

2007 ANNUAL FUNDING NOTICE

For The Western Conference of Teamsters Pension Plan

A. Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the Western Conference of Teamsters Pension Plan—EIN/PN 91-6145047/001 (Plan). This notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2007 and ending December 31, 2007 (Plan Year).

B. Plan's Funding Level

The Plan's "funded current liability percentage" for the Plan Year was 80.1%. In general, the higher the percentage, the better funded the plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the fund increase or decline, and whether benefit payments from the fund increase or decline.

C. Plan's Financial Information

The market value of the Plan's assets as of January 1, 2007 was \$31,385,109,077. The total amount of benefit payments for the Plan Year was \$1,995,353,553. The ratio of assets to benefit payments is 15.7. This ratio suggests that the Plan's assets could provide for approximately 16 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. However, the ratio does not take into account future changes in total benefit payments or plan assets.

D. Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

E. Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Michael M. Sander, Administrative Manager, at (206) 329-4900, Western Conference of Teamsters Pension Plan, 2323 Eastlake Avenue East, Seattle, WA 98102. For more information about the PBGC and multiemployer 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).



The Western Conference of Teamsters Pension Plan Additional Explanation

A. Introduction

The Western Conference of Teamsters Pension Plan has added the information below to supplement the Annual Funding Notice (above) that is required by federal law. This additional information will be helpful in understanding how each part of the notice relates to the Western Conference of Teamsters Pension Plan (Plan).

B. Plan's Funding Level

The main purpose of the Annual Funding Notice is to ensure more open communication about a plan's funding level. The Annual Funding Notice requires that multiemployer plans like yours all use the same method to show their current funding levels in this notice. This method compares the value of a plan's actuarial assets (which does not include the full market value of assets) to the plan's current liability (which estimates the value of liabilities should the plan be terminated and annuities purchased at the time of the calculation). This is one way to measure the funding status of a plan, but not the only one recognized as a valid indicator of plan financial health. It is helpful to look at other ways to measure a retirement plan's financial status when explaining the funding level of this Plan.

The Plan's Trustees and professionals use a different measurement for determining the Plan's funding level that incorporates the expected return on the Plan's assets (which the above method does not include). This method compares the market value of Plan assets to the present value of all Plan benefits earned to date by all participants. Using this measure, the Plan's actuary has calculated that the Plan's funded percentage is 101.9%.

C. Plan's Financial Information

The Annual Funding Notice divides the Plan's assets by its annual benefit payments to determine how many years the Plan's assets may be able to pay benefits. This simple measurement does not take into account any future employer contributions to the Plan or the Plan's expected annual investment earnings.

D. Rules Governing Insolvent Plans

This section of the Annual Funding Notice applies only to severely financially troubled pension plans.

Because of the Plan's funded status, it is not anticipated that the special rules regarding "plan reorganization" or plan insolvency would ever apply to this Plan.

E. Benefit Payments Guaranteed by the PBGC

As a result of the continued growth in the Plan's assets, the Trustees expect the Plan to continue to pay benefits for many years in the future. The Trustees are committed to maintaining and improving the Plan's funded status because, in their view, the Plan's financial strength is the best guarantee that all participants and beneficiaries will receive all the Plan benefits they have earned. Thus, it is not expected that the PBGC benefit guarantees mentioned in this notice will ever become applicable.

Where to Get More Information

For more information about this Additional Explanation, you may contact Michael M. Sander, Administrative Manager, at (206) 329-4900, Western Conference of Teamsters Pension Plan, 2323 Eastlake Avenue East, Seattle, WA 98102. For more information about your Plan benefits, contact your Area Administrative Office. The addresses and phone numbers for your area are printed in your 2007 Summary Annual Report.