

LIBBEY INC
Form 11-K
June 23, 2010

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the plan year ended December 31, 2009

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-12084

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

AMENDED AND RESTATED LIBBEY INC. SUPPLEMENTAL RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

LIBBEY INC.

300 Madison Ave.

Toledo, Ohio 43604

Table of Contents

REQUIRED INFORMATION

Financial Statements and Exhibits as follows:

1. Financial statements

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits as of December 31, 2009, and December 31, 2008

Statements of Changes in Net Assets Available for Benefits for years ended December 31, 2009 and December 31, 2008

Notes to Financial Statements

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

2. Exhibits

(23) Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

AMENDED AND RESTATED LIBBEY
INC.
SUPPLEMENTAL RETIREMENT PLAN

Dated: June 23, 2010

Libbey Inc.
Employee Benefits Committee
Plan Administrator

By: /s/ Timothy T. Paige
Timothy T. Paige
Chairman Employee Benefits
Committee

By: /s/ Richard I. Reynolds
Richard I. Reynolds
Executive Vice President and Chief
Financial Officer of Libbey Inc.

Table of Contents

Audited Financial Statements and
Supplemental Schedule
Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Years Ended December 31, 2009 and 2008
With Report of Independent Registered Public Accounting Firm

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Audited Financial Statements and Supplemental Schedule
Years Ended December 31, 2009 and 2008
Contents

<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Audited Financial Statements</u>	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statements of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
<u>Supplemental Schedule</u>	
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	18
<u>EX-23</u>	

Table of Contents

Report of Independent Registered Public Accounting Firm

The Libbey Inc. Employee Benefits Committee

Amended and Restated Libbey Inc. Supplemental Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the Amended and Restated Libbey Inc. Supplemental Retirement Plan as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included 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 also 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 management, and 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 net assets available for benefits of the Plan at December 31, 2009 and 2008, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Toledo, Ohio

June 23, 2010

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2009	2008
Assets		
Investments, at fair value <i>(Note 4)</i>	\$ 40,828,516	\$ 25,589,674
Contributions Receivable:		
Employer	20,346	
Participants	50,741	
Net assets available for benefits, at fair value	40,899,603	25,589,674
Adjustment from fair value to contract value for fully benefit-responsive investment contracts <i>(Note 5)</i>	393,320	761,314
Net assets available for benefits	\$ 41,292,923	\$ 26,350,988

See accompanying notes.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2009	2008
Additions		
Investment income:		
Interest and dividends	\$ 493,412	\$ 298,355
	493,412	298,355
Contributions:		
Participants	2,203,318	2,744,304
Employer	879,509	1,052,363
	3,082,827	3,796,667
Net transfer from Libbey Inc. Retirement Savings Plan	67,599	
Total additions	3,643,838	4,095,022
Deductions		
Participant withdrawals or benefits paid directly to participants	(3,416,022)	(2,974,193)
Net transfer to Libbey Inc. Retirement Savings Plan		(40,454)
Other	(15,819)	(12,740)
Total deductions	(3,431,841)	(3,027,387)
Net appreciation (depreciation) in fair value of investments (Note 4)	14,729,938	(17,976,052)
Net increase (decrease)	14,941,935	(16,908,417)
Net assets available for benefits:		
Beginning of year	26,350,988	43,259,405
End of year	\$ 41,292,923	\$ 26,350,988

See accompanying notes.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements
December 31, 2009

1. Description of Plan

General

The Amended and Restated Libbey Inc. Supplemental Retirement Plan (the Plan) was adopted by Libbey Inc. (the Company) for the benefit of eligible union hourly employees. The Plan was Amended and Restated on January 1, 2008.

The Plan is a defined contribution plan that provides eligible employees, upon completion of a probationary period, the opportunity to make pretax and/or after tax contributions, in specific percentages, within guidelines established by the Libbey Inc. Employee Benefits Committee (the Committee). Participant contributions are limited to 20% for Syracuse China employees and 25% for Libbey Glass Union employees of the eligible compensation and are immediately 100% vested. The Syracuse China plant ceased production in April 2009. Contributions may be divided at the participant's discretion among the various investment options from 1% to 100%, with no limit on the number of options selected. A participant may elect to change the percentage of annual compensation to be contributed, and any such changes shall be effective as soon as administratively feasible.

The benefit to which a participant is entitled is the benefit that can be provided from the value of the participant's account.

The Company contributes to the Plan on behalf of each participant an amount equal to 50% of the participant's contributions, not to exceed 3% of the participant's eligible compensation as determined by the union agreement. Effective January 1, 2008, company matching contributions are allocated to investments based on the participant's deferral elections. Company matching contributions are immediately 100% vested.

Within certain limitations, a participant may also transfer into the Plan a rollover contribution from another qualified plan.

Participants may transfer existing fund balances among the various investment funds daily.

The above information is intended as a general description of the Plan's operating guidelines. Reference should be made to the plan document for more specific provisions, including benefit payments.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

Plan Termination

Although the Company has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Upon termination, the entire interest of each participant's account is distributed to the participants.

Assets in Trust

For the years ended December 31, 2009 and 2008, all of the assets of the Plan were held by the Trustee, JP Morgan Chase Bank.

2. Summary of Accounting Policies

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies and common stock are valued based on quoted market prices that represent the net asset value of shares held by the Plan at year-end. Common collective trusts contain investments in equity and bond funds, treasury notes, and bond contracts. The fair value of the participation units in common collective trusts is based on quoted redemption values on the last business day of the Plan's year-end. Participant loans are valued at their outstanding balances, which approximate fair value. The Plan invests in fully benefit-responsive synthetic guaranteed investment contracts (synthetic GICs) through the JP Morgan Stable Value Fund. Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required, the statements of net assets available for benefits present the fair value of the fully benefit-responsive investment contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts. The underlying investments of the synthetic GICs are valued at quoted redemption values on the last business day of the Plan's year-end. The fair value of the wrap contracts for the synthetic GICs

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

is determined using the market approach discounting methodology that incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and discounted by the prevailing interpolated swap rate as of period-end. The contract value of the fully benefit-responsive investment contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Company Stock Fund

The Plan invests in common stock of the Company through its Company Stock Fund. The Company Stock Fund may also hold cash or other short-term securities, although these are expected to be a small percentage of the fund.

Dividends paid or deemed paid from this fund shall constitute applicable dividends per the Internal Revenue Service (IRS) Code (the Code).

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. The Trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustee votes any unallocated shares in the same proportion as those shares that were allocated, unless the Committee directs the Trustee otherwise. Participants have the same voting rights in the event of a tender or exchange offer.

Plan Expenses

Substantially all of the Plan's administrative expenses are paid by the Company.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

New Accounting Standards

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. FSP 157-4 amended Statement of Financial Accounting Standards (SFAS) No. 157 (codified as Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*) to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to its normal market activity. FSP 157-4 also provided additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities to comply with the disclosure requirements of ASC 820. The Plan adopted the guidance in FSP 157-4 for the reporting period ended December 31, 2009. Adoption of FSP 157-4 did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits. In May 2009, the FASB issued ASC 855, *Subsequent Events*, to provide general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 was amended in February 2010. The Plan has adopted ASC 855, as amended.

On July 1, 2009, the FASB Accounting Standards Codification (FASB ASC or the Codification) became the single source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Codification became effective for financial statements issued for interim and annual periods ending after September 15, 2009.

In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2009-12 amended ASC 820 to allow entities to use net asset value (NAV) per share (or its equivalent), as a practical expedient, to measure fair value when the investment does not have a readily determinable fair value and the NAV is calculated in a manner consistent with investment company accounting. The Plan adopted the guidance in ASU 2009-12 for the reporting period ended December 31, 2009, and has utilized the practical expedient to measure the fair value of investments within the scope of this guidance based on the investment's NAV.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

In addition, as a result of adopting ASU 2009-12, the Plan has provided additional disclosures regarding the nature and risks of investments within the scope of this guidance. Refer to Note 5 for these disclosures. Adoption of ASU 2009-12 did not have a material effect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and requires a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each class of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2, and 3 of the fair value hierarchy and presents information regarding the purchases, sales, issuances, and settlements of Level 3 assets and liabilities on a gross basis. With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 becomes effective for reporting periods beginning after December 15, 2009. Plan management is currently evaluating the effect that the provisions of ASU 2010-06 will have on the Plan's financial statements.

3. Fair Value Measurements

In accordance with ASC 820 (formerly FASB Statement No. 157), assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Plan has the ability to access at the measurement date.

Level 2 Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 Notes to Financial Statements (continued)

Level 3 Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

Investments Measured at Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis consisted of the following types of instruments as of December 31, 2009 and 2008 (Level 1, 2, and 3 inputs are defined above):

	Fair Value Measurements Using Input Type			Total
	December 31, 2009			
	Level 1	Level 2	Level 3	
Investments:				
Registered investment companies	\$ 19,461,515	\$	\$	\$ 19,461,515
Common stock	12,463,116			12,463,116
Common / collective trusts (a)		6,322,053		6,322,053
U.S. Treasuries		12,337		12,337
Participant loans			2,569,495	2,569,495
Total investments measured at fair value	\$ 31,924,631	\$ 6,334,390	\$ 2,569,495	\$ 40,828,516

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 Notes to Financial Statements (continued)

	Fair Value Measurements Using Input Type			Total
	December 31, 2008			
	Level 1	Level 2	Level 3	
Investments:				
Registered investment companies	\$ 15,481,037	\$	\$	\$ 15,481,037
Common stock	1,372,119			1,372,119
Common / collective trusts (a)		5,838,270		5,838,270
U.S. Treasuries & wrapped bonds		27,936	7,802	35,738
Participant loans			2,862,510	2,862,510
Total investments measured at fair value	\$ 16,853,156	\$ 5,866,206	\$ 2,870,312	\$ 25,589,674

(a) This category includes a common/collective trust fund that is designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in synthetic investment contracts (GICs) and a common collective trust. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a 30 day redemption notice to liquidate its entire share in the fund. The fair value of the synthetic GICs has been estimated based on the fair value of the underlying

investment contracts in the fund as reported by the issuer of the fund. The fair value differs from the contract value. As previously discussed in Note 2, contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The fair value of the common collective trust has been determined based on the fair value of the underlying investments of the fund as of the measurement date.

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 Notes to Financial Statements (continued)

The Plan's valuation methodologies used to measure the fair values of investments with registered investment companies, common stock, and U.S. Treasuries were derived from quoted market prices as all of these equity instruments have active markets. The common collective trusts are not available on an exchange or active market; however, the fair value is determined based on the underlying investments (primarily debt and equity securities, as well as mortgage backed securities) that are traded on an exchange and active market. The wrapped bonds represent synthetic GICs as discussed in Note 2. The fair value of these contracts is calculated by projecting, over the duration of the contract, the difference between replacement cost and actual cost, and discounting back to the measurement date at an appropriate discount rate. For further discussion of the synthetic GICs, see Note 5. The participant loans, all of which are secured by the account balances of borrowing participants, are included at their carrying values in the statements of net assets available for benefits, which approximated their fair values at December 31, 2009 and 2008. See Note 6 for additional discussion regarding participant loans.

The table below shows a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2009 and 2008:

	Level 3	
	Participant Loans	Wrapped Bonds
Balance as of January 1, 2008	\$ 3,024,149	\$
Net appreciation in fair value of investments		7,802
Issuance, repayments, and settlements, net	(161,639)	
Balance as of January 1, 2009	2,862,510	7,802
Issuance, repayments, and settlements, net	(293,015)	(7,802)
Balance as of December 31, 2009	\$ 2,569,495	\$

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 Notes to Financial Statements (continued)

4. Investments

Investments whose fair value represents 5% or more of the fair value of the Plan's net assets are as follows:

	December 31	
	2009	2008
Libbey common stock*	\$ 12,463,116	\$ 1,372,119
JP Morgan Intermediate Bond Fund *	5,439,579	5,045,318
Harbor International Fund*	4,392,207	3,299,260
Harbor Capital Appreciation Fund*	3,572,004	2,498,972
Harbor Bond Fund*	2,733,896	2,698,299
Participant loans*	2,569,495	2,862,510

* The fund is sponsored by the Plan Trustee or represents a party-in-interest.

During 2009 and 2008, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

	December 31	
	2009	2008
Registered investment companies	\$ 4,170,549	\$ (7,172,250)
Common/collective trusts	266,643	(135,953)
Common stock	10,292,746	(10,667,849)
	\$ 14,729,938	\$ (17,976,052)

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

5. Synthetic Guaranteed Investment Contracts

The Plan invests in synthetic GICs, which are wrap contracts paired with an underlying portfolio of investments owned by the Plan, of high quality, intermediate term, fixed income securities. The Plan purchases wrapper contracts from financial services institutions. Synthetic GICs credit a stated interest rate for a specified period of time. Investment gains and losses are amortized over the expected duration through the calculation of the interest rate applicable to the Plan on a prospective basis. Synthetic GICs provide for a variable crediting rate, which typically resets at least quarterly, and the issuer of the wrap contract provides assurance that future adjustments to the crediting rate cannot result in a crediting rate less than zero. The crediting rate is primarily based on the current yield to maturity of the covered investments, plus or minus amortization of the difference between the market value and contract value of the covered investments over the duration of the covered investments at the time of computation. The crediting rate is most affected by the change in the annual effective yield to maturity of the underlying securities, but is also affected by the difference between the contract value and the market value of the covered investments. This difference is amortized over the duration of the covered investments. Depending on the change in duration from reset period to reset period, the magnitude of the impact to the crediting rate of the contract to market difference is heightened or lessened. The crediting rate can be adjusted periodically and is usually adjusted either monthly or quarterly, but in no event is the crediting rate less than zero percent. The underlying investments in the synthetic GICs include U.S. Treasury Notes, JP Morgan Liquidity Fund, and JP Morgan Intermediate Bond Fund. Certain events limit the ability of the Plan to transact at contract value with the insurance company and the financial institution issuer. Such events include (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such events that would limit the Plan's ability to transact at contract value with participants is probable.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

Wrap contracts are evergreen contracts that contain termination provisions. Wrap agreements permit the Fund's investment manager to terminate upon notice at any time at market value and provide for automatic termination of the wrap contract if the contract value or market value of the contract equals zero. The issuer is not excused from paying the excess contract value when the market value equals zero. Wrap contracts permit the issuer to terminate at market value and provide that the Fund may elect to convert such termination to an amortized election that effectively will immunize the Fund, intending to result in contract value equaling market value of the underlying assets by such termination date. If an event of default occurs and is not cured, the nondefaulting party may terminate the contract. The following may cause the Plan to be in default:

A breach of material obligation under the contract

A material misrepresentation

A material amendment to the plan agreement

The issuer may be in default if it breaches a material obligation under the investment contract, makes a material misrepresentation, has a decline in its long-term credit rating below a threshold set forth in the contract, or is acquired or reorganized and the successor issuer does not satisfy the investment or credit guidelines applicable to issuers. If, in the event of default of an issuer, the Plan was unable to obtain a replacement investment contract, withdrawing participants may experience losses if the value of the Plan's assets no longer covered by the contract is below contract value. The Plan may seek to add additional issuers over time to diversify the Plan's exposure to such risk, but there is no assurance that the Plan may be able to do so. The combination of the default of an issuer and an inability to obtain a replacement agreement could render the Plan unable to achieve its objective of maintaining a stable contract value. The terms of an investment contract generally provide for settlement of payments only upon termination of the contract or total liquidation of the covered investments. Generally, payments will be made pro rata, based on the percentage of investments covered by each issuer. Contract termination occurs whenever the contract value or market value of the covered investments reaches zero or upon certain events of default. If the contract terminates due to issuer default (other than a default occurring because of a decline in its rating), the issuer will generally be required to pay to the Plan the excess, if any, of contract value over market value on the date of termination.

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 Notes to Financial Statements (continued)

If a synthetic GIC terminates due to a decline in the ratings of the issuer, the issuer may be required to pay to the Plan the cost of acquiring a replacement contract (that is, replacement cost) within the meaning of the contract. If the contract terminates when the market value equals zero, the issuer will pay the excess of contract value over market value to the Plan to the extent necessary for the Plan to satisfy outstanding contract value withdrawal requests. Contract termination also may occur by either party upon election and notice.

As described in Note 2, because the synthetic GICs are fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the synthetic GICs. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Average Yields for Synthetic GICs	2009	2008
Based on actual earnings	4.24%	6.76%
Based on interest rate credited to participants	1.81%	2.64%

6. Loan Fund

The Plan permits participants to borrow up to a maximum of \$50,000 or 50% of their investment balance once their investment balance reaches \$1,000. Loans are made subject to certain conditions and limitations specified in the plan document and are repaid in weekly installments, including interest, over periods of between one to five years or up to ten years for the purpose of a primary residence. A participant is entitled to a maximum of two loans; however, the loans must be 12 months apart. Participant loans are collateralized by their account balances. The rate at which loans bear interest is established at the inception of the borrowing, based on the prime rate then being charged by the Trustee plus 1%. Repayments of loans, including the interest portion thereof, are reinvested on the participants' behalf in accordance with their current choice of investment options. If a participant terminates employment with the Company, he/she may continue to make loan payments. If the loan is not repaid, it will automatically be treated as a distribution to the participant after 90 days.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

7. Income Tax Status

The Plan has received a determination letter from the IRS dated May 22, 2009, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, as amended, is qualified and the related trust is tax-exempt.

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 risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

9. Related-Party Transactions

Certain plan investments are shares of mutual funds managed by the Trustee, JP Morgan Chase Bank, and shares of mutual funds managed by the Harbor Capital Advisors, the investment advisors of various defined benefit pension plans of the Company. The investments in mutual funds managed by JP Morgan Chase Bank and Harbor Capital Advisors qualify as party-in-interest transactions. There have been no known prohibited transactions with a party-in-interest.

10. Reconciliation Between Financial Statements and Form 5500

The accompanying financial statements present fully benefit-responsive contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value. Therefore, the adjustment from fair value to contract value for fully benefit-responsive investment contracts represents a reconciling item.

Table of Contents

Amended and Restated Libbey Inc.
Supplemental Retirement Plan
Notes to Financial Statements (continued)

A reconciliation of net assets available for benefits per the financial statements to the Form 5500 follows:

	December 31,	
	2009	2008
Net assets available for benefits per the financial statements	\$ 41,292,923	\$ 26,350,988
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(393,320)	(761,314)
Net assets available for benefits per the Form 5500	\$ 40,899,603	\$ 25,589,674

The following is a reconciliation of net increase (decrease) in assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2009	2008
Net increase (decrease) in assets available for benefits per the financial statements	\$ 14,941,935	\$ (16,908,417)
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	367,994	(601,208)
Total net income (loss) and transfers of assets per the Form 5500	\$ 15,309,929	\$ (17,509,625)

Table of Contents

Supplemental Schedule

Table of Contents

Amended and Restated Libbey Inc.
 Supplemental Retirement Plan
 EIN 34-1559357 Plan #002
 Schedule H, Line 4i Schedule of Assets
 (Held at End of Year)
 December 31, 2009

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Par, or Maturity Value Rate of Interest	Current Value
Registered investment companies:		
American Century Investments	119,987 shares of Small Capital Value 58,759 shares of Equity Income	\$ 877,108 385,460
*Harbor	109,295 shares of Capital Appreciation Fund 80,770 shares of International Fund 225,012 shares of Bond Fund 195,712 shares of Large Capital Value Fund	3,572,004 4,392,207 2,733,896 1,393,468
AIM	63,643 shares of Small Cap Growth	1,440,883
Dodge & Cox	12,240 shares of Stock Fund	1,176,719
Fidelity	21,584 shares of Freedom 2010 38,710 shares of Freedom 2015 44,623 shares of Freedom 2020 25,953 shares of Freedom 2025 10,339 shares of Freedom 2030 13,278 shares of Freedom 2035 17,139 shares of Freedom 2040 7,775 shares of Freedom 2045 4,732 shares of Freedom 2050 3,454 shares of Freedom Income	270,016 403,358 560,018 269,647 128,105 136,229 122,716 65,857 39,508 37,100
American Funds	26,110 shares of Growth Fund of America	713,574
*JP Morgan	731,243 units, 100% U.S. Treasury Money Market 12,398 units of Cash Investment Fund	731,243 12,398
Common collective trusts:		
*JP Morgan	Liquidity Fund	96,001
*JP Morgan	Intermediate Bond Fund	5,439,579
Barclay s	21,469 shares of Equity Index Fund	786,474

US Treasury Bonds:

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U.S. Treasury	U.S. Treasury Note 2.375% Aug 31, 2010	4,116
U.S. Treasury	U.S. Treasury Note 2.000% Sept 30, 2010	8,221
Common stock:		
*Libbey Inc.	1,629,457 shares of Common Stock	12,463,116
*Participant loans	5% to 10.5%	2,569,495
Total investments		\$ 40,828,516

* Indicates a party-in-interest to the Plan.