# ACTUARIAL REPORT

# AS OF JANUARY 1, 2012

# FOR THE

# WESTERN CONFERENCE OF TEAMSTERS PENSION PLAN

*Prepared by:*


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**Statement of Professional Qualifications**

I, J. Thomas Bolen, am Chief Actuary for McGinn Actuaries Ltd. I am a member of the American Academy of Actuaries and an Enrolled Actuary. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.


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August 31, 2012

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## *SECTION A – INTRODUCTION*

The results presented in this January 1, 2012 Actuarial Report for the Western Conference of Teamsters Pension Plan (WCT Pension Plan) are based on (1) census data supplied by Prudential Investments and Northwest Administrators, Inc. and (2) asset information reported by the Plan's auditor, Lindquist, LLP, Prudential Investments and the Plan's investment advisor, Alan D. Biller & Associates, Inc. In our opinion, the data were adequate for our actuarial computations.

This report includes:

- A summary of the funding status of the Plan, including the expected amortization period for the Plan's January 1, 2012 unfunded actuarial Liability and the annuitization of the Extra Check payments;
- A comparison of the December 31, 2011 vested benefit liability with the actuarial value of the Plan's assets;
- A comparison of the Plan's liabilities and costs from the Plan's January 1, 2011 actuarial valuation with the liabilities and costs under the prior Entry Age actuarial cost method from this actuarial valuation;
- A comparison of the Plan's liabilities and costs from this actuarial valuation under the prior Entry Age actuarial cost method with those under the current Unit Credit actuarial cost method;
- A statement of the effects on principal actuarial values of any Plan changes, actuarial assumption changes, and the change to the Unit Credit actuarial cost method;
- Descriptions of the census data used, together with statistical tables that illustrate the data characteristics and validate the data sampling techniques used for non-retired participants;
- A projection of the 2012 Funding Standard Account. This projection estimates the Plan's funded status for Schedule MB (Form 5500) purposes;
- The development of the maximum tax deductible contributions for 2012, including disclosure of the various full funding limitations;
- Information required for disclosure in the Plan's Financial Statements; and
- A summary of Plan provisions effective January 1, 2012 and a brief history of Plan amendments since 1984.

## *SECTION B – SUMMARY OF PRINCIPAL RESULTS*

### 1. Unfunded Actuarial Liability and Amortization Period

The Actuarial Liability for this Plan is determined using the Unit Credit actuarial cost method. In particular, the Actuarial Liability is the actuarial present value of benefits earned for service prior to the valuation date (the Accrued Benefit Liability or ABL), based on Plan provisions in effect on the valuation date and actuarial assumptions described in Section I. The Unfunded Actuarial Liability (UAL) is the amount by which the Actuarial Liability exceeds the actuarial value of the assets. The Normal Cost under this Unit Credit method is the cost of expected benefit accruals during the year following the valuation date.

The amortization periods shown below represent a measure of how rapidly this UAL can be expected to be paid if (a) the demographics and Plan provisions on the valuation date remain constant, (b) the actuarially assumed experience is realized, and (c) the annual level of employer contributions is $1.320 billion. The UAL and amortization period as of January 1, 2011 reflect the Plan provisions, assets, and actuarial assumptions and methods described in the 2011 Actuarial Report. The UAL and amortization period as of January 1, 2012 reflect the Plan provisions, asset values and actuarial assumptions described in this Actuarial Report. The results shown below reflect the Trustees' election to apply 10-year smoothing to the 2008 market value investment return shortfall as allowed by the Pension Relief Act. Details of both the January 1, 2011 and January 1, 2012 results are shown in Section D.

| **Development of Unfunded Actuarial Liability** (000s omitted) | | | |
|---|---|---|---|
| | **Entry Age** | **Entry Age** | **Unit Credit** |
| | January 1, 2011 | January 1, 2012 | January 1, 2012 |
| Actuarial Liability | $37,950,278 | $39,202,875 | $36,847,337 |
| Assets (actuarial value) | $32,880,990 | $33,310,140 | $33,310,140 |
| Unfunded Actuarial Liability | $5,069,288 | $5,892,735 | $3,537,197 |
| Amortization Period | 9.5 years | 10.9 years | 8.7 years |

*SECTION B – SUMMARY OF PRINCIPAL RESULTS*

**2. Funding Status – Estimated Level of Employer Contributions**

The contribution assumption is used to determine the expected amortization period for the Plan's UAL. Based on our review of the recent history of employer contributions and contributory hours, we have assumed that annual employer contributions would be approximately $1.320 billion, including expected PEER contributions, based on December 31, 2011 contribution rates. This assumed annual employer contribution amount is about 3.9% higher than was assumed for 2011.

**3. Funded Status of Vested Benefit Liability**

During 2011, the Plan's Vested Benefit Liability increased by about 3.4% or $1.164 billion. The Assets used for Unfunded Vested Benefit Liability purposes (UVBL Asset Value) decreased by 1.4%, or $436 million. The UVBL Asset Values were determined without regard to the Pension Relief Act election mentioned in item 1., above – i.e., 5-year smoothing was used for all market value gains and losses. As a result, the Plan has an Unfunded Vested Benefit Liability of $5.142 billion as of December 31, 2011, up from $3.542 billion as of December 31, 2010. The Unfunded Vested Benefit Liability is presented in greater detail in Section D, item 5.

## *SECTION C – CURRENT FINANCIAL EXPERIENCE*

### 1. Summary Review of Experience

This section summarizes the Plan's financial information for the last two years and investment return experience for the last five years. The financial information for 2011 indicates that:

- Employer contributions in 2011 (exclusive of withdrawal liability payments) increased by 3.7% from $1.276 billion in 2010 to $1.323 billion in 2011.

- Benefit payments increased by 3.3% to $2.305 billion during the 2011 calendar year.

- Administrative expenses in 2011 amounted to 6.33% of employer contributions, compared with 6.64% of employer contributions in 2010.

- The net assets available for benefits on a market value basis increased by $726 million in 2011, compared with the $2.497 billion increase experienced during 2010.

- Taking into account both realized and unrealized investment results, the effective rate of return on the net market value of assets was 6.26% for 2011. The corresponding yields for 2010 and 2009 were 13.53% and 10.96%, respectively. The market value investment earnings on non-dedicated assets for 2011 were $1.284 billion.

- The rate of investment return based on the Actuarial Value of Assets was 4.31% in 2011, compared with 10.26% in 2010 and 11.11% in 2009 (all adjusted to take into account the effect of "rebalancing" the dedicated bond accounts). These rates differ from the market value rates because a smoothing procedure is used in the determination of the Actuarial Value of Assets (i.e., 10-year smoothing for the 2008 market value shortfall and 5-year smoothing for all other market value gains and losses), and because a portion of the assets are invested in dedicated bond accounts that are valued at amortized cost.

- In 2011, actuarial value investment returns net of investment expenses for the Plan's non-dedicated assets were lower than actuarial expectations by $749 million taking account of the smoothing of prior years' investment gains and losses.

*SECTION C – CURRENT FINANCIAL EXPERIENCE*

## 2. Rates of Investment Return

| **Asset Valuation Basis** | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|
| Market Value – All Assets | 5.41% | -20.58% | 10.96% | 13.53% | 6.26% |
| | | | | | |
| Market Value – Non-Dedicated Assets | 5.67% | -25.23% | 12.60% | 14.87% | 5.35% |
| Actuarial Value | 9.12% | -6.67% | 11.30% | 10.55% | 4.62% |
| Adjusted Actuarial Value | 9.08% | -6.61% | 11.11% | 10.26% | 4.31% |
| Assumed Rate of Return on Non-Dedicated Assets | 7.10% | 7.00% | 7.00% | 7.00% | 7.00% |

Notes:

- The rates of investment return are total return rates taking into account both realized and unrealized capital gains.
- An adjusted actuarial return rate is determined because apparent investment gains or losses in the actuarial values of the dedicated bond accounts can be caused by securities trading to improve the cash flow matching of the dedicated bond accounts. These apparent gains or losses are mostly offset by changes in the dedicated liabilities, so the adjusted rate of investment return on the Actuarial Value of Assets is then calculated net of the changes in asset values associated with the rebalancing process.

*SECTION C – CURRENT FINANCIAL EXPERIENCE*

**3. Income and Expense**

| | (000s omitted) | |
|---|---|---|
| | Year Ending December 31, 2010 | Year Ending December 31, 2011 |
| a. Net Employer Contributions | $1,276,476 | $1,322,549 |
| b. Benefit Payments | $2,232,529 | $2,305,404 |
| c. Administrative and General Expenses | $84,716 | $83,757 |
| d. Investment Income (including Realized and Unrealized Gains and Other Income) net of Investment | $3,537,349 | $1,792,951 |
| e. Increase in Net Assets Available for Plan Benefits (a.-b.-c.+d.) | $2,496,580 | $726,339 |

*SECTION C – CURRENT FINANCIAL EXPERIENCE*

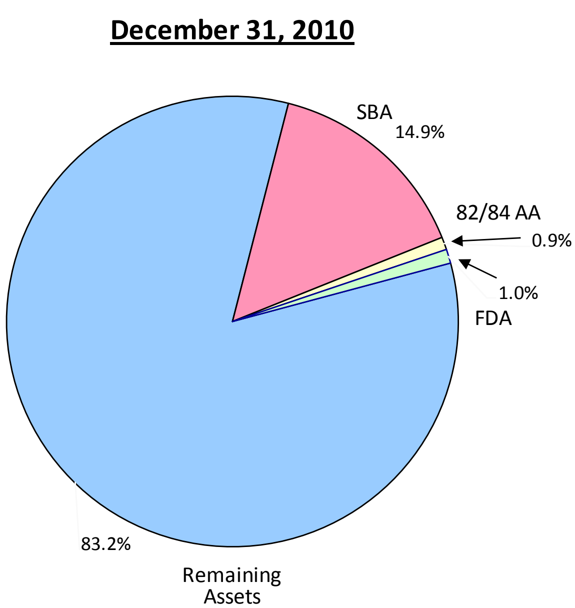
## 4. Net Assets at Market Value

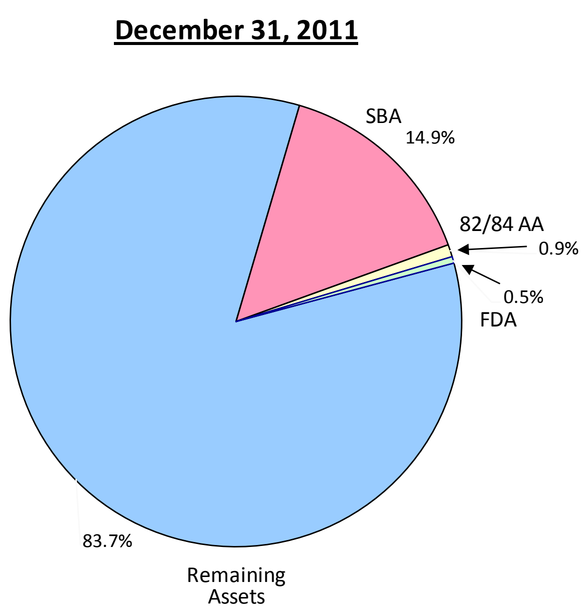
The amounts in the following table are listed at fair market value and differ from the Actuarial Value of Assets, as described in Section D.

| | (000s omitted) | |
|---|---|---|
| | Year Ending December 31, 2010 | Year Ending December 31, 2011 |
| a. Fixed Dollar Account (Including Supplemental Bond Account) | $296,089 | $140,300 |
| b. 1982/1984 Annuity Account | $263,025 | $262,644 |
| c. Strategic Bond Account | $4,353,127 | $4,463,846 |
| d. All Remaining Assets | $24,252,606 | $25,024,396 |
| e. Net Assets Available for Plan Benefits | $29,164,847 | $29,891,186 |

**Note:** The assets shown above generally are from the draft Trust Fund financial statements presented at the July, 2012 Quarterly Trustees Meeting and are valued as described in those financial statements. The Supplemental Bond Account and Strategic Bond Account values are provided by Prudential Investments.

**Market Value Asset Allocation**



*SECTION D – ACTUARIAL RESULTS*

## 1. Actuarial Value of Assets

The Actuarial Value of Assets differs from the market (or "current") value of the net assets available for Plan benefits, as shown in the preceding Section C, because:

- The Fixed Dollar Account (a "guaranteed" fund maintained by Prudential Investments) is valued at its book value. An additional amount necessary to maintain cash flow matching (i.e., the Supplemental Bond Fund) of $2.64 million is included at amortized cost.
- The 1982/1984 Annuity Account and Strategic Bond Account are valued on an amortized cost basis.
- The remaining assets are 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. This process is depicted in the Operation of the Actuarial Asset Valuation Method exhibit on the following page.

  The actuarial value of the remaining assets is the market value less the sum of the unrecognized investment results. The value of remaining assets is limited to a corridor of not more than 120% and not less than 80% of the market value of those assets.

| | (000s omitted) | | | |
|---|---|---|---|---|
| | As of 1/1/2011 | Percent of Total | As of 1/1/2012 | Percent of Total |
| a. Fixed Dollar Account | $292,662 | 0.9% | $140,300 | 0.4% |
| b. 1982/1984 Annuity Account | $251,326 | 0.8% | $244,164 | 0.7% |
| c. Strategic Bond Account | $3,966,360 | 12.1% | $3,848,328 | 11.6% |
| d. All Remaining Assets | $28,370,642 | 86.2% | $29,077,348 | 87.3% |
| e. Total Actuarial Value of Assets | $32,880,990 | N/A | $33,310,140 | N/A |

***SECTION D – ACTUARIAL RESULTS***

## 1. Actuarial Value of Assets (000s omitted) (Continued)

**OPERATION OF THE ACTUARIAL ASSET VALUATION METHOD FOR NON-DEDICATED ASSETS (in 000s)**

| Investment Gain / (Loss) Recongized as of January 1, 2012 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Investment Gain / (Loss) Market over Actuarially Expected | Investment Gain / (Loss) Recognition in Past Years | | | | Investment Gain / (Loss) Recognized in Current Year | Investment Gain / (Loss) Recognized in Future Years | | | | | | | |
| Year | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 2007 | ($367,932) | ($73,586.4) | ($73,586.4) | ($73,586.4) | ($73,586.4) | ($73,586.4) | | | | | | | | |
| 2008 | ($8,646,585) | | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | ($864,658.5) | | |
| 2009 | $1,098,417 | | | $219,683.4 | $219,683.4 | $219,683.4 | $219,683.4 | $219,683.4 | | | | | | |
| 2010 | $1,686,388 | | | | $337,277.6 | $337,277.6 | $337,277.6 | $337,277.6 | $337,277.6 | | | | | |
| 2011 | ($395,250) | | | | | ($79,050.0) | ($79,050.0) | ($79,050.0) | ($79,050.0) | ($79,050.0) | | | | |
| Net Gains / (Losses) Recognized by Year | | | | | | ($460,333.9) | ($386,747.5) | ($386,747.5) | ($606,430.9) | ($943,708.5) | ($864,658.5) | ($864,658.5) | $0.0 | $0.0 |
| Interest on Prior Year Gains / (Losses) | | | | | | ($288,262.5) | ($283,706.6) | ($256,634.3) | ($229,561.9) | ($187,111.8) | ($121,052.2) | ($60,526.1) | $0.0 | $0.0 |
| Total Gains / (Losses) Deferred and to be Recognized in Future Years | | | | | | ($4,052,951.4) | ($3,666,203.9) | ($3,279,456.4) | ($2,673,025.5) | ($1,729,317.0) | ($864,658.5) | $0.0 | $0.0 | $0.0 |
| Additional Gains / (Losses) Recognized in Current year because of 80% - 120% Corridor | | | | | | $0.0 | | | | | | | | |
| Adjusted Total Gains / (Losses) Deferred in Current year and to be recognized in Future Yea | | | | | | ($4,052,951.4) | | | | | | | | |

*SECTION D – ACTUARIAL RESULTS*

## 2. Actuarial Present Values and Liabilities

The chart below summarizes the liabilities and assets of the Plan. January 1, 2012 values determined under the prior Entry Age cost method are compared with the January 1, 2011 values, and the January 1, 2012 values determined under the current Unit Credit method are compared with the comparable values under the prior Entry Age method. Under the prior Entry Age method, total plan liabilities represent the cost of providing all benefits expected to be paid to current participants for both service prior to and following the valuation date, and the actuarial liabilities represent the portion of these total liabilities allocated to the past. Total plan liabilities are not determined under the Unit Credit method; rather, the actuarial liabilities are equal to the costs of benefits earned as of the valuation date.

| (000s omitted) | | | | | | |
|---|---|---|---|---|---|---|
| | Entry Age Actuarial Cost Method | | | | | |
| | January 1, 2011 | | | January 1, 2012 | | |
| | Total Liabilities | Future Liabilities | Actuarial Liabilities | Total Liabilities | Future Liabilities | Actuarial Liabilities |
| a. Active Participants | | | | | | |
| i. Pension Benefits | $14,419,011 | $1,905,546 | $12,513,465 | $15,032,280 | $1,950,083 | $13,082,197 |
| ii. Disability Benefits | $468,320 | $109,063 | $359,257 | $490,178 | $113,876 | $376,302 |
| iii. Pre-retirement Death Benefits | $363,853 | $128,952 | $234,901 | $373,054 | $129,168 | $243,886 |
| iv. Termination Benefits | $1,469,466 | $597,030 | $872,436 | $1,468,223 | $610,392 | $857,831 |
| v. Total | $16,720,650 | $2,740,591 | $13,980,059 | $17,363,735 | $2,803,519 | $14,560,216 |
| b. Vested Inactive Participants | $4,194,890 | N/A | $4,194,890 | $4,247,924 | N/A | $4,247,924 |
| c. Retired Participants | $19,775,329 | N/A | $19,775,329 | $20,394,735 | N/A | $20,394,735 |
| d. Total Liabilities | $40,690,869 | $2,740,591 | $37,950,278 | $42,006,394 | $2,803,519 | $39,202,875 |
| e. Actuarial Value of Assets | | | $32,880,990 | | | $33,310,140 |
| f. Unfunded Actuarial Liability | | | $5,069,288 | | | $5,892,735 |
| g. Funded Ratio | | | 86.6% | | | 85.0% |

| (000s omitted) | | | | | | |
|---|---|---|---|---|---|---|
| | Entry Age | | | Unit Credit | | |
| | January 1, 2012 | | | January 1, 2012 | | |
| | Total Liabilities | Future Liabilities | Actuarial Liabilities | Total Liabilities | Future Liabilities | Actuarial Liabilities |
| a. Active Participants | | | | | | |
| i. Pension Benefits | $15,032,280 | $1,950,083 | $13,082,197 | N/A | N/A | $10,578,080 |
| ii. Disability Benefits | $490,178 | $113,876 | $376,302 | N/A | N/A | $340,753 |
| iii. Pre-retirement Death Benefits | $373,054 | $129,168 | $243,886 | N/A | N/A | $280,799 |
| iv. Termination Benefits | $1,468,223 | $610,392 | $857,831 | N/A | N/A | $1,005,046 |
| v. Total | $17,363,735 | $2,803,519 | $14,560,216 | N/A | N/A | $12,204,678 |
| b. Vested Inactive Participants | $4,247,924 | N/A | $4,247,924 | $4,247,924 | N/A | $4,247,924 |
| c. Retired Participants | $20,394,735 | N/A | $20,394,735 | $20,394,735 | N/A | $20,394,735 |
| d. Total Liabilities | $42,006,394 | $2,803,519 | $39,202,875 | N/A | N/A | $36,847,337 |
| e. Actuarial Value of Assets | | | $33,310,140 | | | $33,310,140 |
| f. Unfunded Actuarial Liability | | | $5,892,735 | | | $3,537,197 |
| g. Funded Ratio | | | 85.0% | | | 90.4% |

## *SECTION D – ACTUARIAL RESULTS*

This chart compares various types of liabilities from this valuation and last year's. Vested Benefit Liabilities equal the present value of vested accrued benefits for current Plan participants under the valuation assumptions. Accrued Benefit Liabilities are larger since they include the present value of both vested and non-vested accrued benefits. The Actuarial Liability is the amount the actuarial cost method has allocated to the past, and Total Liabilities under the prior Entry Age method are the present value of all benefits expected to be paid to current participants, earned from both past and future service.

| **Analysis of Plan Liabilities** (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age Actuarial Cost Method | | | |
| | January 1, 2011 | | January 1, 2012 | |
| | Liability | Percent Funded | Liability | Percent Funded |
| Accrued Benefit Liabilties | $35,729,226 | 92.0% | $36,847,336 | 90.4% |
| Actuarial Liabilities | $37,950,278 | 86.6% | $39,202,875 | 85.0% |
| Total Plan Liabilities | $40,690,869 | 80.8% | $42,006,394 | 79.3% |
| Actuarial Value of Assets | $32,880,990 | N/A | $33,310,140 | N/A |

| | Entry Age | | **Unit Credit** | |
|---|---|---|---|---|
| | January 1, 2012 | | January 1, 2012 | |
| | Liability | Percent Funded | Liability | Percent Funded |
| Accrued Benefit Liabilties | $36,847,336 | 90.4% | $36,847,336 | 90.4% |
| Actuarial Liabilities | $39,202,875 | 85.0% | $36,847,336 | 90.4% |
| Total Plan Liabilities | $42,006,394 | 79.3% | N/A | N/A |
| Actuarial Value of Assets | $33,310,140 | N/A | $33,310,140 | N/A |

| **Analysis of Vested Benefit Liabilities** (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age Actuarial Cost Method | | | |
| | December 31, 2010 | | December 31, 2011 | |
| | Liability | Percent Funded | Liability | Percent Funded |
| Vested Benefit Liabilities | $33,829,110 | 89.5% | $34,993,566 | 85.3% |
| UVBL Asset Value* | $30,287,014 | N/A | $29,851,506 | N/A |

| | Entry Age | | **Unit Credit** | |
|---|---|---|---|---|
| | December 31, 2011 | | December 31, 2011 | |
| | Liability | Percent Funded | Liability | Percent Funded |
| Vested Benefit Liabilities | $34,993,566 | 85.3% | $34,993,566 | 85.3% |
| UVBL Asset Value* | $29,851,506 | N/A | $29,851,506 | N/A |

*The UVBL Asset Values were determined without regard to the Pension Relief Act election previously mentioned – i.e., 5-year smoothing was used for all market value gains and losses.

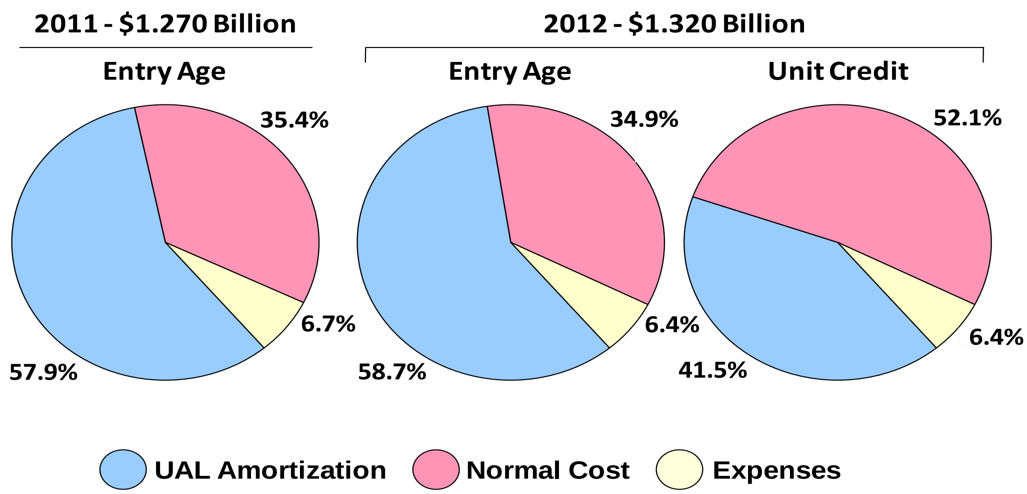
*SECTION D – ACTUARIAL RESULTS*

## 3. Annual Values

| (000s omitted) | | | |
|---|---|---|---|
| | | Entry Age Actuarial Cost Method | |
| | | January 1, 2011 | January 1, 2012 |
| a. | Estimated Employer Contributions | $1,270,000 | $1,320,000 |
| b. | Expenses | $85,000 | $85,000 |
| c. | Normal Cost (payable monthly) | $449,783 | $460,761 |
| d. | Estimated Employer Contrubtions to Amortize Unfunded Actuarial Liability (a.-b.-c.) | $735,217 | $774,239 |
| e. | Unfunded Actuarial Liability | $5,069,288 | $5,892,735 |
| f. | Estimated Period to Amortize the Unfunded Actuarial Liability | 9.5 years | 10.9 years |

| (000s omitted) | | | |
|---|---|---|---|
| | | Entry Age | Unit Credit |
| | | January 1, 2012 | January 1, 2012 |
| a. | Estimated Employer Contributions | $1,320,000 | $1,320,000 |
| b. | Expenses | $85,000 | $85,000 |
| c. | Normal Cost (payable monthly) | $460,761 | $687,389 |
| d. | Estimated Employer Contrubtions to Amortize Unfunded Actuarial Liability (a.-b.-c.) | $774,239 | $547,611 |
| e. | Unfunded Actuarial Liability | $5,892,735 | $3,537,196 |
| f. | Estimated Period to Amortize the Unfunded Actuarial Liability | 10.9 years | 8.7 years |

**Contribution Allocation**



*SECTION D – ACTUARIAL RESULTS*

## 4. Actuarial Balance Sheet

The following table demonstrates the relationship between the Plan's actuarial liabilities and assets. For this purpose, assets include both the Actuarial Value of Assets and the actuarial present value of the future employer contributions needed to pay actuarial liabilities not already funded.

| (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age Actuarial Cost Method | | | |
| | January 1, 2011 | Percent of Total | January 1, 2012 | Percent of Total |
| a. Actuarial Liabilities | | | | |
| i. Retirees & Beneficiaries | $19,775,329 | 52.1% | $20,394,735 | 52.1% |
| ii. Vested Inactive Participants | $4,194,890 | 11.1% | $4,247,924 | 10.8% |
| iii. Active Participants | $13,980,059 | 36.8% | $14,560,216 | 37.1% |
| iv. Total Actuarial Liability | $37,950,278 | N/A | $39,202,875 | N/A |

| (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age Actuarial Cost Method | | | |
| | January 1, 2011 | Percent of Total | January 1, 2012 | Percent of Total |
| b. Assets | | | | |
| i. Actuarial Value of Assets | $32,880,990 | 86.6% | $33,310,140 | 85.0% |
| ii. Present Value of Future Employer Contributions required to pay off Actuarial Liabilities not already funded | $5,069,288 | 13.4% | $5,892,735 | 15.0% |
| iii. Total Assets | $37,950,278 | N/A | $39,202,875 | N/A |

| (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age | | Unit Credit | |
| | January 1, 2012 | Percent of Total | January 1, 2012 | Percent of Total |
| c. Actuarial Liabilities | | | | |
| i. Retirees & Beneficiaries | $20,394,735 | 52.1% | $20,394,735 | 55.4% |
| ii. Vested Inactive Participants | $4,247,924 | 10.8% | $4,247,924 | 11.5% |
| iii. Active Participants | $14,560,216 | 37.1% | $12,204,678 | 33.1% |
| iv. Total Actuarial Liability | $39,202,875 | N/A | $36,847,337 | N/A |

| (000s omitted) | | | | |
|---|---|---|---|---|
| | Entry Age | | Unit Credit | |
| | January 1, 2012 | Percent of Total | January 1, 2012 | Percent of Total |
| d. Assets | | | | |
| i. Actuarial Value of Assets | $33,310,140 | 85.0% | $33,310,140 | 90.4% |
| ii. Present Value of Future Employer Contributions required to pay off Actuarial Liabilities not already funded | $5,892,735 | 15.0% | $3,537,197 | 9.6% |
| iii. Total Assets | $39,202,875 | N/A | $36,847,337 | N/A |

*SECTION D – ACTUARIAL RESULTS*

**5. Unfunded Vested Benefit Liability**

| | (000s omitted) | |
|---|---|---|
| | As of December 31, 2010 | As of December 31, 2011 |
| a. Actuarial Present Value of Vested Benefits | | |
| i. Active Participants | $9,887,354 | $10,359,810 |
| ii. Vested Inactive Participants | $4,194,021 | $4,247,074 |
| iii. Retirees & Beneficiaries | $19,747,735 | $20,386,683 |
| iv. Total | $33,829,110 | $34,993,567 |
| b. UVBL Asset Value * | $30,287,014 | $29,851,506 |
| c. Unfunded Vested Benefit Liability | $3,542,096 | $5,142,061 |
| d. Excess of the Actuarial Value of Assets over the Vested Benefit Liability | N/A | N/A |

*The UVBL Asset Values were determined without regard to the Pension Relief Act election previously mentioned – i.e., for this calculation, five-year smoothing was used for all market value gains and losses.

## *SECTION E – REVISIONS OF ACTUARIAL METHOD, ASSUMPTIONS, AND PLAN PROVISIONS*

### 1. Change in Actuarial Cost Method

The Trustees have acted to replace the Entry Age actuarial cost method with the Unit Credit actuarial cost method effective January 1, 2012.

The Unit Credit actuarial cost method allocates costs and liabilities by taking into account benefits already accrued and those benefits to be accrued in the coming year. The actuarial present value of those benefits already accrued is the actuarial liability, and the actuarial present value of benefits expected to be accrued in the coming year is the normal cost. Throughout the report, we show comparative values under both the Unit Credit and Entry Age actuarial cost methods as of January 1, 2012.

### 2. Changes in Actuarial Assumptions

a. Investment Earnings – Dedicated Assets

The investment earnings rate assumptions used to value Plan liabilities have been revised for dedicated assets in the second and third asset categories listed below. As in prior valuations, the revisions to the dedicated account assumptions were made solely to reflect changes in the relationships between the amortized cost value of these accounts and the projected cash flow generated by such assets.

- Fixed Dollar Account: The assumed annual rates of return are the same as those assumed in the January 1, 2011 valuation and grade down from 6.8% in 2012 to 6.5% in 2015 and thereafter.

- 1982/1984 Annuity Account: The assumed annual rate of return has been changed to a level 4.20% from the previous valuation assumption of 4.51%.

- Strategic Bond Account (SBA): The assumed annual rate of return has been changed to a level 5.43% from the previous valuation assumption of 5.79%.

- Remaining Assets/Benefits: The annual rate of return assumed for benefits not covered by the dedicated accounts, and for the normal cost calculations, remains at 7.0%.

*SECTION E – REVISIONS OF ACTUARIAL METHOD, ASSUMPTIONS, AND PLAN PROVISIONS*

b. Expenses: Assumed annual expenses have remained unchanged at $85 million.

c. Mortality Rates: The mortality rates for disabled pensioners and beneficiaries have been revised to reflect mortality improvements observed in recent mortality studies.

**3. Changes in Plan Provisions, Contribution Rates and PEER Coverage**

The actuarial liabilities for the Plan are determined based on Plan provisions, contribution rates, PEER levels, and status of the participants on the effective date of the valuation. During 2011, the Trustees acted to annuitize the extra check payment to certain retirees and beneficiaries. Contribution rates have generally been increasing, contributing to increases in the actuarial liabilities. PEER levels have been fairly constant for the last several years, but any changes do contribute to changes in the actuarial liabilities.

### *SECTION F – COMPARISON OF VALUATION RESULTS USING PRIOR AND CURRENT ACTUARIAL ASSUMPTIONS AND PLAN PROVISIONS*

The following table illustrates the effects on principal actuarial values of the changes in the actuarial methods, assumptions, and plan changes as described in the preceding Section E.

The liabilities and costs presented in the left hand column use prior actuarial methods and assumptions, and reflect benefit levels and plan provisions in place on December 31, 2010.

In contrast, the values shown in the right column reflect current methods, assumptions, plan provisions, contribution rates and PEER benefit coverages as of December 31, 2011, and other changes, as described in Section E.

| (000s omitted) | Prior Method, Assumptions, Contribution Rates, PEER Coverage and Plan Provisions | Current Method, Assumptions, Contribution Rates, PEER Coverage and Plan Provisions |
|---|---|---|
| 1. Actuarial Present Value of Future Benefits for All Participants | $41,581,925 | N/A |
| 2. Actuarial Present Value of Future Normal Costs | $2,665,669 | N/A |
| 3. Actuarial Liability for All Participants (1.-2. for Prior Method) | $38,916,256 | $36,847,337 |
| 4. Normal Cost (Payable Monthly) | $438,306 | $687,389 |

The aggregate change in the Actuarial Liability ($36,847,337 minus $38,916,256) for All Participants is the net result of the following changes:

| | Increase (Decrease) |
|---|---|
| • Contribution Rate and PEER Coverage Changes | $139,127 |
| • Interest rate changes for liabilities supported by Dedicated Assets | $84,892 |
| • Plan changes to incorporate supplemental payment As permanent feature of the Plan (net of previous reserve) | $17,668 |
| • Change in Mortality Assumption | $44,931 |
| • Change in Actuarial Cost Method | ($2,355,537) |
| Total Increase (Decrease) in Actuarial Liability | ($2,068,919) |

*SECTION G – GOVERNMENT AND FINANCIAL REPORTING INFORMATION*

The following Funding Standard Account, Full Funding Limit, Funding Standard Account Amortization Bases, and Maximum Tax Deductible Contribution determinations reflect the Pension Relief elections made by the Trustees. In particular, the Trustees elected to smooth the 2008 market value investment return shortfall over 10 years and to apply extended amortization to the actuarial investment return losses associated with the 2008 shortfall as these losses are reflected in the actuarial asset values.

These determinations also reflect the Trustees' decision to adopt the Unit Credit actuarial cost method effective January 1, 2012.

**1. 2012 Projected Schedule MB Information**

a. Projected Funding Standard Account (000s omitted)

The Funding Standard Account (FSA) measures a plan's compliance with the minimum funding standards of ERISA. ERISA's minimum funding standards are satisfied whenever the Credit Balance is equal to or greater than zero.

| **Projected Funding Standard Account** (000s omitted) | | |
|---|---|---|
| i. | **Charges** | |
| | Beginning of Year Normal Cost (including Expenses) | $744,736 |
| | Amortization Charges on January 1, 2012 | $618,680 |
| | Interest on above to Year-End | $95,439 |
| | Total End of Year Charges | $1,458,855 |
| ii. | **Credits** | |
| | Prior Year Credit Balance | $2,120,933 |
| | Expected Employer Contributions during 2012 | $1,320,000 |
| | Amortization Credits on January 1, 2012 | $0 |
| | Interest on above to Year-End | $186,774 |
| | Total End of Year Credits | $3,627,707 |
| iii. | Projected Credit Balance on December 31, 2012 | $2,168,852 |

*SECTION G – GOVERNMENT AND FINANCIAL REPORTING INFORMATION*

b. Amortization Bases (000s omitted)

The following table depicts the various entries used to establish the year-by-year charges and credits with respect to the Funding Standard Account.

| | Year Established | 1/1/2012 Balance | Years Remaining | Amortization Payment |
|---|---|---|---|---|
| **Charges** | | | | |
| Prior Offset Base | 2011 | $6,735,614 | 12.9 | $756,126 |
| Assumption Changes | 2012 | $129,823 | 15.0 | $13,321 |
| PEER Changes | 2012 | $12,996 | 15.0 | $1,334 |
| Plan Change -- Extra Check | 2012 | $17,668 | 15.0 | $1,813 |
| Other Experience Losses | 2012 | $650,006 | 15.0 | $66,698 |
| 2008 Net Investment Loss | 2012 | $467,560 | 26.0 | $36,951 |
| *Total* | | $8,013,667 | | $876,243 |
| **Credits** | | | | |
| Cost Method Change | 2012 | $2,355,538 | 10.0 | $313,435 |
| *Total* | | $2,355,538 | | $313,435 |
| **New Offset Base** | 2012 | $5,658,129 | 13.5 | $618,680 |

*SECTION G – GOVERNMENT AND FINANCIAL REPORTING INFORMATION*

## 2. Maximum Tax Deductible Employer Contributions for 2012

In general, the maximum tax deductible employer contribution under Internal Revenue Code Section 404 is an amount equal to the normal cost for the Plan Year, plus an amount necessary to amortize all unfunded actuarial liabilities or actuarial gains or losses in equal annual payments over a period of ten years from the establishment of the amortizable amount. However, the maximum tax deductible employer contribution cannot be less than the minimum funding required by the Internal Revenue Code.

The calculated maximum deduction is then compared with the Full Funding Limit (FFL): i.e., the amount of employer contributions that would cause a plan to be considered "fully funded" by the end of year under IRS rules and regulations. The FFL serves as a ceiling for the maximum deductible employer contributions, subject to a final contribution limit test.

In the final step (the Super Max Calculation), the maximum deductible employer contribution is increased to the amount necessary to fully fund 140% of the Plan's Current Liability.

**For the 2012 Plan Year, the maximum tax deductible employer contributions have been determined to equal $41,796,404,000** which is the contribution amount that would fully fund 140% of the Current Liability projected to December 31, 2012. The calculation of the 2012 maximum tax deductible contribution is summarized below.

a. Normal Cost Plus Limit Adjustment (000's omitted)

| | | |
|---|---|---|
| i. | Normal Cost (including expenses) at the beginning of 2012 | $744,736 |
| ii. | Limit Adjustment (maximum amount of contributions Allowed to amortize unfunded actuarial liabilities) | $470,670 |
| iii. | Interest to end of year | $85,078 |
| iv. | Total | $1,300,484 |

b. Full Funding Limit (000's omitted)

| | | |
|---|---|---|
| i. | ERISA Full Funding Limit | $10,509,345 |
| ii. | 90% Current Liability Override | $18,605,468 |

## *SECTION G – GOVERNMENT AND FINANCIAL REPORTING INFORMATION*

c. Current Liability and Super Max Calculations

Federal law requires the determinations and reporting of Current Liability information. The liability amounts determined as of January 1, 2012, as presented in the following table, were determined using the mortality table for the Plan Year Beginning in 2012 as specified in IRS Reg. 1.430(h)(3)-1 and an interest rate of 4.29% as published by the IRS.

| **Determination of Current Liability** (000s omitted) | | | |
|---|---|---|---|
| | Number of Persons | Vested Benefits | Total Benefits |
| Pensioners and Beneficiaries | 210,123 | $26,111,741 | $26,115,247 |
| Inactive Vested Participants | 168,080 | $6,868,749 | $6,869,383 |
| Active Participants | 197,900 | $16,496,396 | $19,460,684 |
| Total | 576,103 | $49,476,886 | $52,445,314 |
| Expected Increase in Current Liability as of January 1, 2012 for Benefits Accruing during 2012 | | | $1,164,447 |
| Expected Benefit Payments during 2012 | | | $2,337,010 |
| Interest used for determing Current Liability | | | 4.29% |
| Interest Adjustments to December 31, 2012 | | | $2,249,730 |
| Current Liability Projected to December 31, 2012 | | | $53,522,481 |
| 140% of Current Liability Projected to December 31, 2012 | | | $74,931,473 |
| Actuarial Value of Assets Projected to December 31, 2012 | | | $33,135,069 |
| Amount Required to Fully Fund 140% of the Current Liability Projected to December 31, 2012 (Super Max) | | | $41,796,404 |

*SECTION G – GOVERNMENT AND FINANCIAL REPORTING INFORMATION*

## 3. Information for Auditors

The following information is required by the auditors for inclusion in the Plan's Financial Statements.

| **Financial Statement Information** (000s omitted) | |
|---|---|
| a. January 1, 2012 Actuarial Value of Accumulated Plan Benefits | $36,847,336 |
| i. Vested Benefits in Pay Status | $20,386,683 |
| ii. Other Vested Benefits | $14,606,883 |
| iii. Non-Vested Benefits | $1,853,770 |
| b. January 1, 2011 Actuarial Value of Accumulated Plan Benefits | $35,729,226 |
| c. Increase (Decrease) in the Actuarial Value of Accumulated Plan Benefits | $1,118,110 |
| i. Plan Amendment | $17,668 |
| ii. Change in Nature of Plan | $0 |
| iii. Change in Actuarial Assumptions | $128,474 |
| iv. Benefits Paid | ($2,305,404) |
| v. Decrease in Discount Period | $2,423,540 |
| vi. Benefits Accumulated | $621,379 |
| vii. Other Experience | $232,453 |

## *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.

*SECTION H – PARTICIPANT DATA*

**2. Statistical Information**

Highlights of the data characteristics for Active Plan participants on January 1, 2012 are shown below, together with corresponding information from the January 1, 2011 and January 1, 2010 Actuarial Reports.

- For actuarial valuation purposes, the Active participant population was 211,700 as of January 1, 2010, 201,740 as of January 1, 2011, and 197,900 as of January 1, 2012. The aggregate number of Active participants covered under PEER is 85.4% (including Non-Seasonal and Seasonal employees) on January 1, 2012. All information summarized below was based on 5% sample data.

**NUMBER OF ACTIVE PLAN PARTICIPANTS**

| **Industry** | As of 1/1/2010 | As of 1/1/2011 | As of 1/1/2012 |
|---|---|---|---|
| **All Actives** | | | |
| Non-Seasonal | 198,660 | 189,160 | 185,460 |
| Seasonal | 13,040 | 12,580 | 12,440 |
| Total | 211,700 | 201,740 | 197,900 |
| **PEER Units** | | | |
| Non-Seasonal PEER 80 | 61,860 | 59,460 | 58,380 |
| Non-Seasonal PEER 82 | 5,100 | 4,960 | 5,060 |
| Non-Seasonal PEER 84 | 100,940 | 96,280 | 94,160 |
| Seasonal PEER 80 | 8,700 | 8,500 | 8,220 |
| Seasonal PEER 82 | 300 | 300 | 360 |
| Seasonal PEER 84 | 3,100 | 2,720 | 2,740 |
| Total PEER Participants | 180,000 | 172,220 | 168,920 |
| **Non-PEER Units** | | | |
| Non-Seasonal | 30,760 | 28,460 | 27,860 |
| Seasonal | 940 | 1,060 | 1,120 |
| Total Non-PEER Participants | 31,700 | 29,520 | 28,980 |

***SECTION H – PARTICIPANT DATA***

- The average attained age of Active Plan participants whose records include valid dates of birth is 43.1 years for Non-Seasonal participants and 47.1 years for Seasonal participants. The corresponding ages as of January 1, 2011 were 42.6 years for Non-Seasonals and 47.0 years for Seasonals. The average attained ages for all Active participants for the last three years, including the separate PEER units, are summarized below.

| AVERAGE ATTAINED AGES FOR ACTIVE PLAN PARTICIPANTS | | | |
|---|---|---|---|
| Industry | As of 1/1/2010 | As of 1/1/2011 | As of 1/1/2012 |
| **All Actives** | | | |
| Non-Seasonal | 42.1 | 42.6 | 43.1 |
| Seasonal | 47.5 | 47.0 | 47.1 |
| **PEER Units** | | | |
| Non-Seasonal PEER 80 | 43.9 | 44.4 | 44.8 |
| Non-Seasonal PEER 82 | 44.3 | 44.9 | 45.5 |
| Non-Seasonal PEER 84 | 39.9 | 40.4 | 40.9 |
| Seasonal PEER 80 | 48.6 | 48.9 | 49.1 |
| Seasonal PEER 82 | 44.6 | 46.4 | 44.2 |
| Seasonal PEER 84 | 45.8 | 43.0 | 44.1 |
| **Non-PEER Units** | | | |
| Non-Seasonal | 45.2 | 46.0 | 46.3 |
| Seasonal | 43.9 | 41.9 | 40.9 |

## *SECTION H – PARTICIPANT DATA*

- The average number of years of contributory service for Active Plan participants is 12.2 years for Non-Seasonal participants and is 11.4 years for Seasonal participants. As of January 1, 2011 the corresponding average number of years of contributory service was 11.8 years for Non-Seasonals and 11.1 years for Seasonals. The average number of years of contributory service for Active participants during the last three years are compared below.

| AVERAGE CONTRIBUTORY SERVICE YEARS FOR ACTIVE PLAN PARTICIPANTS | | | |
|---|---|---|---|
| **Industry** | As of 1/1/2010 | As of 1/1/2011 | As of 1/1/2012 |
| **All Actives** | | | |
| Non-Seasonal | 11.1 | 11.8 | 12.2 |
| Seasonal | 10.9 | 11.1 | 11.4 |
| **PEER Units** | | | |
| Non-Seasonal PEER 80 | 15.3 | 15.9 | 16.2 |
| Non-Seasonal PEER 82 | 12.3 | 12.7 | 13.1 |
| Non-Seasonal PEER 84 | 9.6 | 10.3 | 10.7 |
| Seasonal PEER 80 | 12.6 | 13.2 | 13.6 |
| Seasonal PEER 82 | 7.8 | 8.0 | 8.3 |
| Seasonal PEER 84 | 7.6 | 6.6 | 7.0 |
| **Non-PEER Units** | | | |
| Non-Seasonal | 7.4 | 8.0 | 8.3 |
| Seasonal | 7.6 | 7.4 | 7.1 |

## *SECTION H – PARTICIPANT DATA*

- The end of year average basic hourly contribution rate for Non-Seasonal Actives included in the valuation was $3.52 as of December 31, 2010 and $3.67 as of December 31, 2011. The average basic hourly contribution rate for Seasonal Actives included in this valuation was $0.89 as of December 31, 2010 and $0.90 as of December 31, 2011. This information is displayed for Active participants, including separate data for PEER units, in the following table.

**AVERAGE BASIC HOURLY CONTRIBUTIONS**
**FOR ACTIVE PLAN PARTICIPANTS**

| Industry | As of 12/31/2009 | As of 12/31/2010 | As of 12/31/2011 |
|---|---|---|---|
| **All Actives** | | | |
| Non-Seasonal | $3.35 | $3.52 | $3.67 |
| Seasonal | $0.87 | $0.89 | $0.90 |
| **PEER Units** | | | |
| Non-Seasonal PEER 80 | $4.38 | $4.60 | $4.84 |
| Non-Seasonal PEER 82 | $3.38 | $3.66 | $3.83 |
| Non-Seasonal PEER 84 | $3.33 | $3.49 | $3.62 |
| Seasonal PEER 80 | $1.04 | $1.07 | $1.10 |
| Seasonal PEER 82 | $0.11 | $0.11 | $0.11 |
| Seasonal PEER 84 | $0.43 | $0.34 | $0.35 |
| **Non-PEER Units** | | | |
| Non-Seasonal | $1.31 | $1.35 | $1.38 |
| Seasonal | $1.01 | $1.08 | $1.08 |

*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.

***SECTION H – PARTICIPANT DATA***

There were 90 non-retired valuation records, representing 1,800 participants with missing dates of birth. There were 1,158 Non-Seasonal non-retired sample valuation records with missing or invalid sex codes who are assumed to be males and 128 Seasonal non-retired sample valuation records with missing or invalid sex codes who are assumed to be female. The non-retired participant T2 extract records included in the valuation had the characteristics shown in the following table:

**Non-Retired Data With Missing or Invalid Birthdates or Sex Codes**

| | | Number of Records x 20 | | % Without |
|---|---|---|---|---|
| **Status** | Sex Code | With Valid Date of Birth | Without Valid Date of Birth | Valid Date of Birth |
| Non-Seasonal Active Vested | Male | 124,780 | 100 | 0.08% |
| Non-Seasonal Active Vested | Female | 21,340 | 0 | 0.00% |
| Non-Seasonal Active Non-Vested | Male | 33,720 | 840 | 2.43% |
| Non-Seasonal Active Non-Vested | Female | 4,640 | 40 | 0.85% |
| Seasonal Active Vested | Male | 2,300 | 0 | 0.00% |
| Seasonal Active Vested | Female | 6,620 | 40 | 0.60% |
| Seasonal Active Non-Vested | Male | 1,420 | 40 | 2.74% |
| Seasonal Active Non-Vested | Female | 1,920 | 100 | 4.95% |
| Non-Seasonal Vested Inactive | Male | 128,580 | 380 | 0.29% |
| Non-Seasonal Vested Inactive | Female | 22,820 | 20 | 0.09% |
| Seasonal Vested Inactive | Male | 5,380 | 20 | 0.37% |
| Seasonal Vested Inactive | Female | 9,840 | 220 | 2.19% |

*SECTION H – PARTICIPANT DATA*

## 5. Age Retirees, Disability Retirees, and Surviving Beneficiaries

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.

*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%.

[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 | | | | | | |
|---|---|---|---|---|---|---|
| | Non-Retired Participants | | Age Retirees & Beneficiaries | | Disabled Retirees | |
| Age Last Birthday | 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.

*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 |

***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 |

## *SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS*

f. Disability Retirement

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 |

*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 At First Covered Hour | Years Since 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 At First Covered Hour | Years Since 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 | | |

*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 | | |
|---|---|---|
| | After 9 or more Years Since First Covered Hour | |
| Age Last Birthday At 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.

*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.

***SECTION I – ACTUARIAL ASSUMPTIONS AND METHODS***

b. Actuarial Cost Method

The Unit Credit actuarial cost method was used for this valuation. Under this method, the Actuarial Liability is the Accrued Benefit Liability for all participants included on the valuation date. The Normal Cost is: (i.) the expected increase in Accrued Benefit Liability for these participants resulting from benefits earned during the current year, plus (ii.) the expected increase in Accrued Benefit Liabilities resulting from new participants who are covered employees on the valuation date.

*SECTION J – SUMMARY OF PLAN PROVISIONS EFFECTIVE JANUARY 1, 2012*

**1. Active Participation**

Non-Seasonal employees for whom contributions are required to be made to the Trust under the terms of a pension agreement become "Active Participants" on the day on which they first accumulate 750 covered hours in the current and immediately preceding calendar years. Seasonal employees become "Active Participants" if they satisfy one-half of the covered hour requirement of Non-Seasonal employees.

**2. Monthly Pension at Normal Retirement**

The monthly pension earned for service prior to 1987 is determined based on the 1986 Plan provisions as outlined in the January 1, 1986 Actuarial Report. The final five-year average contribution rate used for this determination recognizes contribution rates applicable to all 500 hour years through 1991.

For service after 1986, monthly pension benefits are earned as follows:

| | Contribution Percentage | |
|---|---|---|
| Calendar Year | First 20 Years | After 20 Years |
| 1987-1991 | 2.00% | 2.65% |
| 1992-1996 | 2.30% | 3.05% |
| 1997-1999 | 2.46% | 3.26% |
| 2000-2002 | 2.70% | 3.58% |
| 1/2003-6/2003 | 2.20% | 2.92% |
| 7/2003-2006 | 1.20% | 1.20% |
| 2007 | 1.65% | 1.65% |
| 2008 | 2.00% | 2.65% |
| 2009+ | 1.20% | 1.20% |

**3. Past Service Credits**

A participant is granted credit for the number of years and months of specified types of unbroken employment rendered prior to his or her first covered hour, subject to limits specified in the Plan.

*SECTION J – SUMMARY OF PLAN PROVISIONS EFFECTIVE JANUARY 1, 2012*

**4. Vesting Service**

A Plan member earns a vesting service year for each year after 1975 during which he or she is credited with at least 500 covered hours (250 covered hours for Seasonal Plan members). For service before 1976, a Plan member is credited with a vesting service year for each year of continuous coverage under the Plan.

**5. Normal Retirement Age**

The later of age 65 or an Active participant's age on the second anniversary of his or her first covered hour.

**6. Normal Pension Form**

The normal form of pension for unmarried participants is a Life Only Pension. In general, married participants who do not elect otherwise receive a reduced Employee and Spouse Pension. This reduced amount is an "actuarial equivalent" of the Life Only Pension. Participants who retired under the Employee and Spouse Pension Option will have their pension restored to the amount payable under the Normal Form if the spouse dies first. In the event that the participant dies first, the amount of spouse pension is 66 2/3% of the retiree's pension for those who retired after 1991 with recent coverage; otherwise the amount of spouse pension is 50% of the retiree's pension. In both instances, the actuarial reduction factor for the Employee and Spouse Pension amount is calculated as though the spouse pension benefit would be 50% of the reduced Employee and Spouse Pension.

**7. Other Pension Forms**

An Optional Employee and Spouse Pension providing a 75% spouse pension is available. Participants retiring under age 65 may elect a Benefit Adjustment Option with or without the regular or Optional Employee and Spouse Pension.

**8. Early Retirement Eligibility Date**

In general, this date is the first day of the month coincident with or immediately following the later of the participant's 55$^{th}$ birthday or the date the individual becomes a vested participant. However, a participant with recent coverage may retire at any age if he or she meets the Rule of 84 (or Rule of 82 or Rule of 80) under the Program for Enhanced Early Retirement (PEER program); that is, the sum of his or her attained age plus years of contributory service is equal to or greater than 84 (or 82 or 80).

*SECTION J – SUMMARY OF PLAN PROVISIONS EFFECTIVE JANUARY 1, 2012*

**9. Monthly Pension at Early Retirement for a Participant with Recent Coverage**

If a participant meets the Rule of 84 and has recent coverage, the monthly pension benefit is reduced by the sum of 0.45% for each of the first 60 months that the early retirement date precedes his or her 62nd birthday plus 0.33% for each month that the early retirement date precedes his or her 57th birthday.

If a participant has recent coverage but does not meet the Rule of 84, his or her monthly pension benefit is reduced by the sum of 0.60% for each of the first 60 months that the early retirement date precedes his or her 62nd birthday plus 0.40% for each month that the early retirement date precedes his or her 57th birthday.

**10. Monthly Pension at Early Retirement for a Participant with Current PEER Coverage**

If a participant meets the Rule of 84 (or Rule of 82 or Rule of 80), is a member of a bargaining unit which has negotiated PEER 84 (or PEER 82 or PEER 80) contribution surcharges, and has current PEER coverage, the early retirement benefit equals 100% of the earned pension benefits. A participant has current PEER coverage at his or her retirement effective date if the applicable PEER contributions have been paid for at least 1,000 covered hours in the 24-month period immediately preceding his or her retirement effective date.

**Note:** If a participant is in a category of early retirement where benefits are subsidized (as described in paragraph 1 of Item 9 or in Item 10) and accumulates 25 years of service under the Plan while so covered, then his or her subsidized early retirement benefits are "locked-in" and cannot be forfeited.

**11. Disability Benefit**

Upon a vested participant's total and permanent disability before age 65, the monthly benefit is the greater of (a) 85% of the earned monthly pension benefit or (b) the early retirement pension otherwise payable, provided the vested participant has met the specified recent coverage requirement on the disability onset date.

**12. Vested Benefit Upon Termination of Employment**

Upon termination of employment, a participant is vested in his or her accrued pension, based on past and future service credits, if he or she has completed at least 5 years of vesting service, one of which was completed during or after 1991.

*SECTION J – SUMMARY OF PLAN PROVISIONS EFFECTIVE JANUARY 1, 2012*

A terminated vested participant may elect early commencement of the earned retirement benefit at any time on or after the Early Retirement Eligibility Date. If the participant does not have recent coverage and has not "locked-in" rights to unreduced pension benefits by having completed 25 years of Plan service before termination, the benefit is reduced by the sum of 0.6% per month for each of the first 60 months that the early retirement date precedes the participant's 65th birthday plus 0.4% per month for each month that such early retirement date precedes the participant's 60th birthday.

Vested participants who are not covered by the current Plan provisions may be subject to additional limitations on their benefits.

**13. Extra Check**

An annual "Extra Check" is payable to: (i.) pre-1985 retirees in the amount of $540 and to (ii.) their eligible survivors in the amount of $450.

**14. Death Benefits**

Upon the death of a participant or pensioner who has met the specified recent coverage requirement, a temporary monthly pension is payable to the surviving children under conditions specified in the Plan.

A pre-retirement benefit to the surviving spouse is payable upon the death of a vested participant. If a married participant had recent coverage at the time of death, the spouse receives an immediate benefit based on the participant's earned benefit. The earned benefit is reduced to reflect early retirement, as specified in the Plan, and the appropriate Employee and Spouse Pension factor. 66 2/3% of the resulting amount is then payable immediately to the spouse. If the participant does not have recent coverage, the benefit is calculated as described above, but a 50% factor is applied in lieu of the 66 2/3% factor, and, if the participant was not eligible to retire on the date of death, commencement of the pension is deferred until the time the participant would have been first eligible to retire.

A single sum death benefit equal to 50% of contributions, subject to a maximum of $10,000, is payable upon the death of an Active or Terminated participant who has completed at least 5 years of vesting service. In addition, for unmarried vested participants who satisfy the recent coverage requirements and would otherwise be eligible to retire, a death benefit of 48 times the participant's accrued pension, reduced to reflect early retirement as specified in the Plan, is payable as a lump sum amount.

Upon the death of a pensioner with a retirement date before January 1, 1992, a single sum benefit of 12 times the monthly normal form pension (Life Only annuity), subject to a maximum of $10,000 is payable. Beginning with retirements in 1992, beneficiaries of retirees with recent coverage who elect a Life Only or Benefit Adjustment Option (without the Spouse Pension) receive a 4-Year Certain death benefit payment equal to 48 times the pensioner's Life Only benefit minus the total monthly payments already received by the pensioner.

If a pensioner retires after January 1, 1992, he or she may elect an Optional Lump Sum Death Benefit equal to 12 times the monthly normal form pension (Life Only annuity). The Optional Lump Sum Death Benefit is paid for by reducing the pensioner's monthly payment.

**15. <u>Transition Provisions</u>**

Certain minimum benefits are provided to participants who were covered by prior versions of the Plan.

## *INTRODUCTION TO THE TABLES OF 2012 STATISTICAL DATA*

In the process of completing the actuarial valuation, we have compiled a considerable amount of statistical information that may prove useful in understanding the operation of the Plan. This information is illustrated in the following tables:

- **TABLE 2012-1 Comparison of Sample Data with Total Population Data for Active Vested Participants**

  This table demonstrates that the 5% sample reasonably represents the entire population. Sample and full file participant counts, average hours and average contribution rates are compared for Active Vested participants. The table provides breakdowns of the data by forty-cent rate bands through $5.20, and for rates over $5.20. The correlation between sample and total population also was tested for non-vested and new participants and, in our opinion, actuarial results based on the sample population (as described in Section H) adequately represent values for the total population.

- **TABLE 2012-2 Basic Rate Increases for Continuing Non-Seasonal Active Participants**

  This table shows the year-to-year increases in contribution rates for continuing Active Non-Seasonal participants, analyzed by end of year basic contribution rates. The percentage increases are shown for four experience years.

- **TABLE 2012-3 Distribution of Non-Seasonal Active Participants in PEER and Non-PEER Units by Contribution Rate**

  This table shows the distribution of Non-Seasonal Actives in PEER and Non-PEER units by their basic hourly contribution rates.

- **TABLE 2012-4 Age at First Participation Distributions – Comparison of Experience with Actuarial Assumptions**

  This table compares the entry age distributions of new participants during the most recent three years with the assumed distributions used in calculating the Plan's normal cost. The relationship of actual versus assumed percentages indicates that the assumptions remain suitable for normal cost calculation purposes.

### *INTRODUCTION TO THE TABLES OF 2012 STATISTICAL DATA*

- **TABLE 2012-5 Distribution of Non-Seasonal Active Participants with Good Birthdates by Attained Age and Contributory Service**

  This table shows how Non-Seasonal Active participants with valid birthdates are distributed by attained age and length of service.

- **TABLE 2012-6 Data Build-Through Report/Participant Reconciliation**

  This table exhibits a data reconciliation by status for Active and Vested Terminated participants.

- **TABLE 2012-7 and 2012-8 New 2011 Pensioners and Beneficiaries; Recent History of New Pensioners**

  Table 2012-7 shows the counts and average monthly pensions for Age Pensioners, Disabled Pensioners and Beneficiaries who were new to the December 31, 2011 retiree data file. The data for Age Pensioners is shown by option election.

  Table 2012-8 compares the counts and average monthly pensions of new Pensioners during the most recent three-year period.

- **TABLE 2012-9 Historical Statistics by Year of Retirement**

  For this table, all records representing Age Pensioners were analyzed by year of retirement.

- **TABLE 2012-10 through 2012-12 Age/Longevity of Age Pensioners, Beneficiaries and Disabled Pensioners**

  These tables show the distribution of Pensioners and Beneficiaries by attained age group and number of years since retirement or pension commencement, as applicable.

  The count for Disabled Pensioners is somewhat inflated by the existence of record pairs for many of the Disabled Retirees receiving an increase because of the increase in the floor percentage from 62% to 85%, effective January 1, 2000.

- **TABLE 2012-13 Life Expectancies for Pensioners**

  This table shows the number of years of life expectancy for retirees according to the mortality tables (see Section I.1.b. for description of tables) used to value liabilities under the Plan. The long periods over which age retirees are expected to receive payments indicate the significant assets required to fund benefits for participants who are already retired. The shorter life expectancies for Disabled Pensioners imply a lower level of assets required for males and females who retire under the Plan’s disability provisions.

**TABLE 2012-1**
**Comparison of Sample Data with Total Population Data**
**for Active Vested Participants**

| | 5% Sample | | | Total Population | | |
|---|---|---|---|---|---|---|
| Contribution Rates | No. of Participants (Times 20) | Avg. 2011 Hrs. per Participant | Avg. 2011 Contrib. Rate | No. of Participants | Avg. 2011 Hrs. per Participant | Avg. 2011 Contrib. Rate |
| **Seasonals - Food Processing** | | | | | | |
| All Contribution Rates | 9,500 | 638 | $0.98 | 9,980 | 652 | $0.93 |
| **Regulars - Food Processing** | | | | | | |
| All Contribution Rates | 7,240 | 2,023 | $1.71 | 6,869 | 2,000 | $1.70 |
| **Non-Seasonals - Non-Food Processing** | | | | | | |
| $0.40 and under | 2,500 | 1,811 | $0.25 | 2,478 | 1,794 | $0.24 |
| Over $0.40 but not more than $0.80 | 3,840 | 1,869 | $0.60 | 3,912 | 1,875 | $0.60 |
| Over $0.80 but not more than $1.20 | 12,980 | 1,843 | $1.02 | 12,786 | 1,840 | $1.02 |
| Over $1.20 but not more than $1.60 | 6,700 | 1,933 | $1.40 | 7,064 | 1,925 | $1.41 |
| Over $1.60 but not more than $2.00 | 8,440 | 1,863 | $1.85 | 8,326 | 1,917 | $1.84 |
| Over $2.00 but not more than $2.40 | 7,520 | 1,921 | $2.20 | 7,876 | 1,953 | $2.20 |
| Over $2.40 but not more than $2.80 | 5,500 | 1,929 | $2.64 | 6,005 | 1,931 | $2.63 |
| Over $2.80 but not more than $3.20 | 12,780 | 1,917 | $3.02 | 12,051 | 1,950 | $3.02 |
| Over $3.20 but not more than $3.60 | 10,880 | 1,898 | $3.41 | 10,778 | 1,931 | $3.41 |
| Over $3.60 but not more than $4.00 | 10,640 | 1,987 | $3.79 | 10,385 | 1,975 | $3.80 |
| Over $4.00 but not more than $4.40 | 7,260 | 1,971 | $4.22 | 7,091 | 1,942 | $4.23 |
| Over $4.40 but not more than $4.80 | 4,220 | 1,944 | $4.50 | 4,109 | 1,923 | $4.51 |
| Over $4.80 but not more than $5.20 | 2,460 | 2,052 | $4.98 | 3,051 | 1,983 | $4.98 |
| Over $5.20 | 39,280 | 1,699 | $6.84 | 39,694 | 1,705 | $6.83 |
| Total Non-Seasonals - Non-Food Processing | 135,000 | 1,852 | $3.76 | 135,606 | 1,859 | $3.76 |

**TABLE 2012-2**
**Basic Rate Increases for Continuing Non-Seasonal Active Participants**

| End of Year Contribution Rate | 2011 Number of Lives | Average Increase 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| $0.40 and under | 3,520 | 1.5% | -4.7% | 0.3% | 56.5% |
| Over $0.40 but not more than $0.80 | 5,020 | 18.3% | 6.4% | 16.8% | 24.5% |
| Over $0.80 but not more than $1.20 | 17,260 | 3.5% | 1.8% | 7.6% | 4.3% |
| Over $1.20 but not more than $1.60 | 10,500 | 7.3% | 20.8% | 4.8% | 23.0% |
| Over $1.60 but not more than $2.00 | 13,960 | 9.5% | 7.0% | 6.2% | 14.6% |
| Weighted Average: $2.00 and under | 50,260 | 7.3% | 7.6% | 7.2% | 17.0% |
| Over $2.00 but not more than $2.40 | 10,080 | 11.9% | 3.4% | 8.2% | 21.7% |
| Over $2.40 but not more than $2.80 | 7,500 | 18.7% | 10.4% | 10.7% | 9.0% |
| Over $2.80 but not more than $3.20 | 14,580 | 2.2% | 10.6% | 13.1% | 2.7% |
| Over $3.20 but not more than $3.60 | 11,580 | 2.9% | 3.9% | 10.5% | 10.6% |
| Over $3.60 but not more than $4.00 | 13,220 | 10.0% | 19.9% | 10.9% | 16.5% |
| Weighted Average: Over $2.00 but not more than $4.00 | 56,960 | 8.1% | 9.2% | 11.0% | 10.9% |
| Weighted Average: Over $4.00 | 60,720 | 11.2% | 12.4% | 8.5% | 9.1% |
| Weighted Average: All Rates | 167,940 | 9.0% | 9.8% | 9.0% | 12.2% |

**TABLE 2012-3**
**Distribution of Non-Seasonal Active Participants in PEER and Non-PEER Units by Contribution Rate**

| End of Year Contribution Rate | Number of PEER Actives | Number of Non-PEER Actives | Total Number of Actives |
|---|---|---|---|
| $0.40 and under | 1,060 | 3,700 | 4,760 |
| Over $0.40 but not more than $0.80 | 1,080 | 4,740 | 5,820 |
| Over $0.80 but not more than $1.20 | 14,540 | 5,320 | 19,860 |
| Over $1.20 but not more than $1.60 | 5,680 | 6,000 | 11,680 |
| Over $1.60 but not more than $2.00 | 12,480 | 2,760 | 15,240 |
| Total for Rates $2.00 and under | 34,840 | 22,520 | 57,360 |
| Over $2.00 but not more than $2.40 | 8,940 | 2,100 | 11,040 |
| Over $2.40 but not more than $2.80 | 7,360 | 980 | 8,340 |
| Over $2.80 but not more than $3.20 | 14,700 | 620 | 15,320 |
| Over $3.20 but not more than $3.60 | 12,020 | 560 | 12,580 |
| Over $3.60 but not more than $4.00 | 13,620 | 420 | 14,040 |
| Total for Rates over $2.00 but not more than $4.00 | 56,640 | 4,680 | 61,320 |
| Total for Rates over $4.00 | 66,120 | 660 | 66,780 |
| Total for All Rates | 157,600 | 27,860 | 185,460 |

**PEER Eligibility Statistics (Non-Seasonal Actives)**

| PEER Unit | Number of Actives | Percentage of Non-Seasonal Actives by PEER Unit | Prior Year's Percentage of Non-Seasonal Actives by PEER Unit |
|---|---|---|---|
| Non-PEER | 27,860 | 15.0% | 15.0% |
| PEER 84 | 94,160 | 50.8% | 51.0% |
| PEER 82 | 5,060 | 2.7% | 2.6% |
| PEER 80 | 58,380 | 31.5% | 31.4% |

**TABLE 2012-4**
**Age at First Participation Distributions**
**Comparison of Experience with Actuarial Assumptions**

| | Non-Seasonal Employees | | Seasonal Employees | |
|---|---|---|---|---|
| Ages | Actual Percentages for 2009 thru 2011 New Participants | Percentages Assumed for Actuarial Calculation Purposes | Actual Percentages for 2009 thru 2011 New Participants | Percentages Assumed for Actuarial Calculation Purposes |
| Through 24 | 29.0% | 30.0% | 29.4% | 22.5% |
| 25 - 29 | 16.1% | 16.5% | 10.8% | 15.0% |
| 30 - 34 | 12.5% | 15.0% | 12.2% | 10.0% |
| 35 - 39 | 10.6% | 12.5% | 10.8% | 12.5% |
| 40 - 44 | 9.2% | 12.5% | 5.8% | 15.0% |
| 45 - 49 | 9.1% | 7.5% | 11.5% | 12.5% |
| 50 - 54 | 7.3% | 6.0% | 9.4% | 12.5% |
| 55 and Over | 6.2% | 0.0% | 10.1% | 0.0% |

**TABLE 2012-5**
**Distribution of Non-Seasonal Active Participants with**
**Good Birthdates by Attained Age and Contributory Service**

| | Years of Contributory Service | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Age Last Birthday** | Less than 5 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30 and Over | Total |
| Under 20 | 460 | 0 | 0 | 0 | 0 | 0 | 0 | 460 |
| 20 - 24 | 8,340 | 2,440 | 0 | 0 | 0 | 0 | 0 | 10,780 |
| 25 - 29 | 7,100 | 8,960 | 1,300 | 0 | 0 | 0 | 0 | 17,360 |
| 30 - 34 | 5,620 | 8,540 | 5,440 | 540 | 0 | 0 | 0 | 20,140 |
| 35 - 39 | 4,080 | 7,040 | 5,420 | 3,980 | 620 | 0 | 0 | 21,140 |
| 40 - 44 | 3,980 | 6,640 | 5,580 | 4,540 | 4,160 | 340 | 0 | 25,240 |
| 45 - 49 | 3,780 | 5,440 | 5,780 | 4,740 | 5,220 | 3,180 | 360 | 28,500 |
| 50 - 54 | 3,280 | 5,040 | 4,580 | 3,040 | 4,620 | 4,360 | 3,060 | 27,980 |
| 55 - 59 | 1,740 | 3,260 | 3,680 | 2,300 | 2,940 | 2,300 | 4,940 | 21,160 |
| 60 - 64 | 1,020 | 1,900 | 1,620 | 920 | 1,200 | 720 | 2,500 | 9,880 |
| 65 - 69 | 260 | 420 | 200 | 120 | 100 | 120 | 220 | 1,440 |
| 70 and Over | 180 | 100 | 40 | 40 | 20 | 20 | 0 | 400 |
| Total | 39,840 | 49,780 | 33,640 | 20,220 | 18,880 | 11,040 | 11,080 | 184,480 |

| TABLE 2012-6<br>Data Build-Through Report<br>Participant Reconciliation | |
|---|---|
| **Active Participants 1/1/2011** | **201,740** |
| New Participants | |
| Non-Vested | 14,360 |
| Vested | 600 |
| Rehires | 1,240 |
| Terminations | |
| Non-Vested | (9,240) |
| Vested | (6,540) |
| Retirements | (3,780) |
| Deaths | (160) |
| Data Adjustments | (320) |
| **Active Participants 1/1/2012** | **197,900** |
| **Vested Terminations 1/1/2011** | **169,783** |
| New Vested Terminations | 7,320 |
| Rehires | (1,240) |
| Retirements | (4,360) |
| Deaths | (200) |
| Data Adjustments | (3,223) |
| **Vested Terminations 1/1/2012** | **168,080** |

**TABLE 2012-7**
**New 2011 Pensioners and Beneficiaries**
**Option Elections, Average Pensions and Average Ages**
**(Based on Number of Participants)**

| Option | Count | Average Monthly Pension | Average Age as of January 1, 2012 |
|---|---|---|---|
| Life | 2,354 | $824.18 | 63.5 |
| Employee and Spouse 50% | 314 | $321.32 | 63.7 |
| Employee and Spouse 67% | 678 | $1,381.83 | 63.6 |
| Employee and Spouse 75% | 826 | $1,022.12 | 64.2 |
| Benefit Adjustment | 2,604 | $1,258.48 | 59.1 |
| Employee and Spouse 50% with Benefit Adjustment | 213 | $478.40 | 60.5 |
| Employee and Spouse 67% with Benefit Adjustment | 526 | $1,827.01 | 59.4 |
| Employee and Spouse 75% with Benefit Adjustment | 944 | $1,394.90 | 59.8 |
| All Age Pensioners | 8,459 | $1,120.58 | 61.5 |
| Disabled Pensioners | 924 | $1,049.25 | 55.0 |
| Surviving Beneficiaries | 377 | $566.02 | 50.7 |
| Total | 9,760 | $1,092.41 | 60.5 |
| Total Last Year | 9,632 | $1,157.75 | 60.3 |

Notes:

This exhibit includes all pensions associated with participants new to the December 31, 2011 ABC file.

The average monthly pension amount shown for the Benefit Adjustment Option and the Employee and Spouse with Benefit Adjustment Option is the sum of the lifetime portion of the benefit, plus any temporary benefit remaining as of December 31, 2011.

**TABLE 2012-8**
**Recent History of New Pensioners**
**Option Elections and Average Monthly Pensions**
**(Based on Number of Participants)**

| Option | 2011 Count | 2011 Average Monthly Pension | 2010 Count | 2010 Average Monthly Pension | 2009 Count | 2009 Average Monthly Pension |
|---|---|---|---|---|---|---|
| Life Only | 2,354 | $824.18 | 2,201 | $881.19 | 2,112 | $846.27 |
| Benefit Adjustment | 2,604 | $1,258.48 | 2,682 | $1,390.10 | 2,903 | $1,424.62 |
| Employee and Spouse | 1,818 | $1,035.23 | 1,747 | $982.09 | 1,835 | $999.76 |
| Employee and Spouse with Benefit Adjustment | 1,683 | $1,413.96 | 1,779 | $1,540.21 | 2,071 | $1,515.05 |
| All Age Pensioners | 8,459 | $1,120.58 | 8,409 | $1,203.89 | 8,921 | $1,221.30 |
| Disabled Pensioners | 924 | $1,049.25 | 814 | $984.13 | 802 | $988.72 |
| Surviving Beneficiaries | 377 | $566.02 | 409 | $554.60 | 568 | $494.13 |
| Total | 9,760 | $1,092.41 | 9,632 | $1,157.75 | 10,291 | $1,163.04 |

Notes:

This exhibit includes all pensions associated with participants new to the ABC file as of December 31, 2009, 2010 and 2011.

The average monthly pension amount shown for the Benefit Adjustment Option and the Employee and Spouse with Benefit Adjustment Option is the sum of the lifetime portion of the benefit, plus any temporary benefit remaining as of December 31, 2011.

**TABLE 2012-9**
**Historical Statistics by Year of Retirement**
**(Based on Number of Records)**

| Year of Retirement | Number of Surviving Retirees | Average Age at Retirement | Average Age as of 1/1/2012 | Average Monthly Pension Normal Form |
|---|---|---|---|---|
| 1986 and prior | 16,349 | 58.9 | 87.5 | $367.44 |
| 1987 - 1991 | 17,943 | 59.8 | 82.1 | $601.42 |
| 1992 - 1996 | 27,900 | 59.7 | 77.0 | $866.81 |
| 1997 - 2001 | 35,939 | 60.0 | 72.2 | $958.12 |
| 2002 - 2006 | 46,586 | 60.3 | 67.8 | $1,089.14 |
| 2007 - 2011 | 42,416 | 60.7 | 63.2 | $1,096.44 |
| Total | 187,133 | 60.1 | 72.1 | $922.67 |
| Total Last Year | 183,062 | 60.0 | 72.0 | $915.61 |

**TABLE 2012-10**
**Age / Longevity of Age Pensioners**
**(Based on Number of Records)**

| | Years Since Pension Commencement | | | | | | |
|---|---|---|---|---|---|---|---|
| **Attained Age Group** | Less than 1 | 1 - 4 | 5 - 9 | 10 - 14 | 15 - 19 | Greater than 19 | Total |
| Under 50 | 18 | 73 | 37 | 14 | 2 | 0 | 144 |
| 50 - 54 | 430 | 1,165 | 141 | 23 | 5 | 0 | 1,764 |
| 55 - 59 | 1,758 | 7,368 | 2,423 | 114 | 19 | 8 | 11,690 |
| 60 - 64 | 2,259 | 9,946 | 11,181 | 1,503 | 58 | 6 | 24,953 |
| 65 - 69 | 1,659 | 14,939 | 12,981 | 9,959 | 808 | 20 | 40,366 |
| 70 - 74 | 44 | 2,646 | 16,090 | 12,231 | 8,724 | 46 | 39,781 |
| 75 - 79 | 1 | 86 | 3,603 | 9,398 | 9,631 | 5,799 | 28,518 |
| 80 - 84 | 2 | 16 | 105 | 2,563 | 6,584 | 11,454 | 20,724 |
| 85 - 89 | 0 | 3 | 16 | 88 | 2,008 | 10,678 | 12,793 |
| 90 and Over | 0 | 3 | 9 | 46 | 61 | 6,281 | 6,400 |
| Total | 6,171 | 36,245 | 46,586 | 35,939 | 27,900 | 34,292 | 187,133 |

**TABLE 2012-11**
**Age / Longevity of Beneficiaries**
**(Based on Number of Records)**

| **Attained Age Group** | Years Since Pension Commencement | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Deferred | Less than 1 | 1 - 4 | 5 - 9 | 10 - 14 | 15 - 19 | Greater than 19 | Total |
| 39 and Under | 8 | 158 | 824 | 853 | 342 | 55 | 23 | 2,263 |
| 40 - 44 | 19 | 16 | 81 | 75 | 53 | 24 | 28 | 296 |
| 45 - 49 | 54 | 27 | 129 | 162 | 108 | 81 | 45 | 606 |
| 50 - 54 | 93 | 49 | 317 | 343 | 236 | 183 | 82 | 1,303 |
| 55 - 59 | 41 | 57 | 496 | 598 | 496 | 359 | 211 | 2,258 |
| 60 - 64 | 18 | 45 | 435 | 957 | 916 | 650 | 359 | 3,380 |
| 65 - 69 | 3 | 18 | 265 | 845 | 1,345 | 1,256 | 752 | 4,484 |
| 70 - 74 | 0 | 5 | 82 | 460 | 1,221 | 1,906 | 1,592 | 5,266 |
| 75 - 79 | 0 | 0 | 22 | 128 | 468 | 1,674 | 2,581 | 4,873 |
| 80 - 84 | 0 | 2 | 11 | 24 | 175 | 728 | 3,245 | 4,185 |
| 85 - 89 | 0 | 0 | 1 | 8 | 43 | 200 | 2,872 | 3,124 |
| 90 and Over | 0 | 1 | 1 | 0 | 9 | 48 | 1,549 | 1,608 |
| Total | 236 | 378 | 2,664 | 4,453 | 5,412 | 7,164 | 13,339 | 33,646 |

**TABLE 2012-12**
**Age / Longevity of Disabled Pensioners**
**(Based on Number of Records)**

| | Years Since Pension Commencement | | | | | | |
|---|---|---|---|---|---|---|---|
| **Attained Age Group** | Less than 1 | 1 - 4 | 5 - 9 | 10 - 14 | 15 - 19 | Greater than 19 | Total |
| 39 and Under | 3 | 36 | 28 | 7 | 0 | 0 | 74 |
| 40 - 44 | 3 | 89 | 86 | 42 | 14 | 1 | 235 |
| 45 - 49 | 13 | 183 | 225 | 108 | 50 | 4 | 583 |
| 50 - 54 | 53 | 444 | 436 | 255 | 151 | 39 | 1,378 |
| 55 - 59 | 66 | 877 | 930 | 444 | 315 | 213 | 2,845 |
| 60 - 64 | 50 | 769 | 1,314 | 741 | 452 | 476 | 3,802 |
| 65 - 69 | 1 | 152 | 947 | 1,044 | 774 | 866 | 3,784 |
| 70 - 74 | 0 | 0 | 144 | 806 | 1,083 | 1,331 | 3,364 |
| 75 - 79 | 0 | 0 | 0 | 101 | 725 | 1,899 | 2,725 |
| 80 - 84 | 0 | 0 | 0 | 0 | 58 | 1,604 | 1,662 |
| 85 - 89 | 0 | 0 | 0 | 1 | 1 | 795 | 797 |
| 90 and Over | 0 | 0 | 1 | 1 | 0 | 246 | 248 |
| Total | 189 | 2,550 | 4,111 | 3,550 | 3,623 | 7,474 | 21,497 |

**TABLE 2012-13**
**Life Expecancies for Pensioners**

| | Years of Life Expectancy | | | |
|---|---|---|---|---|
| | Age Pensioner | | Disabled Pensioner | |
| Age | Male | Female | Male | Female |
| 45 | 35.2 | 37.3 | 24.5 | 28.3 |
| 50 | 30.5 | 32.6 | 22.4 | 25.7 |
| 55 | 26.0 | 28.0 | 20.1 | 22.9 |
| 60 | 21.7 | 23.7 | 17.5 | 20.0 |
| 62 | 20.1 | 22.1 | 16.5 | 18.7 |
| 65 | 17.7 | 19.6 | 14.8 | 16.9 |
| 70 | 14.0 | 15.9 | 11.8 | 13.6 |
| 75 | 10.7 | 12.6 | 9.0 | 10.5 |
| 80 | 7.8 | 9.6 | 6.7 | 8.1 |
| 85 | 5.6 | 7.0 | 5.0 | 6.2 |
| 90 | 3.9 | 5.2 | 3.7 | 4.7 |

Note: Life expectancies change only when retired life mortality rates are revised.

***APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS***

The following is a summary of the major Plan changes since 1984.

| Effective Date | Description of Change |
|---|---|
| 1/1/2011 | Annual "Extra Checks" to pre-1985 retirees and their eligible survivors were made a permanent part of the Plan. |
| 1/1/2009 | A 75% Optional Employee and Spouse Pension was added. Also, a $40 million reserve for extra check payments was established. |
| 1/1/2008 | Effective for calendar year 2008 only, the percentages used to calculate Plan participant account benefits have been increased from 1.20% to 2.00% for participants who have not completed 20 years of service, and from 1.20% to 2.65% for participants who have completed at least 20 years of service. The percentages for years 2009 and later remain at 1.20%. |
| 1/1/2007 | Effective for calendar year 2007 only, the percentage used to calculate Plan participant account benefits was increased from 1.20% to 1.65%. The percentages for years 2008 and later remain at 1.20%. |
| 7/1/2003 | Effective July 1, 2003, the percentage used to calculate Plan participant account benefits has been reduced to 1.20% for the second half of 2003 and all subsequent years. |
| 1/1/2000 | Effective for calendar years 2000, 2001 and 2002, the percentage used to calculate Plan participant account benefits has been increased. An Active participant will earn a monthly pension benefit of 2.70% instead of 2.16% for contributions credited in this period if he/she has not completed 20 year of service. If such participant has completed at least 20 years of contributory service, he/she will earn a monthly pension benefit of 3.58% instead of 2.86% during this same period.<br><br>Effective for calendar years 2003, 2004 and 2005, the percentage used to calculate Plan participant contribution account benefits has been increased. An Active participant will earn a monthly pension benefit of 2.20% instead of 2.00% for contributions credited in this period, if he/she has not completed 20 years of service. If such participant has completed at least 20 years of contributory service, he/she will earn a monthly pension benefit of 2.92% instead of 2.65% during this same period.<br><br>Effective with calendar year 2000, all Disability Pensioner benefits have been increased to 85% of his/her Normal Retirement Benefit unless said Disability Pensioner's benefits are already payable in a greater amount. Spouses of certain deceased Disability Pensioners have had their benefits appropriately adjusted, as applicable. The same 85% "floor" monthly pension benefit shall be paid to all Disability Pensioners and, as applicable, to their spouses for Plan participants who become Disabled Pensioners after calendar year 1999. |

### *APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS*

| Effective Date | Description of Change |
|---|---|
| 1/1/2000 (Continued) | Effective with calendar year 2000, the maximum Child Survivor Benefits have been increased to $1,000 and such increased benefits shall be payable, in general, upon the death of a person who was an Active Participant on 1/1/1987 or thereafter and who otherwise satisfied the applicable recency of employment requirements at the time of death.<br><br>Effective with calendar year 2000, PEER eligible participants with 25 years of contributory service "lock-in" PEER coverage by working at least 1,000 covered hours during any consecutive 24 month period that ends on or after completion of 25 years of contributory service. |
| 1/1/1999 | Effective with retirements in calendar year 1999, a vested participant who has not suffered a forfeiture of service after 1975 may quality to have pre-1976 forfeited contributory service credit restored. |
| 1/1/1998 | Effective for calendar years 1997, 1998 and 1999, the percentage used to calculate Plan participant contribution account benefits has been increased. An Active participant will earn a monthly pension benefit of 2.46% instead of 2.00% for contributions credited in this period if he/she has not completed 20 years of service. If a participant has completed at least 20 years of contributory service, he/she will earn a monthly pension benefit of 3.26% instead of 2.65% during this same period.<br><br>Effective for calendar years 2000, 2001 and 2002, the percentage used to calculate Plan participant contribution account benefits has been increased. An Active participant will earn a monthly pension benefit of 2.16% instead of 2.00% for contributions credited in this period, if he/she has not completed 20 years of service. If a participant has completed at least 20 years of contributory service, he/she will earn a monthly pension benefit of 2.86% instead of 2.65% of contributions during this same period. |
| 1/1/1994 | Effective for calendar years 1994, 1995 and 1996, the percentage used to calculate Plan participant contribution account benefits has been increased. An Active participant will earn a monthly pension benefit of 2.3% instead of 2.00% for contributions credited in 1992 through 1996, inclusive, if he/she has not completed 20 years of contributory service. If a participant has completed at least 20 years of such service, he/she will earn a monthly pension benefit of 3.05% instead of 2.65% during this same period.<br><br>The "Rule of 85" early retirement test was lowered to a "Rule of 84" test for both the PEER program supported by 6.5% surcharge contributions and regular enhanced early retirement features. |

## *APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS*

| Effective Date | Description of Change |
|---|---|
| 1/1/1994 (Continued) | The Program for Enhanced Early Retirement (PEER) was expanded to allow participants who meet the Rule of 82 (or Rule of 80) to retire with no early retirement reduction. To qualify, a participant must have current PEER coverage and must retire from a bargaining unit that has negotiated 11.5% PEER 82 surcharge contributions, effective on or after 8/1/1993, or 16.5% PEER 80 surcharge contributions, effective on or after 8/1/1994.<br><br>The Plan's recent coverage provisions were liberalized to provide protection to participants with at least 25 years of contributory service. Participants who satisfy the latter condition and who leave covered employment under age 55 now have access to the Plan's enhanced early retirement, death and survivor benefits.<br><br>The Plan's minimum disability pension has been increased from 55% to 62%. |
| 1/1/1992 | A Plan participant is vested in his or her accrued pension if he/she has completed at least 5 years of vesting service, one of which was earned in 1991 or later. Prior to this date, a participant became vested upon completion of 10 years of vesting service.<br><br>Effective for calendar years 1992 and 1993, Plan participants will receive a 15% increase in the percentage used to calculate his/her Contribution Account Benefit. A participant will earn a monthly pension benefit of 2.3% instead of 2.00% for contributions credited in 1992 and 1993 if he/she has not completed 20 years of service. If a participant has completed at least 20 years of contributory service, he/she will earn a monthly pension benefit of 3.05% instead of 2.65%.<br><br>Pre-Retirement Death Benefits were modified as follows:<br><br>• The temporary spouse survivor benefit is eliminated;<br><br>• For married vested participants who die with recent coverage, a 66-2/3% Spouse Lifetime Pension is payable immediately; and<br><br>• For non-married vested participants who die with recent coverage, a single sum death benefit is payable to their designated beneficiaries. The lump sum amount equals 48 times the participant's monthly accrued benefit. |

## *APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS*

| Effective Date | Description of Change |
|---|---|
| 1/1/1992 (Continued) | Post-Retirement Death Benefits were revised as follows:<br><br>• For participants who retire with recent coverage, the After Retirement Spouse Lifetime Pension is increased from 50% to 66-2/3%. If a participant retires without recent coverage, the After Retirement Spouse Lifetime Pension remains at 50%.<br><br>• Non-married vested participants or married vested participants who did not elect the Employee and Spouse Pension, who retired with recent coverage and die before receiving 4 years of benefit payments will have the remainder of 4 years benefits paid to their designated beneficiary.<br><br>Enhanced early retirement benefits became available for participants with recent coverage if the sum of their attained age and years of contributory service is equal to or greater than 85 (the “Rule of 85”). Reduction for early retirement under this provision is cut by approximately 25%.<br><br>The Program for Enhanced Early Retirement (PEER) also became available. Under this program, participants who meet the Rule of 85, who retire from a bargaining unit that has negotiated 6.5% surcharge PEER contributions, and who have current PEER coverage can retire with no early retirement reduction, regardless of their age.<br><br>There is a 9 month period (4/1/1991 to 12/31/1991) where members with pension effective dates or application requests (and recent coverage) within this time frame were permitted to rescind their 1991 pension effective dates and defer them until 1/1/1992 in order to benefit from Plan improvements effective on that date. Members electing to rescind and defer their pension effective dates were required to repay any benefit amounts paid to them. Also, pension increases effective after 1991 are governed by the new death and survivor benefit rules. |
| 7/1/1988 | The Plan was modified to provide an additional optional pension form: The Employee and Spouse Pension with Benefit Adjustment Option. |

## *APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS*

| Effective Date | Description of Change |
|---|---|
| 1/1/1987 | Two formulas were used to compute a participant's retirement benefit: An improved version of the Plan's pre-1987 5-Year Average Benefit formula (used to determine the retirement benefit for service before January 1, 1987 and applicable only if a participant first became covered by the Plan before 1987) and the Contribution Account Benefit (used to determine the retirement benefit for a participant's contributory service under the Plan after 1986). Note, participants active in the Plan both before and after January 1, 1987 had their retirement benefit based on the sum of their 5-Year Average Benefit <u>and</u> their Contribution Account Benefit. Also, participants who first became covered by the Plan after 1986 might have qualified for a Non-contributory Service benefit based on any past employment either before or after January 1, 1987.<br><br>• 5-Year Average Benefit: A participant's monthly retirement benefit was based on his/her total prior Plan past and future service credits earned as of 12/31/1986 multiplied by his/her 5-year average rate benefit factor. The maximum prior Plan credits were increased from 30 credits to 33-1/3 credits. Also, when determining a participant's 5-year average contribution rate, the formula recognized employer contributions after 1986 up to the end of 1991 (or participant's retirement date, if earlier).<br><br>• Contribution Account Benefit: A participant's monthly retirement benefit is based on a percentage of the total Employer Contributions made on his/her behalf for contributory service after 1986. The percentage that applies is:<br><br>2% of all the employer contributions made for a participant's covered employment (after 1986) during the first 20 calendar years of service<br><br>PLUS<br><br>2.65% of all the employer contributions made for a participant's covered employment (after 1986) that comes after the end of his/her 20$^{th}$ calendar year of service. |

***APPENDIX – BRIEF HISTORY OF PLAN AMENDMENTS***

| Effective Date | Description of Change |
|---|---|
| 1/1/1987 (Continued) | • Non-contributory Service Benefit: If a participant first started working in covered employment after 1986, the value of this benefit is based on 2% of the participant's average annual contribution in his/her first five 500 covered hour years multiplied by the participant's years of non-contributory service (to a maximum of 10). |
| 1/1/1985 | A 25% increase in retirement and survivor benefits calculated under the Plan's 5-year average contribution rate benefit schedule was adopted. To be eligible, a participant must have had a pension effective date on or after January 1, 1985 and have earned 250 or more covered hours in a single calendar year beginning on or after January 1, 1983. |
| 8/1/1984 | Pre-retirement spouse benefits were extended to the surviving spouses of all vested participants who die before the effective date of their retirement benefit. Under the old rules, a pre-retirement spouse benefit was only payable if the vested participant attained age 55 and was in active service under the Plan for at least one calendar month ending after his 55th birthday.<br><br>The rule requiring reduction of the spouse survivor benefit by the amount of any pre-retirement spouse benefit was eliminated. |