

CENTRAL STATES FUNDS
FINANCIAL AND ANALYTICAL INFORMATION
JUNE 30, 2009
TRUSTEE MEETING OF JULY 16, 2009

Financial Report FR

PENSION FUND

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FINANCIAL REPORT
June 30, 2009 and the Six Months Then Ended

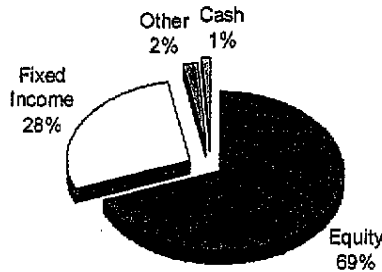
HIGHLIGHTS

PENSION FUND:

- Net assets decreased \$100 million during June resulting in a month end balance of \$17.5 billion.
- Projected 12/31/2009 net asset balances based on various annualized rates of return on investment assets for the remainder of the year (dollars in thousands):

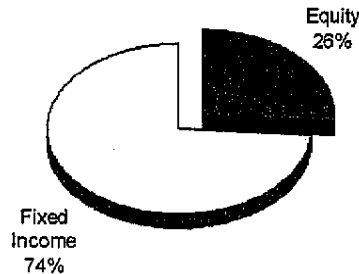
	4%	8%	12%
Net Assets at 12/31/2009	\$ 16,846,000	17,191,100	17,541,800

- Investment asset allocation as of June 30, 2009:



HEALTH AND WELFARE FUND:

- Net assets decreased \$347 thousand during June resulting in a month end balance of \$1.1 billion.
- Investment asset allocation as of June 30, 2009:



FINANCIAL REPORT
June 30, 2009 and the Six Months Then Ended
(Dollars in Thousands)

PENSION FUND:

1. Net assets were \$17,484,709 at June 30, 2009, compared to \$17,358,652 at December 31, 2008, an increase of \$126,057 compared to a decrease of \$3,063,363 for the same period last year.

The \$3,189,420 difference is due to \$3,255,004 more investment income:

- \$3,396,019 favorable change in net realized and unrealized gain (loss),
- (\$149,254) less interest and dividends and
- \$8,239 less investment expenses,

offset by (\$65,584) more net operating loss.

2. Projected 2009 investment income, increase (decrease) in net assets and net asset balances at year-end based on various annualized rates of return on investment assets for the remainder of the year:

	4%	8%	12%
Investment Income	\$ 1,438,200	1,783,300	2,134,000
Increase (Decrease) in Net Assets	(512,700)	(167,600)	183,100
Net Assets at 12/31/09	16,846,000	17,191,100	17,541,800

3. A comparison of Full-Time Equivalent (FTE) memberships and retirees follows:

	Memberships	Retirees
As of:		
May 2009	77,488	211,983
December 2008	84,211	212,307
Five-month average:		
May 2009	79,642	212,053
May 2008	93,149	212,357
% decrease	(14.5)%	(0.1)%

4. For the six months ended June 30, 2009, the Fund's net asset decrease from operations (before investment income) was \$973,016 compared to a decrease \$907,432 for the same period in 2008, or a \$65,584 unfavorable change:
 - (\$44,458) less contributions, primarily due to a decrease in FTEs offset by an increase in contribution rates,
 - (\$21,193) more benefits paid, and
 - \$67 less general and administrative expenses.
5. During the six months ended June 2009 and 2008, the Fund withdrew \$1,053,473 and \$839,864, respectively, from investment assets to fund the cash operating deficit.

HEALTH AND WELFARE FUND:

1. Net assets were \$1,147,436 at June 30, 2009, compared to \$1,102,042 at December 31, 2008, an increase of \$45,394 compared to an increase of \$20,666 for the same period last year.

2. A comparison of Full-Time Equivalent (FTE) memberships and retirees follows:

	<u>Memberships</u>	<u>Retirees</u>
As of:		
May 2009	86,168	12,718
December 2008	91,651	13,394
Five-month average:		
May 2009	88,673	13,038
May 2008	95,189	14,582
% decrease	(6.8)%	(10.6)%

3. For the six months ended June 2009, the Fund's net asset increase before investment income was \$31,693 compared to an increase of \$41,102 for the same period in 2008, or a \$9,409 **unfavorable** change:

- (\$15,603) less contributions,
- \$5,198 less benefits,
- \$148 less TeamCare administrative fees and
- \$848 less general and administrative expenses.

4. For the six months ended June 2009, net investment income was \$34,137 **more** than for the same period last year. The increase results primarily from \$37,310 favorable change in realized and unrealized gain (loss) offset by \$3,195 less interest and dividend income.

5. During the six months ended June 2009 and 2008, the Fund transferred \$46,445 and \$72,486, respectively, to investments (Mellon Bank) as the operations generated positive cash flows for those periods.

Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Financial Position
 June 30, 2009
 (Dollar amounts in thousands)

	June 30,	December 31,	Change in Net Assets		Percentage	Commentary
	2009	2008	Dollars			
Investments						
Cash equivalents	\$ 1,510,870	1,117,708	393,162		2.3	Investments and related assets and liabilities - See Named Fiduciary monthly management reports.
Fixed income	4,923,272	6,257,685	(1,334,413)		(7.7)	
Equity	10,762,674	9,696,732	1,065,942		6.1	
Other	312,259	323,878	(11,619)		(0.1)	
Total investments	17,509,075	17,396,003	113,072		0.6	
Investment related assets	1,767,336	1,893,135	(125,799)		(0.7)	
Employer contributions receivable, net	153,586	66,659	86,927		0.5	
Other assets	4,008	10,787	(6,779)		-	
Total assets	19,434,005	19,366,584	67,421		0.4	
Investment related liabilities	1,843,905	1,904,731	60,826		0.3	
Other liabilities	105,391	103,201	(2,190)		-	
Total liabilities	1,949,296	2,007,932	58,636		0.3	
NET ASSETS	\$ 17,484,709	17,358,652	126,057		0.7	

Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Financial Operations
 June 30, 2009
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year		Commentary
	2009	2008	Dollars	Percentage	
INCOME & EXPENSES					
Contributions (includes W/L)	\$ 406,522	450,980	(44,458)	(9.9)	Contributions - Decrease in FRS offset by increase in contribution rates.
Benefits	1,360,561	1,339,368	(21,193)	(1.6)	
General and administrative expenses	18,977	19,044	67	0.4	Net investment income(loss) - See Named Fiduciary monthly management reports.
Decrease in net assets before net investment income (loss)	(973,016)	(907,432)	(65,584)	N/A	
Net investment income (loss)	1,099,073	(2,155,931)	3,255,004	N/A	
Increase (Decrease) in net assets	\$ 126,057	(3,063,363)	3,189,420	N/A	
OPERATING STATISTICS					
Benefits to contributions	334.7 %	297.0 %			
General and administrative expenses to:					
Contributions	4.7 %	4.2 %			
Benefits	1.4 %	1.4 %			
Five month average FTBs					
Contributions per average FTR	\$ 79,642	93,149			
Benefits per average FTR	\$ 5,104	4,841			
	\$ 17,083	14,379			
Pensioners and beneficiaries					
- current month	212,356	211,944			
Current month average benefit per pensioner and beneficiary					
	\$ 1,063	1,047			

Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Current and Projected Operations
June 30, 2009
(Dollar amounts in thousands)

	June 2009		Variance	
	Actual	Projection	Favorable (Unfavorable) Dollars	Percentage
Contributions (includes W/L)	\$ 66,912	76,500	(9,588)	(12.5)
Benefits	228,180	227,300	(880)	(0.4)
General and administrative expenses	3,249	3,200	(49)	(1.5)
Decrease in net assets before net investment income (loss)	\$ (164,517)	(154,000)	(10,517)	N/A
Contributions (includes W/L)	\$ 406,522	63,900	350,778	821,200
Benefits	1,360,561	228,100	1,145,439	2,734,100
General and administrative expenses	18,977	3,200	15,823	38,000
Decrease in net assets before net investment income (loss)	\$ (973,016)	(167,400)	(810,484)	(1,950,900)
The following table represents 2009 projected increase(decrease) in net assets and resulting year end net assets assuming various annualized rates of return on investment assets for the remainder of this year:				
	4%	8%	12%	
Projected increase(decrease) in net assets	\$ (512,700)	(167,600)	183,100	
Projected net assets at 12/31/09	\$ 16,846,000	17,191,100	17,541,800	

Assumptions used in 2009 Projection:

Contributions - Scheduled contract rate increases, no change in plan mix and \$57.9 million in estimated withdrawal liability income.
Benefits - Increase in average monthly benefits.
General and administrative expenses - Actual expenses to date plus 2% increase over 2008 expenses for remaining months.

Central States, Southeast and Southwest Areas Pension Fund
Statement of Net Assets
(In thousands)

	June 30,		December 31,	
	2009	2008	2007	
ASSETS				
Investments:				
Cash equivalents	\$ 1,510,870	1,117,708	6,021,079	
Fixed income	4,923,272	6,257,685	8,374,416	
Equity	10,762,674	9,696,732	14,370,578	
Other, primarily real estate related	312,259	323,878	426,825	
Total investments	<u>17,509,075</u>	<u>17,396,003</u>	<u>29,192,898</u>	
Receivables:				
Employer contributions, less allowance for uncollectible contributions (1)	153,586	66,659	143,451	
Interest and dividends	54,354	70,431	97,726	
Other, primarily for securities sold (2)	355,117	259,894	676,843	
Total receivables	<u>563,057</u>	<u>396,984</u>	<u>918,020</u>	
Cash	478	8,992	441	
Assets held under securities lending agreements	1,357,865	1,562,810	3,041,607	
Other, primarily furniture and equipment - net	3,530	1,795	2,905	
Total assets	<u>19,434,005</u>	<u>19,366,584</u>	<u>33,155,871</u>	
LIABILITIES				
Liability to return collateral held under securities lending agreements	1,374,014	1,582,790	3,041,607	
Payable for securities purchased (2)	451,268	307,264	3,177,451	
Accounts payable and accrued expenses (3)	51,771	46,917	61,581	
Deferred withdrawal liability receipts	72,243	70,961	69,385	
Total liabilities	<u>1,949,296</u>	<u>2,007,932</u>	<u>6,350,024</u>	
NET ASSETS	<u>\$ 17,484,709</u>	<u>17,358,652</u>	<u>26,805,847</u>	
Notes(s):				
(1) Allowance for uncollectible contributions:	\$ 498	902	2,126	
(2) Net receivable (payable) on foreign currency exchange contracts:	\$ (33,127)	\$ (15,376)	\$ 25,005	
(3) Includes a liability for 401(k) plan assets:	\$ 22,567	20,861	28,521	

Central States, Southeast and Southwest Areas Pension Fund
Statement of Changes in Net Assets
(In thousands)

	June		Six Months Ended June		Year Ended	
	2009	2008	2009	2008	2008	2007
Revenue:						
Contributions	\$ 54,897	69,581	370,789	419,650	849,544	1,440,300
Withdrawal liability	12,015	6,898	35,733	31,330	88,358	6,187,750
Total revenue	66,912	76,479	406,522	450,980	937,902	7,628,050
Benefits and expenses:						
Benefits to participants	228,180	223,251	1,360,561	1,339,368	2,685,450	2,639,158
General and administrative expenses	3,249	2,969	18,977	19,044	37,311	38,205
Total benefits and expenses	231,429	226,220	1,379,538	1,358,412	2,722,761	2,677,363
Increase (Decrease) in net assets before net investment income (loss)	(164,517)	(149,741)	(973,016)	(907,432)	(1,784,859)	4,950,687
Investment income (loss):						
Interest, dividends and other	42,902	63,466	242,238	391,492	708,504	727,549
Realized and unrealized gain (loss) on investments, net	25,888	(1,607,988)	882,753	(2,513,266)	(8,301,954)	534,549
Investment expenses	(4,726)	(4,776)	(25,918)	(34,157)	(68,886)	(79,686)
Net investment income (loss)	64,064	(1,549,298)	1,099,073	(2,155,931)	(7,662,336)	1,182,412
Increase (Decrease) in net assets	(100,453)	(1,699,039)	126,057	(3,063,363)	(9,447,195)	6,133,099
NET ASSETS:						
Beginning of period	17,585,162	25,441,523	17,358,652	26,805,847	26,805,847	20,672,748
End of period	<u>\$ 17,484,709</u>	<u>23,742,484</u>	<u>17,484,709</u>	<u>23,742,484</u>	<u>17,358,652</u>	<u>26,805,847</u>

NOTE(9):
(1) Includes receipt of \$6.1 billion from UPS.

Central States, Southeast and Southwest Areas Pension Fund
Statement of Cash Receipts and Disbursements
(In thousands)

	June			Six Months Ended June			Year Ended	
	2009	2008	2007	2009	2008	2008	2007	2007
Operations:								
Contributions	\$ 45,286	81,935	926,341	283,874	490,190	926,341	1,435,555	(2,639,128)
Benefits paid, net (1) (2)	(228,272)	(46,053)	(1,338,133)	(1,359,916)	(1,338,766)	(2,685,133)	(2,639,128)	(1,203,573)
	(182,986)	35,882	(848,576)	(1,076,042)	(848,576)	(1,758,792)	(1,203,573)	(1,203,573)
Payroll	(1,217)	(1,169)	(7,854)	(7,854)	(7,854)	(16,507)	(16,002)	(6,666)
Employee benefits	(656)	(621)	(3,644)	(3,644)	(3,471)	(7,157)	(6,666)	(3,565)
Fees and services	(425)	(206)	(1,344)	(1,344)	(1,917)	(3,358)	(3,552)	(1,871)
Rent	(174)	(219)	(557)	(557)	(1,267)	(2,552)	(8,375)	(8,648)
Office	(297)	(317)	(5,758)	(5,758)	(6,493)	(8,375)	87,941	6,187,064 (4)
Withdrawal liability receipts	4,945	3,213	35,899	35,899	32,117	87,941	1,429	1,429
Other	1,455	966	(2,902)	(2,902)	(2,134)	1,410	51,402	4,948,168
Net from operations	3,631	1,647	13,840	13,840	8,981	(839,595)	(1,707,390)	(1,707,390)
	(179,355)	37,529	(1,062,202)	(1,062,202)	(839,595)	(1,707,390)	(1,707,390)	(1,707,390)
Investments:								
Net sales (purchases)	124,029	(100,261)	820,046	820,046	472,738	1,054,700	(5,587,360)	718,456
Interest and dividends	58,540	67,722	255,603	255,603	399,448	737,209	(75,968)	(81,358)
Management fees	(3,952)	(4,894)	(21,961)	(21,961)	(31,721)	(75,968)	(4,950,262)	(4,950,262)
Net from investments	178,617	(37,433)	1,053,688	1,053,688	840,465	1,715,941	(4,950,262)	(4,950,262)
Increase (Decrease) in cash	(738)	96	(8,514)	(8,514)	870	8,551	(2,094)	(2,094)
Cash:								
Beginning of period	1,216	1,215	8,992	8,992	441	441	441	2,535
End of period	\$ 478	\$ 1,311	\$ 478	\$ 478	\$ 1,311	\$ 8,992	\$ 441	\$ 441

Notes:

- (1) Includes increase(decrease) in overdrafts:
- (2) Includes timing for EFT funding:
- (3) Includes \$495 rent abatement due to amended lease.
- (4) Includes receipt of \$6.1 billion from UPS.

\$	(90)	12
\$	0	177,185

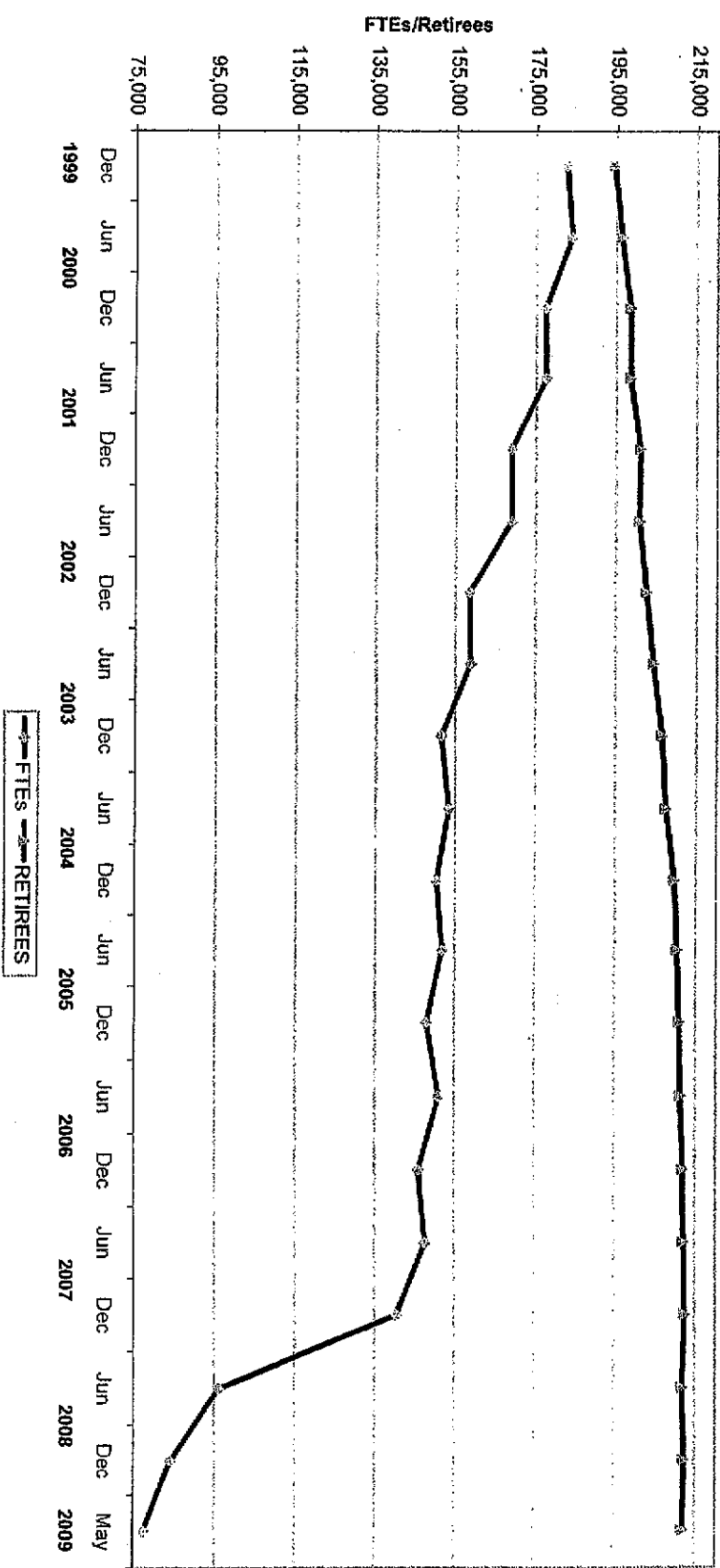
646	0	600
0	0	0

316	0	29
0	0	0

Central States Pension Fund

Full Time Equivalents vs. Retirees

December 1999 Through May 2009



Central States, Southeast and Southwest Areas Health and Welfare Fund
 Executive Summary of Financial Position
 June 30, 2009
 (Dollar amounts in thousands)

	June 30,	December 31,	Change in Net Assets	
	2009	2008	Dollars	Percentage
Total investments, net	\$ 1,256,496	1,197,388	59,108	5.4
Employer contributions receivable, net	86,574	90,855	(4,281)	(0.4)
Assets held under securities lending agreements	237,625	310,615	(72,990)	(6.6)
Other assets	12,634	23,048	(10,414)	(1.0)
Total assets	1,593,329	1,621,906	(28,577)	(2.6)
Estimated benefits	186,665	194,700	8,035	0.7
Liability to return collateral held under securities lending agreements	239,242	313,101	73,859	6.7
Other liabilities	19,986	12,053	(7,923)	(0.7)
Total liabilities	445,893	519,864	73,971	6.7
NET ASSETS	\$ 1,147,436	1,102,042	45,394	4.1

Central States, Southeast and Southwest Areas Health and Welfare Fund
 Executive Summary of Financial Operations
 June 30, 2009
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year		Commentary
	2009	2008	Dollars	Percentage	
INCOME & EXPENSES					
Contributions	\$ 564,012	579,615	(15,603)	(2.7)	
Benefits	499,451	504,649	5,198	1.0	
TeamCare administrative fees	14,573	14,721	148	1.0	
General and administrative expenses	18,295	19,143	848	4.4	
Increase in net assets before net investment income(loss)	31,693	41,102	(9,409)	N/A	
Net investment income(loss)	13,701	(20,436)	34,137	N/A	
Increase in net assets	\$ 45,394	20,666	24,728	N/A	
OPERATING STATISTICS					
Benefits paid to contributors	90.0 %	88.0 %			
General and administrative expenses to:					
Contributions	3.2 %	3.3 %			
Benefits paid	3.6 %	3.8 %			
Five months average FTFS	88,673	95,189			
Contributions per average FTE	\$ 6,361	6,089			
Benefits paid per average FTE	\$ 5,723	5,357			

Net investment income(loss) - Primarily \$37,310 favorable change in realized/unrealized gain(loss) offset by \$3,195 less interest and dividend income.

Central States Southeast and Southwest Areas Health and Welfare Fund
 Executive Summary of Current and Projected Operations
 June 30, 2009
 (Dollar amounts in thousands)

	June 2009		Variance	
	Actual	Projection	Favorable/(Unfavorable) Dollars	Percentage
Contributions	\$ 86,156	95,600	(9,444)	(9.9)
Benefits	84,539	85,800	1,261	1.5
TeamCare administrative fees	2,384	2,600	216	8.3
General and administrative expenses	2,846	3,200	454	13.8
Increase(Decrease) in net assets before net investment income (loss)	(3,613)	3,900	(7,513)	N/A
Net investment income (loss)	3,266	5,200	(1,934)	N/A
Increase(Decrease) in net assets	\$ (347)	9,100	(9,447)	N/A
Contributions	\$ 564,012	98,000	535,888	1,197,900
Benefits	499,451	90,500	416,649	1,006,600
TeamCare administrative fees	14,573	2,600	12,727	29,900
General and administrative expenses	18,295	3,300	16,305	37,900
Increase in net assets before net investment income (loss)	31,693	1,600	90,207	123,500
Net investment income (loss)	13,701	5,200	26,799	45,700
Increase in net assets	\$ 45,394	6,800	117,006	169,200

Assumptions Used in 2009 Projections

Contributions - Scheduled contract rate increases and trended FTBs.

Benefits - Overall cost increase of 7% per FTE.

General and administrative expenses - Actual expenses to date plus 2% increase over 2008 expenses for the remaining months.

Investment income - Actual return earned to date plus remaining months annualized return of 5%.

Central States, Southeast and Southwest Areas Health and Welfare Fund
Statement of Net Assets
(In thousands)

	June 30,		December 31,	
	2009	2008	2007	2007
ASSETS				
Investments:				
United States government and government agency debt	\$ 712,865	647,234	555,089	
Corporate debt	224,652	251,877	352,755	
Common stock index fund	323,225	307,978	293,770	
Total investments	<u>1,260,742</u>	<u>1,207,089</u>	<u>1,201,614</u>	
Receivables:				
Employer contributions, less allowance for uncollectible contributions (1)	86,574	90,855	109,091	
Other, primarily investment related	11,923	21,225	20,419	
Total receivables	<u>98,497</u>	<u>112,080</u>	<u>129,510</u>	
Cash				
Assets held under securities lending agreements	201	230	221	
Other, primarily furniture and equipment - net	237,625	310,615	343,373	
Total assets	<u>1,598,960</u>	<u>1,631,607</u>	<u>1,676,814</u>	
LIABILITIES				
Estimated benefits (2)	186,665	194,700	196,300	
Liability to return collateral held under securities lending agreements	239,242	313,101	343,373	
Checks drawn against future deposits	6,161	4,904	5,303	
Payable for securities purchased	5,631	9,701	32,663	
Accounts payable and accrued expenses	13,825	7,159	15,616	
Total liabilities	<u>451,524</u>	<u>529,565</u>	<u>593,255</u>	
NET ASSETS	<u>\$ 1,147,436</u>	<u>1,102,042</u>	<u>1,083,559</u>	

Note(s):
(1) Allowance for uncollectible contributions:
(2) Includes estimated claims liability adjustments:

	\$ 1,432	1,224	1,111
	\$ 0	(1,600)	(2,700)

Central States, Southeast and Southwest Areas Health and Welfare Fund
Statement of Changes in Net Assets
(In thousands)

	June		Six Months Ended June		Year Ended	
	2009	2008	2009	2008	2008	2007
Contributions	\$ 86,156	91,059	564,012	579,615	1,188,782	1,169,116
Benefits and expenses:						
Benefits paid	84,539	76,334	507,486	509,911	1,024,199	1,000,498
Changes to liabilities for benefits	0	0	(8,035)	(5,262)	(1,600)	(3,870)
TeamCare administrative fees	2,384	2,410	14,573	14,721	30,005	29,411
General and administrative expenses	2,846	3,069	18,295	19,143	38,424	38,251
Total benefits and expenses	89,769	81,813	532,319	538,513	1,091,028	1,064,230
Increase/(Decrease) in net assets before net investment income (loss)	(3,613)	9,246	31,693	41,102	97,754	104,826
Investment income (loss):						
Interest and dividends	3,240	3,925	20,695	23,890	47,366	47,703
Realized and unrealized gain (loss) on investments, net	71	(27,713)	(6,740)	(44,050)	(126,125)	23,546
Investment expenses	(45)	(49)	(254)	(276)	(512)	(495)
Net investment income (loss)	3,266	(23,837)	13,701	(20,436)	(79,271)	70,754
Increase/(Decrease) in net assets	(347)	(14,591)	45,394	20,666	18,483	175,580
NET ASSETS:						
Beginning of period	1,147,783	1,118,816	1,102,042	1,083,559	1,083,559	907,979
End of period	\$ 1,147,436	1,104,225	1,147,436	1,104,225	1,102,042	1,083,559

Central States, Southeast and Southwest Areas Health and Welfare Fund
Statement of Cash Receipts and Disbursements
(In thousands)

	June		Six Months Ended June		Year Ended	
	2009	2008	2009	2008	2008	2007
Operations:						
Contributions	\$ 106,582	109,859	571,378	602,581	1,204,574	1,161,124
Benefits paid, net (1)	(89,535)	(75,339)	(492,901)	(496,940)	(1,032,875)	(1,006,124)
	17,047	34,520	78,477	105,741	171,699	155,000
Payroll	(1,327)	(1,404)	(8,837)	(9,482)	(19,496)	(19,398)
Employee benefits	(784)	(755)	(4,261)	(4,238)	(8,535)	(8,268)
Fees and services (primarily Teamcare)	(2,465)	(2,582)	(15,812)	(15,811)	(32,108)	(31,367)
Rent	(186)	(233)	(588)	(2)	(2,731)	(2,091)
Office	(344)	(373)	(1,835)	(2,448)	(4,753)	(5,402)
Other	(813)	(217)	(739)	422	318	(259)
	(5,919)	(5,564)	(32,072)	(32,912)	(67,305)	(66,785)
Net from operations	11,128	28,956	46,405	72,829	104,394	88,215
Net (to) from investments	(11,849)	(29,112)	(46,434)	(72,401)	(104,385)	(88,864)
Increase (Decrease) in cash	(721)	(156)	(29)	428	9	(649)
Cash:						
Beginning of period	922	805	230	221	221	870
End of period	\$ 201	649	201	649	230	221

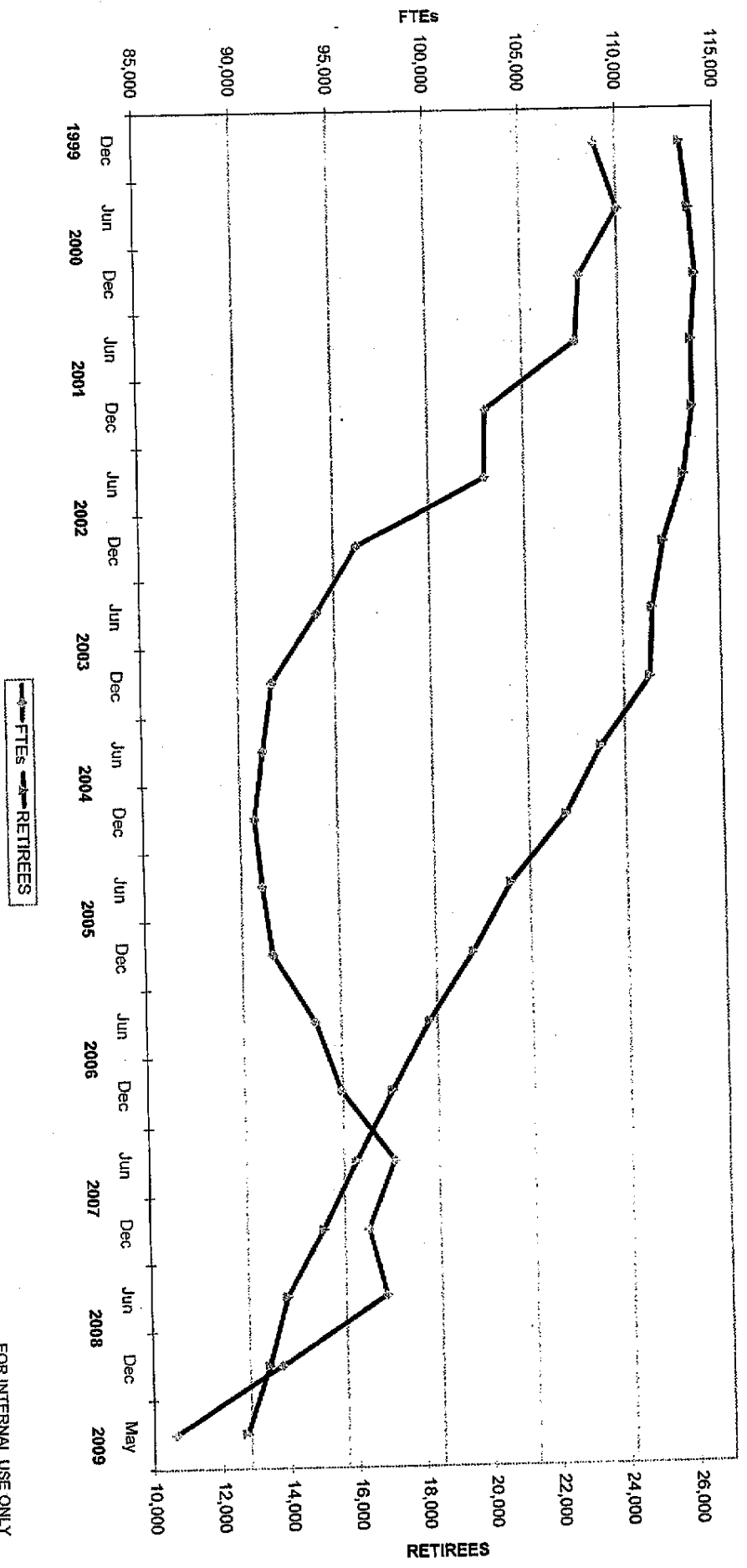
Note(s):

- (1) Includes increase(decrease) in overdraft of: \$ 117 (1,260) 1,257 1,108 (399) (1,480)
- (2) Includes \$537 rent abatement due to amended lease.

Central States Health and Welfare Fund

Full Time Equivalents vs. Retirees

December 1999 Through May 2009



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