

## Pension – Expected Return and % Funding Levels

**1. Expected Pension Earning Levels (and Actual Earnings).** The following are the earnings levels that the Company expected and built into its planning and pension actuarial studies and expense calculations for the ten year period 2004-2013:

### Expected Return on Pension Assets (EROA)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EROA	9.00%	8.75%	8.75%	8.75%	8.75%	8.50%	8.00%	8.00%	7.50%	7.25%

The following are the actual earnings levels for the pension assets for the period 2004-2012. Actual earnings for 2013 are not available. These rates do not reflect lower total earnings levels resulting from reductions to the pension asset balance in 2008.

### Actual Earned Return on Pension Assets

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Earned Return	9.34%	8.73%	10.24%	6.60%	(25.26%)	11.94%	12.77%	6.28%	11.64%	NA

**2. Funding Levels.** The following are the percentages of total pension obligations that are funded (based on the discounted present value of the obligations) for the period 2004-2012. Funding levels are not available for 2013

### Percentage of Pension Obligation Funded as of Year End

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Funded level	122%	122%	132%	130%	89%	83%	80%	76%	76%	NA

**No Benefit Increases.** There have been no benefit increases to the plans prior to 2000, in fact, benefit levels have actually been reduced for both bargaining and non-

bargaining employees since 2000. Thus, funding levels have not been reduced by increases to pension benefits.

**No Diversion of Pension Assets.** The Company cannot remove assets from the trust. ERISA Section 401(a)(2) provides that prior to the satisfaction of all liabilities with respect to employees and beneficiaries, no assets or income of a qualified plan may be used for, or diverted to, purposes other than those benefiting employees exclusively. This means that the Company cannot remove any surplus pension assets to fund operations or benefit shareholders. Rather, only the payment of pension obligations reduces the pension asset balance. Thus, funding levels have not been reduced by withdrawal of funds by the Company or increases to pension benefits.