



XYZ CORP.

Actuary's Report Detailing Funding Requirements
under ERISA for XYZ Corp.
Cash Balance Pension Plan

Valuation as of January 1, 2003
for the plan year beginning on that date

January 2004

PRIVATE & CONFIDENTIAL

Ms. XXXXXXXX
Vice President of Human Resources
XYZ Corp.
Syracuse, New York 13202

Dear XXXXXXX:

This report presents the results of the January 1, 2003 actuarial valuation of the XYZ Corp. Cash Balance Pension Plan. It has been prepared primarily to present to management the current status of funding of plan benefits and the funding requirements and deductible contribution limits for the plan year ending December 31, 2003. In addition, this report provides accounting information for the Plan's financial statement and information necessary to meet government filing requirements of the Plan.

Our calculations were based on the financial data furnished by the Corporation as of December 31, 2002, and on the employee data furnished by the Corporation as of January 1, 2003. Our calculations were also based on the provisions of the Plan in effect on January 1, 2003 which are summarized in Section VII, and the actuarial assumptions and methods described in Section VI of this report.

The valuation was based upon generally accepted actuarial methods, and we performed such tests as we considered necessary to assure the accuracy of the results. We certify that the amounts presented in the accompanying report have been appropriately determined according to the actuarial assumptions and methods stated herein, and fully and fairly disclose the actuarial position of the Plan.

We would be pleased to respond to any questions on the information contained in this report and to provide explanation or further detail as may be appropriate.

Respectfully submitted,

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SECTION I – SUMMARY

This report presents the results of the January 1, 2003 actuarial valuation of the XYZ Corp. Cash Balance Pension Plan. The valuation was performed using census data for plan members and financial information furnished by the Corporation.

This section presents a summary of the valuation results and the status of the plan at January 1, 2003 and discusses significant changes from the prior year. A 3-year historical summary of plan information is also presented on pages 3 and 4.

<u>Actuarial Valuation Highlights</u>	Valuation as of January 1,	
	2003	2002
Maximum Tax Deductible Contribution*	\$ 48,346,544	\$ 20,332,207
Minimum Required Contribution*	\$ 13,153,703	\$ 0
Assets (Actuarial Value)	\$ 92,720,914	\$ 112,272,172
Assets (Market Value)	\$ 92,720,914	\$ 112,272,172
Current Liability (OBRA '87 Assumptions)	\$ 149,441,091	\$ 142,739,787
Current Liability (RPA '94 Assumptions)	\$ 137,599,508	\$ 131,163,472
Actuarial Present Value of Accumulated Plan Benefits	\$ 106,769,297	\$ 103,063,899
Number of Members (Active & Inactive)	10,393	10,247

* Calculated as of the end of the plan year (December 31st).

SECTION I – SUMMARY

(Continued)

Funded Status

The ratio of assets at market value to the actuarial accrued liability (used in the calculation of the Full Funding Limitation) was 87% at January 1, 2003, compared with 109% at January 1, 2002. The ratio of assets at market value to actuarial value of accumulated plan benefits was 87% as of January 1, 2003, compared with 109% as of January 1, 2002.

Changes in Plan Provisions

The Plan provisions are the same as those used in the 2002 valuation.

Changes in Actuarial Assumptions

The mortality table used to annuitize cash balance accounts was changed, effective January 1, 2003, from a 50/50 blend of male and females rates from the 1983 Group Annuity Mortality Table to a 50/50 blend of male and female rates from the 1994 Group Annuity Reserve Table, projected to 2002. This change was made to reflect the change in the prevailing commissioner's standard mortality table described in Internal Revenue Code Section 807(d)(5)(a), which became effective December 31, 2002. As a result of this amendment, the Plan's Actuarial Accrued Liability decreased by \$2,462,260 at January 1, 2003. Amortization of this decrease over the required 10 year amortization period decreased the preliminary minimum required contribution for the 2003 plan year by \$383,669.

In addition, the interest rate used in the calculation of the current liability under RPA '94 was changed to 6.65% for the January 1, 2003 valuation, compared to 6.85% at January 1, 2002. As of January 1, 2003, the Internal Revenue Service's permissible RPA '94 current liability interest range is 4.98% to 6.65%. This range incorporates the provisions of the "Job Creation and Worker Assistance Act of 2002", which increases the maximum RPA '94 current liability corridor for the 2003 plan year from 105% to 120% of the four-year weighted average of the 30-year Treasury rate. This is the rate used in determining the additional funding charge and the minimum full funding limitation.

Finally, the interest rate used in the calculation of the current liability under OBRA'87 changed to 6.09% for the January 1, 2003 valuation, compared to 6.28% at January 1, 2002. This is the rate used in the calculation of the current liability full funding limitation.

Rate of Return on Assets

The rate of return on plan assets for 2002 was -9.50% compared to an assumed rate of return of 9.00%. This resulted in an actuarial loss of \$20,799,492.

Comments

Due to the continued decrease in the current liability interest rate, as well as annual asset return well below the assumed 9.00% for 2000-2002, the Plan is underfunded on a current liability basis. In addition, since the ratio of plan assets to current liability has been below 90% for three consecutive plan years, the Plan is subject to an additional funding charge of \$9,499,809 for the 2003 plan year. The preliminary minimum required contribution for the 2003 plan year is \$16,903,749, inclusive of this charge. This preliminary minimum required contribution is reduced by the Plan's \$3,609,320 credit balance with interest for 2003 (due to contributions in excess of the minimum required contribution for prior plan years), resulting in a final minimum required contribution of \$13,153,703 for the 2003 plan year.

As a result of the Plan being underfunded on a current liability basis, quarterly contributions of \$4,225,938 will be required beginning April 15, 2004. A complete schedule of contributions is detailed on page 12 of this report.

SECTION I – SUMMARY**(Continued)****HISTORICAL SUMMARY**

	<u>Year Beginning January 1,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
1. <u>Number of Members</u> ¹			
Active members	4,134	4,251	4,271
Retirees and beneficiaries	1,200	1,130	1,066
Reps Plan Retirees	N/A	N/A	36
Terminated vested members	4,737	4,608	4,608
Inactive members	<u>322</u>	<u>258</u>	<u>248</u>
Total	10,393	10,247	10,229
2. <u>Actuarial Value of Accumulated Plan Benefits</u> ¹			
Vested			
Active members	\$ 30,283,055	\$ 30,783,748	\$ 29,861,131
Retirees and beneficiaries	39,870,260	38,192,153	34,042,247
Reps Retirees	N/A	N/A	3,983,451
Terminated vested members	28,256,686	25,942,352	25,150,052
Inactive members	<u>963,013</u>	<u>858,521</u>	<u>842,857</u>
Total vested	\$ 99,373,014	\$ 95,776,774	\$ 93,879,738
Nonvested	<u>7,396,283</u>	<u>7,287,125</u>	<u>6,933,902</u>
Total	<u>\$ 106,769,297</u>	<u>\$ 103,063,899</u>	<u>\$ 100,813,640</u>

¹ As of the beginning of the plan year

SECTION I – SUMMARY**(Continued)****HISTORICAL SUMMARY, Continued**

	<u>Year Beginning January 1,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
3. <u>Normal Cost</u> ¹	\$ 2,469,299	\$ 2,293,720	\$ 2,104,975
4. <u>Contributions</u>			
Minimum required	\$ 13,153,703	\$ 0	\$ 2,056,213
Maximum deductible	\$ 48,346,544	\$ 20,332,207	\$ 28,202,342
Amount actually contributed	N/A	\$ 596,060	\$ 6,750,000
5. <u>Actuarial Accrued Liabilities</u> ¹			
Active members	\$ 37,378,442	\$ 37,757,300	\$ 36,587,016
Retirees and beneficiaries	39,870,260	38,192,153	34,042,247
Reps Plan Retirees	N/A	N/A	3,983,451
Terminated vested members	28,256,686	25,942,352	25,150,052
Inactive members	<u>1,263,909</u>	<u>1,172,094</u>	<u>1,050,874</u>
Total	\$ 106,769,297	\$ 103,063,899	\$ 100,813,640
6. <u>Actuarial Present Value of Future Benefits</u>			
Active members	\$ 62,941,486	\$ 62,456,765	\$ 59,973,715
Retirees and beneficiaries	39,870,260	38,192,153	34,042,247
Reps Plan Retirees	N/A	N/A	3,983,451
Terminated vested members	28,256,686	25,942,352	25,150,052
Inactive members	<u>1,263,909</u>	<u>1,172,094</u>	<u>1,050,874</u>
Total	\$ 132,332,341	\$ 127,763,364	\$ 124,200,339
7. <u>Plan Assets</u> ¹			
Market Value	\$ 92,720,914	\$ 112,272,172	\$ 115,428,942
Actuarial Value	\$ 92,720,914	\$ 112,272,172	\$ 115,428,942
8. <u>Rate of Return on Market Value of Plan Assets</u>	-9.50%	-0.82%	0.56%

¹ As of the beginning of the plan year

SECTION II - FUNDING

A. Contribution Limits

Sections 412 and 404 of the Internal Revenue Code define, respectively, the minimum required and the maximum deductible contribution for a plan year. The minimum required contribution consists of the following:

- Normal cost (subsection B), plus
- Amortization of the unamortized actuarial accrued liability (Section IV-G), less
- The credit balance in the funding standard account at the end of the prior plan year (Section IV-E), plus
- Interest on the above amounts to the end of the plan year, plus
- Additional funding requirement (Section IV-H), less
- The full funding limitation credits (subsection E).

The maximum tax deductible contribution is equal to:

- Normal cost (subsection B), plus
- Amortization of the unfunded actuarial accrued liability (Section IV-I), plus
- Interest on the above amounts to the end of the Corporation's plan year,

or, if greater, the minimum required contribution described above.

The full funding limitation (subsection D) serves as a limitation on both the minimum required and the maximum deductible contribution in any year. However, the maximum deductible contribution will not be reduced to an amount less than the unfunded current liability.

The range of Corporation contributions for the 2003 plan year is presented on the next page.

SECTION II - FUNDING

(Continued)

A. Contribution Limits, Continued

The range of Corporation contributions for the plan year ending December 31, 2003 and the tax year ending February 1, 2004 is as follows:

	Minimum Required Contribution	Maximum Deductible Contribution
1. Normal cost	\$ 2,469,299	\$ 2,469,299
2. Amortization payments	4,323,306	2,008,276
3. Interest on above amounts to end of year	611,335	402,982
4. Additional funding requirement	9,499,809	N/A
5. Funding deficiency (if any) in funding standard account	<u>0</u>	<u>N/A</u>
6. Preliminary contribution: total of above, not less than zero	\$ 16,903,749	\$ 4,880,557
7. Full funding limitation	\$ 36,197,456	\$ 36,197,456
8. Credit balance (if any) in funding standard account	\$ 3,609,320	N/A
9. Net interest adjustment for contributions made during the year	\$ 140,726	N/A
10. Unfunded current liability	N/A	\$ 48,346,544
11. Corporation contribution		
(a) minimum: [lesser of (6) and (7)] - (8) - (9), but not less than zero	\$ 13,153,703	N/A
(b) maximum: [lesser of (6) and (7)], but not less than the minimum required contribution, or (10) if greater	N/A	\$ 48,346,544

According to IRC Section 404, employer contributions for the plan year ending December 31, 2003 may be deducted if made no later than the due date, including extensions for filing the employer's federal income tax return for the tax year ending February 1, 2004.

The minimum required contribution under Section 302 of the Employee Retirement Income Security Act and IRC Section 412(a) for the plan year ending December 31, 2003 must be contributed no later than September 15, 2004. The minimum required contribution is reduced to reflect interest if the contribution is made prior to December 31, 2003.

SECTION II - FUNDING

(Continued)

B. Normal Cost and Unfunded Actuarial Accrued Liability

The normal cost is the portion of the total value of projected benefits which is allocated by the actuarial cost method (see Section VI) to the current year.

1. Normal cost as of January 1, 2003

(a) Benefits	\$ 2,469,299
(b) Expense load	<u>0</u>
(c) Total normal cost: (a) + (b)	\$ 2,469,299

The actuarial accrued liability is the portion of the total value of projected benefits which is allocated by the actuarial cost method to years prior to the valuation date. The unfunded actuarial accrued liability is defined as the excess, if any, of the actuarial accrued liability over the actuarial value of assets. The unfunded actuarial accrued liability as of January 1, 2003 is determined as follows:

2. Actuarial accrued liability as of January 1, 2003 for:

(a) Active members	\$ 37,378,442
(b) Terminated vested members	28,256,686
(c) Retired members	39,870,260
(d) Inactive members	<u>1,263,909</u>
(e) Total: (a) + (b) + (c) + (d)	\$ 106,769,297

3. Actuarial value of assets as of January 1, 2003

\$ 92,720,914

4. Unfunded actuarial accrued liability as of
January 1, 2003: (2e) - (3), not less than zero

\$ 14,048,383

SECTION II - FUNDING

(Continued)

C. Reconciliation of Unfunded Actuarial Accrued Liability

1. Unfunded actuarial accrued liability as of January 1, 2002	\$ 0
2. Normal Cost as of January 1, 2002	2,293,720
3. Interest on (1) and (2) to December 31, 2002	206,435
4. Corporation contribution for 2002	596,060
5. Interest on (4) to December 31, 2002	<u>22,217</u>
6. Expected unfunded actuarial accrued liability, prior to recognition of effect of current plan changes: (1) + (2) + (3) - (4) - (5)	\$ 1,881,878
7. Actual unfunded actuarial accrued liability, prior to recognition of effect of current plan changes	<u>16,510,643</u>
8. Experience gain (loss): (6) - (7)	(\$ 14,628,765)*
9. Increase (decrease) due to plan change	0
10. Increase (decrease) due to change in assumptions	(2,462,260)
11. Increase (decrease) due to change in method	<u>0</u>
12. Actual unfunded actuarial accrued liability as of January 1, 2003: (7) + (9) + (10) + (11)	<u>\$ 14,048,383</u>

* The amortization base established is equal to the actual unfunded actuarial accrued liability (prior to plan changes) plus the credit balance since the plan was subject to the full funding limitation in a prior year. This amount is equal to \$19,821,946.

SECTION II - FUNDING

(Continued)

D. Full Funding Limitation

The full funding limitation is defined by the Internal Revenue Code and serves as a limitation on the amount of required or deductible contributions in any year. The full funding limitation for the plan year ending December 31, 2003 is the lesser of the ERISA and the current liability full funding limitations determined as follows:

<u>ERISA Full Funding Limitation</u>	Minimum Required Contribution	Maximum Deductible Contribution
1. Actuarial accrued liability	\$ 106,769,297	\$ 106,769,297
2. Normal cost for the year	\$ 2,469,299	\$ 2,469,299
3. Expected benefit payments	\$ 26,719,099	\$ 26,719,099
4. Interest of 9.00% on [(1) + (2) - .5 x (3)] to the end of the year	\$ 8,629,114	\$ 8,629,114
5. Total expected liability at end of year: (1) + (2) - (3) + (4)	\$ 91,148,611	\$ 91,148,611
6. Lesser of actuarial value and market value of assets	\$ 92,720,914	\$ 92,720,914
7. Credit balance	\$ 3,311,303	N/A
8. Tax carry-forward (accelerated deductions)	N/A	\$ 0
9. Adjusted assets: (6) - (7)	\$ 89,409,611	\$ 92,720,914
10. Interest of 9.00% on [(9) - .5 x (3)] to the end of year	\$ 6,844,506	\$ 7,142,523
11. Expected asset value at end of year: (9) + (10) - (3) - (8)	\$ 69,535,018	\$ 73,144,338
12. ERISA full funding limitation at end of year: (5) - (11), but not less than zero	\$ 21,613,593	\$ 18,004,273
 <u>Current Liability Full Funding Limitation</u>		
13. Current liability (OBRA '87 Assumptions)	\$ 149,441,091	\$ 149,441,091
14. Current cost for the year	\$ 2,449,541	\$ 2,449,541
15. Interest of 6.09% on [(13) + (14) - .5 x (3)] to the end of the year	\$ 8,436,543	\$ 8,436,543
16. 170% of current liability at end of the year: 1.70 x [(13) + (14) + (15) - (3)]	\$ 227,133,729	\$ 227,133,729
17. Current liability full funding limitation: (16) - (11), but not less than zero	\$ 157,598,711	\$ 153,989,391

SECTION II - FUNDING

(Continued)

D. Full Funding Limitation, Continued

	<u>Minimum Required Contribution</u>	<u>Maximum Deductible Contribution</u>
<u>Minimum Full Funding Limitation*</u>		
18. Current liability (RPA '94 Assumptions)	\$ 137,599,508	\$ 137,599,508
19. Current cost for the year	\$ 2,202,078	\$ 2,202,078
20. Interest of 6.65% on [(18) + (19) - .5 x (3)] to the end of the year	\$ 8,408,395	\$ 8,408,395
21. 90% of the current liability at the end of the year: .90 x [(18) + (19) + (20) - (3)]	\$ 109,341,794	\$ 109,341,794
22. Actuarial value of assets	\$ 92,720,914	\$ 92,720,914
23. Interest at 9.00% on [(22) - .5 x (3)]	\$ 7,142,523	\$ 7,142,523
24. Expected asset value at the end of year: (22) + (23) - (3)	\$ 73,144,338	\$ 73,144,338
25. Minimum full funding limitation: (21) - (24), but not less than zero	\$ 36,197,456	\$ 36,197,456
<u>Full Funding Limitation</u>		
26. Full funding limitation: lesser of (12) and (17), not less than (25)	<u>\$ 36,197,456</u>	<u>\$ 36,197,456</u>

* The minimum full funding limitation was initiated by the Retirement Protection Act of 1994 (RPA '94). Current liability was calculated using the IRS mortality table and allowable interest range prescribed by RPA '94.

SECTION II - FUNDING

(Continued)

E. Full Funding Limitation Credit

The full funding limitation under IRC Section 412 defines the limits on the minimum required contribution for a plan year. When the full funding limitation is invoked, a credit is applied in the minimum funding standard account in order to avoid a funding deficiency. This credit, which we refer to as the full funding limitation credit, is equal to the excess (if any) of:

- (a) The accumulated funding deficiency at the end of the plan year determined without regard to any credit balance for the plan year or any contributions made for the plan year, over
- (b) The full funding limitation determined in subsection D.

The full funding limitation credits for the plan year ending December 31, 2003 is as follows:

1. Preliminary minimum contribution	\$ 16,903,749
2. ERISA full funding limitation	36,197,456
3. ERISA full funding credit: (1) - (2), but not less than zero	0
4. Current liability full funding limitation	157,598,711
5. Current liability full funding credit: lesser of [(1) and (2)] - (4), but not less than zero	<u>\$ 0</u>

SECTION II - FUNDING

(Continued)

F. Contributions During 2003

Shown below is the schedule of contributions for the 2003 plan year required to be made through September 15, 2004.

<u>Due Date</u>	<u>Amount</u>
04/15/2003	\$ 0*
07/15/2003	0
10/15/2003	0
01/15/2004	0
09/15/2004	11,153,703

* Due to the credit balance, no quarterly contributions were due for 2003. A contribution of \$2,000,000 was made March 18, 2003 for the 2003 plan year.

The following is the schedule of minimum required quarterly contributions to be made for the 2004 plan year:

<u>Due Date</u>	<u>Amount</u>
04/15/2004	\$ 4,225,938
07/15/2004	\$ 4,225,938
10/15/2004	\$ 4,225,938
01/15/2005	\$ 4,225,938

SECTION III - ASSETS

A. Changes in Market Value of Assets, Plan Year Ending December 31, 2002

1. a.	Market value of assets at beginning of year including receivable contributions of \$6,750,000	\$ 112,272,172
b.	Market value of assets at beginning of year without receivables	\$ 105,522,172
2. a.	Changes during year: Additions	
(i)	Contributions	\$ 7,346,060
(ii)	Investment income	<u>1,458,404</u>
(iii)	Total	\$ 8,804,464
b.	Changes during year: Deductions	
(i)	Payments to members & beneficiaries	\$ 9,066,544
(ii)	Administrative and other expenses	856,774
(iii)	Other disbursements	<u>0</u>
(iv)	Total	\$ 9,923,318
c.	Net realized gain (loss) on sale of assets	\$ (24,678)
d.	Unrealized appreciation (depreciation)	\$ (11,658,593)
e.	Accrued Income	\$ 867
f.	Adjustments, including receivable contributions	\$ 0
g.	Net increase (decrease) during year: (a) - (b) + (c) + (d) + (e) + (f)	\$ (12,801,258)
3.	Market value of assets at end of year: (1b) + (2g)	<u>\$ 92,720,914</u>

SECTION III - ASSETS

(Continued)

B. Actuarial Value of Assets

The actuarial value of assets is equal to the market value of assets plus receivables less payables and is \$92,720,914 as of January 1, 2003.

C. Investment Return

The following develops the approximate rate of return on the assets of the plan during 2002:

	<u>Market Value</u>
1. Balance, beginning of year	\$ 112,272,172
2. Balance, end of year	92,720,914
3. Total increase: (2) - (1)	(19,551,258)
4. Contributions (excludes receivable from Reps plan)	596,060
5. Benefit payments	9,066,544
6. Expenses	856,774
7. Net additions: (4) - (5) - (6)	(9,327,258)
8. Net investment increase: (3) - (7)	(10,224,000)
9. Average assets: [(1) + (2) - (8)]/2	\$ 107,608,543
10. Approximate rate of return: (8)/(9)	-9.50%

SECTION IV - MISCELLANEOUS PLAN INFORMATION

This section contains information necessary for compliance with certain reporting requirements of the Internal Revenue Service and the Financial Accounting Standards Board.

A. Actuary's Statements Regarding SFAS No. 35 Requirements

This subsection, together with subsections B and C, present information for compliance with the disclosure requirements of Statement No. 35 of the Financial Accounting Standards Board (SFAS No. 35).

Accounting information required for the Corporation's financial statements is provided in a separate accounting report.

1. The actuarial present value of accumulated plan benefits has been completed in accordance with the method prescribed in SFAS No. 35.
2. The actuarial assumptions are reasonable based on the criteria for selecting assumptions under SFAS No. 35.
3. The values given in subsection B have been developed on a continuing plan basis and do not necessarily represent the liabilities of the Plan if it were to terminate.

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

B. Statement of Accumulated Plan Benefits and Assets under SFAS No. 35

A comparison of the actuarial present value of accumulated benefits and applicable assets as of January 1, 2003 and January 1, 2002 is presented below:

	<u>2003</u>	<u>2002</u>
1. Actuarial present value of accumulated plan benefits		
Vested benefits		
Vested active members	\$ 30,283,055	\$ 30,783,748
Retirees and beneficiaries	39,870,260	38,192,153
Vested terminated members	28,256,686	25,942,352
Vested inactive members	<u>963,013</u>	<u>858,521</u>
Total vested benefits	\$ 99,373,014	\$ 95,776,774
Nonvested benefits	<u>7,396,283</u>	<u>7,287,125</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 106,769,297</u>	<u>\$ 103,063,899</u>
2. Market value of assets	\$ 92,720,914	\$ 112,272,172

The actuarial present value of accumulated plan benefits above has been calculated on the basis of the actuarial assumptions described below and on the assumption that the Plan will continue indefinitely. Values calculated pursuant to a plan termination would be somewhat different, and would depend on the timing and circumstances of the termination.

Mortality: 1983 Group Annuity Mortality Tables for males and females.

Interest: 9.00% compounded annually.

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

C. **Statement of Changes in the Actuarial Present Value of Accumulated Plan Benefits under SFAS No. 35**

The changes in the actuarial present value of accumulated plan benefits for the year ended December 31, 2002 are presented below:

1. Actuarial present value of accumulated plan benefits at beginning of year	\$ 103,063,899
2. Increase (decrease) during the plan year attributable to:	
Change in the assumptions	(\$ 2,462,260)
Change due to plan amendment	0
Net benefits accumulated (including actuarial gains and losses)	6,366,446
Increase for interest due to the decrease in the discount period	8,867,756
Benefits paid	(9,066,544)
Net increase (decrease)	\$ 3,705,398
3. Actuarial present value of accumulated plan benefits at end of year	<u>\$ 106,769,297</u>

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

D. Development of Present Value of Vested and Nonvested Benefits for Form 5500 - Schedule B

The present value of vested and nonvested benefits as of the beginning of the 2003 and 2002 plan years are presented below:

	<u>2003</u>	<u>2002</u>
1. Present value of accrued benefits		
Retirees and beneficiaries	\$ 46,983,117	\$ 44,388,972
Terminated vested members	43,421,323	39,237,278
Other members	<u>41,057,294</u>	<u>38,442,774</u>
Total vested benefits	\$ 131,461,734	\$ 122,069,024
Present value of nonvested benefits	<u>6,137,774</u>	<u>9,094,448</u>
Total present value of vested and nonvested benefits	<u>\$ 137,599,508</u>	<u>\$ 131,163,472</u>
2. Value of benefits accruing during the year	\$ 2,202,078	\$ 2,291,720
3. Expected benefit payments	\$ 26,719,099	\$ 10,418,779

The assumed rate of return used in measuring the present value of vested and nonvested benefits as of January 1, 2003 is 6.65% and as of January 1, 2002 is 6.85%. In accordance with IRC Section 404(j), cost of living increases in the maximum benefit limitation under IRC Section 415 have not been anticipated in developing the above amounts.

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

E. Funding Standard Account

Presented below is the funding standard account for 2002. The credit balance at the end of the prior plan year is used in the development of the minimum required contribution for 2003.

Charges:

1.	Funding deficiency at December 31, 2001	\$ 0
2.	Normal cost for 2002	2,293,720
3.	Total amortization charges (outstanding balance \$0)	0
4.	Interest on (1), (2) and (3) to end of plan year	206,435
5.	Additional funding charge	0
6.	Interest charge for delinquent quarterly contributions	<u>0</u>
7.	Total charges to funding standard account	\$ 2,500,155

Credits:

8.	Credit balance at December 31, 2001	\$ 4,764,386
9.	Corporation contribution	596,060
10.	Total amortization credits	0
11.	Interest on (8), (9) and (10) to end of plan year	451,012
12.	a. ERISA full funding limitation credit	\$ 0
	b. Additional full funding credit due to current liability full funding	<u>0</u>
	c. Total	\$ 0
13.	Funding waiver	<u>0</u>
14.	Total credits to funding standard account	\$ 5,811,458
15.	Credit balance at December 31, 2002: excess, if any, of (14) over (7)	\$ 3,311,303
16.	Funding deficiency at December 31, 2002: excess, if any, of (7) over (14)	\$ 0

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

F. Reconciliation Account

The prior year's accumulated reconciliation account is as follows:

Accumulated additional funding charge

1. Accumulated additional funding charge as of the beginning of the prior plan year	\$ 0
2. Interest on (1) at 9.00% to the end of the prior plan year	0
3. Additional funding charge for the prior plan year	<u>0</u>
4. Accumulated additional funding charge as of the beginning of the current plan year	\$ 0

Accumulated additional interest charge for delinquent quarterly contributions

5. Accumulated additional interest charge as of the beginning of the prior plan year	\$ 0
6. Interest on (5) at 9.00% to the end of the prior plan year	0
7. Additional interest charge for delinquent quarterly installments for the prior plan year	<u>0</u>
8. Accumulated additional interest charge as of the beginning of the current plan year	\$ 0

Reconciliation account balance

9. Total reconciliation account balance at January 1, 2003: (4) + (8)	<u><u>\$ 0</u></u>
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SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

G. Schedule of Amortization Payments for Minimum Funding

<u>Changes in Unfunded Actuarial Accrued Liability</u>	<u>Initial Amount</u>	<u>Date Established</u>	<u>Initial Period (Years)</u>	<u>Remaining Period (Years)</u>	<u>Remaining Balance</u>	<u>Annual Amortization Payment</u>
<u>CHARGES</u>						
Actuarial Loss	\$19,821,946	01/01/2003	5	5	<u>\$ 19,821,946</u>	<u>\$ 4,675,296</u>
Total Charges					\$ 19,821,946	\$ 4,675,296
<u>CREDITS</u>						
Assumption Change	\$ 2,462,260	01/01/2003	10	10	<u>\$ 2,462,260</u>	<u>\$ 351,990</u>
Total Credits					\$ 2,462,260	\$ 351,990
<u>NET CHARGES (CREDITS)</u>					\$ 17,359,686	\$ 4,323,306
(Credit balance)					(\$ 3,311,303)	
Funding deficiency					0	
(Reconciliation account balance)					(_____)0	
Total					\$ 14,048,383	
Unfunded actuarial accrued liability					\$ 14,048,383	

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

H. Additional Funding Requirement

Section 412 of the Internal Revenue Code provides for an increase in the minimum required contribution in plan years in which the current liability substantially exceeds the actuarial value of plan assets. The additional required minimum contribution for the plan year beginning January 1, 2003 is calculated as follows:

1. Unfunded Current Liability	
a. Current Liability as of January 1, 2003	\$ 137,599,508
b. Actuarial value of assets as of January 1, 2003	92,720,914
c. Funding standard account credit balance	3,311,303
d. Adjusted value of assets: (b) - (c)	89,409,611
e. Unfunded Current Liability: (a) - (d), not less than zero	\$ 48,189,897
2. Funded Current Liability Percent (FCL): (1d)/(1a)	64.98%
3. Unfunded Old Liability (UOL) as of January 1, 2003	
a. UOL as of January 1, 2003	\$ 0
b. UOL Amount	0
4. Liability attributable to any unpredictable contingent event benefit	\$ 0
5. Unfunded New Liability (UNL): (1e)-(3a)-(4), but not less than zero	\$ 48,189,897
6. UNL amortization percentage: 30% - .40 x [(2) - 60%]	28.01%
7. Amortization of UNL: (5) x (6)	\$ 13,497,990
8. Current Liability Normal Cost	\$ 2,202,078
9. Deficit Reduction Contribution: (3b) + (7) + (8)	\$ 15,700,068
10. Normal Cost plus Minimum Funding Standard Account Net Amortization Payments	\$ 6,792,605
11. Preliminary additional funding requirement: (9) - (10), but not less than zero	\$ 8,907,463
12. Interest (6.65%) on (11) to December 31, 2003	\$ 592,346
13. Additional funding requirement: (11) + (12)	<u>\$ 9,499,809</u>

SECTION IV - MISCELLANEOUS PLAN INFORMATION

(Continued)

I. Schedule of Amortization Payments for Maximum Deductible Contribution

<u>Changes in Unfunded Actuarial Accrued Liability</u>	<u>Initial Amount</u>	<u>Date Established</u>	<u>Remaining Balance</u>	<u>Limit Adjustment</u>
Fresh Start	\$14,048,383	01/01/2003	<u>\$14,048,383</u>	<u>\$ 2,008,276</u>
Total			\$14,048,383	\$ 2,008,276
Unfunded actuarial accrued liability			\$14,048,383	

SECTION V – CENSUS DATA

A. Reconciliation of Participant Data

	<u>Actives</u>	<u>Inactives</u>	<u>Retirees and Beneficiaries</u>	<u>Vested Terminations</u>	<u>Total</u>
Total as of January 1, 2002	4,251	258	1,130	4,608	10,247
Prior year corrections	(2)	27	14	32	71
Nonvested Terminations	(280)	(42)	0	0	(322)
Vested Terminations	(331)	(60)	0	391	0
Retired	(6)	0	65	(59)	0
Deaths w/o beneficiary	0	0	(10)	0	(10)
Deaths with beneficiary	(3)	(1)	8	(2)	2
To Inactive	(134)	147	0	(13)	0
New hires	539	0	0	0	539
Lump sum distributions	0	0	(7)	(201)	(208)
Rehires	22	60	0	(20)	62
Transfers	11	0	0	0	11
From inactive	67	(67)	0	0	0
Reps Plan Retirees	0	0	0	0	0
QDRO	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Total as of January 1, 2003	4,134	322	1,200	4,737	10,393

SECTION V – CENSUS DATA

(Continued)

B. Age and Service Distribution of Active Members

Completed Years of Service on January 1, 2003

Attained Age	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>Total</u>
Under 25	199	60	0	0	0	0	0	259
25-29	177	125	48	0	0	0	0	350
30-34	154	105	172	56	0	0	0	487
35-39	138	80	106	133	67	0	0	524
40-44	176	97	94	85	193	71	0	716
45-49	159	92	63	79	68	153	63	677
50-54	95	64	63	35	63	56	113	489
55-59	85	54	48	39	31	46	55	358
60-64	51	30	23	20	17	19	27	187
65 & Up	<u>37</u>	<u>22</u>	<u>14</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>87</u>
Total	1,271	729	631	450	443	349	261	4,134

January 1, 2003

January 1, 2002

Members Under Normal Retirement Age

Number of members	4,134*	4,183
Average age	42.93*	42.63
Average years of service	12.80*	12.60

Members Over Normal Retirement Age

Number of members	N/A	68
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* Includes actives over normal retirement age.

SECTION VI – ACTUARIAL ASSUMPTIONS AND METHODS

Mortality (Valuation Assumptions)

1983 Group Annuity Mortality Table for males and females as prescribed by RPA '94.

Interest

9.00% compounded annually (net of expenses).

For purposes of determining the plan's current liability, as defined under Section 412(1) of the Internal Revenue Code, a rate of 6.65% was used for calculations pursuant to RPA '94 and a rate of 6.09% was used for calculation pursuant to OBRA '87.

Salary Scale

3.50% per annum.

Interest Rate Credit for determining projected Cash Balance Account

6.50% per annum.

For purposes of determining the plan's current liability, a rate of 5.08% was used.

Turnover

According to following rates:

Age	Probability of Withdrawal	
	Males	Females
20	.224	.374
25	.149	.224
35	.074	.104
45	.026	.044
55	.000	.009

Retirement

Age 62 with age plus service equal to "85" points but no later than age 65.

SECTION VI – ACTUARIAL ASSUMPTIONS AND METHODS

(Continued)

Asset Valuation Method

Market value of assets.

Actuarial Cost Method

The annual cost is determined using the Unit Credit Actuarial Cost Method. Under this method, the costs of plan benefits are assigned to the years in which they accrue. Normal cost equals the cost of benefits accrued during the current plan year.

The actuarial accrued liability as of a particular date is equal to the cost attributable to benefits accrued in prior years. The excess of the actuarial accrued liability over the valuation assets is equal to the unfunded actuarial accrued liability.

After the initial valuation under this method, both a theoretical unfunded actuarial accrued liability (representing the unfunded actuarial accrued liability which would have resulted if the actuarial assumptions had been exactly realized) and the actual unfunded actuarial accrued liability are determined. Any difference represents an actuarial gain or loss and will be separately amortized.

The plan cost is thus composed of the normal cost (for benefits currently being earned), a payment to amortize the unfunded actuarial accrued liability (for benefits earned in the past), and credits or charges arising from actuarial gains or losses, respectively (for revision to the estimated cost of benefits).

SECTION VII - SUMMARY OF PLAN PROVISIONS

(Continued)

Normal Retirement Benefits

Each member is eligible to retire on his Normal Retirement Date, which is the first day of the month coincident with or next following the later of the attainment of age 65 or five years of participation. The normal retirement benefit is equal to the participant's Account Balance converted to a single life annuity. In no event can this annuity be less than the accrued benefit under the applicable prior Plan as of May 31, 1998.

Early Retirement

Each member may retire at the later of age 55 and the completion of five years of service. The early retirement benefit commencing upon the attainment of early retirement age is reduced to reflect the early commencement. There is no reduction if a participant's age plus years of service equal or exceed 85.

For participants whose age plus years of service equal or exceed 85, an additional Rule of 85 benefit is payable. The Rule of 85 benefit is an amount equal to 10% of the participant's final average compensation times the number of years and months from the participant's benefit commencement date to age 62 payable as a lump sum or an actuarially equivalent life annuity payable from the benefit commencement date to age 62.

Termination of Employment

A member who terminates prior to completion of five years of service is not entitled to any benefit under the Plan. A member who terminates after completion of five years of service is fully vested in his or her accrued Normal Retirement Benefit.

Payment of Benefits

Monthly retirement benefits are payable as an immediate life annuity. An actuarially equivalent Joint and 50 percent Survivor Annuity is the normal form for married participants.

Death Benefits

If a member dies prior to retirement and after completion of five years of service, his beneficiary will be entitled to receive the participant's Account Balance or an actuarial equivalent annuity.

Disability Benefit

If a member becomes disabled, he is entitled to receive his Account Balance or an annuity which is the actuarial equivalent of his Account Balance.