



INTERNATIONAL BROTHERHOOD OF TEAMSTERS

SEPTEMBER/OCTOBER 2010

TEAMSTER

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In Memory of



**Our Fallen Brothers
From Local 1035**

WILLIAM ACKERMAN • BRYAN CIRIGLIANO
FRANCIS FAZIO, SR. • VICTOR JAMES • EDWIN KENNISON
• CRAIG PEPIN • DOUGLAS SCRITON

&
LOUIS FELDER
HARTFORD DISTRIBUTORS, INC

AUGUST 3, 2010



6 Teamster Tragedy

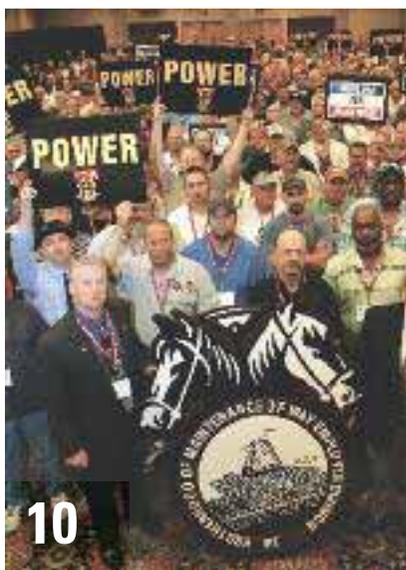
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The Union Family

A MESSAGE FROM GENERAL PRESIDENT JAMES P. HOFFA

On the morning of Aug. 3, 2010, eight innocent people were gunned down in the warehouse of a beer distributorship. Seven of those killed were Teamsters, members of Local 1035 in South Windsor, Conn., and almost all of them were nearing retirement after a lifetime of hard work.

Francis J. Fazio Sr., Craig Pepin, William Ackerman, Bryan Cirigliano, Louis Felder, Victor James, Edwin Kennison Jr. and Douglas Scruton worked at Hartford Distributors for a combined 125 years. Theirs are names you probably didn't know before the tragedy, but they were pillars of their community.

Brothers and Sisters

Each of these men labored for decades to provide for their families, make Hartford Distributors a better place to work and keep their community a good place for working families. Each of them also deserved a better end than the one that met them.

The resolve and camaraderie of Local 1035 and the Hartford Distributors workers has been truly inspiring, not just for the 1.4 million members of the Teamsters Union, but for the entire nation. It reminded me, as it should you, that the Teamsters

Union is a family. We call each other "brother" and "sister" for a reason.

I'm proud to say that our family has come together for our fallen brothers. Approximately \$185,000 poured in from all areas of the country for the Teamsters Local 1035 Hartford Distributors Memorial Fund.

Hard Work and Sacrifice

On Labor Day, I asked our lawmakers to remember why states and Congress decided to honor workers in the first place. Democratic, Republican or Independent, whatever party lawmakers belong to, they should all adhere to the motto, "Government of the people, by the people, for the people." Unions will never be able to outspend rich companies, but we can deliver votes to lawmakers who will work hard for working Americans.

I hope all Americans remember that the hard work and sacrifice of working men and women—like our eight slain Teamster brothers—is what makes this country great. And I hope all working men and women remember that if we speak with one great and powerful voice, how much more we can achieve.

James P. Hoffa





Financial Reform

A Victory For Teamsters And All Working People

The landmark financial reform bill signed by President Obama in July will protect healthy companies from financial speculators and consumers from predatory lenders.

The Dodd-Frank Wall Street Reform and Consumer Protection Act re-regulates the financial services industry after many protections and safeguards established after the Great Depression were dismantled. Deregulation of the financial system bears much of the blame for the economic meltdown in 2008 and the subsequent recession. Speculators and unregulated private equity firms have weakened Teamster employers and forced job cuts.

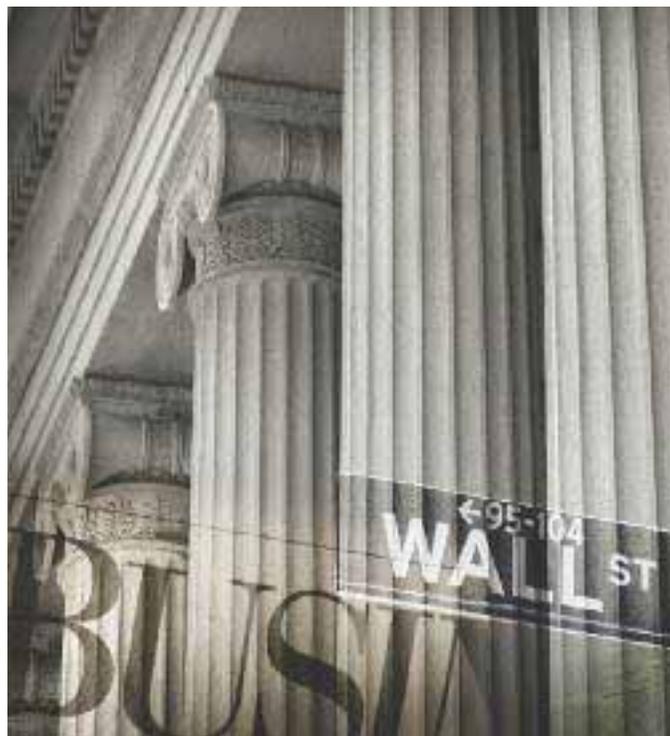
The Teamsters Union worked in partnership with Americans for Financial Reform to pass the toughest possible bill. Teamsters focused on regulating derivatives and private equity firms, as well as establishing a consumer finan-

cial protection agency.

“Without tough regulation, our financial system was directing too much capital toward destroying jobs instead of creating them,” said Jim Hoffa, Teamsters General President. “Consumers will benefit from important protections in this bill, and derivatives and private equity will be subject to much-needed regulation.”

“Private equity firms destroyed too many companies and too many jobs to continue to operate without any oversight,” Hoffa said. “Derivatives have allowed a small group of investors to profit from wrecking healthy businesses. It’s time to end these practices and put our financial system to work creating jobs instead of killing them.”

The success of financial reform will depend on implementing tough rules and appointing tough regulators. Hoffa sent a letter to President Obama in August urging him



to appoint Elizabeth Warren director of the new Consumer Financial Protection Bureau (CFPB).

“As head of the new CFPB, she will work each and every

day to stand up to Wall Street and demand financial products that protect working families from abusive and predatory lending practices,” Hoffa wrote.

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Teamsters Tell The Real Toy Story

Labor, Environment And Health Organizations Hold Rally At Times Square Toys R Us

Demonstrators from the Teamsters Union, the Center for Health, Environment & Justice, Clean New York and WEAFT for Environmental Justice joined concerned parents, students and consumer activists at the Times Square Toys R Us flagship store to protest the sale of toxic PVC plastic toys.

The demonstrators handed out leaflets that asked Toys R Us to “end the toxic toy story” by labeling PVC presence on all toys and agreeing to a complete phase-out of the poisonous plastic with a verifiable deadline.

“This is unconscionable,” said Bobbi Chase Wilding of Clean New York and a mother of two. “As a parent, it’s hard enough to protect our kids from obvious hazards. But Toys R Us makes our jobs harder when they don’t tell us about toxic chemicals in children’s products.”

Toys Test Positive

At the protest, Toys R Us customers were offered free live toy testing to demonstrate the presence of PVC in toys purchased from the store. Demonstrators demanded an end to the “Toxic Toy Story” and distributed a comic strip detailing the harmful effects of the poisonous plastic contained in “Toy Story 3” toys being sold at Toys R Us.

“In 2008, Toys R Us agreed to reduce the sale of PVC toys and offer more PVC-free products after strong consumer pressure. Sadly, they have clearly not kept their word,”



said Mike Schade of the Center for Health, Environment & Justice.

In an effort to protect children and advocate for changes at Toys R Us, the Teamsters Office of Consumer Affairs and the Center for Health, Environment & Justice announced the commissioning of a report for Congress. The report will focus on the Toys R Us Toy Safety Policy and Practices, with a concentration on its failure to phase out PVC.

“How can investors back a company that disregards the health of our kids and communities?” said Jim Hoffa, Teamsters General President. “This is just the beginning. As long as KKR’s (Kohlberg Kravitz & Roberts Co.) Toys R Us ignores the welfare

of American consumers and their children, we will keep taking action to inform the public and demand legislative action.”

Scientific experts say that there is no safe way to manufacture, use or dispose of PVC products. Chemicals released in PVC’s life cycle have been linked to chronic diseases that are on the rise in children, such as impaired child development and birth defects, cancer, disruption of the endocrine system, reproductive impairment and immune system suppression.

“This issue goes beyond what is found in children’s toys. We need and deserve good jobs, a clean environment, and safe and healthy products,” said John Williams, Teamster Warehouse Director. “We have repeatedly pointed out that

KKR has not been acting in a responsible fashion across several of its controlled companies and this needs to stop. Our commitment to our members extends beyond the workplace and includes their loved ones.”

The Teamsters are also fighting for accountability from another controversial company, U.S. Foodservice, which is co-owned by private equity firms KKR and CD&R. U.S. Foodservice has been cited more than 100 times by the National Labor Relations Board for violating American labor laws protecting workers rights. Toys R Us, a portfolio company of the private equity firm KKR, has announced an initial public offering.



Green Jobs

Local Unions Step Up Efforts to Help Boost Recycling

More recycling of trash can mean more of the good, green jobs that are needed in our communities and in our economy, and local unions in Detroit and Boston are taking action in an effort to help create these jobs.

Recently, leaders and members of Local Unions 214 and 247 in Detroit joined a demonstration of more than 1,200 people against an incinerator, arguing instead for more recycling in the city.

“The facts are clear: Recycling creates six to 10 times the number of jobs than incinerating or landfilling the same amount of waste. But that’s not all: By recycling our waste we can recover economically valuable materials, and drastically limit the hazardous pollution to which so many Detroiters are exposed to through incineration,” according to a joint statement by Joseph Valenti, Local 214 President, Local

247 Secretary-Treasurer Paul Kozicki and Joint County 43 President Larry Brennan, which was read at the rally.

“Detroiters have wasted more than a billion dollars in the last 20 years to subsidize the region in burning garbage,” the statement added. “It has been costly in terms of money, lack of innovation and employment, and harmful to the health of surrounding communities and the region as a whole. We need to change that.”

In Boston, Local 25 President Sean M. O’Brien signed on to a coalition that’s taking on the city’s low recycling rate (less than 20 percent) and getting ready to initiate a serious campaign to boost rates.

“We know that recycling creates job opportunities that are good for the economy, good for our environment and good for our future,” O’Brien said. “We need to make these green jobs good jobs by mak-

ing sure workers get paid fairly and receive solid benefits. I am committed to creating more recycling jobs in the Boston area that support working families.”

The Teamsters are on the frontlines of the transition to a green economy across the United States, representing 30,000 workers in the waste and recycling industry.

“We know that recycling jobs can support families by looking to the jobs in San Francisco, where workers help that city recycle nearly 80 percent of the waste while receiving excellent pay and benefits,” said Bob Morales, Director of the Teamsters Solid Waste, Recycling and Related Industries Division. “We need to take action now to create more good recycling jobs that help workers and our environment. I applaud the efforts of the local unions in Detroit and Boston.”





Teamster Carpool

Kitsap Transit Worker/Drivers Now Teamsters

There are carpools, and then there is the carpool at the Puget Sound Naval Shipyard, the only one of its kind in the country. The drivers of this carpool have two jobs at the shipyard: they are all full-time employees at the shipyard and part-time drivers.

Local 589 in Port Angeles, Wash. represents the drivers, and on May 16, they won their first contract. It took only a 2-hour-40-minute negotiation session, said Mark Fuller, President of Local 589.

Among the contract highlights is a 5-percent wage increase for the first year of the three-year contract.

“These workers provide a great service to their co-workers at the shipyard,” Fuller said. “The drivers keep the buses at their homes or close by and in the morning and evenings, they pick up their co-workers along the way, drop them off at work. The drivers then park the buses and go to their full-time jobs at the shipyard.”

The drivers work as electricians, plumbers and various other jobs, Fuller said.

Paid to Drive to Work

Among the drivers is Steve Carver, also the shop steward. Carver began driving a 40-foot-long bus 26 years ago when a call came in for backup drivers.

“I did it at first so I wouldn’t have to pay to get a ride to work,” Carver said. “Now I get paid to drive myself, and other Naval Yard workers, to and from work. If I’m going to come to work I might as well get paid for driving in.”

There are 28 routes total, exclusive to the Naval Station at Bremerton and Sub-Base Bangor. This carpool system has been in place since 1983 and is the only one in the country, Fuller said.

Local 589 also represents the service technicians in the Kitsap Transit shop.

Carver, who works as a machinist planner for the Naval Yard, said the drivers park their buses during the day at a large van pool but at night, depending on where the drivers live, the buses are either parked at nearby Naval Station property or at residences.

“Driving the van pool is a nice supplement to my full-time income,” Carver said. “And I enjoy it.”

Philadelphia Local Union Secures Construction Jobs

Despite the downturn in the economy, Local 107 has many members working on the Philadelphia Convention Center’s expansion and other projects around the city. Four Redi-Mix cement companies employ more than 100 members working on this project. Making sure that unionized workers have these jobs has been a major concern for the local union.

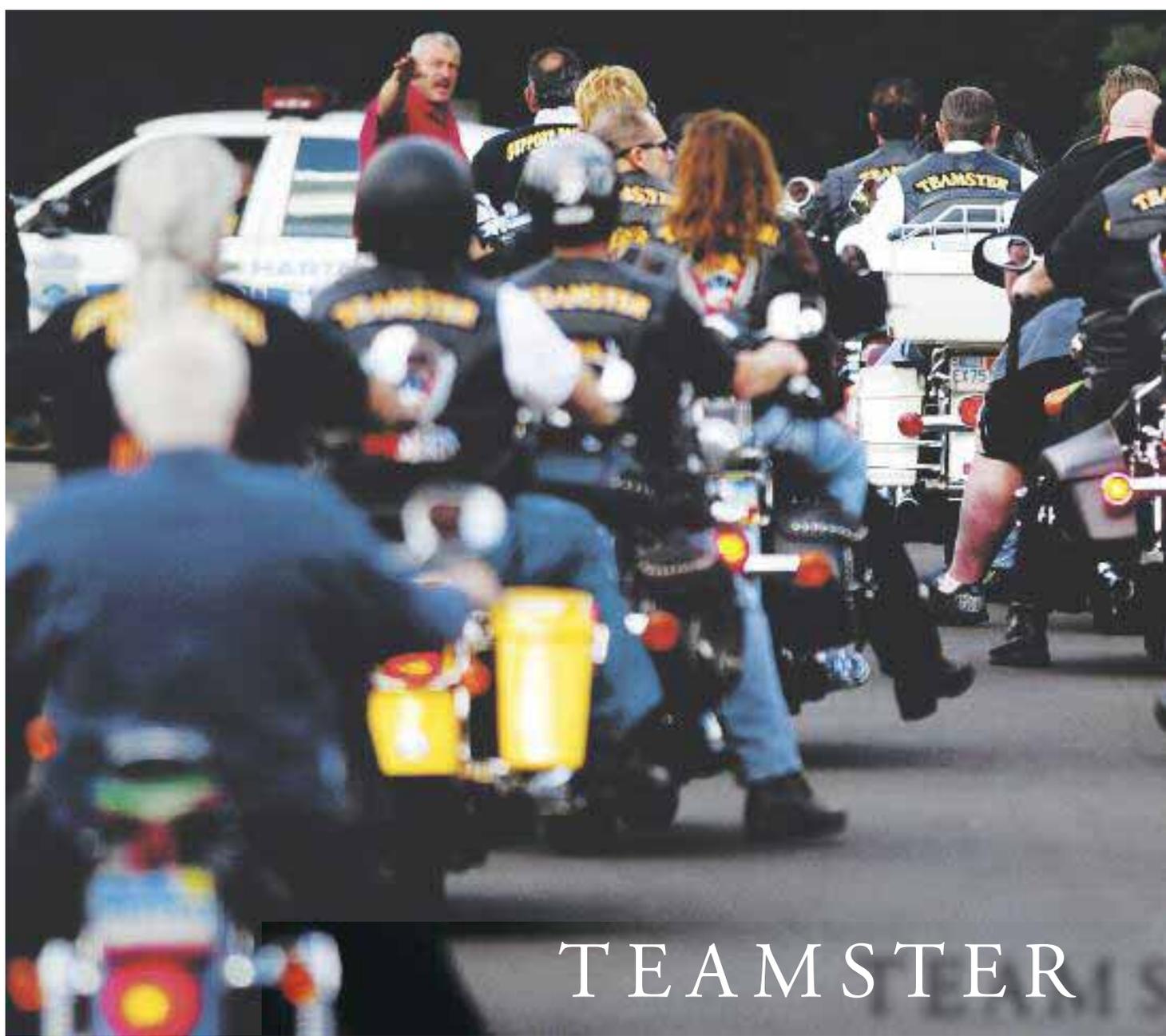
“We want to keep nonunion entities out of the 10-yard barrel trucks,” said Shawn Dougherty, Secretary-Treasurer of Local 107, which represents 2,300 members in the Philadelphia area. “We know exactly what the building companies need because we have pre-construction meetings with the companies. We bargained so that each of the four Redi-Mix companies involved had the same contract.”

In the meetings, union officers reviewed the scope of the project and compared it to the skills their members have.

“Our local union worked hard to gain the best wages and benefits we could for all of our members employed at a Redi-Mix facility,” said Bill Hamilton, International Vice President and President of Local 107.

“The officers of the local union have stood by us,” said Steve Toroni, a worker at J.D. Materials and a Teamster for the past 30 years. “They are very professional. Our contract guaranteed us a raise and we have been busy with the Philadelphia Park Casino, a couple of high-rises and buildings at Children’s Hospital. Our Teamster contract held us together.”





TEAMSTER

Tragedy



Photo by Bettina Hansen, Hartford Courant



*T*eamsters are a resilient group. Throughout the last century, the union and its members have been tested in countless ways—on strike lines, in negotiations, the halls of Congress and corporate boardrooms.

In Manchester, Conn., on the morning of August 3, the union was tested yet again when eight people, seven of them Teamsters, were murdered at their workplace, Hartford Distributors, a beer distributorship.

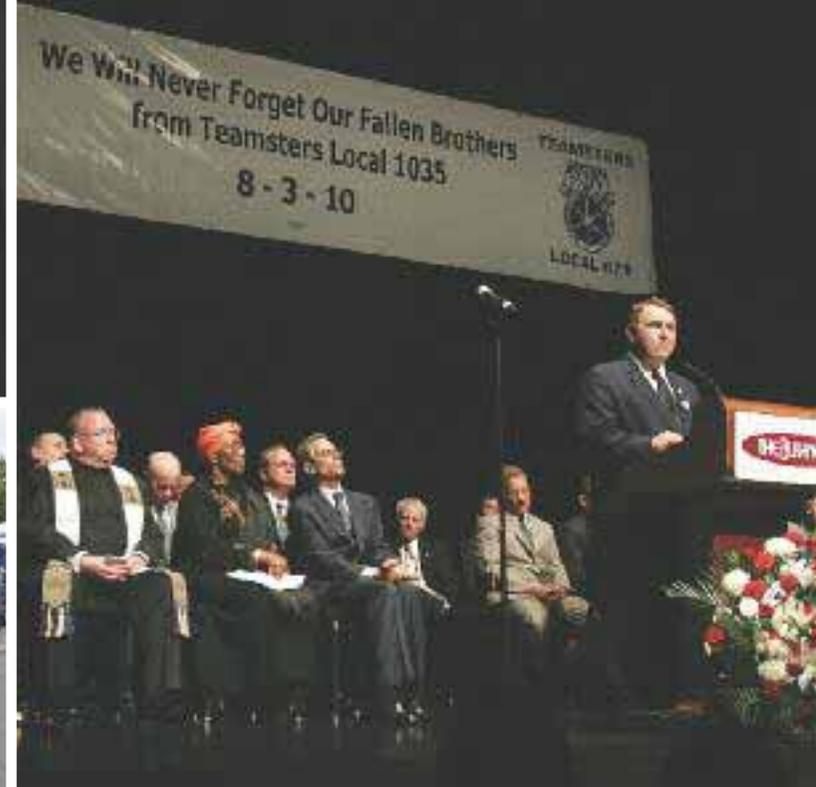
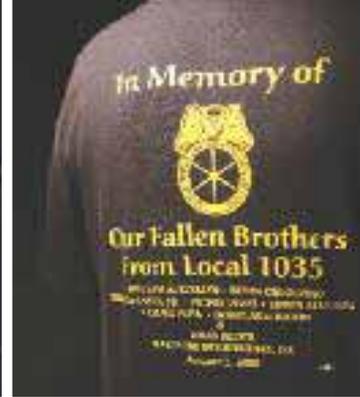
Showing its trademark solidarity in the face of tragedy, Teamsters with Local 1035 in South Windsor, Conn., which lost its President in the senseless killings, have banded together to support and comfort each other.

“We have lost friends and family as a result of today’s incident and we must work together to help each other through this difficult time,” said Chris Roos, Secretary-Treasurer of Local 1035, shortly after the shooting. “We grieve with all of the families that are touched by this terrible tragedy.”

Roos, other Local 1035 leaders, managers with Hartford Distributors, the Teamsters Union and the community are still doing the difficult work of healing, and there is a long way to go.

Families are still grieving. Co-workers are still struggling. The effects of the shooting continue to reverberate through the nation and resonate with the 1.4 million Teamster brothers and sisters of the slain.

“The shooting at Hartford Distributors shattered countless lives, but like all workplace shootings, it also shattered something else—the feeling of safety many feel while at work. What’s so frightening about the Hartford Distributors shooting is how shocking it was to everyone. All reports indicate that nobody could have foreseen this happening,” said Jim Hoffa, Teamsters General President.



“He Tried To Stop Him”

On August 3 at about 7:30 a.m., the Hartford Distributors warehouse was full of life. It was time for a shift change so the warehouse floor was bustling with activity.

Omar Thornton, a driver for Hartford Distributors who had been caught stealing beer from the warehouse, just got out of a meeting where he was shown video of his theft. Also in the meeting were Bryan Cirigliano, President of Local 1035, there as Thornton’s union representative; Steven Hollander, the company’s chief financial officer; and Louis Felder, the director of company operations.

After being let go for stealing from his employer, Thornton retrieved two guns he had brought with him in his lunchbox and went back into the meeting room. Cirigliano tried to stop Thornton as he shot Hollander, who survived, and Felder, who did not.

Thornton then shot Cirigliano in the head, killing him instantly. “He was there to help him and that man killed him anyway,” Mike Cirigliano, Bryan’s brother, told the *Hartford Courant*. “He tried to stop him from going on his rampage.”

Teamster Heroes

Cirigliano wasn’t the only one who heroically tried to avert the massacre. Jerome Rosenstein, a 77-year-old Teamster at the warehouse, saw what was going on and tried to run Thornton over with a golf cart. Thornton shot Rosenstein, who survived but, at press time, was still recovering from his injuries.

Craig Pepin, Francis Fazio Sr. and Victor James, all Teamsters, tried to warn their co-workers that Thornton had a gun and should escape. All three died trying to save their brother Teamsters.

“There’s no telling how many lives these men saved with their actions that day,” Hoffa said.



Photo by Patrick Raycraft, Hartford Courant

Show Your Solidarity

Donate To The Families Of Those Most Affected

The Teamsters Local 1035 Hartford Distributors Memorial Fund has, so far, raised \$185,000 for those most closely affected by the tragic killing of eight innocent workers, including seven Teamster members. The Teamsters Union donated the first \$50,000 to the fund.



Donations should be sent to:

Teamsters Local 1035
Hartford Distributors Memorial Fund
c/o Teamsters Local Union 1035
400 Chapel Road, 2-B
South Windsor, Connecticut 06074

Photo credit should read: Photo by Patrick Reyeraft, Hartford Courant



William Ackerman, Edwin Kennison and Douglas Scruton, three more Hartford Distributors Teamsters, were also killed in the senseless massacre before the shooter killed himself.

Tributes

Two weeks later, those affected were still deeply in mourning. Intense media coverage of the murders didn't help as many false narratives were reported in the days immediately after the killings.

On August 15, hundreds of friends and family of the eight workers who died joined together to pay tribute to the victims and honor their lives.

Representatives from the Teamsters Union, Hartford Distributors, Anheuser-Busch, elected officials and members of the clergy offered their condolences to the victims' families and friends.

Roos spoke about the men that were not only good workers, they were valuable members of the community.

"These were respected members of the community, who when they weren't at work, donated their time in the church or synagogue and coaching and mentoring our youth," Roos said. "They were selfless with their time and, through their actions, made the lives of everyone they touched better. These are the things we need to remember today when we talk about them."

"These heroes fought to save the lives of their friends and co-workers in their final moments," Hoffa said at the memorial service.

Victims' family members shared their memories and thoughts at the memorial.

"I lost the best person in the world, my father," said Gina Fazio, daughter of Francis Fazio Sr. "He was the best man in the world—an all around beautiful man. I know that the other families here are all feeling the pain I'm feeling. Just remember

we're all here together and we're all going to get through this."

"To my father's Teamster Union brothers, I want you to know he was so proud to be a blue-collar Teamster," said Megan Cirigliano, Bryan's daughter. "Enough has been taken from us, and we can't let any more be taken. They had such big hearts and we must take that with us."

Patti Cirigliano, Bryan's wife of 28 years, told a reporter earlier in the week that "He cared more about the workers than he did for himself... He didn't deserve to die that way."

Outside the service, Teamster tractor-trailers from all over New England lined Capitol Avenue along with Hartford Distributors beer delivery trucks. Members of New Haven's Local 443 Horsemen motorcycle club and the Local 443 Retiree Chapter Honor Guard were also there to show their support.

Rising Above Anger

At the memorial service, Hoffa stressed the importance of remembering the men for how they lived their lives, not how they were taken.

"With the eyes of the world on this, we are given a tremendous opportunity to rise above the anger and hatred that has shattered so many lives," Hoffa said. "Instead, let us remember these great men who are no longer with us. Hardworking men. Family men. Union men. Spiritual men. Selfless men. Brave, feisty and tough men. Men who provided for their families and helped make Hartford Distributors a great place to work. Men who were ready to retire and enjoy the fruits of their labor.

"Each one of these men took pride in their work," Hoffa said. "And each and every one of them deserved better."

BMWED Transitions



In June, more than 500 delegates from the lodges and system federations of the Brotherhood of Maintenance of Way Employes Division (BMWED) gathered for their 2nd Regular Convention. They set about charting a course for the future of their union and their convention was aptly named, “Transition to the Future.”

Chris Davis, a track inspector for Burlington Northern in Wisconsin, was one of the delegates and, it being his first time, he had some insights.

“I had a good idea of what to expect at a convention, but I still learned a lot,” Davis said. “There were quite a few issues that came up. And as a delegate I have to go back to my members and explain why decisions were made here.”

Davis witnessed healthy floor debates about a variety of issues the union is handling in its transition toward the future.

“It has been good for me to find out how things work on different rail lines, especially how the different companies are always testing the waters to see what they can do next.”

Hoffa Addresses Delegates

Jim Hoffa, Teamsters General President, was the opening keynote speaker for the convention. Hoffa spoke of the enduring bond between maintenance of way members and Teamsters and how, by merging in 2004, the BMWED

had helped the Teamsters become the largest transportation union in North America.

“When I look out at you I see the American labor movement,” Hoffa said to the convention delegates. “I am proud to count you as part of our membership. With members on the highway, on the rails and in the air, I thank you for helping us achieve this goal. Together we are stronger.”

Hoffa had high praise for Fred Simpson, President of the BMWED. In particular, Hoffa recounted how Simpson was so concerned about his members being affected by Hurricane Katrina that he leased an RV and headed down to Louisiana.

“We took a team down south, too, to hand out aid, water and help any way we could. And one day in a small Gulf town in Louisiana, we turned a corner and there was Fred. I said, ‘What are you doing?’ and he said, ‘We are here finding our members.’ Now that’s a man with a big heart. We are fighting for safer working conditions, better wages and more jobs for all of our rail members.”

Union Business, Delegate to Delegate

Beginning with the first day of the convention, the delegates were charged with tackling issues ranging from new safety regulations to the election of officers.

Richard McIlrath, a member working on the Union Pacific/Chicago Northwestern Railroad since 1971 as a welder-helper, was attending his first convention. McIlrath said he was impressed to witness how many members debated the constitutional resolutions. Resolutions are proposed by the committees who had been receiving suggestions since the last convention in 2006. Usually McIlrath’s lodge, which is about 90 miles from Des Moines, Iowa, doesn’t send a delegate to the convention.

“This has been wonderful for me,” McIlrath said. “This convention is more that what I thought it would be. Lots more enlightening. By being here you see the fervor of how we enjoy this union and voice our opinions.”

Michael Maloney, a 34-year bridge and buildings member from Lodge 1320 in Lincoln, Neb., was impressed by how the floor debates were run during the three-day convention.

To The Future

Convention Delegates Debate Issues, Elect Board

“It stood out how fairly the chairman runs the discussion and debate,” Maloney said. “All voices are heard and there is ample time for discussion. I absolutely think it was worthwhile being at the convention.”

Deandre Cooksey, a member from Lodge 1058 in Houston, spent part of his first time as a delegate watching and learning how the debate process worked. He observed that even when controversial topics were brought up, they could be resolved.

“It was good to see that floor debates could be resolved in a peaceful way,” Cooksey said. “I would love to come to the next convention.”

Camp Car Elimination

One of the resolutions which came before the delegates was on the topic of camp cars. Camp cars are the temporary lodging rail cars which one rail line in the U.S., Norfolk and Southern, still uses. Long a staple of the many nights and days rail crews spend repairing and building rail lines in remote areas, every rail corporation, except for Norfolk Southern, has switched to providing employees with motel rooms. In motel rooms workers have privacy and running water they can drink and wash up in.

This isn't the case with most camp cars. In fact, over the years there have been so many complaints about the unsanitary and downright filthy conditions found that all of the other rail lines have eliminated them.

The resolution directed President Simpson to use all resources at his disposal to monitor and make certain that the laws and regulations for these types of temporary lodging facilities be enforced.

Moving the Union Forward

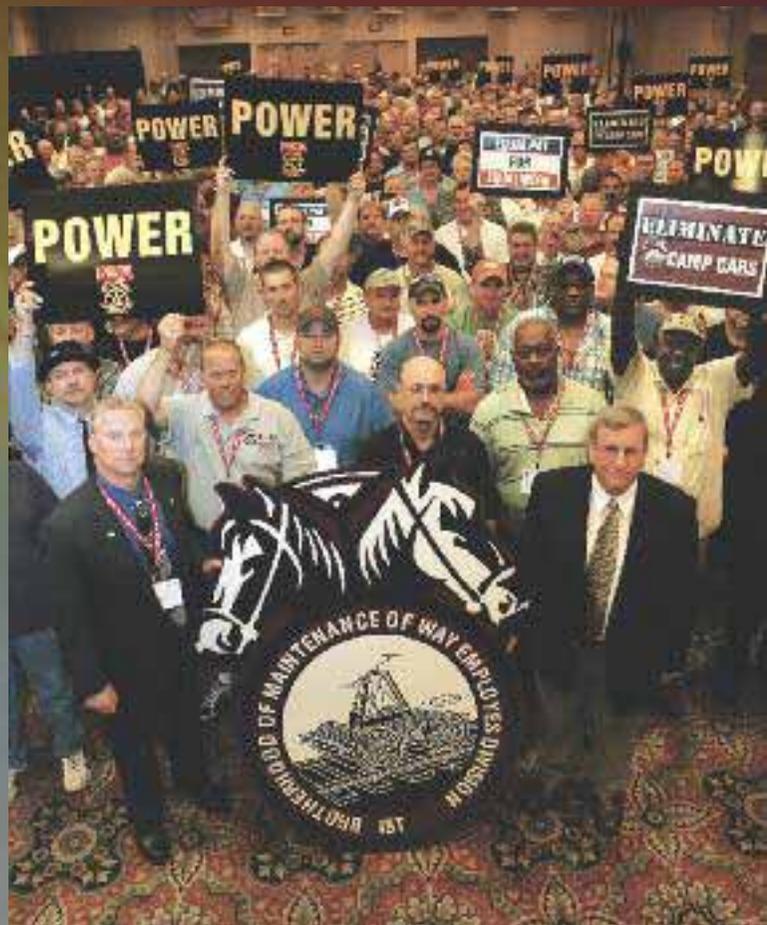
A crucial portion of the convention was allotted for officer and Executive Board nominations and elections. Ensuring a smooth transition, the existing officers, Vice Presidents and Executive Board were reelected for a four-year term. And from his very first speech it was apparent that Simpson was on a mission—the same one delineated by the theme of the convention, “Transition to the Future.”

“Rapid changes in new technology continue to change the

tools and methods used for performing maintenance of way work,” Simpson said. “What once took hundreds of workers to accomplish now takes just a scant few. Today, our members are better educated, more technically advanced and more productive than at any time in history.

“Thank you for your dedication to this Brotherhood, for the views and opinions you bring to this National Division Convention and for the honor, dignity and passion with which you represent your membership.”

For more of this story, visit TeamsterMagazine.com/bmwed-convention



UNITY, PRIDE AND FIGHTING



National Teamsters Hispanic Caucus Holds 2010 Convention In Chicago

Several hundred members of the Teamsters Hispanic Caucus converged in Chicago in July to talk about fighting for fair wages and decent treatment—together.

The theme of one union helping many people was reinforced by delegates representing the first chapters in California, Chicago and New York to the newest in Florida, New Jersey and Las Vegas.

The crowd was welcomed to Chicago by John Coli, International Vice President and President of Joint Council 25, and Jesse Miranda, business agent for Chicago's Local 703.

Art Cantu, Interim President of the Hispanic Caucus, directed all the delegates to introduce themselves. One by one, they stood and talked about working hard and sticking with the union. They described how they teach young people about the union. They urged each other to get their members involved and never to give up.

Ron Herrera, now Executive Director of the Teamsters Hispanic Caucus and Secretary-Treasurer of Local 396, said there are two things he's proud of: being Hispanic and being a Teamster.

As a young man, Herrera said, he had to choose between being a longshoreman or a Teamster. As a kid, he'd been fascinated by Jimmy Hoffa. He became a Teamster.

The Right To Organize Is A Human Right

Much of the Teamsters' membership growth is coming from Hispanic workers, organizers said on the second day of the Hispanic Caucus National Convention.

Some of the most successful recent Teamsters organizing victories had a strong Hispanic component. Many of the 8,000 newly organized Continental Airlines fleet service employees are Hispanic. So are many school bus drivers and solid waste industry employees.

Of the 15,000 California University Employees who voted to affiliate with the Teamsters recently, 79 percent are women and the vast majority of those women are black and Hispanic.

"You've got to have a reputation as a fighter," said Ron Herrera, Secretary-Treasurer of Covina, Calif.'s Local 396.

International Vice President George Miranda told the cau-



THE GOOD FIGHT

cus that organizing involves hard work.

“This is a calling,” Miranda said, adding that he looks forward to bringing the message from the Hispanic Caucus to the General Executive Board.

Throughout the day, Teamster leadership stressed the importance of unity. Al Mixon, International Vice President and President of the Teamsters National Black Caucus, said union members have to stick together.

“When one of us wins, all of us win,” Mixon said. “The only way to escape being exploited is through the union.”

Mixon emphasized the urgency of bringing along younger membership to continue the fight. Otherwise, Mixon said, “What’s going to be left if we continue to shift jobs?”

Organizers described how they are working hard to educate and communicate with these new members. With the hard work comes the pride in knowing that the union lifts mistreated workers into the middle class.

Hispanic workers and non-Hispanic workers fight the same battles for decent wages and dignity and against the same anti-worker forces, said Ernesto Medrano, political coordinator for Orange, Calif.’s Local 952. Hispanics who are treated with disrespect inside the U.S. borders face the same powerful interests that kill U.S. jobs by moving factories offshore, Medrano said.

“If you can’t have a cheap labor force, you move your company to places where there is a cheap labor force,” Medrano said.

New Officers Elected, Congressman Speaks To Caucus

The final day of the Teamsters Hispanic Caucus Convention

featured the election of new officers and a rousing speech by Chicago Democrat Rep. Luis Gutierrez. Miranda introduced Gutierrez as a great friend of the Teamsters.

“He’s a tireless worker on behalf of all working men and women,” Miranda said.

Gutierrez, who represents Illinois’ 4th Congressional District, said he’s worked with the Teamsters for 25 years. In that time, he said, “I’ve seen the Teamsters change, I’ve seen the Teamsters grow, I’ve seen the Teamsters mature.

“You’re a better unit of people and a more forceful unit of people on behalf of working men and women,” he said.

Gutierrez applauded the Hispanic Caucus for helping the Teamsters Union’s growth and success. The caucus added three new chapters, in Texas, Las Vegas and Puerto Rico.

New officers were also elected. George Miranda was elected President; he is also Secretary-Treasurer of Local 210 and President of Joint Council 16 in New York City. Herrera was elected Executive Director. Cantu, Secretary-Treasurer of Local 36 in San Diego, was elected First Vice President. Marie Perez, Secretary-Treasurer of Local 97 in Union, N.J., was elected Second Vice President. The Hispanic Caucus’s Financial Secretary is Ruben Torres, Secretary Treasurer of Local 237 in New York City. Jesse Miranda was elected Recording Secretary.

Trustees are: Tony Gonzalez, President of Local 890 in Salinas, Calif.; Oscar Gonzalez, Secretary-Treasurer Local 202 in New York City; Ernesto Medrano, Political Director for Local 952 in Orange, Calif.; Leo Correa, Secretary-Treasurer of Local 968 in Houston and President of Joint Council 58; and Chuck Baez, business agent for Local 710 in Mokena, Ill.

**REPORT TO ALL MEMBERS
OF THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS**

FROM: Independent Review Board
Benjamin R. Civiletti
Joseph E. diGenova
William H. Webster

DATED: July 28, 2010

I. INTRODUCTION

This is the Independent Review Board's ("IRB") Report Number 4 for 2010 to you on its activities conducted pursuant to the Consent Order. In this Report we will discuss matters that have currently come before us, including the progress of existing charges about which we have previously informed you.

II. PROGRESS OF EXISTING CHARGES

**A. EDWARD RODZWICZ – BLET
HEADQUARTERS, CLEVELAND, OHIO**

We have previously informed you that BLET President and IBT Rail Conference President Edward Rodzwick allegedly failed to cooperate with the IRB by failing to appear for his scheduled IRB sworn examination. Mr. Hoffa filed the charge and a panel was appointed to hear the charge. Before his hearing was completed, Mr. Rodzwick submitted an agreement to the IRB in which he permanently retired from BLET and the IBT and he permanently became ineligible to hold any appointed or elected office or employment with the BLET, the IBT, or any BLET or IBT affiliate. The IRB found the agreement resolved the matter and submitted the agreement to Judge Preska by Application 143. On June 30, 2010, Judge Preska approved the agreement.

**B. MICHAEL E. DOE – LOCAL 82, SOUTH
BOSTON, MASSACHUSETTS**

We have previously informed you that Local 82 member Michael E. Doe allegedly brought reproach upon the IBT by failing to appear for his scheduled IRB sworn examination on April 9, 2010. The Executive Board of Local 82 filed the charge and held a hearing on July 7, 2010.

**C. VINCENT FEDERICO – LOCAL 82, SOUTH
BOSTON, MASSACHUSETTS**

We have previously informed you that member Vincent Federico, while an IBT member between June 2007

and February 2010, allegedly brought reproach upon the IBT and violated his membership oath by being a member of the Patriarca LCN organized crime family. Mr. Hoffa filed the charge against Mr. Federico and referred the matter back to the IRB for a hearing. The IRB held a hearing and on July 22, 2010, issued its decision finding Mr. Federico guilty as charged and permanently barred him from the IBT. The IRB's decision was submitted to Judge Preska for review.

**D. GERMAN VAZQUEZ - LOCAL 901,
SAN JUAN, PUERTO RICO**

We have previously informed you that German Vazquez allegedly brought reproach upon the IBT, breached his fiduciary duty and embezzled union funds from Local 901 as a result of four unauthorized pay raises while an IBT member and Secretary-Treasurer of Local 901.

Mr. Hoffa filed the charge against Mr. Vazquez and a panel was appointed to hear the proposed charge. On March 5, 2010, Mr. Hoffa issued his decision that Mr. Vazquez be fined \$72,302; removed from office; prohibited from holding any office or employment with Local 901, the IBT or any IBT affiliates until the current term of office for Local 901 officers expires or until he has fully satisfied the fine; and suspended from membership in Local 901 and the IBT for one year or until he has fully satisfied the fine, whichever occurs later.

After the IRB notified Mr. Hoffa that his decision was not inadequate, counsel for Vazquez notified the IRB that Vazquez wanted to modify the decision regarding the monetary penalty. To obtain the District Court's review of the case, the IRB submitted Application 141 to Judge Preska and on July 28, 2010, submitted a supplement to Application 141 to Judge Preska.

**E. VINCENT DISARIO – LOCAL 1901,
LONG ISLAND CITY, NEW YORK**

We have previously informed you that Local 1901 member Vincent Disario, between approximately February 2009 and February 2010, allegedly brought reproach upon the IBT by being a member of the Bonanno organized crime family. Mr. Hoffa filed the charge against Mr. Disario and referred it back to the IRB for a hearing. The IRB held a hearing and on July 22, 2010, issued its decision finding Mr. Disario guilty as charged and permanently barred him from the IBT. The decision was submitted to Judge Preska for review.

**F. JOSEPH TORRE – LOCAL 1901,
LONG ISLAND CITY, NEW YORK**

We have previously informed you that Local 1901 member Joseph Torre, while a member of Local 1901 and

the IBT, refused to answer questions during his in-person sworn examination. On July 13, 2010, the Executive Board of Joint Council 16 permanently barred Mr. Torre from holding office and membership in the IBT or any IBT affiliated entity or fund. The IRB has the decision under review.

G. ANTHONY TURZIO – LOCAL 1901, LONG ISLAND CITY, NEW YORK

We have previously informed you that Local 1901 member Anthony Turzio, while a member of Local 1901 and the IBT, refused to answer questions during his in-person sworn examination. The Executive Board of Joint Council 16 filed the charge against Mr. Turzio, held a hearing and issued its decision that Mr. Turzio is permanently barred from the IBT. On June 17, 2010, the IRB found Joint Council 16's decision to be not inadequate.

H. MICHAEL CARUCCI - LOCAL 282, LAKE SUCCESS, NEW YORK

We have previously informed you of an agreement signed by Mr. Carucci in which he permanently resigned from the IBT, Local 282 and Local 917 and agreed never to hold membership in the IBT. The IRB found the agreement served to resolve the matter. The date Judge Preska approved this agreement should be recorded as July 1, 2010, instead of March 24, 2010, as previously reported in Report Number 3 in the July/August 2010 issue of the Teamster magazine.

III. TOLL-FREE HOTLINE

Since our last report to you, the hotline has received approximately 75 calls reporting alleged improprieties. As in the past, all calls which appeared to fall within IRB jurisdiction were referred for investigation. Activities which should be reported for investigation include, but are not limited to, association with organized crime, corruption, racketeering, embezzlement, extortion, assault, or failure to investigate any of these.

To assure that all calls are treated confidentially, the system recording hotline calls is located in a cipher-locked IRB room on a dedicated line and accessed by IRB staff only. It is not manned by an investigator; however, the recorded information, if complete and within IRB jurisdiction, is forwarded directly to the Investigations Office. Please continue to use the toll-free hotline to report improprieties which fall within IRB jurisdiction by calling 1-800-CALL-IRB (1-800-225-5472). If you are calling from within Washington, DC, dial 202-434-8085.

IV. CONCLUSION

As always, our task is to ensure that the goals of the Consent Order are fulfilled. In doing so, it is our desire to keep the IBT membership fully informed about our activities through these reports and also through use of the website at www.irbcases.org.

If you have any information concerning allegations of wrongdoing or corruption, you may call the toll-free hotline noted above, use the IRB facsimile number 202-434-8084, or write to either the IRB Chief Investigator or the IRB office:

Charles M. Carberry, Chief Investigator
17 Battery Place, Suite 331
New York, NY 10004

Independent Review Board
444 North Capitol Street, N.W.
Suite 528
Washington, DC 20001

ATTENTION ALL TEAMSTERS!

WHAT IS THIS? Following this page is campaign literature from accredited candidates for International office.

WHY IS THIS LITERATURE SENT TO ALL MEMBERS? Making candidate information broadly accessible is part of what makes the IBT International officer election fair, honest and open. Telling the members about the election and providing them with the candidates' literature promotes informed participation in the election. Convention delegate nominations and elections are going on now and will continue through May 2011. You are encouraged to seek out more information about your convention delegate candidates and the International officer candidates.

WHAT IS THE ACCREDITATION PROCESS? To become an accredited candidate for International office at this stage of the process, an otherwise eligible member had to obtain signatures on petitions of at least 2.5% of the IBT membership eligible to vote for that office and submit the petitions to the Office of the Election Supervisor by August 31, 2010. The signature thresholds were published on June 1, 2010, and that announcement is posted at www.ibtvote.org. As of August 31, 2010, 21 candidates for at-large and regional International offices submitted petitions that were then checked, verified and counted by the Office of the Election Supervisor. Those 21 individuals have now been accredited by the Election Supervisor and that list is also posted at www.ibtvote.org. This is not the end of the accreditation period. Candidates may still submit accreditation petitions, and the Election Supervisor may accredit candidates through December 15, 2010.

WHAT ARE THE RIGHTS OF AN ACCREDITED CANDIDATE? Accredited candidates have the right to publish campaign literature in this issue and the February 2011 issue of the Teamster magazine and to have the literature accessible from the IBT's website, www.teamster.org. The amount of space given to each candidate is set in the 2011 Election Rules, and depends on the office the candidate seeks. Members in Canada no longer receive a magazine from the International, and the Election Supervisor has elected to distribute the campaign literature to those members by newsletter. Accredited candidates for International office have the right to obtain a union membership list and to use it for campaign purposes.

IS THIS LITERATURE REVIEWED OR CENSORED? No. The ideas expressed in these materials are solely those of the accredited candidates. They do not in any way reflect the views of the IBT, any affiliated Unions, or the Election Supervisor. The IBT and the Election Supervisor did not in any way screen, edit, or alter this material. It comes to you straight from the accredited candidates.

Richard W. Mark
Election Supervisor

Union on Strong Financial Ground to Weather Economic Storm

Thanks to the diversity of our membership, the current economic crisis has had a lesser impact on the International Brotherhood of Teamsters than other unions. In addition, we have benefited from the strength attained through the financial growth resulting from the actions taken at the 2002 Special Convention.

Smart Planning Pays Off

When Jim Hoffa and I took office in 1999, the union had net assets of only \$8.6 million and a Strike and Defense Fund that was in the red. But thanks to smart financial planning, the International's audited 2009 financial statements report net assets of more than \$191 million.

Our Strike and Defense Fund continues to grow, which has shown many Teamster employers that our collective bargaining strength is formidable.

The fund's balance stood at more than \$76.5 million at the end of 2009. A strong Strike and Defense Fund benefits everyone in the union, whether they use it or not.

A Brighter Future

Organizing continues to be a top priority of the Teamsters Union as evidenced by the fact that in the past two years, the Teamsters have organized nearly 70,000 workers.

In February, we had 8,000 rampers at Continental Airlines vote to join the Teamsters. Our Public Services Division continues to grow, and we now represent

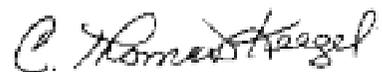
about 224,000 dedicated public servants.

We also realize strength from strong contracts negotiated at the International Union and by our local unions that benefit our hardworking members.

All this has been made possible by building on our union's financial strength.

There are signs the economy is recovering, but it won't happen overnight. In the

meantime, the Teamsters Union and our members are more secure than most thanks to astute financial foresight.



C. Thomas Keegel
General Secretary-Treasurer

Novak | Francella
LLC CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

Members of the General Executive Board
International Brotherhood of Teamsters

We have audited the accompanying consolidated statement of financial position of the International Brotherhood of Teamsters (the International Union) as of December 31, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the International Union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the International Union's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the International Union as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



July 9, 2010

INTERNATIONAL BROTHERHOOD OF TEAMSTERS FINANCIAL REPORT 2009
International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	GENERAL FUND	STRIKE AND DEFENSE FUND	HOFFA SCHOLARSHIP FUND	TEAMSTER DISASTER RELIEF FUND	SUPPLEMENTAL BENEFITS TRUST	TOTAL
ASSETS						
Cash and cash equivalents	\$ 10,191,960	\$ 34,987,010	\$ 3,445,132	\$ 372,171	\$ 1,762,561	\$ 50,758,834
Receivables, net						
Trade	18,894,122	—	—	—	257,904	19,152,026
Grants and contributions	1,320,498	—	11,190	—	—	1,331,688
Accrued investment income	143,981	1,830	343	—	2,075	148,229
Due from/(to) related entities	915,620	(147,459)	—	—	(434,000)	334,161
Other	63,566	—	—	—	8,833	72,399
Inventories	717,118	—	14,735	—	—	731,853
Prepaid expenses	738,795	—	49,940	—	—	788,735
Investments						
First trust notes - affiliates	1,298,009	—	—	—	—	1,298,009
Other	17,741,699	41,594,882	3,556,300	—	6,960,219	69,853,100
Security deposits and other	216,127	—	27,084	—	7,500	250,711
Property and equipment, net	46,863,276	—	—	—	—	46,863,276
Total assets	<u>\$ 99,104,771</u>	<u>\$ 76,436,263</u>	<u>\$ 7,104,724</u>	<u>\$ 372,171</u>	<u>\$ 8,565,092</u>	<u>\$ 191,583,021</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses						
Trade	\$ 28,866,472	\$ 174,132	\$ 300,891	\$ —	\$ 1,173,247	\$ 30,514,742
Loans payable	18,678,714	—	—	—	—	18,678,714
Unexpended scholarship awards	—	—	235,000	—	—	235,000
Accrued pension cost	40,728,625	—	—	—	—	40,728,625
Accrued postretirement benefits cost	524,550	—	—	—	—	524,550
Total liabilities	<u>88,798,361</u>	<u>174,132</u>	<u>535,891</u>	<u>—</u>	<u>1,173,247</u>	<u>90,681,631</u>
NET ASSETS						
Unrestricted	9,630,905	76,262,131	6,568,833	372,171	7,391,845	100,225,885
Temporarily restricted	675,505	—	—	—	—	675,505
Total net assets	<u>10,306,410</u>	<u>76,262,131</u>	<u>6,568,833</u>	<u>372,171</u>	<u>7,391,845</u>	<u>100,901,390</u>
Total liabilities and net assets	<u>\$ 99,104,771</u>	<u>\$ 76,436,263</u>	<u>\$ 7,104,724</u>	<u>\$ 372,171</u>	<u>\$ 8,565,092</u>	<u>\$ 191,583,021</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS FINANCIAL REPORT 2009
International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND		STRIKE AND DEFENSE FUND	HOFFA SCHOLARSHIP FUND	DISASTER RELIEF TRUST	SUPPLEMENTAL BENEFITS	TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	UNRESTRICTED	
REVENUE AND OTHER SUPPORT							
Per capita and initiation fees	\$ 140,058,164	\$ —	\$19,612,053	\$ —	\$ —	\$ —	\$159,670,217
Grants and contributions	4,619,187	—	—	734,760	4,695	—	5,358,642
Special fundraising events	—	—	—	1,324,543	—	—	1,324,543
Affinity program	73,000	—	—	—	—	2,880,901	2,953,901
Investment income, net	760,199	—	883,360	(508,907)	—	1,308,191	2,442,843
Sales of supplies, net	86,052	—	—	—	—	—	86,052
Loss on disposal of property and equipment	(38,068)	—	—	—	—	—	(38,068)
Other	989,265	6,000	—	10,000	—	15,832	1,021,097
Net assets released from restrictions	24,232	(24,232)	—	—	—	—	—
Total revenue	<u>146,572,031</u>	<u>(18,232)</u>	<u>20,495,413</u>	<u>1,560,396</u>	<u>4,695</u>	<u>4,204,924</u>	<u>172,819,227</u>
EXPENSES							
Program services							
Member services							
Communications, magazine and public relations	12,172,436	—	—	—	—	115,000	12,287,436
Financial assistance to affiliates	150,946	—	—	—	—	—	150,946
Industry trade divisions and relations	35,707,326	—	—	—	—	—	35,707,326
Out-of-work benefits	2,180,638	—	8,075,396	—	—	—	10,256,034
Research, education and training	18,384,278	—	—	—	—	159,678	18,543,956
Retiree relations, scholarships and other	545,257	—	—	434,000	—	—	979,257
Organizing	25,258,995	—	—	—	—	—	25,258,995
Other	9,585,337	—	—	—	16,500	2,852,225	12,454,062
Affiliation fees	11,558,201	—	—	—	—	—	11,558,201
Government affairs	10,101,062	—	—	—	—	—	10,101,062
Legal and litigation	5,521,258	—	—	—	—	—	5,521,258
Civil RICO	5,877,346	—	—	—	—	—	5,877,346
Convention	1,900,000	—	—	—	—	—	1,900,000
Total program services expenses	<u>138,943,080</u>	<u>—</u>	<u>8,075,396</u>	<u>434,000</u>	<u>16,500</u>	<u>3,126,903</u>	<u>150,595,879</u>
Supporting services							
Administration and governance	8,518,764	—	—	69,483	—	525,748	9,113,995
Fundraising	—	—	—	596,462	—	—	596,462
Total expenses	<u>147,461,844</u>	<u>—</u>	<u>8,075,396</u>	<u>1,099,945</u>	<u>16,500</u>	<u>3,652,651</u>	<u>160,306,336</u>
CHANGE IN NET ASSETS	(889,813)	(18,232)	12,420,017	460,451	(11,805)	552,273	12,512,891
NET ASSETS							
Beginning of year	227,800	693,737	63,842,114	6,108,382	383,976	6,839,572	78,095,581
FASB ASC 715 adjustment	10,292,918	—	—	—	—	—	10,292,918
End of year	<u>\$9,630,905</u>	<u>\$675,505</u>	<u>\$76,262,131</u>	<u>\$6,568,833</u>	<u>\$372,171</u>	<u>\$7,391,845</u>	<u>\$100,901,390</u>

See accompanying notes to consolidated financial statements.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS FINANCIAL REPORT 2009
International Brotherhood of Teamsters CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

	GENERAL FUND	STRIKE AND DEFENSE FUND	HOFFA SCHOLARSHIP FUND	TEAMSTER DISASTER RELIEF FUND	SUPPLEMENTAL BENEFITS TRUST	TOTAL
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Cash received from						
Affiliated conferences, joint councils and local unions	\$ 136,666,227	\$ 19,597,933	\$ —	\$ —	\$ —	\$ 156,264,160
Investment income	1,170,158	2,112,756	173,467	—	203,333	3,659,714
Other revenue and reimbursements	5,646,207	—	2,034,803	4,695	2,960,172	10,645,877
Net cash received	143,482,592	21,710,689	2,208,270	4,695	3,163,505	170,569,751
Cash disbursed to						
Service providers, suppliers, vendors and others	(130,177,052)	(6,396,850)	(1,262,362)	(16,500)	(3,352,902)	(141,205,666)
Other labor organizations	(3,955,660)	—	—	—	—	(3,955,660)
Affiliated conferences, joint councils and local unions	(7,685,608)	—	—	—	—	(7,685,608)
Members for benefits under Strike Benefit						
Assistance Program	—	(1,719,988)	—	—	—	(1,719,988)
Net cash disbursed	(141,818,320)	(8,116,838)	(1,262,362)	(16,500)	(3,352,902)	(154,566,922)
Net cash provided by (used for) operating activities	1,664,272	13,593,851	945,908	(11,805)	(189,397)	16,002,829
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES						
Proceeds from sale or redemption of investments	27,573,875	28,309,451	2,214,186	—	9,725,466	67,822,978
Purchase of investments	(19,388,089)	(17,885,868)	(187,674)	—	(9,998,937)	(47,460,568)
Purchase of fixed assets	(4,505,302)	—	—	—	—	(4,505,302)
Proceeds from sale of fixed assets	—	—	—	—	—	—
Payment of loans by affiliates	216,221	—	—	—	—	216,221
Net cash provided by (used for) investing activities	3,896,705	10,423,583	2,026,512	—	(273,471)	16,073,329
CASH FLOWS USED FOR FINANCING ACTIVITIES						
Loan repayments	(600,000)	—	—	—	—	(600,000)
Net cash used for financing activities	(600,000)	—	—	—	—	(600,000)
NET INCREASE (DECREASE) IN CASH	4,960,977	24,017,434	2,972,420	(11,805)	(462,868)	31,476,158
CASH AND CASH EQUIVALENTS						
Beginning of year	5,230,983	10,969,576	472,712	383,976	2,225,429	19,282,676
End of year	\$ 10,191,960	\$34,987,010	\$ 3,445,132	\$ 372,171	\$ 1,762,561	\$ 50,758,834
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Change in net assets	\$ 9,384,873	\$ 12,420,018	\$ 460,451	\$ (11,805)	\$ 552,273	\$ 22,805,810
Net depreciation (appreciation) of investments	276,931	1,056,384	648,296	—	(1,171,873)	809,738
Loss on disposal of fixed assets	38,068	—	—	—	—	38,068
Depreciation expense	2,671,036	—	—	—	—	2,671,036
(Increase) decrease in assets						
Receivables	(3,900,059)	28,594	8,627	—	76,093	(3,786,745)
Inventories	(296,992)	—	719	—	—	(296,273)
Prepaid expenses	239,579	—	780	—	—	240,359
Security deposits and other	418,721	—	—	—	—	418,721
Due to/from related entities	494,861	(14,120)	74	—	(625,414)	(144,599)
Increase (decrease) in liabilities						
Accounts payable and accrued expenses	2,256,372	102,975	(170,539)	—	979,524	3,168,332
Unexpended scholarship awards	—	—	(2,500)	—	—	(2,500)
Accrued pension cost	(9,909,224)	—	—	—	—	(9,909,224)
Accrued postretirement benefits cost	(9,894)	—	—	—	—	(9,894)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,664,272	\$ 13,593,851	\$ 945,908	\$ (11,805)	\$ (189,397)	\$ 16,002,829

See accompanying notes to consolidated financial statements

International Brotherhood of Teamsters NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**YEAR ENDED DECEMBER 31, 2009****NOTE 1. NATURE OF OPERATIONS**

The International Brotherhood of Teamsters (the International Union) is one of the largest labor unions in North America with a membership representing a variety of industries and trades. The primary source of revenue is per capita taxes paid by local unions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING - The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CONSOLIDATION AND FUND ACCOUNTING - The consolidated financial statements include the accounts and activities of the International Union and related entities under the International Union's control. For purposes of presentation in the consolidated financial statements and in accordance with requirements set forth in its Constitution, the International Union reports its accounts and activities in the following funds:

GENERAL FUND - Provides for the ongoing activities of the International Union not specifically carried out by any other fund. The General Fund also includes the consolidated accounts of the Teamsters National Headquarters Building Corporation, a for-profit corporation formed to be a title holding corporation for the International Union's headquarters building. All significant intercompany account balances have been eliminated in consolidation. Included in the General Fund is the Public Services Assistance Fund. This fund provides assistance to public employees whose contracts do not entitle them to strike benefits. Also included in the General Fund are funds designated for organizing activities. Ten percent of per capita tax received by the International Union, excluding the amount received for members in Teamsters Canada, is designated for organizing activities. Funds designated for organizing activities for the Brotherhood of Locomotive Engineers and Trainmen, Brotherhood of Maintenance of Way Employees Division and the Graphic Communications/IBT Conference are governed by the applicable merger agreements.

STRIKE AND DEFENSE FUND - The Strike and Defense Fund was created in 2002 to support members engaged in collective action to obtain recognition, obtain and/or protect wages and benefits through the negotiation of collective bargaining agreements, enforce collective bargaining agreements, and/or members who have been locked out by their employers.

Fifteen percent of per capita tax received by the International Union, excluding the amounts received for members in Teamsters Canada and members employed in the public sector who do not have the legal right to strike, are transferred to the Strike and Defense Fund. Participation in the Strike and Defense Fund for the Brotherhood of Locomotive Engineers and Trainmen Division, Brotherhood of Maintenance of Way Employees Division and the Graphic Communications Conference are governed by the applicable merger agreements.

HOFFA SCHOLARSHIP FUND - The Hoffa Scholarship Fund represents the accounts and activities of the James R. Hoffa Memorial Scholarship Fund, Inc.,

a related organization under the International Union's control. The Fund was incorporated in November 1999 and began operations in January 2000 for the purpose of awarding scholarships to dependents of union members in order to enable the recipients to attend accredited post-secondary educational institutions. The funding for scholarships is provided by voluntary contributions to the Fund, the net proceeds of annual fund raising events, and the sale of promotional materials. As a form of financial assistance to the Hoffa Scholarship Fund, the International Union provides facilities, management, administrative, accounting and clerical assistance.

TEAMSTER DISASTER RELIEF FUND - The Teamster Disaster Relief Fund represents the accounts and activities of the Teamster Disaster Relief Fund, a related organization under the International Union's control. The Fund was incorporated in September 1992 and began operations in 1992 for the purpose of providing monetary and non-monetary relief directly or indirectly to individuals who are victims of hurricane, flood, earthquake, fire, accident or other disaster. Funding is provided by monetary and non-monetary contributions from individuals or organizations affiliated with the International Union and the general public. As a form of financial assistance to the Disaster Relief Fund, the International Union provides facilities, management, administrative, accounting and clerical assistance.

SUPPLEMENTAL BENEFITS TRUST - The Supplemental Benefits Trust represents the accounts and activities of the International Brotherhood of Teamsters Supplemental Benefits Trust, a financially inter-related organization under the International Union's control. The Trust was established on January 1, 2003 to serve as a vehicle for the coordination of several credit card, insurance and other programs offered to members of the International Union and their families by third party vendors. The Trust is funded primarily through royalty payments payable in accordance with the provisions of various agreements between the International Union and third party vendors which have been assigned by the International Union to the Trust.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents consist of amounts held in demand deposit accounts, money market accounts and funds.

INVENTORY - The International Union maintains an inventory of supplies for resale to local unions and individual members. Inventory is stated at cost which approximates the selling price of items held.

INVESTMENTS - Investments in the limited partnerships (See Notes 7 and 9) are carried at estimated fair value. All other investments are reported at their aggregate fair value. The fair value of investments in common and capital stocks, corporate bonds, mutual funds and U.S. Treasury and Government Agency securities are determined by quoted market prices as reported by the investment custodian.

PROPERTY AND EQUIPMENT - Property and equipment are carried at cost. Major additions are capitalized while replacements and repairs that do not

improve or extend the lives of the respective assets are expensed. Depreciation and amortization expense is computed using the straight line method over the following estimated useful lives of the assets:

Building and improvements	39 years
Data processing equipment	5 years
Office equipment and capitalized software	3-10 years
Furniture and fixtures	10 years
Automobiles	5 years

CANADIAN CURRENCY - The International Union maintains checking and savings accounts in Canada as well as the United States. For financial statement purposes, all assets are expressed in U.S. dollar equivalents.

Canadian currencies included in the consolidated statement of financial position are translated at the exchange rates in effect on the last day of the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in the consolidated statement of activities.

Funds received and disbursed in Canada are stated in U.S. dollars based on the average exchange rates in effect during the year when reported in the revenue and expenses included in the consolidated statement of activities.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL PRESENTATION - The International Union's consolidated financial statements present its net assets, revenues, expenses, gains and losses, classified between unrestricted, temporarily restricted, and permanently restricted based on the existence or absence of donor-imposed restrictions.

NOTE 3. TAX STATUS

The International Union is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code, except on any income derived from activities unrelated to its exempt purpose.

Income taxes on net earnings are payable by the Teamsters National Headquarters Building Corporation pursuant to the Internal Revenue Code. All operating costs of the Corporation are fully reimbursed by the International Union resulting in no net income or loss. Accordingly, no provision has been made for Federal income taxes.

The Hoffa Scholarship Fund and Teamster Disaster Relief Fund are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are

reasonably expected to be publicly supported organizations and not private foundations. The Funds are subject to tax derived from unrelated business activities.

The Supplemental Benefits Trust is exempt from Federal income taxes under Section 501(c)(5) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

NOTE 4. TRADE RECEIVABLES

Trade receivables consist of the following at December 31, 2009:

Per capita and initiation fees	\$ 17,890,788
Unsecured notes receivable	422,823
Affinity program	257,904
Other	602,713
	<u>19,174,228</u>
Less allowance for doubtful accounts	(22,020)
	<u>\$ 19,152,026</u>

NOTE 5. UNINSURED CASH BALANCES AND INVESTMENT CONCENTRATIONS

The International Union maintains cash equivalents with various financial institutions as of December 31, 2009 totaling approximately \$1,940,000 which were not insured by the Federal Deposit Insurance Corporation.

The International Union also maintains cash at a Canadian financial institution, which is insured up to \$100,000. As of December 31, 2009, the International Union's cash in the Canadian financial institution in excess of insurance coverage totaled approximately \$1,070,000 in Canadian dollars (approximately \$1,020,000 U.S. Dollars).

The Hoffa Scholarship Fund maintains all of its cash and cash equivalents at one financial institution. The balance is insured by the Federal Deposit Corporation up to \$250,000. As of December 31, 2009 the Hoffa Scholarship Fund's cash in excess of FDIC insurance coverage totaled approximately \$841,243.

The Supplemental Benefits Trust maintains its cash at two financial institutions. As of December 31, 2009 the Supplemental Benefits Trust's cash in excess of FDIC insurance coverage totaled approximately \$1,149,467.

The Teamster Disaster Relief Fund maintains cash primarily with the same financial institution. As of December 31, 2009 the Teamsters Disaster Relief Fund's cash in excess of FDIC insurance coverage totaled approximately \$122,171.

NOTE 6. GRANTS RECEIVABLE

Amounts due under grant agreements with the U.S. Government totaled \$1,320,498 and are due to be received within one year.

NOTE 7. INVESTMENTS

The fair value and cost of investments held by the International Union at December 31, 2009 is summarized below:

	Cost	Fair Value
Common stock	\$ 3,269,920	\$ 3,102,336
Corporate bonds	7,266,195	7,361,759
Government agency securities	4,983	5,009
Limited partnership	49,485,079	50,499,145
Mutual fund	8,795,406	8,884,851
	<u>\$ 68,821,583</u>	<u>\$ 69,853,100</u>

Investment income for the year ended December 31, 2009 consisted of the following:

	General Fund	Strike Fund	Hoffa Scholarship Fund	Supplemental Benefits Trust	Total
Interest and dividends	\$ 1,149,683	\$ 2,084,162	\$ 164,569	\$ 190,679	\$ 3,589,093
Net realized and unrealized loss on investments	(276,931)	(1,056,384)	(648,296)	1,171,873	(809,738)
Investment expenses	(112,553)	(144,418)	(25,180)	(54,361)	(336,512)
	<u>\$ 760,199</u>	<u>\$ 883,360</u>	<u>\$ (508,907)</u>	<u>\$ 1,308,191</u>	<u>\$ 2,442,843</u>

NOTE 8. FAIR VALUE MEASUREMENTS

FASB ASC 820, "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets for identical assets that are accessible at the measurement date.

Level 2 - Quoted prices in markets that are not considered active or investments for which all significant inputs are observable.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

	Fair Value Measurements at December 31, 2009			
	Total	Level 1	Level 2	Level 3
Common stock - all cap value	\$ 3,102,336	\$ 3,102,336	\$ -	\$ -
Corporate obligations	7,361,759	41,727	7,298,336	21,696
Gov't Agency securities	5,009	-	-	5,009
Mutual funds - fixed income	8,884,851	2,895,783	5,989,068	-
Limited partnership - fixed income	50,499,145	-	-	50,499,145
	<u>\$ 69,853,100</u>	<u>\$ 6,039,846</u>	<u>\$ 13,287,404</u>	<u>\$ 50,525,850</u>

	Level 3 Fair Value Measurements			
	Total	Gov't Agency securities	Corporate obligation	Limited partnership
Beginning balance	\$ 46,566,501	\$ -	\$ -	\$ 46,566,501
Realized gains (losses)	1,829,329	-	(15,450)	1,844,779
Unrealized gains (losses)	2,034,850	(30)	11,018	2,023,862
Purchases	64,003	-	-	64,003
Sales	(24,029)	-	(24,029)	-
Transfers into (out of) Level 3	55,196	5,039	50,157	-
Ending balance	<u>\$ 50,525,850</u>	<u>\$ 5,009</u>	<u>\$ 21,696</u>	<u>\$ 50,499,145</u>

NOTE 9. INVESTMENTS IN FIRST TRUST NOTES

The International Union provided loans to affiliates for financial assistance. These loans are secured by real estate and are carried at their unpaid principal balance of \$1,298,009. No allowance for uncollectible accounts was deemed necessary as of December 31, 2009.

NOTE 10. PROPERTY AND EQUIPMENT

Property and equipment held by the International Union consists of the following as of December 31, 2009:

Land - headquarters	\$ 794,117
Headquarters building	48,769,805
Leasehold improvements	26,000
Furniture and fixtures	5,135,753
Equipment	4,345,520
Data processing equipment	2,758,453
Computer software	4,068,805
Automobiles	91,673
Working in process	2,997,943
	<u>68,988,069</u>
Less accumulated depreciation	(22,124,793)
Net property and equipment	<u>\$ 46,863,276</u>

Depreciation expense for the year ended December 31, 2009 was \$2,671,036.

NOTE 11. THE TEAMSTER AFFILIATES PENSION PLAN

The Teamster Affiliates Pension Plan (the "Plan") provides defined benefits to eligible officers and employees of the International Union's affiliates.

The General Executive Board elected to curtail the Plan effective December 31, 1994, thus freezing benefits for most participants at the then accumulated level. Effective January 1, 1995, the Plan was amended to allow the affiliates to contribute on behalf of their employees. For those participants whose employer continued to contribute, benefits were not frozen until December 31, 2001. Effective as of January 1, 2002, no additional retirement or other benefit will be accrued under this Plan by any participant of the Plan. Any participation agreement which may have been submitted by an affiliate to, and accepted by, the Trustees of this Plan at any time on or after January 1, 1995 shall be terminated effective as of January 1, 2002 and no contribution shall be accepted by the Trustees from an affiliate on behalf of a participant employed by that affiliate with respect to any period of time beginning on or after January 1, 2002.

Prior to January 1, 2008, the International Union accounted for the Teamster Affiliates Pension Plan in accordance with FASB ASC 715 "Compensation-Defined Benefit Plans". Under the provisions of the Pension Protection Act of 2006, the International Union was able to convert the Plan from a multiple - employer plan to a multiemployer plan. As a result of this conversion, the International Union accounts for the Plan in accordance with FASB ASC 715-80 "Compensation - Multiemployer Plans".

The Plan's consulting actuary will determine the Plan's funding requirement on an annual basis. The funding requirement has been zero since at least 1994. If the consulting actuary determines that a contribution must be made to the Plan, the International Union will determine the method for funding the Plan.

No individual who was initially employed by an affiliate on or after January 1, 2002 was eligible to become a participant of the Plan. No compensation that was received by a participant of the Plan with respect to any period of time beginning on or after January 1, 2002 was considered to be the earnings of that participant for purposes of the Plan. Any periods of credited service and/or vesting service earned by a participant on or after January 1, 2002 shall continue to be used to determine the eligibility of that participant to receive a retirement or other benefit under this Plan but shall not be used to determine the amount of any retirement or other benefit which that participant may otherwise be entitled to receive under this Plan.

The information on benefit costs for the year ended December 31, 2009, as determined by the consulting actuary, is as follows:

Employer contributions	\$	—
Plan participants' contributions		—
Benefits paid		45,325,325

In computing the funded status of the Plan as of December 31, 2009, the consulting actuary used the following assumptions:

Discount rate	6.00%
Average rate on compensation increases	N/A

The funded status of the Plan as of December 31, 2009, as determined by the actuary, is as follows:

Projected benefit obligation	\$ (476,361,503)
Fair value of Plan assets	<u>328,474,679</u>
Funded status	<u>\$ (147,886,824)</u>
Accumulated benefit obligation	<u>\$ (476,282,834)</u>

The Plan's expected long-term rate of return on assets assumption is 8.00%. As defined in FASB ASC 715, this assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Plan's overall investment strategy is to invest in securities that will meet or exceed an absolute return of 8.00%. In order to meet its needs, the Plan's investment strategy is to emphasize total return primarily by emphasizing long-term growth of principal while avoiding excessive risk and secondly by achieving

returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of Plan assets. In general, the Plan's goal is to maintain the following allocation ranges for investments:

Equity securities	55% - 70%
Debt securities	30% - 45%
Cash and equivalents	0% - 5%

The major classes of plan investments at December 31, 2009 are:

	Fair Value
Common stock	\$ 54,260,492
Corporate obligations	47,865,052
103-12 investment entity-fixed income	67,507,531
Collective trust fund-equity	146,818,467
Money market mutual funds	13,988,970
Foreign obligations	295,850
	<u>\$ 330,736,362</u>

The fair values of common stock, corporate obligations, money market mutual funds and foreign obligations are determined on the basis of quoted prices in active markets (Level 1 inputs). The fair values of the fixed income collective trust fund is determined on the basis of significant other observable inputs (Level 2 inputs), and the fair values of the 103-12 investment entity and certain corporate obligations are based on valuation techniques (Level 3 inputs).

Following is a reconciliation of the fair value of plan assets determined on the basis of valuation techniques:

	Total	103-12 investment entity	Corporate obligations
Beginning balance	\$ 72,862,391	\$ 72,792,198	\$ 70,193
Realized losses	(356,664)	(124,472)	(232,192)
Unrealized gains	3,325,016	2,707,360	617,656
Purchases	2,965,445	2,965,445	—
Sales	(11,451,039)	(10,833,000)	(618,039)
Transfers into Level 3	1,302,945	—	1,302,945
Ending balance	<u>\$ 68,648,094</u>	<u>\$ 67,507,531</u>	<u>\$ 1,140,563</u>

Benefits expected to be paid by the Plan during the ensuing five years and thereafter are approximately as follows:

2010	\$ 46,142,963
2011	45,381,328
2012	44,579,629
2013	43,644,110
2014	42,518,231
Aggregate for five years beginning 2015	222,266,261

NOTE 12. RETIREMENT AND FAMILY PROTECTION PLAN

The International Union is the sponsor of the Retirement and Family Protection Plan (the "Plan"), a defined benefit plan that covers the employees of the International Union and the Teamsters National Headquarters Building Corporation (a wholly owned subsidiary). Substantially all of the employees participate in the Plan. Benefits provided by this Plan are determined based on years of service, level of compensation, and date of employment. The International Union pays the full cost of the Plan and annually determines the amount, if any, to contribute to the Retirement and Family Protection Plan based on the advice of consulting actuaries.

The International Union reports in accordance with FASB ASC 715 "Compensation-Defined Benefit Plans." FASB ASC 715 requires that the full funding status of defined benefit pension and other postretirement plans be recognized on the statement of financial position as an asset (for overfunded plans) or as a liability (for underfunded plans).

In computing net periodic pension costs as of January 1, 2009 to be recognized for the year ended December 31, 2009, the consulting actuary used the following assumptions:

Discount rate	6.00%
Average rate of compensation increase	5.25
Expected return on Plan assets	8.00

The information on benefit cost for the year 2009, as determined by the consulting actuary, is as follows:

Employer contributions	\$12,582,956
Plan participants' contributions	—
Benefits paid	8,622,015

In computing the funded status of the Plan as of December 31, 2009, the consulting actuary used the following assumptions:

Discount rate	6.00%
Average rate of compensation increases	5.25

The funded status of the Plan as of December 31, 2009, as determined by the consulting actuary, is as follows:

Projected benefit obligation	\$ (114,538,068)
Fair value of plan assets	<u>73,809,443</u>
Funded status	<u>\$ (40,728,625)</u>
Accumulated benefit obligation	<u>\$ (88,025,890)</u>

Amounts recognized in the statement of financial position as of December 31, 2009 consists as follows:

Non-current assets	\$ —
Current liabilities	—
Non-current liabilities	(40,728,625)

Amounts recognized in net assets as of December 31, 2009 consist as follows:

Transition obligation	\$ —
Prior service cost	(24,850)
Net loss	<u>29,852,550</u>
	<u>\$ 29,827,700</u>

Net periodic benefit cost \$ 12,913,122

Other changes in Plan assets and benefit obligations recognized in net assets as of December 31, 2009:

New transition obligation	\$ —
New prior service credit	—
New net gain	(7,056,473)
Amortization of transition obligation	—
Amortization of prior service cost	(290,534)
Amortization of net loss	<u>(2,892,382)</u>

Total recognized in net assets \$ (10,239,389)

Total recognized in net periodic benefit cost and net assets: \$ 2,673,733

The amounts that will be amortized from net assets into net periodic benefit cost over the next fiscal year are:

Transition obligation	\$ —
Prior service cost	275,133
Net loss	<u>1,807,342</u>
	<u>\$ 2,082,475</u>

The Plan's expected long-term rate of return on assets assumption is 8.00%. As defined in FASB ASC 715, this assumption represents the rate of return on Plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The Plan's overall investment strategy is to invest in securities that will meet or exceed an absolute return of 8.00%. In order to meet its needs, the Plan's investment strategy is to emphasize total return primarily by emphasizing long-term growth of principal while avoiding excessive risk and secondly by achieving

returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of Plan assets.

Effective October 2009, the Plan's goal is to maintain the following allocation ranges for investments:

Fixed income securities	95% - 100%
Cash and equivalents	0% - 5%

Prior to October, 2009, the Plan's goal was to maintain the following allocation ranges for investments:

Equity securities	60% - 80%
Fixed income securities	30% - 40%
Cash and equivalents	0% - 5%

At December 31, 2009 the Plan was in the process of transitioning its investment portfolio from the prior asset allocation to the current asset allocation.

The major classes of plan investments at December 31, 2009 are:

	Fair Value
Common stock	\$ 22,151,645
Corporate obligations	8,066,126
103-12 investment entity-fixed income	13,818,906
Collective trust fund-fixed income	18,032,864
Money market mutual funds	8,602,089
Foreign obligations	45,750
	<u>\$ 70,717,380</u>

The fair values of common stock, corporate obligations, money market mutual funds and foreign obligations are determined on the basis of quoted prices in active markets (Level 1 inputs). The fair values of the fixed income collective trust fund is determined on the basis of significant other observable inputs (Level 2 inputs), and the fair value of the 103-12 investment entity and certain corporate obligations are based on valuation techniques (Level 3 inputs).

Following is a reconciliation of the fair value of plan assets determined on the basis of valuation techniques:

	Total	Corporate obligations	103-12 investment entity - fixed income
Beginning balance	\$12,752,376	\$ 9,623	\$ 12,742,753
Realized losses	(74,167)	(74,167)	-
Unrealized gains	629,431	114,680	514,751
Purchases	561,402	-	561,402
Sales	(120,396)	(120,396)	-
Transfers into Level 3	143,281	143,281	-
Ending balance	<u>\$13,891,927</u>	<u>\$ 73,021</u>	<u>\$ 13,818,906</u>

The International Union's expected contribution to the Plan for the year ended December 31, 2010 has not yet been determined. Benefits expected to be paid by the Plan during the ensuing five years and thereafter are approximately as follows:

2010	\$ 10,209,297
2011	10,862,866
2012	11,061,217
2013	11,075,464
2014	11,626,917
Aggregate for five years beginning 2015	63,058,612

NOTE 13. TEAMSTERS NATIONAL 401(K) SAVINGS PLAN

In 1996, the International Union entered into a trust agreement to participate in the Teamsters National 401(k) Savings Plan (the Plan). Beginning in April 1997, employees of the International Union who have completed 30 days of service may contribute to the Plan through payroll deductions. Participants may contribute up to 89% of their pretax salaries up to the maximum prescribed by law and an additional 5% of after-tax salaries. The International Union, as a Plan sponsor, does not contribute to the Plan and assumes no liability for the Plan's administrative costs.

NOTE 14. RELATED ENTITIES

The International Union has various related entities not included in the consolidation, which include a political and education fund (a separate, segregated fund of the International Union), two defined benefit pension plans, a defined contribution pension plan, a legal defense fund, and a voluntary employee benefits trust. These entities, as well as the Strike and Defense Fund, Supplemental Benefits Trust, Teamster Disaster Relief Fund and James R. Hoffa Memorial Scholarship Fund, Inc., which are included in the consolidated financial statements, and amounts due to (from) the International Union at December 31, 2009 are as follows:

Strike and Defense Fund	\$ 147,459
Teamster Affiliates Pension Plan	(4,683)
Retirement and Family Protection Plan	(1,058)
Voluntary Employee Benefits Trust	322,481
Supplemental Benefits Trust	434,000
Teamsters National 401(k) Savings Plan	17,421
Total	<u>\$ 915,620</u>

The International Union absorbs the administrative costs applicable to the operations of these related entities. All but the political and education fund, Teamster Disaster Relief Fund and James R. Hoffa Memorial Scholarship Fund reimburse the International Union for those administrative costs through cost sharing arrangements.

NOTE 15. POSTRETIREMENT BENEFITS

The International Union provides life insurance benefits for retired employees meeting the requirements of a normal pension or becoming disabled and receiving a disability pension. Spouses and dependent children of these retirees are also eligible to participate. In addition, certain spouses and dependent children of deceased active employees are eligible to participate in the plan.

In accordance with applicable accounting standards, the International Union has recognized a liability of \$524,550 which represents the actuarially calculated accumulated benefit obligation. The accumulated benefit obligation represents the present value of future premiums to be paid by the International Union calculated using various assumptions for matters such as mortality and discount rate. The total recognized in net periodic benefit cost and other comprehensive income for the year ended December 31, 2009 totaled \$(6,747).

NOTE 16. ACCRUED LEAVE

In compliance with FASB ASC 710-10-25 "Compensated Absences" the International Union has established a liability of \$2,978,312 representing accumulated future absences of its employees through the year ended December 31, 2009, which is included under "accounts payable and accrued expenses" in the consolidated statement of financial position.

NOTE 17. COMMITMENTS AND CONTINGENCIES

The International Union is involved in litigation arising in the normal course of operations. Some of the litigation involves matters common to any organization of comparable size, including personnel, employment, contract, and trademark issues.

Other litigation relates to the International Union's status as a labor organization. Much of this latter litigation is strategic, pursued by employer's intent on pressuring the International Union with respect to its conduct as a bargaining representative pursuing better wages, hours and working conditions for the members of the International Brotherhood of Teamsters.

None of the litigation involves any substantial liability on the part of the International Union. Accordingly, no provision for any liability that may result upon final adjudication of any pending litigation has been made in the accompanying consolidated financial statements.

NOTE 18. AFFINITY PROGRAM

The international Union entered into agreements with HSBC Finance Corporation (HSBC) and GMAC Insurance Company (GMACI) under which royalty payments are received. The International Union assigned any and all rights and interests it may have related to these royalties to the Trustees of the International Brotherhood of Teamsters Supplemental Benefits Trust.

The agreement with HSBC provides that HSBC will pay royalties in exchange for the right to use the International Union's intangible property including name, logo, and membership lists, in connection with the marketing of credit cards and other financial products to members of the International Union. Under this agreement, HSBC has agreed to pay the International Union certain royalties commencing as of September 1, 2007, in part to ensure that the International Union will continue to maintain its credit card and loan program with HSBC at least until the agreement's scheduled expiration date of February 28, 2019. This agreement will renew automatically for successive periods of one year each unless the International Union or HSBC notifies the other party of its intent not to renew the agreement at least twelve months prior to February 28, 2019.

The agreement with GMACI provides that GMACI has the exclusive rights to market and sell insurance coverage to International Union members in exchange for a fee of 3% of the direct written premium on policies underwritten for the plan by GMACI. The fees represent reimbursement for administrative expenses incurred by the International Union, list management services in connection with marketing the insurance plan and for the use of the International Union name and logo.

The Supplemental Benefits Trust also has an agreement with Nu Travel and a joint agreement between the International Union and Affinity Financial Corporation under which royalty payments are received.

NOTE 19. LEASES

The International Union leases office equipment, office space, and residential space. Monthly lease and maintenance payments are allocated to program expenses in the consolidated statement of activities. Lease obligations under non-cancelable operating leases are as follows:

Year ending December 31, 2010	\$ 658,476
2011	438,414
2012	360,330
2013	232,663
2014	109,580
Total	1,799,463
Thereafter	34,493
	<u>\$ 1,833,956</u>

Rental payments totaled \$1,219,446 for the year ended December 31, 2009.

NOTE 20. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets in the General Fund as of December 31, 2009 resulted from contributions from local union members, local unions and other affiliates for member-to-member communications through a newly created Field Action Fund run by the International Union. At December 31, 2009 temporarily restricted net assets consisted of \$675,505 for these activities.

NOTE 21. ORGANIZING ACTIVITIES

As a result of actions taken at the 2002 Special Convention, ten percent of the annual per capita tax received by the International Union, exclusive of per capita tax received for Canadian members, is allocated for organizing activities. Allocation of funds to organizing activities for the Brotherhood of Locomotive Engineers and Trainmen Division, Brotherhood of Maintenance of Way Employees Division and the Graphic Communications Conference are governed by the applicable merger agreements.

NOTE 22. LOAN PAYABLE

During the year ended December 31, 2009 the International Union entered into a loan agreement (line of credit) and executed a promissory note with Wachovia Bank to borrow amounts up to \$22,000,000. Interest is due monthly on the outstanding balance of the note and the principal payment is due by December 31, 2010. As of December 31, 2009, the outstanding principal balance due on the note was \$18,678,714 at a variable interest rate of .68090%.

Interest expense totaled \$120,770 for the year ended December 31, 2009.

NOTE 23. RISKS AND UNCERTAINTIES

The International Union holds diversified investments which are exposed to various risks including economic, interest rate, market, and sector. Such risks could cause material near term fluctuations in the market value of the investments as reported in these financial statements.

NOTE 24. SUBSEQUENT EVENTS

The Board of Trustees and management have evaluated subsequent events through July 9, 2010, the date the financial statements were available to be issued, and they have been evaluated in accordance with FASB ASC 855-10-05.

ELECTION SUPERVISOR'S REPORT No. 3

RULES APPROVED; DELEGATE ELECTIONS; CANDIDATE ACCREDITATION; PROTESTS

Rules Approved. On August 23, 2010, the United States District Court for the Southern District of New York approved the proposed Rules for the 2010-2011 IBT International Union Delegate and Officer Election without change. The *2011 Rules*, deemed effective as of May 1, 2010, continue in effect. The Office of the Election Supervisor ("OES") will prepare and distribute copies of the approved *2011 Rules* in English, French and Spanish versions, and expects to have them available before the start of the main season for delegate nominations and elections. Until those are ready, use the version of the proposed *2011 Rules* available for download at www.ibtvote.org. Call or write to OES if you would like to get a copy of the *2011 Rules* by mail.

Delegate Elections. Delegate elections have started. A few IBT locals that represent employees in seasonal agricultural employment have already held nomination meetings and elections. Additional elections are scheduled this fall for some locals concurrent with their officer elections.

By now, each Local, GCA or System Federation should have filed an election plan detailing the critical dates and procedures for the nomination and election of convention delegates and alternate delegates. OES will complete approval of those plans before the start of main election season. To check whether a plan has been submitted or approved, or to check the date, time and place of any nomination meeting or ballot count, go to www.ibtvote.org, click on the "Delegate Elections" link and then on the "Dates, Times and Places" links.

Almost all local union delegate nominations and elections will be held between January and May 2011 – the months leading up to the 28th IBT International Convention where International officer candidates will be nominated. The delegate elections are a prime forum for members to make their views on current issues and IBT policy known to leaders of the union. Find out about the delegate elections, get involved, and be part of the discussion in your Local, GCA or System Federation.

Candidate Accreditation. Candidates for International office who wanted the right to publish campaign literature in the October 2010 issue of *Teamster*

magazine and to obtain a union membership list for use in campaigning had to submit, by August 31, 2010, petition signatures of at least 2.5% of all IBT members eligible to vote for the office being sought. Twenty-one candidates submitted accreditation petitions by the deadline; the signatures were checked, verified and counted by OES; and all of those candidates were accredited. There is time for additional candidates to seek accreditation: petitions may be submitted through December 15, 2010. Candidates accredited as of that date will have the right to publish literature in the February 2011 IBT magazine, and will also have access to the union membership list for use in campaigning.

Protests. To date, OES has received 36 protests and has disposed of 31 of them in 25 decisions. Of the 25 decisions issued, the Election Supervisor found *2011 Rules* violations and ordered remedies in 15. In protests where the violation found involved the improper use of union resources to campaign for a candidate, the Election Supervisor's remedy has included directing that the union make resources available to competing candidates. For an example, see *Halstead*, 2010 ESD 8 (July 26, 2010).

Final protest rulings, including a summary of the protest, the investigation, the decision, and any remedy, are posted on www.ibtvote.org as they issue.

Change in Candidate Status. C. Thomas Keegel, the IBT General Secretary-Treasurer, had declared his candidacy for re-election and, in April 2010, had signed a slate declaration with two other candidates. Mr. Keegel announced his withdrawal from candidacy on July 15, 2010, and confirmed that he will not accept nomination at the 2011 IBT International Convention for any International Office. *In re Gegare, Slawson & Zuckerman*, 2010 ESD 10 (July 27, 2010).

Contact the OES to get more information about any aspect of the election procedures.

Richard W. Mark
Election Supervisor

WWW.IBTVOTE.ORG

The Teamsters Local 1035 Hartford Distributors Memorial Fund is raising money for those most closely affected by the tragic killing of eight innocent workers, including seven Teamster members.

Please send donations to:

**Teamsters Local 1035 Hartford
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