

CENTRAL STATES FUNDS  
FINANCIAL AND ANALYTICAL INFORMATION  
MARCH 31, 2009

CENTRAL STATES FUNDS  
FINANCIAL AND ANALYTICAL INFORMATION

MARCH 31, 2009

Financial Report FR

PENSION FUND

Executive Summary A-1

Financial Statements A-2

Statement of Receipts and Disbursements A-3

Graph A-4

HEALTH AND WELFARE FUND

Executive Summary B-1

Financial Statements B-2

Statement of Receipts and Disbursements B-3

Graph B-4

**FINANCIAL REPORT**  
**March 31, 2009 and the Three Months Then Ended**

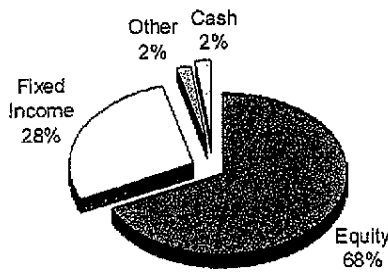
**HIGHLIGHTS**

**PENSION FUND:**

- Net assets increased \$668 million during March resulting in a month end balance of \$15.7 billion.
- Projected 12/31/2009 net asset balances based on various annualized rates of return on investment assets for the remainder of the year (dollars in thousands):

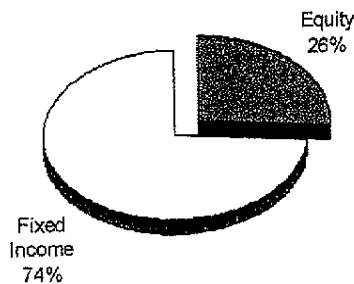
	4%	8%	12%
Net Assets at 12/31/2009	\$ 14,748,300	15,213,000	15,690,200

- Investment asset allocation as of March 31, 2009:



**HEALTH AND WELFARE FUND:**

- Net assets increased \$17.2 million during March resulting in a month end balance of \$1.1 billion.
- Investment asset allocation as of March 31, 2009:



**FINANCIAL REPORT**  
**March 31, 2009 and the Three Months Then Ended**  
**(Dollars in Thousands)**

**PENSION FUND:**

1. Net assets were \$15,664,384 at March 31, 2009, compared to \$17,358,652 at December 31, 2008, a decrease of \$1,694,268 compared to a decrease of \$2,239,865 for the same period last year.

The \$545,597 difference is due to \$571,177 more investment income:

- \$641,696 favorable change in net realized and unrealized gain (loss),
- (\$76,643) less interest and dividends and
- \$6,124 less investment expenses,

offset by (\$25,580) more net operating loss.

2. Projected 2009 investment income (loss), decrease in net assets and net asset balances at year-end based on various annualized rates of return on investment assets for the remainder of the year:

	4%	8%	12%
Investment Income (Loss)	\$ (751,300)	(286,600)	190,600
Decrease in Net Assets	(2,610,400)	(2,145,700)	(1,668,500)
Net Assets at 12/31/09	14,748,300	15,213,000	15,690,200

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

	Memberships	Retirees
As of:		
February 2009	79,123	211,805
December 2008	84,208	212,307
Two-month average:		
February 2009	81,146	212,131
February 2008	92,076	212,437
% increase (decrease)	(11.9)%	(0.1)%

4. For the three months ended March 31, 2009, the Fund's net asset decrease from operations (before investment income) was \$490,894 compared to a decrease \$465,314 for the same period in 2008, or a \$25,580 unfavorable change:

- (\$18,123) less contributions,
- (\$8,527) more benefits paid, and
- \$1,070 less general and administrative expenses.

5. During the three months ended March 2009 and 2008, the Fund withdrew \$506,572 and \$404,899, respectively, from investment assets to fund the cash operating deficit.

**HEALTH AND WELFARE FUND:**

1. Net assets were \$1,084,693 at March 31, 2009, compared to \$1,094,953 at December 31, 2008, a decrease of \$10,260 compared to an increase of \$14,048 for the same period last year.

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

	<u>Memberships</u>	<u>Retirees</u>
As of:		
February 2009	88,062	13,056
December 2008	91,629	13,393
Two-month average:		
February 2009	89,592	13,216
February 2008	95,197	14,884
% increase (decrease)	(5.9)%	(11.2)%

3. For the three months ended March 2009, the Fund's net asset increase before investment income was \$24,066 compared to an increase of \$19,246 for the same period in 2008, or a \$4,820 favorable change:

- (\$4,640) less contributions,
- \$8,251 less benefits,
- \$71 less TeamCare administrative fees and
- \$1,138 less general and administrative expenses.

4. For the three months ended March 2009, net investment income was \$29,128 less than for the same period last year. The decrease results primarily from \$28,137 unfavorable change in realized and unrealized gain (loss) combined with \$1,005 less interest and dividend income.

5. During the three months ended March 2009 and 2008, the Fund transferred \$18,338 and \$26,407, respectively, to investments (Mellon Bank) as the operations generated positive cash flows for those periods.

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

	March 31, 2009	December 31, 2008	Change in Net Assets		Percentage	Commentary
			Dollars			
<b>Investments</b>						
Cash equivalents	\$ 1,267,914	1,117,708	150,206		0.8	Investments and related assets and liabilities - See Named Fiduciary monthly management reports.
Fixed income	5,246,449	6,257,685	(1,011,236)		(5.8)	
Equity	9,015,532	9,696,732	(681,200)		(3.9)	
Other	242,866	323,878	(81,012)		(0.5)	
Total investments	15,772,761	17,396,003	(1,623,242)		(9.4)	
Investment related assets	1,507,180	1,893,135	(385,955)		(2.2)	
Employer contributions receivable, net	87,448	66,659	20,789		0.1	
Other assets	5,606	10,787	(5,181)		-	
Total assets	17,372,995	19,366,584	(1,993,589)		(11.5)	
Investment related liabilities	1,606,308	1,904,731	298,423		1.7	
Other liabilities	102,303	103,201	898		-	
Total liabilities	1,708,611	2,007,932	299,321		1.7	
<b>NET ASSETS</b>	<b>\$ 15,664,384</b>	<b>17,358,652</b>	<b>(1,694,268)</b>		<b>(9.8)</b>	

Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Financial Operations  
 March 31, 2009

(Tabular dollar amounts in thousands)

	Year-to-Date		Change from Prior Year		Commentary
	2009	2008	Dollars	Percentage	
<b>INCOME &amp; EXPENSES</b>					
Contributions (includes W/L)	\$ 195,574	213,697	(18,123)	(8.5)	Net investment income (loss) - See Named Fiduciary monthly management reports.
Benefits	677,988	669,461	(8,527)	(1.3)	
General and administrative expenses	8,480	9,550	1,070	11.2	
Decrease in net assets before net investment income (loss)	(490,094)	(465,314)	(25,580)	N/A	
Net investment income (loss)	(1,203,374)	(1,774,551)	571,177	N/A	
Decrease in net assets	\$ (1,694,268)	(2,239,865)	545,597	N/A	

**OPERATING STATISTICS**

Benefits to contributions	346.7 %	313.3 %
General and administrative expenses to:		
Contributions	4.3 %	4.5 %
Benefits	1.3 %	1.4 %
Two month average FTES		
Contributions per average FTE	\$ 81,146	92,076
Benefits per average FTE	\$ 2,410	2,321
	\$ 8,355	7,271
Pensioners and beneficiaries - current month	211,905	212,508
Current month average benefit per pensioner and beneficiary	\$ 1,059	1,044

Central States, Southeast and Southwest Areas Pension Fund  
 Executive Summary of Current and Projected Operations  
 March 31, 2009

(Dollar amounts in thousands)

	March 2009		Variance Favorable (Unfavorable) Percentage	Commentary
	Actual	Projection		
Contributions (includes W/L)	\$ 59,959	69,300	(9,341) (13.5)	Contributions - FTE decline.
Benefits	226,067	225,900	(167) (0.1)	
General and administrative expenses	2,951	3,200	249 7.8	
Decrease in net assets before net investment income (loss)	\$ (169,059)	(159,800)	(9,259) N/A	

	Actual through March 2009	April 2009	Projection Remainder of 2009	Year Ending December 2009	Assumptions Used in 2009 Projection
	Contributions (includes W/L)	\$ 195,574	73,800	535,326	
Benefits	677,988	226,300	1,822,512	2,726,800	Benefits - Increase in average monthly benefits.
General and administrative expenses	8,480	3,200	25,320	37,000	General and administrative expenses - Actual expenses to date plus 2% increase over 2008 expenses for remaining months.
Decrease in net assets before net investment income (loss)	\$ (490,894)	(155,700)	(1,212,506)	(1,859,100)	

The following table represents 2009 projected decrease in net assets and resulting year end net assets assuming various annualized rates of return on investment assets for the remainder of this year:

	4%	8%	12%
Projected decrease in net assets	\$ (2,610,400)	(2,145,700)	(1,668,500)
Projected net assets at 12/31/09	\$ 14,748,300	15,213,000	15,690,200

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

	March 31, 2009	2008	December 31, 2007
<b>ASSETS</b>			
Investments:			
Cash equivalents	\$ 1,267,914	1,117,708	6,021,079
Fixed income	5,246,449	6,257,685	8,374,416
Equity	9,015,532	9,696,732	14,370,578
Other, primarily real estate related	242,866	323,878	426,825
Total investments	<u>15,772,761</u>	<u>17,396,003</u>	<u>29,192,898</u>
Receivables:			
Employer contributions, less allowance for uncollectible contributions (1)	87,448	66,659	143,451
Interest and dividends	64,746	70,431	97,726
Other, primarily for securities sold (2)	262,905	259,894	676,843
Total receivables	<u>415,099</u>	<u>396,984</u>	<u>918,020</u>
Cash	1,041	8,992	441
Assets held under securities lending agreements	1,179,529	1,562,810	3,041,607
Other, primarily furniture and equipment - net	4,565	1,795	2,905
Total assets	<u>17,372,995</u>	<u>19,366,584</u>	<u>33,155,871</u>
<b>LIABILITIES</b>			
Liability to return collateral held under securities lending agreements	1,197,788	1,582,790	3,041,607
Payable for securities purchased (2)	395,533	307,264	3,177,451
Accounts payable and accrued expenses (3)	40,556	46,917	61,581
Deferred withdrawal liability receipts	74,734	70,961	69,385
Total liabilities	<u>1,708,611</u>	<u>2,007,932</u>	<u>6,350,024</u>
<b>NET ASSETS</b>	<u>\$ 15,664,384</u>	<u>17,358,652</u>	<u>26,805,847</u>
Notes(s):			
(1) Allowance for uncollectible contributions:	\$ 730	902	2,126
(2) Net receivable/payable on foreign currency exchange contracts:	\$ 7,469	(15,376)	25,005
(3) Includes a liability for 401(h) plan assets:	\$ 19,523	20,861	28,521

FOR INTERNAL USE ONLY

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

	March		Three Months Ended March		Year Ended	
	2009	2008	2009	2008	2008	2007
Revenue:						
Contributions	\$ 56,024	79,364	187,142	203,128	849,544	1,440,300
Withdrawal liability	3,935	5,529	8,432	10,569	88,358	6,187,750 (1)
Total revenue	<u>59,959</u>	<u>84,893</u>	<u>195,574</u>	<u>213,697</u>	<u>937,902</u>	<u>7,628,050</u>
Benefits and expenses:						
Benefits to participants	226,067	222,518	677,988	669,461	2,685,450	2,639,158
General and administrative expenses	2,951	3,382	8,480	9,550	37,311	38,205
Total benefits and expenses	<u>229,018</u>	<u>225,900</u>	<u>686,468</u>	<u>679,011</u>	<u>2,722,761</u>	<u>2,677,363</u>
Increase (Decrease) in net assets before net investment income (loss)	(169,059)	(141,007)	(490,894)	(465,314)	(1,784,859)	4,950,687
Investment income (loss):						
Interest, dividends and other	47,926	77,512	117,212	193,855	708,504	727,549
Realized and unrealized gain (loss) on investments, net	792,562	(300,768)	(1,309,269)	(1,950,965)	(8,301,954)	534,549
Investment expenses	(3,356)	(5,701)	(11,317)	(17,441)	(68,886)	(79,686)
Net investment income (loss)	<u>837,132</u>	<u>(238,957)</u>	<u>(1,203,374)</u>	<u>(1,774,551)</u>	<u>(7,662,336)</u>	<u>1,182,412</u>
Increase (Decrease) in net assets	668,073	(369,964)	(1,694,268)	(2,239,865)	(9,447,195)	6,133,099
NET ASSETS:						
Beginning of period	14,996,311	24,935,946	17,358,652	26,805,847	26,805,847	20,672,748
End of period	<u>\$ 15,664,384</u>	<u>24,565,982</u>	<u>15,664,384</u>	<u>24,565,982</u>	<u>17,358,652</u>	<u>26,805,847</u>

Notes (a),

(1) Includes receipt of \$6.1 billion from UPS.

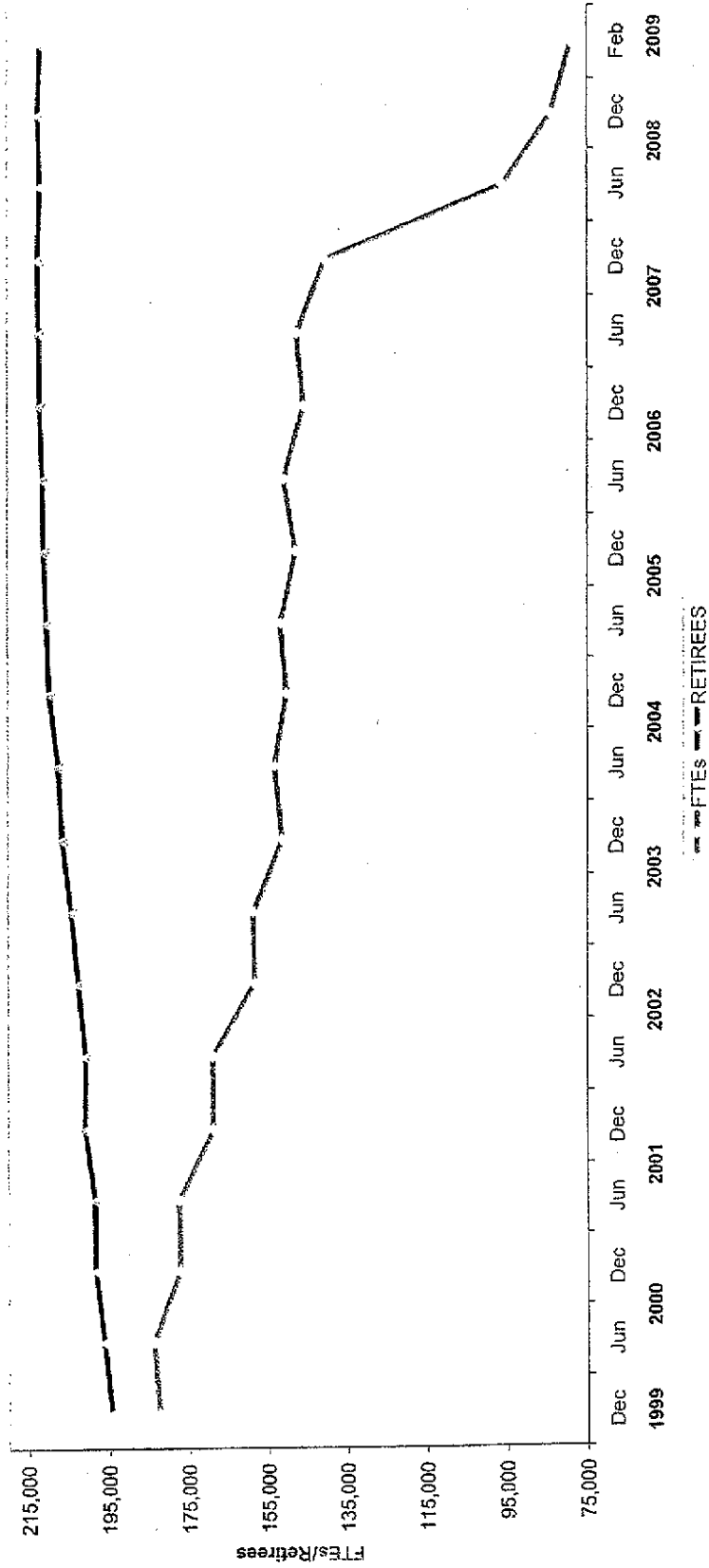
Central States, Southeast and Southwest Areas Pension Fund  
Statement of Cash Receipts and Disbursements  
(In thousands)

	March			Three Months Ended March			Year Ended	
	2009	2008	2009	2008	2009	2008	2008	2007
<b>Operations:</b>								
Contributions	\$ 63,496	62,972	166,367	264,623	926,341	1,435,555		
Benefits paid, net (1)(2)	(49,581)	(46,268)	(677,637)	(668,829)	(2,685,133)	(2,639,128)		
	13,915	16,704	(511,270)	(404,206)	(1,758,792)	(1,203,573)		
Payroll	(1,148)	(1,142)	(3,889)	(3,987)	(16,507)	(16,002)		
Employee benefits	(547)	(506)	(1,799)	(1,630)	(7,157)	(6,666)		
Fees and services	(98)	(220)	(432)	(1,160)	(3,358)	(3,565)		
Rent (3)	(9)	(205)	(31)	(621)	(2,552)	(1,871)		
Office	(195)	(354)	(4,564)	(5,068)	(8,375)	(8,648)		
Withdrawal liability receipts	4,750	3,868	11,572	12,943	87,941	6,187,064 (4)		
Other	(201)	1,695	(4,089)	(1,441)	1,410	1,429		
	2,560	3,136	(3,332)	(972)	51,402	6,151,741		
Net from operations	16,475	19,840	(514,602)	(405,178)	(1,707,390)	4,948,168		
<b>Investments:</b>								
Net sales(purchases)	(53,957)	(71,649)	397,869	239,822	1,054,700	(5,587,360)		
Interest and dividends	45,139	58,404	121,809	182,727	737,209	718,456		
Management fees	(6,629)	(7,895)	(13,027)	(17,352)	(75,968)	(81,358)		
Net from investments	(15,447)	(21,140)	506,651	405,197	1,715,941	(4,950,262)		
Increase(Decrease) in cash	1,028	(1,300)	(7,951)	19	8,551	(2,094)		
<b>Cash:</b>								
Beginning of period	13	1,760	8,992	441	441	2,535		
End of period	1,041	460	1,041	460	8,992	441		

Notes(s):  
(1) Includes increase(decrease) in overdraft:  
(2) Includes timing for EFT funding:  
(3) Rent abatement due to amended lease:  
(4) Includes receipt of \$6.1 billion from UPS.

# Central States Pension Fund

Full Time Equivalents vs. Retirees  
December 1999 Through February 2009



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

	March 31, 2009	December 31, 2008	(1)	Change in Net Assets Dollars	Percentage
Total investments, net	\$ 1,180,252	1,197,388		(17,136)	(1.5)
Employer contributions receivable, net	105,114	90,855		14,259	1.3
Assets held under securities lending agreements	310,637	310,615		22	-
Other assets	12,126	18,633		(6,507)	(0.6)
<b>Total assets</b>	<b>1,608,129</b>	<b>1,617,491</b>		<b>(9,362)</b>	<b>(0.8)</b>
Estimated benefits	191,038	191,973		935	0.1
Liability to return collateral held under securities lending agreements	312,508	313,101		593	-
Other liabilities	19,890	17,464		(2,426)	(0.2)
<b>Total liabilities</b>	<b>523,436</b>	<b>522,538</b>		<b>(898)</b>	<b>(0.1)</b>
<b>NET ASSETS</b>	<b>\$ 1,084,693</b>	<b>1,094,953</b>		<b>(10,260)</b>	<b>(0.9)</b>

Notes:

(1) Does not include final year end adjustments.

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

	Year-to-Date		Change from Prior Year		Commentary
	2009	2008	Dollars	Percentage	
<b>INCOME &amp; EXPENSES</b>					
Contributions	\$ 203,137	287,777	(4,640)	(1.6)	Net investment income(loss) - Primarily \$28,137 unfavorable change in realized/unrealized gain(loss) combined with \$1,005 less interest and dividend income.
Benefits	243,227	251,478	8,251	3.3	
TeamCare administrative fees	7,389	7,460	71	1.0	
General and administrative expenses	8,455	9,593	1,138	11.9	
Increase in net assets before net investment income(loss)	24,066	19,246	4,820	N/A	
Net investment income (loss)	(34,326)	(5,198)	(29,128)	N/A	
Increase (Decrease) in net assets	\$ (10,260)	14,048	(24,308)	N/A	

**OPERATING STATISTICS**

Benefits paid to contributions	86.2 %	87.7 %
General and administrative expenses to:		
Contributions	3.0 %	3.3 %
Benefits paid	3.5 %	3.8 %
Two months average FTEs	89,592	95,197
Contributions per average FTE	\$ 3,160	3,023
Benefits paid per average FTE	\$ 2,725	2,652

Central States, Southeast and Southwest Areas Health and Welfare Fund  
 Executive Summary of Current and Projected Operations

March 31, 2009

(Dollar amounts in thousands)

	March 2009		Variance	
	Actual	Projection	Favorable/ (Unfavorable) Dollars	Percentage
Contributions	\$ 86,208	93,700	(6,992)	(7.5)
Benefits	94,310	83,700	(10,610)	(12.7)
TeamCare administrative fees	2,432	2,600	168	6.5
General and administrative expenses	2,812	3,300	488	14.8
Increase (Decrease) in net assets before net investment income (loss)	(13,346)	3,600	(16,946)	N/A
Net investment income (loss)	30,570	4,800	25,770	N/A
Increase in net assets	\$ 17,224	8,400	8,824	N/A

	Actual through March 2009	April 2009	Projection		Year Ending December 2009
			Remainder of 2009		
Contributions	\$ 283,137	94,800	855,863		1,233,800
Benefits	243,227	90,400	699,573		1,033,200
TeamCare administrative fees	7,389	2,600	20,311		30,300
General and administrative expenses	8,455	3,300	26,045		37,800
Increase (Decrease) in net assets before net investment income (loss)	24,066	(1,500)	109,934		132,500
Net investment income (loss)	(34,326)	4,900	40,426		11,000
Increase (Decrease) in net assets	\$ (10,260)	3,400	150,360		143,500

Assumptions Used in 2009 Projections

Contributions - Scheduled contract rate increases and trended FTEs.

Benefits - Overall cost increase of 7% per FTE.

General and administrative expenses - Actual expenses to date plus 2% increase over 2008 expenses for the remaining months.

Investment income - Actual return earned to date plus remaining months annualized return of 5%.

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

	March 31, 2009	2008	December 31, (1)	2007
<b>ASSETS</b>				
Investments:				
United States government and government agency debt	\$ 674,104	647,234		555,089
Corporate debt	209,939	251,877		352,755
Common stock index fund	289,144	307,978		293,770
Total investments	<u>1,173,187</u>	<u>1,207,089</u>		<u>1,201,614</u>
Receivables:				
Employer contributions, less allowance for uncollectible contributions (2)	105,114	90,855		109,091
Other, primarily investment related	53,349	16,810		20,419
Total receivables	<u>158,463</u>	<u>107,665</u>		<u>129,510</u>
Cash	437	230		221
Assets held under securities lending agreements	310,637	310,615		343,373
Other, primarily furniture and equipment - net	1,858	1,593		2,096
Total assets	<u>1,644,582</u>	<u>1,627,192</u>		<u>1,676,814</u>
<b>LIABILITIES</b>				
Estimated benefits (3)	191,038	191,973		196,300
Liability to return collateral held under securities lending agreements	312,508	313,101		343,373
Checks drawn against future deposits	7,453	4,904		5,303
Payable for securities purchased	36,453	9,701		32,863
Accounts payable and accrued expenses	12,437	12,560		15,616
Total liabilities	<u>559,889</u>	<u>532,239</u>		<u>593,255</u>
<b>NET ASSETS</b>	<u>\$ 1,084,693</u>	<u>1,094,953</u>		<u>1,083,559</u>

Notes:

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

	\$ 1,356	1,224	1,111
	\$ 0	0	(2,700)

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

	March		Three Months Ended March		Year Ended	
	2009	2008	2009	2008	2008	2007
Contributions	\$ 86,208	110,317	283,137	287,777	1,188,782	1,169,116
Benefits and expenses:						
Benefits paid	94,310	79,662	244,162	252,440	1,034,015	1,000,498
Changes to liabilities for benefits	0	0	(935)	(962)	(4,327)	(3,870)
TeamCare administrative fees	2,432	2,456	7,389	7,460	30,005	29,411
General and administrative expenses	2,812	3,255	8,455	9,593	38,424	38,251
Total benefits and expenses	99,554	85,373	259,071	268,531	1,098,117	1,064,290
Increase (Decrease) in net assets before net investment income (loss)	(13,346)	24,944	24,066	19,246	90,665	104,826
Investment income (loss):						
Interest and dividends	3,446	3,938	11,145	12,150	47,366	47,703
Realized and unrealized gain (loss) on investments, net	27,164	(4,651)	(45,349)	(17,212)	(126,125)	23,546
Investment expenses	(40)	(44)	(122)	(136)	(512)	(495)
Net investment income (loss)	30,570	(757)	(34,326)	(5,198)	(79,271)	70,754
Increase (Decrease) in net assets	17,224	24,187	(10,260)	14,048	11,394	175,580
NET ASSETS:						
Beginning of period	1,067,469	1,073,420	1,094,953	1,083,559	1,083,559	907,979
End of period	\$ 1,084,693	1,097,607	1,084,693	1,097,607	1,094,953	1,083,559

Note(s):

(1) Does not include final year end adjustments.

FOR INTERNAL USE ONLY  
B-2.2

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

	March		Three Months Ended March		Year Ended	
	2009	2008	2009	2008	2008	2007
Operations:						
Contributions	\$ 94,645	88,823	272,478	292,107	1,204,574	1,161,124
Benefits paid, net (1)	(102,442)	(87,971)	(238,390)	(249,051)	(1,032,875)	(1,006,124)
	(7,797)	852	34,088	43,056	171,699	155,000
Payroll	(1,298)	(1,361)	(4,505)	(4,816)	(19,496)	(19,398)
Employee benefits	(542)	(631)	(2,117)	(2,035)	(8,535)	(8,268)
Fees and services (primarily Teamcare)	(2,545)	(2,603)	(8,238)	(8,077)	(32,108)	(31,367)
Rent (2)	(8)	(220)	(26)	(665)	(2,731)	(2,091)
Office	(240)	(391)	(912)	(1,278)	(4,753)	(5,402)
Other	(480)	(592)	250	296	318	(259)
	(5,213)	(5,798)	(15,548)	(16,577)	(67,305)	(66,785)
	(13,010)	(4,946)	18,540	26,479	104,394	88,215
Net from operations	13,099	4,889	(18,333)	(26,393)	(104,385)	(88,864)
Net (to)from investments						
Increase(Decrease) in cash	89	(57)	207	86	9	(649)
Cash:						
Beginning of period	348	364	230	221	221	870
End of period	437	307	437	307	230	221

Note(s):

- (1) Includes increase(decrease) in overdraft of: \$ 544
- (2) Rent abatement due to amended lease: \$ 179

\$ (1,491) 0

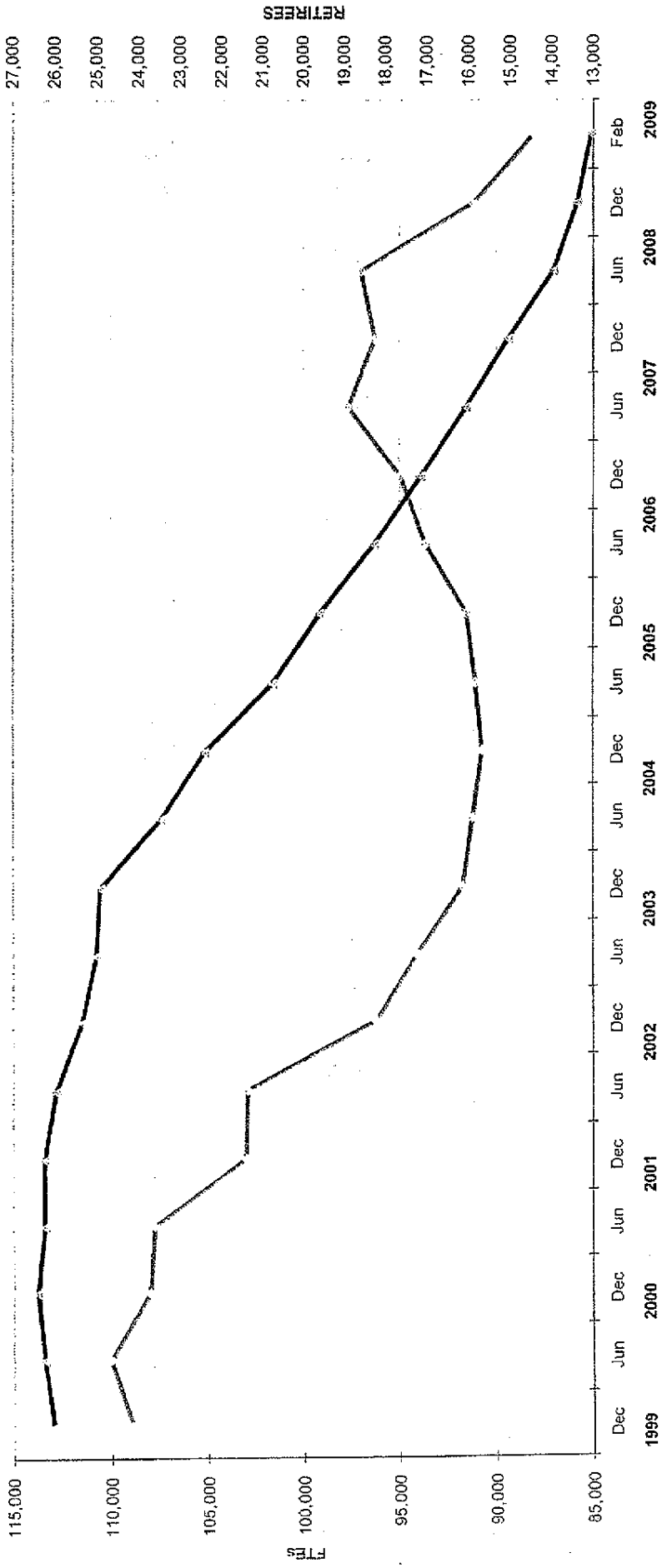
2,549 537

(399) 0

(1,480) 0

# Central States Health and Welfare Fund

Full Time Equivalents vs. Retirees  
December 1999 Through February 2009



FTEs RETIREES