Western Conference of Teamsters Pension Plan

Financial Statements

December 31, 2008

WESTERN CONFERENCE OF TEAMSTERS
PENSION PLAN

FINANCIAL STATEMENTS WITH ADDITIONAL INFORMATION

DECEMBER 31, 2008 AND 2007

CONTENTS

LINDQUIST LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Participants and Trustees of
Western Conference of Teamsters Pension Plan

We have audited the accompanying statements of net assets available for benefits of the Western Conference of Teamsters Pension Plan (the Plan) as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2008, and changes therein for the year then ended and its financial status as of December 31, 2007 and changes therein for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Lindquist LLP

September 10, 2009

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Western Conference of Teamsters
Pension Plan

Statements of Net Assets Available for Benefits

December 31, 2008 and 2007

	2008	2007
Assets		
Investments - at fair value		
U.S. Government and Government Agency obligations	$ 2,420,128,785	$ 2,373,972,761
Corporate debt securities	2,116,434,509	3,048,364,675
Equity securities	1,814,258,699	4,101,399,728
Insurance company contracts	8,652,570,073	8,741,371,851
Common/commingled trusts	6,463,059,763	9,913,712,636
Real estate	1,035,177,217	1,221,790,047
Limited partnerships	805,732,357	59,930,797
Foreign debt securities	82,710,274	132,195,618
Cash and cash equivalents	406,969,516	833,818,704
	23,797,041,193	30,426,556,817
Securities on loan:		
U.S. Government and Government Agency obligations	92,004,791	263,028,174
Corporate debt securities	23,117,605	30,788,099
Equity securities	133,331,332	380,464,923
Insurance company contracts	2,174,500,308	2,418,556,506
	2,422,954,036	3,092,837,702
Fair value of collateral held for securities on loan	2,026,856,624	3,071,713,410
Total investments	28,246,851,853	36,591,107,929
Receivables		
Contributions due from employers	92,236,021	92,189,260
Accrued investment income	113,770,663	99,332,968
Swaps receivable from counterparties	417,258,321	934,343,418
Forward foreign currency contracts	2,182,861	1,019,925
Due from broker for securities sold	259,170,715	840,451,247
Total receivables	884,618,581	1,967,336,818
Other assets	18,208,427	19,771,472
Cash	3,566,992	6,769,610
Total assets	29,153,245,853	38,584,985,829
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	17,744,379	89,447,671
Due to broker for securities purchased	880,445,436	1,171,736,394
Securities sold not yet purchased	386,319,906	912,209,336
Swaps payable to counterparties	419,094,124	921,754,428
Forward foreign currency contracts	2,010,396	1,158,040
Liability to return collateral held for securities on loan	2,491,281,569	3,166,114,014
Total liabilities	4,196,895,810	6,262,419,883
Net assets available for benefits	$ 24,956,350,043	$ 32,322,565,946

See accompanying notes to financial statements.

WESTERN CONFERENCE OF TEAMSTERS
PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
ADDITIONS		
Investment income (loss)		
Interest, dividends and other investment income	$ 1,028,282,553	$ 1,073,832,875
Net appreciation (depreciation) in fair value of investments	(7,143,764,719)	801,289,037
Net depreciation in fair value of collateral for securities on loan	(370,024,341)	(94,400,604)
	(6,485,506,507)	1,780,721,308
Less investment expenses	(93,011,901)	(105,660,824)
Investment income (loss) - net	(6,578,518,408)	1,675,060,484
Employer contributions	1,350,529,596	1,320,358,226
Securities litigation settlement	277,552	1,609,949
Other income	1,471,490	1,049,068
Total additions	(5,226,239,770)	2,998,077,727
DEDUCTIONS		
Pension benefits	2,059,600,837	1,996,395,774
Administrative expenses	80,375,296	73,833,185
Total deductions	2,139,976,133	2,070,228,959
NET CHANGE	(7,366,215,903)	927,848,768
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	32,322,565,946	31,394,717,178
End of year	$ 24,956,350,043	$ 32,322,565,946

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying financial statements are prepared using the accrual basis of accounting.

Investment Valuation, Transactions and Income Recognition -

General - Investments are carried at fair value which is determined, presented and disclosed in accordance with FAS No. 157, *Fair Value Measurements* (FAS 157), effective January 1, 2008. Under FAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price"), in an orderly transaction between market participants at the measurement date.

FAS 157 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Plan. Unobservable inputs reflect the Plan's assumptions about inputs market participants would use in pricing the investments developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels, based on the inputs, as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active, quoted prices for similar investments in active markets or model-based valuations for which all significant assumptions are observable and can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs that are supported by little or no market activity and are significant to the overall fair value measurement. Values are determined using proprietary pricing models, discounted cash flow models that include the investment entities' own judgments and estimations or some other pricing method using unobservable inputs.

In determining fair value, FAS 157 allows various valuation approaches. The specific method for each of the Plan's investment classes are presented below.

Valuation Methods -

U.S. Government and Government Agency obligations. The fair value of U.S. government and government agency obligations is generally based on quoted market prices in active markets (Level 1). When quoted prices are not available, valuation is determined using a market based model in which valuation consideration is given to yield or price of comparable securities, coupon rate, maturity, credit quality and dealer provided prices (Level 2).

Corporate debt securities. The fair value of corporate debt securities which are actively traded are based on quoted market prices in active markets (Level 1). The fair value of corporate debt securities which are not traded in active markets are generally determined based on a model that uses inputs that may include interest-rate yield curves, that are similar to the valued obligations in terms of issuer, maturity and seniority (Level 2).

Equity securities. The fair value of common stocks is generally based on quoted market prices in active markets (Level 1). When quoted prices are not available, valuation is determined from dealer prices based on a model where consideration is given to recent transactions and comparable securities (Level 2).

Insurance company contracts. The insurance company contracts consist of investments of various types, including U.S. Government and Government Agency obligations, corporate debt securities, cash and cash equivalents, real estate, pooled separate accounts, mortgages and unallocated insurance contracts. The underlying assets in the insurance company contracts invested in U.S. Government and Government Agency obligations and corporate debt securities are valued as described above.

Pooled separate accounts. Investments in the Temporary Investment Account (TIA) are stated at the principal amount invested plus income earned (Level 2). Investments in the Union Mortgage Account (UMA), which is composed primarily of mortgages, are valued at estimated fair value using Prudential's Asset Liability Pricing System (ALPS). The discount rates are calculated from the current treasury yield curve and the mortgage spreads corresponding to each loan's quality rating. The discount rates are then used to calculate the loan's estimated fair value based on the scheduled cash flows. The estimated fair value of the mortgages may be adjusted for such factors as contractual prepayment options or losses in the fair value of the underlying real estate. The credit quality ratings are reviewed annually by an outside appraisal firm and are monitored by the portfolio manager throughout the year for events that could affect the quality of the mortgages (Level 2). The underlying investments in PRISA and PRISA II real estate accounts are valued at estimated fair value, based upon appraisal reports prepared by independent real estate appraisers no less frequently than annually (Level 3).

Real estate. Investments in the insurance company contract real estate account, WCOT, are valued at the estimated fair value, determined no less frequently than annually by Prudential Investment Management (PIM) and at least once every three years by independent real estate appraisers (Level 3). Investments in real estate accounts (UBS Brinson and TA Realty Associates - TA/Western LLC) are valued at estimated fair value based on appraisal reports prepared by independent real estate appraisers and/or the account's investment manager. The accounts that are appraised by the investment manager are required to be independently appraised at least once every three years (Level 3).

Cash and cash equivalents. The value of temporary cash held in short-term investment funds is based on quoted prices for similar assets in active markets (Level 2). Temporary cash held in banks is valued at cost which approximates fair value (Level 1).

Unallocated insurance contracts. Investments in the Prudential Fixed Dollar Account are stated at the principal amount invested plus income earned (Level 2).

Common/commingled trusts. Common/commingled trusts consist primarily of units in the Mellon Bank EB Daily Valued Market Completion Fund, Mellon Bank EB Daily Valued Stock Index Fund, Mellon Bank EB International Equity Alpha Plus Fund, Northern Trust Global Investment Quantitative Management Collective Daily Small Cap Equity Index Fund, Northern Trust Global Investment Quantitative Management Collective Daily S&P 500 Equity Index Fund, Russell 3000 Alpha Tilts Fund and Invesco Global Asset Allocation Alpha Overlay International Equity Fund. The common/commingled trusts hold investments in domestic and foreign equity securities, debt securities and units in other affiliated and unaffiliated commingled trusts. The underlying assets may be valued based on quoted market prices, independent pricing services or by dealers making a market for certain securities. The unit values of the common/commingled trusts are determined by dividing the underlying net asset values (assets less liabilities) by the outstanding number of units (Level 2).

Limited partnerships (private equity) - The Plan's investments in Yucaipa American Alliance Fund I, LP, a limited partnership, and Yucaipa American Alliance Fund II, LP, a limited partnership (collectively, the Yucaipa Funds) are composed of private equity investments, equity-related investments and investments in debt or other securities providing equity-type returns. The underlying investments in the Yucaipa Funds are recorded at estimated fair value. Investments in securities for which market quotations are readily available are valued at market value. Investments in securities for which market quotations are not readily available are valued at estimated fair value as determined by the general partners of the Yucaipa Funds using valuation methodologies after giving consideration to a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment (Level 3).

The Plan's investments in Landmark Equity Partners XIII, L.P. and Landmark Equity Partners XIV, L.P. (Landmark), are limited partnerships which are composed of a diversified portfolio of interests in limited partnership interests in venture capital funds, buy-out funds and mezzanine funds, as well as certain direct private equity and equity-related investments, primarily through secondary market purchases. The investments in limited partnerships and direct investments for which readily ascertainable market values are not available are reported at estimated fair value as determined by Landmark's General Partner. Factors utilized in estimating fair value include industry trends, public company comparables and other recent transactions (Level 3).

The Plan's investment in WP Global Partners COREalpha Private Equity Partners II, L.P. (WP Global), a limited partnership, is composed of other investment partnerships. The investments in the other investment partnerships are valued at estimated fair value. In determining the estimated fair value of the other investment partnerships, WP Global takes into consideration the valuations reported by the general partners of these partnerships. Generally, the following guidelines are used: Private securities are valued at the discretion of the general partner. Typically, the methodology used is either to value a company at cost, adjusted by subsequent financing rounds with independent non-strategic investors or determine fair value based on information that is available using material factors such as other recent transactions, industry trends and public company comparables. Public securities are valued by the general partners at either the closing price or at the average closing price of up to 10 trading days (or at closing bid or average of bids, if not traded). Restricted securities may be valued at a discount by the general partner (Level 3).

The Plan's investment in UBS International Infrastructure Fund (UBS IIF), a limited partnership, is composed of other parallel United Kingdom limited partnerships. The UBS IIF invests primarily in infrastructure assets located in the Organization for

Economic Cooperation and Development (OCED) region. Investments are initially recognized at cost. Subsequent to initial recognition, all investments are measured at estimated fair value. The fair value of the investments that are not traded in an active market have been determined using valuation techniques appropriate for each investment including discounted cash flow analysis and comparable transaction multiples in accordance with the International Private Equity and Venture Capital Valuations Guidelines. These valuation techniques make use of assumptions that are based on market conditions existing at each valuation date (Level 3).

The Plan's investment in JPMorgan Infrastructure Fund (JP Morgan), a limited partnership, invests primarily in infrastructure assets located in the OCED region. The investments are composed primarily of non-marketable infrastructure assets whose values are estimated based on third-party appraisals at least once per year. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices. The carrying value of all assets with third-party debt is adjusted to reflect the impact of the difference between the contract interest rate on the asset's indebtedness and the prevailing market interest rate at which the face amount of the indebtedness could be refinanced (Level 3).

The Plan's investment in BlackRock Vesey Street Fund IV (ERISA), L.P. (BlackRock), a limited partnership is one of a series of parallel funds (the BlackRock Funds) originally established as part of the BlackRock Diversified Private Equity Program IV. Direct investments are stated at estimated fair value as determined in good faith by BlackRock's General Partner, giving consideration to available market prices, type of security held, purchase price, purchases of the same or similar securities by other investors, marketability, restriction on disposition, yield-to-maturity, the original purchase price multiple, purchase multiples paid in other comparable third-party transaction, current financial position and operating results, and any other pertinent data. Any investee funds are stated at estimated fair value as determined in good faith by BlackRock's General Partner giving consideration to BlackRock's net contributions to the respective investee funds, its allocable share of their undistributed profits and losses and the fair value of their investment as reported to BlackRock (Level 3).

The Plan's investment in Pantheon USA Fund VIII, L.P. (Pantheon), a limited partnership, is composed of a diversified portfolio of private equity investment partnerships primarily operating in the United States. Pantheon's fund investments are stated at estimated fair values as determined in good faith by Pantheon's General Partner and is generally based on the valuation provided by the general partners or manager of such investments. The valuations provided by the general partner or managers typically reflect the estimated fair value of Pantheon's proportionate share of the capital account balance of each investment fund. The values of the investments in the underlying partnerships are generally increased by additional contributions to the underlying partnerships and Pantheon's share of net earnings from the underlying investments and decreased by distributions from the underlying investments and Pantheon's share of gains and losses from the underlying partnerships (Level 3).

The Plan's investment in Dover Street VII, L.P. (Dover), a limited partnership, is composed of investments in other limited partnerships or other pooled investment vehicles which invest in equity-oriented investments in growing emerging companies in the United States, Europe, Latin America, Asia, and emerging private equity markets. Dover's investments are stated at estimated fair value as determined by Dover's General Partner. In estimating fair value, Dover's General Partner takes into consideration the information received from those partnerships, including their financial statements, the currency in which the investment is denominated and other information deemed appropriate (Level 3).

The Plan's investment in Hamilton Lane Capital Opportunities Fund L.P. (Hamilton Lane), a limited partnership, is composed of other private, collective investment funds that make private equity and equity-related investments which have varying investment strategies and geographical focuses. The fund-of-funds strategy is intended to allow Hamilton Lane to achieve broad diversification within the private equity investment market. Hamilton Lane's investments are stated at estimated fair value as determined by Hamilton Lane's General Partner and considers various factors, including current net asset valuation of the funds, the financial statements and other financial information provided by the general partners of the funds. Most of the funds' underlying investments are generally required to be valued at estimated fair values using present value and other subjective valuation techniques. For investments held by the funds that are publicly traded and for which market quotations are available, valuations are generally based on the closing sales prices, or an average of the closing bid and ask prices, as of the valuation date (Level 3).

Collateral held for securities on loan. Cash collateral for securities on loan with the custodial bank has been reinvested in various types of debt securities whose values are determined using a model based approach. Cash collateral for securities on loan through Prudential have been reinvested in the Dryden Core Short Term Bond Account (Level 2).

Futures contracts and options. Futures contracts and options that are publicly traded in active markets are valued at closing prices as of the last business day of the year (Level 1). Other futures contracts and options are valued at their fair value as determined in good faith in accordance with the procedures adopted by the investment manager. Such procedures include obtaining quotes from pricing agents and utilizing pricing models based on available market data (Level 2).

Swap agreements. Swap agreements are recorded on the contract date. Amounts payable or receivable under the swap agreements are included on a net basis as a receivable from or payable to the swap counterparty on the statement of net assets available for benefits. As no market quotations are readily available, swap agreements are valued at estimated fair value, as determined by the investment manager, utilizing pricing models based on available market data (Level 2).

***Valuation Methods, Consistency* -**
The valuation techniques used in the accompanying financial statements have been consistently applied.

***Transactions and Income Recognition* -**
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Contributions Receivable - Employer contributions due and not paid prior to the year-end are recorded as contributions receivable. Contributions owed as a result of payroll audits or other delinquencies are recorded when received. Allowance for uncollectible accounts is considered unnecessary and is not provided.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service which participants have rendered. Accumulated Plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present active participants or their beneficiaries.

Equipment and Other Fixed Assets - The Plan's computer equipment and other fixed assets are recorded at cost. Furniture and computer equipment are depreciated using the straight-line method. Internally developed software is amortized using the straight-line method. Enhancements to internally developed software that result in additional functionality are capitalized.

Depreciation and amortization is calculated using the following estimated useful lives:

Furniture	7 years
Computer equipment	3 years
Internally developed software	10 years

Depreciation and amortization expense for the years ended December 31, 2008 and 2007 was $2,770,410 and $2,732,363, respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties - The actuarial present value of accumulated plan benefits is calculated based on certain assumptions pertaining to interest rates, participant demographics and other assumptions, all of which are subject to change. Due to the inherent uncertainty of the assumption process, it is at least reasonably possible that changes in these assumptions in the near term would be material to the disclosure to the financial statements of actuarial present value of accumulated plan benefits.

The Plan invests in equity securities, corporate debt securities, mortgages, real estate, futures, swaps, limited partnerships and other investment securities. Such investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty with respect to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the Western Conference of Teamsters Pension Plan (the Plan) is provided for general information purposes only. Participants should refer to the summary plan description for complete information.

General - The Plan was established pursuant to the Western Conference of Teamsters Pension Agreement and Declaration of Trust dated April 26, 1955, to provide and maintain retirement, death and termination benefits for employees in collective bargaining units represented by local unions affiliated with the Western Conference of Teamsters. The Plan defines the retirement, death and termination benefits to be provided, the conditions of eligibility for those benefits, the terms of payment and other necessary or appropriate items. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Board of Trustees - The Plan is administered by a Board of Trustees (Trustees) composed of 14 union trustees and 14 employer trustees. The Trustees are selected from the various geographic areas served by the Plan.

NOTE 2. DESCRIPTION OF THE PLAN (CONT'D)

Area Administrative Offices - The Trustees have engaged administrative organizations (Area Administrative Offices) to perform administrative and managerial functions for the Plan. The Trustees have also engaged one of these administrative organizations (Overall Administrative Office) to oversee the Area Administrative Offices and to implement the policies of the Trustees.

The Trustees have also contracted with the Area Administrative Offices for services relating to the testing of contributing employers' records. The purpose of the testing is to determine that the proper amount of contributions has been made. The fees for these services are included in the Administrative Offices expense.

Insurance Company - The Plan is party to two group annuity contracts with Prudential Insurance Company of America (Prudential): one is a participating annuity contract (GA-8216); the other is an investment-only contract (GA-8217) (see Note 11). Benefit payments and administrative services are provided under both contracts.

Retirement Benefits - The Plan's normal retirement benefits are determined using a two-step defined benefit formula.

The first formula is the five-year average benefit formula. This formula is used to determine an eligible participant's retirement benefits for service before 1987. Under this formula, monthly retirement benefits are based on the length of a participant's service and the rate of employer contributions payable for the participant's last five years of service; although service after 1986 is not recognized for this formula, employer contribution rates payable on behalf of active participants through the end of 1991 are recognized in determining retirement benefits.

The second formula is the contribution account benefit formula. This formula is used to determine an eligible participant's retirement benefits for contributory service after 1986 and, if the participant is first covered by the Plan after 1986, for noncontributory service when applicable. Under this formula, monthly retirement benefits are based on a percentage of total employer contributions payable for all of the participant's non-forfeited service after 1986.

NOTE 2. DESCRIPTION OF THE PLAN (CONT'D)

The Plan was amended and the benefit accrual rates were changed for the years 2007 through 2009 and later as follows:

Calendar Year	Less than 20 Years of Service	20 Years of Service or More
2007	1.65%	1.65%
2008	2.00%	2.65%
2009 and later	1.20%	1.20%

Benefits earned by a nonvested participant may be permanently forfeited under certain conditions.

For participants who earned a year of vesting service after December 31, 1990, the vesting period was reduced from 10 years to five years.

Early Retirement Benefits - The three conditions for early retirement benefits eligibility are that a participant:

- be a vested participant,
- has reached the earliest retirement date, and
- has retired from employment

The Plan allows certain eligible participants to retire early and receive a retirement benefit equal to 100% of the normal retirement benefit. The subsidized early retirement benefits provided under the Plan are subject to payment of increased contribution surcharges.

Disability Retirement Benefits - The five conditions for disability retirement benefits eligibility are that a participant:

- be a vested participant or an age pensioner,
- meet the recent coverage requirement,
- be receiving disability insurance benefits under the Federal Social Security Act,
- be under age 65 when meeting the first three conditions, and
- remain continuously disabled from the disability onset date to the date of meeting the first three conditions.

Participants eligible for disability retirement benefits receive a benefit in the amount of the early retirement benefit, if eligible, but no less than 85% of their normal retirement benefit.

NOTE 2. DESCRIPTION OF THE PLAN (CONT'D)

Other Benefits - Surviving spouses and children are entitled to monthly survivor benefits under certain conditions. Also, beneficiaries of retired participants and of nonretired participants are entitled to death benefits under certain conditions as determined under the Plan.

NOTE 3. PRIORITIES UPON TERMINATION

It is the intent of the Trustees to continue the Plan in full force and effect; however, the right to discontinue the Plan is reserved to the Trustees. Termination shall not permit any part of the Plan assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event of termination, the net assets of the Plan will be allocated to pay benefits in priorities as prescribed by ERISA and its related regulations. Whether or not a particular participant will receive full benefits should the Plan terminate at some future time will depend on the sufficiency of the Plan's net assets at that time and the priority of those benefits.

Certain benefits under the Plan are guaranteed by Prudential (see Note 11). In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. The PBGC does not guarantee all types of benefits and the amount of any individual participant's benefit protection is subject to certain limitations, particularly with respect to benefit increases as a result of plan amendments in effect for less than five years. Some benefits may be fully or partially provided for while other benefits may not be provided at all.

NOTE 4. TAX STATUS

The Plan obtained its latest determination letter on August 30, 2001 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements under Section 401(a) of the Internal Revenue Code and was, therefore, exempt from federal income taxes under the provisions of Section 501(a). The Plan has been amended since receiving the determination letter. However, the Trustees and Plan's counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 5. FUNDING POLICY

The Trust Agreement provides that the Trustees shall establish and adjust the levels of prospective plan benefits so that the employer contributions received by the Plan will always meet the minimum funding standards of Section 302 of ERISA and Section 412 of the Internal Revenue Code of 1986. The Trustees have established a funding policy that specifies funding targets that may result in more rapid funding than prescribed by the minimum funding standards and provide for benefit adjustments based on specified funding targets.

Employer contributions are determined from employment hours reported by participating employers and the contractual employer contribution rates in effect.

The Plan's actuary has advised that the minimum funding requirements of ERISA are being met as of January 1, 2008 and 2007.

NOTE 6. ACTUARIAL INFORMATION

Actuarial valuations of the Plan were made by McGinn Actuaries Ltd. as of January 1, 2008 and 2007. Information in the reports included the following:

	January 1,	
	2008	2007
Actuarial present value of accumulated plan benefits:		
Vested benefits		
Participants currently receiving payments	$ 17,622,884,000	$ 16,960,798,000
Other participants	12,811,243,000	11,979,747,000
Total	30,434,127,000	28,940,545,000
Nonvested benefits	1,908,318,000	1,853,268,000
Total actuarial present value of accumulated plan benefits	$ 32,342,445,000	$ 30,793,813,000

NOTE 6. ACTUARIAL INFORMATION (CONT'D)

As reported by the actuary, the changes in the present value of accumulated plan benefits for the year ended January 1, 2008 were as follows:

Actuarial present value of accumulated plan benefits at beginning of year		$ 30,793,813,000
Increase (decrease) during the year attributable to:		
Change in actuarial assumptions	$ 426,060,000	
Benefits accumulated	729,244,000	
Increase due to decrease in discount period	2,133,282,000	
Benefits paid	(1,996,396,000)	
Other experience	256,442,000	1,548,632,000
Net change		
Actuarial present value of accumulated plan benefits at end of year		$ 32,342,445,000

NOTE 6. ACTUARIAL INFORMATION (CONT'D)

The method used in the valuation was the Entry Age Actuarial Cost Method. The significant actuarial assumptions used are as follows:

Assumed rates of return on investments and the rates used to discount liabilities specially backed by dedicated asset investments:

Fixed Dollar Account:	7.20% for 2008 decreasing gradually to 6.50% in 2015 and thereafter.
82/84 Annuity Account:	5.26% (2008), 5.54% (2007).
Strategic Bond Account:	6.20% (2008), 6.26% (2007).
Assumed rates of return on remaining investments and the rates used to discount remaining liabilities	7.00% for 2008 and thereafter.
Expenses:	$77 million per year (2008); $75 million per year (2007)
Rates of age retirements:	Tables developed from plan experience based on years of service, eligibility for PEER and other factors.
Rates of employee termination:	Tables developed from plan experience based on separate rates for non-seasonal and seasonal employees.
Rates of mortality for retirements:	Tables developed from the RP-2000 mortality tables and adjustment factors for non-retired participants and age retirees and beneficiaries (2008). Tables developed from the male and female 1983 Group Annuity Mortality tables with a one-year age setback for male pensioners and with a two-year set-up for female pensioners (2007).
Rates of mortality for disability retirements:	Tables developed from plan experience.
Survivor benefit cost:	Family composition tables from the 15th Actuarial Valuation published by the Railroad Retirement Board.

NOTE 6. ACTUARIAL INFORMATION (CONT'D)

The January 1, 2008 valuation reflects the change in the benefit accrual rate for 2008.

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. Pension benefits in excess of the present assets of the Plan are dependent upon contributions received under collective bargaining agreements with employers and income from investments.

Since information on the accumulated plan benefits at December 31, 2008 and the changes therein for the year then ended are not included above, these financial statements do not purport to present a complete presentation of the financial status of the Plan as of December 31, 2008 and the changes in its financial status for the year then ended, but only a presentation of the net assets available for benefits and the changes therein as of and for the year ended December 31, 2008. The complete financial status is presented as of December 31, 2007.

NOTE 7. INVESTMENTS

The following summary presents fair value for each of the Plan's investment categories:

	December 31, 2008	December 31, 2007
Investments at fair value as determined by quoted market price:		
Corporate debt securities	$ 2,947,712	$ -
U.S. Government and Government Agency obligations	147,334,416	-
Equity securities	1,946,690,918	4,481,864,651
Foreign debt securities	3,878,062	
Cash and cash equivalents	759,262	-
Insurance company contracts:		
Corporate debt securities	12,321,579	-
	2,113,931,949	4,481,864,651
Investments at estimated fair value based on models, cash flow analyses, or other observable inputs:		
U.S. Government and Government Agency obligations	2,364,799,160	2,637,000,935
Corporate debt securities	2,136,604,402	3,079,152,774
Equity securities	899,113	-
Insurance company contracts:		
U.S. Government and Government Agency obligations	3,536,405,328	3,789,047,978
Corporate debt securities	3,341,916,980	3,872,443,158
Cash and cash equivalents	209,847,210	96,039,388
Pooled separate accounts	1,421,757,947	887,552,991
Mortgages	33,966,407	47,915,590
Unallocated insurance contracts	170,043,654	191,120,958
Common/commingled trusts	6,463,059,763	9,913,712,636
Foreign debt securities	78,832,212	132,195,618
Securities lending collateral (see Note 10)	2,026,856,624	3,071,713,410
Cash and cash equivalents	406,210,254	833,818,704
	22,191,199,054	28,551,714,140
Investments at estimated fair value as determined by the investment manager:		
Insurance company contracts:		
Real estate	1,104,016,826	1,162,900,275
Pooled separate accounts	996,794,450	1,112,908,019
Real estate	1,035,177,217	1,221,790,047
Limited partnerships	805,732,357	59,930,797
	3,941,720,850	3,557,529,138
Total	$ 28,246,851,853	$ 36,591,107,929

NOTE 7. INVESTMENTS (CONT'D)

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	December 31, 2008	December 31, 2007
Investments at estimated fair value:		
Insurance company contracts:		
Prudential Insurance Company of America, Group Annuity Contract GA-8216	$ 4,422,070,521	$ 4,498,106,615
Prudential Insurance Company of America, Group Annuity Contract GA-8217	6,404,999,860	6,661,821,742
Common/commingled trusts:		
Barclays Russell 3000 Alpha Tilts Fund	1,588,499,998	3,608,265,969
MCM International Fund	-	2,345,749,207

NOTE 7. INVESTMENTS (CONT'D)

The Plan's investments including investments bought, sold, or held during the year, appreciated (depreciated) in value as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
Investments at fair value as determined by quoted market price:		
Corporate debt securities	$ 499,701	$ -
U.S. Government and Government Agency obligations	2,714,088	-
Equity securities	(1,168,027,183)	(59,833,523)
Foreign debt securities	(18,174,824)	(1,131,714)
Futures contracts	(257,985,184)	27,749,779
Securities sold short	124,080,096	-
Forward foreign currency contracts	994,152	(1,245,492)
Insurance company contracts:	-	
Corporate debt securities	(3,990,639)	-
	(1,319,889,793)	(34,460,950)
Investments at estimated fair value based on models, cash flow analyses, or other observable inputs:		
U.S. Government and Government Agency obligations	52,612,974	25,790,504
Corporate debt securities	(1,000,518,288)	21,377,593
Equity securities	(350,888)	-
Insurance company contracts:		
U.S. Government and Government Agency obligations	309,181,903	132,632,693
Corporate debt securities	(225,635,579)	42,295,685
Pooled separate accounts	(13,312,675)	(1,426,511)
Mortgages	(4,665,492)	(295,855)
Common/commingled trusts	(4,149,752,774)	282,564,906
Foreign debt securities		
Swap agreemwnts	(1,818,586)	11,665,031
	(5,034,259,405)	514,604,046
Investments at estimated fair value as determined by the investment manager:		
Insurance company contracts:		
Real estate	(290,114,982)	97,581,910
Pooled separate accounts	(227,952,718)	101,062,377
Real estate	(145,761,925)	99,637,869
Limited partnerships	(125,785,896)	12,509,994
Limited liability company	-	10,353,791
	(789,615,521)	321,145,941
Total	$ (7,143,764,719)	$ 801,289,037

NOTE 7. INVESTMENTS (CONT'D)

The Plan's invested securities lending collateral depreciated in value as follows:

	Year Ended December 31, 2008	2007
Investments at estimated fair value:		
Reinvested custodial bank securities	$ (10,549,308)	$ -
Insurance company contracts:		
Dryden Core Short Term Bond Account	(359,475,033)	(94,400,604)
Total unrealized losses on reinvested collateral	$ (370,024,341)	$ (94,400,604)

NOTE 8. INVESTMENTS AT FAIR VALUE DEFINITION AND HIERARCHY

Effective January 1, 2008, investments are carried at fair value which is determined in accordance with FAS No. 157, *Fair Value Measurements* (FAS 157). Under FAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

FAS 157 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Plan. Unobservable inputs reflect the Plan's assumption about the inputs market participants would use in pricing the investments developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Plan has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active, quoted prices for similar investments in active markets and model-based valuations for which all significant assumptions are observable and can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs that are supported by little or no market activity and are significant to the overall fair value measurement. Values are determined using proprietary pricing models, discounted cash flow models that include the investment entities' own judgments and estimations or some other pricing method using unobservable inputs.

Assets measured at fair value on a recurring basis based on their fair value hierarchy at December 31, 2008 are as follows:

		Fair Value Measurements at Reporting Date Using:		
Description	December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government and Government Agency obligations	$ 2,512,133,576	$ 147,334,416	$ 2,364,799,160	$ -
Corporate debt securities	2,139,552,114	2,947,712	2,136,604,402	-
Equity securities	1,947,590,031	1,946,690,918	899,113	-
Insurance company contracts	10,827,070,381	12,321,579	8,713,937,526	2,100,811,276
Common/commingled trusts	6,463,059,763	-	6,463,059,763	-
Real estate	1,035,177,217	-	-	1,035,177,217
Limited partnerships	805,732,357	-	-	805,732,357
Foreign debt securities	82,710,274	3,878,062	78,832,212	-
Cash and cash equivalents	406,969,516	759,262	406,210,254	-
Collateral for securities on loan	2,026,856,624	-	2,026,856,624	-
Total	$ 28,246,851,853	$ 2,113,931,949	$ 22,191,199,054	$ 3,941,720,850

NOTE 8. INVESTMENTS AT FAIR VALUE DEFINITION AND HIERARCHY (CONT'D)

A reconciliation of the activity from the beginning to the end of year for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31, 2008 is as follows:

		Fair Value Measurement Using Significant Unobserable Inputs (Level 3)			
Description	Balance, Beginning of year	Total Realized and Unrealized Gains and Losses, Included in Changes in Net Assets	Purchases. Sales, Issuances, Settlements, net	Transfers In and/or Out of Level 3	Balance, End of Year
Insurance company contracts:					
Real estate	$ 1,162,900,275	$ (290,114,982)	$ 66,700,814	$ 164,530,719	$ 1,104,016,826
Pooled separate accounts	1,112,908,019	(227,952,718)	58,382,149	53,457,000	996,794,450
Real estate	1,221,790,047	(145,761,925)	62,649,095	(103,500,000)	1,035,177,217
Limited partnerships	59,930,797	(125,785,896)	(13,541,582)	885,129,038	805,732,357
Total	$ 3,557,529,138	$ (789,615,521)	$ 174,190,476	$ 999,616,757	$ 3,941,720,850

For the year ended December 31, 2008, the amounts of total gain or loss, as shown above, and included in the changes in net assets available for benefits attributed to the unrealized gain and losses of assets still held at year-end are as follows:

Description	Unrealized Gains and Losses
Insurance company contracts:	
Real estate	$ (291,528,322)
Pooled separate accounts	(227,952,718)
Real estate	(145,692,527)
Limited partnerships	(125,957,850)
Total	$ (791,131,417)

NOTE 9. FINANCIAL INSTRUMENTS

As part of the total investment strategy, and to meet the primary objectives established by the Trustees, several of the Plan's investment managers utilize derivative financial instruments. Risks associated with derivatives vary widely, but generally may be categorized as market risk and credit risk. Market risk is defined as that risk associated with fluctuations in market price. Credit risk is defined as that risk associated with an entity not paying.

Some of the Plan's investment managers enter into options, warrants and rights, futures, swaps and forward currency exchange contracts. An option is a contract that grants the right, but not the obligation, to exercise a specific purchase or sales transaction at a stated exercise price. Warrants and rights are investment instruments similar to options. A futures contract is a standardized agreement between two parties to buy and sell an asset at a set price on a future date. The Plan enters into financial futures contracts solely for the purpose of hedging its existing portfolio securities, or securities the Plan intends to purchase, against fluctuations in fair value caused by changes in prevailing interest rates or as substitutes for cash securities permitted under the relative account guidelines. Upon entering into a financial futures contract, the Plan is required to pledge to the broker an amount in cash, United States government securities or other assets equal to a certain percentage of the contract amounts (initial margin deposit).

Subsequent payments, known as "variation margin," are made or received by the Plan each day, depending on the daily fluctuations in the fair value of the underlying security. The Plan recognizes an unrealized gain or loss equal to the daily variation margin. Should market conditions move unexpectedly, the Plan may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. When the contract is closed, the Plan recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets. The variation margin receivable/payable is included in accrued investment income on the statement of net assets available for benefits.

Credit default swaps (CDS) entered into by the Plan typically represent the exchange by a counterparty with the Plan of a commitment to provide credit protection for a commitment to receive interest at a fixed rate based on the potential risk of default of the relevant underlying issuer. Receiving credit protection from a counterparty tends to decrease the Plan's exposure to the underlying instrument held by the Plan. Such contracts may have a term of one to seven years, but typically require periodic interim settlement in cash. Credit default swaps are marked to market daily based on prices obtained from independent broker/dealers; and changes in value, as well as the accrual of the periodic coupon income, are recorded as unrealized appreciation or depreciation. Gains and losses on CDS agreements are realized upon termination of the swap contract and the periodic payments.

A credit default swap index (CDX) is a credit derivative used to hedge credit risk or to take a position on a group of credit entities. A CDX may be more liquid and trade at a smaller bid-offer spread. This means that it can be cheaper to hedge a portfolio of credit default swaps or bonds with a CDS index than it would be to buy many CDS to achieve a similar effect. Credit-default swap indexes are benchmarks for protecting the Plan's investments in bonds against default.

The Plan has entered into interest rate swap agreements. Through such transactions, the parties agree to pay on specific dates either a fixed or floating rate of interest on the contract amount. Risks in these transactions involve both the risk of counterparty nonperformance under the terms of the contract and the risk associated with changes in the market value of the swaps.

In addition, the Plan has entered into foreign currency forward contracts to protect its investments in foreign securities from price declines caused by changes in currency exchange rates. A foreign currency forward contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the value of the original contracts and the value upon closing of such contracts is included in net realized gain or loss on foreign currency transactions. Fluctuations in the value of open foreign currency forward contracts are recorded as unrealized gains and losses.

The Plan may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Plan sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which the short sale was made. A gain, limited to the price which the Plan sold the security short, or a loss, unlimited in size, will be recognized upon termination of the short sale.

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2008 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Stock Index Futures:				
Mar-09	S&P 500 Futures	Long	$ 707,029,000	$ 15,306,164
Bond Futures:				
Mar-09	2 Year U.S. Treasury Notes	Long	185,353,000	2,005,357
Mar-09	2 Year U.S. Treasury Notes	Short	(67,163,000)	(731,790)
Mar-09	5 Year U.S. Treasury Notes	Long	92,744,000	1,985,425
Mar-09	5 Year U.S. Treasury Notes	Short	(93,101,000)	(2,879,805)
Mar-09	10 Year U.S. Treasury Notes	Long	123,109,000	3,122,109
Mar-09	30 Year U.S. Treasury Bonds	Long	43,071,000	2,584,406
Mar-09	30 Year U.S. Treasury Bonds	Short	(31,613,000)	(1,172,983)
Euro Dollar Futures:				
Various thru Sep-09	Euro Dollar Futures	Long	172,622,000	3,687,136
Various thru Jun-08	Euro Dollar Futures	Short	(73,770,000)	(1,482,188)
Mar-09	Euro Bund	Long	42,863,000	32,875
Other Futures:				
Mar-09	UK Long Gilt Future	Long	16,509,000	1,040,313
	Total futures		$1,117,653,000	$ 23,497,019

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2008 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Options:				
Purchased Options:				
Various thru Jan-10	Common Stock Call Options	Long	$ 785,000	$ (1,029,634)
Various thru Mar-09	Common Stock Put Options	Long	3,232,000	1,135,597
Various thru Oct-09	Interest Rate Swap	Long	40,700,000	(947,568)
Written Options:				
Various thru Mar-09	Common Stock Call Options	Short	(189,000)	345,183
Various thru Jan-09	Common Stock Put Options	Short	(63,000)	(44,924)
Dec-11	Interest Rate Swap Call	Short	(6,200,000)	(107,249)
Dec-11	Interest Rate Swap Put	Short	(6,200,000)	88,383
Mar-09	90 Day Eurodollar Futures Call	Short	(987,000)	(600,879)
Mar-09	90 Day Eurodollar Futures Put	Short	(1,000)	148,907
Mar-09	10 Year U.S. Treas. Futures Call	Short	(3,495,000)	(3,098,292)
Mar-09	10 Year U.S. Treas. Futures Put	Short	(66,000)	669,723
	Total Options		$ 27,516,000	$ (3,440,753)
Right and Warrants:				
Various thru June-11	Common Stock Rights and Warrants		$ 9,447,000	$ 195,894

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2008 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Credit Default Swaps:				
Various thru Dec-11	Credit Default Swaps		$ 29,600,000	$ 3,640,869
Interest Rate Swaps:				
	Interest Rate Swaps		$ 495,800,000	$ 6,448,393
Credit Default Index Swaps:				
	Credit Default Index Swaps		$ 100,000,000	$ 4,158,048
Forward Contracts Foreign Currency:				
	Pay in CAD/Rec in USD			$ 112,036
	Pay in USD/Rec in CAD			(69,797)
	Pay in EUR/ Rec in USD			(2,279,351)
	Pay in USD/Rec in EUR			1,664,600
	Pay in GBP/Rec in USD			124,467
	Pay in MXN/Rec in USD			620,510
	Total Forward Contracts Foreign Currency			$ 172,465

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2007 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Stock Index Futures:				
Mar-08	S&P 500 Futures	Long	$ 674,711,000	$ 8,042,125
Bond Futures:				
Mar-08	2 Year U.S. Treasury Notes	Long	285,692,000	610,406
Mar-08	2 Year U.S. Treasury Notes	Short	(13,246,000)	(26,656)
Mar-08	5 Year U.S. Treasury Notes	Long	188,030,000	1,359,260
Mar-08	5 Year U.S. Treasury Notes	Short	(497,582,000)	(825,206)
Mar-08	10 Year U.S. Treasury Notes	Long	157,500,000	1,633,099
Mar-08	10 Year U.S. Treasury Notes	Short	(121,215,000)	(159,941)
Mar-08	30 Year U.S. Treasury Bonds	Long	111,950,000	(835,567)
Mar-08	30 Year U.S. Treasury Bonds	Short	(19,551,000)	200,725
Euro Futures:				
Various thru Jun-09	Euro Dollar Futures	Long	749,000,000	911,763
Various thru Sept-09	Euro Dollar Futures	Short	(204,000,000)	(329,050)
Mar-08	Euro Bund Futures	Long	45,400,000	(2,017,520)
Mar-08	Euro Bobl Futures	Long	7,100,000	(270,051)
Mar-08	Euribor Futures	Long	306,353,000	(213,516)
	Total futures		$ 1,670,142,000	$ 8,079,871

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2007 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Options:				
Purchased Options:				
Various thru Jan-09	Common Stock Call Options	Long	$ 994,000	$ (467,061)
Various thru Jan-08	Common Stock Put Options	Long	237,000	1,023,723
Aug-10	Interest Rate Swap 5.78% Call	Long	26,200,000	(312,042)
Aug-10	Interest Rate Swap 5.78% Put	Long	26,200,000	867,220
Written Options:				
Various thru Jan-09	Common Stock Call Options	Short	(5,375,000)	179,048
Various thru Jan-09	Common Stock Put Options	Short	(471,000)	(1,089,449)
Mar-08	10 Year U.S. Treas. Futures Call	Short	(37,872,000)	(681,983)
Mar-08	10 Year U.S. Treas. Futures Put	Short	(30,162,000)	75,494
	Total Options		$ (20,249,000)	$ (405,050)
Right and Warrants:				
Various thru Sept-09	Common Stock Rights and Warrants		$ 8,700,315	$ 1,596,315

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

Total open contracts and unrealized gain (loss) by category at December 31, 2007 consisted of the following:

Expiration	Open Contracts	Position	Notional/ Contractual Amount	Unrealized Gain (Loss)
Credit Default Swaps:				
Various thru Dec-11	Credit Default Swaps		$ 66,965,000	$ (1,571,505)
Interest Rate Swaps:				
	Interest Rate Swaps		$ 1,098,544,000	$ 10,288,398
Total Return Swaps:				
	Total Return Swaps		$ 27,400,000	$ 511,444
Forward Contracts Foreign Currency:				
	Pay in CAD/Rec in USD			$ 92,520
	Pay in USD/Rec in CAD			(44,542)
	Pay in EUR/ Rec in USD			(1,131,032)
	Pay in USD/Rec in EUR			1,009,615
	Pay in USD/Rec in GBP			(55,270)
	Pay in MXN/Rec in USD			7,569
	Pay in USD/Rec in MXN			(16,976)
	Total Forward Contracts Foreign Currency			$ (138,116)

NOTE 9. FINANCIAL INSTRUMENTS (CONT'D)

The accompanying financial statements reflect these unrealized gains and losses, not the gross value or notional amount of the underlying securities. At December 31, 2008 and 2007, approximately $77,765,000 and $43,656,000, respectively, have been pledged against the futures contracts to cover the initial margin and collateral requirements.

NOTE 10. SECURITIES LENDING

The Trustees authorized the Plan to enter into securities lending agreements with a custodial bank and Prudential (Lending Agents) to lend securities to third parties. The Lending Agents must obtain collateral from the borrowers in the form of cash or securities issued or guaranteed by the United States Government or its agencies equal to at least 102% (105% for foreign loans) of the market value of the loaned securities plus accrued income. The market value of the collateral is marked to market daily. Except as noted below, if the market value of the collateral is less than the minimum percentage (100%), the Lending Agents require additional collateral be delivered the following day to meet the required percentage of the market value of the loaned securities, plus accrued interest. During the time the securities are on loan, the Plan will continue to receive the interest and dividends or amounts equivalent thereto on the loaned securities. The right to terminate the loan is given to both the lenders and the borrowers, subject to appropriate notice. Upon termination of the loan, the borrowers will return to the lenders securities identical to the loaned securities and the collateral held by lenders will be returned to the borrowers.

The fair value of the securities on loan is as follows:

	December 31, 2008	December 31, 2007
Securities on loan, at fair value		
Custodial bank	$ 248,453,728	$ 674,281,196
Prudential	2,174,500,308	2,418,556,506
Total securities on loan	$ 2,422,954,036	$ 3,092,837,702

The Lending Agents are authorized to invest and reinvest any and all cash collateral. Cash collateral may be invested or reinvested in accordance with the investment guidelines set forth in the securities lending agreements. Prudential invested a portion of the cash collateral in the Dryden Core Short Term Bond Account (Dryden Bond Account), an approved vehicle for reinvested cash collateral. The custodial bank reinvested the cash collateral in a pool of approved securities.

NOTE 10. SECURITIES LENDING (CONT'D)

The fair value, unrealized losses and liability to return securities lending collateral is as follows:

	As of December 31, 2008		
	Liability to Return Collateral	Unrealized Loss	Fair Value of Collateral
Collateral for securities on loan			
Custodial bank	$ 256,897,350	$ (10,549,308)	$ 246,348,042
Prudential	2,234,384,219	(453,875,637)	1,780,508,582
	$2,491,281,569	$ (464,424,945)	$ 2,026,856,624

	As of December 31, 2007		
	Liability to Return Collateral	Unrealized Loss	Fair Value of Collateral
Collateral for securities on loan			
Custodial bank	$ 693,563,171	$ -	$ 693,563,171
Prudential	2,472,550,843	(94,400,604)	2,378,150,239
	$3,166,114,014	$ (94,400,604)	$ 3,071,713,410

As shown on the statements of changes in net assets available for benefits, the unrealized losses on the reinvested collateral for the years ended December 31, 2008 and 2007, were $370,024,341 and $94,400,604, respectively.

Although the Plan's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrowers of securities will be unable to collateralize their loan upon a sudden material change in the fair value of the loaned securities or collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts. To minimize risk, the Plan restricts counterparties to the highest quality firms. If a loan of securities is terminated and such securities are returned, the Plan could sustain realized losses on the collateral if it were necessary to liquidate collateral invested in the Dryden Bond Account.

NOTE 10. SECURITIES LENDING (CONT'D)

The Plan earned securities lending income (net of fees) totaling approximately $20,697,000 and $9,620,000, respectively, for the years ended December 31, 2008 and 2007. These amounts are included in investment income on the statement of changes in net assets available for benefits.

NOTE 11. NET ASSETS AVAILABLE FOR BENEFITS

The Plan allocates net assets available for benefits between Retired and Survivor Guaranteed Annuities, certain Non-Guaranteed Benefits for Retiree and Survivors and Non-Guaranteed Benefits for Future Retirees and Survivors. Effective January 1, 1998, the Plan entered into two insurance company group annuity contracts with Prudential which superseded the group annuity contract in effect since 1955. Under one contract, Prudential guarantees retirement benefits to a closed group of annuitants and their beneficiaries (Retired and Survivor Guaranteed Annuities). The initial contribution to this contract was $7.46 billion representing an amount equal to 105% of the Contract Liability Amount as of the effective date of the contract. This contract will remain in full force and effect until the date that there are no further annuity or other guaranteed payments payable under the contract. The contract will terminate at that time and the remaining assets held under the contract, if any, less any expenses or other fees, would be transferred back to the general Plan assets. Non-Guaranteed Benefits are covered by the remaining Plan assets including a second contract which consists of separate investment accounts that are managed by Prudential. The net assets available for benefits allocated between the Retired and Survivor Guaranteed Annuities, Non-Guaranteed Benefits for Retirees and Survivors, and Future Retirees and Survivors are summarized as follows:

	December 31,	
	2008	2007
Retired and Survivor Guaranteed Annuities	$ 4,123,193,035	$ 4,020,343,456
Non-Guaranteed Benefits for Retirees and Survivors	15,297,593,000	14,584,827,000
Non-Guaranteed Benefits for Future Retirees and Survivors	5,535,564,008	13,717,395,490
Net Assets Available for Benefits	$ 24,956,350,043	$32,322,565,946

NOTE 12. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2008	December 31, 2007
Net assets available for benefits per the financial statements	$ 24,956,350,043	$ 32,322,565,946
Benefit obligations currently payable	(11,504,070)	(8,565,880)
Net assets available for benefits per the Form 5500	$ 24,944,845,973	$ 32,314,000,066

The following is a reconciliation of benefits paid to or for participants per the financial statements to the Form 5500 for the year ended December 31, 2008:

Benefits paid to or for participants per the financial statements	$ 2,059,600,837
Add - amounts currently payable at end of year	11,504,070
Less - amounts currently payable at beginning of year	(8,565,880)
Benefits paid to or for participants per the Form 5500	$ 2,062,539,027

NOTE 13. COMMITMENTS

The Plan has the following commitments to fund investments in 2009:

	Year of Commitment	Initial Commitment	Remaining Commitment
Private equity investments:			
Yucaipa American Alliance Fund I L.P.	2004	$ 50,000,000	$ 5,294,000
Yucaipa American Alliance Fund II L.P.	2007	$ 100,000,000	$ 73,937,000
Landmark Partners XIII	2006	$ 50,000,000	$ 10,707,000
Landmark Partners XIV	2008	$ 100,000,000	89,000,000
WP Global COREAlpha II	2007	$ 75,000,000	$ 63,189,000
BlackRock-Vesey Street Portfolio IV	2007	$ 75,000,000	$ 71,625,000
Hamilton Lane-Capital Opportunities Fund	2007	$ 75,000,000	$ 61,042,000
HarbourVest Dover Street VII	2008	$ 100,000,000	$ 83,000,000
Pantheon USA Fund VIII L.P.	2008	$ 100,000,000	$ 90,000,000
UBS Intl. Infrastructure Fund	2008	$ 300,000,000	$ 123,480,000
Real estate:			
Western Conference of Teamsters (WCOT)	2006	$ 500,000,000	$ 174,016,000
PRISA II	2007	$ 240,800,000	$ 78,020,000
UBS Brinson	2007	$ 100,000,000	$ 74,038,000

NOTE 14. EMPLOYER WITHDRAWAL LIABILITY

The Plan complies with the provisions of the Multiemployer Pension Plan Amendment Act of 1980 (MEPPA) that requires imposition of withdrawal liability on a contributing employer that completely or partially withdraws from the Plan. Basically, a portion of the Plan's unfunded vested liability is allocated to a withdrawn employer based on certain comparisons of the employer's contribution history to the Plan compared to the contribution history of all active employers in the Plan.

NOTE 14. EMPLOYER WITHDRAWAL LIABILITY (CONT'D)

Beginning in 2004, the Plan's unfunded vested benefit liability exceeded the actuarial value of its assets and, therefore, employers who withdrew from the Plan in 2004 and 2005 were assessed a withdrawal liability unless the amount of the liability was de minimis ($50,000). As of December 31, 2005, the actuary determined the Plan's vested benefit liability was fully funded. As a result, employers withdrawing from the Plan in 2008 and 2007 were not subject to withdrawal liability. During the years ended December 31, 2008 and 2007, approximately $540,000 and $507,000, respectively, were collected from employers who withdrew from the Plan during 2004 and 2005.

NOTE 15. CONTINGENCIES

In November 2008, a participant filed a putative class-action lawsuit against the Plan in the United States District Court for the District of Arizona, asserting claims under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The lawsuit, *Wendell Becker, on behalf of himself and all others similarly situated, v. Western Conference of Teamsters Pension Trust et. al*, No. CV 08-02130-PHX-FJM, challenges the legality of the Plan's suspension of benefits provisions and procedures. The Plan is vigorously defending the lawsuit and at this time it is not possible to determine whether there is a likelihood of an unfavorable outcome in this matter.

ADDITIONAL INFORMATION

LINDQUIST LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS ON ADDITIONAL INFORMATION

To the Participants and Trustees of
Western Conference of Teamsters Pension Plan

Our audits of the financial statements of Western Conference of Teamsters Pension Plan (the Plan) as of and for the years ended December 31, 2008 and 2007 were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information that appears on pages 40 through 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of the Plan's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lindquist LLP

September 10, 2009

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Western Conference of Teamsters Pension Plan

Schedules of Administrative Expenses

Years Ended December 31, 2008 and 2007

	2008	2007
Administrative offices	$ 43,567,210	$ 40,811,724
Prudential administrative fees	12,309,119	10,909,153
Legal fees	2,074,248	1,863,714
Actuarial fees	1,052,188	1,028,981
Pension Benefit Guaranty Corporation premiums	4,816,596	4,196,910
State premium taxes (Prudential)	1,209,754	1,266,621
Delinquency collection fees	412,511	385,830
Consultants' fees	2,360,172	1,532,777
Insurance	756,207	744,162
Printing and postage	1,769,930	816,986
Trustees' travel and meetings	390,322	338,429
Interest	39,142	34,263
Accounting and auditing	221,460	177,584
Chairman/Co-Chairman	783,743	669,311
Banking	85,764	57,504
Data processing related expenses:		
IT support and operations	4,419,874	4,762,627
TRACS operations (Prudential)	3,901	4,030
Communications	381,146	447,702
Depreciation and amortization	2,770,410	2,732,363
Maintenance and supplies	746,701	861,401
Other	204,898	191,113
Total	$ 80,375,296	$ 73,833,185

Western Conference of Teamsters
Pension Plan

Schedule of Investments and Investment Results by Investment Manager

As of and for the Year Ended December 31, 2008

	Investments	Investment Income	Unrealized Gains (Losses), Net	Realized Gains (Losses), Net
Investments with Prudential				
Insurance Company of America:				
Strategic Bond Account (GA - 8216)	$ 3,829,156,458	$ 220,671,456	$ 55,974,466	$ 15,895,750
Strategic Bond Account (GA - 8217)	1,617,705,331	79,877,955	117,911,236	19,503,249
82/84 Annuity Account	278,424,805	14,799,979	207,903	3,155,509
Fixed Dollar Account	170,702,654	14,432,995		-
Property Investment Separate Acct (PRISA)	523,047,285	31,377,627	(109,378,841)	-
Property Investment Separate Acct II (PRISA II)	473,747,165	27,004,522	(118,573,877)	-
Enhanced Bond Index Acct (GA - 8217)	1,402,826,609	116,218,786	(106,863,737)	(16,895,602)
Union Mortgage Account (UMA)	99,713,629	6,805,546	(12,955,206)	(357,469)
Mortgage Investment Separate Acct (MORISA)	33,966,407	3,092,024	(4,665,492)	-
Western Conference of Teamsters (WCOT)	1,104,016,826	66,700,814	(291,528,322)	1,413,340
Temporary Investment Acct (GA - 8216)	39,199,959	228,000	-	-
Temporary Investment Acct (GA - 8217)	1,282,844,359	5,662,422	-	-
	10,855,351,487	586,872,126	(469,871,870)	22,714,777
Mellon Capital Management	1,577,764,510	-	(939,942,847)	56,067,809
Mellon Capital Management - International	886,203,519	19,303	(1,014,279,838)	4,600,351
UBS Brinson Real Estate	645,203,121	38,503,830	(77,954,034)	(69,398)
Northern Trust	1,487,820,783	293,030	(926,938,552)	85,966,879
W.R. Huff Asset Management	12,925,483	745,921	2,078,442	(5,135,077)
Dodge & Cox	1,146,973,489	81,466,031	(79,217,336)	(10,204,969)
TA Realty Associates - TA/Western LLC	389,974,096	24,891,664	(67,738,493)	
Goldman Sachs Asset Management - Bonds	1,098,122,022	97,079,802	(166,411,450)	(28,125,760)
Goldman Sachs Asset Management - Equity	778,347,724	31,872,552	(338,303,024)	(334,013,022)
Camden Asset Management	714,632,584	45,953,570	(292,218,237)	(199,507,014)
Barclays Global Investors	1,588,499,998	-	(1,014,138,293)	26,167,977
Invesco	598,240,487	18,584,487	(242,549,084)	(73,768,743)
Invesco Global Tactical Asset Allocation	566,275,938	92,487	(427,256,260)	
INTECH	570,562,540	16,679,706	(250,098,272)	(98,033,998)
BlackRock	825,836,109	43,294,993	(67,673,246)	11,815,530
Western Asset Management	776,025,496	40,215,123	(102,148,408)	9,383,272
Mellon Transition Account	16,184	178,183	1,700	(11,178,335)
Landmark Equity Partners	36,919,522	(177,034)	(8,018,257)	1,143,680
Yucaipa American Alliance Funds	61,344,108	1,313,601	2,434,706	(945,191)
WP Global COREalpha II	9,560,641	193,376	(653,545)	-
BlackRock Vesey Street Fund IV	(2,985,705)	(400,643)	(5,343,714)	11,923
JP Morgan Infrastructure Fund ERISA, L.P.	493,041,728	229,892	(98,207,722)	-
Hamilton Lane Capital Opportunities Fund, L.P.	10,850,019	(683,542)	(2,483,628)	27,686
HarbourVest Dover Street VII Cayman Fund, L.P.	17,358,086	(361,530)	864,347	(66,144)
Pantheon USA Fund VIII, L.P.	8,287,194	(265,011)	(1,174,286)	-
UBS International Infrastructure Fund	171,356,764	1,690,636	(13,375,751)	-
	25,324,507,927	$ 1,028,282,553	$ (6,600,616,952)	$ (543,147,767)
Plus: Net investment receivables/payables	895,487,302			
Plus: Securities lending collateral	2,026,856,624			
Investments, at fair value	$ 28,246,851,853			

WESTERN CONFERENCE OF TEAMSTERS PENSION PLAN

SCHEDULE OF INVESTMENTS AND INVESTMENT RESULTS BY INVESTMENT MANAGER

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

	Investments	Investment Income	Unrealized Gains (Losses), Net	Realized Gains (Losses), Net
Investments with Prudential				
Insurance Company of America:				
Strategic Bond Account (GA - 8216)	$ 3,915,014,578	$ 261,459,900	$ 60,882,506	$ 40,744,799
Strategic Bond Account (GA - 8217)	1,428,391,439	72,106,643	38,802,065	15,459,073
82/84 Annuity Account	289,508,774	15,878,444	3,848,386	3,253,440
Fixed Dollar Account	192,585,958	17,561,602	-	-
Property Investment Separate Acct (PRISA)	601,048,499	31,895,497	57,690,254	-
Property Investment Separate Acct II (PRISA II)	511,859,520	20,092,756	43,372,123	-
Enhanced Bond Index Acct (GA - 8217)	2,224,897,881	123,326,283	10,695,173	1,181,229
Union Mortgage Account (UMA)	113,122,143	7,213,637	(1,463,405)	36,894
Mortgage Investment Separate Acct (MORISA)	47,915,590	3,566,864	(291,857)	(3,998)
Western Conference of Teamsters (WCOT)	1,162,900,275	55,425,285	72,795,056	24,786,854
Temporary Investment Acct (GA - 8216)	41,308,320	593,372	-	-
Temporary Investment Acct (GA - 8217)	733,122,528	4,835,464	-	-
	11,261,675,505	613,955,747	286,330,301	85,458,291
Mellon Capital Management	1,569,049,974	-	70,819,153	12,740,417
Mellon Capital Management - International	2,345,749,288	29,630	89,738,068	-
UBS Brinson-Aetna Real Estate Acct 260	788,222,723	38,057,600	24,323,480	22,373,977
Northern Trust	1,545,904,933	154	67,455,773	13,471,622
W.R. Huff Asset Management	31,086,522	977,153	(8,480,565)	5,818,592
Dodge & Cox	1,454,958,063	79,511,246	(5,976,856)	1,677,940
TA Realty Associates - TA/Western LLC	433,567,324	30,643,116	52,559,448	380,964
Goldman Sachs Asset Management - Bonds	1,495,585,406	75,485,772	14,675,018	8,467,141
Goldman Sachs Asset Management - Equity	2,613,711,346	48,271,903	(124,198,814)	54,232,817
Goldman Sachs Global Tactical Asset Allocation	-	4,397,284	1,356,909	8,730,318
Camden Asset Management	1,160,404,264	61,976,745	(16,544,623)	24,356,676
Barclays Global Investors	3,608,265,969	-	(27,088,305)	15,927,922
Invesco	895,985,327	17,244,953	(63,488,149)	87,125,526
Invesco Global Tactical Asset Allocation	554,500,000	-	39,507,678	(7,422)
INTECH	902,025,371	16,843,448	(22,678,554)	69,668,509
BlackRock	838,404,913	41,679,957	13,390,757	(2,200,365)
Western Asset Management	828,587,392	44,308,107	(22,373,974)	12,738,539
Mellon Transition Account	68,762	314,933	1,870,538	(3,379,704)
Landmark Equity Partners	28,491,078	54,677	3,265,940	2,481,301
Yucaipa American Alliance Funds	25,224,470	80,450	(10,220,051)	17,779,402
WP Global COREalpha II	6,215,249	-	(796,598)	-
	32,387,683,879	$ 1,073,832,875	$ 363,446,574	$ 437,842,463
Plus: Net investment receivables/payables	1,131,710,640			
Plus: Securities lending collateral	3,071,713,410			
Investments, at fair value	$ 36,591,107,929			