanguard Target Retirement 2035 Fund | 2,006,605 | - | - | - | 2,006,605 | 1,195,595 |
| Vanguard Target Retirement 2045 Fund | 819,319 | - | - | - | 819,319 | 436,822 |
| Shares of common/collective funds: | | | | | | |
| Vanguard Retirement Savings Trust | 25,734,741 | - | - | - | 25,734,741 | 24,795,411 |
| Participant loans | 2,926,993 | - | - | - | 2,926,993 | 2,472,811 |
| **Total participant directed assets** | 92,602,872 | - | - | - | 92,602,872 | 74,686,068 |
| Non-participant directed: | | | | | | |
| S&C Legacy Stock Fund, S&C Common Stock | - | 77,788,236 | - | - | 77,788,236 | 61,351,153 |
| S&C Legacy Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | 3,595,249 | - | - | 3,595,249 | 6,176,110 |
| S&C ESOP Stock Fund, S&C Common Stock | - | - | 19,387,693 | 187,744,806 | 207,132,499 | 163,364,260 |
| S&C ESOP Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | - | 455,983 | - | 455,983 | 224,675 |
| Vanguard Prime Money Market Fund | 9,620 | - | - | - | 9,620 | - |
| Receivables: | | | | | | |
| Employer contributions | - | - | - | 10,564,681 | 10,564,681 | 17,314,124 |
| Dividend and interest income | - | 1,813 | 231 | - | 2,044 | 4,564 |
| **Total non-participant directed assets** | 9,620 | 81,385,298 | 19,843,907 | 198,309,487 | 299,548,312 | 248,434,886 |
| **Total assets** | 92,612,492 | 81,385,298 | 19,843,907 | 198,309,487 | 392,151,184 | 323,122,954 |
| LIABILITIES | | | | | | |
| Loan payable | - | - | - | 113,831,127 | 113,831,127 | 123,597,434 |
| Accrued interest payable | - | - | - | 4,695,534 | 4,695,534 | 5,098,394 |
| **Total liabilities** | - | - | - | 118,526,661 | 118,526,661 | 128,695,828 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | $ 92,612,492 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 194,427,126 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008


| | 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | | | | |
| | Vanguard 500 Index Fund | Vanguard Wellesley Income Fund | Vanguard Strategic Equity Fund | Vanguard International Growth Fund | Vanguard Growth Equity Fund | Vanguard Total Bond Market Index Fund | Vanguard Target Retirement Income Fund | Vanguard Target Retirement 2005 Fund | Vanguard Target Retirement 2015 Fund |
| Additions (deductions) to net assets attributed to | | | | | | | | | |
| Contributions: | | | | | | | | | |
| Participant pre-tax | $ 1,888,920 | $ 778,530 | $ 644,099 | $ 372,569 | $ 179,910 | $ 56,134 | $ 67,215 | $ 94,552 | $ 613,711 |
| Participant rollover | 6,170 | - | - | 881 | 1,498 | - | - | 51,678 | 390,241 |
| Employer | - | - | - | - | - | - | - | - | 3,148 |
| | 1,895,090 | 778,530 | 644,099 | 373,450 | 181,408 | 56,134 | 67,215 | 146,230 | 1,007,100 |
| Investment income: | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 4,400,604 | 1,193,063 | 1,449,035 | 1,009,287 | 340,002 | 14,415 | 79,404 | 134,897 | 893,912 |
| Interest and dividends | 466,587 | 527,052 | 78,918 | 66,717 | 13,057 | 24,312 | 21,017 | 31,595 | 157,062 |
| | 4,867,191 | 1,720,115 | 1,527,953 | 1,076,004 | 353,059 | 38,727 | 100,421 | 166,492 | 1,050,974 |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Total additions (deductions) | 6,762,281 | 2,498,645 | 2,172,052 | 1,449,454 | 534,467 | 94,861 | 167,636 | 312,722 | 2,058,074 |
| Deductions from net assets attributed to: | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Benefits paid directly to participants | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Total deductions | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Net increase (decrease) before interfund transfers | 6,140,087 | 2,151,377 | 2,026,348 | 1,419,118 | 492,683 | 94,861 | 159,683 | 289,722 | 1,872,762 |
| Interfund transfers: | | | | | | | | | |
| Net participant loans | 52,001 | (66,404) | (50,167) | (30,555) | (512) | (1,510) | (18,829) | 5,230 | (33,582) |
| Net participant transfers | (822,428) | 154,698 | (553,829) | 302,170 | 245,115 | 1,068,333 | 5,192 | 162,265 | (651,677) |
| | (770,427) | 88,294 | (603,996) | 271,615 | 244,603 | 1,066,823 | (13,637) | 167,495 | (685,259) |
| Net increase (decrease) | 5,369,660 | 2,239,671 | 1,422,352 | 1,690,733 | 737,286 | 1,161,684 | 146,046 | 457,217 | 1,187,503 |
| Net assets available for plan benefits: | | | | | | | | | |
| Beginning of year | 17,973,476 | 10,611,590 | 4,674,251 | 2,363,613 | 915,991 | - | 699,633 | 826,672 | 5,290,058 |
| End of year | $ 23,343,136 | $ 12,851,261 | $ 6,096,603 | $ 4,054,346 | $ 1,653,277 | $ 1,161,684 | $ 845,679 | $ 1,283,889 | $ 6,477,561 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008
Page 2 of 2

| | 2009 | | | | | | | | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | Nonparticipant Directed | | | | | Participant Directed | Non-Participant Directed | |
| | Vanguard Target Retirement 2025 Fund | Vanguard Target Retirement 2035 Fund | Vanguard Target Retirement 2045 Fund | Vanguard Retirement Savings Trust | Participant Loans | Vanguard Prime Money Market Fund | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | Vanguard Funds | S&C Legacy and ESOP Stock Funds | Total |
| Additions (deductions) to net assets attributed to | | | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | | | |
| Participant pre-tax | $ 492,258 | $ 274,177 | $ 234,225 | $ 2,211,832 | $ - | $ - | $ - | $ - | $ - | $ 7,908,132 | $ 8,167,809 | $ - | $ 8,167,809 |
| Participant rollover | - | - | - | 265 | - | - | - | - | - | 450,733 | 117,494 | - | 117,494 |
| Employer | - | - | - | 3,632 | - | - | - | - | 10,564,681 | 10,571,461 | 372 | 16,682,078 | 16,682,450 |
| | 492,258 | 274,177 | 234,225 | 2,215,729 | - | - | - | - | 10,564,681 | 18,930,326 | 8,285,675 | 16,682,078 | 26,967,753 |
| Investment income: | | | | | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 549,721 | 395,987 | 149,573 | - | - | - | 16,437,082 | 4,096,727 | 39,671,513 | 70,815,622 | (23,441,568) | (13,325,700) | (36,767,268) |
| Interest and dividends | 72,915 | 40,148 | 16,434 | 751,028 | 166,473 | 1,918 | 297,684 | 19,001 | - | 2,751,916 | 3,120,992 | 175,993 | 3,296,985 |
| | 622,636 | 436,135 | 166,007 | 751,028 | 166,473 | 1,918 | 16,734,766 | 4,115,728 | 39,671,513 | 73,567,540 | (20,320,576) | (13,149,707) | (33,470,283) |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | 11,626,240 | (11,626,240) | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | 749,958 | (749,958) | - | - | - | - |
| | - | - | - | - | - | - | - | 12,376,198 | (12,376,198) | - | - | - | - |
| Total additions (deductions) | 1,114,894 | 710,312 | 400,232 | 2,966,757 | 166,473 | 1,918 | 16,734,766 | 16,491,926 | 37,859,996 | 92,497,866 | (12,034,901) | 5,532,371 | (6,502,530) |
| Deductions from net assets attributed to: | | | | | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | 6,394,999 | 6,394,999 | - | 6,822,631 | 6,822,631 |
| Benefits paid directly to participants | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | - | 6,905,470 | 4,220,857 | 2,519,130 | 6,739,987 |
| Total deductions | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | 6,394,999 | 13,300,469 | 4,220,857 | 9,341,761 | 13,562,618 |
| Net increase (decrease) before interfund transfers | 1,055,289 | 683,844 | 358,584 | 728,253 | 95,911 | 1,918 | 14,191,616 | 15,969,944 | 31,464,997 | 79,197,397 | (16,255,758) | (3,809,390) | (20,065,148) |
| Interfund transfers: | | | | | | | | | | | | | |
| Net participant loans | (32,894) | (23,158) | (3,835) | (154,056) | 358,271 | - | - | - | - | - | - | - | - |
| Net participant transfers | (106,762) | 150,324 | 27,348 | 365,133 | - | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| | (139,656) | 127,166 | 23,513 | 211,077 | 358,271 | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| Net increase (decrease) | 915,633 | 811,010 | 382,497 | 939,330 | 454,182 | 9,620 | 13,853,471 | 15,954,505 | 31,464,997 | 79,197,397 | (15,836,950) | (4,228,198) | (20,065,148) |
| Net assets available for plan benefits: | | | | | | | | | | | | | |
| Beginning of year | 2,432,145 | 1,195,595 | 436,022 | 24,795,411 | 2,472,811 | - | 67,531,827 | 3,889,402 | 48,317,829 | 194,427,126 | 90,525,018 | 123,967,256 | 214,492,274 |
| End of year | $ 3,347,778 | $ 2,006,605 | $ 818,519 | $ 25,734,741 | $ 2,926,993 | $ 9,620 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 74,688,068 | $ 119,739,058 | $ 194,427,126 |

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies

**Investment valuation and income recognition**: S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the Plan or Trust) investments are reported at fair value. Fair value is 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of benefits**: Benefits are recorded when paid.

**Accounting 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.

**Subsequent events**: The Plan's management has evaluated subsequent events for potential recognition and/or disclosure through June 8, 2010, the date the financial statements were available to be issued.

**Basis of accounting**: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust. The Statement of Net Assets Available for Plan Benefits presents the fair value of the investment in the common collective trust as well as any adjustment of the investment in the common collective trust from fair value to contract value relating to the investment contracts. The Statements of Changes in Net Assets Available for Plan Benefits are prepared on a contract value basis. At December 31, 2009 and 2008, contract value approximated fair value.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies (Continued)

**New accounting pronouncement:** In September 2009, the Financial Accounting Standards Board (FASB) issued an amendment, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12), which provides guidance on how entities should estimate fair value of certain alternative investments, including common/collective funds. The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical substitute, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. It also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical substitute was used. This amendment was effective for periods ending after December 15, 2009, with early adoption permitted. The adoption of the provisions did not have a material impact on the financial statements.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Plan adopted this new guidance for the year ended December 31, 2009. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

**Pending accounting pronouncements:** The FASB issued ASU 2010-6, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements* which requires new disclosures and reasons for transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these charges. With respect to matters other than Level 3 measurements, the amendment is effective for periods beginning after December 15, 2009. The guidance related to Level 3 measurements is effective for periods beginning after December 15, 2010. Management is currently evaluating the potential impact of the guidance related to disclosures in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description or Plan Document for more complete information.

**General**: Effective July 1, 1989, S&C Electric Company (the "Company") established the S&C 401(k) Retirement Savings Plan. In order to maintain its private ownership through increased employee participation, effective September 26, 2007, the Company amended the plan to include an Employee Stock Ownership Plan (ESOP) feature and restated the Plan as the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the "Plan"). The Plan covers eligible employees of the Company, as defined in the Plan Document, who have completed 90 consecutive days of service in which at least 250 hours have been worked. Employees will become Participants on the first day following completion of the eligibility period. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

At the time the ESOP feature was added, GreatBanc Trust Company (the ESOP Trustee) purchased Company common stock in the amount of $125,398,962 on behalf of the Plan, using the proceeds from a note payable to the Company, and holds the stock in a trust established under the Plan. The note is to be repaid over a period of 31 years, as determined in the ESOP Loan Agreement, by fully deductible Employer contributions to the trust fund. As the ESOP Trustee makes each payment of loan principal and interest, as required, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the Internal Revenue Code.

**Participant contributions**: Participants can elect to make pre-tax contributions to the Plan by means of a salary deferral agreement of from 1 percent to 50 percent of their compensation. Effective October 1, 2005, the Plan was amended to add an automatic enrollment feature. Participants may still elect to either defer or not defer compensation by filing an election with the plan administrator to take effect as of the participant's date of initial participation in the Plan. If any employee fails to make an election within 90 days (14 days, effective January 1, 2010) of their initial participation date, they will be deemed to have elected to defer 3 percent of their compensation, until such election is modified or revoked. This amount will gradually increase to 6 percent in the fourth subsequent year. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also roll over amounts representing distributions from other eligible retirement plans.

## Note 2. Plan Description (Continued)

**Employer contributions**: The Company makes Matching Contributions to the Plan equal to 50 percent of the first 6 percent of pre-tax contributions made by the Participants to the Plan.

The Company makes Core Contributions to the Plan on behalf of each Participant equal to the greater of 1) 3 percent of the Participant's Compensation or, 2) the proportionate value of the Company Stock as of the ESOP Valuation Date for the Plan Year for which such stock is to be allocated to the Participant's accounts.

The Company makes Transition Contributions to the Plan on behalf of certain eligible Participants, allocated on the basis of a percentage of eligible Participants' annualized base pay and determined under a formula set forth in the Plan document. The amount of the Employer Transition Contribution shall be based on the value of Company Stock, determined as of the ESOP Valuation Date for the Plan Year for which such Employer Stock is to be allocated to the Participant's accounts. An eligible Participant is any actively employed participant in the Employer's defined benefit pension plan who, as of September 30, 2007, was at least 30 years of age and has completed at least one Year of Service for Vesting.

The Company may also make Discretionary Contributions to the Plan at the end of the Plan Year as determined by the Company's Board of Directors. The Employer Discretionary Contribution allocated to each Participant shall be determined by multiplying the Employer Discretionary Contribution by a fraction, the numerator of which is the Participant's Compensation for the Plan Year and the denominator of which is the sum of all such Participants' Compensation for the Plan Year. For the year ended December 31, 2008, the Discretionary Contribution was $892,000. There was no Discretionary Contribution for the year ended December 31, 2009.

Employer Matching Contributions, Core Contributions, Transition Contributions, and Discretionary Contributions (collectively, "Employer Contributions") shall be allocated annually to the S&C ESOP Stock Fund of Participants, at the same time the ESOP Trustee makes an ESOP loan payment.

## Note 2. Plan Description (Continued)

**Participant accounts**: Each Participant's account is credited with the Participant's contribution (pre-tax and rollover, if applicable), Employer contributions and investment earnings or losses thereon. Allocations of investment earnings or losses are based on Participant account balances. The benefit to which a Participant is entitled is the amount which has accumulated in the Participant's vested account balance.

**Vesting**: Participants are at all times 100 percent vested in their contribution accounts. Vesting in the Employer's contribution portion of their accounts is based on years of credited service with the Company: 0 percent for Participants with less than 2 years of credited service and 100 percent for Participants with 2 or more years of credited service.

Participants whose employment is terminated due to death or disability are 100 percent vested in their total account balances regardless of their period of credited service.

**Put option**: Under Federal income tax regulations, the Company stock that is held by the Plan and its Participants (in the S&C ESOP Stock Fund) and is not readily tradable on an established market, or is subject to trading limitations, must include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to Participants for which there is no market. The put price is representative of the fair value of the stock. The Company can pay for the purchases with interest over a period of up to five years. The purpose of the put option is to ensure that the Participant has the ability to ultimately obtain cash. In 2009 and 2008, no shares were repurchased by the Company.

**Diversification**: Diversification is offered to Participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of service for vesting in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible Participant over a minimum six-year period. In each of the first five years, a Participant may diversify up to 25 percent of the numbers of shares allocated to his or her account, less any shares previously diversified. In the sixth year and thereafter, the percentage changes to 50 percent. Participants who elect to diversify shall be entitled to direct the investment to or among one or more investment funds maintained by Vanguard.

**Investment options**: Upon enrollment in the Plan, a Participant may direct employee contributions in a variety of investment choices as more fully described in the Summary Plan Description. Participants may change their investment choices on a daily basis.

## Note 2. Plan Description (Continued)

Through September 30, 2007, Company matching and discretionary contributions were invested in the S&C Legacy Stock Fund, which is principally invested in qualifying Company securities, as defined in the Plan Document. Beginning October 1, 2007, all Employer contributions are invested in the S&C ESOP Stock Fund, according to the Plan document.

**Payment of benefits**: Vested benefits are payable to Participants as soon as practical after termination of employment or in the event of the Plan's termination. Benefits other than Company stock are payable in the form of a lump-sum cash distribution. Company stock shall be payable according to the administrator's discretion, in a lump-sum distribution, or installment payments over a period not to exceed five years.

**Forfeitures**: At December 31, 2009 and 2008, forfeited Employer contribution amounts totaled $198,190 and $149,183, respectively. These amounts have been or will be used to either reduce Employer contributions or to pay future Plan expenses.

**Voting rights**: Each Participant is entitled to exercise voting rights attributable to the shares allocated to his or her own account with respect to certain corporate matters as specified in the Plan document. The ESOP Trustee shall vote any shares of Employer Stock held in the suspense account, any allocated shares of Employer Stock as to which no voting directions have been received, and all shares of Employer Stock held in the trust fund on any issue not subject to Participant voting direction.

**Participant loans**: Participants may borrow from their employee contribution accounts a minimum amount of $5,000 up to a maximum amount of the lesser of $50,000 or 50 percent of the Participant's employee contribution accounts (not considering any amount related to Employer contributions). Loan transactions are treated as a transfer between the investment fund and the participant loan fund. Loan repayment terms range from 1-5 years. The loans are collateralized by the balance in the Participant's contribution account and bear interest at a fixed rate of one percent over the prime rate of interest as published in the Wall Street Journal as of the day the loan transaction process is completed. The interest rate on current loans outstanding ranges from 4.25 percent to 9.25 percent. Principal and interest are paid ratably through payroll deductions.

**Administrative expenses**: Except as previously noted under Forfeitures, the Company pays the administrative expenses of the Plan.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Fair Value Measurements

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

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

*Mutual funds*: Valued at the net asset value ("NAV") of shares held by the Plan at year end.

**Note 3. Fair Value Measurements (Continued)**

*Common/Collective Funds:* Valued at fair value, which represents the net asset value of shares held by the Trust at year-end as determined by Vanguard (and equals cost plus net interest earned).

*Participant loans*: Valued at the outstanding principal amount (face value), which approximates fair value.

*S&C Common Stock*: Valued at fair value, as determined by the ESOP Trustee after taking into consideration a valuation from an independent appraiser. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, and market comparables.

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

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | | | | |
| Large-cap equity fund | $ 23,343,136 | $ - | $ - | $ 23,343,136 |
| Mid-cap equity funds | 7,749,880 | - | - | 7,749,880 |
| International equity fund | 4,054,346 | - | - | 4,054,346 |
| Balanced funds | 27,632,092 | - | - | 27,632,092 |
| Fixed income fund | 1,161,684 | - | - | 1,161,684 |
| Common/collective funds | - | 29,795,593 | - | 29,795,593 |
| S&C common stock | - | - | 284,920,735 | 284,920,735 |
| Participant loans | - | - | 2,926,993 | 2,926,993 |
| Total assets at fair value | $ 63,941,138 | $ 29,795,593 | $ 287,847,728 | $ 381,584,459 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 47,419,846 | $ - | $ - | $ 47,419,846 |
| Common/collective funds | - | 31,196,196 | - | 31,196,196 |
| S&C common stock | - | - | 224,715,413 | 224,715,413 |
| Participant loans | - | - | 2,472,811 | 2,472,811 |
| Total assets at fair value | $ 47,419,846 | $ 31,196,196 | $ 227,188,224 | $ 305,804,266 |

**Note 3. Fair Value Measurements (Continued)**

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 224,715,413 | $ 2,472,811 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | 60,205,322 | - |
| Issuances and repayments (net) | - | 454,182 |
| Balance, end of year | $ 284,920,735 | $ 2,926,993 |

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 238,041,113 | $ 2,199,023 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | (13,325,700) | - |
| Issuances and repayments (net) | - | 273,788 |
| Balance, end of year | $ 224,715,413 | $ 2,472,811 |

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth the fair value of investments in certain funds that calculate net asset value per share (or its equivalent):

| Investment | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Vanguard Retirement Savings Trust (a) | $ 25,734,741 | $ - | 12 months | None |
| GreatBanc Trust Company Short Term Collective Investment Fund (b) | 4,051,232 | - | Immediate | None |
| Vanguard Prime Money Market Fund (b) | 9,620 | - | Immediate | None |
| Total | $ 29,795,593 | $ - | | |

(a) This category includes highly rated synthetic investment contracts, traditional investment contracts and cash investments. Investments in this category can be redeemed immediately at the participant level and in 12 months at the Plan level, at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

(b) This category includes high quality, short term securities. Investments in this category can be redeemed immediately at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Investments

Investments that represent 5 percent or more of the Trust's net assets as of December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| Shares of mutual funds at fair value as determined by quoted market prices: | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | ** | 10,611,590 |
| Shares of common / collective funds at fair value as determined by the fund: | | |
| Vanguard Retirement Savings Trust | 25,734,741 | 24,795,411 |
| Common Stock of S&C Electric Company - Legacy Stock Fund * | 77,788,236 | 61,351,153 |
| Common Stock of S&C Electric Company - ESOP Stock Fund * | 207,132,499 | 163,364,260 |

* Non-participant directed asset.
** Amount does not exceed 5% of 2009 net assets.

### Note 5. Party-In-Interest and Related Party Transactions

The Plan's investments, other than the Company common stock, are held by Vanguard, the custodian. Vanguard also performs administrative and recordkeeping services for the Plan. Vanguard receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

The Plan's investment in the Company stock is held by GreatBanc Trust Company, the ESOP Trustee. GreatBanc receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Party-In-Interest and Related Party Transactions (Continued)

Certain employees and/or officers of the Company provide trustee and other administrative services for the Plan. These employees and/or officers are also Participants in the Plan.

At December 31, 2009 and 2008, the ESOP trustee held 523,474 shares of S&C Electric Company common stock allocated to Participants in the S&C Legacy Stock Fund. The cost and fair value of these shares at December 31, 2009 and 2008, were $16,365,964 and $77,788,236, and $16,365,964 and $61,351,153, respectively.

Information about the Plan's ESOP investment in S&C Electric Company common stock as of December 31, 2009 and 2008, is as follows:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Number of Shares | 130,469 | 1,263,424 | 31,269 | 1,362,624 |
| Cost | $ 11,737,398 | $ 113,661,564 | $ 2,812,424 | $ 122,586,538 |
| Fair Value | $ 19,387,693 | $ 187,744,806 | $ 3,664,727 | $ 159,699,533 |

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Employer Contributions

The Plan provides for various types of Employer Contributions, which are allocated to the accounts of Participants principally in the form of S&C Electric Company common stock. The Employer Contributions allocated for the years ended December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| ESOP matching contributions | $ 2,586,634 | $ 2,700,400 |
| ESOP core contributions | 3,295,054 | 3,399,998 |
| ESOP transition contributions | 5,405,434 | 5,383,800 |
| ESOP discretionary contributions | - | 892,000 |
| | $ 11,287,122 | $ 12,376,198 |

The payments by the Company to the ESOP Trustee, necessary to provide these benefit allocations, were $10,564,681 in 2010 and $17,314,124 in 2009, respectively.

### Note 7. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan Document to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event the Plan were to terminate, Participants would become 100 percent vested in their employer contribution accounts.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Notes Payable

Notes payable to the Company consist of the following at December 31, 2009 and 2008:

| | 2009 | 2008 |
|---|---|---|
| Term note payable to the Company, with an initial principal payment of $1,044,991 plus interest, and annual principal payments of $4,179,965 plus interest thereafter, at 5.5%, due March 31, 2038, and collateralized at December 31, 2009 and 2008, by 1,263,424 and 1,362,624 unallocated shares of S&C Company common stock, respectively. | $ 113,831,127 | $ 123,597,434 |

Maturities for long-term debt are as follows:

| Years ending December 31: | |
|---|---|
| 2011 | $ 2,773,588 |
| 2012 | 4,179,965 |
| 2013 | 4,179,965 |
| 2014 | 4,179,965 |
| Thereafter | 98,517,644 |
| | $ 113,831,127 |

The estimated fair value of the note payable as of December 31, 2009 and 2008, was approximately $116,000,000 and $127,000,000, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates and nonperformance risk.

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 28, 2000, that the qualified Plan and the Trust established under the Plan is tax exempt under the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended and restated since receipt of the determination letter, and the Company has requested a favorable determination letter on the continued qualified status of the Plan. The Plan administrator believes that the Plan is currently in compliance with the applicable requirements of the IRC and intends to operate the Plan in such a manner as to maintain its qualified status.

### Note 10. 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 changes could materially affect Participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| | | **Participant directed:** | | |
| | | Shares of mutual funds: | | |
| * | Vanguard Fiduciary Trust Company | Vanguard 500 Index Fund (227,436 shares) | | $ 23,343,136 |
| * | Vanguard Fiduciary Trust Company | Vanguard Wellesley Income Fund (630,892 shares) | | 12,851,261 |
| * | Vanguard Fiduciary Trust Company | Vanguard Strategic Equity Fund (398,992 shares) | | 6,096,603 |
| * | Vanguard Fiduciary Trust Company | Vanguard International Growth Fund (238,631 shares) | | 4,054,346 |
| * | Vanguard Fiduciary Trust Company | Vanguard Growth Equity Fund (178,347 shares) | | 1,653,277 |
| * | Vanguard Fiduciary Trust Company | Vanguard Total Bond Market Index Fund (112,240 shares) | | 1,161,684 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement Income Fund (79,856 shares) | | 845,679 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2005 Fund (116,930 shares) | | 1,283,889 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2015 Fund (572,729 shares) | | 6,477,561 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2025 Fund (295,740 shares) | | 3,347,778 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2035 Fund (172,685 shares) | | 2,006,605 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2045 Fund (68,163 shares) | | 819,319 |

(Continued)

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| * | Vanguard Fiduciary Trust Company | Shares of common/collective funds: Vanguard Retirement Savings Trust (25,734,741 shares) | | $ 25,734,741 |
| * | Plan participants | Participant loans (interest rates range from 4.25% to 9.25%) | | 2,926,993 |
| | | **Non-participant directed:** | | |
| * | S&C Electric Company | Common stock of S&C Electric Company ESOP Stock Fund, (1,393,893 shares) | $ 125,398,962 | 207,132,499 |
| * | S&C Electric Company | Common stock of S&C Electric Company Legacy Stock Fund, (523,474 shares) | 16,365,964 | 77,788,236 |
| * | GreatBanc Trust Company | Shares of common/collective funds: Short Term Collective Investment Fund (4,051,232 shares) | 4,051,232 | 4,051,232 |
| * | Vanguard Fiduciary Trust Company | Vanguard Prime Money Market Fund (9,620 shares) | 9,620 | 9,620 |
| | | | | $ 381,584,459 |

* Represents a party-in-interest investment.
** Cost information is not required for participant directed funds.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
Year Ended December 31, 2009

| (a) Identity of party involved | (b) Description of asset (include interest rate and maturity in case of a loan) | (c) Purchase price | (d) Selling price | (g) Original cost of asset | (h) Current value of asset on transaction date | (i) Net gain or (loss) |
|---|---|---|---|---|---|---|
| | Series of Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - Legacy Stock Fund | | | | | |
| | 21 Purchases | $ 9,814,746 | $ - | $ 9,814,746 | $ 9,814,746 | $ - |
| | 54 Sales | - | 12,395,608 | 12,395,608 | 12,395,608 | - |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | 15 Purchases | 17,340,730 | - | 17,340,730 | 17,340,730 | - |
| | 42 Sales | - | 17,109,428 | 17,109,428 | 17,109,428 | - |
| | Individual Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | Purchase | 17,336,013 | - | 17,336,013 | 17,336,013 | - |
| | Sale | - | 16,564,166 | 16,564,166 | 16,564,166 | - |

* Represents a party-in-interest investment
due to the fiduciary nature of the party

# S&C 401(k) Retirement Savings and Employee Stock Ownership Plan

Financial Report
December 31, 2009

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McGladrey & Pullen
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of the S&C 401(k) Retirement Savings
and Employee Stock Ownership Plan
and the Board of Directors of S&C Electric Company
Chicago, Illinois

We have audited the accompanying statements of net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) and the schedule of reportable transactions as of or for the year ended December 31, 2009, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 8, 2010

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2009 and 2008

| | 2009 | | | | | |
|---|---|---|---|---|---|---|
| | Vanguard Funds | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | 2008 |
| ASSETS | | | | | | |
| Participant directed: | | | | | | |
| Investments, at fair value: | | | | | | |
| Shares of mutual funds: | | | | | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ - | $ - | $ - | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | 12,851,261 | - | - | - | 12,851,261 | 10,611,590 |
| Vanguard Strategic Equity Fund | 6,096,603 | - | - | - | 6,096,603 | 4,674,251 |
| Vanguard International Growth Fund | 4,054,346 | - | - | - | 4,054,346 | 2,363,613 |
| Vanguard Growth Equity Fund | 1,653,277 | - | - | - | 1,653,277 | 915,991 |
| Vanguard Total Bond Market Index Fund | 1,161,684 | - | - | - | 1,161,684 | - |
| Vanguard Target Retirement Income Fund | 845,679 | - | - | - | 845,679 | 699,633 |
| Vanguard Target Retirement 2005 Fund | 1,283,889 | - | - | - | 1,283,889 | 826,672 |
| Vanguard Target Retirement 2015 Fund | 6,477,561 | - | - | - | 6,477,561 | 5,290,058 |
| Vanguard Target Retirement 2025 Fund | 3,347,778 | - | - | - | 3,347,778 | 2,432,145 |
| Vanguard Target Retirement 2035 Fund | 2,006,605 | - | - | - | 2,006,605 | 1,195,595 |
| Vanguard Target Retirement 2045 Fund | 819,319 | - | - | - | 819,319 | 436,822 |
| Shares of common/collective funds: | | | | | | |
| Vanguard Retirement Savings Trust | 25,734,741 | - | - | - | 25,734,741 | 24,795,411 |
| Participant loans | 2,926,993 | - | - | - | 2,926,993 | 2,472,811 |
| **Total participant directed assets** | 92,602,872 | - | - | - | 92,602,872 | 74,686,068 |
| Non-participant directed: | | | | | | |
| S&C Legacy Stock Fund, S&C Common Stock | - | 77,788,236 | - | - | 77,788,236 | 61,351,153 |
| S&C Legacy Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | 3,595,249 | - | - | 3,595,249 | 6,176,110 |
| S&C ESOP Stock Fund, S&C Common Stock | - | - | 19,387,693 | 187,744,806 | 207,132,499 | 163,364,260 |
| S&C ESOP Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | - | 455,983 | - | 455,983 | 224,675 |
| Vanguard Prime Money Market Fund | 9,620 | - | - | - | 9,620 | - |
| Receivables: | | | | | | |
| Employer contributions | - | - | - | 10,564,681 | 10,564,681 | 17,314,124 |
| Dividend and interest income | - | 1,813 | 231 | - | 2,044 | 4,564 |
| **Total non-participant directed assets** | 9,620 | 81,385,298 | 19,843,907 | 198,309,487 | 299,548,312 | 248,434,886 |
| **Total assets** | 92,612,492 | 81,385,298 | 19,843,907 | 198,309,487 | 392,151,184 | 323,122,954 |
| LIABILITIES | | | | | | |
| Loan payable | - | - | - | 113,831,127 | 113,831,127 | 123,597,434 |
| Accrued interest payable | - | - | - | 4,695,534 | 4,695,534 | 5,098,394 |
| **Total liabilities** | - | - | - | 118,526,661 | 118,526,661 | 128,695,828 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | $ 92,612,492 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 194,427,126 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008


| | 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | | | | |
| | Vanguard 500 Index Fund | Vanguard Wellesley Income Fund | Vanguard Strategic Equity Fund | Vanguard International Growth Fund | Vanguard Growth Equity Fund | Vanguard Total Bond Market Index Fund | Vanguard Target Retirement Income Fund | Vanguard Target Retirement 2005 Fund | Vanguard Target Retirement 2015 Fund |
| Additions (deductions) to net assets attributed to | | | | | | | | | |
| Contributions: | | | | | | | | | |
| Participant pre-tax | $ 1,888,920 | $ 778,530 | $ 644,099 | $ 372,569 | $ 179,910 | $ 56,134 | $ 67,215 | $ 94,552 | $ 613,711 |
| Participant rollover | 6,170 | - | - | 881 | 1,498 | - | - | 51,678 | 390,241 |
| Employer | - | - | - | - | - | - | - | - | 3,148 |
| | 1,895,090 | 778,530 | 644,099 | 373,450 | 181,408 | 56,134 | 67,215 | 146,230 | 1,007,100 |
| Investment income: | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 4,400,604 | 1,193,063 | 1,449,035 | 1,009,287 | 340,002 | 14,415 | 79,404 | 134,897 | 893,912 |
| Interest and dividends | 466,587 | 527,052 | 78,918 | 66,717 | 13,057 | 24,312 | 21,017 | 31,595 | 157,062 |
| | 4,867,191 | 1,720,115 | 1,527,953 | 1,076,004 | 353,059 | 38,727 | 100,421 | 166,492 | 1,050,974 |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Total additions (deductions) | 6,762,281 | 2,498,645 | 2,172,052 | 1,449,454 | 534,467 | 94,861 | 167,636 | 312,722 | 2,058,074 |
| Deductions from net assets attributed to: | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Benefits paid directly to participants | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Total deductions | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Net increase (decrease) before interfund transfers | 6,140,087 | 2,151,377 | 2,026,348 | 1,419,118 | 492,683 | 94,861 | 159,683 | 289,722 | 1,872,762 |
| Interfund transfers: | | | | | | | | | |
| Net participant loans | 52,001 | (66,404) | (50,167) | (30,555) | (512) | (1,510) | (18,829) | 5,230 | (33,582) |
| Net participant transfers | (822,428) | 154,698 | (553,829) | 302,170 | 245,115 | 1,068,333 | 5,192 | 162,265 | (651,677) |
| | (770,427) | 88,294 | (603,996) | 271,615 | 244,603 | 1,066,823 | (13,637) | 167,495 | (685,259) |
| Net increase (decrease) | 5,369,660 | 2,239,671 | 1,422,352 | 1,690,733 | 737,286 | 1,161,684 | 146,046 | 457,217 | 1,187,503 |
| Net assets available for plan benefits: | | | | | | | | | |
| Beginning of year | 17,973,476 | 10,611,590 | 4,674,251 | 2,363,613 | 915,991 | - | 699,633 | 826,672 | 5,290,058 |
| End of year | $ 23,343,136 | $ 12,851,261 | $ 6,096,603 | $ 4,054,346 | $ 1,653,277 | $ 1,161,684 | $ 845,679 | $ 1,283,889 | $ 6,477,561 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008
Page 2 of 2

| | 2009 | | | | | | | | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | Nonparticipant Directed | | | | | Participant Directed | Non-Participant Directed | |
| | Vanguard Target Retirement 2025 Fund | Vanguard Target Retirement 2035 Fund | Vanguard Target Retirement 2045 Fund | Vanguard Retirement Savings Trust | Participant Loans | Vanguard Prime Money Market Fund | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | Vanguard Funds | S&C Legacy and ESOP Stock Funds | Total |
| Additions (deductions) to net assets attributed to | | | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | | | |
| Participant pre-tax | $ 492,258 | $ 274,177 | $ 234,225 | $ 2,211,832 | $ - | $ - | $ - | $ - | $ - | $ 7,908,132 | $ 8,167,809 | $ - | $ 8,167,809 |
| Participant rollover | - | - | - | 265 | - | - | - | - | - | 450,733 | 117,494 | - | 117,494 |
| Employer | - | - | - | 3,632 | - | - | - | - | 10,564,681 | 10,571,461 | 372 | 16,682,078 | 16,682,450 |
| | 492,258 | 274,177 | 234,225 | 2,215,729 | - | - | - | - | 10,564,681 | 18,930,326 | 8,285,675 | 16,682,078 | 26,967,753 |
| Investment income: | | | | | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 549,721 | 395,987 | 149,573 | - | - | - | 16,437,082 | 4,096,727 | 39,671,513 | 70,815,622 | (23,441,568) | (13,325,700) | (36,767,268) |
| Interest and dividends | 72,915 | 40,148 | 16,434 | 751,028 | 166,473 | 1,918 | 297,684 | 19,001 | - | 2,751,916 | 3,120,992 | 175,993 | 3,296,985 |
| | 622,636 | 436,135 | 166,007 | 751,028 | 166,473 | 1,918 | 16,734,766 | 4,115,728 | 39,671,513 | 73,567,540 | (20,320,576) | (13,149,707) | (33,470,283) |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | 11,626,240 | (11,626,240) | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | 749,958 | (749,958) | - | - | - | - |
| | - | - | - | - | - | - | - | 12,376,198 | (12,376,198) | - | - | - | - |
| Total additions (deductions) | 1,114,894 | 710,312 | 400,232 | 2,966,757 | 166,473 | 1,918 | 16,734,766 | 16,491,926 | 37,859,996 | 92,497,866 | (12,034,901) | 5,532,371 | (6,502,530) |
| Deductions from net assets attributed to: | | | | | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | 6,394,999 | 6,394,999 | - | 6,822,631 | 6,822,631 |
| Benefits paid directly to participants | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | - | 6,905,470 | 4,220,857 | 2,519,130 | 6,739,987 |
| Total deductions | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | 6,394,999 | 13,300,469 | 4,220,857 | 9,341,761 | 13,562,618 |
| Net increase (decrease) before interfund transfers | 1,055,289 | 683,844 | 358,584 | 728,253 | 95,911 | 1,918 | 14,191,616 | 15,969,944 | 31,464,997 | 79,197,397 | (16,255,758) | (3,809,390) | (20,065,148) |
| Interfund transfers: | | | | | | | | | | | | | |
| Net participant loans | (32,894) | (23,158) | (3,835) | (154,056) | 358,271 | - | - | - | - | - | - | - | - |
| Net participant transfers | (106,762) | 150,324 | 27,348 | 365,133 | - | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| | (139,656) | 127,166 | 23,513 | 211,077 | 358,271 | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| Net increase (decrease) | 915,633 | 811,010 | 382,497 | 939,330 | 454,182 | 9,620 | 13,853,471 | 15,954,505 | 31,464,997 | 79,197,397 | (15,836,950) | (4,228,198) | (20,065,148) |
| Net assets available for plan benefits: | | | | | | | | | | | | | |
| Beginning of year | 2,432,145 | 1,195,595 | 436,022 | 24,795,411 | 2,472,811 | - | 67,531,827 | 3,889,402 | 48,317,829 | 194,427,126 | 90,525,018 | 123,967,256 | 214,492,274 |
| End of year | $ 3,347,778 | $ 2,006,605 | $ 818,519 | $ 25,734,741 | $ 2,926,993 | $ 9,620 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 74,688,068 | $ 119,739,058 | $ 194,427,126 |

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies

**Investment valuation and income recognition**: S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the Plan or Trust) investments are reported at fair value. Fair value is 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of benefits**: Benefits are recorded when paid.

**Accounting 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.

**Subsequent events**: The Plan's management has evaluated subsequent events for potential recognition and/or disclosure through June 8, 2010, the date the financial statements were available to be issued.

**Basis of accounting**: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust. The Statement of Net Assets Available for Plan Benefits presents the fair value of the investment in the common collective trust as well as any adjustment of the investment in the common collective trust from fair value to contract value relating to the investment contracts. The Statements of Changes in Net Assets Available for Plan Benefits are prepared on a contract value basis. At December 31, 2009 and 2008, contract value approximated fair value.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies (Continued)

**New accounting pronouncement:** In September 2009, the Financial Accounting Standards Board (FASB) issued an amendment, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12), which provides guidance on how entities should estimate fair value of certain alternative investments, including common/collective funds. The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical substitute, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. It also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical substitute was used. This amendment was effective for periods ending after December 15, 2009, with early adoption permitted. The adoption of the provisions did not have a material impact on the financial statements.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Plan adopted this new guidance for the year ended December 31, 2009. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

**Pending accounting pronouncements:** The FASB issued ASU 2010-6, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements* which requires new disclosures and reasons for transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these charges. With respect to matters other than Level 3 measurements, the amendment is effective for periods beginning after December 15, 2009. The guidance related to Level 3 measurements is effective for periods beginning after December 15, 2010. Management is currently evaluating the potential impact of the guidance related to disclosures in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description or Plan Document for more complete information.

**General**: Effective July 1, 1989, S&C Electric Company (the "Company") established the S&C 401(k) Retirement Savings Plan. In order to maintain its private ownership through increased employee participation, effective September 26, 2007, the Company amended the plan to include an Employee Stock Ownership Plan (ESOP) feature and restated the Plan as the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the "Plan"). The Plan covers eligible employees of the Company, as defined in the Plan Document, who have completed 90 consecutive days of service in which at least 250 hours have been worked. Employees will become Participants on the first day following completion of the eligibility period. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

At the time the ESOP feature was added, GreatBanc Trust Company (the ESOP Trustee) purchased Company common stock in the amount of $125,398,962 on behalf of the Plan, using the proceeds from a note payable to the Company, and holds the stock in a trust established under the Plan. The note is to be repaid over a period of 31 years, as determined in the ESOP Loan Agreement, by fully deductible Employer contributions to the trust fund. As the ESOP Trustee makes each payment of loan principal and interest, as required, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the Internal Revenue Code.

**Participant contributions**: Participants can elect to make pre-tax contributions to the Plan by means of a salary deferral agreement of from 1 percent to 50 percent of their compensation. Effective October 1, 2005, the Plan was amended to add an automatic enrollment feature. Participants may still elect to either defer or not defer compensation by filing an election with the plan administrator to take effect as of the participant's date of initial participation in the Plan. If any employee fails to make an election within 90 days (14 days, effective January 1, 2010) of their initial participation date, they will be deemed to have elected to defer 3 percent of their compensation, until such election is modified or revoked. This amount will gradually increase to 6 percent in the fourth subsequent year. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also roll over amounts representing distributions from other eligible retirement plans.

## Note 2. Plan Description (Continued)

**Employer contributions**: The Company makes Matching Contributions to the Plan equal to 50 percent of the first 6 percent of pre-tax contributions made by the Participants to the Plan.

The Company makes Core Contributions to the Plan on behalf of each Participant equal to the greater of 1) 3 percent of the Participant's Compensation or, 2) the proportionate value of the Company Stock as of the ESOP Valuation Date for the Plan Year for which such stock is to be allocated to the Participant's accounts.

The Company makes Transition Contributions to the Plan on behalf of certain eligible Participants, allocated on the basis of a percentage of eligible Participants' annualized base pay and determined under a formula set forth in the Plan document. The amount of the Employer Transition Contribution shall be based on the value of Company Stock, determined as of the ESOP Valuation Date for the Plan Year for which such Employer Stock is to be allocated to the Participant's accounts. An eligible Participant is any actively employed participant in the Employer's defined benefit pension plan who, as of September 30, 2007, was at least 30 years of age and has completed at least one Year of Service for Vesting.

The Company may also make Discretionary Contributions to the Plan at the end of the Plan Year as determined by the Company's Board of Directors. The Employer Discretionary Contribution allocated to each Participant shall be determined by multiplying the Employer Discretionary Contribution by a fraction, the numerator of which is the Participant's Compensation for the Plan Year and the denominator of which is the sum of all such Participants' Compensation for the Plan Year. For the year ended December 31, 2008, the Discretionary Contribution was $892,000. There was no Discretionary Contribution for the year ended December 31, 2009.

Employer Matching Contributions, Core Contributions, Transition Contributions, and Discretionary Contributions (collectively, "Employer Contributions") shall be allocated annually to the S&C ESOP Stock Fund of Participants, at the same time the ESOP Trustee makes an ESOP loan payment.

## Note 2. Plan Description (Continued)

**Participant accounts**: Each Participant's account is credited with the Participant's contribution (pre-tax and rollover, if applicable), Employer contributions and investment earnings or losses thereon. Allocations of investment earnings or losses are based on Participant account balances. The benefit to which a Participant is entitled is the amount which has accumulated in the Participant's vested account balance.

**Vesting**: Participants are at all times 100 percent vested in their contribution accounts. Vesting in the Employer's contribution portion of their accounts is based on years of credited service with the Company: 0 percent for Participants with less than 2 years of credited service and 100 percent for Participants with 2 or more years of credited service.

Participants whose employment is terminated due to death or disability are 100 percent vested in their total account balances regardless of their period of credited service.

**Put option**: Under Federal income tax regulations, the Company stock that is held by the Plan and its Participants (in the S&C ESOP Stock Fund) and is not readily tradable on an established market, or is subject to trading limitations, must include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to Participants for which there is no market. The put price is representative of the fair value of the stock. The Company can pay for the purchases with interest over a period of up to five years. The purpose of the put option is to ensure that the Participant has the ability to ultimately obtain cash. In 2009 and 2008, no shares were repurchased by the Company.

**Diversification**: Diversification is offered to Participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of service for vesting in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible Participant over a minimum six-year period. In each of the first five years, a Participant may diversify up to 25 percent of the numbers of shares allocated to his or her account, less any shares previously diversified. In the sixth year and thereafter, the percentage changes to 50 percent. Participants who elect to diversify shall be entitled to direct the investment to or among one or more investment funds maintained by Vanguard.

**Investment options**: Upon enrollment in the Plan, a Participant may direct employee contributions in a variety of investment choices as more fully described in the Summary Plan Description. Participants may change their investment choices on a daily basis.

## Note 2. Plan Description (Continued)

Through September 30, 2007, Company matching and discretionary contributions were invested in the S&C Legacy Stock Fund, which is principally invested in qualifying Company securities, as defined in the Plan Document. Beginning October 1, 2007, all Employer contributions are invested in the S&C ESOP Stock Fund, according to the Plan document.

**Payment of benefits**: Vested benefits are payable to Participants as soon as practical after termination of employment or in the event of the Plan's termination. Benefits other than Company stock are payable in the form of a lump-sum cash distribution. Company stock shall be payable according to the administrator's discretion, in a lump-sum distribution, or installment payments over a period not to exceed five years.

**Forfeitures**: At December 31, 2009 and 2008, forfeited Employer contribution amounts totaled $198,190 and $149,183, respectively. These amounts have been or will be used to either reduce Employer contributions or to pay future Plan expenses.

**Voting rights**: Each Participant is entitled to exercise voting rights attributable to the shares allocated to his or her own account with respect to certain corporate matters as specified in the Plan document. The ESOP Trustee shall vote any shares of Employer Stock held in the suspense account, any allocated shares of Employer Stock as to which no voting directions have been received, and all shares of Employer Stock held in the trust fund on any issue not subject to Participant voting direction.

**Participant loans**: Participants may borrow from their employee contribution accounts a minimum amount of $5,000 up to a maximum amount of the lesser of $50,000 or 50 percent of the Participant's employee contribution accounts (not considering any amount related to Employer contributions). Loan transactions are treated as a transfer between the investment fund and the participant loan fund. Loan repayment terms range from 1-5 years. The loans are collateralized by the balance in the Participant's contribution account and bear interest at a fixed rate of one percent over the prime rate of interest as published in the Wall Street Journal as of the day the loan transaction process is completed. The interest rate on current loans outstanding ranges from 4.25 percent to 9.25 percent. Principal and interest are paid ratably through payroll deductions.

**Administrative expenses**: Except as previously noted under Forfeitures, the Company pays the administrative expenses of the Plan.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Fair Value Measurements

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

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

*Mutual funds*: Valued at the net asset value ("NAV") of shares held by the Plan at year end.

**Note 3. Fair Value Measurements (Continued)**

*Common/Collective Funds:* Valued at fair value, which represents the net asset value of shares held by the Trust at year-end as determined by Vanguard (and equals cost plus net interest earned).

*Participant loans*: Valued at the outstanding principal amount (face value), which approximates fair value.

*S&C Common Stock*: Valued at fair value, as determined by the ESOP Trustee after taking into consideration a valuation from an independent appraiser. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, and market comparables.

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

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | | | | |
| Large-cap equity fund | $ 23,343,136 | $ - | $ - | $ 23,343,136 |
| Mid-cap equity funds | 7,749,880 | - | - | 7,749,880 |
| International equity fund | 4,054,346 | - | - | 4,054,346 |
| Balanced funds | 27,632,092 | - | - | 27,632,092 |
| Fixed income fund | 1,161,684 | - | - | 1,161,684 |
| Common/collective funds | - | 29,795,593 | - | 29,795,593 |
| S&C common stock | - | - | 284,920,735 | 284,920,735 |
| Participant loans | - | - | 2,926,993 | 2,926,993 |
| Total assets at fair value | $ 63,941,138 | $ 29,795,593 | $ 287,847,728 | $ 381,584,459 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 47,419,846 | $ - | $ - | $ 47,419,846 |
| Common/collective funds | - | 31,196,196 | - | 31,196,196 |
| S&C common stock | - | - | 224,715,413 | 224,715,413 |
| Participant loans | - | - | 2,472,811 | 2,472,811 |
| Total assets at fair value | $ 47,419,846 | $ 31,196,196 | $ 227,188,224 | $ 305,804,266 |

**Note 3. Fair Value Measurements (Continued)**

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 224,715,413 | $ 2,472,811 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | 60,205,322 | - |
| Issuances and repayments (net) | - | 454,182 |
| Balance, end of year | $ 284,920,735 | $ 2,926,993 |

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 238,041,113 | $ 2,199,023 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | (13,325,700) | - |
| Issuances and repayments (net) | - | 273,788 |
| Balance, end of year | $ 224,715,413 | $ 2,472,811 |

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth the fair value of investments in certain funds that calculate net asset value per share (or its equivalent):

| Investment | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Vanguard Retirement Savings Trust (a) | $ 25,734,741 | $ - | 12 months | None |
| GreatBanc Trust Company Short Term Collective Investment Fund (b) | 4,051,232 | - | Immediate | None |
| Vanguard Prime Money Market Fund (b) | 9,620 | - | Immediate | None |
| Total | $ 29,795,593 | $ - | | |

(a) This category includes highly rated synthetic investment contracts, traditional investment contracts and cash investments. Investments in this category can be redeemed immediately at the participant level and in 12 months at the Plan level, at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

(b) This category includes high quality, short term securities. Investments in this category can be redeemed immediately at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Investments

Investments that represent 5 percent or more of the Trust's net assets as of December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| Shares of mutual funds at fair value as determined by quoted market prices: | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | ** | 10,611,590 |
| Shares of common / collective funds at fair value as determined by the fund: | | |
| Vanguard Retirement Savings Trust | 25,734,741 | 24,795,411 |
| Common Stock of S&C Electric Company - Legacy Stock Fund * | 77,788,236 | 61,351,153 |
| Common Stock of S&C Electric Company - ESOP Stock Fund * | 207,132,499 | 163,364,260 |

* Non-participant directed asset.
** Amount does not exceed 5% of 2009 net assets.

### Note 5. Party-In-Interest and Related Party Transactions

The Plan's investments, other than the Company common stock, are held by Vanguard, the custodian. Vanguard also performs administrative and recordkeeping services for the Plan. Vanguard receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

The Plan's investment in the Company stock is held by GreatBanc Trust Company, the ESOP Trustee. GreatBanc receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Party-In-Interest and Related Party Transactions (Continued)

Certain employees and/or officers of the Company provide trustee and other administrative services for the Plan. These employees and/or officers are also Participants in the Plan.

At December 31, 2009 and 2008, the ESOP trustee held 523,474 shares of S&C Electric Company common stock allocated to Participants in the S&C Legacy Stock Fund. The cost and fair value of these shares at December 31, 2009 and 2008, were $16,365,964 and $77,788,236, and $16,365,964 and $61,351,153, respectively.

Information about the Plan's ESOP investment in S&C Electric Company common stock as of December 31, 2009 and 2008, is as follows:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Number of Shares | 130,469 | 1,263,424 | 31,269 | 1,362,624 |
| Cost | $ 11,737,398 | $ 113,661,564 | $ 2,812,424 | $ 122,586,538 |
| Fair Value | $ 19,387,693 | $ 187,744,806 | $ 3,664,727 | $ 159,699,533 |

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Employer Contributions

The Plan provides for various types of Employer Contributions, which are allocated to the accounts of Participants principally in the form of S&C Electric Company common stock. The Employer Contributions allocated for the years ended December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| ESOP matching contributions | $ 2,586,634 | $ 2,700,400 |
| ESOP core contributions | 3,295,054 | 3,399,998 |
| ESOP transition contributions | 5,405,434 | 5,383,800 |
| ESOP discretionary contributions | - | 892,000 |
| | $ 11,287,122 | $ 12,376,198 |

The payments by the Company to the ESOP Trustee, necessary to provide these benefit allocations, were $10,564,681 in 2010 and $17,314,124 in 2009, respectively.

### Note 7. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan Document to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event the Plan were to terminate, Participants would become 100 percent vested in their employer contribution accounts.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Notes Payable

Notes payable to the Company consist of the following at December 31, 2009 and 2008:

| | 2009 | 2008 |
|---|---|---|
| Term note payable to the Company, with an initial principal payment of $1,044,991 plus interest, and annual principal payments of $4,179,965 plus interest thereafter, at 5.5%, due March 31, 2038, and collateralized at December 31, 2009 and 2008, by 1,263,424 and 1,362,624 unallocated shares of S&C Company common stock, respectively. | $ 113,831,127 | $ 123,597,434 |

Maturities for long-term debt are as follows:

| Years ending December 31: | |
|---|---|
| 2011 | $ 2,773,588 |
| 2012 | 4,179,965 |
| 2013 | 4,179,965 |
| 2014 | 4,179,965 |
| Thereafter | 98,517,644 |
| | $ 113,831,127 |

The estimated fair value of the note payable as of December 31, 2009 and 2008, was approximately $116,000,000 and $127,000,000, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates and nonperformance risk.

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 28, 2000, that the qualified Plan and the Trust established under the Plan is tax exempt under the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended and restated since receipt of the determination letter, and the Company has requested a favorable determination letter on the continued qualified status of the Plan. The Plan administrator believes that the Plan is currently in compliance with the applicable requirements of the IRC and intends to operate the Plan in such a manner as to maintain its qualified status.

### Note 10. 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 changes could materially affect Participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| | | **Participant directed:** | | |
| | | Shares of mutual funds: | | |
| * | Vanguard Fiduciary Trust Company | Vanguard 500 Index Fund (227,436 shares) | | $ 23,343,136 |
| * | Vanguard Fiduciary Trust Company | Vanguard Wellesley Income Fund (630,892 shares) | | 12,851,261 |
| * | Vanguard Fiduciary Trust Company | Vanguard Strategic Equity Fund (398,992 shares) | | 6,096,603 |
| * | Vanguard Fiduciary Trust Company | Vanguard International Growth Fund (238,631 shares) | | 4,054,346 |
| * | Vanguard Fiduciary Trust Company | Vanguard Growth Equity Fund (178,347 shares) | | 1,653,277 |
| * | Vanguard Fiduciary Trust Company | Vanguard Total Bond Market Index Fund (112,240 shares) | | 1,161,684 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement Income Fund (79,856 shares) | | 845,679 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2005 Fund (116,930 shares) | | 1,283,889 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2015 Fund (572,729 shares) | | 6,477,561 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2025 Fund (295,740 shares) | | 3,347,778 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2035 Fund (172,685 shares) | | 2,006,605 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2045 Fund (68,163 shares) | | 819,319 |

(Continued)

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| * | Vanguard Fiduciary Trust Company | Shares of common/collective funds: Vanguard Retirement Savings Trust (25,734,741 shares) | | $ 25,734,741 |
| * | Plan participants | Participant loans (interest rates range from 4.25% to 9.25%) | | 2,926,993 |
| | | **Non-participant directed:** | | |
| * | S&C Electric Company | Common stock of S&C Electric Company ESOP Stock Fund, (1,393,893 shares) | $ 125,398,962 | 207,132,499 |
| * | S&C Electric Company | Common stock of S&C Electric Company Legacy Stock Fund, (523,474 shares) | 16,365,964 | 77,788,236 |
| * | GreatBanc Trust Company | Shares of common/collective funds: Short Term Collective Investment Fund (4,051,232 shares) | 4,051,232 | 4,051,232 |
| * | Vanguard Fiduciary Trust Company | Vanguard Prime Money Market Fund (9,620 shares) | 9,620 | 9,620 |
| | | | | $ 381,584,459 |

* Represents a party-in-interest investment.
** Cost information is not required for participant directed funds.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
Year Ended December 31, 2009

| (a) Identity of party involved | (b) Description of asset (include interest rate and maturity in case of a loan) | (c) Purchase price | (d) Selling price | (g) Original cost of asset | (h) Current value of asset on transaction date | (i) Net gain or (loss) |
|---|---|---|---|---|---|---|
| | Series of Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - Legacy Stock Fund | | | | | |
| | 21 Purchases | $ 9,814,746 | $ - | $ 9,814,746 | $ 9,814,746 | $ - |
| | 54 Sales | - | 12,395,608 | 12,395,608 | 12,395,608 | - |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | 15 Purchases | 17,340,730 | - | 17,340,730 | 17,340,730 | - |
| | 42 Sales | - | 17,109,428 | 17,109,428 | 17,109,428 | - |
| | Individual Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | Purchase | 17,336,013 | - | 17,336,013 | 17,336,013 | - |
| | Sale | - | 16,564,166 | 16,564,166 | 16,564,166 | - |

* Represents a party-in-interest investment
due to the fiduciary nature of the party

# S&C 401(k) Retirement Savings and Employee Stock Ownership Plan

Financial Report
December 31, 2009

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McGladrey & Pullen
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of the S&C 401(k) Retirement Savings
and Employee Stock Ownership Plan
and the Board of Directors of S&C Electric Company
Chicago, Illinois

We have audited the accompanying statements of net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) and the schedule of reportable transactions as of or for the year ended December 31, 2009, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 8, 2010

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2009 and 2008

| | 2009 | | | | | |
|---|---|---|---|---|---|---|
| | Vanguard Funds | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | 2008 |
| ASSETS | | | | | | |
| Participant directed: | | | | | | |
| Investments, at fair value: | | | | | | |
| Shares of mutual funds: | | | | | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ - | $ - | $ - | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | 12,851,261 | - | - | - | 12,851,261 | 10,611,590 |
| Vanguard Strategic Equity Fund | 6,096,603 | - | - | - | 6,096,603 | 4,674,251 |
| Vanguard International Growth Fund | 4,054,346 | - | - | - | 4,054,346 | 2,363,613 |
| Vanguard Growth Equity Fund | 1,653,277 | - | - | - | 1,653,277 | 915,991 |
| Vanguard Total Bond Market Index Fund | 1,161,684 | - | - | - | 1,161,684 | - |
| Vanguard Target Retirement Income Fund | 845,679 | - | - | - | 845,679 | 699,633 |
| Vanguard Target Retirement 2005 Fund | 1,283,889 | - | - | - | 1,283,889 | 826,672 |
| Vanguard Target Retirement 2015 Fund | 6,477,561 | - | - | - | 6,477,561 | 5,290,058 |
| Vanguard Target Retirement 2025 Fund | 3,347,778 | - | - | - | 3,347,778 | 2,432,145 |
| Vanguard Target Retirement 2035 Fund | 2,006,605 | - | - | - | 2,006,605 | 1,195,595 |
| Vanguard Target Retirement 2045 Fund | 819,319 | - | - | - | 819,319 | 436,822 |
| Shares of common/collective funds: | | | | | | |
| Vanguard Retirement Savings Trust | 25,734,741 | - | - | - | 25,734,741 | 24,795,411 |
| Participant loans | 2,926,993 | - | - | - | 2,926,993 | 2,472,811 |
| **Total participant directed assets** | 92,602,872 | - | - | - | 92,602,872 | 74,686,068 |
| Non-participant directed: | | | | | | |
| S&C Legacy Stock Fund, S&C Common Stock | - | 77,788,236 | - | - | 77,788,236 | 61,351,153 |
| S&C Legacy Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | 3,595,249 | - | - | 3,595,249 | 6,176,110 |
| S&C ESOP Stock Fund, S&C Common Stock | - | - | 19,387,693 | 187,744,806 | 207,132,499 | 163,364,260 |
| S&C ESOP Stock Fund, GreatBanc Trust Company Short Term Collective Investment Fund | - | - | 455,983 | - | 455,983 | 224,675 |
| Vanguard Prime Money Market Fund | 9,620 | - | - | - | 9,620 | - |
| Receivables: | | | | | | |
| Employer contributions | - | - | - | 10,564,681 | 10,564,681 | 17,314,124 |
| Dividend and interest income | - | 1,813 | 231 | - | 2,044 | 4,564 |
| **Total non-participant directed assets** | 9,620 | 81,385,298 | 19,843,907 | 198,309,487 | 299,548,312 | 248,434,886 |
| **Total assets** | 92,612,492 | 81,385,298 | 19,843,907 | 198,309,487 | 392,151,184 | 323,122,954 |
| LIABILITIES | | | | | | |
| Loan payable | - | - | - | 113,831,127 | 113,831,127 | 123,597,434 |
| Accrued interest payable | - | - | - | 4,695,534 | 4,695,534 | 5,098,394 |
| **Total liabilities** | - | - | - | 118,526,661 | 118,526,661 | 128,695,828 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | $ 92,612,492 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 194,427,126 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008


| | 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | | | | |
| | Vanguard 500 Index Fund | Vanguard Wellesley Income Fund | Vanguard Strategic Equity Fund | Vanguard International Growth Fund | Vanguard Growth Equity Fund | Vanguard Total Bond Market Index Fund | Vanguard Target Retirement Income Fund | Vanguard Target Retirement 2005 Fund | Vanguard Target Retirement 2015 Fund |
| Additions (deductions) to net assets attributed to | | | | | | | | | |
| Contributions: | | | | | | | | | |
| Participant pre-tax | $ 1,888,920 | $ 778,530 | $ 644,099 | $ 372,569 | $ 179,910 | $ 56,134 | $ 67,215 | $ 94,552 | $ 613,711 |
| Participant rollover | 6,170 | - | - | 881 | 1,498 | - | - | 51,678 | 390,241 |
| Employer | - | - | - | - | - | - | - | - | 3,148 |
| | 1,895,090 | 778,530 | 644,099 | 373,450 | 181,408 | 56,134 | 67,215 | 146,230 | 1,007,100 |
| Investment income: | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 4,400,604 | 1,193,063 | 1,449,035 | 1,009,287 | 340,002 | 14,415 | 79,404 | 134,897 | 893,912 |
| Interest and dividends | 466,587 | 527,052 | 78,918 | 66,717 | 13,057 | 24,312 | 21,017 | 31,595 | 157,062 |
| | 4,867,191 | 1,720,115 | 1,527,953 | 1,076,004 | 353,059 | 38,727 | 100,421 | 166,492 | 1,050,974 |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Total additions (deductions) | 6,762,281 | 2,498,645 | 2,172,052 | 1,449,454 | 534,467 | 94,861 | 167,636 | 312,722 | 2,058,074 |
| Deductions from net assets attributed to: | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | - |
| Benefits paid directly to participants | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Total deductions | 622,194 | 347,268 | 145,704 | 30,336 | 41,784 | - | 7,953 | 23,000 | 185,312 |
| Net increase (decrease) before interfund transfers | 6,140,087 | 2,151,377 | 2,026,348 | 1,419,118 | 492,683 | 94,861 | 159,683 | 289,722 | 1,872,762 |
| Interfund transfers: | | | | | | | | | |
| Net participant loans | 52,001 | (66,404) | (50,167) | (30,555) | (512) | (1,510) | (18,829) | 5,230 | (33,582) |
| Net participant transfers | (822,428) | 154,698 | (553,829) | 302,170 | 245,115 | 1,068,333 | 5,192 | 162,265 | (651,677) |
| | (770,427) | 88,294 | (603,996) | 271,615 | 244,603 | 1,066,823 | (13,637) | 167,495 | (685,259) |
| Net increase (decrease) | 5,369,660 | 2,239,671 | 1,422,352 | 1,690,733 | 737,286 | 1,161,684 | 146,046 | 457,217 | 1,187,503 |
| Net assets available for plan benefits: | | | | | | | | | |
| Beginning of year | 17,973,476 | 10,611,590 | 4,674,251 | 2,363,613 | 915,991 | - | 699,633 | 826,672 | 5,290,058 |
| End of year | $ 23,343,136 | $ 12,851,261 | $ 6,096,603 | $ 4,054,346 | $ 1,653,277 | $ 1,161,684 | $ 845,679 | $ 1,283,889 | $ 6,477,561 |

See Notes to Financial Statements.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
(With Fund Information)
Years Ended December 31, 2009 and 2008
Page 2 of 2

| | 2009 | | | | | | | | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Participant Directed | | | | | Nonparticipant Directed | | | | | Participant Directed | Non-Participant Directed | |
| | Vanguard Target Retirement 2025 Fund | Vanguard Target Retirement 2035 Fund | Vanguard Target Retirement 2045 Fund | Vanguard Retirement Savings Trust | Participant Loans | Vanguard Prime Money Market Fund | S&C Legacy Stock Fund | S&C ESOP Stock Fund Allocated | S&C ESOP Stock Fund Unallocated | Total | Vanguard Funds | S&C Legacy and ESOP Stock Funds | Total |
| Additions (deductions) to net assets attributed to | | | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | | | |
| Participant pre-tax | $ 492,258 | $ 274,177 | $ 234,225 | $ 2,211,832 | $ - | $ - | $ - | $ - | $ - | $ 7,908,132 | $ 8,167,809 | $ - | $ 8,167,809 |
| Participant rollover | - | - | - | 265 | - | - | - | - | - | 450,733 | 117,494 | - | 117,494 |
| Employer | - | - | - | 3,632 | - | - | - | - | 10,564,681 | 10,571,461 | 372 | 16,682,078 | 16,682,450 |
| | 492,258 | 274,177 | 234,225 | 2,215,729 | - | - | - | - | 10,564,681 | 18,930,326 | 8,285,675 | 16,682,078 | 26,967,753 |
| Investment income: | | | | | | | | | | | | | |
| Net appreciation (depreciation) in fair value of investments | 549,721 | 395,987 | 149,573 | - | - | - | 16,437,082 | 4,096,727 | 39,671,513 | 70,815,622 | (23,441,568) | (13,325,700) | (36,767,268) |
| Interest and dividends | 72,915 | 40,148 | 16,434 | 751,028 | 166,473 | 1,918 | 297,684 | 19,001 | - | 2,751,916 | 3,120,992 | 175,993 | 3,296,985 |
| | 622,636 | 436,135 | 166,007 | 751,028 | 166,473 | 1,918 | 16,734,766 | 4,115,728 | 39,671,513 | 73,567,540 | (20,320,576) | (13,149,707) | (33,470,283) |
| Allocation of 99,200 shares of common stock of S&C Electric Company at fair value in 2009 | - | - | - | - | - | - | - | 11,626,240 | (11,626,240) | - | - | - | - |
| Allocation of cash contribution in 2009 | - | - | - | - | - | - | - | 749,958 | (749,958) | - | - | - | - |
| | - | - | - | - | - | - | - | 12,376,198 | (12,376,198) | - | - | - | - |
| Total additions (deductions) | 1,114,894 | 710,312 | 400,232 | 2,966,757 | 166,473 | 1,918 | 16,734,766 | 16,491,926 | 37,859,996 | 92,497,866 | (12,034,901) | 5,532,371 | (6,502,530) |
| Deductions from net assets attributed to: | | | | | | | | | | | | | |
| Interest expense | - | - | - | - | - | - | - | - | 6,394,999 | 6,394,999 | - | 6,822,631 | 6,822,631 |
| Benefits paid directly to participants | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | - | 6,905,470 | 4,220,857 | 2,519,130 | 6,739,987 |
| Total deductions | 59,605 | 26,468 | 41,648 | 2,238,504 | 70,562 | - | 2,543,150 | 521,982 | 6,394,999 | 13,300,469 | 4,220,857 | 9,341,761 | 13,562,618 |
| Net increase (decrease) before interfund transfers | 1,055,289 | 683,844 | 358,584 | 728,253 | 95,911 | 1,918 | 14,191,616 | 15,969,944 | 31,464,997 | 79,197,397 | (16,255,758) | (3,809,390) | (20,065,148) |
| Interfund transfers: | | | | | | | | | | | | | |
| Net participant loans | (32,894) | (23,158) | (3,835) | (154,056) | 358,271 | - | - | - | - | - | - | - | - |
| Net participant transfers | (106,762) | 150,324 | 27,348 | 365,133 | - | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| | (139,656) | 127,166 | 23,513 | 211,077 | 358,271 | 7,702 | (338,145) | (15,439) | - | - | 418,808 | (418,808) | - |
| Net increase (decrease) | 915,633 | 811,010 | 382,497 | 939,330 | 454,182 | 9,620 | 13,853,471 | 15,954,505 | 31,464,997 | 79,197,397 | (15,836,950) | (4,228,198) | (20,065,148) |
| Net assets available for plan benefits: | | | | | | | | | | | | | |
| Beginning of year | 2,432,145 | 1,195,595 | 436,022 | 24,795,411 | 2,472,811 | - | 67,531,827 | 3,889,402 | 48,317,829 | 194,427,126 | 90,525,018 | 123,967,256 | 214,492,274 |
| End of year | $ 3,347,778 | $ 2,006,605 | $ 818,519 | $ 25,734,741 | $ 2,926,993 | $ 9,620 | $ 81,385,298 | $ 19,843,907 | $ 79,782,826 | $ 273,624,523 | $ 74,688,068 | $ 119,739,058 | $ 194,427,126 |

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies

**Investment valuation and income recognition**: S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the Plan or Trust) investments are reported at fair value. Fair value is 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of benefits**: Benefits are recorded when paid.

**Accounting 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.

**Subsequent events**: The Plan's management has evaluated subsequent events for potential recognition and/or disclosure through June 8, 2010, the date the financial statements were available to be issued.

**Basis of accounting**: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust. The Statement of Net Assets Available for Plan Benefits presents the fair value of the investment in the common collective trust as well as any adjustment of the investment in the common collective trust from fair value to contract value relating to the investment contracts. The Statements of Changes in Net Assets Available for Plan Benefits are prepared on a contract value basis. At December 31, 2009 and 2008, contract value approximated fair value.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Significant Accounting Policies (Continued)

**New accounting pronouncement:** In September 2009, the Financial Accounting Standards Board (FASB) issued an amendment, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12), which provides guidance on how entities should estimate fair value of certain alternative investments, including common/collective funds. The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical substitute, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. It also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical substitute was used. This amendment was effective for periods ending after December 15, 2009, with early adoption permitted. The adoption of the provisions did not have a material impact on the financial statements.

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Plan adopted this new guidance for the year ended December 31, 2009. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

**Pending accounting pronouncements:** The FASB issued ASU 2010-6, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements* which requires new disclosures and reasons for transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these charges. With respect to matters other than Level 3 measurements, the amendment is effective for periods beginning after December 15, 2009. The guidance related to Level 3 measurements is effective for periods beginning after December 15, 2010. Management is currently evaluating the potential impact of the guidance related to disclosures in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Plan Description

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Summary Plan Description or Plan Document for more complete information.

**General**: Effective July 1, 1989, S&C Electric Company (the "Company") established the S&C 401(k) Retirement Savings Plan. In order to maintain its private ownership through increased employee participation, effective September 26, 2007, the Company amended the plan to include an Employee Stock Ownership Plan (ESOP) feature and restated the Plan as the S&C 401(k) Retirement Savings and Employee Stock Ownership Plan (the "Plan"). The Plan covers eligible employees of the Company, as defined in the Plan Document, who have completed 90 consecutive days of service in which at least 250 hours have been worked. Employees will become Participants on the first day following completion of the eligibility period. The Plan is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

At the time the ESOP feature was added, GreatBanc Trust Company (the ESOP Trustee) purchased Company common stock in the amount of $125,398,962 on behalf of the Plan, using the proceeds from a note payable to the Company, and holds the stock in a trust established under the Plan. The note is to be repaid over a period of 31 years, as determined in the ESOP Loan Agreement, by fully deductible Employer contributions to the trust fund. As the ESOP Trustee makes each payment of loan principal and interest, as required, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the Internal Revenue Code.

**Participant contributions**: Participants can elect to make pre-tax contributions to the Plan by means of a salary deferral agreement of from 1 percent to 50 percent of their compensation. Effective October 1, 2005, the Plan was amended to add an automatic enrollment feature. Participants may still elect to either defer or not defer compensation by filing an election with the plan administrator to take effect as of the participant's date of initial participation in the Plan. If any employee fails to make an election within 90 days (14 days, effective January 1, 2010) of their initial participation date, they will be deemed to have elected to defer 3 percent of their compensation, until such election is modified or revoked. This amount will gradually increase to 6 percent in the fourth subsequent year. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also roll over amounts representing distributions from other eligible retirement plans.

## Note 2. Plan Description (Continued)

**Employer contributions**: The Company makes Matching Contributions to the Plan equal to 50 percent of the first 6 percent of pre-tax contributions made by the Participants to the Plan.

The Company makes Core Contributions to the Plan on behalf of each Participant equal to the greater of 1) 3 percent of the Participant's Compensation or, 2) the proportionate value of the Company Stock as of the ESOP Valuation Date for the Plan Year for which such stock is to be allocated to the Participant's accounts.

The Company makes Transition Contributions to the Plan on behalf of certain eligible Participants, allocated on the basis of a percentage of eligible Participants' annualized base pay and determined under a formula set forth in the Plan document. The amount of the Employer Transition Contribution shall be based on the value of Company Stock, determined as of the ESOP Valuation Date for the Plan Year for which such Employer Stock is to be allocated to the Participant's accounts. An eligible Participant is any actively employed participant in the Employer's defined benefit pension plan who, as of September 30, 2007, was at least 30 years of age and has completed at least one Year of Service for Vesting.

The Company may also make Discretionary Contributions to the Plan at the end of the Plan Year as determined by the Company's Board of Directors. The Employer Discretionary Contribution allocated to each Participant shall be determined by multiplying the Employer Discretionary Contribution by a fraction, the numerator of which is the Participant's Compensation for the Plan Year and the denominator of which is the sum of all such Participants' Compensation for the Plan Year. For the year ended December 31, 2008, the Discretionary Contribution was $892,000. There was no Discretionary Contribution for the year ended December 31, 2009.

Employer Matching Contributions, Core Contributions, Transition Contributions, and Discretionary Contributions (collectively, "Employer Contributions") shall be allocated annually to the S&C ESOP Stock Fund of Participants, at the same time the ESOP Trustee makes an ESOP loan payment.

## Note 2. Plan Description (Continued)

**Participant accounts**: Each Participant's account is credited with the Participant's contribution (pre-tax and rollover, if applicable), Employer contributions and investment earnings or losses thereon. Allocations of investment earnings or losses are based on Participant account balances. The benefit to which a Participant is entitled is the amount which has accumulated in the Participant's vested account balance.

**Vesting**: Participants are at all times 100 percent vested in their contribution accounts. Vesting in the Employer's contribution portion of their accounts is based on years of credited service with the Company: 0 percent for Participants with less than 2 years of credited service and 100 percent for Participants with 2 or more years of credited service.

Participants whose employment is terminated due to death or disability are 100 percent vested in their total account balances regardless of their period of credited service.

**Put option**: Under Federal income tax regulations, the Company stock that is held by the Plan and its Participants (in the S&C ESOP Stock Fund) and is not readily tradable on an established market, or is subject to trading limitations, must include a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to Participants for which there is no market. The put price is representative of the fair value of the stock. The Company can pay for the purchases with interest over a period of up to five years. The purpose of the put option is to ensure that the Participant has the ability to ultimately obtain cash. In 2009 and 2008, no shares were repurchased by the Company.

**Diversification**: Diversification is offered to Participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of service for vesting in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible Participant over a minimum six-year period. In each of the first five years, a Participant may diversify up to 25 percent of the numbers of shares allocated to his or her account, less any shares previously diversified. In the sixth year and thereafter, the percentage changes to 50 percent. Participants who elect to diversify shall be entitled to direct the investment to or among one or more investment funds maintained by Vanguard.

**Investment options**: Upon enrollment in the Plan, a Participant may direct employee contributions in a variety of investment choices as more fully described in the Summary Plan Description. Participants may change their investment choices on a daily basis.

## Note 2. Plan Description (Continued)

Through September 30, 2007, Company matching and discretionary contributions were invested in the S&C Legacy Stock Fund, which is principally invested in qualifying Company securities, as defined in the Plan Document. Beginning October 1, 2007, all Employer contributions are invested in the S&C ESOP Stock Fund, according to the Plan document.

**Payment of benefits**: Vested benefits are payable to Participants as soon as practical after termination of employment or in the event of the Plan's termination. Benefits other than Company stock are payable in the form of a lump-sum cash distribution. Company stock shall be payable according to the administrator's discretion, in a lump-sum distribution, or installment payments over a period not to exceed five years.

**Forfeitures**: At December 31, 2009 and 2008, forfeited Employer contribution amounts totaled $198,190 and $149,183, respectively. These amounts have been or will be used to either reduce Employer contributions or to pay future Plan expenses.

**Voting rights**: Each Participant is entitled to exercise voting rights attributable to the shares allocated to his or her own account with respect to certain corporate matters as specified in the Plan document. The ESOP Trustee shall vote any shares of Employer Stock held in the suspense account, any allocated shares of Employer Stock as to which no voting directions have been received, and all shares of Employer Stock held in the trust fund on any issue not subject to Participant voting direction.

**Participant loans**: Participants may borrow from their employee contribution accounts a minimum amount of $5,000 up to a maximum amount of the lesser of $50,000 or 50 percent of the Participant's employee contribution accounts (not considering any amount related to Employer contributions). Loan transactions are treated as a transfer between the investment fund and the participant loan fund. Loan repayment terms range from 1-5 years. The loans are collateralized by the balance in the Participant's contribution account and bear interest at a fixed rate of one percent over the prime rate of interest as published in the Wall Street Journal as of the day the loan transaction process is completed. The interest rate on current loans outstanding ranges from 4.25 percent to 9.25 percent. Principal and interest are paid ratably through payroll deductions.

**Administrative expenses**: Except as previously noted under Forfeitures, the Company pays the administrative expenses of the Plan.

## Note 3. Fair Value Measurements

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

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

*Mutual funds*: Valued at the net asset value ("NAV") of shares held by the Plan at year end.

**Note 3. Fair Value Measurements (Continued)**

*Common/Collective Funds:* Valued at fair value, which represents the net asset value of shares held by the Trust at year-end as determined by Vanguard (and equals cost plus net interest earned).

*Participant loans*: Valued at the outstanding principal amount (face value), which approximates fair value.

*S&C Common Stock*: Valued at fair value, as determined by the ESOP Trustee after taking into consideration a valuation from an independent appraiser. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, and market comparables.

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

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | | | | |
| Large-cap equity fund | $ 23,343,136 | $ - | $ - | $ 23,343,136 |
| Mid-cap equity funds | 7,749,880 | - | - | 7,749,880 |
| International equity fund | 4,054,346 | - | - | 4,054,346 |
| Balanced funds | 27,632,092 | - | - | 27,632,092 |
| Fixed income fund | 1,161,684 | - | - | 1,161,684 |
| Common/collective funds | - | 29,795,593 | - | 29,795,593 |
| S&C common stock | - | - | 284,920,735 | 284,920,735 |
| Participant loans | - | - | 2,926,993 | 2,926,993 |
| Total assets at fair value | $ 63,941,138 | $ 29,795,593 | $ 287,847,728 | $ 381,584,459 |

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 47,419,846 | $ - | $ - | $ 47,419,846 |
| Common/collective funds | - | 31,196,196 | - | 31,196,196 |
| S&C common stock | - | - | 224,715,413 | 224,715,413 |
| Participant loans | - | - | 2,472,811 | 2,472,811 |
| Total assets at fair value | $ 47,419,846 | $ 31,196,196 | $ 227,188,224 | $ 305,804,266 |

**Note 3. Fair Value Measurements (Continued)**

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 224,715,413 | $ 2,472,811 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | 60,205,322 | - |
| Issuances and repayments (net) | - | 454,182 |
| Balance, end of year | $ 284,920,735 | $ 2,926,993 |

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

| | S&C Common Stock | Participant Loans |
|---|---|---|
| Balance, beginning of year | $ 238,041,113 | $ 2,199,023 |
| Realized gains (losses) | - | - |
| Unrealized gains relating to instruments still held at the reporting date | (13,325,700) | - |
| Issuances and repayments (net) | - | 273,788 |
| Balance, end of year | $ 224,715,413 | $ 2,472,811 |

**Note 3. Fair Value Measurements (Continued)**

The following table sets forth the fair value of investments in certain funds that calculate net asset value per share (or its equivalent):

| Investment | Fair Value | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Vanguard Retirement Savings Trust (a) | $ 25,734,741 | $ - | 12 months | None |
| GreatBanc Trust Company Short Term Collective Investment Fund (b) | 4,051,232 | - | Immediate | None |
| Vanguard Prime Money Market Fund (b) | 9,620 | - | Immediate | None |
| Total | $ 29,795,593 | $ - | | |

(a) This category includes highly rated synthetic investment contracts, traditional investment contracts and cash investments. Investments in this category can be redeemed immediately at the participant level and in 12 months at the Plan level, at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

(b) This category includes high quality, short term securities. Investments in this category can be redeemed immediately at the current net asset value per share based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per share of the investments.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Investments

Investments that represent 5 percent or more of the Trust's net assets as of December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| Shares of mutual funds at fair value as determined by quoted market prices: | | |
| Vanguard 500 Index Fund | $ 23,343,136 | $ 17,973,476 |
| Vanguard Wellesley Income Fund | ** | 10,611,590 |
| Shares of common / collective funds at fair value as determined by the fund: | | |
| Vanguard Retirement Savings Trust | 25,734,741 | 24,795,411 |
| Common Stock of S&C Electric Company - Legacy Stock Fund * | 77,788,236 | 61,351,153 |
| Common Stock of S&C Electric Company - ESOP Stock Fund * | 207,132,499 | 163,364,260 |

* Non-participant directed asset.
** Amount does not exceed 5% of 2009 net assets.

### Note 5. Party-In-Interest and Related Party Transactions

The Plan's investments, other than the Company common stock, are held by Vanguard, the custodian. Vanguard also performs administrative and recordkeeping services for the Plan. Vanguard receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

The Plan's investment in the Company stock is held by GreatBanc Trust Company, the ESOP Trustee. GreatBanc receives fees for its service to the Plan, which have either been paid by the Company on behalf of the Plan or from Plan forfeitures, and which represent a permissible party-in-interest transaction.

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Party-In-Interest and Related Party Transactions (Continued)

Certain employees and/or officers of the Company provide trustee and other administrative services for the Plan. These employees and/or officers are also Participants in the Plan.

At December 31, 2009 and 2008, the ESOP trustee held 523,474 shares of S&C Electric Company common stock allocated to Participants in the S&C Legacy Stock Fund. The cost and fair value of these shares at December 31, 2009 and 2008, were $16,365,964 and $77,788,236, and $16,365,964 and $61,351,153, respectively.

Information about the Plan's ESOP investment in S&C Electric Company common stock as of December 31, 2009 and 2008, is as follows:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Allocated | Unallocated | Allocated | Unallocated |
| Number of Shares | 130,469 | 1,263,424 | 31,269 | 1,362,624 |
| Cost | $ 11,737,398 | $ 113,661,564 | $ 2,812,424 | $ 122,586,538 |
| Fair Value | $ 19,387,693 | $ 187,744,806 | $ 3,664,727 | $ 159,699,533 |

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Employer Contributions

The Plan provides for various types of Employer Contributions, which are allocated to the accounts of Participants principally in the form of S&C Electric Company common stock. The Employer Contributions allocated for the years ended December 31, 2009 and 2008, are as follows:

| | 2009 | 2008 |
|---|---|---|
| ESOP matching contributions | $ 2,586,634 | $ 2,700,400 |
| ESOP core contributions | 3,295,054 | 3,399,998 |
| ESOP transition contributions | 5,405,434 | 5,383,800 |
| ESOP discretionary contributions | - | 892,000 |
| | $ 11,287,122 | $ 12,376,198 |

The payments by the Company to the ESOP Trustee, necessary to provide these benefit allocations, were $10,564,681 in 2010 and $17,314,124 in 2009, respectively.

### Note 7. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan Document to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event the Plan were to terminate, Participants would become 100 percent vested in their employer contribution accounts.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Notes Payable

Notes payable to the Company consist of the following at December 31, 2009 and 2008:

| | 2009 | 2008 |
|---|---|---|
| Term note payable to the Company, with an initial principal payment of $1,044,991 plus interest, and annual principal payments of $4,179,965 plus interest thereafter, at 5.5%, due March 31, 2038, and collateralized at December 31, 2009 and 2008, by 1,263,424 and 1,362,624 unallocated shares of S&C Company common stock, respectively. | $ 113,831,127 | $ 123,597,434 |

Maturities for long-term debt are as follows:

| Years ending December 31: | |
|---|---|
| 2011 | $ 2,773,588 |
| 2012 | 4,179,965 |
| 2013 | 4,179,965 |
| 2014 | 4,179,965 |
| Thereafter | 98,517,644 |
| | $ 113,831,127 |

The estimated fair value of the note payable as of December 31, 2009 and 2008, was approximately $116,000,000 and $127,000,000, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates and nonperformance risk.

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated July 28, 2000, that the qualified Plan and the Trust established under the Plan is tax exempt under the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended and restated since receipt of the determination letter, and the Company has requested a favorable determination letter on the continued qualified status of the Plan. The Plan administrator believes that the Plan is currently in compliance with the applicable requirements of the IRC and intends to operate the Plan in such a manner as to maintain its qualified status.

### Note 10. 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 changes could materially affect Participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| | | **Participant directed:** | | |
| | | Shares of mutual funds: | | |
| * | Vanguard Fiduciary Trust Company | Vanguard 500 Index Fund (227,436 shares) | | $ 23,343,136 |
| * | Vanguard Fiduciary Trust Company | Vanguard Wellesley Income Fund (630,892 shares) | | 12,851,261 |
| * | Vanguard Fiduciary Trust Company | Vanguard Strategic Equity Fund (398,992 shares) | | 6,096,603 |
| * | Vanguard Fiduciary Trust Company | Vanguard International Growth Fund (238,631 shares) | | 4,054,346 |
| * | Vanguard Fiduciary Trust Company | Vanguard Growth Equity Fund (178,347 shares) | | 1,653,277 |
| * | Vanguard Fiduciary Trust Company | Vanguard Total Bond Market Index Fund (112,240 shares) | | 1,161,684 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement Income Fund (79,856 shares) | | 845,679 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2005 Fund (116,930 shares) | | 1,283,889 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2015 Fund (572,729 shares) | | 6,477,561 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2025 Fund (295,740 shares) | | 3,347,778 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2035 Fund (172,685 shares) | | 2,006,605 |
| * | Vanguard Fiduciary Trust Company | Vanguard Target Retirement 2045 Fund (68,163 shares) | | 819,319 |

(Continued)

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)
December 31, 2009

| (a) | (b) Identity of issuer, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost ** | (e) Current value |
|---|---|---|---|---|
| * | Vanguard Fiduciary Trust Company | Shares of common/collective funds: Vanguard Retirement Savings Trust (25,734,741 shares) | | $ 25,734,741 |
| * | Plan participants | Participant loans (interest rates range from 4.25% to 9.25%) | | 2,926,993 |
| | | **Non-participant directed:** | | |
| * | S&C Electric Company | Common stock of S&C Electric Company ESOP Stock Fund, (1,393,893 shares) | $ 125,398,962 | 207,132,499 |
| * | S&C Electric Company | Common stock of S&C Electric Company Legacy Stock Fund, (523,474 shares) | 16,365,964 | 77,788,236 |
| * | GreatBanc Trust Company | Shares of common/collective funds: Short Term Collective Investment Fund (4,051,232 shares) | 4,051,232 | 4,051,232 |
| * | Vanguard Fiduciary Trust Company | Vanguard Prime Money Market Fund (9,620 shares) | 9,620 | 9,620 |
| | | | | $ 381,584,459 |

* Represents a party-in-interest investment.
** Cost information is not required for participant directed funds.

S&C 401(k) RETIREMENT SAVINGS
AND EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 36-1747665
PLAN NUMBER: 002

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
Year Ended December 31, 2009

| (a) Identity of party involved | (b) Description of asset (include interest rate and maturity in case of a loan) | (c) Purchase price | (d) Selling price | (g) Original cost of asset | (h) Current value of asset on transaction date | (i) Net gain or (loss) |
|---|---|---|---|---|---|---|
| | Series of Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - Legacy Stock Fund | | | | | |
| | 21 Purchases | $ 9,814,746 | $ - | $ 9,814,746 | $ 9,814,746 | $ - |
| | 54 Sales | - | 12,395,608 | 12,395,608 | 12,395,608 | - |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | 15 Purchases | 17,340,730 | - | 17,340,730 | 17,340,730 | - |
| | 42 Sales | - | 17,109,428 | 17,109,428 | 17,109,428 | - |
| | Individual Transactions: | | | | | |
| GreatBanc Trust Company * | Short Term Collective Investment Fund - ESOP Stock Fund | | | | | |
| | Purchase | 17,336,013 | - | 17,336,013 | 17,336,013 | - |
| | Sale | - | 16,564,166 | 16,564,166 | 16,564,166 | - |

* Represents a party-in-interest investment
due to the fiduciary nature of the party