LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

FINANCIAL STATEMENTS

DECEMBER 31, 2009

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

DECEMBER 31, 2009 AND 2008

CONTENTS

CALIBRE
CPA GROUP
PLLC

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS ADVISORS

1850 K STREET, NW
SUITE 1050
WASHINGTON, DC 20006

202.331.9880 PHONE
202.331.9890 FAX

CIVIC OPERA BUILDING
20 NORTH WACKER DRIVE
SUITE 900
CHICAGO, IL 60606

312.920.9400 PHONE
312.920.9494 FAX

www.calibrecpa.com

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of
Laborers' and Retirement Board
Employees' Annuity and
Benefit Fund of Chicago

We have audited the accompanying statements of plan net assets of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago (the Plan) as of December 31, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial status of Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago at December 31, 2009 and 2008, and the changes in financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Schedule of Funding Progress and the Schedule of Employer Contributions, and Notes to the Schedules on pages 26 and 27 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The additional information presented on pages 28 and 29 has not been subjected to the auditing procedures applied in the audits of the basic financial statements. Accordingly, we express no opinion on it.

Calibre CPA Group PLLC

Chicago, Illinois
April 13, 2010

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

STATEMENTS OF PLAN NET ASSETS

DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
RECEIVABLES		
Employer	$ 21,998,162	$ 17,509,960
Plan member	498,990	771,079
Interest and dividends	2,595,228	4,391,249
Other receivables	119,193	7,600
Total receivables	25,211,573	22,679,888
INVESTMENTS - at fair value		
Cash and short-term investments	69,764,327	69,449,431
Equities	780,906,976	575,505,150
Equities loaned to third parties	128,729,335	94,194,925
Total equities	909,636,311	669,700,075
Fixed income	203,416,413	341,568,373
Fixed income loaned to third parties	35,396,055	48,625,902
Total fixed income	238,812,468	390,194,275
Venture capital	38,701,454	39,931,972
Real estate	32,109,854	42,652,970
Hedge funds	43,353,751	-
Subtotal	1,332,378,165	1,211,928,723
Securities lending cash collateral	169,346,248	145,705,526
Total investments - fair value	1,501,724,413	1,357,634,249
PROPERTY AND EQUIPMENT	2,833,438	3,446,441
Total assets	1,529,769,424	1,383,760,578
LIABILITIES AND NET ASSETS		
LIABILITIES		
Due to brokers - net	20,169,319	36,192,755
Refunds, professional fees payable and other liabilities	7,324,445	13,281,808
Securities lending cash collateral	169,346,248	145,705,526
Total liabilities	196,840,012	195,180,089
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,332,929,412	$ 1,188,580,489

See accompanying notes to financial statements.

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Statements of Changes in Plan Net Assets

Years Ended December 31, 2009 and 2008

	2009	2008
Additions		
Contributions		
Employer	$ 17,189,811	$ 17,580,428
Plan member	17,538,297	19,418,435
Total contributions	34,728,108	36,998,863
Investment income		
Net appreciation (depreciation) in fair value of investments	211,581,778	(533,441,274)
Interest	15,140,956	24,534,674
Dividends	10,904,307	12,512,157
Venture capital income - net	619,143	844,241
Real estate operating income - net	(82,454)	1,099,800
Hedge fund income - net	175,960	-
	238,339,690	(494,450,402)
Less investment expenses	(6,966,777)	(7,390,419)
Investment income - net	231,372,913	(501,840,821)
Securities lending		
Income	7,045,915	(7,009,905)
Expenses		
Borrower rebates	116,110	(3,767,278)
Management fees	(1,432,341)	2,155,436
Total securities lending expenses	(1,316,231)	(1,611,842)
Securities lending income - net	5,729,684	(8,621,747)
Total additions	271,830,705	(473,463,705)
Deductions		
Benefits	120,998,446	113,652,844
Refunds	2,818,420	3,494,107
Administrative and litigation expenses	3,664,916	3,626,393
Total deductions	127,481,782	120,773,344
Net increase (decrease)	144,348,923	(594,237,049)
Net assets held in trust for pension benefits		
Beginning of year	1,188,580,489	1,782,817,538
End of year	$ 1,332,929,412	$ 1,188,580,489

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is administered in accordance with Chapter 40, Act 5, Article 11 of the Illinois Compiled Statutes. The costs of administering the Plan are financed by employer contributions in conformance with state statutes.

Method of Accounting - The financial statements reflect an accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer, the City of Chicago, has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value which generally represents reported market value as of the last business day of the year. Quoted market prices, when available, have been used to value investments. For equities, fair value is determined by using the closing price listed on the national securities exchanges as of December 31. Fair value for fixed income securities are determined principally by using quoted market prices provided by independent pricing services. Cash and short-term investments are valued at fair value which approximates cost. Alternative investments, which include real estate, venture capital investments and hedge funds, are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as cash flow analysis, recent sales prices of investments, comparison of comparable companies' earnings multiples, withdrawal restrictions, annual audits, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. The reported values of real estate and venture capital are current values unless that information was unavailable in which case the reported value will lag one quarter behind the date of these financial statements. The difference between the current value and the lag has been evaluated and determined not to be material.

Unsettled trades as of the end of the year are recorded net as due to broker. At December 31, 2009 and 2008, $36,151,235 and $43,534,503, respectively, were due to broker, and $15,981,916 and $7,341,748, respectively, were due from broker for unsettled trades.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by using the straight line method over an estimated useful life of five years, except for the custom software package development which is depreciated over 10 years.

Subsequent Events Review - Subsequent events have been evaluated through April 13, 2010, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2. PLAN DESCRIPTION

The Plan was established in 1935 and is governed by legislation contained in Illinois Compiled Statutes, particularly Chapter 40, Act 5, Article 11 which specifically and exclusively refers to the Plan. The Plan can be amended only by the Illinois Legislature. The Plan is a single-employer defined benefit pension plan with a defined contribution minimum. The Plan was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago (City) who are employed in a title recognized by the city as labor service and for the dependents of such employees.

The Statutes authorize a Board of Trustees of eight members to carry out the provisions of the Article. According to the Article, two members of the Board are ex officio, two are to be elected by the employee members of the Plan, one is to be elected by the retired members of the Plan, one is to be appointed by the local labor union and two are to be appointed by the Department of Human Resources (formerly the Department of Personnel). The two ex officio members are the City Comptroller or someone chosen from the Comptroller's office and the City Treasurer or someone chosen from the Treasurer's office. All members of the Board of Trustees are fiduciaries with respect to the Plan and are statutorily mandated to discharge their duties, as such, solely in the interest of the Plan's participants and beneficiaries.

The Board has the powers and duties required in the Article to collect all contributions due to the Plan, to invest the Plan's reserves, to have an annual audit, to appoint employees, to authorize or suspend payment of any benefit and to have exclusive original jurisdiction in all matters relating to or affecting the Plan. The Board approves its own budget which is prepared by the administrative staff of the Plan. The Board is required annually to submit to the City Council of the City of Chicago a detailed report of the financial affairs and status of the reserves of the Plan. Provisions in other articles of Chapter 40 require the Board to submit its annual audit and actuarial valuation reports to the State of Illinois Department of Financial and Professional Regulation's (IDFPR) Division of Insurance, as well as another detailed annual report, the form and content of which is specified by the IDFPR's Division of Insurance.

NOTE 2. PLAN DESCRIPTION (CONTINUED)

Any employee of the City of Chicago or the Board of Education of the City employed under the provisions of the municipal personnel ordinance as labor service or any person employed by a retirement board of any annuity and benefit fund in the City is covered by the Plan. Covered employees are required to contribute 8.5% of their salary to the Plan. If an employee leaves covered employment without qualifying for an annuity, accumulated contributions are refunded with interest. The City of Chicago, for its employer's portion, is required by State Statutes to contribute an amount equal to 8% of each individual employee's salary as well as the remaining amounts necessary to finance the requirements of the Plan. The City's total contribution is limited to an amount not more than the total amount of contributions made by the employees to the Plan in the calendar year two years prior to the current year, multiplied by 1.00. The source of funds for the City's contribution has been designated by State Statutes and is derived from the City's annual property tax levy, or from any source legally available for this purpose, including but not limited to, the proceeds of city borrowings. The City of Chicago payroll for employees covered by the Plan for the years ended December 31, 2009 and 2008 was $208,626,493 and $216,744,211, respectively. The Plan is considered by the City to be a component unit of the City of Chicago and is included in the City's financial statements as a pension trust fund.

The Plan provides retirement benefits as well as death and disability benefits. Employees age 55 or more with at least 10 years of service are entitled to receive a money purchase annuity with partial City contributions if under age 60 with less than 20 years of service. Employees age 55 or more with at least 20 years of service or age 50 or more with at least 30 years of service are entitled to receive a minimum formula annuity of 2.4% per year of service, multiplied by the final average salary (highest average annual salary for any four consecutive years within the last 10 years of service immediately preceding the date of retirement). If the employee retires prior to age 60, the annuity shall be reduced by 1/4 of 1% for each month the employee is under age 60, unless the employee is 50 or over with at least 30 year of service or 55 or over with at least 25 years of service. The original annuity is limited to 80% of the highest average annual salary, adjusted for annual Internal Revenue Code (IRS) §401(a)(17) and §415 limitations. Beginning January 1, 1999, there is a 10 year deferred vested benefit payable at age 60. Employees who retire at age 60 or over with at least 10 years of service are entitled to a minimum of $850 per month. The monthly annuity is increased by 3% of the current annuity beginning the January of the first payment date following the earlier of 1) the later of the third anniversary of retirement and age 53 and 2) the later of the first anniversary of retirement and age 60, and each year thereafter.

At December 31, 2009 and 2008, plan members consisted of the following:

	2009	2008
Retirees and beneficiaries currently receiving benefits	3,996	3,991
Inactive plan members entitled to benefits (or a refund of contributions) but not yet receiving them	1,460	1,463
Active plan members (including plan members receiving disability benefits)		
Vested	2,392	2,289
Non-vested	732	1,036
Total plan members	8,580	8,779

NOTE 3. INVESTMENTS

Investment Policies

Investments are governed by Sections 5/1 and 5/11, Chapter 40, of the Illinois Compiled Statutes. The prudent person rule, which establishes a standard of care for all fiduciaries, is an important aspect of the Statutes. The prudent person rule states that fiduciaries must discharge their duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. The Plan is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, real estate, stocks, shares, debentures, or other obligations or securities as set forth in the State Statutes.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risk and risk associated with changes in interest rates.

Investment Summary

All of the Plan's financial instruments are consistent with the permissible investments outlined in the State Statutes. The composition of investments, by investment type, as of December 31, 2009 and 2008, is as follows:

	2009	2008
Cash and short-term investments	$ 69,764,327	$ 69,449,431
Equities		
U.S. equities	525,791,967	427,572,876
U.S. equity funds	143,411,653	112,627,760
Foreign equities	215,432,691	129,499,439
Foreign equity funds	25,000,000	-
Total equities	909,636,311	669,700,075
Fixed income		
U.S. Government obligations and municipal bonds	109,068,435	208,246,607
U.S. Corporate bonds	121,752,445	169,464,728
Foreign fixed income securities	7,991,588	12,482,940
Total fixed income	238,812,468	390,194,275
Venture capital	38,701,454	39,931,972
Real estate	32,109,854	42,652,970
Hedge funds	43,353,751	-
Subtotal	1,332,378,165	1,211,928,723
Securities lending cash collateral	169,346,248	145,705,526
Total investments at fair value	$ 1,501,724,413	$ 1,357,634,249

Short-term investments include commercial paper or notes having maturity of less than 90 days or pooled short-term investment funds managed by the Northern Trust. Under the terms of the investment agreement for these funds, the Northern Trust may invest in a variety of short-term investment securities.

Given the extreme illiquidity in the market in the last quarter of 2008, our custody bank felt it prudent to make a change to the short term collective pool. Slightly over half of the Plan's short term investments were removed from the collective pool and placed in a separate account, in effect separating illiquid investments from liquid investments. While the market value of these investments is currently below cost, the Plan fully expects these securities to attain par value at maturity date. Throughout 2009, the Plan did receive the expected par value on the securities that had reached maturity date.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. The Plan does not have a formal deposit policy for custodial credit risk. As of December 31, 2009 and 2008, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Plan's name.

	2009	2008
Amount exposed to custodial credit risk -		
Investments in foreign currency	$ 265,459	$ 127,761

Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to pay interest or principal in a timely manner, or that negative perception of the issuer's ability to make payments will cause a decline in the security's price. Some fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government, are not considered to have credit risk.

The fixed income portfolio of the Plan is managed by professional investment management firms. These firms are required to maintain diversified portfolios. The Plan does not have a formal policy on concentration of credit risk. Each investment manager complies with risk management guidelines individually assigned to them as part of their Investment Management Agreement. There were no investments from a single issuer that exceeded 5% of the total net assets of the Plan.

NOTE 3. INVESTMENTS (CONTINUED)

Concentration of Credit Risk (continued)

A bond's credit quality is a standard used by the investment community to assess the issuer's ability to make interest payments and to ultimately make principal payments. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investor Service (Moody's) or Standard and Poor's (S&P). In the rating agency's opinion, the lower the rating, the greater the chance that the bond issuer will default, or fail to meet its payment obligations. The following table presents the credit risk profile, based on Moody's Investor Service for fixed income securities held by the Plan as of December 31, 2009 and 2008.

Quality Rating	2009	2008
Aaa	$ 63,143,492	$ 128,962,508
Aa	10,541,385	13,094,187
A	20,519,441	26,547,865
Baa	26,710,547	38,595,655
Ba	3,714,975	4,580,928
B	4,430,449	1,704,149
Caa	4,824,837	1,667,169
Ca	1,274,053	116,763
C	23,846	997,644
Not rated or unavailable	43,321,395	52,245,168
Total credit risk debt - securities	178,504,420	268,512,036
U S Governmental guaranteed	60,308,048	121,682,239
Total fixed income	$ 238,812,468	$ 390,194,275

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk. However, the investment managers have diversified the portfolio to reduce the impact of losses in an individual investment and typically align the portfolio's duration with that of the benchmark.

NOTE 3. INVESTMENTS (CONTINUED)

Interest Rate Risk (continued)

At December 31, 2009, the following table shows the investments by investment type and maturity (expressed in thousands).

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years	Variable
Asset backed securities	$ 9,900	$ -	$ 3,007	$ 160	$ 6,733	$ -
Commercial mortgage backed	13,070	3	473	-	12,594	-
Corporate bonds	89,738	2,297	19,992	18,359	16,745	32,345
Government agencies	17,034	-	9,861	3,043	4,130	-
Government bonds	27,701	-	7,269	9,854	10,578	-
Government mortage backed	58,030	-	399	3,149	36,199	18,283
Index linked gov't bonds	7,418	-	207	6,350	861	-
Municipal bonds	86	-	-	-	86	-
Non-government backed CMO's	14,790	-	55	1,245	13,490	-
Other fixed income	1,045	-	-	-	-	1,045
Total fixed income	$ 238,812	$ 2,300	$ 41,263	$ 42,160	$ 101,416	$ 51,673

Investment Results

During 2009 and 2008, net realized gains (losses) on investments sold, reflecting the difference between the proceeds received and cost value of securities sold, were $(67,226,457) and $(82,875,031), respectively. These amounts are included in the net appreciation (depreciation) in fair value of investments as reported on the Statement of Changes in Plan Net Assets. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of the Plan's investments. Investments purchased in a previous year and sold in the current year results in their realized gains and losses being reported in the current year and their net appreciation (depreciation) in Plan assets being reported in both the current and the previous year(s).

NOTE 3. INVESTMENTS (CONTINUED)

Foreign Currency Risk

The international portfolio is constructed on the principles of diversification, quality, growth and value. Risk of loss arises from changes in currency exchange rates. While not having a formal investment policy governing foreign currency risk, the Plan does manage its exposure to fair value loss by requiring their international securities managers to maintain diversified portfolios to limit foreign currency and security risk. The Plan's exposure to foreign currency risk as of December 31, 2009 and 2008, is presented in the following table.

Currency	2009	2008
Australian dollar	$ 6,951,254	$ 4,358,313
Brazalian dollar	9,692,186	762,161
Canadian dollar	2,409,688	2,589,740
Swiss franc	10,404,313	8,615,041
Danish krone	2,196,153	2,353,429
Euro	37,633,385	28,951,501
British pound sterling	35,099,267	23,385,295
Hong Kong dollar	12,248,397	6,513,078
Indonesian rupiah	2,120,028	193,865
New Israeli shekel	279,250	-
Japanese yen	25,819,212	21,760,487
South Korean won	4,737,881	1,556,508
Mexican peso	3,401,008	1,692,070
Malaysian ringgit	1,487,911	523,409
Norwegian krone	1,484,420	1,197,577
Polish zloty	266,695	96,794
Swedish krona	5,686,974	2,865,183
Singapore dollar	4,239,524	2,903,994
Thai baht	520,424	-
Turkish lira	458,721	-
South African rand	4,796,074	1,112,560
United States dollar	68,499,926	18,068,434
Subtotal foreign equities	240,432,691	129,499,439
United States dollar	7,991,588	12,482,940
Subtotal foreign fixed income securities	7,991,588	12,482,940
Total foreign securities	$ 248,424,279	$ 141,982,379

NOTE 4. SECURITIES LENDING

State Statutes and the Board of Trustees permit the Plan to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Plan's custodian, acting as the lending agent, lends securities for collateral in the form of cash, U.S. Government obligations and irrevocable letters of credit equal to 102% of the fair value of domestic securities plus accrued interest and 105% of the fair value of foreign securities plus accrued interest.

The Plan receives 80% of the net revenue derived from the securities lending activities, and the bank receives the remainder of the net revenue.

The Plan is not restricted as to the type of securities it may loan but the Plan currently has a loan limit in place for $199,753,810. The Plan does not have the right to sell or pledge securities received as collateral unless the borrower defaults.

The average term of securities loaned was 64 days for both 2009 and 2008; however, any loan may be terminated on demand by either the Plan or the borrower. Cash collateral may be invested in a short-term investment pool, which had an average weighted maturity of 65 days as of December 31, 2009 and an average weighted maturity of 45 days as of December 31, 2008. Cash collateral may also be invested in term loans, in which the investments (term loans) match the term of the securities loaned. These loans can be terminated on demand by either the lender or the borrower.

At December 31, 2009 and 2008, the Plan had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts owed to the Plan. At December 31, 2009 and 2008, the fair value of securities loaned was $164,125,390 and $142,820,827, respectively. At December 31, 2009 and 2008, the securities loaned were collateralized as follows:

	2009	2008
Collateralized by cash	$ 169,346,248	$ 145,705,526
Collateralized by other than cash	170,951	11,434
Total	$ 169,517,199	$ 145,716,960

During 2009 and 2008, there were no losses due to default of a borrower or the lending agent. The contract with the Plan requires the lending agent to indemnify the Plan if borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the issuers of securities while the securities are on loan.

On September 15, 2008, Lehman Brothers International Europe (LBIE) and on September 18, 2008, Lehman Brothers Inc. (LBI) were called into default on obligations under the terms of one or more of the Securities Borrowing Agreements. The Plan was compensated for any security that was not returned from loan in accordance with the contractual obligations.

NOTE 4. SECURITIES LENDING (CONTINUED)

Due to the volatile financial markets of late 2008, the securities lending program has produced significant negative income unlike any year in the history of securities lending. The Plan recorded a corresponding liability and the custodial bank has agreed to continue to carry forward the liability and post future securities lending earnings against the current liability.

NOTE 5. MORTGAGE-BACKED SECURITIES

The Plan invests in mortgage-backed securities, representing interests in pools of mortgage loans, as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies, such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

The financial instruments are carried at fair value and are included in investments on the Statement of Plan Net Assets. The gain or (loss) on financial instruments is recognized and recorded on the Statement of Changes in Plan Net Assets as part of investment income.

NOTE 6. RELATED PARTY TRANSACTIONS

At December 31, 2009 and 2008, the Plan held securities in three of its investment management companies with a fair value of $3,235,261 and $2,495,025, respectively.

NOTE 7. WHEN-ISSUED TRANSACTIONS

The Plan may purchase securities on a when-issued basis; that is, obligate itself to purchase securities with delivery and payment to occur at a later date. At the time the Plan enters into a commitment to purchase the security, the transaction is recorded at purchase price which equals value. The value of the security, which may vary with market fluctuations, is not reflected in the value of investments. The value at delivery may be more or less than the purchase price. No interest accrues to the Plan until delivery and payment take place. As of December 31, 2009 and 2008, the Plan contracted to acquire securities on a when-issued basis with total principal amounts of $19,730,000 and $34,095,000 and fair values of $20,640,335 and $34,893,011, respectively.

NOTE 8. COMMITTED CASH

The Plan has entered into investment arrangements for real estate and venture capital. As of December 31, 2009 and 2008, the Plan had $31,833,312 and $40,414,991, in outstanding capital commitments, respectively.

NOTE 9. SUMMARY OF EMPLOYER FUNDING POLICIES

The City shall levy a tax annually which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them, will be sufficient for the requirements of the Plan. The tax will produce an amount that does not exceed the amount of contributions by the employees to the Plan made in the calendar year two years prior to the year for which the annual applicable tax is levied, multiplied by 1.00 for the year 1999, and each year thereafter.

When the balance of the prior service reserve equals its liabilities (including in addition to all other liabilities, the present value of all annuities, present or prospective, according to applicable mortality tables and rates of interest), the City shall cease to contribute the amounts to provide prior service annuities and other annuities and benefits.

As a result of Public Act 093-0654, the City is not required to make a contribution for the plan year if the accrued liabilities, excluding the liabilities that arose from the early retirement incentive (ERI) of 2004, are 100 percent funded by the Actuarial Value of Assets.

The current actuarial studies of the Plan as of December 31, 2009 (2010 Tax Levy) and as of December 31, 2008 (2009 Tax Levy) indicated that a minimum annual contribution was required by the City to maintain the Plan on a minimum valuation basis. The recommended minimum annual contribution based on an annual payroll of $208,626,493 for 3,124 active members for the 2010 tax levy and $216,744,211 for 3,325 active members for the 2009 tax levy is computed as follows:

	2010 Tax Levy	2009 Tax Levy
Normal cost	$ 32,544,629	$ 33,594,167
30 year level dollar amortization of unfunded liability (surplus)	33,245,314	20,310,424
Interest adjustment for semimonthly payment	2,611,958	2,127,678
Total minimum contribution	68,401,901	56,032,269
Less estimated plan member contributions	(18,127,860)	(18,833,220)
Annual required contribution (ARC) to be financed by tax levy*	$ 50,274,041	$ 37,199,049
Required tax levy multiple for the Plan	2.76	2.12

*Value for 2010 and 2009 ARC includes GASB No. 43 ARC of $3,609,337 and $3,681,620, respectively.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES

The reserves for actuarial liabilities are based on an annual valuation submitted by the Plan's consulting actuary. The annual actuarial valuation establishes the reserves required for various statutory liabilities which arise from pension benefit schedules that are part of the current pension code legislation. Net assets held in trust for pension benefits as of December 31, 2009 and 2008, were comprised of the following Plan surplus (deficit) balances:

	2009	2008
Prior Service Fund	$ 1,168,454,858	$ 1,130,362,969
City Contribution Fund	242,928,611	243,058,098
Salary Deduction Fund	242,861,683	242,988,982
Annuity Payment Fund and Reserve	400,473,170	340,908,222
Supplementary Payment Reserve	69,562	69,562
Fund Reserve - (deficit)	(721,858,472)	(768,807,344)
Total net assets held in trust for pension benefits	$ 1,332,929,412	$ 1,188,580,489

The Prior Service Fund is a reserve account for the accumulation of City contributions to provide for: 1) employee and spouse annuities that are based on service performed before the Plan's effective date of July 1, 1935, and 2) any excess in minimum annuity formula requirements over the amounts required for age and service annuities and for spouse annuities.

The City Contribution Fund is used to accumulate amounts contributed by the City to provide for annuities based on age and service of each employee and spouse. An individual account is to be kept for each employee and spouse until the employee retires, at which time the individual account balances are transferred to the Annuity Payment Fund.

The Salary Deduction Fund is similarly used to accumulate deductions made from employee salaries for age and service annuities for the employee and spouse. Individual accounts are kept until the employee retires or withdraws from service before qualifying for an annuity. At retirement, account balances are transferred to the Annuity Payment Fund. In case an eligible employee elects to take a refund of contributions instead of an annuity, the contribution refund is charged to this reserve fund.

The Annuity Payment Fund receives the amounts transferred from the individual accounts in the City Contribution Fund and the Salary Deduction Fund when an employee retires and qualifies for an annuity. All age and service annuity payments are charged to this fund.

The Supplementary Payment Reserve was established in 1969 to fund postretirement benefit increases for future and current annuitants who elected to pay into the Plan the amount necessary to receive the postretirement benefit.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

The Fund Reserve represents the difference between the actuarially determined present value of all future pension payments and the value of the Plan's present assets plus the present value of future contributions. A surplus indicates that present assets and future contributions exceed the expected requirements for future pension payments, while a deficit indicates that additional assets will be needed to provide for future benefits.

During the years ended December 31, 2009 and 2008, the Plan's actuary has determined that an increase in actuarial reserves of $60,099,243 for 2009 and an increase in actuarial reserves of $107,681,315 for 2008 are required. The excess or shortage of revenue over expenses for the years ended December 31, 2009 and 2008, have been applied to the actuarial reserves as noted above, which has resulted in an increase in the Plan deficit of $157,174,618 for the year ended December 31, 2009 and an increase of $166,965,255 for the year ended December 31, 2008.

As reported by the actuary, the changes in the Plan surplus (deficit) during the years ended December 31, 2009 and 2008, consisted of the following:

	2009	2008
Fund surplus (deficit) at the beginning of the year	$ (258,960,825)	$ (91,995,570)
Gains (losses) during the year attributable to:		
Salaries under assumed rate	13,437,593	(12,298,504)
Investment yield over/under 8.0% assumed	(136,557,090)	(112,839,821)
Annual required contributions from levy and employee contributions	(20,908,058)	(1,261,981)
Miscellaneous actuarial experience	(13,067,408)	(10,719,816)
Gain (loss) from data corrections	(79,655)	(3,650,332)
Gain (loss) from active member definition change	-	(26,194,801)
Net gain / (loss)	(157,174,618)	(166,965,255)
Fund deficit at the end of the year	$ (416,135,443)	$ (258,960,825)

The above detail denotes the change in the Plan surplus (deficit) based on assets valued using a Five Year Smoothed Average Market, a market related actuarial asset value as required by Governmental Accounting Standards Board Statement No. 25.

NOTE 10. RESERVES FOR ACTUARIAL LIABILITIES (CONTINUED)

Some of the more significant actuarial assumptions used in the valuations for 2009 and 2008, were as follows:

The actuarial method used in the valuation was the Entry Age Normal Actuarial Cost Method.

Life expectancy of participants: 1994 Group Annuity Mortality sex distinct tables set forward two years

Disability: Disability cost valued as a term cost of 1.50 percent of payroll

Retirement age assumptions (based on actual past experience): All retire by age 70

Investment rate of return (net of expenses): 8% compounded annually

Salary increase: 4.5% compounded annually, plus a service based increase in the first five years

A Schedule of Funding Progress is located in the Required Supplementary Information on page 24. This schedule provides information about progress made in accumulating sufficient assets to pay benefits when due.

NOTE 11. EMPLOYER (TAXES) RECEIVABLE (PAYABLE) - NET

	2009	2008
Employer contribution	$ 22,817,022	$ 17,891,000
Less allowance for uncollectable accounts	(818,860)	(381,040)
Total	$ 21,998,162	$ 17,509,960

NOTE 12. LEASE AGREEMENTS

The Plan leases its office and storage facilities under extended noncancelable agreements in effect through February 28, 2011. The lease currently requires monthly payments of $19,183. Monthly lease payments are subject to an escalation clause for increases in real estate taxes and maintenance charges. Rental expense for the years ended December 31, 2009 and 2008, was $218,208 and $237,902, respectively. Future minimum rental payments required under noncancelable operating leases are as follows:

Year ending December 31,		
2010		$ 230,196
2011		38,366
	Total	$ 268,562

NOTE 13. DISASTER RECOVERY

The disaster recovery site establishes proactive measures to ensure the continuity of Plan operations during emergencies. Five Chicago pension funds (Laborers', Municipal, Police, Fire, and Cook County) are jointly participating in this project. The goal is to possess the capability to access the Plan's main information technology systems at a remote location within 36 hours of any emergency. Toward that goal, the five funds lease office and storage facilities under an extended noncancelable agreement in effect through August 31, 2016. Monthly lease payments have been agreed upon for the length of the lease. Disaster recovery expense for the years ended December 31, 2009 and 2008 was $29,709 and $33,473, respectively. The Plan's share of future minimum rental payments, required under noncancelable operating leases, are as follows:

Year ending December 31,	
2010	$ 9,735
2011	10,030
2012	10,335
2013	10,648
2014	10,970
2015 through 2016	19,034
Total	$ 70,752

NOTE 14. RISKS OF LOSS

In order to protect itself against liabilities and losses, the Plan purchases multi-peril, fidelity bond, fiduciary liability, and health insurance. The cost of the health insurance is borne by both the Plan and employees established on the basis of coverage provided.

The Plan has elected to self-insure against the risk of loss due to a breach in workmen's compensation claims and errors or omissions by Plan employees. There have been no claims or settlements in the last three years.

NOTE 15. PROPERTY AND EQUIPMENT

Property and equipment detail for the years ended December 31, 2009 and 2008, is as follows:

	2009	2008
Office equipment	$ 325,779	$ 308,672
Custom software package	6,026,102	6,001,842
	6,351,881	6,310,514
Accumulated depreciation	(3,518,443)	(2,864,073)
Property and equipment - net	$ 2,833,438	$ 3,446,441

Depreciation expense for the years ended December 31, 2009 and 2008, was $654,370 and $644,925, respectively.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES

Plan Description - Effective January 1, 1988, the Plan and the City of Chicago agreed for a ten year period to share in the cost of providing health care coverage to the annuitants or their surviving spouses who elect to participate in the City of Chicago's Annuitant Medical Benefits Program. This single employer plan provides medical and prescription drug benefits to eligible retirees, spouses, and dependent children.

Funding Policy - The Plan's contribution requirement is established by the state legislature and may be amended. Through June 30, 2008, the Plan was allowed, in accordance with State Statutes, to subsidize the cost of monthly group health care premiums up to $85 per month for non-Medicare recipients and $55 per month for Medicare recipients. From July 1, 2008 through June 30, 2013, the amount of Fund paid health care premiums increased to $95 per month for non-Medicare recipients and $65 per month for Medicare recipients. The remaining cost to participate in the Program is borne by the City of Chicago and the annuitant.

In this report, the Plan, in accordance with GASB No. 43, *Financial Reporting for Post-employment Benefit Plans other than Pensions*, includes disclosures of a separate annual required contribution (ARC) for Other Postemployment Benefits (OPEB) beginning with the Plan's 2006 fiscal year. It also requires that the investment return assumption (or "discount rate") used to value OPEB liabilities be based on the estimated long-term yield on the investments expected to be used to finance the payment of benefits. The OPEB liabilities are considered to be funded on a pay-as-you-go basis. That is, the health insurance supplement is financed with current contributions, and no separate healthcare asset account exists to pay the health insurance supplement.

Annual Required Contribution - The Plan's annual required contribution, employer contribution, and the percentage of annual required contribution contributed to the Plan since Fiscal Year End 2006, are as follows:

Fiscal Year Ended	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
12/31/2006	$ 3,542,974	$ -	0.0%
12/31/2007	3,567,685	2,202,835	61.7
12/31/2008	3,564,966	2,347,624	65.9
12/31/2009	3,681,620	2,563,040	69.6

There was no ARC prior to 2006

At December 31, 2009, the number of annuitants or surviving spouses whose cost to participate in the Program was subsidized, totaled 2,802; at December 31, 2008, the total was 2,779.

NOTE 16. OTHER POST EMPLOYMENT BENEFIT PLAN – CITY RETIREES (CONTINUED)

Funded Status and Funding Progress - The funded status of the plan as of December 31, 2009, is as follows:

Actuarial accrued liability (AAL)	$ 41,738,247
Net Plan Actuarial Assets	-
Unfunded actuarial accrued liability (UAAL)	$ 41,738,247
Funded ratio	0.0%
Covered payroll	$ 208,626,493
UAAL as a % of covered payroll	20.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 24, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 0% due to the fact that the OPEB is a fixed dollar subsidy and trend is not applicable. The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2009 was 30 years.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER

Plan Description - The Plan, as an employer, administers a single-employer postemployment healthcare plan ("Retiree Health Plan") under the provisions of Illinois Statutes. The Retiree Health Plan provides lifetime health and dental care insurance for eligible retirees and their spouses through the Plan's group health insurance plan, which covers both active and retired members. Currently, 5 retirees are in the plan and 20 active employees could be eligible at retirement.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER (CONTINUED)

Funding Policy - The contributions requirements of plan members and the Plan are established by the Plan's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. For 2009, the Plan contributed $37,770 to the plan. Plan members receiving benefits contributed $11,550 in 2009 or 28.7% of the total premiums for the year, through their required contributions of between $62 and $406 per month based on coverage. The premium rates paid by the retirees are the same rates as those paid by City of Chicago retirees.

Annual OPEB Cost and Net OPEB Obligation - The Plan's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Plan's annual OPEB cost, the amount actually contributed to the plan, and changes in the Plan's net OPEB obligation to the Retiree Health Plan:

	2009	2008
Annual required contribution	$ 262,012	$ 245,497
Interest on net OPEB obligation	18,471	9,214
Adjustment to ARC	(24,114)	(12,029)
Annual OPEB expense	256,369	242,682
Contributions made	(37,770)	(36,972)
Increase in net OPEB obligation	218,599	205,710
Net OPEB obligation - beg. of year	410,464	204,754
Net OPEB obligation - end of year	$ 629,063	$ 410,464

In 2009, the Plan contributed 14.4% of the annual required OPEB contribution to the plan.

Actuarial Valuation Information

Actuarial Valuation Date*	Actuarial Value of Plan Net Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Liability (UAL) (c)	Funding Ratio (a/b)	Actuarial Covered Annual Payroll (d)	UAL as a Percentage of Covered Payroll (c/d)
12/31/2006	$ -	$ 1,874,900	$ 1,874,900	$ -	$ 1,220,500	153.6%

* For a plan the size of the LABF as Employer plan, GASB allows a valuation report to be used for up to 3 years if there are not significant changes in plan design, premiums/claims, or demographics that would materially change the results. The next actuarial valuation will be performed as of December 31, 2009 which will be completed in 2010.

NOTE 17. OTHER POST EMPLOYMENT BENEFIT PLAN: LABF AS EMPLOYER (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress on page 24, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2006 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate for medical of 10% per year graded down to 5% per year (ultimate trend in 1% increments) and a rate for dental of 6% per year graded down to a 4.5% per year (ultimate trend in 0.5% increments.) The assumption includes projected salary increases of 4.5% per year. Both assumptions include an inflation rate of 3.0% per year. The actuarial value of assets is zero (no assets) as the OPEB is on a pay-as-you-go basis. The amortization method is level dollar on an open basis and the remaining amortization period at December 31, 2006 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

SCHEDULE OF FUNDING PROGRESS FOR GASB 25
(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2004	$1,649,959	$ 1,674,615	$ 24,656	98.53%	$ 171,477	14.38%
2005 [1]	1,635,595	1,742,300	106,705	93.88	182,809	58.37
2006 [2]	1,664,058	1,767,682	103,624	94.14	193,176	53.64
2007 [2]	1,757,711	1,808,295	50,584	97.20	192,847	26.23
2008 [2]	1,698,427	1,915,324	216,897	88.68	216,744	100.07
2009 [2]	1,601,352	1,975,749	374,397	81.05	208,626	179.46

[1] OPEB liabilities are discounted at a rate of 4.50% beginning in 2005.

[2] OPEB liabilities are excluded beginning in 2006.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution [1,4]	Required Statutory Basis [2]	Actual Contribution [3]	Percentage of ARC Contributed
2004	$ 8,513	$ 18,788	$ 203	2.38 %
2005	12,774	18,212	40	0.32
2006	17,600	16,506	106	0.60
2007	21,726	12,624	13,256	61.01
2008	17,652	14,894	15,233	86.30
2009	33,517	14,366	14,627	43.64

[1] Under Normal Cost plus Level Dollar Amortization. Amortization period of 30 years beginning in 2007 and 40 years prior to 2007. Negative ARC values are set to zero, as no contribution is then required.

[2] Tax levy after 4% overall loss.

[3] Net tax levy plus miscellaneous. Includes prior year adjustments for taxes beginning in 1991.

[4] ARC excludes amount attributed to health insurance supplement beginning 2006.

Note: The City of Chicago did not levy a tax for the Plan for payments in 2000 through 2006.

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR GASB 43

(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006	$ -	$ 41,554	$ 41,554	0.00%	$ 193,176	21.51%
2007	-	41,411	41,411	0.00	192,847	21.47
2008	-	42,064	42,064	0.00	216,744	19.41
2009	-	41,738	41,738	0.00	208,626	20.01

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 43

(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2006	$ 3,543	0.0%
2007	3,568	61.7
2008	3,565	65.9
2009	3,682	69.6

SCHEDULE OF FUNDING PROGRESS OF OPEB LIABILITIES FOR GASB 45

(dollar amounts in thousands)

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
2006*	$ -	$ 1,875	$ 1,875	0.00%	$ 1,221	153.62%

SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 45

(dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage of ARC Contributed
2007	$ 230	10.9%
2008	245	15.1
2009	262	14.4

* Assuming no significant changes in the following three years, the next actuarial valuation will be as of December 31, 2009.

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR GASB 25

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	Five Year Smoothed Average Market
Actuarial assumptions	
Investment rate of return [1]	8%
Projected base salary increases [1]	4.5% per year, plus a service based increase in the first five years

Service	Additional Increase	Total Increase
0	4.50%	9.00%
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & over	0.00	4.50

[1] includes 3.0% inflation assumption

Postretirement benefit increase: 3.0% per year for employee annuitants beginning at the earlier of

1) the later of the 1st of January of the year after retirement and age 60
2) the later of 1st of January of the year after the second anniversary of retirement and age 53

LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

NOTES TO SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS OF OPEB LIABILITIES FOR GASB 43 & 45

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows:

Amortization method	Level Dollar; Open
Amortization period	30 Years
Actuarial cost method	Entry Age Normal
Asset valuation method	No Assets (Pay-as-you-go)
Actuarial assumptions	
OPEB investment rate of return[1]	4.5%
Projected base salary increases[1]	4.5% per year, plus a service based increase in the first five years

Service	Additional Increase	Total Increase
0	4.50%	9.00%
1	3.50	8.00
2	2.50	7.00
3	1.50	6.00
4	0.50	5.00
5 & over	0.00	4.50

[1] includes inflation at 3% per year

Healthcare cost trend rate — 0.0% (Trend not applicable – Fixed dollar subsidy)

OPEB-LABF as employer: Medical: 10% per year graded down to 5% per year ultimate trend in 1% increments
Dental: 6% per year graded down to 4.5 % per year
ultimate trend in 0.5% increments

ADDITIONAL INFORMATION

LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO

SCHEDULES OF INVESTED ASSETS
COST AND FAIR VALUE
(IN THOUSANDS)

	2009				2008			
	Cost Value		Fair Value		Cost Value		Fair Value	
Cash and short-term investments	$ 69,744	5.4%	$ 69,764	5.2%	$ 71,686	4.9%	$ 69,449	5.7%
Government obligations and municipal bonds	107,047	8.3	109,269	8.2	204,220	14.1	210,208	17.3
Corporate bonds	140,374	10.9	129,543	9.7	216,823	15.0	179,987	14.9
Corporate stocks	669,998	51.9	741,224	55.6	717,035	49.5	557,072	46.0
Pooled funds	183,947	14.3	168,412	12.7	158,947	11.0	112,628	9.3
Venture capital	40,340	3.1	38,702	2.9	41,680	2.9	39,932	3.3
Real estate	38,407	3.0	32,110	2.4	37,882	2.6	42,653	3.5
Hedge funds	40,000	3.1	43,354	3.3	-	0.0	-	0.0
Invested assets at cost/fair value	$ 1,289,857	100.0%	$ 1,332,378	100.0%	$ 1,448,273	100.0%	$ 1,211,929	100.0%

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Performance Summary
Fair Value Returns

Annualized Percent for Periods Presented

	2009	2008	2007	2006	2005	3-Yr.	5-Yr.
Cash and short-term investments							
LABF	-0.6 %	2.8 %	4.4 %	4.9 %	3.1 %	2.2 %	2.9 %
90 Day T- Bills	0.2	1.3	4.5	4.8	3.0	2.4	3.0
Bonds							
LABF	12.1	-5.0	4.1	4.4	2.2	3.5	3.4
BC Aggregate	5.9	5.2	7.0	4.3	2.4	6.1	5.0
Corporate stocks							
LABF	29.2	-39.3	8.9	13.6	9.1	-5.1	1.1
S&P 500	26.5	-37.0	5.5	15.8	4.9	-5.6	0.4
International equities							
LABF	40.1	-46.7	10.2	25.5	11.6	-6.3	2.9
MSCI EAFE Net	31.8	-43.4	11.2	26.3	13.5	-6.1	3.5
Venture capital							
LABF	-10.4	-10.8	32.6	11.0	29.3	1.9	8.7
Real estate							
LABF	-36.6	-0.7	13.6	12.4	33.1	-10.6	1.4
NCREIF-ODCE	-29.8	-10.0	16.0	16.3	21.4	-9.8	0.7
Hedge funds*							
LABF	-	-	-	-	-	-	-
Combined							
LABF	21.5 %	-29.2 %	8.0 %	11.2 %	7.8 %	-2.4 %	2.2 %

Performance figures provided by Becker, Burke Associates

* Asset class start date was 07/01/09. No annual return.