

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 <u>01/01/2009</u> and ending <u>12/31/2009</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>PENSION PLAN FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES</u>	1b Three-digit plan number (PN) ► <u>023</u> 1c Effective date of plan <u>01/01/1950</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>WASCO LLC C/O VEOLIA WATER NORTH AMERICA</u> <u>101 WEST WASHINGTON STREET</u> <u>SUITE 1400 EAST</u> <u>INDIANAPOLIS, IN 46204</u>	2b Employer Identification Number (EIN) <u>33-0266015</u> 2c Sponsor's telephone number <u>281-985-5502</u> 2d Business code (see instructions) <u>221300</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>03/23/2011</u>	<u>PAMELA PRICE</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>03/23/2011</u>	<u>PAMELA PRICE</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2009)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") WASCO LLC C/O VEOLIA WATER NORTH AMERICA 101 WEST WASHINGTON STREET SUITE 1400 EAST INDIANAPOLIS, IN 46204	3b Administrator's EIN 33-0266015 3c Administrator's telephone number 281-985-5502
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	236
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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	163
b Retired or separated participants receiving benefits.....	6b	19
c Other retired or separated participants entitled to future benefits.....	6c	50
d Subtotal. Add lines 6a , 6b , and 6c	6d	232
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	4
f Total. Add lines 6d and 6e	6f	236
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3H

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

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

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

A Name of plan <u>PENSION PLAN FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>023</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>WASCO LLC C/O VEOLIA WATER NORTH AMERICA</u>	D Employer Identification Number (EIN) <u>33-0266015</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>7549720</u>
b	Actuarial value 2b <u>8304692</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>22</u> <u>605082</u>
b	For terminated vested participants 3b <u>50</u> <u>945632</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>840172</u>
(2)	Vested benefits 3c(2) <u>5375577</u>
(3)	Total active 3c(3) <u>164</u> <u>6215749</u>
d	Total 3d <u>236</u> <u>7766463</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>8.00</u> %
6	Target normal cost 6 <u>614428</u>

Statement by Enrolled Actuary

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

SIGN HERE	<u>10/15/2010</u>
Signature of actuary	Date
<u>GARY D. DICKSON</u>	<u>08-03764</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>513-632-2600</u>
Firm name	Telephone number (including area code)
<u>525 VINE STREET SUITE 1600</u> <u>CINCINNATI, OH 45202-3121</u>	
Address of the firm	

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

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

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	252	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	252	0
10	Interest on item 9 using prior year's actual return of <u>-30.46</u> %	-77	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.23</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	175	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	106.92 %
15	Adjusted funding target attainment percentage.....	15	106.93 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	119.13 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/13/2013	86877	0			
			Totals ►	18(b)	86877
				18(c)	

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 76231
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

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

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

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	76374
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	76374
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	175	0
36 Additional cash requirement (item 34 minus item 35).....	36	76199
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	76231
38 Interest-adjusted excess contributions for current year (see instructions).....	38	32
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		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 PENSION PLAN FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES		B Three-digit plan number (PN) ▶ 023
C Plan sponsor's name as shown on line 2a of Form 5500 WASCO LLC C/O VEOLIA WATER NORTH AMERICA		D Employer Identification Number (EIN) 33-0266015

Part I	Service Provider Information (see instructions)
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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

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

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

SEI INVESTMENTS

23-3060382

(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?
21	NONE	27547	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

ERNST & YOUNG

34-6565596

(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?
10	NONE	15000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

SEYFARTH SHAWW

36-2152202

(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?
29	NONE	14047	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

MERCER

13-2834414

(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?
11	NONE	87519	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 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 PENSION PLAN FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES	B Three-digit plan number (PN) ►	023
C Plan sponsor's name as shown on line 2a of Form 5500 WASCO LLC C/O VEOLIA WATER NORTH AMERICA	D Employer Identification Number (EIN) 33-0266015	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		197
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		86877
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	19245	5541
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		196725
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(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)	7530475	9076722
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	7549720	9366062

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	7549720	9366062
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	86877	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		86877
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	109	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		109
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	278506	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		278506
(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)	4100122	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		4100122
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-2418247
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2047367

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	77366	
(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)		77366
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	52798	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	77612	
(4) Other	2i(4)	23249	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		153659
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		231025

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1816342
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: ERNST & YOUNG

(2) EIN: 34-6565596

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

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

Part IV Compliance Questions

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

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		2000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

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

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

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

A Name of plan <u>PENSION PLAN FOR COLLECTIVELY BARGAINED INDIANAPOLIS WATER EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>023</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>WASCO LLC C/O VEOLIA WATER NORTH AMERICA</u>	D Employer Identification Number (EIN) <u>33-0266015</u>

Part I	Distributions
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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	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-3060382</u> <u>94-1347393</u> Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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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
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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.
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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): _____

- 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): _____

Report of Independent Auditors

The Plan Sponsor Committee
Pension Plan for Collectively Bargained
Indianapolis Water Employees

We were engaged to audit the accompanying statements of net assets available for benefits of the Pension Plan for Collectively Bargained Indianapolis Water Employees as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedules of assets (held at end of year) as of December 31, 2009, and reportable transactions for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by the Wells Fargo Bank, N.A. and SEI Private Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that Wells Fargo Bank, N.A. held the Plan's investment assets and executed investment transactions from October 31, 2009 to December 31, 2009, and that SEI Private Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2008, and for the period from January 1, 2009 to October 30, 2009. The plan administrator has obtained certifications from the trustees as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the investment information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

February 18, 2011

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Investments:		
Cash	\$ 196,922	\$ —
Mutual funds, at fair value	9,076,722	7,530,475
Total investments	<u>9,273,644</u>	<u>7,530,475</u>
Receivables:		
Investment income receivable	5,541	19,245
Employer contributions receivable	86,877	—
Net assets available for benefits	<u>\$ 9,366,062</u>	<u>\$ 7,549,720</u>

See accompanying notes.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

Additions to net assets:	
Employer contributions	\$ 86,877
Interest and dividends	278,615
Total additions	<u>365,492</u>
Deductions from net assets:	
Benefits paid directly to participants	77,366
Administrative expenses	153,659
Total deductions	<u>231,025</u>
Net appreciation in fair value of investments	<u>1,681,875</u>
Net increase	1,816,342
Net assets available for benefits at beginning of year	7,549,720
Net assets available for benefits at end of year	<u><u>\$ 9,366,062</u></u>

See accompanying notes.

Pension Plan for Collectively Bargained Indianapolis Water Employees

Notes to Financial Statements

December 31, 2009

1. Description of the Plan

The following description of the Pension Plan for Collectively Bargained Indianapolis Water Employees (the Plan) provides only general information about the Plan's provisions. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan was established January 1, 1950, and restated January 1, 2005. It is a defined-benefit pension plan sponsored by Water Applications & Systems Corporation (the Plan Sponsor) covering the production and maintenance employees of Veolia Water Indianapolis, LLC (the Employer) who are members of the National Conference of Firemen and Oilers, the S.E.I.U. Local 131. These employees are covered under the Collective Bargaining Agreement effective January 1, 2007 through December 31, 2009. Employees are not eligible to participate in the Plan if they were hired after May 12, 2004. Effective December 31, 2003, accrued benefits under the Plan are frozen. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective January 1, 2010, the Plan was restated.

Vesting

Benefits become vested when the participant retires or reaches age 65 or when the Plan is terminated or partially terminated to the extent funded. Such benefits also become vested at the time the participant completes five years of at least 1,000 hours of service per year.

Benefits

Employees are entitled to annual pension benefits upon attaining specified age and length of service requirements. Employees may elect to receive their pension benefits in the form of a basic or a joint and survivor annuity or in the form of a lump-sum payment.

Monthly benefit payments are determined by application of a benefit ratio to a participant's highest average monthly wages for a 36 consecutive month period. In determining the benefit ratio, a participant may receive credit for a maximum of 50 years of employment with the Employer.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

If an active employee dies and has met vesting service requirements at the date of death, benefits will be paid to the surviving spouse as determined by the terms of the Plan. A participant who is eligible for retirement or for total and permanent disability shall be entitled to an annuity commencing on the date of retirement or disability in an amount determined by the terms of the Plan.

Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- (a) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been available) during those three years. The amount is further limited to the lowest benefit that would be payable under the Plan's provisions in effect at any time during the five years preceding the Plan's termination.
- (b) Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) up to the applicable limitations (discussed below).
- (c) All other vested benefits (that is, vested benefits not insured by the PBGC).
- (d) All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan is terminated. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

Funding Policy

The Plan is noncontributory, with the Employer providing funding as calculated by the actuary.

The contributions of the Employer are designed to fund the Plan's current service costs on a current basis and to fund over 10 to 40 years the estimated accrued benefit costs arising from qualifying service prior to establishment of the Plan, thereby providing all employees' benefits by retirement date.

The Employer contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to participants and to satisfy the ERISA minimum funding requirements. The Plan has met the ERISA minimum funding requirements.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and supplemental schedules. Actual results could differ from those estimates.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. 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

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses of the Plan related to actuarial, audit, and investment management fees are paid out of the net assets of the Plan.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered.

Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts that are excluded from plan assets are excluded from accumulated plan benefits.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

The following represents the accumulated plan benefits information at December 31, 2008, for the plan year ended December 31, 2009:

	December 31
	2008
Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants and beneficiaries currently receiving payments	\$ 688,157
Other participants	7,735,964
Total vested benefits	8,424,121
Nonvested benefits	1,112,880
Total actuarial present value of accumulated plan benefits	<u>\$ 9,537,001</u>

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of December 31, 2007	\$ 8,932,736
Increase (decrease) during the year attributed to:	
Benefits accumulated and (gains) losses	609,251
Benefits paid	(205,951)
Assumption changes	(460,623)
Increase for interest due to decrease in discount period	661,588
Net increase	<u>604,265</u>
Actuarial present value of accumulated plan benefits as of December 31, 2008	<u>\$ 9,537,001</u>

Significant assumptions underlying the actuarial valuation are as follows:

Assumed rate of return on investments	7.5%
Rate of compensation increase	2.0%
Average retirement age	61
Mortality basis	Unisex Pensioners 1994 Mortality Table Projected to 2010

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

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

Paragraphs 51A-51H of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-35, issued in April 2009 as FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, provide additional authoritative guidance to assist both the Plan Sponsor and users of financial statements in determining whether a market is active or inactive, and whether a transaction is distressed. The Plan adopted the revised provisions of ASC 820 for the reporting period ended December 31, 2009. The adoption did not impact the Plan's net assets available for benefits or its changes in net assets available for benefits.

The FASB issued Statement of Financial Accounting Standards No. 165, *Subsequent Events*, which was codified into ASC 855, *Subsequent Events*, to provide general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 was amended in February 2010. The Plan has adopted ASC 855, as amended. The Plan evaluated subsequent events for recognition or disclosure through the time of issuing these financial statements on February 18, 2011, and one event was identified. Effective January 1, 2010, the Plan was restated.

Paragraphs 58-62 of FASB ASC 820-10-35, issued in September 2009 as Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, amended ASC 820 to allow entities to use net asset value (NAV) per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have a readily determinable fair value and the NAV is calculated in a manner consistent with investment company accounting. The Plan adopted the amended guidance for the reporting period ended December 31, 2009. The adoption did not impact the Plan's net assets available for benefits. See Note 4 for fair value disclosures.

The FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, which amends ASC 820 to clarify certain existing fair value disclosures and to require a number of additional disclosures. The amended guidance clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. The new guidance also clarified the requirement for entities to disclose

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

information about both the valuation techniques and inputs used in estimating Level II and Level III fair value measurements. In addition, the new guidance introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels I, II, and III of the fair value hierarchy and to present information regarding the purchases, sales, issuances, and settlements of Level III assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level III measurements on a gross basis, which is delayed until 2011, the amended guidance became effective for reporting periods beginning after December 15, 2009. The Plan adopted the amended guidance effective January 1, 2010. The adoption did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

3. Investments

All investment information for the Plan disclosed in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2009, and net appreciation in fair value of investments, interest, and dividends for the year ended December 31, 2009, was obtained or derived from information provided to the plan administrator and certified as complete and accurate by the the trustees of the Plan.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

3. Investments (continued)

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits are as follows:

	December 31	
	2009	2008
Wells Fargo Advantage Total Return Bond Fund Admin #943	\$ 1,692,213	\$ —
MFS Value Fund Class W #2400	994,621	—
Wells Fargo Advantage Capital Growth Admin Class #3603	992,559	—
Federated Total Return Bonds Class I #288	992,090	—
Metropolitan West Funds Total Return Bonds Class M #312	663,798	—
Mainstay Large Cap Growth I Fund #1483	510,528	—
Wells Fargo Advantage Equity Value Fund Admin #1093	503,998	—
Wells Fargo Advantage Growth Fund Admin #3608	502,009	—
Evergreen Intrinsic Value Class I #517	499,101	—
SEI Large Cap Disciplined Equity #295	—	2,713,514
SEI Core Fixed Income Fund #285	—	2,529,445
SEI International Equity Fund #281	—	829,756
SEI Institutional High Yield Bond Fund #59	—	630,910
SEI Small/Mid Cap Equity Fund #296	—	468,148

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

4. Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Observable inputs other than quoted prices that are used in the valuation of the assets or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Mutual funds per the Retirement Plan: The shares of mutual funds are valued at quoted market prices, which represent the NAV of shares held by the Plan at year-end.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
December 31, 2009				
Mutual funds	\$ 9,076,722	\$ —	\$ —	\$ 9,076,722
Total investments	\$ 9,076,722	\$ —	\$ —	\$ 9,076,722

	Level 1	Level 2	Level 3	Total
December 31, 2008				
Mutual funds	\$ 7,530,475	\$ —	\$ —	\$ 7,530,475
Total investments	\$ 7,530,475	\$ —	\$ —	\$ 7,530,475

There were no transfers between levels recorded during the years ended December 31, 2009 and 2008.

5. Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 25, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax-exempt.

6. Related-Party Transactions

Certain of the Plan's assets are invested in funds managed by the trustees of the Plan. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, 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 the amounts reported in the statements of net assets available for benefits. Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 61.

**Weighted
Average
Retirement Age:**

61

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
<u>Age</u>	<u>Retirement</u>	<u>Lx</u>	<u># Ret</u>	<u>#Ret x Age</u>
55	5.00%	10,000	500	27,500
56	5.00%	9,500	475	26,600
57	5.00%	9,025	451	25,721
58	5.00%	8,574	429	24,864
59	5.00%	8,145	407	24,028
60	30.00%	7,738	2,321	139,281
61	20.00%	5,416	1,083	66,081
62	50.00%	4,333	2,167	134,328
63	20.00%	2,167	433	27,299
64	20.00%	1,733	347	22,186
65	100.00%	1,387	1,387	90,130
		Total	10,000	608,018

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

Discount rate elections¹			
▪ Funding	Full yield curve with a 2-month look back		
Mortality elections			
▪ Healthy participants	2009 PPA separate static annuitant and non-annuitant mortality tables		
▪ Pre-1995 disabilities	2009 PPA separate static annuitant and non-annuitant mortality tables		
▪ Post-1994 disabilities	2009 PPA separate static annuitant and non-annuitant mortality tables		
Other economic assumptions			
▪ Flat-dollar benefit increases	Not applicable		
▪ Salary increases	3.5% per year compounded annually		
▪ Inflation	2.5% per year compounded annually		
▪ Expected investment return	7.00% per year from 2007 through 2009		
▪ Expenses	\$70,000 (added to normal cost)		
▪ Other	None		
Demographic assumptions			
Withdrawal	Table 2 of the Actuary's Pension Handbook. See table of sample rates		
Disability incidence	See table of sample rates		
Retirement age	See table of rates		
Benefit commencement age for			
▪ Future vested deferred	Age 65		
▪ Current vested deferred	Age 65		
Spouse assumptions	<u>Male participants</u>	<u>Female participants</u>	
▪ Percentage married	100%	100%	
▪ Spouse age difference	3 years younger	3 years older	
Form of payment	<u>Lump sum</u>	<u>Single life</u>	<u>50% J&S</u>
▪ Active retirements	100%	0%	0%
▪ Future vested deferred	100%	0%	0%
▪ Future disabilities	100%	0%	0%
▪ Future deaths	100%	0%	0%
▪ Current vested deferred	100%	0%	0%

¹ Based on interest rate methodology elections described in Exhibit C.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Table of sample rates**

Attained Age	Table of Sample Rates Disability		
	Male	Female	Withdrawal
20	.015%	.020%	5.43%
25	.015	.025	5.29
30	.020	.030	5.06
35	.025	.040	4.70
40	.035	.050	3.50
45	.050	.075	1.77
50	.090	.130	0.40
55	.180	.245	0.00
60	.450	.605	0.00

Retirement Rates	
Attained Age	Percentage
55-59	5%
60	30%
61	20%
62	50%
63-64	20%
65	100%

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

Attained Age	Ratio of Salary at Age 65 to Salary at Attained Age
20	470%
25	396
30	333
35	281
40	236
45	199
50	168
55	141
60	119

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

Actuarial methods

Asset methods

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

The asset valuation method is an annual average of the adjusted market value over the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value

Participant methods

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

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date.
- **Participants excluded:** No participants have been excluded from the valuation.
- **Insurance contracts:** Insurance contracts payable under the former AUL plan are excluded from liabilities.

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

Plan sponsor elections

- **Mortality**
 - Static annuitant and non-annuitant tables
- **Funding interest rate**
 - Full yield curve
 - 2 look-back months
- **Valuation of lump sums based on IRC Section 417(e) assumptions:**
 - The annuity substitution method is used

Minimum funding method

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

A detailed description of the calculation follows:

- An individual's **accrued liability** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual normal costs, and the plan's **funding target** is the sum of the accrued liabilities for all participants under the plan.

Maximum deductible contribution method

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

A detailed description of the calculation follows:

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

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

- The plan's **projected accrued liability** is the sum of the projected accrued liabilities for all participants under the plan.

Schedule SB, Part V — Summary of Plan Provisions**Plan provisions**

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

Effective date and plan year	Original plan: January 1, 1950 Restated plan: May 1, 2002 Plan year: Calendar Year
Most recent amendment	January 1, 2004
Status of the plan	Employees hired or rehired on or after May 12, 2004 are not eligible to participate in the plan.
Significant events that occurred during the year	None

Definitions

<ul style="list-style-type: none"> Covered employees 	<p>"Employee" means a person who is designated on the payroll records of the Employer as an Indianapolis Water Employee and receives compensation that the employer initially reports on a federal wage and tax statement.</p>
<ul style="list-style-type: none"> Participation 	<p>An employee becomes a participant on the January 1 or July 1 after his completion of one year of service.</p> <p>Employees hired or rehired on or after May 12, 2004 are not eligible.</p>
<ul style="list-style-type: none"> Employee contributions 	<p>There are no employee contributions.</p>
<ul style="list-style-type: none"> Credited service and vesting service 	<p>For the period ending December 31, 1975, an employee is credited with Accrual Service and Vesting Service equal to the greater of:</p> <ol style="list-style-type: none"> the number of years of continuous service (rounded to the nearest month), or the number of Plan Years during which he completed at least 1,000 Hours of Service. <p>After December 31, 1975, an employee is credited with one year of Accrual Service and Vesting Service for each Plan Year during which he completes at least 1,000 Hours of Service. If the employee does not complete 1,000 Hours of Service during the first year or the last year of his employment, he will receive 1/12th year of Accrual Service for each calendar month during which he completes at least 83 Hours of Service.</p>

Schedule SB, Part V — Summary of Plan Provisions

▪ Pensionable earnings	Earnings means the employee's earned income, wages, salaries, fees for professional services and other amounts received for personal services rendered in the course of employment with the employer to the extent that the amounts are includable in gross income.
▪ Final average earnings	A participant's average monthly earnings is the average of his Monthly Basic Salary for the 36 consecutive calendar months that produce the highest average. The maximum salary allowable for a calendar year is \$150,000, effective January 1, 1994. This figure is indexed to future inflation increases, rounded down to the next lower \$5,000 (\$245,000 for 2009).
▪ Accrued benefit	<p>The monthly amount of a participant's accrued benefit as of any date shall be equal to the sum of:</p> <ul style="list-style-type: none"> ▪ The number of participant's years of accrual service, up to and including 20 years, multiplied by 0.85% of the first \$833.00 of his average monthly basic salary. ▪ The number of participant's next 10 years of accrual service, multiplied by 1.02% of the first \$833.00 of his average monthly basic salary. ▪ The number of participant's years of accrual service in excess of 30, multiplied by 1.13% of the first \$833.00 of his average monthly basic salary. ▪ The number of participant's total years (not in excess of 50) of accrual service, multiplied by 1.25% of the amount by which his average monthly basic salary exceeds \$833.00. <p>The Accrued Benefit is subject to a minimum benefit of \$20.00 multiplied by years of Accrual Service. In addition, there is a minimum accrued benefit determined pursuant to Part II, Option 3 (formula with extended wear-away), at the Appendix of Revenue Procedure 94-13..</p>
Normal retirement	
▪ Eligibility	The normal retirement age is age 65 for participants hired before age 60. For a participant hired after age 60, the normal retirement age is on the fifth anniversary of the date he became an employee.

Schedule SB, Part V — Summary of Plan Provisions

▪ Benefit	Upon attainment of his normal retirement age, an employee is eligible to receive his Accrued Benefit in the form of a life annuity.
Early retirement	
▪ Eligibility	A participant is eligible for early retirement benefits upon completion of 5 years of Vesting Service on the first day of any month after: <ol style="list-style-type: none"> 1. he attains age 55 and the sum of his attained age and his years of Vesting Service is at least 70; or 2. his attained age plus his years of Vesting Service total 75.
▪ Benefit	If the early retiree is at least 60 years of age and has 30 or more years of Vesting Service, he will receive his full accrued benefit. Otherwise, he will receive his Accrued Benefit reduced .0025 for each of the first 120 months and actuarially for each additional month by which his Early Retirement Date precedes his Normal Retirement Date.
Late retirement	
▪ Eligibility	A participant who retires after his Normal Retirement Date.
▪ Benefit	His Accrued Benefit determined as of his Late Retirement Date taking into account service and monthly earnings after his Normal Retirement Date.
Deferred vested	
▪ Eligibility	If a participant terminates employment after completing 5 years of Vesting Service, he is eligible to receive his Accrued Benefit with payments to begin on the first day of the month after his 65th birthday.
▪ Benefit	The participant may elect earlier commencement of benefits any time after satisfying the requirements for early retirement (without accumulating any additional Vesting Service), in which case his Accrued Benefit is reduced 1/180th for each of the first 60 months, 1/360th for each of the next 60 months, and actuarially thereafter for each month by which the commencement date precedes his Normal Retirement Date.
Disability	
▪ Eligibility	A participant who becomes totally and permanently disabled after age 50
▪ Benefit	Accrued Benefit reduced as for early retirement.

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death	
▪ Eligibility	Participant of the plan
▪ Benefit prior to early retirement	If the participant was not yet eligible for early retirement, the benefit is calculated as if he had terminated employment on his date of death, survived to the Earliest Retirement Age, retired with an immediate joint and 50% survivor annuity at the Earliest Retirement Age, and died on the day after the Earliest Retirement Age.
▪ Benefit after early but before normal retirement	The benefit is calculated as if the participant had retired on the day before the participant's date of death under the joint and 50% survivor option
▪ Benefit after normal retirement	The benefit is calculated as if the participant had retired on the day before his death under the joint and 50% survivor option. A special death benefit may also apply to surviving spouses in certain cases.
Form of benefits	
▪ Automatic form for unmarried participants	Life Annuity.
▪ Automatic form for married participants	Actuarially reduced 50% joint and survivor annuity unless specifically rejected.
▪ Optional forms	10 year certain and life, 100% joint and survivor, 66 2/3% joint and survivor, 50% joint and survivor, modified cash refund, and lump-sum option.

Schedule SB, Part V — Summary of Plan Provisions

<ul style="list-style-type: none"> Optional form conversion factors 	<p>Actuarial Equivalent or Actuarially Equivalent means, as applied to a benefit under the Plan, a benefit having the same actuarially determined value as the benefit that the Actuarial Equivalent replaces. The determination of an Actuarial Equivalent will be based on the following actuarial assumptions below:</p> <p>1) Interest Rate - An interest rate of 7% per annum.</p> <p>2) Mortality</p> <p>A) for participants, the Unisex Pension 1984 Mortality table(UP-1984 Table) with ages set forward one half year. This age adjustment is determined by interpolating (straight line) between mortality rates with no age adjustment and mortality rates with ages set forward one year.</p> <p>B) For beneficiaries, the Unisex Pension 1984 Mortality Table (UP-1984 Table) with ages set back three and one half years. This setback is determined by interpolating (straight line) between mortality rates with a three - year age setback and mortality rates with a four-year age setback.</p>
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Miscellaneous

<ul style="list-style-type: none"> Maximum compensation 	<p>Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2009 the limit is \$245,000.</p>
<ul style="list-style-type: none"> Maximum benefits 	<p>Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2009, the limit is \$195,000.</p>
<ul style="list-style-type: none"> Administration 	<p>The Company's Employee Benefits and Compensation Committee</p>
<ul style="list-style-type: none"> Funding medium 	<p>The Trust</p>
<ul style="list-style-type: none"> Benefits not included in valuation 	<p>All benefits were valued.</p>
<ul style="list-style-type: none"> Changes since the prior valuation 	<p>The 415 limit increased from \$185,000 to \$195,000 and the compensation limit increased from \$230,000 to \$245,000.</p>

Benefits included or excluded

Unless noted below, all benefits provided by the plan are included in this valuation.

Schedule SB, Part V — Summary of Plan Provisions

- **Plan amendments:** Amendments adopted after the valuation date or effective after the current plan year are excluded from the valuation.
- **Late retirement increases:**
 - *Active participants:* The plan does not provide late retirement increases.
 - *Deferred vested participants:* The plan does not provide late retirement increases.
- **IRC Section 415(b):** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy accruals.
- **Benefit restrictions:** Benefit restrictions (if applicable) are ignored in this valuation.

Schedule SB, Line 25 — Change in Method

- The asset method has been changed from fair market value to average asset value.
- The funding interest rate basis has changed from the segment rates to the full yield curve with a two-month look-back.
- Expenses have been assumed to increase from \$0 in 2008 to \$70,000 in 2009.

Schedule SB, Line 26 — Schedule of active participant data

Attained Age	Years of credited service									
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up
< 25										
25-29			1							
30-34		1	9	6						
35-39		1	4	9	2					
40-44			9	11	4	4	1			
45-49			6	8	14	8	3	1		
50-54			4	13	3	7	4	10	2	
55-59			1	2	2	1	1	4	3	
60-64				1		1	1	1	1	
65-69										
70+										

In each cell, the number is the count of active participants for each age/service combination.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

► **Round off amounts to nearest dollar.**
 ► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>Pension Plan for Collectively Bargained Indianapolis Water Employees</u>	B Three-digit plan number (PN) <u>023</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>WASCO LLC</u>	D Employer Identification Number (EIN) <u>33-0266015</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	
F Prior year plan size: ☐ 100 or fewer ☒ 101-500 ☐ More than 500	

Part I Basic Information			
1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	7,549,720	
b Actuarial value.....	2b	8,304,692	
3 Funding target/participant count breakdown	(1) Number of participants		(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	22	605,082
b For terminated vested participants.....	3b	50	945,632
c For active participants:			
(1) Non-vested benefits.....	3c(1)		840,172
(2) Vested benefits.....	3c(2)		5,375,577
(3) Total active.....	3c(3)	164	6,215,749
d Total.....	3d	236	7,766,463
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	8.00 %	
6 Target normal cost.....	6	614,428	

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

SIGN HERE	 Gary D. Dickson <small>Signature of actuary</small>	<u>10-15-10</u> <small>Date</small> <u>08-03764</u> <small>Most recent enrollment number</small> <u>(513) 632-2600</u> <small>Telephone number (including area code)</small>
Gary D. Dickson <small>Type or print name of actuary</small>		
Mercer <small>Firm name</small>		
525 Vine Street Suite 1600 <small>Address of the firm</small>		
Cincinnati OH 45202-3121 <small>Address of the firm</small>		

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	252	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	252	0
10 Interest on item 9 using prior year's actual return of <u>(30.46)%</u>	(77)	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>6.23 %</u>		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	175	0

Part III Funding percentages

14 Funding target attainment percentage	14	106.92 %
15 Adjusted funding target attainment percentage	15	106.93 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	119.13 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
09/13/2013	86,877	0			
Totals ▶			18(b)	86,877	18(c) 0

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

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	76,231

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

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

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

21	Discount rate:			
a	Segment rates:	1st segment: %	2nd segment: %	3rd segment: %
				☒ N/A, full yield curve used
b	Applicable month (enter code)			21b 2
22	Weighted average retirement age			22 61
23	Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

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

Part VII Reconciliation of unpaid minimum required contributions for prior years

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

Part VIII Minimum required contribution for current year

31	Target normal cost, adjusted, if applicable (see instructions)		31	76,374
32	Amortization installments:	Outstanding Balance	Installment	
a	Net shortfall amortization installment	0	0	
b	Waiver amortization installment	0	0	
33	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34	Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)		34	76,374
35	Balances used to offset funding requirement	Carryover balance	Prefunding balance	Total balance
		175	0	175
36	Additional cash requirement (item 34 minus item 35)		36	76,199
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)		37	76,231
38	Interest-adjusted excess contributions for current year (see instructions)		38	32
39	Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)		39	0
40	Unpaid minimum required contribution for all years		40	0

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Schedule H, Line 4i – Schedule of Assets
(Held at End of Year)

December 31, 2009

Identity of Issuer, Borrower, Lessor, or Similar Party	Number of Shares/Units Held	Cost	Current Value
Mutual funds:			
Wells Fargo Advantage Total Return Bond Fund Admin #943*	133,772	\$ 1,721,904	\$ 1,692,213
MFS Value Fund Class W #2400	47,934	939,709	994,621
Wells Fargo Advantage Capital Growth Admin Class #3603*	71,407	908,443	992,559
Federated Total Return Bonds Class I #288	91,269	994,848	992,090
Metropolitan West Funds Total Return Bonds Class M #312	67,050	664,480	663,798
Mainstay Large Cap Growth I Fund #1483	81,554	467,304	510,528
Wells Fargo Advantage Equity Value Fund Admin #1093*	44,327	468,478	503,998
Wells Fargo Advantage Growth Fund Admin #3608*	18,972	449,645	502,009
Evergreen Intrinsic Value Class I #517	52,759	471,276	499,101
JP Morgan Small Cap Equity Select Shares #367	14,452	402,005	433,845
Goldman Sachs Structured International Class I #863	33,077	328,453	330,768
Janus Overseas Fund Class A #1254	6,222	241,187	264,393
Harbor International Fund-Admin Class #2211	4,683	243,188	255,436
Goldman Sachs Small Cap Value Fund Institutional	6,791	202,120	223,688
AIM Small Cap Growth Fund Class A #1564	9,615	200,274	217,675
		<u>\$ 8,703,314</u>	<u>\$ 9,076,722</u>

*Denotes party-in-interest to the Plan.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Schedule H, Line 4j – Schedule of Reportable Transactions

Year End December 31, 2009

Description of Assets	Purchase Price	Selling Price	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (loss)
Category (iii) - Series of transactions in excess of 5% of plan assets					
Federated Total Return Bonds Class I #288	\$ 994,848	\$ —	\$ 994,848	\$ 994,848	\$ —
Mainstay Large Cap Growth I Fund #1483	467,304	—	467,304	467,304	—
Wells Fargo Advantage Total Return Bond Fund Admin #943*	1,721,904	—	1,721,904	1,721,904	—
Wells Fargo Advantage Equity Value Fund Admin #1093*	477,242	476,926	—	477,242	(316)
Wells Fargo Advantage Capital Growth Admin Class #3603*	967,968	965,781	—	967,968	(2,187)
Wells Fargo Advantage Growth Fund Admin #3608*	486,423	484,963	—	486,423	(1,460)

There were no category (i), (ii), or (iv) reportable transactions.

*Denotes party-in-interest to the Plan.

Report of Independent Auditors

The Plan Sponsor Committee
Pension Plan for Collectively Bargained
Indianapolis Water Employees

We were engaged to audit the accompanying statements of net assets available for benefits of the Pension Plan for Collectively Bargained Indianapolis Water Employees as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedules of assets (held at end of year) as of December 31, 2009, and reportable transactions for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by the Wells Fargo Bank, N.A. and SEI Private Trust Company, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that Wells Fargo Bank, N.A. held the Plan's investment assets and executed investment transactions from October 31, 2009 to December 31, 2009, and that SEI Private Trust Company held the Plan's investment assets and executed investment transactions as of December 31, 2008, and for the period from January 1, 2009 to October 30, 2009. The plan administrator has obtained certifications from the trustees as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the investment information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

February 18, 2011

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Statements of Net Assets Available for Benefits

	December 31	
	2009	2008
Investments:		
Cash	\$ 196,922	\$ —
Mutual funds, at fair value	9,076,722	7,530,475
Total investments	<u>9,273,644</u>	<u>7,530,475</u>
Receivables:		
Investment income receivable	5,541	19,245
Employer contributions receivable	86,877	—
Net assets available for benefits	<u><u>\$ 9,366,062</u></u>	<u><u>\$ 7,549,720</u></u>

See accompanying notes.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

Additions to net assets:	
Employer contributions	\$ 86,877
Interest and dividends	278,615
Total additions	<u>365,492</u>
Deductions from net assets:	
Benefits paid directly to participants	77,366
Administrative expenses	153,659
Total deductions	<u>231,025</u>
Net appreciation in fair value of investments	<u>1,681,875</u>
Net increase	1,816,342
Net assets available for benefits at beginning of year	7,549,720
Net assets available for benefits at end of year	<u><u>\$ 9,366,062</u></u>

See accompanying notes.

Pension Plan for Collectively Bargained Indianapolis Water Employees

Notes to Financial Statements

December 31, 2009

1. Description of the Plan

The following description of the Pension Plan for Collectively Bargained Indianapolis Water Employees (the Plan) provides only general information about the Plan's provisions. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan was established January 1, 1950, and restated January 1, 2005. It is a defined-benefit pension plan sponsored by Water Applications & Systems Corporation (the Plan Sponsor) covering the production and maintenance employees of Veolia Water Indianapolis, LLC (the Employer) who are members of the National Conference of Firemen and Oilers, the S.E.I.U. Local 131. These employees are covered under the Collective Bargaining Agreement effective January 1, 2007 through December 31, 2009. Employees are not eligible to participate in the Plan if they were hired after May 12, 2004. Effective December 31, 2003, accrued benefits under the Plan are frozen. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective January 1, 2010, the Plan was restated.

Vesting

Benefits become vested when the participant retires or reaches age 65 or when the Plan is terminated or partially terminated to the extent funded. Such benefits also become vested at the time the participant completes five years of at least 1,000 hours of service per year.

Benefits

Employees are entitled to annual pension benefits upon attaining specified age and length of service requirements. Employees may elect to receive their pension benefits in the form of a basic or a joint and survivor annuity or in the form of a lump-sum payment.

Monthly benefit payments are determined by application of a benefit ratio to a participant's highest average monthly wages for a 36 consecutive month period. In determining the benefit ratio, a participant may receive credit for a maximum of 50 years of employment with the Employer.

**Pension Plan for Collectively Bargained
Indianapolis Water Employees**

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

If an active employee dies and has met vesting service requirements at the date of death, benefits will be paid to the surviving spouse as determined by the terms of the Plan. A participant who is eligible for retirement or for total and permanent disability shall be entitled to an annuity commencing on the date of retirement or disability in an amount determined by the terms of the Plan.

Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- (a) Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been available) during those three years. The amount is further limited to the lowest benefit that would be payable under the Plan's provisions in effect at any time during the five years preceding the Plan's termination.
- (b) Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) up to the applicable limitations (discussed below).
- (c) All other vested benefits (that is, vested benefits not insured by the PBGC).
- (d) All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan is terminated. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

Funding Policy

The Plan is noncontributory, with the Employer providing funding as calculated by the actuary.

The contributions of the Employer are designed to fund the Plan's current service costs on a current basis and to fund over 10 to 40 years the estimated accrued benefit costs arising from qualifying service prior to establishment of the Plan, thereby providing all employees' benefits by retirement date.

The Employer contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to participants and to satisfy the ERISA minimum funding requirements. The Plan has met the ERISA minimum funding requirements.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and supplemental schedules. Actual results could differ from those estimates.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. 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

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative expenses of the Plan related to actuarial, audit, and investment management fees are paid out of the net assets of the Plan.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service employees have rendered.

Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts that are excluded from plan assets are excluded from accumulated plan benefits.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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

The following represents the accumulated plan benefits information at December 31, 2008, for the plan year ended December 31, 2009:

	December 31
	2008
Actuarial present value of accumulated plan benefits:	
Vested benefits:	
Participants and beneficiaries currently receiving payments	\$ 688,157
Other participants	7,735,964
Total vested benefits	8,424,121
Nonvested benefits	1,112,880
Total actuarial present value of accumulated plan benefits	<u>\$ 9,537,001</u>

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The changes in the actuarial present value of accumulated plan benefits are as follows:

Actuarial present value of accumulated plan benefits as of December 31, 2007	\$ 8,932,736
Increase (decrease) during the year attributed to:	
Benefits accumulated and (gains) losses	609,251
Benefits paid	(205,951)
Assumption changes	(460,623)
Increase for interest due to decrease in discount period	661,588
Net increase	<u>604,265</u>
Actuarial present value of accumulated plan benefits as of December 31, 2008	<u>\$ 9,537,001</u>

Significant assumptions underlying the actuarial valuation are as follows:

Assumed rate of return on investments	7.5%
Rate of compensation increase	2.0%
Average retirement age	61
Mortality basis	Unisex Pensioners 1994 Mortality Table Projected to 2010

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

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

Paragraphs 51A-51H of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-35, issued in April 2009 as FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, provide additional authoritative guidance to assist both the Plan Sponsor and users of financial statements in determining whether a market is active or inactive, and whether a transaction is distressed. The Plan adopted the revised provisions of ASC 820 for the reporting period ended December 31, 2009. The adoption did not impact the Plan's net assets available for benefits or its changes in net assets available for benefits.

The FASB issued Statement of Financial Accounting Standards No. 165, *Subsequent Events*, which was codified into ASC 855, *Subsequent Events*, to provide general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 was amended in February 2010. The Plan has adopted ASC 855, as amended. The Plan evaluated subsequent events for recognition or disclosure through the time of issuing these financial statements on February 18, 2011, and one event was identified. Effective January 1, 2010, the Plan was restated.

Paragraphs 58-62 of FASB ASC 820-10-35, issued in September 2009 as Accounting Standards Update 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, amended ASC 820 to allow entities to use net asset value (NAV) per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have a readily determinable fair value and the NAV is calculated in a manner consistent with investment company accounting. The Plan adopted the amended guidance for the reporting period ended December 31, 2009. The adoption did not impact the Plan's net assets available for benefits. See Note 4 for fair value disclosures.

The FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, which amends ASC 820 to clarify certain existing fair value disclosures and to require a number of additional disclosures. The amended guidance clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. The new guidance also clarified the requirement for entities to disclose

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

information about both the valuation techniques and inputs used in estimating Level II and Level III fair value measurements. In addition, the new guidance introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels I, II, and III of the fair value hierarchy and to present information regarding the purchases, sales, issuances, and settlements of Level III assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level III measurements on a gross basis, which is delayed until 2011, the amended guidance became effective for reporting periods beginning after December 15, 2009. The Plan adopted the amended guidance effective January 1, 2010. The adoption did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

3. Investments

All investment information for the Plan disclosed in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2009, and net appreciation in fair value of investments, interest, and dividends for the year ended December 31, 2009, was obtained or derived from information provided to the plan administrator and certified as complete and accurate by the the trustees of the Plan.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

3. Investments (continued)

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits are as follows:

	December 31	
	2009	2008
Wells Fargo Advantage Total Return Bond Fund Admin #943	\$ 1,692,213	\$ —
MFS Value Fund Class W #2400	994,621	—
Wells Fargo Advantage Capital Growth Admin Class #3603	992,559	—
Federated Total Return Bonds Class I #288	992,090	—
Metropolitan West Funds Total Return Bonds Class M #312	663,798	—
Mainstay Large Cap Growth I Fund #1483	510,528	—
Wells Fargo Advantage Equity Value Fund Admin #1093	503,998	—
Wells Fargo Advantage Growth Fund Admin #3608	502,009	—
Evergreen Intrinsic Value Class I #517	499,101	—
SEI Large Cap Disciplined Equity #295	—	2,713,514
SEI Core Fixed Income Fund #285	—	2,529,445
SEI International Equity Fund #281	—	829,756
SEI Institutional High Yield Bond Fund #59	—	630,910
SEI Small/Mid Cap Equity Fund #296	—	468,148

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

4. Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Observable inputs other than quoted prices that are used in the valuation of the assets or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Mutual funds per the Retirement Plan: The shares of mutual funds are valued at quoted market prices, which represent the NAV of shares held by the Plan at year-end.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
December 31, 2009				
Mutual funds	\$ 9,076,722	\$ —	\$ —	\$ 9,076,722
Total investments	\$ 9,076,722	\$ —	\$ —	\$ 9,076,722

	Level 1	Level 2	Level 3	Total
December 31, 2008				
Mutual funds	\$ 7,530,475	\$ —	\$ —	\$ 7,530,475
Total investments	\$ 7,530,475	\$ —	\$ —	\$ 7,530,475

There were no transfers between levels recorded during the years ended December 31, 2009 and 2008.

5. Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated September 25, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax-exempt.

6. Related-Party Transactions

Certain of the Plan's assets are invested in funds managed by the trustees of the Plan. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

Pension Plan for Collectively Bargained
Indianapolis Water Employees

Notes to Financial Statements (continued)

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, 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 the amounts reported in the statements of net assets available for benefits. Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.