Introduction
This notice includes important funding information about the Villanova University Retirement Income Plan ("the Plan"). This notice also provides a summary of federal rules governing the termination of single-employer defined benefit pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. Please note that Villanova is not planning on terminating the Plan at this time, but is required to provide you with this information. This notice is for the plan year beginning June 1, 2009 and ending May 31, 2010 ("Plan Year").

Funding Target Attainment Percentage
The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Plan's funding target attainment percentage for the Plan Year and two preceding plan years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

<table>
<thead>
<tr>
<th></th>
<th>Plan Year Beginning in 2009</th>
<th>Plan Year Beginning in 2008</th>
<th>Plan Year Beginning in 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Valuation Date</td>
<td>June 1, 2009</td>
<td>June 1, 2008</td>
<td>June 1, 2007</td>
</tr>
<tr>
<td>2. Plan Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Total Plan Assets</td>
<td>$35,978,841</td>
<td>$42,787,095</td>
<td>not applicable</td>
</tr>
<tr>
<td>b. Funding Standard Carryover Balance</td>
<td>$2,121,279</td>
<td>$5,517,404</td>
<td>not applicable</td>
</tr>
<tr>
<td>c. Prefunding Balance</td>
<td>$0</td>
<td>$0</td>
<td>not applicable</td>
</tr>
<tr>
<td>d. Net Plan Assets (a) – (b) – (c) = (d)</td>
<td>$33,857,562</td>
<td>$37,269,691</td>
<td>not applicable</td>
</tr>
<tr>
<td>3. Plan Liabilities</td>
<td>$42,305,886</td>
<td>$44,467,134</td>
<td>not applicable</td>
</tr>
<tr>
<td>4. At-Risk Liabilities</td>
<td>not applicable</td>
<td>not applicable</td>
<td>not applicable</td>
</tr>
<tr>
<td>5. Funding Target Attainment Percentage (2d)/(3)</td>
<td>80.03%</td>
<td>83.81%</td>
<td>not applicable</td>
</tr>
</tbody>
</table>

Transition Data
For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered "not applicable" in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect.

■ For 2007, the Plan’s “funding target attainment percentage determined under IRS transitional rules” was 88.71%, based on Plan assets of $44,952,903 less Credit Balance of $5,108,707 and Plan liabilities of $44,914,465 as of June 1, 2007. The Plan’s funded ratio of Plan assets (without subtracting Credit Balance) to Plan liabilities as of January 1, 2007 was 100.09%.

Credit Balances
Credit balances were subtracted from the Plan’s assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances (called “funding standard carryover balance” or “prefunding balance”) for funding purposes, such credits may not
be taken into account when calculating a plan’s funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as “credits” and may be applied in future years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years. The Plan’s funded ratio of Plan assets (without subtracting Credit Balance) to Plan liabilities as of June 1, 2009 was 85.05%.

Fair Market Value of Assets
Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of May 31, 2010, the fair market value of the Plan’s assets was $36,121,744. On this same date, the Plan’s liabilities were $49,884,179.

Participant Information
The total number of participants in the plan as of the Plan’s valuation date was 1,382. Of this number, 133 were active participants, 482 were retired or separated from service and receiving benefits, and 767 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies
Funding Policy
The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The current funding policy of the Plan is to contribute no less frequently than annually an amount at least equal to the minimum contribution required by law. Villanova University may, at its discretion, contribute amounts in excess of the minimum required contribution.

Investment Policy
Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan’s investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions.

The investment policy of the Plan is to obtain a return commensurate with the level of assumed risk of the investments in the Plan. Plan assets may be invested in active or passively managed funds.

In accordance with the Plan’s investment policy, all of the Plan’s assets were allocated to common/collective trusts as of the end of the Plan Year.

For information about the plan’s investment in common/collective trusts contact Mary Beth Green at 610.519.7954.
Right to Request a Copy of the Annual Report
A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator.

Summary of Rules Governing Termination of Single-Employer Plans
Employers can end a pension plan through a process called “plan termination.” There are two ways an employer can terminate its pension plan. The employer can end the plan in a “standard termination” but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC’s guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC
If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is $4,500 per month, or $54,000 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2009. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
■ The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.

■ Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.

■ Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.

■ Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.

■ The PBGC generally does not pay lump sums exceeding $5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Where to Get More Information
For more information about this notice, you may contact the Human Resources Department at Villanova University, at 800 Lancaster Avenue, Villanova, PA 19085 or 1.610.519.7900. For identification purposes, the official plan number is 001 and the plan sponsor’s employer identification number or “EIN” is 23-1352688. For more information about the PBGC and benefit guarantees, go to PBGC’s Web site, www.pbgc.gov, or call PBGC toll-free at 1.800.400.7242 (TTY/TDD users may call the Federal relay service toll free at 1.800.877.8339 and ask to be connected to 1.800.400.7242).

Disclosure Statement and Disclaimer
This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of plan liabilities, reported values of plan assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500). Subsequently, such results will change only by amendment of the Annual Report for the plan year. See the Right to Request a Copy of the Annual Report section for information about how to obtain a copy of the Annual Report. The plan sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any changes, including but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of plan amendments or any other events or circumstances occurring after this notice is provided.