

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 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</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>HEALTH CARE AND RETIREMENT CORPORATION UNION EMPLOYEES' PENSION PLAN</u>		1b Three-digit plan number (PN) ▶	<u>005</u>
			1c Effective date of plan	<u>01/06/1988</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)	<u>HEARTLAND EMPLOYMENT SERVICES, LLC</u>		2b Employer Identification Number (EIN)	<u>34-1903270</u>
			2c Sponsor's telephone number	<u>419-252-5500</u>
<u>333 N. SUMMIT STREET</u> <u>TOLEDO, OH 43604-2617</u>	<u>333 N. SUMMIT STREET</u> <u>TOLEDO, OH 43604-2617</u>		2d Business code (see instructions)	<u>623000</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	Filed with authorized/valid electronic signature.	07/26/2011	ANN OTLEY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") HCR MANORCARE EMPLOYEE BENEFITS COMMITTEE 333 N. SUMMIT STREET TOLEDO, OH 43604-2617	3b Administrator's EIN 34-1903270 3c Administrator's telephone number 419-252-5500
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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	329
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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	264
b Retired or separated participants receiving benefits.....	6b	16
c Other retired or separated participants entitled to future benefits.....	6c	29
d Subtotal. Add lines 6a , 6b , and 6c	6d	309
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	309
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	8

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

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

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

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

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

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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>HEALTH CARE AND RETIREMENT CORPORATION UNION EMPLOYEES' PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>HEARTLAND EMPLOYMENT SERVICES, LLC</u>	D Employer Identification Number (EIN) <u>34-1903270</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>2010</u>	
2 Assets:	
a Market value	2a <u>2153532</u>
b Actuarial value	2b <u>2153532</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>14</u> <u>138922</u>
b For terminated vested participants	3b <u>41</u> <u>201246</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>171224</u>
(2) Vested benefits	3c(2) <u>1698053</u>
(3) Total active	3c(3) <u>274</u> <u>1869277</u>
d Total	3d <u>329</u> <u>2209445</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>6.43</u> %
6 Target normal cost	6 <u>49459</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>06/28/2011</u>
Signature of actuary	Date
<u>PAUL J GIBBONS</u>	<u>11-06478</u>
Type or print name of actuary	Most recent enrollment number
<u>FINDLEY DAVIES, INC.</u>	<u>216-875-1900</u>
Firm name	Telephone number (including area code)
<u>1300 EAST NINTH ST. SUITE 850</u> <u>CLEVELAND, OH 44114</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) 2010
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)	0	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).....	0	0
10	Interest on item 9 using prior year's actual return of <u>33.32</u> %		
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		2186
b	Interest on (a) using prior year's effective rate of <u>6.42</u> %		140
c	Total available at beginning of current plan year to add to prefunding balance		2326
d	Portion of (c) to be added to prefunding balance.....		2326
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).....	0	2326

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	97.36 %
15	Adjusted funding target attainment percentage.....	15	97.36 %
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	88.31 %
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)
04/15/2010	43437		
07/15/2010	43437		
10/15/2010	2087		
Totals ▶			18(b)
			88961
			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	86675
20 Quarterly contributions and liquidity shortfalls:			
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No			
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No			
c If 20a is "Yes," see instructions and complete the following table as applicable:			
Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.60 %	2nd segment: 6.65 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 62
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	49459
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	97789	22525
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	71984
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	71984
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	86675
38 Interest-adjusted excess contributions for current year (see instructions).....	38	14691
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
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan HEALTH CARE AND RETIREMENT CORPORATION UNION EMPLOYEES' PENSION PLAN	B Three-digit plan number (PN) ▶ 005
C Plan sponsor's name as shown on line 2a of Form 5500 HEARTLAND EMPLOYMENT SERVICES, LLC	D Employer Identification Number (EIN) 34-1903270

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
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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).
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
AMERICAN BEACON ADVISORS, INC.
75-2147195

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
PNC BANK, NA
25-1211909

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

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

HARBOR SERVICES GROUP, INC.

34-1953399

(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?
60	SERVICING AGENT	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

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

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

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

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

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

(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
HARBOR SERVICES GROUP, INC.	60	0
(d) Enter name and EIN (address) of source of indirect compensation HARBOR INTERNATIONAL FUND - INSTITU 34-1953399		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. 0.08%		
(a) Enter service provider name as it appears on line 2 HARBOR SERVICES GROUP, INC.		
(b) Service Codes (see instructions) 60		
(c) Enter amount of indirect compensation		
(d) Enter name and EIN (address) of source of indirect compensation HARBOR CAPITAL APPRECIATION FUND 34-1953399		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. 0.08%		
(a) Enter service provider name as it appears on line 2 HARBOR SERVICES GROUP, INC.		
(b) Service Codes (see instructions) 60		
(c) Enter amount of indirect compensation		
(d) Enter name and EIN (address) of source of indirect compensation HARBOR SMALL CAP GROWTH FUND 34-1953399		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. 0.08%		

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
HARBOR SERVICES GROUP, INC.	60	

(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.
HARBOR BOND FUND 34-1953399	0.08%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
HARBOR SERVICES GROUP, INC.	60	

(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.
HARBOR SHORT DURATION FUND 34-1953399	0.08%

(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
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(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
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan HEALTH CARE AND RETIREMENT CORPORATION UNION EMPLOYEES' PENSION PLAN	B Three-digit plan number (PN)	005
C Plan sponsor's name as shown on line 2a of Form 5500 HEARTLAND EMPLOYMENT SERVICES, LLC	D Employer Identification Number (EIN) 34-1903270	

Part I	Asset and Liability Statement
---------------	--------------------------------------

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	122933	0
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	2	8
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	57152	47094
(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)	1975499	2249705
(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	2155586	2296807

Liabilities

g Benefit claims payable	1g		4413
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		4413

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2155586	2292394
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Part II Income and Expense Statement

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

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	88961	
(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)		88961

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	59	
(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)		59

(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)	72621	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		72621

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	233069	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	233069	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		
(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)		211187
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		372828

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	236020	
(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)		236020
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		236020

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		136808
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 LLP (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		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

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

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

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>HEALTH CARE AND RETIREMENT CORPORATION UNION EMPLOYEES' PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HEARTLAND EMPLOYMENT SERVICES, LLC</u>	D Employer Identification Number (EIN) <u>34-1903270</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>25-1211909</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>27</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
--	-----------------------------------	-----------------------------------	-------------------------------	--

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

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

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

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents)

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

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

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

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

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

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

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

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

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

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

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

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Report of Independent Auditors

HCR ManorCare
Employee Benefits Committee

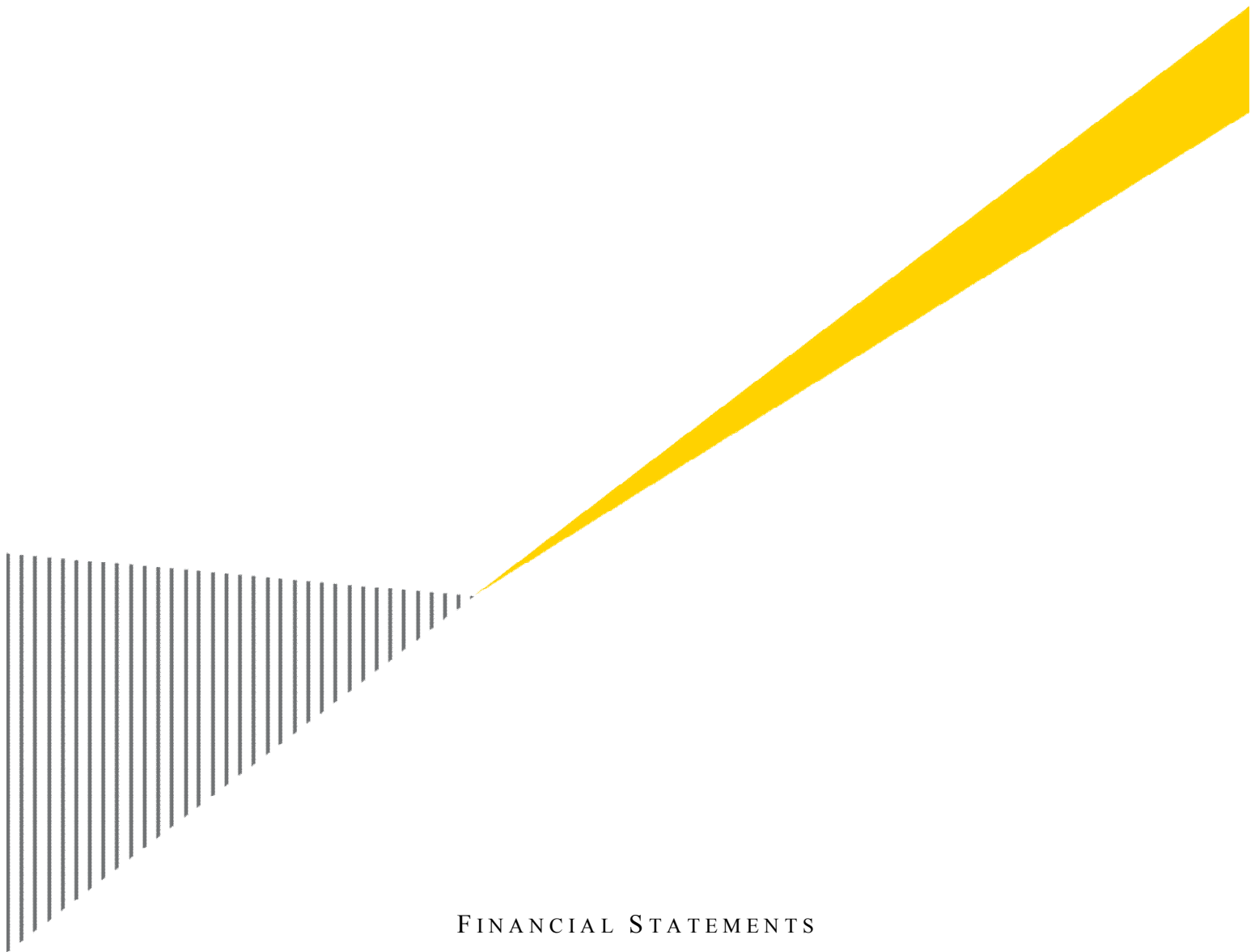
We were engaged to audit the accompanying financial statements of assets available for benefits for Health Care and Retirement Corporation Union Employees' Pension Plan as of December 31, 2010 and 2009 and the related statements of changes in assets available for benefits for the years then ended, and the supplemental schedules of assets (held at end of year) as of December 31, 2010 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 4, which was certified by PNC Bank N.A. and National City Bank, 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 PNC Bank N.A. held the Plan's investment assets and executed investment transactions from May 1, 2010 to December 31, 2010 and that National City Bank held the Plan's investment assets and executed investment transactions as of December 31, 2009 and for the period from January 1, 2009 to April 30, 2010. The plan administrator has obtained certifications from the trustees as of December 31, 2010 and 2009, and for the years then ended, 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

July 7, 2011



FINANCIAL STATEMENTS

Health Care and Retirement Corporation
Union Employees' Pension Plan
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

Health Care and Retirement Corporation
Union Employees' Pension Plan
Years Ended December 31, 2010 and 2009

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statements of Assets Available for Benefits	2
Statements of Changes in Assets Available for Benefits	3
Notes to Financial Statements.....	4
Supplemental Schedules	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	10
Schedule H, Line 4j – Schedule of Reportable Transactions	11

Report of Independent Auditors

HCR ManorCare
Employee Benefits Committee

We were engaged to audit the accompanying financial statements of assets available for benefits for Health Care and Retirement Corporation Union Employees' Pension Plan as of December 31, 2010 and 2009 and the related statements of changes in assets available for benefits for the years then ended, and the supplemental schedules of assets (held at end of year) as of December 31, 2010 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 4, which was certified by PNC Bank, N.A. and National City Bank, 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 PNC Bank, N.A. held the Plan's investment assets and executed investment transactions from May 1, 2010 to December 31, 2010 and that National City Bank held the Plan's investment assets and executed investment transactions as of December 31, 2009 and for the period from January 1, 2009 to April 30, 2010. The plan administrator has obtained certifications from the trustees as of December 31, 2010 and 2009, and for the years then ended, 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

July 7, 2011

Health Care and Retirement Corporation
Union Employees' Pension Plan

Statements of Assets Available for Benefits

	December 31,	
	2010	2009
Assets		
Investments:		
Money market:		
PNC Money Market Fund - Class I Shares	\$ 47,094	\$ -
Allegiant Money Market Fund - I Shares	-	57,152
Mutual funds:		
Harbor Bond Fund - Institutional Class	654,817	469,196
American Beacon Large Cap Value Fund - Investor Class	636,298	544,601
Harbor International Fund - Institutional Class	346,332	291,444
Harbor Capital Appreciation Fund - Institutional Class	311,186	280,536
Harbor Small Cap Growth Fund - Institutional Class	301,072	272,249
Harbor Short Duration Fund - Institutional Class	-	117,473
	<u>2,249,705</u>	<u>1,975,499</u>
Total investments	2,296,799	2,032,651
Receivables:		
Employer contribution	-	122,933
Accrued interest	8	2
Total assets available for benefits	<u>\$ 2,296,807</u>	<u>\$ 2,155,586</u>

See accompanying notes.

Health Care and Retirement Corporation
Union Employees' Pension Plan

Statements of Changes in Assets Available for Benefits

	Year Ended December 31,	
	2010	2009
Additions		
Net investment gain:		
Interest and dividends	\$ 72,680	\$ 35,682
Net realized and unrealized appreciation in fair value of mutual fund investments	211,187	453,112
Net investment gain	283,867	488,794
Employer contributions	88,961	196,092
Total additions	372,828	684,886
Deductions		
Benefits paid	231,607	229,821
Administrative expenses	-	64,203
Total deductions	231,607	294,024
Net increase	141,221	390,862
Assets available for benefits at beginning of year	2,155,586	1,764,724
Assets available for benefits at end of year	<u>\$ 2,296,807</u>	<u>\$ 2,155,586</u>

See accompanying notes.

Health Care and Retirement Corporation Union Employees' Pension Plan

Notes to Financial Statements

1. Description of Plan

The Health Care and Retirement Corporation Union Employees' Pension Plan (the Plan) is a noncontributory defined benefit plan maintained for the benefit of collectively bargained employees of Heartland Employment Services, LLC, a wholly owned subsidiary of HCR ManorCare, Inc.

One of HCR ManorCare, Inc.'s subsidiaries contributes such amounts as are deemed necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to plan participants. The contributions are made in amounts sufficient to meet the minimum funding standards as defined by the Employee Retirement Income Security Act of 1974 (ERISA), except when funding to avoid benefit restrictions introduced by the Pension Protection Act of 2006.

Administrative expenses incurred prior to July 1, 2009 were paid by the Plan. Administrative expenses incurred subsequent to July 1, 2009 are paid by a subsidiary of HCR ManorCare, Inc.

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

Information about the Plan agreement, the vesting and benefit provisions, and the PBGC benefit guarantee is contained in the Summary Plan Description. Copies are available from the Human Resource Department.

Basis of Accounting

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

Basis of Presentation and Investment Valuation

The Plan's assets are held in a trust administered by PNC Bank, N.A., trustee. Prior to May 1, 2010, the Plan's assets were held in a trust administered by National City Bank, the former trustee. The assets of the trust are invested by the designated advisors in a wide range of mutual funds which are valued at their respective fair value at year end. 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). Interests in the mutual funds are valued at their respective quoted net asset values at year-end.

2. Summary of Significant Accounting Policies

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts at the date of the financial statements. Most significantly, estimates are utilized in the determination of the actuarial present value of accumulated benefits. Actual results could differ from those estimates.

Subsequent Events

The Plan has evaluated subsequent events through July 7, 2011, the date the financial statements were available to be issued.

New Accounting Standard

Effective January 1, 2010, the Plan adopted a new accounting standard that amends and expands the disclosures about fair value measurements. The additional disclosures include the amount of transfers between Levels 1 and 2 of the fair value hierarchy, the reasons for transfers in and out of Level 3 and activity for recurring Level 3 measures. The amendments clarify certain existing disclosure requirements related to the level at which fair value disclosures should be disaggregated and the requirement to provide disclosures about the valuation techniques and inputs used in determining the fair value of assets or liabilities classified as Levels 2 or 3. Adoption of this standard had no effect on the Plan's assets available for benefits or its changes in assets available for benefits.

3. Actuarial Present Value of Accumulated Benefits

Accumulated benefits are those future benefit payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated 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, and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the date benefit information is presented.

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

The more significant assumptions underlying the actuarial computations are as follows:

Mortality	The IRS static, mandated mortality table (male and female) with different rates for annuitants and nonannuitants and using the generational option.
Retirement age	Based upon Plan experience varying from ages 55-70
Actuarial cost method	Projected Unit Credit Cost Method
Discount rate and long-term assumed rate of return	8.5% per annum

The foregoing 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 benefits.

The actuarial present value of accumulated benefits at December 31, 2009 and changes therein for the year ended December 31, 2009, are as follows:

Actuarial present value of accumulated benefits:

Vested:

Participants currently receiving benefits	\$ 133,001
Other participants	1,784,670
	<u>1,917,671</u>

Nonvested	186,405
	<u>\$ 2,104,076</u>

Actuarial present value of accumulated benefits at beginning of year	\$ 1,735,041
Increase (decrease) during the year attributable to:	
Additional benefits accumulated	284,408
Decrease in the discount period	136,897
Benefits paid	(229,821)
Change of assumptions	177,551
Net increase	<u>369,035</u>
Actuarial present value of accumulated benefits at end of year	<u>\$ 2,104,076</u>

4. Investments

All investment information disclosed in the accompanying financial statements and schedules, including investments held and net appreciation or depreciation in fair value of investments, interest, dividends, and investment expenses, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by PNC Bank, N.A. and National City Bank.

5. Fair Value of Financial Instruments

The Plan measures certain financial assets at fair value on a recurring basis in accordance with an accounting standard, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset. The three levels of the fair value hierarchy are described as follows:

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

Level 2: Inputs to the valuation methodology include

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

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

The following tables set forth by level, within the fair value hierarchy, the plan's assets carried at fair value:

	Fair Value at December 31, 2010		
	Level 1	Level 2	Level 3
Assets:			
Money market investment	\$ 47,094	\$ -	\$ -
Mutual fund investments:			
Domestic equity funds	1,248,556	-	-
Fixed income funds	654,817	-	-
International equity funds	346,332	-	-
Total assets	<u>\$ 2,296,799</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value at December 31, 2009		
	Level 1	Level 2	Level 3
Assets:			
Money market investment	\$ 57,152	\$ -	\$ -
Mutual fund investments:			
Domestic equity funds	1,097,386	-	-
Fixed income funds	586,669	-	-
International equity funds	291,444	-	-
Total assets	<u>\$ 2,032,651</u>	<u>\$ -</u>	<u>\$ -</u>

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated June 17, 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 Internal Revenue Service, the Plan was amended and restated. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. 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.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

7. Difference Between Financial Statements and Form 5500

The following is a reconciliation of assets available for benefits per the financial statements at December 31, 2010 and 2009 to the Form 5500:

	2010	2009
Assets available for benefits per the financial statements	\$ 2,296,807	\$ 2,155,586
Amounts allocated in Form 5500 to withdrawn participants at December 31, 2010, but paid in year ending December 31, 2011	(4,413)	-
Assets available for benefits per the form 5500	<u>\$ 2,292,394</u>	<u>\$ 2,155,586</u>

The following is a reconciliation of benefits paid to participants per the financial statements for the years ended December 31, 2010 to the Form 5500:

	2010
Benefits paid to participants per the financial statements	\$ 231,607
Amounts allocated in Form 5500 to withdrawn participants at December 31, 2010, but paid in year ended December 31, 2011	4,413
Benefits paid to participants per the Form 5500	<u>\$ 236,020</u>

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. 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 such changes could materially affect the amounts reported in the statements of assets available for benefits.

Plan contributions are made and the actuarial present value of the 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 the uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

9. Related-Party Transactions

The PNC Money Market Fund is managed by an affiliated entity of the Plan's trustee, PNC Bank, N.A. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transaction rules under ERISA. The Plan had \$47,094 invested in this fund at December 31, 2010. The Allegiant Money Market Fund was managed by an affiliated entity of the Plan's former trustee, National City Bank. The Plan had \$57,152 invested in this fund at December 31, 2009.

Supplemental Schedules

Health Care and Retirement Corporation
Union Employees' Pension Plan

EIN #34-1903270

Plan Number #005

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

December 31, 2010

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
Money market:			
*PNC Money Market Fund - Class I Shares	47,094 shares	\$ 47,094	\$ 47,094
Mutual funds:			
Harbor Bond Fund - Institutional Class	54,117 shares	653,299	654,817
American Beacon Large Cap Value Fund - Investor Class	34,339 shares	586,817	636,298
Harbor International Fund - Institutional Class	5,720 shares	247,588	346,332
Harbor Capital Appreciation Fund - Institutional Class	8,475 shares	227,593	311,186
Harbor Small Cap Growth Fund - Institutional Class	23,393 shares	227,053	301,072
Total mutual funds		<u>1,942,350</u>	<u>2,249,705</u>
Total investments		<u>\$ 1,989,444</u>	<u>\$ 2,296,799</u>

* Party in interest to the plan

Health Care and Retirement Corporation
Union Employees' Pension Plan

EIN #34-1903270 Plan Number #005

Schedule H, Line 4j – Schedule of Reportable Transactions

December 31, 2010

Category (i)—Single transactions within the plan year in excess of 5% :

Description of Asset	Purchase Price (1)	Selling Price (1)	Cost of Asset	Net Gain
Harbor Bond Fund - Institutional Class	\$ 140,892	\$ -	\$ 140,892	\$ -
*PNC Money Market Fund - Class I Shares	-	126,672	126,672	-
Harbor Short Duration Fund - Institutional Class	-	122,986	120,213	2,773

Category (iii)—Series of transactions in same security in excess of 5% :

Description of Asset	Total Number of Purchases	Total Value of Purchases (1)	Total Number of Sales	Net Selling Price (1)	Net Gain
*PNC Money Market Fund - Class I Shares	10	\$ 223,012	12	\$ 233,069	\$ -
American Beacon Large Cap Value Fund - Investor Class	5	77,408	11	61,628	620
Harbor Bond Fund - Institutional Class	14	303,227	8	104,986	7,761
Harbor International Fund - Institutional Class	8	85,873	9	66,446	15,872
Harbor Short Duration Fund - Institutional Class	12	16,628	5	138,714	2,971
Harbor Small Cap Growth Fund - Institutional Class	6	53,961	11	96,642	15,623

* Party in interest to the plan

There were no category (ii) or (iv) transactions during the period January 1 through December 31, 2010.

(1) The value of purchases and net selling price represents the fair values thereof on the date of purchase or sale.

Commissions and fees related to purchases and sales of investments are included in the cost of the investment or proceeds from the sale, and are not separately identified by the trustee.

Schedule SB, line 22 – Description of Weighted Average Retirement Age
Health Care and Retirement Corporation Union Employees' Pension Plan
January 1, 2010 Valuation
EIN/PN: 34-1903270/005

Rates of Retirement

<u>Age</u>	<u>Rate</u>
55-58	6%
59	7
60-61	12
62-64	24
65	50
66-69	25
70	100

Weighted Average Retirement Age is 62. This is the average retirement age for someone eligible to retire at all ages using the assumed retirement rates and no other decrements.

Schedule SB, line 24 – Change in Actuarial Assumptions
Health Care and Retirement Corporation Union Employees' Pension Plan
January 1, 2010 Valuation
EIN/PN: 34-1903270/005

***Changes in
Assumptions since
the Last Actuarial
Valuation***

The segmented interest rates used for determining the funding target were 5.32%, 6.45% and 6.69%. These rates were updated to the rates for January 2010 for the current plan year.

The mortality table for the funding target was changed as required under PPA '06.

Schedule SB, line 25 – Change in Method
Health Care and Retirement Corporation Union Employees’ Pension Plan
January 1, 2010 Valuation
EIN/PN: 34-1903270/005

***Changes in Method
since the Last
Actuarial Valuation***

An automatic change in funding method is employed under Section 4.03 of Revenue Procedure 2000-40 since we were able to match 1/01/2009 funding liabilities and normal costs from the prior actuary’s report to within 5%.

Schedule SB, Line 26 - Schedule of Active Participant Data

January 1, 2010 Valuation
The Health Care and Retirement Corporation Union Employees' Pension Plan
(EIN: 34-1903270; PN: 005)

Attained Age	Years of Credited Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
Under 25	-	2 (*)	-	-	-	-	-	-	-	-
25 to 29	-	9 (*)	10 (*)	2 (*)	-	-	-	-	-	-
30 to 34	-	8 (*)	11 (*)	6 (*)	-	-	-	-	-	-
35 to 39	-	10 (*)	7 (*)	9 (*)	2 (*)	-	-	-	-	-
40 to 44	-	7 (*)	12 (*)	6 (*)	7 (*)	3 (*)	-	-	-	-
45 to 49	-	7 (*)	11 (*)	3 (*)	14 (*)	5 (*)	1 (*)	-	-	-
50 to 54	-	10 (*)	2 (*)	7 (*)	12 (*)	7 (*)	-	-	-	-
55 to 59	-	3 (*)	4 (*)	7 (*)	9 (*)	6 (*)	-	1 (*)	-	-
60 to 64	-	-	4 (*)	9 (*)	8 (*)	7 (*)	-	-	-	-
65 to 69	-	-	3 (*)	2 (*)	7 (*)	3 (*)	-	-	-	-
70 & up	-	3 (*)	-	-	5 (*)	3 (*)	-	-	-	-

* Average compensation is not shown since there are fewer than 1,000 active participants in this plan

Schedule SB, line 32 – Schedule of Amortization Bases
 Health Care and Retirement Corporation Union Employees' Pension Plan
 January 1, 2010 Valuation
 EIN/PN: 34-1903270/005

EXHIBIT VII
SCHEDULE OF AMORTIZATION BASES

	Plan Year Beginning				1/01/2010
		Date Established	Present Value of Payments	Remaining Years	Amortization Installment
Shortfall Amortization Bases		1/01/2009	\$ (39,201)	6.00	\$ (7,391)
		1/01/2008	<u>136,990</u>	5.00	<u>29,916</u>
		Total	\$ 97,789		\$ 22,525
Waiver Amortization Bases		1/01/2010	\$ 0		\$ 0

APPENDIX B

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rates

Funding: 24-month segment rates averaged through the end of January 2010:

a.	First Rate, Years 1-5	4.60%
b.	Second Rate, Years 5-20	6.65%
c.	Third Rate, Years 20+	6.76%
d.	Effective Interest Rate using the above rates	6.43%
e.	Interest rate for developing expected value of assets, (limited by statute)	6.69%

Salary Scale

N/A. The Benefit Multiplier used in the Accrued Benefit is assumed to be \$13 for all actively accruing participants.

Mortality

All Purposes: IRS static, mandated mortality table (male and female) with different rates for annuitants and nonannuitants, and using the generational option.

Rates of Retirement

<u>Age</u>	<u>Rate</u>
55-58	6%
59	7
60-61	12
62-64	24
65	50
66-69	25
70	100

Weighted Average Retirement Age is 62. This is the average retirement age for someone eligible to retire at all ages using the assumed retirement rates and no other decrements.

Rates of Disability

Sample rates and ages as follows:

<u>Age</u>	<u>Rate</u>
25	.10%
40	.15
55	.95

APPENDIX B (Continued)

Rates of Turnover

Based on age and length of service as follows:

Sample Rates:

<u>Age</u>	<u>Years of Service</u>							
	<u>0</u>		<u>1</u>		<u>2</u>		<u>3+</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	.500%	.500%	.323%	.400%	.323%	.400%	.323%	.400%
40	.300	.300	.180	.180	.150	.150	.043	.066
55	.300	.300	.180	.180	.150	.150	.012	.018

Assumptions Made In Valuing Spouse's Benefit

Eighty percent of the employees included in the valuation are assumed to be married. These percentages are used as the probabilities that survivor benefits will be payable due to preretirement deaths. The wife is assumed to be three years younger than the husband.

Optional Form Election

All employees are assumed to elect the life annuity benefit.

Provision for Expenses

None.

Fiscal Year

The 12-month period ending each December 31.

Asset Method

Funding: Market Value of Assets plus any contributions for prior plan years that will be made in this plan year. For funding purposes only, contributions made after the end of the prior plan year will be discounted for interest at the prior year's effective rate.

Employees Valued

Only participants as of the valuation date were valued.

APPENDIX A

SUMMARY OF PRINCIPAL PLAN PROVISIONS

<i>Plan Sponsor</i>	Heartland Employment Services, LLC
<i>EIN/PN</i>	34-1903270/005
<i>Effective Date</i>	August 1, 1986, amended and restated effective January 1, 2008.
<i>Plan Year</i>	The 12-month period beginning each January 1.
<i>Participation</i>	Any union employee who has completed one year of Vesting Service and has attained age 21 shall be eligible to participate on the following January 1 or July 1. No new participants are permitted in the frozen locations which are as follows: Beckley, Charleston, Lansing (effective 12/31/2010), Oak Pavilion, Rainelle, Riverview, Saginaw Valley, Wallingford.
<i>Compensation</i>	Total compensation for the calendar year as limited by IRC Section 415(c) – 2(d)(4) including modifications by IRC Section 132(f)(4), 125(a), 402(e)(3), 402(k), 402(h)(1)(b), and 457(b).
<i>Average Monthly Compensation</i>	The last 13 bi-weekly gross pays are divided by the total hours worked during this same period to determine the hourly rate. The hourly rate is multiplied by 852 if the total hours divided by 26 is less than 35 (hours/week); otherwise the hourly rate is multiplied by 1,000. The result is divided by 6.
<i>Vesting Service</i>	One year of vesting service is earned for each Plan Year in which 1,000 hours are worked.
<i>Benefit Service</i>	One year of benefit service is credited for 1,800 or more hours of service during a calendar year. If the participant worked at least 1,000 hours but less than 1,800, the service credit is prorated accordingly. No future service will be credited for the following frozen locations: Beckley, Charleston, Lansing, Oak Pavilion, Rainelle, Riverview, Saginaw Valley, Wallingford.
<i>Accrued Benefit</i>	A monthly life annuity starting at age 65 equal to the Benefit Multiplier based on Average Monthly Compensation multiplied by the number of Years of Benefit Service. If the participant is not Early Retirement eligible at termination, this amount is multiplied by the number of Years of Benefit Service at normal retirement divided by the number of years of potential service at normal retirement (minimum 30 years).

APPENDIX A (Continued)

Accrued Benefit (Continued)

Benefit multiplier determined as follows:

<u>Average Monthly Compensation</u>	<u>Monthly Benefit Multiplier</u>
\$0 - \$499/mo.	\$5.00
\$500 – \$799/mo.	\$7.00
\$800 - \$1,099/mo.	\$9.00
\$1,100 - \$1,399/mo.	\$11.00
\$1,400+/mo.	\$13.00

Normal Retirement Benefit

Eligibility:

Age 65 and 5 years of Vesting Service.

Monthly Benefit:

The Accrued Benefit.

Early Retirement Benefit

Eligibility:

Age 55 and 10 years of Vesting Service.

Monthly Benefit:

The Accrued Benefit at Normal Retirement, or Early Retirement reduced by $\frac{1}{2}$ of one percent for each month that Early Retirement precedes Normal Retirement.

Late Retirement Benefit

Eligibility:

Any age after Normal Retirement Age.

Monthly Benefit:

The Accrued Benefit at late retirement.

Termination Benefit

Eligibility:

Upon termination of employment prior to retirement after completion of at least 5 years of Vesting Service.

Monthly Benefit:

The vested benefit commences in full at age 65, or in a reduced amount under the early retirement provisions.

APPENDIX A (Continued)

Death Benefit

Eligibility:

100% vested and married for at least one year.

Monthly Benefit:

A monthly benefit for life commencing at the time the participant would have been eligible for retirement. The benefit is equal to 100% of the benefit vested on the date of death, adjusted as appropriate for early commencement and the 100% Joint and Survivor Annuity form of payment.

Optional Forms of Payments

Life Annuity

Joint & Survivor with 50%, 66 2/3% or 100% continuation

The conversion factors are the maximum of a and b below:

a. Factors based on the 1971 TPF&C Forecast Mortality Table and 6% interest.

b. Factors commuted as outlined below:

For each optional form of annuity payment:

	Option	Factor But	Not
Greater Than			
	50% J&S	90%	95%
	66 2/3 J&S	85%	95%
	100% J&S	80%	90%

The applicable factor set forth in column 2 above shall be increased/decreased by one percentage point for each full year the beneficiary is older/younger than the participant, not to exceed the maximum percentage in column 3.

Benefits Available as Lump Sums

This plan pays small benefit amounts (less than \$1,000) automatically. Participants who terminate prior to meeting the eligibility requirements of early retirement can elect a lump sum or reduced qualified form if the lump sum value is between \$1,000 and \$10,000. Lump sums over \$10,000 are available to participants who are at least age 55 at date of termination regardless of whether retirement occurs immediately following termination or not.

The conversion factors are based on the Applicable Mortality Table and Applicable Interest Rate as required under IRC Section 417(e)(3).

APPENDIX A (Continued)

<i>Maximum Benefit Limit</i>	The Internal Revenue Code Section 415 Maximum Benefit payable as a life annuity at Social Security Normal Retirement Date.
<i>Plan Compensation Limit</i>	The Internal Revenue Code Section 401(a)(17)(B) Maximum Compensation that can be recognized for benefit calculation purposes.
<i>Changes in Plan Provisions</i>	The Lansing location will freeze as of December 31, 2010. The automatic changes, if any, in the plan compensation limit and maximum benefit limit were recognized as amendments for funding purposes. Such changes are anticipated for ASC 715-30 expense purposes and are not treated as amendments.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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

2010**This Form is Open to Public
Inspection**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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**

Health Care and Retirement Corporation Union Employees' Pension Plan

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

005

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

Heartland Employment Services, LLC

D Employer Identification Number (EIN)

34-1903270

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 1 Day 1 Year 2010**2 Assets:**

a Market value.....	2a	2,153,532
b Actuarial value.....	2b	2,153,532

3 Funding target/participant count breakdown

	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 14	138,922
b For terminated vested participants.....	3b 41	201,246
c For active participants:		
(1) Non-vested benefits.....	3c(1)	171,224
(2) Vested benefits.....	3c(2)	1,698,053
(3) Total active.....	3c(3) 274	1,869,277
d Total.....	3d 329	2,209,445

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** 6.43 %**6** Target normal cost..... **6** 49,459**Statement by Enrolled Actuary**

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

**SIGN
HERE**

Signature of actuary

Paul J. Gibbons

Type or print name of actuary

Findley Davies, Inc.

Firm name

1300 East Ninth St.

Suite 850

Cleveland

OH 44114-1516

Address of the firm

06/28/2011

Date

11-06478

Most recent enrollment number

(216) 875-1900

Telephone number (including area code)

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) 2010
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)	0	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)	0	0
10 Interest on item 9 using prior year's actual return of <u>33.32</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		2,186
b Interest on (a) using prior year's effective rate of <u>6.42</u> %		140
c Total available at beginning of current plan year to add to prefunding balance		2,326
d Portion of (c) to be added to prefunding balance		2,326
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)	0	2,326

Part III Funding percentages

14 Funding target attainment percentage	14	97.36 %
15 Adjusted funding target attainment percentage	15	97.36 %
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	88.31 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

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

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2010	43,437				
07/15/2010	43,437				
10/15/2010	2,087				
Totals ▶			18(b)	88,961	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	86,675

20 Quarterly contributions and liquidity shortfalls:

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

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:**a** Segment rates:1st segment:
4.60 %2nd segment:
6.65 %3rd segment:
6.76 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

0

22 Weighted average retirement age**22**

62

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**

49,459

32 Amortization installments:

Outstanding Balance

Installment

a Net shortfall amortization installment

97,789

22,525

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**

71,984

Carryover balance

Prefunding balance

Total balance

35 Balances used to offset funding requirement

0

0

0

36 Additional cash requirement (item 34 minus item 35)**36**

71,984

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)**37**

86,675

38 Interest-adjusted excess contributions for current year (see instructions)**38**

14,691

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

Health Care and Retirement Corporation
Union Employees' Pension Plan

EIN #34-1903270 Plan Number #005

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

December 31, 2010

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
Money market:			
*PNC Money Market Fund - Class I Shares	47,094 shares	\$ 47,094	\$ 47,094
Mutual funds:			
Harbor Bond Fund - Institutional Class	54,117 shares	653,299	654,817
American Beacon Large Cap Value Fund - Investor Class	34,339 shares	586,817	636,298
Harbor International Fund - Institutional Class	5,720 shares	247,588	346,332
Harbor Capital Appreciation Fund - Institutional Class	8,475 shares	227,593	311,186
Harbor Small Cap Growth Fund - Institutional Class	23,393 shares	227,053	301,072
Total mutual funds		<u>1,942,350</u>	<u>2,249,705</u>
Total investments		<u>\$ 1,989,444</u>	<u>\$ 2,296,799</u>

* Party in interest to the plan

Health Care and Retirement Corporation
Union Employees' Pension Plan

EIN #34-1903270 Plan Number #005

Schedule H, Line 4j – Schedule of Reportable Transactions

December 31, 2010

Category (i)—Single transactions within the plan year in excess of 5% :

Description of Asset	Purchase Price (1)	Selling Price (1)	Cost of Asset	Net Gain
Harbor Bond Fund - Institutional Class	\$ 140,892	\$ -	\$ 140,892	\$ -
*PNC Money Market Fund - Class I Shares	-	126,672	126,672	-
Harbor Short Duration Fund - Institutional Class	-	122,986	120,213	2,773

Category (iii)—Series of transactions in same security in excess of 5% :

Description of Asset	Total Number of Purchases	Total Value of Purchases (1)	Total Number of Sales	Net Selling Price (1)	Net Gain
*PNC Money Market Fund - Class I Shares	10	\$ 223,012	12	\$ 233,069	\$ -
American Beacon Large Cap Value Fund - Investor Class	5	77,408	11	61,628	620
Harbor Bond Fund - Institutional Class	14	303,227	8	104,986	7,761
Harbor International Fund - Institutional Class	8	85,873	9	66,446	15,872
Harbor Short Duration Fund - Institutional Class	12	16,628	5	138,714	2,971
Harbor Small Cap Growth Fund - Institutional Class	6	53,961	11	96,642	15,623

* Party in interest to the plan

There were no category (ii) or (iv) transactions during the period January 1 through December 31, 2010.

(1) The value of purchases and net selling price represents the fair values thereof on the date of purchase or sale.

Commissions and fees related to purchases and sales of investments are included in the cost of the investment or proceeds from the sale, and are not separately identified by the trustee.

Health Care and Retirement Corporation
Union Employees' Pension Plan

EIN #34-1903270 Plan Number #005

Schedule C, Line 2h – Formula Description

December 31, 2010

Name of source of indirect compensation	EIN	Description of indirect compensation (annualized formula)
Harbor Intl Inst - Harbor Services Group, Inc.	34-1953399	0.08%
Harbor Capital Appreciation Fund - Harbor Services Group, Inc.	34-1953399	0.08%
Harbor Small Cap Growth Fund - Harbor Services Group, Inc.	34-1953399	0.08%
Harbor Bond Fund - Harbor Services Group, Inc.	34-1953399	0.08%

**Harbor Services Group, Inc. is the service provider that provided the disclosure information*