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Program Comparison

[\$ in Millions – as of 9/30/2008]

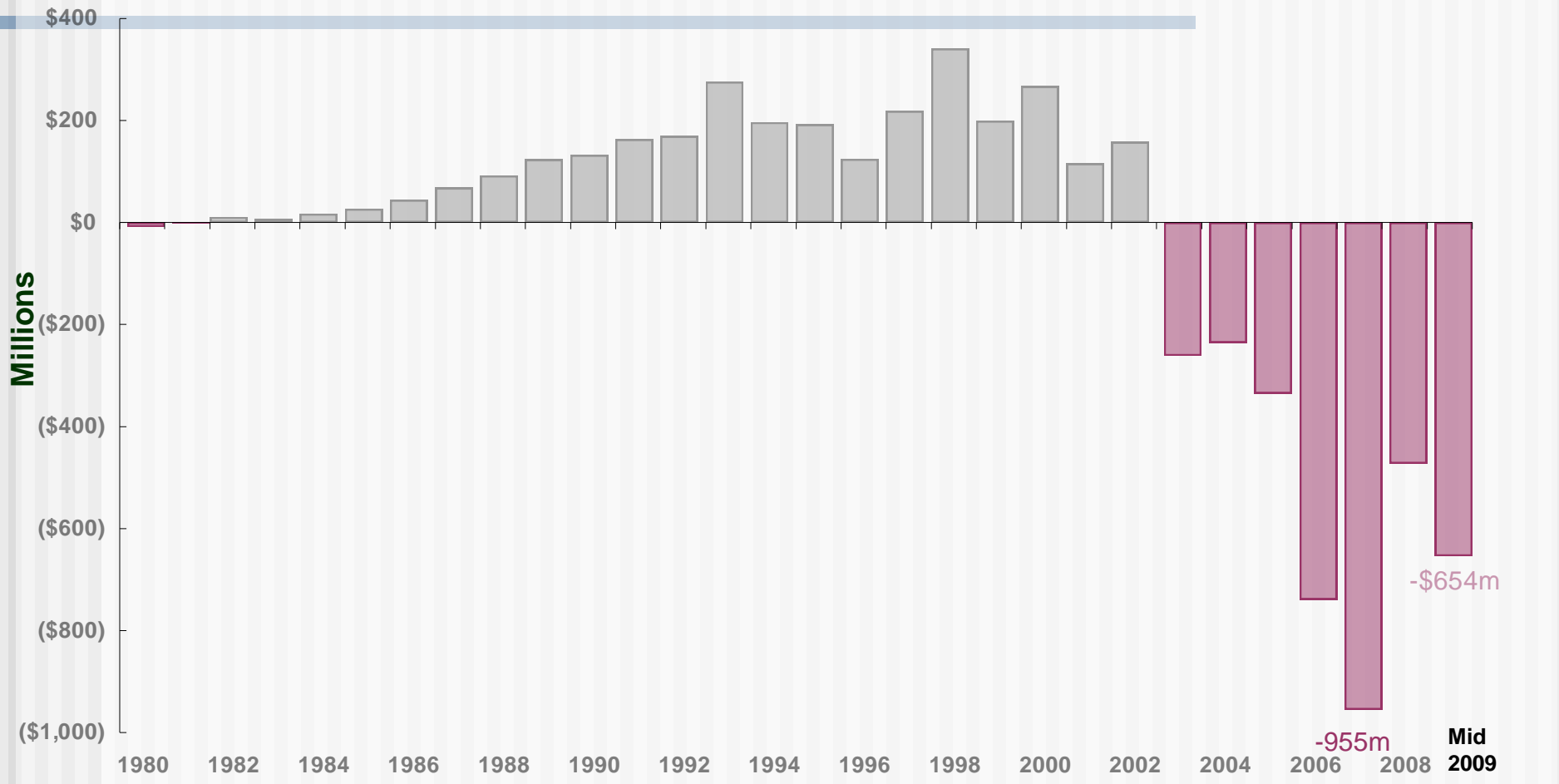
	Single-Employer	Multiemployer
Ongoing Plans	27,900	1,510
Participants Covered	33.8 million	10.1 million
Underfunding in all covered plans	\$186.6 billion ¹	\$202 billion

¹ Total underfunding is from the most recent PBGC data book.

Number of Participants and Size of Plan

Year	Total Participants	# of Participants in large plans (1,000+)	# of participants in small plans (< 1,000)
1980	7,997,000	7,480,000	517,000
1990	8,534,000	8,075,000	459,000
2000	9,132,000	8,739,000	393,000
2007	10,022,000	9,716,000	306,000

PBGC Multiemployer Program Net Position

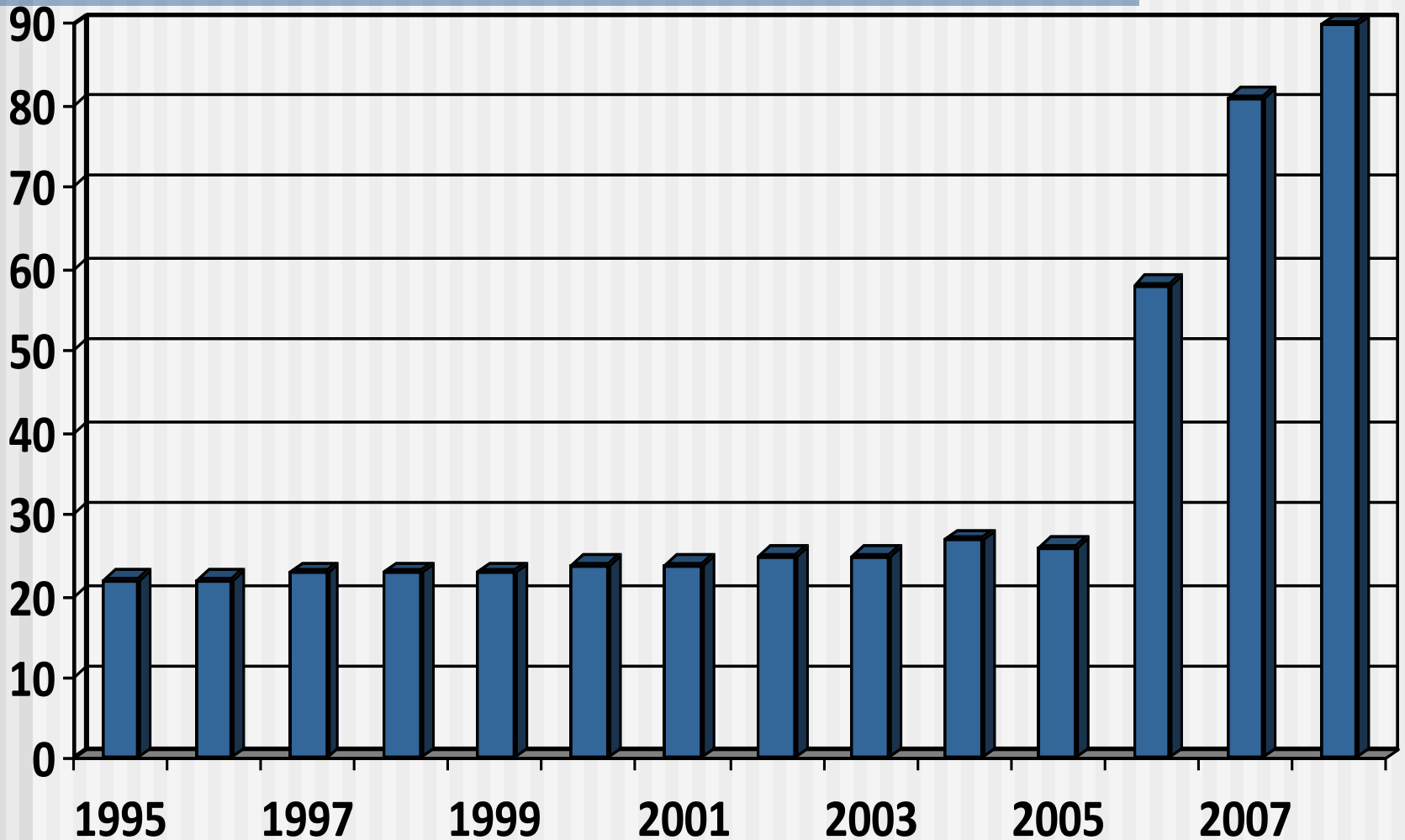


Program Comparison

[as of 3/31/2009]

	Single-Employer	Multiemployer
Assets	--	\$1.4b
Liabilities	--	\$2.1b
Net Position	-\$33.5b	-\$654m
Premium Income	--	\$90
Maximum Guar Benefit	\$54,000	\$12,870
Participants	33.8 million	10.1 million
Plans	27,900	1,510
Insurable Event	Plan Termination	Plan Insolvency

Multiemployer Program Revenue from Premiums (millions)



Multiemployer Probable Claims

(as of 3/31/2009)

- Probables – Booked liabilities
 - \$2.1b in future financial assistance
 - For 91 plans receiving, or expected to receive, financial assistance —
 - 37 plans terminated and insolvent - \$85m 2008 (\$100m expected for 50 plans for 2009)
 - 49 plans terminated but not yet insolvent
 - 5 ongoing plans
 - Some small plans “closed out”
- Booked liabilities increase as new probables are added

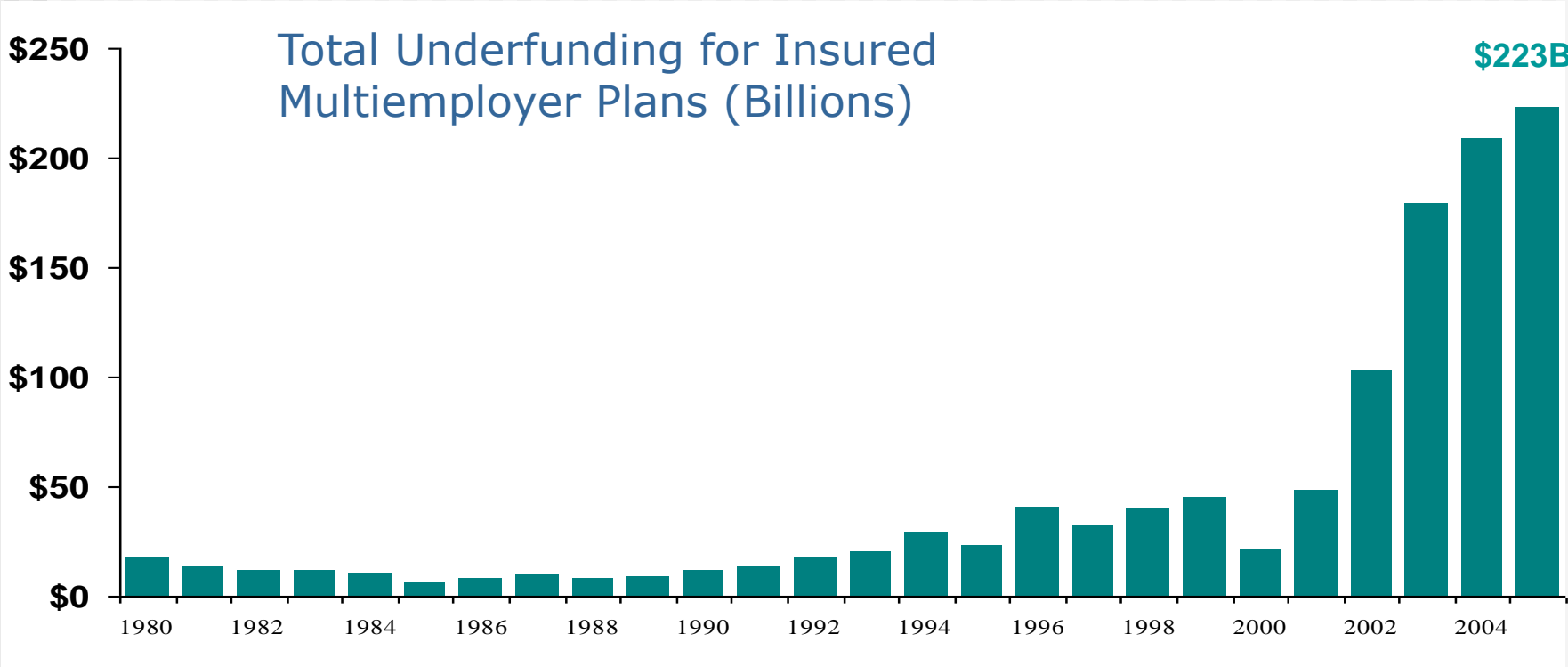
Maximum Guaranteed Benefit

- Single-employer maximum guaranteed benefit is \$54,000 at age 65 (2009)
- Multiemployer plan maximum guaranteed benefit is \$12,870 for a participant with 30 years of service
 - Increased from \$5,850 in 2001
 - Formula: $(100\% \times \$11 + 75\% \times \$33) \times 12 \text{ months} \times \text{YOS}$

Insurable Event

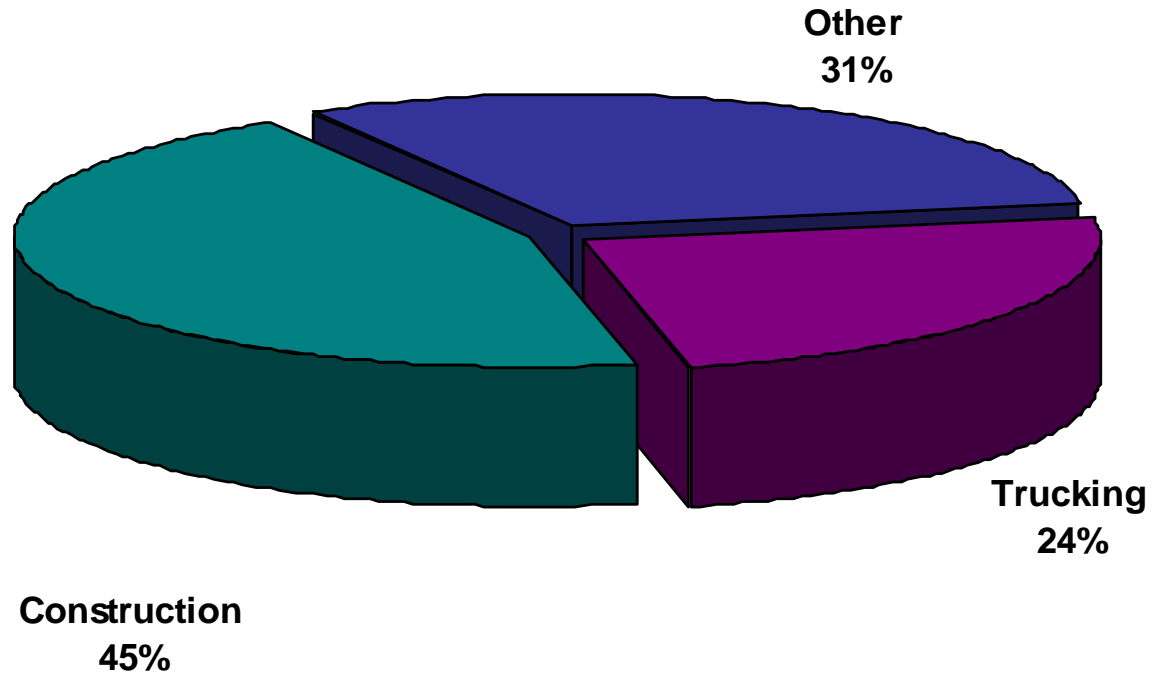
- Single-Employee Program
 - Plan Termination:
Employer bankruptcy
- Since ERISA (1974):
 - 3,860 terminated
trusteed plans
 - 1.2 million participants
and beneficiaries
 - \$4.3 billion/year in
benefits
- Multiemployer Program
 - Plan Insolvency:
Plan runs out of
assets
- Since MPPAA (1981):
 - 57 plans received
financial assistance
 - 122,000 participants
and beneficiaries
 - \$418 million payments
in total

Total Underfunding



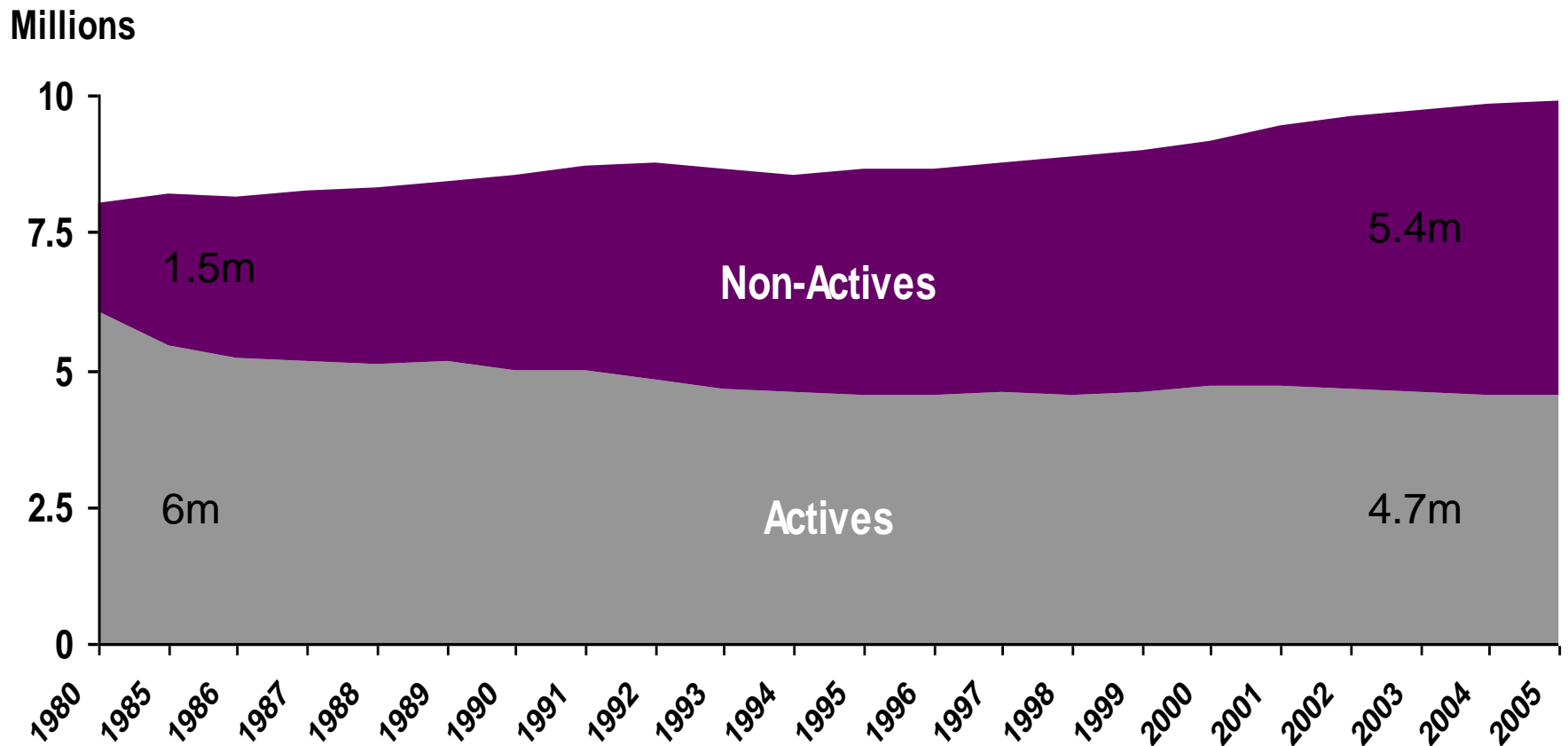
Source: Form 5500

Multiemployer Underfunding Exposure by Industry



SOURCE: Form 5500

Breakdown of PBGC Insured Participants Multiemployer Program



Classifying Risk

- Screen Form 5500s filings for universe of plans
- Criteria:
 - Is the plan at least 60% funded?
 - Are retiree liabilities fully funded?
 - Are there at least 6 years of benefit payments?
 - Is there at least 1 active P for every inactive P?
 - Does annual income exceed annual expenses by at least 30%
- 3 Classification Groups:
 - Probable / Reasonably Possible / Watch List

New Tools for Predicting Risk

- Endangered and Critical Status
- Certification required first 90 days of each plan year
 - Report current funded percentage
 - Critical status if plan actuary believes a funding deficiency is within 5-7 years (i.e. contributions will fail to meet minimum funding requirements)
 - OR: plan assets will run out over a similar time period

Underfunding in Critical Plans

- PBGC has received many more critical and endangered status notices for 2009
 - Many plans are facing a funding deficiency
 - Possibly more than 1 million participants in critical status plans
 - Possibly over \$35 billion in underfunding in critical status plans
- Too early to speculate on what this means for PBGC's financial future - depends on market and economic conditions
- Financially-distressed plans may reduce certain benefits

New Withdrawal Liability Regulations

➤ Fresh Start

- Substitute designated year for 1980
- Presumptive method: Erases prior year-by-year calculations
- Modified presumptive method: Two pools

➤ Reallocation Liability

- Mass Withdrawal Terminations
- Allocation based on withdrawal liability replaced with contribution base units