RAEL & LETSON
CONSULTANTS AND ACTUARIES

ACTUARIAL VALUATION

WESTERN STATES OFFICE & PROFESSIONAL EMPLOYEES PENSION PLAN

PRELIMINARY RESULTS AS OF JANUARY 1, 2010

June 2010

June 15, 2010

Board of Trustees
Western States Office & Professional Employees Pension Plan

Dear Trustees:

We are pleased to present the **preliminary** results of our actuarial valuation of the Pension Plan as of January 1, 2010. Included in this report is an analysis of the actuarial experience for the 2009 Plan Year.

In the report we present the following:

- An actuarial balance sheet which states the financial position of the Trust as of January 1, 2010. The Plan's Unfunded Accrued Actuarial Liability is $112.6 million.

- An analysis of the Plan's actuarial experience during 2009. Net investment income was $54.9 million for an annual rate of return of 14.48% (based on the actuarial value of assets). The market value rate of return was 15.95%.

- A projection of the funding status of the Plan. Projected annual Employer contributions exceed the estimated annual cost of benefits to be earned by $6.2 million. However, this excess is not sufficient to offset the annual interest accrual of $8.2 million on the Unfunded Accrued Actuarial Liability.

- Contributions for 2010 are projected to be fully deductible as they will fall within the limits allowed under the Internal Revenue Code (IRC).

- As of December 31, 2009, there is an unfunded vested liability for withdrawal liability purposes of $199.6 million. Pursuant to the Pension Protection Act of 2006 (PPA), the determination of the unfunded vested liability does not reflect the elimination or reduction in adjustable benefits implemented as part of the Rehabilitation Plan.

- As of December 31, 2009 the credit balance in the Funding Standard Account was $38.9 million, a decrease of $5.4 million from the prior year. This change includes the 5-year automatic extension for the charge bases in the Funding Standard Account that was granted for 2009. For 2009 the Plan was in Reorganization status, however, the Funding Standard Account is unaffected and notification is not required. For 2010, additional changes to the Funding Standard Account and bargaining party notification of this status are expected.

- Based on the PPA and the Plan interest assumption of 7.25%, the funded ratio for the 2010 Plan Year to be provided in notices to be distributed during 2011 is 78.9%.

- The effective date of the PPA for this Plan was January 1, 2008. In accordance with Internal Revenue Code Section 432(b), as of the beginning of its 2010 Plan Year, the Plan was certified as remaining in critical status. We will again update the Plan's status and the adopted Rehabilitation Plan near the beginning of the following plan year based on investment results for 2010.

We look forward to discussing this report at the next Board meeting.

Sincerely,

Paul Graf　　Lisa M. Vu

cc: Lee Centrone
Mort Zalutsky, Esq.
Alex Miller
Bruce Cable

INTRODUCTION

The Western States Office and Professional Employees Pension Plan became effective in 1959 as a result of collective bargaining between Locals 29 and 11 of OPEIU and Pacific Intermountain Express.

The purpose of the actuarial valuation is to assist the Trustees in determining whether the assets of the Trust and the Employer contributions are sufficient to meet the accruing liability for benefits under the Plan. The actuarial balance sheet on page 3, the analysis of Employer contributions on page 5, and the comparison of actual experience with expected experience beginning on page 6 provide the tests by which we measure the actuarial position of the Trust. A brief summary comparison of some of the important figures included in our two most recent valuations is set forth to the right:

VALUATION HIGHLIGHTS

	January 1, 2010	January 1, 2009
Number of Participants:[1]		
Active	2,050	2,277
Vested Inactive	2,589	2,571
Retired	3,450	3,173
Total Participants	8,089	8,021
Assets at Actuarial Value	$ 420,875,533	$ 391,887,856
Accrued Actuarial Liability	533,426,348	552,544,039
Employer Contributions During Year	$ 8,004,785	$ 8,277,807

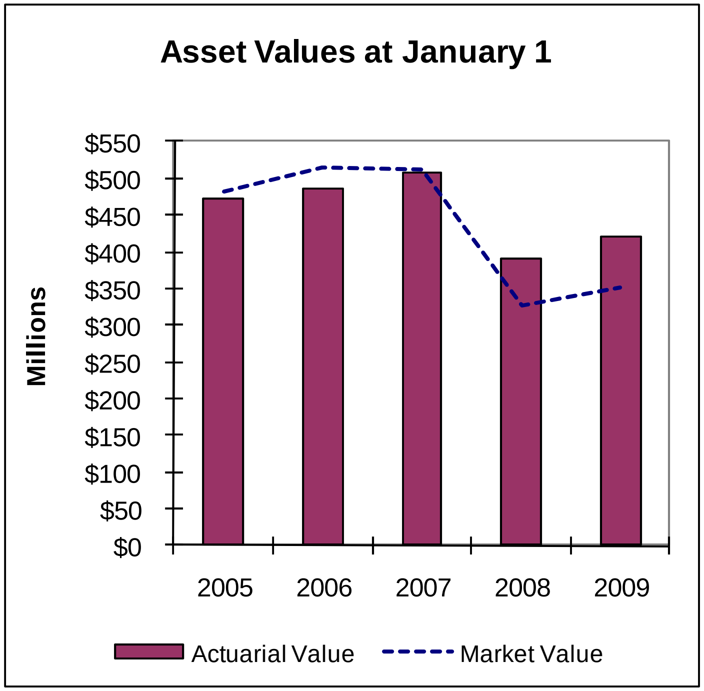
1 Does not include 550 and 625 non-vested inactive participants in 2009 and 2008, respectively, who have not had a permanent break-in-service.

INTRODUCTION (CONTINUED)

Our report is divided into four sections:

SECTION I	**-**	**BALANCE SHEET AND DISCUSSION**
SECTION II	**-**	**METHOD AND ASSUMPTIONS**
SECTION III	**-**	**COMMENTS, RECOMMENDATIONS AND CERTIFICATION**
SECTION IV	**-**	**APPENDICES**

SECTION I BALANCE SHEET



As of December 31, 2009 the unfunded vested liability for withdrawal liability purposes is $199,582,948.

The PPA Funded Ratio as of January 1, 2010 is 78.9%.

ASSETS	
Cash	$ 988,899
Marketable Securities	346,216,221
Net of Receivables and Payables	3,524,491
Assets At Market Value	$ 350,729,611
Market Value Adjustment (Appendix F)	70,145,922
Assets At Actuarial Value	$ 420,875,533
LIABILITIES	
Reserves Required For:	
Pensioners	$ 362,752,255
Vested Non-Retired Benefits	166,145,498
Total Vested Benefits	$ 528,897,753
Non-Vested Benefits	4,528,595
Total Reserves for Accrued Benefits	$ 533,426,348
Less Unfunded Accrued Liabilities	112,550,815
Actuarial Value of Assets	$ 420,875,533

SECTION I DISCUSSION OF BALANCE SHEET

ASSETS

The total net assets of the Trust as of January 1, 2010 are $420,875,533. The audit as of December 31, 2009 shows net assets at market value equal to $350,729,611. The difference of $70,145,922 is due to the application of the actuarial smoothing method for determining the actuarial value of assets.

We have utilized a smoothing method for recognizing excess investment income on assets. The smoothing method is intended to dampen the volatility associated with year to year changes in the market value of Trust assets while at the same time systematically recognizing longer term overall investment performance.

The actuarial value of total net assets on January 1, 2010 equals 120.0% of the market value.

LIABILITIES

Plan liabilities on the balance sheet have been valued assuming an interest discount rate of 7¼%.

In the Liabilities Section of the Balance Sheet we have shown the reserve requirements for benefits of pensioners and non-retired participants. The total reserve requirement for benefits earned by employees through January 1 2010, is $533,426,348. This total is comprised of the reserves required for retired employees amounting to $362,752,255, the reserve requirement for other vested benefits of $166,145,498, and the reserve requirement for non-vested benefits earned by employees of $4,528,595. The amount by which the Plan assets are less than the accrued actuarial liability, the Unfunded Accrued Liability, is $112,550,815.

Withdrawal liability assessments, if any, are based on the amount of “Unfunded Vested Benefits” and an employer’s contribution history. For this purpose, benefits in which a participant is not immediately vested are excluded from the determination of vested benefits, adjustable benefits eliminated or reduced as part of the Rehabilitation Plan are included, and assets are valued at Market Value. For withdrawal liability purposes, the vested benefit liability as of December 31, 2009 is $550,312,559, which is higher than the Plan assets, resulting in an Unfunded Vested Benefit (“UVB”) of $199,582,948. Details of the withdrawal liability calculation are provided under a separate cover.

SECTION II METHOD AND ASSUMPTIONS

ACTUARIAL VALUATION

As a regular part of our actuarial valuation, we have analyzed expected Employer contributions and Plan costs for 2010 and we have determined the extent of deviations in actual Plan experience from that expected during 2009.

Actuarial Cost Method - Unit Credit Cost Method

Under the Unit Credit Cost Method we determine the present value of all benefits earned through the valuation date. An individual's normal cost is the present value of the benefit expected to be earned in the valuation year. The total accrued liability is the sum of the individual present values for all participants. The Unfunded Accrued Liability is the difference between the accrued liability and the Plan assets. If the assets exceed the accrued liability, the Plan is in a surplus position. This method requires that each year’s contributions be applied first to the normal cost, and the balance of the contributions applied to amortize the Unfunded Accrued Liability.

Employer Contributions

Following is a summary of the expected application of Employer contributions during 2010. This projection is based on 2009 contribution levels, considers the surcharges, supplementals for collective bargaining agreements negotiated on or before January 1, 2010, and average hours worked in the past year for each active participant as of January 1, 2010:

Estimated Employer Contributions	$	8,181,000
Less Annual Cost of Benefits		2,018,400
Available to Reduce the Unfunded Accrued Actuarial Liability	$	6,162,600

The interest on the current Unfunded Accrued Actuarial Liability at 7.25% amounts to $8.2 million, so the amount available is insufficient to amortize the Unfunded Accrued Actuarial Liability.

The estimated Employer contribution exceeds the minimum required by ERISA and is also fully deductible under the IRC.

SECTION II METHOD AND ASSUMPTIONS (CONTINUED)

ACTUARIAL ASSUMPTIONS

If all actuarial assumptions were met for the 2009 Plan Year, the Unfunded Accrued Actuarial Liability (UAAL) as of January 1, 2010 would have been $171,942,096. The actual UAAL is $144,596,215, resulting in a **gain** of **$27,345,881**. These figures reflect liability results before the impact of any plan or assumption changes resulting from the adopted Rehabilitation Plan.

Net Investment Yield - 7.25% per annum

The net investment yield of the invested funds during the year ending December 31, 2009 was 14.48%.

INCOME	DOLLAR AMOUNT	YIELD
Investment Income	$ 57,544,870	15.19 %
Investment Expenses	(1,395,186)	(0.37)
Operational Expenses	(1,280,819)	(0.34)
Net Investment Income (Appendix E)	$ 54,868,865	14.48 %
Expected Investment Income (at Actuarial Value)	27,473,677	7.25
Investment Gain for Year	$ 27,395,188	7.23 %

INVESTMENT YIELDS

YEAR	ACTUARIAL GAIN/(LOSS)	NET YIELD ACTUARIAL	NET YIELD MARKET
2005	$(9,580,176)	5.16%	7.82%
2006	2,581,843	7.81	11.36
2007	13,188,900	10.04	4.62
2008	(126,852,502)	(18.37)	(32.15)
2009	27,395,188	14.48	15.95

The net investment yield assumption relates to the long-term yield on the Trust assets. Based on the actuarial value of assets we had anticipated that 2009 investment income would be $27,473,677. Actual investment income, net of investment and operational expenses, was $54,868,865, resulting in an actuarial **gain** of **$27,395,188**.

SECTION II METHOD AND ASSUMPTIONS (CONTINUED)

Mortality - 1983 GAMF Mortality Table (17 year set forward for disability retirees until age 62).

Based on the assumptions used in the valuation we compared the reserves which were expected to be released on account of death to the actual amount released. The reserves that were released were more than expected. The difference, **$3,427,808**, is an actuarial **gain**.

YEAR	GAIN/(LOSS)
2005	$ 1,469,747
2006	(514,432)
2007	609,792
2008	2,337,772
2009	3,427,808

Turnover and Vesting - Table T-7 of the Actuary's Pension Handbook (Crocker-Sarason-Straight).

Reserves for non-vested participants are discounted for turnover according to Table T-7 of the Actuary's Pension Handbook. During 2009, reserves released on account of non-vested terminations were greater than those anticipated, resulting in a **gain** to the Trust of **$138,998**.

YEAR	GAIN/(LOSS)
2005	$ 1,959,904
2006	1,491,827
2007	3,496,820
2008	208,536
2009	138,998

Prior to January 1, 2008, Table T-4 of the Actuary's Pension Handbook was used to estimate turnover experience.

SECTION II METHOD AND ASSUMPTIONS (CONTINUED)

Cost of Benefits

The cost of benefits earned during the year amounted to $8,272,227 compared to the expected $7,933,299. The difference, **$338,928**, is an actuarial **loss** to the Trust.

YEAR	GAIN/(LOSS)
2005	$ (39,481)
2006	(87,313)
2007	86,794
2008	262,789
2009	(338,928)

Retirement Age and Disability Costs

Participants are assumed to retire in accordance with an explicit set of retirement rates and to become disabled in accordance with an explicit set of disablement rates. During 2009 the actuarial **loss** attributable to the assumptions relating to the rates of retirement and disability was **$3,026,254**.

YEAR	GAIN/(LOSS)
2005	$ (261,263)
2006	(965,456)
2007	129,454
2008	1,007,178
2009	(3,026,254)

SECTION II METHOD AND ASSUMPTIONS (CONTINUED)

Data and Miscellaneous

Data corrections and miscellaneous items resulted in a net **loss** of **$250,931** to the Trust during 2009.

YEAR	GAIN/(LOSS)
2005	$ (34,175)
2006	75,995
2007	41,375
2008	(69,122)
2009	(250,931)

SUMMARY OF GAINS OR LOSSES

Following is a summary of the gains or losses from the various sources:

SUMMARY OF GAINS AND LOSSES

SOURCE	GAIN/(LOSS)
Investment Income	$ 27,395,188
Mortality	3,427,808
Turnover	138,998
Cost of Benefits	(338,928)
Retirement and Disability Costs	(3,026,254)
Data and Miscellaneous	(250,931)
Total Gain	$ 27,345,881

SECTION II METHOD AND ASSUMPTIONS (CONTINUED)

Plan Amendment

As part of the adopted Rehabilitation Plan, the following changes were made effective January 1, 2010: a) reducing the benefit percentage on annual contributions from 1.80% to 0.75%; b) changing the Normal Retirement Age from 62 to 65 for benefits earned on or after January 1, 2010; c) eliminating early retirement subsidies, including the Rule of 80; d) replacing the existing disability benefit and alternative disability benefit with a benefit equal to 50% of earned benefits payable until 55; e) limiting optional forms of benefit to a straight life annuity, joint and 50% survivor, and actuarially equivalent forms; f) replacing the 60-month pre-retirement death benefit guarantee for single participants with a lump sum death benefit equal to $500 per service credit (up to a $5,000 maximum). Additionally, the assumed retirement age for inactive vested participants was updated to assume age 62; the previous retirement assumption was age 59. As of January 1, 2010, these changes have resulted in a decrease in the Unfunded Accrued Liability of $32,045,400.

SECTION III COMMENTS, RECOMMENDATIONS AND CERTIFICATION

This is to certify that we have completed an actuarial valuation of the Plan as of January 1, 2010 in accordance with generally accepted actuarial principles and practices.

This report on the results of the valuation was based on the assumption that the Plan is qualified under the Internal Revenue Code and on information supplied by the Plan Administrator with respect to contributions and assets and with respect to participant data. We have not verified, and customarily would not verify such information, but we have no reason to doubt its substantial accuracy.

The effective date of the Pension Protection Act of 2006 (PPA) for this Plan was January 1, 2008. In accordance with Internal Revenue Code Section 432(b), the Plan, as of the beginning of its 2010 Plan Year was certified as remaining in critical status. We will again update the Plan's status and the adopted Rehabilitation Plan near the beginning of the following plan year based on investment results for 2010.

To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate and, in our opinion, the individual assumptions used: (a) are reasonably related to the experience of the Plan and to reasonable expectations; and (b) represent our best estimate of anticipated experience under the Plan.

We, Michael Clark, Paul Graf and Bruce Cable, are actuaries for Rael & Letson. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Certified By: Michael R. Clark ______ A.S.A., M.A.A.A.
Michael R. Clark
Enrolled Actuary No. 08-00044

Reviewed By: Paul Graf ______ A.S.A., M.A.A.A.
Paul Graf
Enrolled Actuary No. 08-05627

Reviewed by: Bruce Cable ______ A.S.A., M.A.A.A.
Bruce Cable
Enrolled Actuary No. 08-04449

SECTION IV APPENDICES

APPENDIX A

DISTRIBUTION OF ACTIVE AND VESTED INACTIVE PARICIPANTS BY AGE

	ACTIVE PARTICIPANTS			
AGE GROUP	VESTED	NON-VESTED	TOTAL	INACTIVE VESTED PARTICIPANTS
Under 20	0	1	1	0
20 - 24	2	48	50	0
25 - 29	30	104	134	17
30 - 34	86	84	170	103
35 - 39	151	49	200	225
40 - 44	192	55	247	419
45 - 49	253	58	311	460
50 - 54	319	62	381	606
55 - 59	287	43	330	413
60 - 62	101	13	114	167
63 - 69	59	13	72	141
70 and Over	8	1	9	32
No Birthdates	2	29	31	6
Total	1,490	560	2,050	2,589
Average Age This Year	49	39	46	50
Average Age Last Year	49	39	47	50

Grand Total: 4,639

APPENDIX A (CONTINUED)

DISTRIBUTION OF ACTIVE PLAN PARTICIPANTS BY AGE AND SERVICE

	YEARS OF CREDITED SERVICE								
AGE GROUP	**0 - 4**	**5 - 9**	**10 - 14**	**15 - 19**	**20 - 24**	**25 - 29**	**30 - 34**	**35+**	**TOTAL**
Under 20	1	0	0	0	0	0	0	0	1
20 - 24	48	2	0	0	0	0	0	0	50
25 - 29	104	26	1	0	3	0	0	0	134
30 - 34	84	54	19	0	13	0	0	0	170
35 - 39	49	57	33	9	52	0	0	0	200
40 - 44	55	49	41	23	78	1	0	0	247
45 - 49	58	42	54	26	118	11	2	0	311
50 - 54	62	38	55	39	169	11	5	2	381
55 - 59	43	48	43	30	135	14	13	4	330
60 - 62	13	19	12	8	47	5	7	3	114
63 - 69	13	12	9	6	20	3	6	3	72
70 and Over	1	1	1	1	5	0	0	0	9
Unknown	29	2	0	0	0	0	0	0	31
TOTAL	560	350	268	142	640	45	33	12	2,050
Average Hours	1,590	1,888	1,900	1,956	2,094	1,902	1,965	2,046	1,880

APPENDIX B

DISTRIBUTION OF PENSIONERS BY AGE

AGE GROUP	PRIOR	NEW	TOTAL
Under 50	10	5	15
50 - 54	16	9	25
55 - 59	218	159	377
60 - 64	580	159	739
65 - 69	633	41	674
70 - 74	514	7	521
75 - 79	340	3	343
80 - 84	292	0	292
85 and Over	306	0	306
TOTAL	2,909	383	3,292
Average Age	71	60	70
Average Monthly Benefit	$ 882.79	$ 1,113.40	$ 909.62
Beneficiaries (not included above)	126	32	158
GRAND TOTAL	3,035	415	3,450

APPENDIX C

PARTICIPANT RECONCILIATION

	ACTIVES	NON-VESTED INACTIVES	VESTED INACTIVES	RETIREES AND BENEFICIARIES	TOTAL
Total as of January 1, 2009	2,277	625	2,571	3,173	8,646
New Entrants	127	0	0	0	127
Rehired	32	(22)	(9)	(1)	0
Terminated Vested	(98)	0	98	0	0
Terminated Non-Vested	(127)	127	0	0	0
Permanent Break in Service	0	(6)	0	0	(6)
Retired	(150)	0	(233)	383	0
Deaths	(5)	0	(9)	(130)	(144)
Expired Period Certains	0	0	0	(11)	(11)
New Beneficiaries and QDROs	0	0	0	32	32
Correction	(6)	(174)	171	4	(5)
Total as of January 1, 2010	2,050	550	2,589	3,450	8,639

APPENDIX D

CHANGES IN NET ASSETS AT ACTUARIAL AND MARKET VALUES	ACTUARIAL VALUE	MARKET VALUE
Value of Assets at January 1, 2009	$ 391,887,856	$ 326,573,213
ADDITIONS		
Employer Contributions	$ 8,004,785	$ 8,004,785
Rollover	269,487	269,487
Net Investment Income (Appendix E)	54,868,865	50,037,586
Total Additions	63,143,137	58,311,858
DEDUCTIONS		
Benefits Paid	$ 34,155,460	$ 34,155,460
Total Deductions	$ 34,155,460	$ 34,155,460
Value of Assets at January 1, 2010	$ 420,875,533	$ 350,729,611

APPENDIX E

DETERMINATION OF NET INVESTMENT EARNINGS

1.	Expected Net Investment Earnings		$ 22,738,366
2.	Market Income		
	a. Gross Income	$ 52,713,591	
	b. Investment Expenses	(1,395,186)	
	c. Operational Expenses	(1,280,819)	
3.	Excess of Market Value Earnings over Expected (2) -(1)		$ 27,299,220
4.	20% of Current Year and Prior Year Excess		(32,130,201)
5.	Recognition of Assets in Excess of Corridor		
	a. Prior Year		91,707,062
	b. Current Year		(27,446,362)
6.	Net Investment Earnings Recognized this Year (1) + (4) + (5a) + (5b)		$ 54,868,865

APPENDIX F

DETERMINATION OF MARKET VALUE ADJUSTMENT AND ACTUARIAL VALUE OF ASSETS

		AMOUNT OF EXCESS INCOME RECOGNIZED OR TO BE RECOGNIZED		
PLAN YEAR ENDED DECEMBER 31	EXCESS MARKET EARNINGS	PRIOR YEARS	CURRENT YEAR	FUTURE YEARS
2005	$ 2,588,179	$ 2,070,543	$ 517,636	$ 0
2006	19,350,840	11,610,504	3,870,168	3,870,168
2007	(13,158,593)	(5,263,438)	(2,631,719)	(5,263,436)
2008	(196,730,650)	(39,346,130)	(39,346,130)	(118,038,390)
2009	27,299,220	0	5,459,844	21,839,376
Total	$ (160,651,004)	$ (30,928,521)	$ (32,130,201)	$ (97,592,282)

a.	Market Value of Assets	$ 350,729,611
b.	Excess / (Deficit) Earnings to be Recognized in Future Years	(97,592,282)
c.	Preliminary Actuarial Value of Assets (a - b)	$ 448,321,893
d.	Recognition of Assets in Excess of Corridor	(27,446,360)
e.	Actuarial Value of Assets within 20% Corridor	$ 420,875,533

APPENDIX G SUMMARY OF PRINCIPAL PLAN PROVISION

Effective since 1959	As amended through January 1, 2010.
REQUIREMENTS	
Eligibility:	200 hours in one year.
Vesting:	5 years (including at least 2 years future service).
Normal Retirement:	Age 65 and vested.
Early Retirement	Age 55 and vested.
Disability Retirement:	Vested with at least 200 hours in year prior to onset of Total and Permanent Disability.
BENEFITS	
Normal Retirement (Life Annuity):	Service after 2009: 0.75% of Employer Contributions. 2003 - 2009: 1.8% of Employer Contributions. 2003 Service: 2.2% of Employer Contributions; up to $6,240; 1.8% of excess. 2001 - 2002 Service: 3.2% of Employer Contributions; up to $6,240 each year; 1.8% of excess. 1997 - 2000 Service: 3.65% of Employer Contributions; up to $6,240 each year, 1.8% of excess. Prior to 1997: 3.65% of Employer Contributions. Past Service: $8.20 per year of past service (maximum 15 years).
Early Retirement:	Normal Retirement benefit actuarially reduced from age 62 for benefits earned before January 1, 2010 and from age 65 for benefits earned on or after January 1, 2010.
Delayed Retirement:	Normal Retirement benefit increased 6% per year (½% per month) past age 62 for benefits earned before January 1, 2010 and past age 65 for benefits earned on or after January 1, 2010.
Disability Retirement:	50% of Normal Retirement Benefit and payable until age 55.
Pre-Retirement Death:	
Married, Vested	50% Joint Marital Annuity (reduced for Early Retirement and for joint lives), or
All Others, Vested	Lump sum payment of $500 per year of service (maximum of $5,000 total).

APPENDIX H SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Interest Discount Rate: 7.25% compounded annually. (Prior to January 1, 1988: 7% per annum).

Investment Yield: 7.25% per annum net of investment expenses and operational expenses. (Prior to January 1, 2008: 0.20% for operational expenses).

Mortality: 1983 GAMF Mortality Table (the table is set forward 17 years for disability retirees until age 62). (Prior to January 1, 1990: UP 1984 setback 6 years).

Turnover: Table T-7, The Actuary's Pension Handbook. Non-Vested Participants have been assumed to earn one year of vesting credit annually until vested. (Prior to January 1, 2008: Table T-4).

Retirement Rates:

Age	Rate	Age	Rate
55	20%	61	20%
56	15%	62	40%
57-59	12%	63-70	35%
60	15%	71+	100%

Inactive Vested participants are assumed to retire at age 62.

(Prior to January 1, 2000: Lower rate structure).

Disablement: 1952 Society of Actuaries Table, Period 2, Benefit 5. (Prior to January 1, 1990: Part of non-retiree load).

Projected Employment Hours: Based on hours worked during the 2009 Plan Year. (Prior to January 1, 2008: 1,750 hours).

Marital Status: It is assumed, for purposes of the Qualified Pre-Retirement Survivor Annuity, that 80% of those vested participants who die prior to retirement will be married. Spouses are assumed to be the same age as participants. (Prior to January 1, 1991: None assumed – value of QPSA was part of non-retiree load).

Assets: 20% method for recognizing net investment income in excess of 7.25% of the average market value of assets (80% - 120% of market value).

(Prior to January 1, 1999: Adjusted Book Value Method)

ACTUARIAL COST METHOD Unit Credit. (Prior to January 1, 2008: Entry Age Normal with replacement).

APPENDIX I

FUNDING STANDARD ACCOUNT FOR THE YEAR	2009
Credit Balance on January 1	$ 44,322,700
Charges	
a. Normal Cost	$ 7,397,015
b. Amortization Charges	28,661,087
c. Interest on a and b	2,614,212
Subtotal Charges	$ 38,672,314
Credits	
a. Employer Contributions for Year	$ 8,004,785
b. Amortization Credits	20,315,043
c. Interest on a, b, and Beginning of Year Credit Balance	4,976,410
Subtotal Credits	$ 33,296,238
Credit Balance on December 31	$ 38,946,624

For 2010, the Plan is in Reorganization status. At this time, our expectation is that additional changes to the Funding Standard Account will be required and bargaining party notifications regarding this status will be necessary.

APPENDIX J

RECONCILIATION OF ACTUARIAL VALUE OF ACCUMULATED BENEFITS		
Actuarial present value of accumulated Plan benefits at beginning of year (January 1, 2009)		$ 552,544,039
Benefits accumulated and actuarial experience during the year	$ 8,261,862	
Plan Amendments	(32,045,400)	
Increase due to Assumption Change	0	
Increase for interest	38,821,307	
Benefits paid	(34,155,460)	
Net increase/(decrease)		(19,117,691)
Actuarial present value of accumulated Plan benefits at end of year (December 31, 2009)		$ 533,426,348

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	
Actuarial present value of accrued benefits:	
Vested benefits	
Participants currently receiving benefits	$ 362,752,255
Other participants	166,145,498
Subtotal: Present value of accrued vested benefits	$ 528,897,753
Nonvested benefits	4,528,595
Actuarial present value of accumulated Plan benefits at end of year (December 31, 2009)	$ 533,426,348