

CENTRAL STATES FUNDS  
FINANCIAL AND ANALYTICAL INFORMATION  
DECEMBER 31, 2009

Financial Report FR

PENSION FUND

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HEALTH AND WELFARE FUND

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**FINANCIAL REPORT**  
 December 31, 2009 and the Twelve Months Then Ended  
 Does Not Include Year End Adjustments

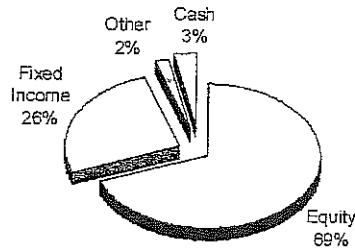
**HIGHLIGHTS**

**PENSION FUND:**

- Net assets increased \$205 million during December resulting in a month end balance of \$19.6 billion.
- Projected 12/31/2010 net asset balances based on various annualized rates of return on investment assets for the remainder of the year (dollars in thousands):

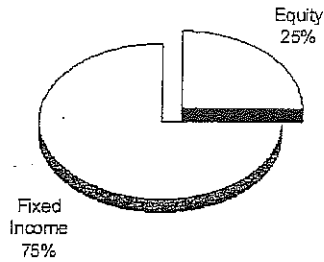
	4%	8%	12%
Net Assets at 12/31/2010	\$ 18,030,400	18,803,800	19,606,300

- Investment asset allocation as of December 31, 2009:



**HEALTH AND WELFARE FUND:**

- Net assets increased \$1.9 million during December resulting in a month end balance of \$1.3 billion.
- Investment asset allocation as of December 31, 2009:



**FINANCIAL REPORT**  
**December 31, 2009 and the Twelve Months Then Ended**  
**Does Not Include Year End Adjustments**  
**(Dollars in Thousands)**

**PENSION FUND:**

1. Net assets were \$19,573,600 at December 31, 2009, compared to \$17,358,652 at December 31, 2008, an increase of \$2,214,948 compared to a decrease of \$9,447,195 for the same period last year.

The \$11,662,143 difference is due to \$11,927,752 more investment income:

- \$12,158,064 favorable change in net realized and unrealized gain (loss),
- (\$241,763) less interest and dividends and
- \$11,451 less investment expenses,

offset by (\$265,609) more net operating loss.

2. Projected 2010 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	\$ 744,900	1,518,300	2,320,800
Increase(Decrease) in Net Assets	(1,543,200)	(769,800)	32,700
Net Assets at 12/31/10	18,030,400	18,803,800	19,606,300

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

	Memberships	Retirees
As of:		
November 2009	60,381	213,790
December 2008	84,229	212,307
Eleven-month average:		
November 2009	72,977	212,441
November 2008	93,638	212,247
% increase (decrease)	(22.06)%	0.09%

4. For the twelve months ended December 31, 2009, the Fund's net asset decrease from operations (before investment income) was \$2,050,468 compared to a decrease of \$1,784,859 for the same period in 2008, or a \$265,609 unfavorable change:

- (\$210,838) less contributions, primarily a decrease in FTEs and YRC termination,
- (\$55,510) more benefits paid, and
- \$739 less general and administrative expenses.

5. During the twelve months ended December 2009 and 2008, the Fund withdrew \$2,148,019 and \$1,714,842, respectively, from investment assets to fund the cash operating deficit.

**HEALTH AND WELFARE FUND:**

1. Net assets were \$1,281,723 at December 31, 2009, compared to \$1,102,042 at December 31, 2008, an increase of \$179,681 compared to an increase of \$18,483 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:		
November 2009	84,620	12,496
December 2008	91,674	13,384
Eleven-month average:		
November 2009	88,044	12,826
November 2008	95,973	14,114
% decrease	(8.26)%	(9.13)%

3. For the twelve months ended December 2009, the Fund's net asset increase before investment income was \$81,374 compared to an increase of \$97,754 for the same period in 2008, or a \$16,380 unfavorable change:

- (\$49,225) less contributions, primarily due to a decrease in FTEs offset by an increase in contribution rates,
- \$29,525 less benefits,
- \$925 less TeamCare administrative fees and
- \$2,395 less general and administrative expenses.

4. For the twelve months ended December 2009, net investment income was \$177,578 more than for the same period last year. The increase results primarily from \$185,805 favorable change in realized and unrealized gain (loss) offset by \$8,193 less interest and dividend income.

5. During the twelve months ended December 2009 and 2008, the Fund transferred \$96,567 and \$104,485, 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  
 December 31, 2009  
 (Dollar amounts in thousands)

	December 31, (1)		Change in Net Assets		Percentage	Commentary
	2009	2008	Dollars			
<b>Investments</b>						
Cash equivalents	\$ 1,192,777	1,117,708	75,069		0.5	<u>Investments and related assets and liabilities - See Named Fiduciary monthly management reports.</u>
Fixed Income	5,407,462	6,257,685	(850,203)		(4.9)	
Equity	12,444,571	9,696,732	2,747,039		15.8	
Other	430,522	323,978	106,544		0.6	
<b>Total investments</b>	<u>19,475,352</u>	<u>17,396,003</u>	<u>2,079,349</u>		<u>12.0</u>	<u>Employer contributions receivable, net - primarily YRC contributions deferred.</u>
<b>Investment related assets</b>	<u>1,996,069</u>	<u>1,893,135</u>	<u>102,934</u>		<u>0.6</u>	
<b>Employer contributions receivable, net</b>	<u>161,468</u>	<u>66,659</u>	<u>94,809</u>		<u>0.5</u>	
<b>Other assets</b>	<u>10,175</u>	<u>10,787</u>	<u>(612)</u>		<u>-</u>	
<b>Total assets</b>	<u>21,643,064</u>	<u>19,166,504</u>	<u>2,276,480</u>		<u>13.1</u>	
<b>Investment related liabilities</b>	<u>1,963,081</u>	<u>1,904,731</u>	<u>(57,350)</u>		<u>(0.3)</u>	
<b>Other liabilities</b>	<u>107,383</u>	<u>103,201</u>	<u>(4,182)</u>		<u>-</u>	
<b>Total liabilities</b>	<u>2,069,464</u>	<u>2,007,932</u>	<u>(61,532)</u>		<u>(0.3)</u>	
<b>NET ASSETS</b>	<u>\$ 19,573,600</u>	<u>17,158,552</u>	<u>2,214,948</u>		<u>12.9</u>	

Note(s):  
 (1) Does not include final year end adjustments.

Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Financial Operations  
 December 31, 2009  
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year		Commentary
	2009 (1)	2008	Dollars	Percentage	
<b>INCOME &amp; EXPENSES</b>					
Contributions (includes W/L)	\$ 727,064	937,902	(210,838)	(22.5)	Contributions - Primarily a decrease in FTRs and YRC termination.
Benefits	2,740,960	2,685,450	(55,510)	(2.1)	Net Investment Income (loss) - See Named Fiduciary monthly management reports.
General and administrative expenses	36,572	37,311	739	2.0	
Decrease in net assets before net investment income (loss)	(2,050,468)	(1,784,859)	(265,609)	N/A	
Net investment income (loss)	4,269,416	(7,662,336)	(11,927,752)	N/A	
Increase (decrease) in net assets	\$ 2,214,948	\$ (9,447,195)	\$ (11,662,143)	N/A	
<b>OPERATING STATISTICS</b>					
Benefits to contributions	377.0 %	286.3 %			
General and administrative expenses to:					
Contributions	5.0 %	4.0 %			
Benefits	1.3 %	1.4 %			
Eleven month average FTRs	72,977	93,638			
Contributions per average FTR	\$ 9,963	\$ 10,016			
Benefits per average FTR	\$ 37,559	\$ 28,679			
Pensioners and beneficiaries - current month	213,834	212,307			
Current month average benefit per pensioner and beneficiary	\$ 1,076	\$ 1,054			

NOTE(s):  
 (1) Does not include final year end adjustments.

Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Current and Projected Operations  
 December 31, 2009  
 (Dollar amounts in thousands)

	December 2009		Variance	
	Actual	Projection	Favorable (Unfavorable) Dollars	Percentage
Contributions (includes W/L)	\$ 66,575	53,211	13,364	25.1
Benefits	230,928	232,068	1,140	0.5
General and administrative expenses	3,052	3,180	128	4.0
Decrease in net assets before net investment income(loss)	\$ (157,405)	(182,037)	14,632	N/A

Contributions - Primarily withdrawal liability income (\$0.8 million from Consolidated Freightways and \$0.6 million from Steel Dynamics).

	January 2010	Projection Remainder of 2010	Year Ending December 2010
	Contributions (includes W/L)	\$ 57,900	514,900
Benefits	233,100	2,590,500	2,823,600
General and administrative expenses	3,100	34,200	37,300
Decrease in net assets before net investment income(loss)	\$ (178,300)	(2,109,800)	(2,288,100)

Assumptions Used in 2010 Projection  
 Contributions - Scheduled contract rate increases, decrease in PTE's and \$42 million in estimated withdrawal liability income.  
 Benefits - Increase in average monthly benefits.  
 General and administrative expenses - A 2% increase over 2009.

The following table represents 2010 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	\$ (1,541,200)	(769,800)	32,700
Projected net assets at 12/31/10	\$ 18,030,400	18,803,800	19,606,300

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

	December 31,	
	2009	2008
	(1)	
<b>ASSETS</b>		
Investments:		
Cash equivalents	\$ 1,192,777	1,117,708
Fixed Income	5,407,482	6,257,605
Equity	12,444,571	9,696,732
Other, primarily real estate related	430,522	323,078
Total Investments	<u>19,475,352</u>	<u>17,396,003</u>
Receivables:		
Employer contributions, less allowance for uncollectible contributions (2)	161,468	66,659
Interest and dividends	56,513	70,431
Other, primarily for securities sold (3)	82,659	259,894
Total receivables	<u>300,640</u>	<u>396,984</u>
Cash		
Assets held in securities lending collateral pool	0,957	8,992
Other, primarily furniture and equipment - net	1,056,897	1,562,010
Total assets	<u>21,643,064</u>	<u>19,366,584</u>
<b>LIABILITIES</b>		
Liability to return collateral held under securities lending agreements		
Payable for securities purchased (3)	1,071,070	1,582,790
Accounts payable and accrued expenses (4)	71,093	307,264
Deferred withdrawal liability receipts	55,044	46,917
Total liabilities	<u>72,257</u>	<u>70,981</u>
NET ASSETS	<u>\$ 19,573,600</u>	<u>\$ 17,358,652</u>

**NOTES:**

- (1) Does not include final year end adjustments.
- (2) Allowance for uncollectible contributions:
- (3) Net receivable/payable on foreign currency exchange contracts:
- (4) Includes a liability for 401(k) plan assets:

	\$ 458	902
	\$ 11,985	(15,376)
	\$ 27,015	20,661

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

	December		Year Ended	
	2009 (1)	2008	2009 (1)	2008
Revenue:				
Contributions	\$ 41,274	57,944	642,703	849,544
Withdrawal liability	25,101	24,826	84,361	88,358
Total Revenue	<u>66,575</u>	<u>82,770</u>	<u>727,064</u>	<u>937,902</u>
Benefits and expenses:				
Benefits to participants	230,928	224,228	2,740,960	2,605,450
General and administrative expenses	3,052	2,798	36,572	37,311
Total benefits and expenses	<u>233,980</u>	<u>227,026</u>	<u>2,777,532</u>	<u>2,722,761</u>
Decrease in net assets	(167,405)	(144,256)	(2,050,468)	(1,784,859)
Investment income(loss):				
Interest, dividends and other	52,755	64,138	466,741	708,504
Realized and unrealized gain(loss)	326,196	512,877	3,056,110	(8,301,954)
on investments, net	<u>(6,572)</u>	<u>(4,879)</u>	<u>(57,435)</u>	<u>(68,886)</u>
Investment expenses	372,378	572,136	4,265,416	(7,662,336)
Net investment income(loss)	<u>204,973</u>	<u>427,880</u>	<u>2,214,940</u>	<u>(9,447,195)</u>
Increase(Decrease) in net assets				
NET ASSETS:				
Beginning of period	<u>19,368,627</u>	<u>16,930,772</u>	<u>17,350,652</u>	<u>26,805,847</u>
End of period	<u>\$ 19,573,600</u>	<u>17,358,652</u>	<u>19,573,600</u>	<u>17,358,652</u>

Note(s):

(1) Does not include final year end adjustments.

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

	December		Year Ended	
	2009 (1)	2008	2009 (1)	2008
Operations:				
Contributions	\$ 42,958	82,260	547,907	926,341
Benefits paid, net (2)	(231,193)	(224,453)	(2,744,336)	(2,685,133)
	(188,233)	(142,193)	(2,196,429)	(1,758,792)
Payroll:				
Employee benefits	(1,806)	(1,595)	(16,513)	(16,507)
Fees and services	(636)	(756)	(7,405)	(7,157)
Rent	(201)	(571)	(2,530)	(3,150)
Office	(174)	(213)	(1,605)	(2,552)
Withdrawal liability receipts	(341)	(519)	(7,391)	(8,375)
Other	24,896	22,926	83,706	87,941
	(5,111)	3,915	(1,334)	1,410
Net from operations	16,629	23,188	44,918	51,402
	(171,604)	(119,005)	(2,148,511)	(1,707,390)
Investments:				
Net sales (purchases)	129,538	65,203	1,723,841	1,054,700
Interest and dividends	58,014	70,304	476,802	737,209
Management fees	(7,127)	(7,811)	(52,167)	(75,968)
Net from investments	180,225	127,696	2,140,476	1,715,941
Increase (Decrease) in cash	8,621	8,691	(35)	0,551
Cash:				
Beginning of period	316	301	8,992	441
End of period	\$ 8,957	\$ 8,992	\$ 8,957	\$ 8,992

NOTE(s):  
(1) Does not include final year end adjustments.  
(2) Includes increase (decrease) in overdrafts.  
(3) Includes \$495 rent abatement due to amended lease.

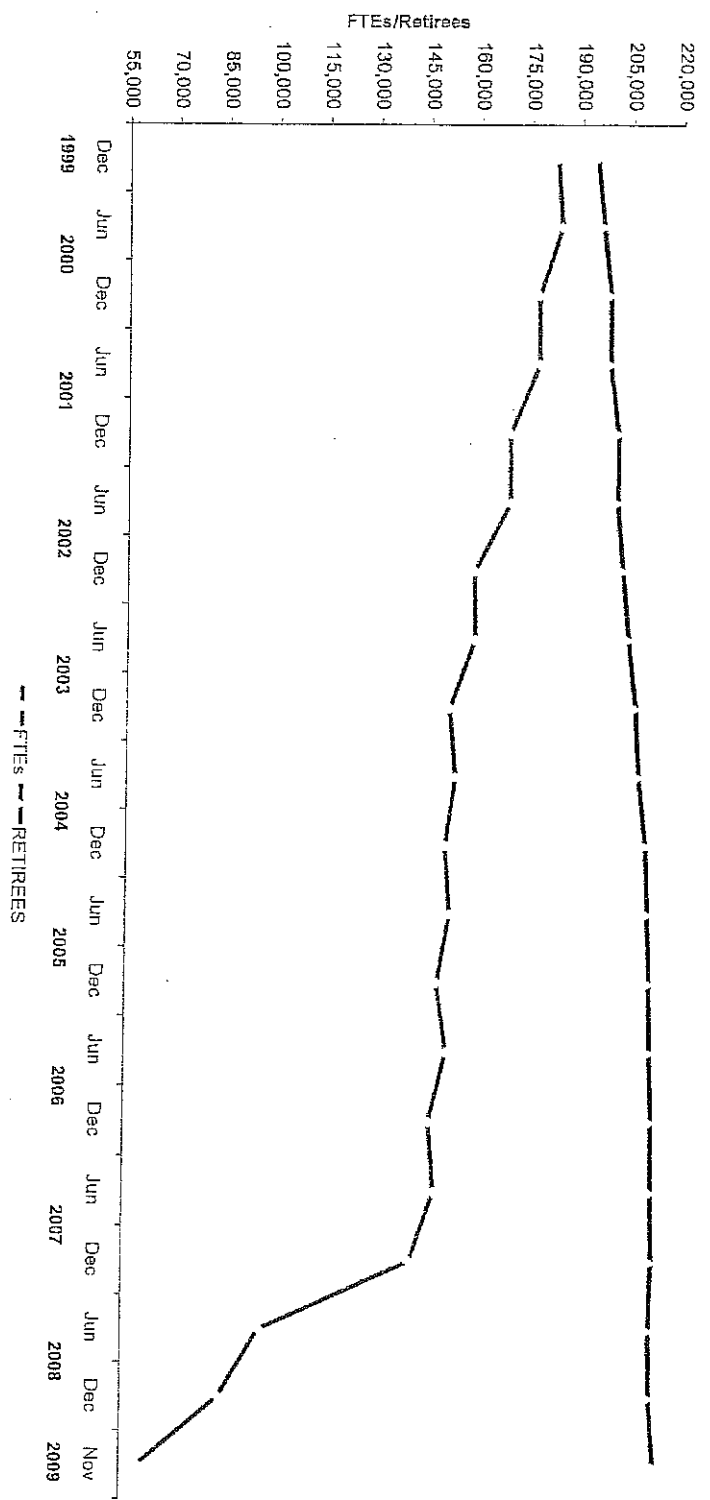
\$ (263) (225)

(376) 316

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# Central States Pension Fund

Full Time Equivalents vs. Retirees  
December 1999 Through November 2009



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Central States, Southeast and Southwest Areas Health and Welfare Fund  
 Executive Summary of Financial Position  
 December 31, 2009  
 (Dollar amounts in thousands)

	December 31,		Change in Net Assets	
	2009 (1)	2008	Dollars	Percentage
Total investments, net	\$ 1,391,343	1,197,388	193,955	17.6
Employer contributions receivable, net	66,882	90,855	(4,273)	(0.4)
Assets held in securities lending collateral pool	335,955	310,515	25,340	2.3
Other assets	12,539	23,048	(10,409)	(0.9)
Total assets	1,826,519	1,621,906	204,613	10.6
Estimated benefits	187,152	194,700	7,548	0.7
Liability to return collateral held under securities lending agreements	337,267	313,101	(24,166)	(2.2)
Other liabilities	20,377	12,063	(8,314)	(0.0)
Total liabilities	544,796	519,864	(24,932)	(2.3)
NET ASSETS	\$ 1,281,723	1,102,042	179,681	15.3

NOTE(s):  
 (1) Does not include final year end adjustments.

Central States, Southeast and Southwest Area Health and Welfare Fund  
 Executive Summary of Financial Operations  
 December 31, 2009  
 (Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year		Commentary	
	2009	(1)	2008	Dollars		Percentage
<b>INCOME &amp; EXPENSES</b>						
Contributions	\$ 1,139,557		1,108,782	(49,225)	(4.1)	Contributions - Primarily decreased FTEs, offset by an increase in contribution rates.
Benefits	993,074		1,022,599	29,525	2.9	
Healthcare administrative fees	29,080		30,005	925	3.1	Net Investment Income (Loss) - Primarily \$185,805 favorable change in realized/unrealized gain(loss) offset by \$9,193 less interest and dividend income.
General and administrative expenses	36,029		30,424	2,395	6.2	
Increase in net assets before net investment income (loss)	81,374		97,754	(16,380)	N/A	
Net Investment Income (Loss)	98,307		(79,271)	177,578	N/A	
Increase in net assets	\$ 179,681		18,483	161,198	N/A	
<b>OPERATING EXPENSES</b>						
Benefits paid to contributions	87.8 %		86.2 %			
General and administrative expenses to:						
Contributions	3.2 %		3.2 %			
Benefits paid	3.6 %		3.8 %			
Eleven months average FTEs	08,044		95,973			
Contributions per average FTE	\$ 12,943		12,307			
Benefits paid per average FTE	\$ 11,365		10,672			

Model 91:  
 (1) Does not include final year end adjustments.

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 B-1.2

Central States, Southeast and Southwest Areas Health and Welfare Fund  
 Executive Summary of Current and Projected Operations  
 December 31, 2009  
 (Dollar amounts in thousands)

	December 2009		Variance		Commentary
	Actual	Projection	Favorable/Unfavorable Dollars	Percentage	
Contributions	\$ 88,317	91,560	(3,243)	(3.5)	Benefits - Projection included year end adjustments.
Benefits	76,756	85,082	8,326	9.8	
TeamCare administrative fees	2,443	2,563	120	4.7	
General and administrative expenses	3,100	3,271	171	5.2	
Increase in net assets before net investment income (loss)	6,018	644	5,374	N/A	
Net investment income (loss)	(4,144)	5,749	(9,893)	N/A	
Increase in net assets	\$ 1,874	6,393	(4,519)	N/A	
Contributions	\$ 113,000	1,063,100	1,176,100		Assumptions Used in 2010 Projections Contributions - Scheduled contract rate increases and trended FTBE.
Benefits	77,300	955,500	1,032,800		
TeamCare administrative fees	2,500	27,500	30,000		Benefits - Overall cost increase of 7% per FTE.
General and administrative expenses	3,100	33,600	36,700		General and administrative expenses - A 2% increase over 2009.
Increase in net assets before net investment income (loss)	30,100	46,500	76,600		Net investment income - Annualized return of 5%.
Net investment income (loss)	5,800	67,200	73,000		
Increase in net assets	\$ 35,900	113,700	149,600		

NOTE(s):  
 (1) Projection is based upon 2009 results which do not yet include final year end adjustments. Most significantly the estimated claims liability adjustment.

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

	December 31,	
	2009	2008
<b>ABBVNS</b>		
<b>Investments:</b>		
United States government and government agency debt:		
Corporate debt	\$ 690,935	647,234
Common stock index fund	379,490	251,877
Total investments	<u>1,070,425</u>	<u>899,111</u>
Receivables:		
Employer contributions, less allowance for uncollectible contributions (2)	85,582	90,855
Other, primarily investment related	47,536	21,225
Total receivables	<u>133,118</u>	<u>112,080</u>
Cash	502	230
Assets held in securities lending collateral pool	335,955	310,615
Other, primarily furniture and equipment - net	2,367	1,593
Total assets	<u>1,891,916</u>	<u>1,631,607</u>
<b>LIABILITIES</b>		
Estimated benefits (3)	187,152	194,700
Liability to return collateral held under securities lending agreements	337,287	313,101
Checks drawn against future deposits	3,933	4,904
Payable for securities purchased	65,397	9,701
Accounts payable and accrued expenses	16,444	7,159
Total liabilities	<u>610,193</u>	<u>529,565</u>
<b>NET ASSETS</b>	<u>\$ 1,281,723</u>	<u>\$ 1,102,042</u>

**NOTES:**

- (1) Does not include final year end adjustments.
- (2) Allowance for uncollectible contributions:
- (3) Includes estimated claims liability adjustments:

	\$ 1,643	1,224
	0	(1,600)

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

	December		Year Ended	
	2009 (1)	2008	2009 (1)	2008
Contributions	\$ 88,317	89,329	1,139,557	1,188,782
Benefits and expenses:				
Benefits paid	76,269	73,676	1,000,622	1,024,199
Changes to liabilities for benefits	487	3,662	(7,548)	(1,600)
TeamCare administrative fees	2,443	2,604	29,080	30,005
General and administrative expenses	3,100	3,513	36,029	38,424
Total benefits and expenses	<u>82,299</u>	<u>83,455</u>	<u>1,058,183</u>	<u>1,091,028</u>
Increase in net assets before net investment income (loss)	6,018	5,874	81,374	97,754
Investment income (loss):				
Interest and dividends	3,105	3,917	39,173	47,366
Realized and unrealized gain (loss) on investments, net	(7,200)	18,687	59,680	(126,125)
Investment expenses	(49)	(43)	(546)	(512)
Net investment income (loss)	<u>(4,144)</u>	<u>22,561</u>	<u>98,307</u>	<u>(79,271)</u>
Increase in net assets	1,874	28,435	179,681	18,483
NET ASSETS:				
Beginning of period	<u>1,279,849</u>	<u>1,073,607</u>	<u>1,102,042</u>	<u>1,083,559</u>
End of period	<u>\$ 1,281,723</u>	<u>1,102,042</u>	<u>1,281,723</u>	<u>1,102,042</u>

NOTE(s):  
(1) Does not include final year end adjustments.

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

	December		Year Ended	
	2009 (1)	2008	2009 (1)	2008
Operations:				
Contributions	\$ 96,122	110,705	1,147,006	1,204,574
Benefits paid, net (2)	(80,219)	(99,907)	(984,650)	(1,032,875)
	15,903	20,798	162,356	271,699
Payroll	(1,978)	(1,040)	(10,490)	(19,496)
Employee benefits	(712)	(867)	(8,666)	(0,535)
Fees and services (primarily Teamcare)	(2,573)	(2,990)	(31,677)	(32,108)
Rent	(186)	(220)	(1,708)	(2,731)
Office	(423)	(517)	(3,098)	(4,753)
Other	(266)	(257)	(2,126)	318
	(6,230)	(6,599)	(65,557)	(67,305)
Net from operations	9,665	14,099	96,799	104,394
Net (to) from investments	(9,248)	(13,890)	(96,527)	(104,305)
Increase in cash	417	209	272	9
Cash:				
Beginning of period	85	21	238	221
End of period	\$ 502	230	502	230

NOTE(s):  
 (1) Does not include final year end adjustments.  
 (2) Includes decrease in overdraft of: \$ (1,594)  
 (3) Includes \$537 rent abatement due to amended lease. (1,425)

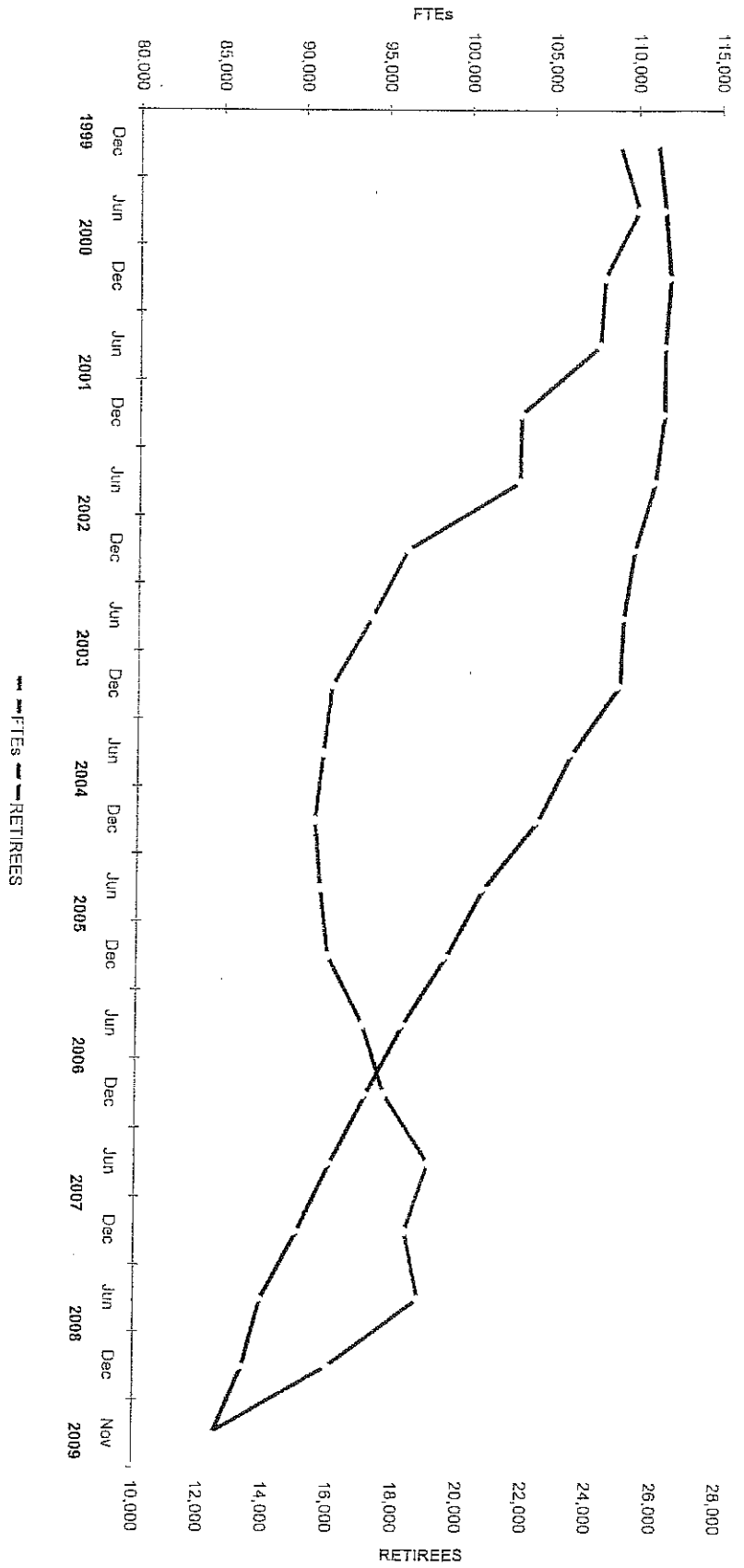
(971) (399)

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# Central States Health and Welfare Fund

## Full Time Equivalents vs. Retirees

### December 1999 Through November 2009



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