

November 2009 401(k) Plan Review SUMMARY

Meeting Attendees: Greg Spence, Betty Ferguson, Darrell Dixon, Herman Murray, Doug Williams, Kevin Ketner, Jennifer Estrada, Mike Hernandez, Charlie Anderson, Steve Lyons, Abel Benitez, Jean Tucker (Wells Fargo) and Alan Charbonneau (Wells Fargo). Facilitator: Valerie Tackett; Secretary: Jennifer Meek; By proxy: April Ancira.

Meeting called to order at 10:30 a.m. After introductions, the Investment Policy Statement for the Ancira Enterprises Employee Savings Plan dated November 17, 2009 was distributed. Instructions were given that everyone in attendance is equals and encouraged to actively provide input at the meeting. Investment Policy Statement was reviewed and ratified unanimously. Brief discussion explained annual audit process and controls. Wells Fargo introduced as record keeper for the Plan.

Discussion points included that the Plan is an "individually-directed" Plan, which means that contributions to the Plan and investment elections are self directed by the participant and that contribution rates are allowed in a range of 0% - 25%. The committee determines the investment particulars and must be considerate of the need for investment options to span the spectrum of needs from younger participants to those nearing retirement. Participants are informed of Plan features, tools, and investment options via online postings at www.ancira.org, as well as through mailers, benefits/wellness expos and employee meetings.

Review of Participant Status Report as of 9/30/09 and 3rd Quarter Deferral Rates by Age Group and Location, followed. The Plan is approaching the \$12 million mark again after a year and a half of economic stress.

Wells Fargo summarized the Executive Summary handout. Automatic deferral increase feature was implemented in 2009 has been performing well in addition to the already in place auto-enrollment feature. This feature was well-received for the most part; not many participants had opted out of it.

Consistent with current trend, 2010 Annual Campaign will be directed to help younger employees understand the differences between outside/online investing versus 401k plans, which offer tax deferred savings. The goal of the educational process is to clear up this confusion and have younger groups understand the advantages of 401k participation and a diversified approach to retirement planning involving several modes of savings rather than only one. Alan Charbonneau, Wells Fargo Portfolio Manager, stressed the importance of how much the employee saves being a primary driver of return.

Alan conducted the Economic Review portion of the meeting, stating that the one year numbers are still in the red for most, with things still being about 15% off for the year. However, he did state that trends are improving. Alan shared that the emerging markets are up, but are a very volatile group of stocks that should only make up a small percentage of one's investment portfolio.

Alan moved on to discuss the global markets, stating that manufacturing has made somewhat of a comeback. He referenced the GDP growth in the 3rd quarter of 2009, but said that it was primarily due to stimulus spending, such as the Cash for Clunkers program, which resulted in a strong spike which then dropped off significantly after the end of the program. Alan also referenced unemployment figures, stating that he sees the 10.5% unemployment rate realistically turning around in April/May 2010. He cautioned that U.S. mortgages are still a problem as 40% of them are "under water." He warned that both housing and unemployment must solidify in order to see a true economic turnaround.

Alan then went into the Cash Flow Report, pointing out the decent level of return for the 3rd quarter of 2009, stating that loan balances are fairly small for a plan of this size and pointed out only a few transfers into stable-return funds. Valerie and Jean referenced the 2008 effort that was made to inform participants

who were in stable-return funds of other options available to them that might provide them with better results and Jean recommended another target-fund mailer to out in 2010.

Alan referenced the "report card" for the Plan funds, sharing that almost all the funds are either A or B funds, which are strong ratings. He mentioned only two weaker-rated funds: the C-rated Calamos Growth Fund, as well as the D-rated Wells Fargo Growth Balance Fund. Alan shared data that indicated a turn-around for the Calamos Growth Fund, but suggested that the Wells Fargo Growth Balance Fund be re-evaluated in 6 months for replacement. Instead, the Committee proposed that a smaller selection committee made up of Kevin Ketner, Betty Ferguson, and Steve Lyons evaluate and choose the replacement fund. Alan Charbonneau provided three replacement fund alternatives to the Wells Fargo Growth Balance Fund via email to Valerie Tackett on 11/19/09. The fund alternatives offered were: Janus Balanced S, MFS Total Return R3, and Oakmark Equity and Income I. The selection committee decided on the Oakmark Equity fund and Valerie notified Alan and Jean of the decision via email on 11/20. On 11/24, Jean emailed Valerie with details concerning the fund change, which will occur on January 4, 2010. Wells Fargo will provide the mailings necessary to inform the affected participants of the upcoming change. The selection committee decided on the Oakmark Equity fund and Valerie notified Alan and Jean of the decision via email on 11/20. On 11/24, Jean emailed Valerie with details concerning the fund change, which will occur on January 4, 2010. Wells Fargo will provide the mailings necessary to inform the affected participants of the upcoming change.

Kevin expressed a concern as to why more employees do not get involved in the target date funds. Ancira and Wells Fargo can only present the information to participants and educate them, but can't direct them, and nor should the committee/manager/co-workers.

Wells Fargo was asked how Ancira's scheduling/frequency of meetings compares with others with similar sized plans. Alan said that Ancira is on par with others and that twice a year is a good number. Valerie then called for any other items for discussion. Herman Murray made the motion to adjourn the meeting and Doug Williams provided the second. The meeting adjourned at 11:55 a.m.