

Central Pennsylvania Teamsters Pension Fund

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MARTIN L. CULLEN, Assistant Administrator

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December 10, 2012

To: All Participating Local Unions and Employers

Re: Funding Improvement Plan

Introduction

Under the Pension Protection Act of 2006 ("PPA"), a multiemployer plan's actuary must certify a plan's funded status for a plan year within 90 days after the start of that plan year. As indicated in the notice you received in April 2012 (the "Notice"), the actuary for the Central Pennsylvania Teamsters Defined Benefit Plan (the "Fund" or "Plan") certified the Plan as being in "Endangered Status" for the Plan Year beginning January 1, 2012.

As the plan sponsor of a plan in Endangered Status, the Board of Trustees is required under the PPA to develop a Funding Improvement Plan. This Funding Improvement Plan must consist of schedules provided to the Fund's Contributing Employers and Local Unions ("Bargaining Parties") showing revised benefit structures, contribution structures, or both, that are designed to have the Fund achieve certain mandated benchmarks by the end of the applicable Funding Improvement Period (the "Schedules").

More specifically:

1. The Plan's Funding Improvement Period is the 10-year period beginning on January 1, 2015, the first day of the first plan year beginning after the second anniversary of the date of the adoption of the Funding Improvement Plan.
2. By the end of the Funding Improvement Period, the Plan's funded percentage must equal or exceed a percentage equal to the sum of the funded percentage as of the beginning of the Funding Improvement Period, January 1, 2015 plus 33% of the difference between 100% and that January 1, 2015 funded percentage.
3. The Plan must not have an accumulated funding deficiency for any plan year during the Funding Improvement Period.

The Trustees must provide the Schedules to the Bargaining Parties within 30 days of the adoption of the Funding Improvement Plan. Trustees of plans in Endangered Status must include two proposals: one that reduces the amount of future benefit accruals sufficiently to achieve the required benchmarks, assuming no contribution increases other than those necessary after future benefit accruals have been reduced to zero (the "Default Schedule"), and another

based upon increases in the amount of contributions necessary to achieve the required benchmarks, assuming no changes in future benefit accruals.

The Funding Improvement Plan that has been adopted by the Trustees is set forth below. Unless otherwise indicated, all capitalized terms used in these Funding Improvement Plan Schedules shall have the definitions and meanings assigned to them in the Fund's Plan Document.

I. Funding Improvement Plan Schedules of Contribution and Benefit Levels

The Board of Trustees has the sole and absolute authority and discretion to amend, construe and apply the provisions of this Funding Improvement Plan including the Schedules. Subject to the sole discretion of the Trustees, a Schedule is adopted when the Trustees receive substantiation that a collective bargaining agreement or other agreement requiring contributions to the Fund ("CBA") includes terms consistent with the requirements of a Schedule. In general, the Trustees will consider the Bargaining Parties to have adopted a particular Schedule, and will consider the terms of a CBA to be consistent with the Funding Improvement Plan, when a Schedule is adopted in accordance with the Schedule's requirements.

Based on actuarial projections of assets and liabilities, reasonable assumptions of anticipated employer contributions for the current and succeeding plan years, an assumption that the terms the collective bargaining agreements pursuant to which the Plan is maintained for the current plan year will continue in effect for succeeding plan years, and a projection of activity in the industry, including future covered employment and contribution levels (as provided by the Plan Sponsor), the actuary of the Plan has projected that by the end of the Funding Improvement Period, the Plan will emerge from Endangered Status under the following schedules.

The Trustees hereby provide the following two schedules, the Contributions Schedule and the Benefit Reduction Schedule, to the Bargaining Parties.

A. Contributions Schedule

If the Bargaining Parties agree to the Contributions Schedule, the following are the applicable benefit and contribution schedules.

1. Benefits

There are no benefit adjustments under the Contributions Schedule.

2. Contributions

Contributions rates under the Contributions Schedule require a 9.6% increase.

B. Benefit Reduction Schedule

If the Bargaining Parties agree to the Benefit Reduction Schedule, or if the Bargaining Parties fail to agree to any Schedule within 180 days of the expiration of the applicable collective bargaining agreement, provided the Plan is still in Endangered Status, the Benefit Reduction Schedule (or "Default Schedule") is imposed by law and the following are the applicable benefit and contribution schedules.

1. Benefits

The Future Service Monthly Benefit is equal to 0.70% of aggregate Contributing Employer contributions made for Plan Years beginning on or after January 1, 2014.

This monthly benefit accrual continues to be subject to a \$140 maximum unless otherwise specified in the future.

2. Contributions

There are no contribution increases under the Benefit Reduction Schedule.

II. Additional Funding Improvement Schedules

The Trustees will amend the 2012 Funding Improvement Plan to include any other Schedules of benefit reductions and/or contribution increases as negotiated by the Bargaining Parties which are determined by the Plan actuary to be an acceptable actuarial alternative. One acceptable actuarial alternative is shown below:

A. Alternative Schedule One

1. Benefits

The Future Service Monthly Benefit is equal to 1.00% of aggregate Contributing Employer contributions made for Plan Years beginning on or after January 1, 2014. This monthly benefit accrual continues to be subject to a \$140 maximum unless otherwise specified in the future.

2. Contributions

Three consecutive annual contribution rate increases of 5.66%, 1.1%, and 1.1% are required.

Please consult with the Board of Trustees to determine if additional schedules are actuarially acceptable.

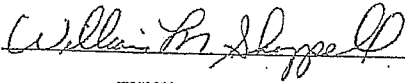
III. Annual Review of Funding Improvement Plan and Schedules

The Trustees, with the assistance of the Plan's actuary, will annually review and update the Funding Improvement Plan and its Schedules as required by law to the extent necessary for the Fund to continue making progress toward emerging from Endangered Status by the end of its Funding Improvement Period. If, for example, the Fund's actual experience does not reflect the assumptions used to develop the Funding Improvement Plan and its Schedules, the Trustees may amend or modify the Funding Improvement Plan and/or its Schedules, based on the advice of the Fund's actuary, to reflect the Fund's experience over the preceding Plan Year(s). However, if the Bargaining Parties have adopted a CBA that complies with one of the Schedules, the contribution rate requirements in the Schedules generally would continue for the duration of the CBA.

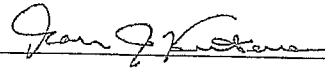
This Funding Improvement Plan and Schedules contained herein were adopted by the Board of Trustees on November 14, 2012.

Union Trustees

Employer Trustees



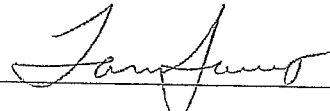
William M. Shappell, Chairman



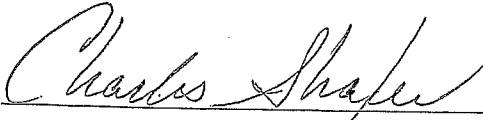
Tom J. Ventura, Secretary



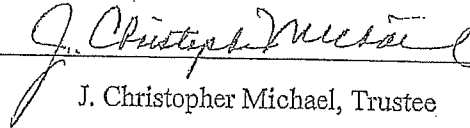
Howard W. Rhinier, Trustee



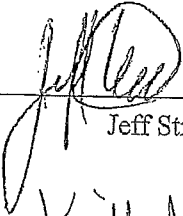
Tomm Forrest, Trustee



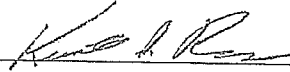
Charles Shafer, Trustee



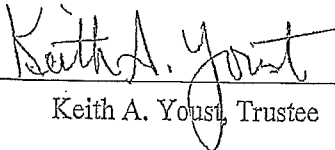
J. Christopher Michael, Trustee



Jeff Strause, Trustee



Kenneth A. Ross, Trustee



Keith A. Youst, Trustee



Daniel W. Schmidt, Trustee