Teamsters Pension Trust Fund
of Philadelphia and Vicinity

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April 30, 2010

TO: Participants and Employers

FROM: Board of Trustees

RE: **Important Information about Your Pension Plan**

This packet contains important information about the financial status of the Teamsters Pension Plan of Philadelphia & Vicinity, including two legally-required notices:

- Annual Funding Notice for the 2009 Plan Year
- Notice of Seriously Endangered Status for the 2010 Plan Year

We know that these technical, required notices about benefits can be difficult to understand. This cover letter is intended to explain what the enclosed notices mean to you in easy-to-understand terms.

Background

Pension plans like the Teamsters Pension Plan of Philadelphia & Vicinity are designed to accumulate contributions and invest them so that sufficient assets are available to pay participant pensions at retirement. It is critical that the plan be funded properly to continue providing benefits for participants. The Trustees of the plan engage consultants, including actuaries, who certify that the plan is properly funded under federal law using a series of commonly-used assumptions such as mortality rates and long-term interest rates that predict future investment performance.

As you know, during 2008 and the beginning of 2009, the US stock market and other global financial markets declined more sharply than for any time period we have experienced since the Great Depression. While the plan had diversified its assets among various types of investments, it could not avoid being affected by the severe economic downturn. Like other pension plans, the plan experienced a significant loss of assets. Even the recovery of the market in recent months has not been enough to overcome these financial losses.

As a result, the status of the plan has become what is called “seriously endangered.”

What It Means to Be Seriously Endangered

Under the Pension Protection Act of 2006 (PPA), within the first 90 days of each plan year, the plan’s actuary must certify whether the plan is in one of the following categories: endangered, seriously endangered, or critical status.

In general, to perform this calculation, the actuary must determine if a plan’s funded ratio is at least 80% and whether the plan will be unable to meet the minimum required funding standards in any of the next 7 years. The actuary must also project the plan’s assets, benefit costs, contributions, and unfunded liability to determine if the plan will have enough money to pay benefits when due, or if the plan is expected to run out of assets.

There are two tests that indicate whether a plan is in endangered status. If a plan fails either test, it is considered endangered. If it fails both tests it is considered seriously endangered.

- The first test is based on the plan's funded percentage at the first of the year. In this test, the plan's assets on January 1, 2010 are divided by the value of all plan participants' benefits earned as of that date. If this ratio is over 80%, the test is passed. **As of January 1, 2010, the plan's PPA funded percentage is approximately 71%.**

- The second test looks at the future of the plan. A projection is made to determine whether the level of expected contributions over the next six years is enough to prevent the plan from having a minimum funding shortfall during that period. **The plan's actuary has projected an accumulated funding deficiency for the plan year ending December 31, 2015.**

Because the Plan fails both tests, it is considered seriously endangered.

What It Means for You

Because the actuaries have certified the plan as seriously endangered for the plan year beginning January 1, 2010, the Board of Trustees will need to take action later this year to help ensure the plan's long-term financial health. If the Trustees determine that benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. **Please note that only benefits going forward would be affected – benefits currently being paid cannot be reduced.**

Another rule the plan must follow is to provide participants and beneficiaries, bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary of Labor with the enclosed Notice of Seriously Endangered Status. You are receiving this notice within the 30-day requirement set forth by PPA.

About the Annual Funding Notice

The enclosed Annual Funding Notice provides detailed information about the status of the plan for the year beginning January 1, 2009. Federal law requires pension plans to share this financial information with participants every year. However, this notice reflects the status of the plan **before** it entered seriously endangered status. (You may note in the chart on page 1 that the 2009 funded percentage of 64.8% was low enough to fail test one; however, if you continue reading to *Critical or Endangered Status* on page 3, you will find an explanation that allowed the plan to avoid endangered status in 2009.)

Our Continuing Commitment

The Teamsters Pension Plan of Philadelphia & Vicinity has been providing benefits for plan participants without interruption for well over 50 years. In 2009, benefit payments totaling nearly $150 million were paid to over 13,000 retired participants and beneficiaries. The Trustees understand this is a time of uncertainty and concern due to the economic environment, and continue to work with the plan's professional advisers to carefully monitor the plan's investments and benefit structure in an effort to provide benefits for years to come. The Trustees are committed to operating the plan on a financially sound basis and meeting applicable federal funding requirements.

Where to Get More Information

Please submit any questions in writing addressed to the Teamsters Pension Plan of Philadelphia & Vicinity at 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. The Administrative Office may refer technical questions to the plan's actuary, but will reply to all questions received in writing.

ANNUAL FUNDING NOTICE FOR THE 2009 PLAN YEAR

For
Teamsters Pension Plan of Philadelphia & Vicinity

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2009 and ending December 31, 2009 (referred to hereafter as "Plan Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that 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 Plan's funded percentage for the Plan Year and 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.

	January 1, 2009 to December 31, 2009	January 1, 2008 to December 31, 2008	January 1, 2007 to December 31, 2007
Valuation Date	January 1, 2009	January 1, 2008	January 1, 2007
Funded Percentage	64.8%	82.2%	81.0%
Value of Assets	$1,352,999,756	$1,627,527,188	$1,561,047,441
Value of Liabilities	$2,088,323,665	$1,979,723,061	$1,926,131,855

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 fluctuate daily based on factors in the marketplace, such as 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 estimates. As of December 31, 2009, the fair market value of the Plan's assets was $1,263,776,050. As of December 31, 2008, the fair market value of the Plan's assets was $1,127,499,797. As of December 31, 2007, the fair market value of the Plan's assets was $1,612,406,963.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 27,495. Of this number, 9,609 were active participants, 13,250 were retired or separated from service and receiving benefits, and 4,636 were retired or separated from service and entitled to future 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 Plan's funding policy is to maintain a balance such that plan resources will fund plan obligations. Plan resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expense paid from plan assets. In implementing this funding policy, the Plan Trustees will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Trustees may adjust plan benefits in response to investment returns and other plan experience, or seek additional contributions from the bargaining units.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made 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 management decisions. The investment policy of the Plan has a target allocation among asset categories of 45% domestic equity, 10% international equity, 15% fixed income, 10% real estate and 20% in hedge funds and other types of alternative investments.

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 Plan Year. These allocations are percentages of total assets:

Asset Allocations	**Percentage**
1. Interest-bearing cash	5.1%
2. U.S. Government securities	6.5
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0
All other	8.6
4. Corporate stocks (other than employer securities):	
Preferred	0.0
Common	25.4
5. Partnership/joint venture interests	3.7
6. Real estate (other than employer real property)	5.0
7. Value of interest in registered investment companies (e.g., mutual funds)	34.8
8. Other (Hedge Fund-of-Funds)	10.9

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, because Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA") permitted the Board of Trustees to make a special election that allowed the status of the Plan for 2009 to be the same as the status for the 2008 Plan year Therefore, based on the certification in 2008, the Plan was not considered "endangered", "seriously endangered" or "critical" (as those terms are defined in the Pension Protection Act of 2006) for the Plan year beginning January 1, 2009.

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. 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. Or you may obtain a copy of the Plan's annual report via www.teamsterfunds.com (click the "For Members" button, then "Pension" and then "Annual Report (SAR) 2008") or by making a written request to the plan administrator, William J. Einhorn, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

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

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

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

Benefit Payments Guaranteed by the PBGC

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

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

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

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 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 pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Teamsters Pension Plan of Philadelphia & Vicinity at either (800) 523-2846 or (856) 382-2400, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 23-1511735. For more information about the PBGC and benefit guarantees, go to PBGC's website, 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).

Notice of Seriously Endangered Status for the 2010 Plan Year for Teamsters Pension Plan of Philadelphia & Vicinity

This is to inform you that on March 31, 2010 the Plan actuary certified to the U.S. Department of the Treasury and to the Plan sponsor that the Plan is deemed to be in seriously endangered status for the Plan year beginning January 1, 2010. Federal law requires that you receive this notice.

Seriously Endangered Status

The Plan is considered to be in seriously endangered status because the January 1, 2010 funded percentage (plan assets as a percentage of liabilities) is less than 80% and the Plan will have an accumulated funding deficiency within the next seven years. An accumulated funding deficiency results when the actual Plan contributions to date are less than the required minimum contributions. More specifically, the Plan's actuary has determined that the January 1, 2010 funded percentage is 71% and has projected an accumulated funding deficiency for the Plan year ending December 31, 2015.

Funding Improvement Plan and Possible Reduction in Future Benefits

Federal law requires that pension plans in seriously endangered status adopt a funding improvement plan aimed at improving the financial health of the plan. The law also requires the Plan to furnish the bargaining parties with proposed schedules that modify future contributions and/or benefit accrual rates in order to meet certain benchmarks for improving the Plan's financial condition over a period of years. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Where to Get More Information

For more information about this Notice, contact Teamsters Pension Plan of Philadelphia & Vicinity at (800) 523-2846 or (856) 382-2400, 6981 North Park Drive, Suite 400, Pennsauken, NJ 08109. You have a right to receive a copy of the funding improvement plan from the Plan.