SECTION H – PARTICIPANT DATA

The sources of WCT Plan participant data for our actuarial calculations are: (a) extracts from Prudential Investments' Annuitant Benefit Consolidation (ABC) System file, (b) extracts from the T2 Participant Data File (PDF) maintained by Northwest Administrators and Prudential Investments, and (c) extracts from the Western States Food database.

The following paragraphs describe how the data were prepared for valuation purposes and present statistical characteristics of the data base.

1. **Data Base for Active and Vested Inactive Participants**

Northwest Administrators sent us a December 31, 2011 valuation data file that included T2 extract records for all vested participants, a 5% sub-file of non-vested participants (Social Security numbers ending in 00, 05, 10, 15, or 20), and all claims and deaths for the last five years.

From this file containing 401,159 records, we selected the 5% sample valuation file for all active participants, both vested and non-vested, and for all vested inactive participants. A participant was considered Active as of January 1, 2012 if he or she was not included on the ABC file as retired as of the valuation date, and if he/she earned at least 250 covered hours during 2011, or earned at least 1 covered hour in 2011 and at least 250 covered hours in 2010.

9,273 Non-Seasonal Active 5% sample records representing 185,460 participants were included in the valuation. For this purpose, Active participant records with non-seasonal industry codes or with 1,000 or more covered hours in each of the last two years were considered Non-Seasonal.

622 Seasonal Active 5% sample records representing 12,440 participants were included in the valuation. Active participants with a seasonal industry code and less than 1,000 covered hours in one or both of the last two years were considered Seasonal.

8,363 Vested Inactive 5% sample records representing 167,260 participants were included in the valuation. In addition, 41 sample records for participants vested only under the WSF Plan (representing 820 participants) were valued separately and incorporated in the liability bringing the total number of vested terms valued to 168,080.

382,901 T2 extract records were not used for the valuation. These records primarily represent non-5% sample participant records, pre-valuation date claims, and non-vested inactives.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION H – PARTICIPANT DATA

- Based on the data for continuing non-seasonal Active participants in the sample who worked 500 or more hours in each of the last two years, the Plan's hourly contribution rates for "continuing" Non-Seasonals increased an average of 9.0%. When the data are analyzed by broad contribution rate groupings, the average increase for groups with hourly rates $2.00 and below was 7.3% while the average increase was 8.1% for rate groups between $2.00 and $4.00, and 11.2% for rate groups over $4.00. The higher contribution rate groups generally have longer service and older age characteristics than the lower rate groups, and they are becoming a larger portion of the total population. Table 2012-2 presents substantial statistical data on rate increases during the most recent four Plan years.

3. Comparison of Sample Data Characteristics with Full Population Data Characteristics

Each year, we receive three Employee Census Reports from the Administrative Office based on the T2 Participant Data File (PDF). The first report contains information for the full population of Plan participants and the second and third contain corresponding information for the 2% and 5% samples of the full population. A comparison of key information from the full population and 5% reports is used to corroborate our assumption that the sample records adequately represent the total population (see Table 2012-1).

4. Procedures to Account for Data with Missing or Invalid Birthdates or Sex Codes

Records with missing or invalid birthdates were accounted for by prorating the present values generated by the records with valid birthdates, based on the number of career hours in the records with missing or invalid birthdates. The prorating is done separately for employee groups categorized by valuation industry code (Non-Seasonal or Seasonal), valuation status (Active or Vested Inactive), sex code and vesting status. This straightforward approach is adequate because of the very small liability represented by the relatively few participants in the data sample whose records are lacking valid birthdates.

Records with missing sex codes were assumed to represent males in the Non-Seasonal group and females in the Seasonal group. We have concluded that this assumption is reasonable based on the population characteristics illustrated in this section.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION H – PARTICIPANT DATA

5. <u>Age Retirees, Disability Retirees, and Surviving Beneficiaries</u>

We based our actuarial calculations for retired lives on extracts from the ABC retired file provided by Prudential Investments. This file contains records for all Pensioners and Beneficiaries.

We received 252,882 records from Prudential, and added 7 records from the prior year file, based on our review of Prudential's "Previous Year Liability Lives Missing from Current Year File" exhibit. Of these 252,889 records, 10,613 were disregarded (9,543 deaths, 356 expirations, and 714 other rejects such as cancellations, post-valuation date retirements, etc.). This resulted in the inclusion of 242,276 records representing all benefits for 210,123 pensioners and beneficiaries. Approximately 77.2% of these records are for Age Retirees, 8.9% are for Disability Retirees, and 13.9% are for Beneficiaries. There were no missing birthdates in these records.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

1. Actuarial Assumptions

a. Investment Earnings Assumptions

i. Fixed Dollar Account: The assumed investment return for these assets, which is used to value the pension benefits[1] for Pensioners and Beneficiaries whose benefits commenced on or before August 1, 1982 (as identified by Prudential Investments), is determined by a schedule of rates that varies by calendar year, starting at 6.8% in 2012 and decreasing to 6.5% in 2015 and thereafter.

ii. 1982/1984 Annuity Account: The assumed rate of return for these assets, which is used to value the pension benefits[1] for Pensioners and Beneficiaries whose benefits commenced from September, 1982 through December, 1984 (as identified by Prudential Investments), is 4.20%.

iii. Strategic Bond Account (SBA): The assumed rate of return for these assets is 5.43%. This assumption is used to value 85.2% of the pension benefits[1] related to service through December 31, 1985, based on December 31, 1984 Plan provisions and not covered by the prior asset dedications.

iv. Remaining Assets/Benefits: The assumed rate of investment return which is used to value all benefits expected to be paid out of remaining assets and future contributions is 7.0%.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

---

[1]Single sum death benefits are not valued using the investment earnings assumptions described above. Instead, the "Remaining Assets" assumption is used.

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

b. Mortality Rates

The assumed mortality rates for non-retired participants and for age retirees and beneficiaries are based on various RP-2000 mortality tables and adjustment factors - modified and projected (using Scale AA) to reflect recent Plan experience. Special mortality tables, reflecting Plan experience, are used for disabled pensioners.

Examples of mortality rates used are shown in the table below:

Annual Probability of Death						
Age Last Birthday	Non-Retired Participants		Age Retirees & Beneficiaries		Disabled Retirees	
	Male	Female	Male	Female	Male	Female
25	0.0004	0.0002	0.0004	0.0002	0.0244	0.0176
40	0.0014	0.0009	0.0014	0.0009	0.0244	0.0176
55	0.0036	0.0029	0.0046	0.0040	0.0252	0.0182
70	0.0178	0.0141	0.0222	0.0199	0.0336	0.0242
85	0.1133	0.0824	0.1086	0.0797	0.1362	0.0981

c. Provision for Expenses

$85 million of employer contributions per year.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

d. Age Retirement Rates for Participants with fewer than 25 Years of Service

Age retirement rates apply only to retirement eligible participants.

Age Last Birthday	Non-PEER Actives	PEER Eligible Actives	Vested Terminated
49	0.030	0.150	NA
50	0.030	0.150	NA
51	0.030	0.150	NA
52	0.030	0.150	NA
53	0.030	0.150	NA
54	0.080	0.160	0.160
55	0.060	0.120	0.120
56	0.060	0.120	0.060
57	0.060	0.120	0.060
58	0.060	0.120	0.060
59	0.100	0.200	0.100
60	0.100	0.200	0.100
61	0.350	0.350	0.300
62	0.350	0.350	0.200
63	0.150	0.150	0.150
64	0.300	0.300	0.300
65	0.300	0.300	0.200
66	0.200	0.200	0.060
67	0.200	0.200	0.060
68	0.200	0.200	0.060
69	1.000	1.000	1.000

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

e. Age Retirement Rates for Participants with 25 or more Years of Service

Age retirement rates apply only to retirement eligible participants.

Age Last Birthday	Non-PEER Actives	PEER Eligible Actives	Non-PEER Vested Terminated	PEER Eligible Vested Terminated
49	0.030	0.150	0.150	0.230
50	0.030	0.150	0.150	0.230
51	0.030	0.150	0.150	0.230
52	0.030	0.150	0.150	0.230
53	0.030	0.150	0.150	0.230
54	0.080	0.160	0.160	0.350
55	0.060	0.120	0.120	0.250
56	0.060	0.120	0.090	0.200
57	0.060	0.120	0.090	0.180
58	0.060	0.120	0.090	0.180
59	0.100	0.200	0.150	0.300
60	0.100	0.200	0.150	0.300
61	0.350	0.350	0.350	0.350
62	0.350	0.350	0.350	0.350
63	0.150	0.150	0.150	0.150
64	0.300	0.300	0.300	0.300
65	0.300	0.300	0.300	0.300
66	0.200	0.200	0.200	0.200
67	0.200	0.200	0.200	0.200
68	0.200	0.200	0.200	0.200
69	1.000	1.000	1.000	1.000

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

f. <u>Disability Retirement</u>

Disability rates apply only to employees with 4 or more years of vesting service.

Age Last Birthday	Examples of Annual Probability of Disability Retirement
32	0.0006
37	0.0008
42	0.0011
47	0.0017
52	0.0030
57	0.0052

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

g. Employee Termination Rates

The termination rates shown below exclude death, disability and retirement rates. Termination rates are not applied when an individual is eligible for age retirement. Below are examples of annual probabilities of employment termination for active employees with less than 9 years of coverage.

Non-Seasonal Employees				
Age Last Birthday	Years Since First Covered Hour			
At First Covered Hour	0	1	2	8
22	0.0945	0.1795	0.2272	0.1120
32	0.0844	0.1478	0.1914	0.0896
42	0.0776	0.1214	0.1674	0.0784
52	0.0641	0.0898	0.1435	0.0784
62	0.0574	0.0686		
Seasonal Employees				
Age Last Birthday	Years Since First Covered Hour			
At First Covered Hour	0	1	2	8
22	0.7004	0.5443	0.3039	0.1600
32	0.6254	0.4482	0.2559	0.1280
42	0.5754	0.3682	0.2240	0.1120
52	0.4753	0.2721	0.1920	0.1120
62	0.4253	0.2081		

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

Examples of annual probabilities for termination are listed below for Non-Seasonal and Seasonal Active employees with 9 or more years of coverage.

Non-Seasonal and Seasonal Employees		
Age Last Birthday At First Covered Hour	After 9 or more Years Since First Covered Hour	
	Non-Seasonal	Seasonal
32	0.0734	0.0978
42	0.0435	0.0790
52	0.0422	0.0562
62	0.0077	0.0102

h. Benefit Projection Assumptions

Although this assumption is the same as in our prior report, under our current Unit Credit actuarial cost method this assumption is relevant only for 2012.

Projected benefit amounts for 2012 were calculated assuming that: (a) Active Non-Seasonal employees work an average of 1800 hours per year; (b) Active Seasonal employees work an average of 600 hours per year; and (c) contribution rates would continue at the December 31, 2011 levels. A non-retired participant was considered Active as of January 1, 2012 if he or she earned at least 250 covered hours during 2011, or at least 1 covered hour in 2011 and at least 250 covered hours in 2010.

i. Expected Annual Employer Contributions

The annual employer contributions expected during 2012 have been assumed to be $1.320 billion. This amount is used to determine the expected amortization period for the UAL.

j. Sample Valuation Data

We have relied on data supplied by Prudential Investments and Northwest Administrators. The actuarial values for non-retired participants are based on a sample of the employees covered under the Plan, as described in Section H. The actuarial values for records with valid data are adjusted for sampling and incomplete data, and the results are assumed to represent the values of the entire covered group. We also adjusted the vested inactive data to remove any participants who were over age 74 on the valuation date. We assume that any such participants do not have and will not create any liability for the Plan.

EIN/PN: 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

k. Past Employment

Total past employment (continuous past employment plus special past employment) for each employee was calculated as the number of years from year of union membership until year of coverage, but not less than the known continuous past employment for the employee.

l. Survivor Benefit Costs

The family composition of covered employees was assumed to be similar to that tabulated in the 15th Actuarial Valuation published by the Railroad Retirement Board. This assumption was used to estimate the probability that an employee will be survived by a beneficiary eligible for a survivor benefit and to establish the probable duration of the benefit.

m. Expected Distribution of New Active Participants

Based on the prior year's experience, a number of covered employees on the valuation date who had not met the Plan's participation requirements are expected to become participants during the current year. The assumed age distribution at first participation for these expected new participants is illustrated in Table 2012-4.

2. Actuarial Methods

a. Actuarial Value of Assets

The Prudential Investments Fixed Dollar Account (FDA), in general, was valued at book value. However, to the extent that cash flows from the FDA are not sufficient to provide the projected FDA benefits, certain bonds valued at amortized cost were assigned to the FDA so that all projected FDA benefits were supported by dedicated assets. When book value is referenced, such value is equal to amounts deposited, plus interest credited less amounts disbursed. The 1982/1984 Annuity Account and the SBA were valued on an amortized cost basis, running from cost at purchase to par value at maturity or earliest call date.

The remaining assets were valued using a smoothing procedure under which the 2008 market value is recognized at the rate of 10% per year for ten years. All other market value gains and losses are recognized at the rate of 20% per year over five years. The actuarial value of the remaining assets may not be greater than 120% or less than 80% of the market value.

EIN/PN : 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods

SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS

b. Actuarial Cost Method

The entry age actuarial cost method was used. Specifically, prospective pension and other benefits are calculated for cohorts of new entrants with entry age characteristics as outlined above. Level cost factors, expressed as a fraction of expected contributions payable from entry age to retirement or earlier termination, are developed based upon the actuarial assumptions for each of four major categories of active participants. – i.e., Non-Seasonal with PEER participation, and Non-Seasonal without PEER participation, Seasonal with PEER participation, and Seasonal without PEER participation. These cost factors are then applied to the respective active participant categories to determine the normal costs.

The present value of the expected future benefits payable to current Plan members is also calculated. The actuarial liability is the excess of the present value of the future benefits of current Plan members over the present value of future normal costs.

EIN/PN: 91-6145047/001
Schedule MB, Line 6, Statement of Actuarial Assumptions/Methods.