

CENTRAL STATES PENSION FUND
FINANCIAL AND ANALYTICAL INFORMATION
DECEMBER 31, 2014

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**PENSION FUND
FINANCIAL REPORT**
December 31, 2014 and the Twelve Months Then Ended
Does Not Include Final Year End Adjustments
Dollars in Thousands

1. Net assets were \$17,865,631 at December 31, 2014, compared to \$18,740,759 at December 31, 2013, a decrease of \$875,128 compared to an increase of \$975,500 for the same period last year.

The \$1,850,628 difference is due to \$1,942,347 less net investment income offset by \$91,719 more net operating income.

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

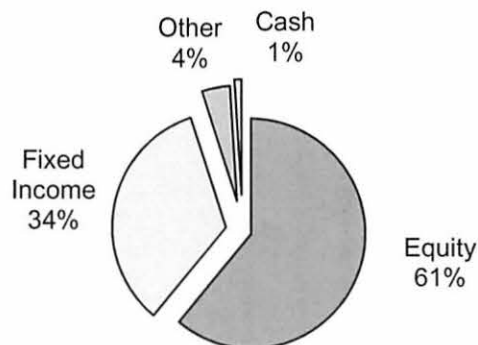
As of:	Actives	Retirees
November 2014	61,219	208,244
December 2013	60,657	209,721
Eleven-month average:		
November 2014	61,234	208,941
November 2013	62,301	210,563
% decrease	(1.71)%	(0.77)%

3. For the twelve months ended December 2014, the Fund's net asset decrease from operations (before investment income) was \$2,042,556 compared to a decrease of \$2,134,275 for the same period in 2013, or a \$91,719 favorable change:

- \$92,335 more contributions, primarily an increase in withdrawal liability income,
- \$260 less benefits and
- (\$876) more general and administrative expenses.

4. During the twelve months ended December 2014 and 2013, the Fund withdrew \$2,028,398 and \$2,050,749 respectively, from investment assets to fund the cash operating deficit.

5. Investment asset allocation as of December 31, 2014:



Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Financial Position
 December 31, 2014
 (Dollar amounts in thousands)

	December 31, 2014	(1)	December 31, 2013	Change in Net Assets	
				Dollars	Percentage
Investments					
Cash equivalents	\$ 652,095		503,084	149,011	0.8
Fixed income	5,285,215		5,067,648	217,567	1.2
Equity	11,323,307		12,412,410	(1,089,103)	(5.8)
Other	671,877		834,714	(162,837)	(0.9)
Total investments	<u>17,932,494</u>		<u>18,817,856</u>	<u>(885,362)</u>	<u>(4.7)</u>
Investment related assets	2,559,894		2,302,621	257,273	1.4
Employer contributions receivable, net	86,254		82,385	3,869	-
Other assets	<u>7,775</u>		<u>4,196</u>	<u>3,579</u>	<u>-</u>
Total assets	<u>20,586,417</u>		<u>21,207,058</u>	<u>(620,641)</u>	<u>(3.3)</u>
Investment related liabilities	2,512,363		2,287,176	(225,187)	(1.2)
Other liabilities	<u>208,423</u>		<u>179,123</u>	<u>(29,300)</u>	<u>(0.2)</u>
Total liabilities	<u>2,720,786</u>		<u>2,466,299</u>	<u>(254,487)</u>	<u>(1.4)</u>
NET ASSETS	\$ <u>17,865,631</u>		<u>18,740,759</u>	<u>(875,128)</u>	<u>(4.7)</u>

Note(s):

(1) Does not include final year end adjustments.

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Central States, Southeast and Southwest Areas Pension Fund
 Executive Summary of Financial Operations
 December 31, 2014
 (Tabular dollar amounts in thousands)

	<u>Year-to-Date</u>		<u>Change from Prior Year</u>		
	<u>2014</u>	<u>(1)</u>	<u>2013</u>	<u>Dollars</u>	<u>Percentage</u>
<u>INCOME & EXPENSES</u>					
Contributions (includes W/L)	\$ 817,367		725,032	92,335 (2)	12.7
Benefits	2,822,248		2,822,508	260	-
General and administrative expenses	<u>37,675</u>		<u>36,799</u>	<u>(876)</u>	(2.4)
Change in net assets before net investment income(loss)	(2,042,556)		(2,134,275)	91,719	N/A
Net investment income(loss)	<u>1,167,428</u>		<u>3,109,775</u>	<u>(1,942,347)</u>	N/A
Change in net assets	<u>\$ (875,128)</u>		<u>975,500</u>	<u>(1,850,628)</u>	N/A
<u>OPERATING STATISTICS</u>					
Benefits to contributions	345.3 %		389.3 %		
General and administrative expenses to:					
Contributions	4.6 %		5.1 %		
Benefits	1.3 %		1.3 %		
Eleven-month average FTEs	61,234		62,301		
Contributions per average FTE	\$ 13,348		11,638		
Benefits per average FTE	\$ 46,090		45,304		
Pensioners and beneficiaries - current month	208,047		209,721		
Current month average benefit per pensioner and beneficiary	\$ 1,127		1,117		

Note(s):

(1) Does not include final year end adjustments.

(2) Primarily an increase in withdrawal liability income.

Central States, Southeast and Southwest Areas Pension Fund
Executive Summary of Current and Projected Operations
For Year Ending December 31, 2015
(Dollar amounts in thousands)

	Projection		
	January 2015	Remainder of 2015	Year Ending December 2015
Contributions (includes W/L)	\$ 60,500	574,800	635,300
Benefits	235,400	2,588,700	2,824,100
General and administrative expenses	<u>3,200</u>	<u>35,200</u>	<u>38,400</u>
Change in net assets before net investment income(loss)	\$ <u><u>(178,100)</u></u>	<u><u>(2,049,100)</u></u>	<u><u>(2,227,200)</u></u>

Assumptions Used in 2015 Projections

Contributions - No change in plan mix and \$49.7 million in estimated withdrawal liability income.

Benefits - Level benefits.

General and administrative expenses - 2% increase over 2014.

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

	<u>December 31,</u> 2014	<u>(1)</u>	<u>December 31,</u> 2013	<u>2012</u>
ASSETS				
Investments:				
Cash equivalents	\$	652,095	503,084	866,454
Fixed income		5,285,215	5,067,648	4,584,906
Equity		11,323,307	12,412,410	11,970,744
Other, primarily real estate related		671,877	834,714	336,430
Total investments		<u>17,932,494</u>	<u>18,817,856</u>	<u>17,758,534</u>
Receivables:				
Employer contributions, less allowance for uncollectible contributions (2)		86,254	82,385	86,934
Interest and dividends		62,986	55,082	44,677
Other, primarily for securities sold		354,717	412,160	34,161
Total receivables		<u>503,957</u>	<u>549,627</u>	<u>165,772</u>
Cash		1,295	1,320	2,412
Assets held in securities lending program		2,142,191	1,835,379	1,340,179
Other, primarily furniture and equipment - net		6,480	2,876	1,292
Total assets		<u>20,586,417</u>	<u>21,207,058</u>	<u>19,268,189</u>
LIABILITIES				
Liability to return collateral held under securities lending agreements		2,142,191	1,835,379	1,343,398
Payable for securities purchased		357,263	439,737	57,041
Accounts payable and accrued expenses (3)		67,121	64,601	56,354
Deferred withdrawal liability receipts		154,211	126,582	46,137
Total liabilities		<u>2,720,786</u>	<u>2,466,299</u>	<u>1,502,930</u>
NET ASSETS	\$	<u>17,865,631</u>	<u>18,740,759</u>	<u>17,765,259</u>

Note(s):

(1) Does not include final year end adjustments.

(2) Allowance for uncollectible contributions:	\$	71,814	71,930	74,785
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Reserve for YRC included in above allowance:	\$	60,593	60,593	65,473
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(3) Includes a liability for 401(h) plan assets:	\$	48,057	44,545	37,078
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Central States, Southeast and Southwest Areas Pension Fund
Statement of Changes in Net Assets
(In thousands)

	December		Twelve Months Ended December			
	2014	(1)	2013	2014	(1)	2013
Revenue:						
Contributions	\$ 45,974		43,315	584,557		571,104
Withdrawal liability	11,132		31,911	232,810	(2)	153,928
Total revenue	57,106		75,226	817,367		725,032
Benefits and expenses:						
Benefits to participants	234,948		234,589	2,822,248		2,822,508
General and administrative expenses	3,411		3,229	37,675		36,799
Total benefits and expenses	238,359		237,818	2,859,923		2,859,307
Change in net assets before net investment income(loss)	(181,253)		(162,592)	(2,042,556)		(2,134,275)
Investment income(loss):						
Interest, dividends and other	32,141		34,087	370,171		348,708
Realized and unrealized gain(loss) on investments, net	(161,860)		232,183	843,945		2,807,635
Investment expenses	(3,498)		(4,168)	(46,688)		(46,568)
Net investment income(loss)	(133,217)		262,102	1,167,428		3,109,775
Change in net assets	(314,470)		99,510	(875,128)		975,500
NET ASSETS:						
Beginning of period	18,180,101		18,641,249	18,740,759		17,765,259
End of period	\$ 17,865,631		18,740,759	17,865,631		18,740,759

Note(s):

(1) Does not include final year end adjustments.

(2) Includes \$41 million from Sysco Corp and \$35 million from Cretex.

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

	Years Ended			
	2013	2012	2011	2010
Revenue:				
Contributions	\$ 571,104	568,878	545,533	502,886
Withdrawal liability	153,928	188,828	173,227	119,415
Total revenue	<u>725,032</u>	<u>757,706</u>	<u>718,760</u>	<u>622,301</u>
Benefits and expenses:				
Benefits to participants	2,822,508	2,823,581	2,826,596	2,806,934
General and administrative expenses	36,799	34,498	35,038	35,627
Total benefits and expenses	<u>2,859,307</u>	<u>2,858,079</u>	<u>2,861,634</u>	<u>2,842,561</u>
Change in net assets before net investment income(loss)	(2,134,275)	(2,100,373)	(2,142,874)	(2,220,260)
Investment income(loss):				
Interest, dividends and other	348,708	379,051	388,829	430,198
Realized and unrealized gain(loss) on investments, net	2,807,635	1,881,196	(393,546)	2,151,686
Investment expenses	(46,568)	(44,490)	(46,493)	(59,707)
Net investment income(loss)	<u>3,109,775</u>	<u>2,215,757</u>	<u>(51,210)</u>	<u>2,522,177</u>
Change in net assets	975,500	115,384	(2,194,084)	301,917
NET ASSETS:				
Beginning of period	<u>17,765,259</u>	<u>17,649,875</u>	<u>19,843,959</u>	<u>19,542,042</u>
End of period	<u>\$ 18,740,759</u>	<u>17,765,259</u>	<u>17,649,875</u>	<u>19,843,959</u>

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

	December		Twelve Months Ended December	
	2014	(1)	2014	(1)
Operations:				
Contributions	\$ 54,438	56,113	580,542	572,902
Benefits paid, net (2)(3)	(235,342)	(38,481)	(2,822,084)	(2,822,571)
	<u>(180,904)</u>	<u>17,632</u>	<u>(2,241,542)</u>	<u>(2,249,669)</u>
Payroll	(1,692)	(1,645)	(16,145)	(15,941)
Employee benefits	(756)	(800)	(7,456)	(7,532)
Fees and services	(698)	(280)	(4,103)	(2,726)
Rent	(140)	(132)	(1,663)	(1,717)
Office	(293)	(246)	(8,359)	(8,850)
Withdrawal liability receipts	20,777	34,599	255,774	234,417
Other	(809)	2,345	(5,522)	(1,084)
	<u>16,389</u>	<u>33,841</u>	<u>212,526</u>	<u>196,567</u>
Net from operations	(164,515)	51,473	(2,029,016)	(2,053,102)
Investments:				
Net sales(purchases)	138,418	(83,024)	1,707,728	1,760,498
Interest and dividends	28,594	36,649	367,080	337,794
Management fees	(2,760)	(4,048)	(45,817)	(46,282)
Investments, net	<u>164,252</u>	<u>(50,423)</u>	<u>2,028,991</u>	<u>2,052,010</u>
Change in cash	(263)	1,050	(25)	(1,092)
Cash:				
Beginning of period	<u>1,558</u>	<u>270</u>	<u>1,320</u>	<u>2,412</u>
End of period	<u>\$ 1,295</u>	<u>1,320</u>	<u>1,295</u>	<u>1,320</u>
Note(s):				
(1) Does not include final year end adjustments.				
(2) Includes change in overdraft:	\$ (394)	(587)	163	(62)
(3) Includes timing for EFT funding:	\$ 0	196,695	0	0

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

	Years Ended			
	2013	2012	2011	2010
Operations:				
Contributions	\$ 572,902	568,834	548,181	525,899
Benefits paid, net (1)	(2,822,571)	(2,823,666)	(2,826,482)	(2,806,913)
	<u>(2,249,669)</u>	<u>(2,254,832)</u>	<u>(2,278,301)</u>	<u>(2,281,014)</u>
Payroll	(15,941)	(15,364)	(15,693)	(15,728)
Employee benefits	(7,532)	(7,113)	(7,358)	(7,417)
Fees and services	(2,726)	(2,341)	(2,285)	(3,285)
Rent	(1,717)	(1,658)	(1,437) (2)	(1,481) (3)
Office	(8,850)	(7,659)	(7,917)	(7,306)
Withdrawal liability receipts	234,417	217,745	171,303	85,307
Other	(1,084)	1,394	(1,409)	(697)
	<u>196,567</u>	<u>185,004</u>	<u>135,204</u>	<u>49,393</u>
Net from operations	(2,053,102)	(2,069,828)	(2,143,097)	(2,231,621)
Investments:				
Net sales(purchases)	1,760,498	1,731,937	1,814,358	1,873,869
Interest and dividends	337,794	380,470	382,884	412,939
Management fees	(46,282)	(44,704)	(49,908)	(63,844)
Investments, net	<u>2,052,010</u>	<u>2,067,703</u>	<u>2,147,334</u>	<u>2,222,964</u>
Change in cash	(1,092)	(2,125)	4,237	(8,657)
Cash:				
Beginning of period	<u>2,412</u>	<u>4,537</u>	<u>300</u>	<u>8,957</u>
End of period	<u>\$ 1,320</u>	<u>2,412</u>	<u>4,537</u>	<u>300</u>

Note(s):

(1) Includes change in overdraft:	\$ (62)	(84)	113	22
(2) Includes rent abatement of \$248.				
(3) Includes unused building improvement allowance of \$229.				

Central States Pension Fund

Full Time Equivalents vs. Retirees
December 2008 Through November 2014

