NOTICE TO COLLECTIVE BARGAINING PARTIES OF THE ADOPTION OF A FUNDING IMPROVEMENT PLAN PURSUANT TO INTERNAL REVENUE CODE SECTION 432(c)

Teamsters Pension Trust Fund of Philadelphia and Vicinity
Funding Improvement Plan

Adopted November 2, 2010

Introduction

The Teamsters Pension Trust Fund of Philadelphia and Vicinity (the "Plan") was certified on March 31, 2010 as being in "seriously endangered status" under Section 432(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code"). As required by Code Section 432(c), the Plan's Board of Trustees (the "Trustees") has adopted this funding improvement plan and the funding improvement schedules included herein. The Trustees have designed this Funding Improvement Plan to reflect the decision to elect two aspects of relief under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010-- use of 10-year smoothing for the 2008 asset loss and use of an asset value of up to 130% of market value for the years 2009 and 2010.

Notice of Seriously Endangered Status

On March 31, 2010, the Plan's current consulting actuary, Milliman, Inc., certified to the U.S. Department of the Treasury and the Trustees that the Plan is in seriously endangered status for the plan year beginning January 1, 2010. The Plan is considered to be in seriously endangered status as a result of the determination by the Plan's consulting actuary that the Plan is not in critical status and the Plan's funded percentage as of January 1, 2010 was less than 80% and the Plan is projected to have an accumulated funding deficiency within the next seven years. The Plan's funded percentage as of January 1, 2010 was 71.4% and the Plan is projected to have an accumulated funding deficiency as of December 31, 2015.

On April 30, 2010, the Trustees, as required by Code Section 432(b)(3)(D)(i), sent a Notice of Seriously Endangered Status to plan participants and the bargaining parties informing them, in part, that (i) the Plan is in seriously endangered status for the 2010 plan year; (ii) future benefit accruals and certain forms of benefits may be reduced or eliminated; and (iii) employer contributions may be increased.

Funding Improvement Period

The Plan's "funding improvement period" is the ten (10) year period that begins on January 1, 2013 and ends on December 31, 2022. The Trustees have determined, based on reasonable actuarial assumptions used by the Plan's consulting actuary, that the Plan will satisfy the following applicable benchmarks (the "Applicable Benchmarks") if the bargaining parties adopt one of the Plan's funding improvement schedules: (i) meet the funded percentage requirements of Code Section 432 by the end of the funding improvement period and (ii) avoid an accumulated funding deficiency throughout the funding improvement period. In order to meet this requirement, the Plan's funded percentage at the end of the funding improvement period must be equal to the sum of (i) the Plan's funded percentage as of January 1, 2013, and (ii) 33% of the difference between 100% and the Plan's funded percentage as of January 1, 2013.

Funding Improvement Schedules

In accordance with Code Section 432(c)(1)(B), the Trustees must provide bargaining parties with (i) one funding improvement schedule that provides for a reduction in future benefit accruals to the maximum extent permitted by law that would permit the Plan to meet the Applicable Benchmarks plus additional employer contributions, if needed, but only in an amount required to meet the Applicable Benchmarks (the "Default Schedule"), and (ii) one funding improvement schedule that provides for an increase in contributions and no reduction in future benefit accruals that would permit the Plan to meet the Applicable Benchmarks (the "Increased Contribution Schedule"). The Trustees have adopted such schedules, as well as an alternative schedule (the "Alternative Schedule") that provides for a combination of (i) a reduction in future benefit accruals, (ii) the elimination of certain plan benefit features, and (iii) an increase in employer contributions.

The funding improvement schedules were formulated after consultation by the Trustees with Plan professionals, including Plan co-counsel and the Plan actuary. In particular, the schedules were formulated using actuarial assumptions and methods that are reasonable under the circumstances and offer the actuary's best estimate of anticipated experience under the plan, as well as projections of industry activity or industries covered by the plan, including future covered employment and contribution levels.

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Default Funding Improvement Schedule

The Default Schedule will be imposed upon bargaining parties 180 days after the expiration of their applicable collective bargaining agreement if the bargaining parties fail to adopt either the Increased Contribution Schedule or the Alternative Schedule. The Default Schedule decreases future benefit accruals to the extent necessary to meet the Applicable Benchmarks by the end of the funding improvement period. Employer contributions under the Default Schedule are increased only to the extent that the Applicable Benchmarks cannot be met solely through a reduction in future benefit accruals.

Funding Improvement Schedule Details

For purposes of the funding improvement schedules, the following terms have the following meanings:

1. <u>Schedule</u>. The name of the applicable funding improvement schedule.

2. <u>Benefit Changes</u>. For purposes of the funding improvement schedules, benefit changes refer to the benefits which a participant may no longer accrue after the effective date of the applicable schedule. Changes under the Alternative Schedule are effective for benefit accruals earned on and after January 1, 2011 for all participants. Benefit changes under the Default Schedule are effective when the Default Schedule becomes applicable.

3. Multiplier. The multiplier is the benefit rate used to determine a participant's accrued monthly benefit after the effective date of the applicable schedule. The amount credited to a participant based on his or her employer's contributions is multiplied by the multiplier to determine the participant's accrued monthly benefit. Benefits that a participant has accrued prior to the effective date of the applicable schedule cannot be reduced or eliminated under the terms of the funding improvement plan. The multiplier for the Alternative Schedule is reduced to 1% for benefit accruals earned on and after January 1, 2011 for all participants. For the Increased Contributions Schedule, future benefit accruals are unchanged. The multiplier under the Default Schedule is eliminated effective when the Default Schedule becomes applicable.

4. Early Retirement Subsidies. For purposes of the Default Schedule, since all future benefit accruals are eliminated, there are no early retirement subsidies for service after Default Schedule becomes applicable. For the Increased Contributions Schedule, early retirement subsidies are unchanged. For the Alternative Schedule, for benefit accruals earned on and after January 1, 2011, early retirement subsides have been eliminated (that is benefits which are not actuarially reduced) unless the participant attains age 55 and completes twenty-five (25) years of benefit service, (the "Subsidized Early Retirement Benefit"). Service after the effective date of the applicable schedule will still count to determine whether a participant becomes eligible for benefits accrued prior to the effective date of the applicable schedule even though such service will not count for purposes of accruing additional benefits after the effective date of the applicable schedule.

5. Employer Contribution Increases. For purposes of the funding improvement schedules, employer contribution increases refers to the annual percentage increase to be applied on a compound basis over the 10-year period beginning August 1, 2013 to the employer contribution rate otherwise required at that time.

Listed below is a chart outlining the three funding improvement schedules:

Schedule	*Benefit Changes-- Accruals Earned After Effective Date*		*Employer Contribution Increases*
	Multiplier	Early Retirement Subsidies	
Default	0.00% effective when applicable	Eliminated effective when applicable	0.4%
Increased Contributions	1.35%	None	7.0%
Alternative	1.00% effective 1/1/2011	Eliminated prior to age 55 effective 1/1/2011	5.0%

Annual Standards and Updates to the Funding Improvement Plan and Schedules

The funding improvement schedules are based upon the Plan's reasonably anticipated experience and actuarial assumptions. Under the funding improvement plan and funding improvement schedules, the Plan is intended and projected to make progress toward enabling the Plan to meet the Applicable Benchmarks and emerge from seriously endangered status. Each year, the Plan's consulting actuary will review and certify the status of the Plan under the funding rules of Code Section 432 and determine whether the Plan is making adequate progress toward the requirements of the funding improvement plan. The Trustees will consult the Plan's consulting actuary and legal counsel to determine each year whether it is necessary, in light of updated information, to revise the funding improvement plan and the funding improvement schedules. Any schedule of contribution rates provided by the Trustees and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of each specific collective bargaining agreement.

Emerging from Seriously Endangered Status

The Plan is projected to emerge from seriously endangered status at the end of the funding improvement period. The terms of this funding improvement plan and the funding improvement schedules will remain in effect until the Plan emerges from seriously endangered status. If the Plan's consulting actuary determines that the Plan is no longer in seriously endangered status and not in critical status as of any January 1 prior to the end of the funding improvement period, the Plan shall be deemed to have emerged from seriously endangered status as of December 31 of the preceding year.

Non-Collectively Bargained Participants

In the case of an employer that contributes to the Plan on behalf of both collectively bargained and non-collectively bargained participants, the contributions for, and the benefits provided to, the non-collectively bargained employees, shall be determined as if those non-collectively bargained participants were covered under such employer's first-to-expire collective bargaining agreement that was in effect on January 1, 2010.

In the case of an employer that contributes to the Plan on behalf of non-collectively bargained employees only, the rules contained in this Funding Improvement Plan shall be applied as if the employer were the bargaining party, and its participation agreement (or other operative agreement) were a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided with the Funding Improvement Plan (i.e., generally January 1, 2011).

Questions concerning this Funding Improvement Plan may be directed to the Plan Administrator at the following address:

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