

## ANNUAL FUNDING NOTICE

For

### WESTERN CONFERENCE OF TEAMSTERS SUPPLEMENTAL BENEFIT PLAN 2009 PLAN YEAR

#### Introduction

This notice includes important funding information about your pension plan (“the Supplemental Plan” or “Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans (the Plan is not in reorganization nor is it insolvent) and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning April 1, 2009 and ending March 31, 2010 (referred to hereafter as "Plan Year").

#### Funded Percentage

The funded percentage of a plan is a measure of how well a plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Supplemental Plan’s funded percentage for the 2009 Plan Year and for the two (2) preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

|                      | <u>Plan Year 2009</u> | <u>Plan Year 2008</u> | <u>Plan Year 2007</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| Valuation Date       | April 1, 2009         | April 1, 2008         | April 1, 2007         |
| Funded Percentage    | 85.5%                 | 102.6%                | 99.1%                 |
| Value of Assets      | \$85,849,000          | \$101,748,000         | 100,434,000           |
| Value of Liabilities | \$100,434,000         | 99,127,000            | 101,393,000           |

#### Fair Market Value of Assets

Asset values in the chart above are “actuarial” values, not “market” values. Market values tend to show a clearer picture of a Plan’s funded status as of a given point in time. However, because market values can be volatile and fluctuate daily based on factors in the marketplace, such as frequent changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are in effect estimates. As of March 31, 2010, the fair market value of the Supplemental Plan’s assets was \$88,679,006 (although this is necessarily an

estimate based on the most accurate unaudited financial information currently available). As of March 31, 2009, the fair market value of the Plan's assets was \$71,874,022. As of March 31, 2008, the fair market value of the Plan's assets was \$96,982,879. The final audited information on the value of the Plan's assets as of March 31, 2010 will be reported on the Plan's Form 5500 for 2009 and filed with the Employee Benefits Security Administration later this year.

### Participant Information

The total number of participants in the Supplemental Plan as of the Plan's 4/1/09 valuation date was 20,970, all of whom were retired or separated from service and receiving benefits.

### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to provide a once-a-year benefit to eligible retirees, with a provision that the Plan not have any unfunded vested benefit liabilities. (i.e., withdrawal liability)

Once contributions are received by the Plan, the money is invested by the Plan's Investment Manager, who is a Plan "fiduciary". Specific investments are made by the Investment Manager in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment decisions which may be made. The Plan's investment policy provides the Investment Manager with asset allocation guidelines, restricts the types and amounts of equities and fixed income securities which may be purchased, contains diversification requirements, and prohibits the acquisition of certain illiquid or highly volatile securities.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the 2009 Plan Year (3/31/10). These allocations are approximate percentages of total Plan assets:

| Asset Allocations |  |        |
|-------------------|--|--------|
| 1.                | Interest-bearing cash                                | 2.20%  |
| 2.                | U.S. Government securities                           | 27.73% |
| 3.                | Corporate debt instruments                           | 16.31% |
| 4.                | Corporate stocks                                     | 47.17% |
| 5.                | Value of interest in registered investment companies | 4.50%  |
| 6.                | Buildings and other property used in plan operation  | 0.01%  |
| 7.                | Other  | 2.08%  |

## Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the 2009 Plan Year (ended 3/31/10).

## Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current Plan Year (beginning April 1, 2010), which are expected to have a material effect on Plan liabilities or assets. The following events may have such an effect: the Plan’s largest contributing employer (YRC Worldwide) deferred its contribution obligations to the Plan for March, April, May, and June of 2009, and YRC negotiated a suspension of all its pension plan contribution obligations from July 1, 2009 through at least December 31, 2010. YRC offered collateral to secure its deferred obligations (including interest), and the Plan has received payments periodically as certain collateral has been sold. Based on YRC’s actions in suspending its contribution obligation to the Plan and in order to protect the Plan’s long term interests, the Trustees expelled YRC from the Plan in December, 2009. If YRC’s contributions ultimately cannot be collected by the Plan or if YRC does not recommence contributing to the Plan at YRC’s historic levels such developments could significantly affect the funded status of the Plan.

## Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. The Plan’s 2008 and 2007 annual reports are available now. The Plan’s 2009 annual report will be available after it is filed with the US Department of Labor. You may obtain a copy of the Plan’s annual report by making a written request to Christopher Espinoza, Western Conference of Teamsters Supplemental Benefit Plan, 1000 South Fremont Avenue, Unit 11/A9-West, Alhambra, California 91803-8839. There will be a charge for the annual report to cover copying costs. In addition, copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-8673.

## Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Although the Supplemental Plan is neither in reorganization nor “insolvent” it is required to provide this summary applicable to such plans. Federal law has a number of special

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

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

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

#### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of a plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month (or \$429 per year) times a participant's years of credited service. Note, however, the Supplemental Plan pays a benefit that "supplements" the benefit provided by the Western Conference of Teamsters Pension Plan. Therefore, for purposes of the following examples keep in mind that the Supplemental Plan pays an annual, rather than a monthly, benefit, which is calculated based on a participant's years of retirement from a contributing Employer rather than on "years of credited service," so the amounts guaranteed by the PBGC for an annual Supplemental Plan benefit are likely to differ from the monthly benefits described below.

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

Thus, the participant's guaranteed monthly benefit would be \$357.50 ( $\$35.75 \times 10$ ), or \$4,290 annually.

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus  $\$6.75 (.75 \times \$9)$ , or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ), or \$2,130 annually.

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or its insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee (1) pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, (2) benefits above the normal retirement benefit, (3) disability benefits not in pay status, or (4) non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

#### Where to Get More Information

For more information about this notice you may contact the Western Conference of Teamsters Supplemental Benefit Plan, c/o Southwest Administrators directly or by mail at 1000 South Fremont Avenue, Unit 11/A9-West, Alhambra, California 91803-8839, or by telephone at (877) 350-4792, ext. 657. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 95-3746907. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).