PENSION WEST

A newsletter for participants in the Western Conference of Teamsters Pension Plan

Your Employer-Union Jointly Administered Pension Plan

Your Pension Plan Changes July 1

TRUSTEES CHANGE PLAN FORMULA TO SAFEGUARD BENEFITS

SPECIAL ISSUE

This newsletter explains how your Pension Plan formula is changing effective July 1, 2003. The change means that pension amounts earned for your future covered work will build up at a lower percentage rate. Benefit amounts earned for covered work before the change are not affected in any way. Current retirees will continue to receive the benefits promised to them at retirement.

At their January 2003 meeting, the joint union-employer Board of Trustees reviewed your Plan's financial condition based on extensive analysis by independent actuaries and professional advisors. After exploring many alternatives, the Trustees decided to lower the benefit percentage that working participants earn for future covered work beginning July 2003. While this percentage was raised during good times, it now needed to be lowered during tough times.

The change needed to take effect quickly to ensure that your Plan's historically strong funding levels are maintained and benefits protected. This action was the most prudent way to safeguard the benefits already earned by current participants and retirees—and those who retire in the future. It will slow down the rate at which future benefits build up until the required funding levels are restored. The change also means that the higher percentages paid during special bonus years will stop on June 30, 2003 (rather than December 31, 2005).

Even though your Plan's investments are carefully and conservatively managed, they are now in their third straight year of underperformance due to unprecedented declines in the financial markets. Long-term assets keep going down at the same time that long-term liabilities keep going up. That combined with the prospect of continued economic turmoil caused the Trustees to take immediate action to safeguard your Plan benefits.

The benefits that you have built up over the years are protected and cannot be reduced. No changes were made to the rules that affect eligibility for Plan benefits (including early retirement under PEER, disability, death and survivor benefits).

Current retirees will continue to receive the benefits promised to them at retirement. Retirees who decide to go back to covered work after July 1 will earn future benefits at the lower percentage rate.

As the chart shows, beginning July 2003 the contribution account percentage will be 1.20% for all covered hours regardless of your years of service. While the new percentage will be lower, it was not stopped altogether. Plan benefits will continue to build up based on your covered work, but at a lower rate until the balance between Plan assets and liabilities can be regained. With these changes, your Plan benefits will remain safe and secure.

Since your Plan's inception in 1955, the number one priority of the Trustees is the security of Plan benefits for all participants and retirees, both now and in the future. They will closely monitor the Plan's financial health to protect Plan assets and provide the best possible level of benefits for all participants, retirees and beneficiaries—now and in the future.

CONTRIBUTION ACCOUNT BENEFIT PERCENTAGES

Your Plan provides a contributory service benefit that is a *percentage* of all the basic contributions that employers make for your covered hours. This chart shows the benefit percentages in effect since 1987 including bonuses. No changes will be made to any of the benefit percentages from 1987 through June 2003.

The chart also shows the new lower benefit percentage that will start July 1, 2003. Note that there will be no bonuses after June 30, 2003.

The benefit percentage will be 1.20% for your covered hours earned in July 2003 and beyond.

CALENDAR YEAR	IF THE CALENDAR YEAR BEGINS BEFORE YOU EARN 20 YEARS OF SERVICE, THEN THE BENEFIT PERCENTAGE FOR THE CALENDAR YEAR IS:	IF THE CALENDAR YEAR BEGINS AFTER YOU EARN 20 YEARS OF SERVICE, THEN THE BENEFIT PERCENTAGE FOR THE CALENDAR YEAR IS:
1987 THROUGH 1991—NO BONUS	2.00%	2.65%
1992 THROUGH 1996—15% BONUS	2.30%	3.05%
1997 THROUGH 1999—23% BONUS	2.46%	3.26%
2000 THROUGH 2002—35% BONUS	2.70%	3.58%
2003: JANUARY TO JUNE—10% BONUS	2.20%	2.92%
2003: JULY TO DECEMBER—NO BONUS	1.20%	1.20%
LOWER PERCENTAGE STARTS JULY 1, 2003		
2004 AND BEYOND—NO BONUS	1.20%	1.20%

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INSIDE

What is Happening & Why

During the past few months, Union leaders and Plan representatives attended Joint Council and Local Union meetings to discuss what is happening and why. Here are common questions that Business Agents and Officers asked on behalf of their members. More questions from members may be found on pages 6-7.

Are the pension benefits I've already earned being cut?

The benefits you've already earned up to July 1, 2003 cannot go down or be reduced in any way. However, the future benefits you earn will build up more slowly beginning July 1 because you will have a lower percentage of contributions. Your monthly pension will continue to go up while you stay in covered work. *The more covered hours you work, the more contributions are paid on your behalf... and the higher your pension will be.*

Are the higher percentages that were paid during the bonus years being taken away?

The higher bonus percentages that were scheduled to end in December 2005 will stop on June 30, 2003. But any extra benefit amounts that you earned for covered work during the special bonus years from 1992 through June 2003 will not be reduced in any way.

Why did the Trustees take this action?

There is a simple equation that directs prudent fund management: Income in the form of contributions required by our labor agreements and, more importantly, investment income must stay in actuarial balance with the level of benefits your Plan pays out. Even with a prudently invested conservative portfolio, your Plan has faced negative performance in recent times…although not as bad as that of most other pension funds.

Just as benefits could be increased when times were good, now, in the poor investment climate the Plan faces, the rate at which participants earn benefits must slow down.

Aren't Plan benefits fully funded? Isn't what's in the Plan enough?

Your Plan has always far exceeded the minimum funding standards set by federal law to meet all of its benefit obligations. But without the immediate benefit percentage change, your Plan would become under-funded by 2005—or even sooner if investment returns continue to go down.

It may seem like the Plan has more than enough money already. But considerable assets are needed to protect each participant's lifetime pension. On average, employer contributions provide less than half of what's needed to fund your retirement. For most retirees, the contributions paid in during their career are paid out in the first three years of retirement.

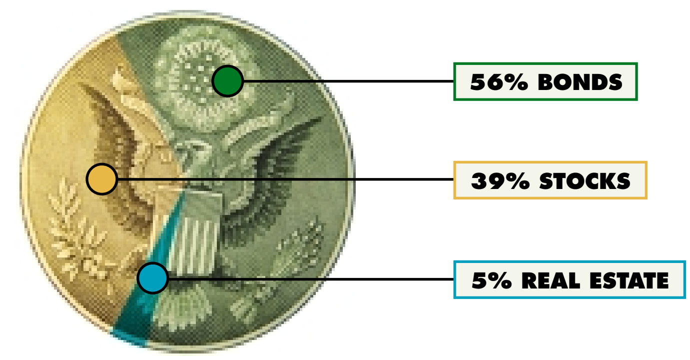
Historically, a big part of what your Plan pays out comes from investment earnings. When investment earnings fall below the minimum required level or go negative for even a few years, the balance must be restored. If no action is taken, the Plan will be in violation of the laws Congress has passed to ensure adequate funding of workers' pensions. More important, your Plan's ability to pay promised pensions to workers retiring in the future could be seriously jeopardized.

Now that the benefit percentage will go down in July, Plan costs will be lower and the benefits you have earned will be protected.

The Plan's recent *Summary Annual Reports* show investment gains. What happened to generate the funding losses you say require lowering the Plan's benefit percentage?

To support the high level of benefits in place up to now, your Plan has consistently relied on average investment returns of 7.5% and higher to generate the funding needed to protect the promised benefits. During most of the 1990s the Plan enjoyed returns well in excess of that benchmark, thereby providing the margins for pension bonuses and other improvements. But any year in which the Plan's returns average less than the benchmark means a funding loss. So even though both 2000 and 2001 produced somewhat positive investment returns for the Plan (5.38% and 2.09%), the shortfall against the benchmark in those years, plus the negative return for 2002, have produced funding losses of over $5.5 billion.

Plan assets are carefully managed to achieve above-average returns with below-average risk.



How are the Plan's pension funds invested? Are the funds safe?

Your Plan's assets are carefully and professionally managed by independent third-party organizations who answer only to your Plan's joint union-employer Board of Trustees. These assets are conservatively invested for the long term in diversified portfolios that over the years have achieved an average annual return well in excess of the Plan's investment benchmark. About 56% of your Plan's assets are invested in government and corporate bonds, 39% in common stocks and 5% in real estate. (*See chart above.*)

As the past three years have shown, the value of these assets can decline, although they are not likely to decline as much as the financial markets generally. A certain amount of risk is necessary to generate the desired long-term returns to pay the promised benefits. But the Trust's investment policies are designed to keep the risk to the absolute minimum consistent with maximizing the retirement income of Plan participants.

What other options were explored besides lowering the benefit percentage?

The Trustees explored other ways to address your Plan's funding needs based on considerable analysis by independent actuaries and professional advisors.

All of the other methods reviewed—for example, reducing or eliminating the Plan's death and disability benefits—either failed to generate the necessary funding to prevent the Plan from violating federally mandated minimum standards or would severely "mortgage" the future of your Plan.

It was unacceptable to maintain the Plan's current benefit levels. That would push the financial burden the Plan now faces onto future generations of working participants—in effect forcing them to pay in the future for the benefits others earn today. And benefit reductions would still have been necessary.

Why not ask the employers to pay more?

The Trustees have no power to force employers to pay the additional amounts (some $840 million each year) needed to avoid lowering the Plan's benefit percentage. Employers would have to more than double their current basic contributions to meet your Plan's federally mandated funding standards without lowering benefits. The only way to obtain these additional amounts would be through collective bargaining, employer-by-employer. With more than 4,800 contributing employers, the negotiation process would take years.

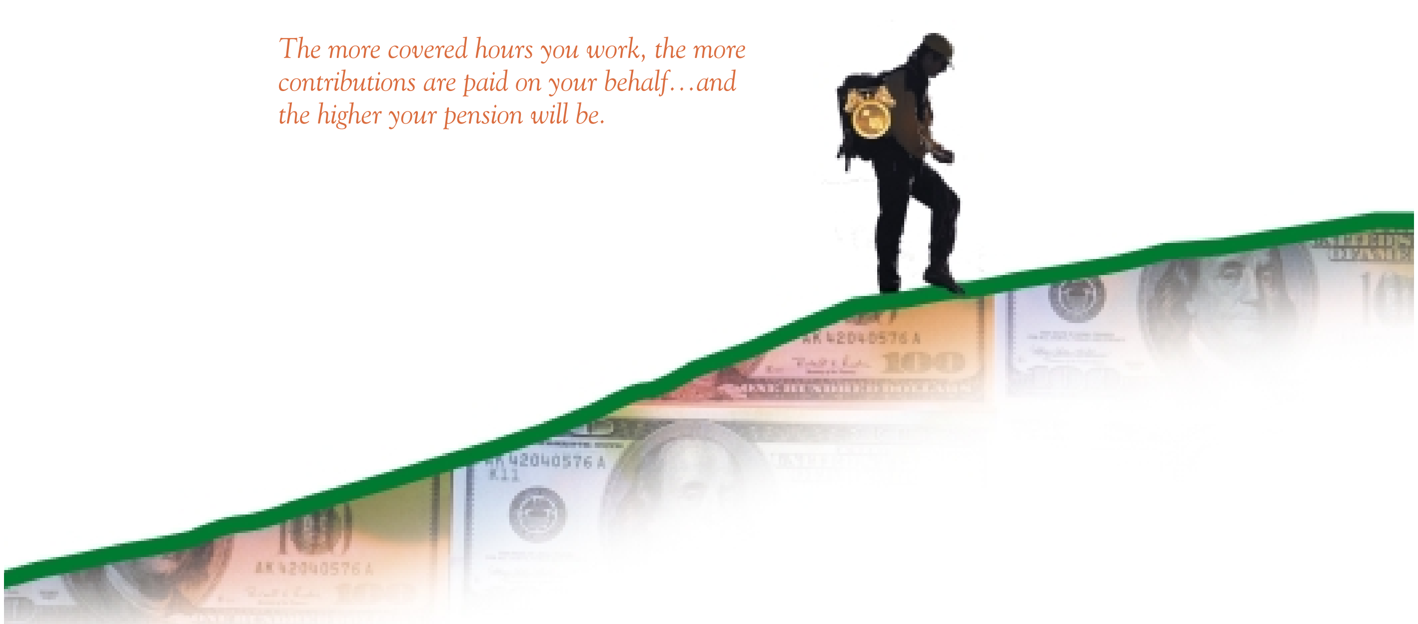
The Plan's funding challenges must be addressed now. Even if action could be postponed to await the outcome of negotiations with all contributing employers, it is unrealistic to expect most working participants would willingly make the economic sacrifices in bargaining to secure their employers' agreement to more than double pension contributions—particularly with many employers now facing double-digit health care premium increases.

When will the benefit percentage go up again?

No one can accurately forecast the direction of the current financial markets. Your Trustees are closely monitoring Plan investments. Once the financial markets recover and investment gains consistently exceed the Plan's minimum required return by a substantial margin for several years, the Trustees are committed to explore ways to improve the benefit percentage.

Your Plan's policies permit the Trustees to increase the benefit percentage when the time is right, without the need to go back to the contributing employers or unions for authorization. However, the Trustees' professional advisors and most other investment experts say these kinds of returns are not likely any time soon.

The more covered hours you work, the more contributions are paid on your behalf…and the higher your pension will be.



How the New Percentage Affects Your Pension

You need to know how your Plan formula works to see how the change affects the future benefits you earn beginning July 1, 2003. In general, your contribution account benefit is based on a percentage of the total basic employer contributions paid for your covered work since 1986. (This benefit is combined with any five-year average benefit you earned for covered work up through 1986.)

As the chart on Page 1 shows, up to now your Plan used different benefit percentages depending on your years of service. Starting in 1987, the percentages were:

- *2.00% of basic contributions for your covered work during your first 20 years of service, and*
- *2.65% of basic contributions for your covered work after your 20th year of service.*

In special bonus years (from 1992 through June 2003), your Plan raised these percentages to increase the monthly benefit you earned for covered work during those years.

Those bonus percentages will now stop June 30, 2003 and the new lower percentage—1.20%—takes effect July 1, 2003 for all participants regardless of their years of service.

Before the change, the old rate for all of 2003 was 2.20% if you had less than 20 years of service at the beginning of the year (see top chart). If you had 20 or more years of service, the old percentage rate for all of 2003 was 2.92% (see bottom chart).

Both charts show the monthly benefit amount you earn under the new lower rates for each year's covered work starting in 2003 and future years and allow you to compare that amount to what you would have earned in each of those years under the old pension formula.

As you can see, for the first six months of 2003 the old percentages still apply. However, beginning with your covered work in July 2003, the percentages go down to 1.20% regardless of your years of service.

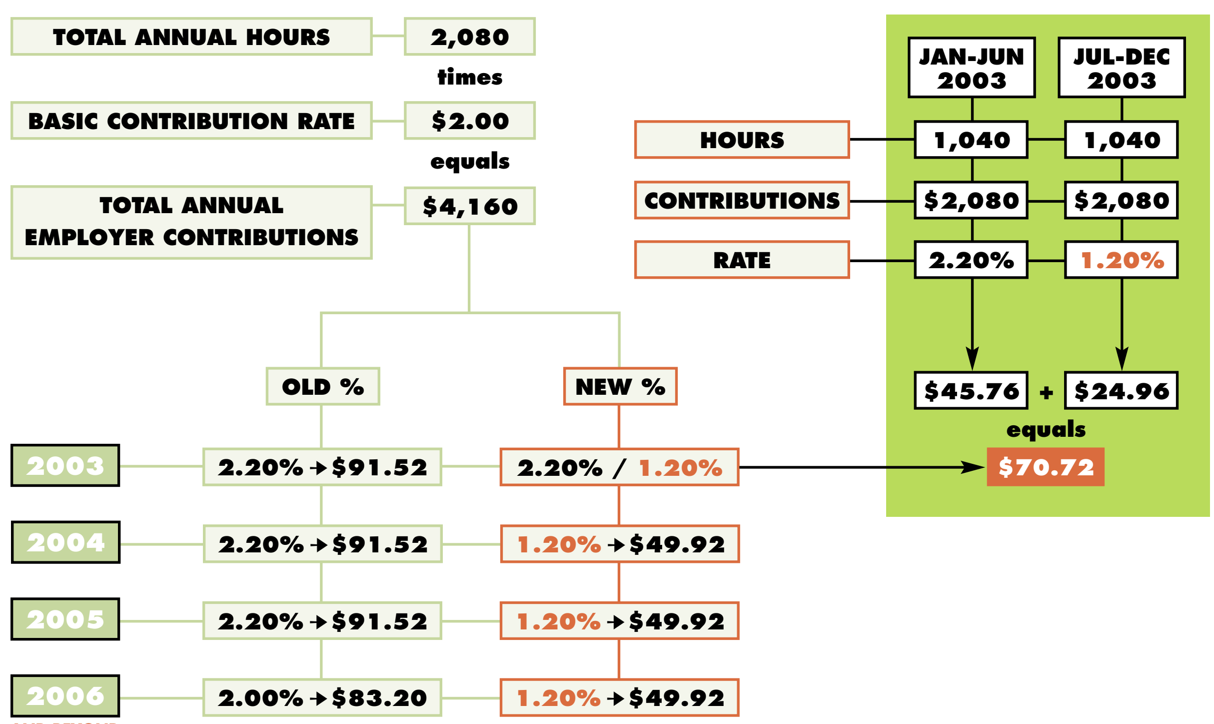
These examples assume that your employer currently pays a basic contribution rate of $2.00 for your covered hours (and that you work 2,080 covered hours each year). ●

The charts on the next pages show the monthly benefit you earn at different contribution rates for each year from 1987 forward.

Your Monthly Benefit if You have Less than 20 Years of Service

Assumes $2.00 Basic Contribution Rate and 2,080 Covered Hours Each Year

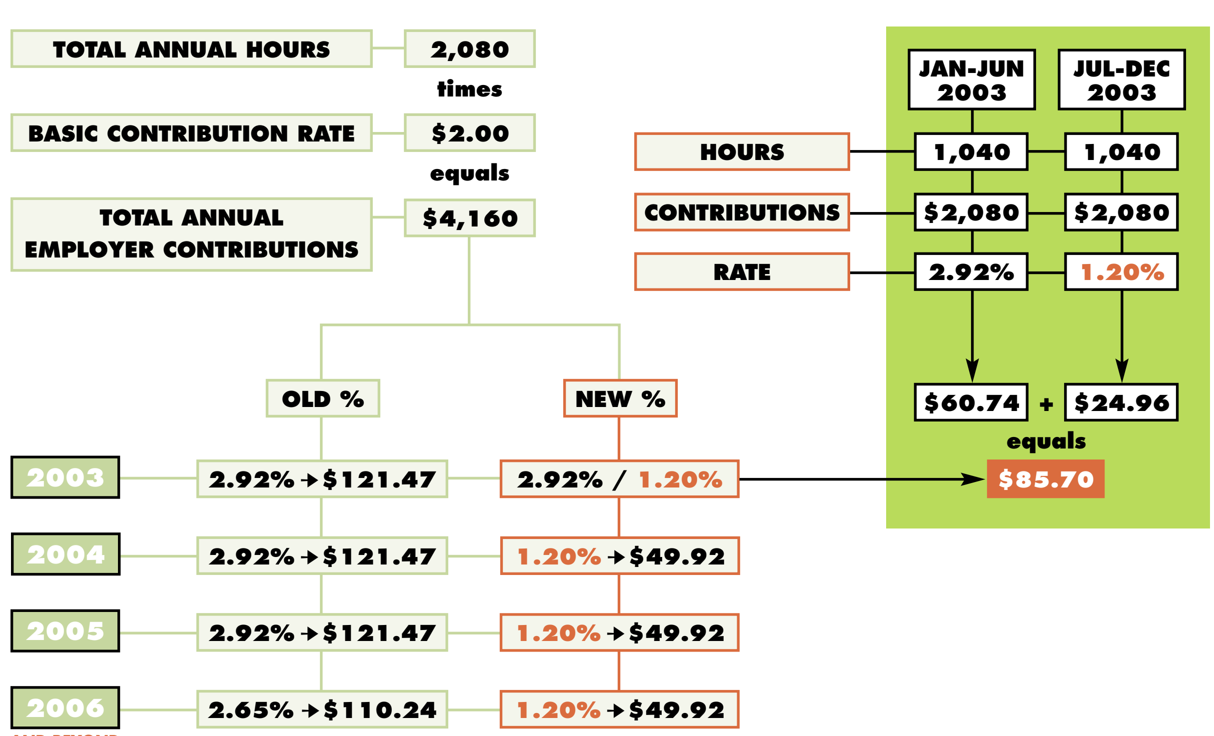
This example assumes that you worked 1,040 covered hours in the first half of 2003 (at a $2.00 contribution rate) and 1,040 covered hours in the second half of 2003 (July-December). It also assumes that you have completed less than 20 years of service at the beginning of 2003. Your basic contributions for the first half of the year are multiplied by **2.20%** (the rate in effect before the Plan change) and your basic contributions for the second half of the year are multiplied by **1.20%** (the new rate effective July 1, 2003). The results are combined to get the monthly benefit earned for all of 2003.



Your Monthly Benefit if You have 20 or More Years of Service

Assumes $2.00 Basic Contribution Rate and 2,080 Covered Hours Each Year

This example assumes that you worked 1,040 covered hours in the first half of 2003 (at a $2.00 contribution rate) and 1,040 covered hours in the second half of 2003 (July-December). It also assumes you have completed 20 or more years of service at the beginning of 2003. Your basic contributions for the first half of the year are multiplied by **2.92%** (the rate in effect before the Plan change) and your basic contributions for the second half of the year are multiplied by **1.20%** (the new rate effective July 1, 2003). The results are combined to get the monthly benefit earned for all of 2003.



Your Plan Formula: Before and A

These charts help you estimate how the changes to your Plan's benefit percentages affect the monthly benefit you earn for your covered work each year (assuming you work 2,080 covered hours in a year). Remember, the benefits you have earned for your covered work before the change takes effect on July 1, 2003 are not affected and cannot be reduced.

How Your Pension Benefit Grows

One of the best things about your pension plan is that the benefits you have earned do not go down in value. Your benefits build up each year until you retire. This continues to happen before and after the benefit percentage changes on July 1. However, the benefit percentage will be lower beginning July 1, 2003 (as explained on page 1).

These charts show the actual benefit percentages in effect from 1987 forward—including the new lower rate effective from July 1, 2003.

These charts use typical basic hourly contribution rates (from 10 cents to five dollars). They show the monthly benefit you earn for each year from 1987 forward assuming your employer makes basic contributions on your behalf at the selected rate for full-time employment of 2,080 covered hours. If you work more or less than 2,080 covered hours in a given year, your amounts will be based on the exact hours worked.

Use the left chart to see the monthly benefit you earn for

Your Monthly Benefit if You have Less than 20 Years of Service

Assumes $2.00 Basic Contribution Rate and 2,080 Covered Hours Each Year

Note: For the Year 2003, the table assumes that you worked 1,040 covered hours in the first half of the year (January-June) and 1,040 covered hours in the second half of the year (July-December). Your basic contributions for the first half of the year are multiplied by **2.20%** and your basic contributions for the second half of the year are multiplied by **1.20%**. The results are combined to get the monthly benefit earned for all of 2003.

BONUS YEARS

Here you can see that in past years, the Trustees raised your Plan's benefit percentages based on your Plan's extraordinary investment returns during the 1990s.

BASIC CONTRIBUTION RATES

Do You Know Your Basic Contribution Rate? Your collective bargaining agreement states the basic contribution rate your Teamster employer pays into the Plan for all your hours of covered work. If you don't know your current hourly rate, check the top section of your most recent *Personal Benefit Statement.* Simply divide the monthly contribution shown for December on your statement by the covered hours listed for that month. (See page 8 for information about your *2002 Personal Benefit Statement* to be mailed in June.)

YOUR MONTHLY BENEFIT EARNED FOR THE YEAR

Basic Contribution Rates	1987 - 1991 2.00%	1992-1996 2.30% (Bonus Years)	1997-1999 2.46% (Bonus Years)	2000-2002 2.70% (Bonus Years)	2003 2.20% (Jan.-Jun.) 1.20% (Jul.-Dec.) (New Lower Rate)	2004 and Beyond 1.20% (New Lower Rate)
$0.10	$4.16	$4.78	$5.12	$5.62	$3.54	$2.50
$0.25	$10.40	$11.96	$12.79	$14.04	$8.84	$6.24
$0.50	$20.80	$23.92	$25.58	$28.08	$17.68	$12.48
$0.75	$31.20	$35.88	$38.38	$42.12	$26.52	$18.72
$1.00	$41.60	$47.84	$51.17	$56.16	$35.36	$24.96
$1.25	$52.00	$59.80	$63.96	$70.20	$44.20	$31.20
$1.50	$62.40	$71.76	$76.75	$84.24	$53.04	$37.44
$1.70	$70.72	$81.33	$86.99	$95.47	$60.11	$42.43
$1.75	$72.80	$83.72	$89.54	$98.28	$61.88	$43.68
$2.00	$83.20	$95.68	$102.34	$112.32	$70.72	$49.92
$2.20	$91.52	$105.25	$112.57	$123.55	$77.79	$54.91
$2.40	$99.84	$114.82	$122.80	$134.78	$84.86	$59.90
$2.60	$108.16	$124.38	$133.04	$146.02	$91.94	$64.90
$2.80	$116.48	$133.95	$143.27	$157.25	$99.01	$69.89
$3.00	$124.80	$143.52	$153.50	$168.48	$106.08	$74.88
$3.20	$133.12	$153.09	$163.74	$179.71	$113.15	$79.87
$3.40	$141.44	$162.66	$173.97	$190.94	$120.22	$84.86
$3.60	$149.76	$172.22	$184.20	$202.18	$127.30	$89.86
$3.80	$158.08	$181.79	$194.44	$213.41	$134.37	$94.85
$4.00	$166.40	$191.36	$204.67	$224.64	$141.44	$99.84
$4.20	$174.72	$200.93	$214.91	$235.87	$148.51	$104.83
$4.40	$183.04	$210.50	$225.14	$247.10	$155.58	$109.82
$4.60	$191.36	$220.06	$235.37	$258.34	$162.66	$114.82
$4.80	$199.68	$229.63	$245.61	$269.57	$169.73	$119.81
$5.00	$208.00	$239.20	$255.84	$280.80	$176.80	$124.80

After the Change

calendar years when you have less than 20 years of service on January 1. Use the right chart for calendar years when you have 20 or more years of service on January 1.

Your monthly benefit earned in a given year is based on your exact contribution rate. If your hourly contribution rate is not shown, your benefit amount will fall between the two rates nearest yours.

Remember that PEER contributions are not used to calculate your contribution account benefit—only basic employer contributions. PEER stands for the Program for Enhanced Early Retirement. More than 80% of today's Plan participants are working under contracts that provide PEER coverage. For more information about PEER, check the Early Retirement section of your *Summary Plan Booklet* or on your Plan's web site at **www.wctpension.org**.

Need More Information?

This newsletter provides a brief summary of a recent change that affects participants under the Western Conference of Teamsters Pension Plan as required under the Employee Retirement Income Security Act (ERISA) Section 204(h). It explains the change to your Plan's benefit percentage authorized by the Board of Trustees at their January 2003 meeting. It does not cover every situation, exception or condition that may apply.

Chapter Five of your *1998 Summary Plan Booklet* and your *1999-2000 Summary of Plan Changes* explain how your contribution account benefit was calculated before the change. You can also check the *What's New?* tab at the bottom of your Plan's web site: **www.wctpension.org**.

Later this year, you will receive your *2003 Summary Plan Booklet* describing your benefits after the change.

YOUR MONTHLY BENEFIT IF YOU HAVE 20 OR MORE YEARS OF SERVICE

ASSUMES $2.00 BASIC CONTRIBUTION RATE AND 2,080 COVERED HOURS EACH YEAR

Note: For the Year 2003, the table assumes that you worked 1,040 covered hours in the first half of the year (January-June) and 1,040 covered hours in the second half of the year (July-December). Your basic contributions for the first half of the year are multiplied by **2.92%** and your basic contributions for the second half of the year are multiplied by **1.20%**. The results are combined to get the monthly benefit earned for all of 2003.

BONUS YEARS

Here you can see that in past years, the Trustees raised your Plan's benefit percentages based on your Plan's extraordinary investment returns during the 1990s.

BASIC CONTRIBUTION RATES

Do You Know Your Basic Contribution Rate? Your collective bargaining agreement states the basic contribution rate your Teamster employer pays into the Plan for all your hours of covered work. If you don't know your current hourly rate, check the top section of your most recent *Personal Benefit Statement.* Simply divide the monthly contribution shown for December on your statement by the covered hours listed for that month. (See page 8 for information about your *2002 Personal Benefit Statement* to be mailed in June.)

YOUR MONTHLY BENEFIT EARNED FOR THE YEAR

BASIC CONTRIBUTION RATES	1987 - 1991 2.65%	1992-1996 3.05% (BONUS YEARS)	1997-1999 3.26% (BONUS YEARS)	2000-2002 3.58% (BONUS YEARS)	2003 2.92% (JAN.-JUN.) 1.20% (JUL.-DEC.) (BONUS YEARS)	2004 AND BEYOND 1.20% (NEW LOWER RATE)
$0.10	$5.51	$6.34	$6.78	$7.45	$4.28	$2.50
$0.25	$13.78	$15.86	$16.95	$18.62	$10.71	$6.24
$0.50	$27.56	$31.72	$33.90	$37.23	$21.42	$12.48
$0.75	$41.34	$47.58	$50.86	$55.85	$32.14	$18.72
$1.00	$55.12	$63.44	$67.81	$74.46	$42.85	$24.96
$1.25	$68.90	$79.30	$84.76	$93.08	$53.56	$31.20
$1.50	$82.68	$95.16	$101.71	$111.70	$64.27	$37.44
$1.70	$93.70	$107.85	$115.27	$126.59	$72.84	$42.43
$1.75	$96.46	$111.02	$118.66	$130.31	$74.98	$43.68
$2.00	$110.24	$126.88	$135.62	$148.93	$85.70	$49.92
$2.20	$121.26	$139.57	$149.18	$163.82	$94.27	$54.91
$2.40	$132.29	$152.26	$162.74	$178.71	$102.84	$59.90
$2.60	$143.31	$164.94	$176.30	$193.61	$111.40	$64.90
$2.80	$154.34	$177.63	$189.86	$208.50	$119.97	$69.89
$3.00	$165.36	$190.32	$203.42	$223.39	$128.54	$74.88
$3.20	$176.38	$203.01	$216.99	$238.28	$137.11	$79.87
$3.40	$187.41	$215.70	$230.55	$253.18	$145.68	$84.86
$3.60	$198.43	$228.38	$244.11	$268.07	$154.25	$89.86
$3.80	$209.46	$241.07	$257.67	$282.96	$162.82	$94.85
$4.00	$220.48	$253.76	$271.23	$297.86	$171.39	$99.84
$4.20	$231.50	$266.45	$284.79	$312.75	$179.96	$104.83
$4.40	$242.53	$279.14	$298.36	$327.64	$188.53	$109.82
$4.60	$253.55	$291.82	$311.92	$342.53	$197.10	$114.82
$4.80	$264.58	$304.51	$325.48	$357.43	$205.67	$119.81
$5.00	$275.60	$317.20	$339.04	$372.32	$214.24	$124.80

ask us.

Here are questions that participants have been asking at meetings throughout the 13 Western states. If you have a question, contact your Area Administrative Office listed on the back. Plan representatives respond to all letters that include a signature, Social Security number and address.

Q: Do I need to do anything now to protect the benefits I've earned?

A: No. The changes automatically take effect on July 1, 2003. The benefits you have earned before then cannot be reduced. If you are near retirement, your Area Administrative Office can verify your benefit amount. Your monthly benefit will be calculated based on the exact benefit percentages that apply to your covered hours in the months they are earned.

Q: How much would my contribution rate need to increase to make up for the lower benefit percentage?

A: It would need to go up by 67% to 121% depending on your contribution rate and years of service. To roughly estimate the increase, multiply your current basic employer contribution rate by the following factor based on your years of service: If you have less than 20 years of service, your factor is 0.67. If you have 20 years of service or more, your factor is 1.21.

For example, if you have a $2.00 basic rate (with less than 20 years of service), multiply $2.00 times your factor of 0.67. Your employer would need to increase your contribution rate by $1.34 to make up the difference for a total of $3.34. If you have 20 or more years of service, multiply $2.00 times your factor of 1.21. Your employer would need to increase your contribution rate by $2.42 to make up the difference for a total of $4.42.

Q: I can't understand the drastic cuts put on members with 20 or more years of service. Why not make all Plan participants share the burden equally?

A: The Trustees looked at many alternatives, including an across-the-board reduction in the Plan's benefit percentages as a way to maintain a higher percentage for participants with 20 or more years of service. However, that would have meant participants with less than 20 years of service ending up with a benefit percentage well below the 1.20% that was finally adopted. In the end, the Trustees decided a flat 1.20% for all participants strikes the fairest balance.

Longer-service participants with fewer years until retirement will have a somewhat larger reduction in the benefits earned during those years but the impact on the total benefits earned during their career will be less. Shorter-service participants who are many years away from retirement will have a somewhat smaller percentage reduction in the benefits earned during the rest of their careers—but the impact on their total retirement benefit income will be greater.

Also, remember that longer-service participants still enjoy many advantages, including PEER benefits and higher death and survivor benefits.

Q: I'm confused about how the change works in 2003. How do I figure my benefit under the old and new rates?

A: The benefits you earn for covered work from January 1 through June 30 build up at the old rate. That rate was 2.20% if you had *less than* 20 years of service on January 1—or 2.92% if you had 20 years or more. For example, assume you have a $2.00 rate

In the end, the Trustees decided a flat 1.20% for all participants strikes the fairest balance.

for all 12 months of 2003 and you work full-time for 2,080 hours. Multiply half your hours (1,040) times $2.00 times your benefit percentage (either 2.20% or 2.92%) to get the monthly pension amount you earn in the first half of 2003. Then multiply the rest of your hours (1,040) times $2.00 times the new benefit percentage of 1.20% to get the monthly pension benefit you earn in the second half of 2003. Add both totals to get your total monthly benefit earned in 2003. See the chart on page 3 for details.

If there are changes in your contribution rate or hours worked, use the exact information for each half of the year to figure your monthly benefit earned in each half of 2003. Starting January 2004, the new benefit percentage will continue to be 1.20% for all your covered hours regardless of your years of service.

Q: Will the Plan's disability, death and survivor benefits be affected by the change?

A: There are no changes to the eligibility rules that affect your Plan's disability, death and survivor benefits. However, some of those benefits are based on the total pension amounts you earn. So, to the extent you earn lower pension benefits after June 30, 2003, any disability pension you receive and any death or survivor benefits your family receives may be lower than if the change had not been made. If you have questions, your Area Administrative Office can give you the details.

Q: How do the Plan's investment returns compare with those of similar plans?

A: Your pension plan is the largest and financially strongest multi-employer pension plan in the U.S. While the investments have not met their necessary returns for the past three years, your Plan has ranked in the top 5% of all pension plans during that time and for the past 10 years. But that does not mean the investments are entirely immune to the volatile markets seen recently. This includes the stock market being down overall more than 37% for 2000-2002 (the steepest three-year decline since the Great Depression), the wave of corporate bankruptcies that have swept the country, and the recent turbulence in world affairs.

Q: It looks like my unit has more money in the wage package to vote toward the pension. Now that the rate is lower, would it be better to put the money in the 401(k) plan—or to take the money in wages and put it into an IRA or other personal savings?

A: Any other retirement savings vehicle is operating in the same investment climate as this Plan. Bond rates are at historical lows. Stocks are not expected to return to double-digit rates any time soon. If you put the money in the pension plan, it is still a sure thing. The monthly benefit you earn is always there and cannot go down in value or be taken away. It does not fluctuate with the economy. If you put money into a 401(k) or any other savings or investment option, there are no guarantees that the money won't go down.

WHAT NEW GROUPS NEED TO KNOW

Your Plan has special rules that encourage new groups to join even when they have workers near retirement age. New groups revitalize the Plan and broaden the age and experience of the participant base.

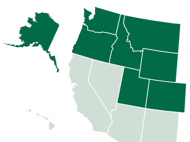
One of these rules lets workers in new groups earn "two for one" benefit credit in certain situations. Eligible participants who stay in the Plan for five years receive benefit credit for up to 10 past service years with the newly participating employer. If your new group joins the Plan on July 1, 2003 or later, the benefit percentage that calculates this "two-for-one" past service credit will be the new lower percentage of 1.20%.

Eligible participants in groups that enter the Plan before July 1, 2003 will continue to earn the "two-for-one" past service credit at the old higher benefit percentage of 2.00%—even though their contributory service benefit for work after June 30 is calculated at the new benefit percentage of 1.20%.

Area Administrative Offices: Write or Call Toll-Free

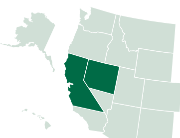
Moved Lately? Send Address Changes to ONE of these Locations. Always Provide Your Social Security Number.

Northwest/Rocky Mountain Area



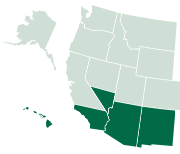
(206) 329-4900
or (800) 531-1489
2323 Eastlake Avenue East
Seattle, WA 98102-3393

Northern California Area



(650) 570-7300
or (800) 845-4162
355 Gellert Blvd., Suite 100
Daly City, CA 94015-2666

Southwest Area



(626) 284-4792
or (800) 845-0571
1000 South Fremont Ave.,
Suite 9101 W
Alhambra, CA 91803-8839

PENSION WEST

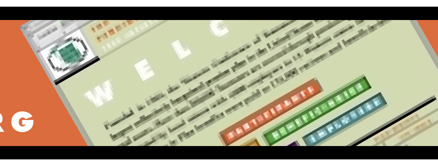
A special issue for participants in the Western Conference of Teamsters Pension Plan—Founded 1955

This newsletter explains your Pension Plan's lower percentage rate effective July 1, 2003. The information is a legally required notice under section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA). Please read it carefully. It is mailed to the 320,000 participants who work for more than 4,800 employers in the 13 Western states.

Western Conference of Teamsters Pension Trust
2323 Eastlake Avenue East
Seattle, Washington 98102-3393

Noticia en Español Si necesita ayuda para entender este folleto, communiquese con la Oficina Administrativa de su Area. La dirección y telófono los encontrara en esta paginá.

CHECK OUT YOUR PLAN'S WEB SITE AT WWW.WCTPENSION.ORG



Your Pension Plan Changes July 1

Weak Economy Drives More Pension Funding

Three Years of Unprecedented Declines
No Signs of Recovery Soon

A SPECIAL ISSUE OF PENSION WEST

Stock Market Slashes 401(k) Investments

Most Americans Don't Have Pensions

Workers Face New Realities on Retirement

Older Workers Rethinking Retirement Choices

Bankruptcies Grab Retirement Nest Eggs

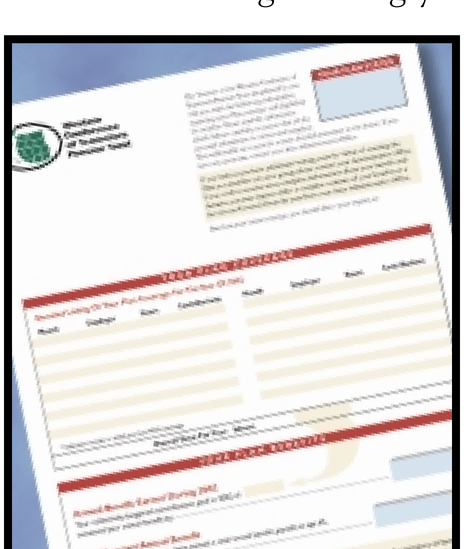
WORST STOCK MARKET SINCE GREAT DEPRESSION

Employers Cut Matching Contributions

Assets Plummet in U.S. Retirement Funds
GOVERNMENT GUARANTEES DON'T PROTECT BANKRUPT BENEFITS

Coming Soon: Your 2002 Personal Benefit Statement

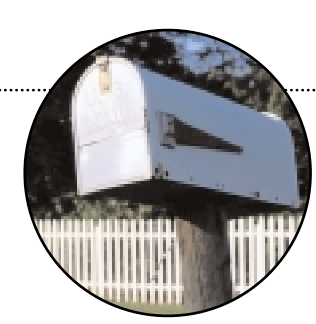
Your next *Personal Benefit Statement* will be different. It will no longer provide projected numbers for the benefits you earn up to age 65. That projection—shown on all previous statements—assumed that the benefit percentage would not change during your working career.



Since the benefit percentage will go down in July—and no one knows when better times will allow it to go up again—the Trustees decided that the statement should no longer include projections of the benefits you will earn in future years. Any projections shown on prior statements are also not valid since the benefit percentage is going down (see page 1).

The examples in this newsletter will help you understand how the lower percentage rate affects the benefits you earn beginning July1. Benefits will continue to build up for every covered hour you work—but at a slower rate. Amounts you already earned are protected and cannot be lost or reduced.

The charts on pages 3-5 give you an idea of how much a year of covered work provides in future pension benefits. If you are close to retirement, you can request either a complete *Estimate of Benefits* or a list of your covered hours by year from your Area Administrative Office.



WATCH YOUR MAILBOX

Your new Personal Benefit Statement will be mailed to you in June if you worked at least 250 covered hours last year and have a valid address on file. *If you moved, be sure your Area Administrative Office has your new address or you may not get it! You can also print Change of Address and Beneficiary Designation forms from your Plan's web site at* www.wctpension.org.