

May 2004



ALASKA TEAMSTER – EMPLOYER PENSION TRUST

2003 SUMMARY ANNUAL REPORT

This is a summary of the annual report of the Alaska Teamster-Employer Pension Trust, EIN 92-6003463, a multi-employer plan, for the year beginning July 1, 2002 and ending June 30, 2003. The annual report has been filed with the Pension and Welfare Benefit Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

BASIC FINANCIAL STATEMENT

Benefits under the Alaska Teamster-Employer Pension Plan (the “Plan”) are provided in whole from trust funds. Plan expenses were \$60,215,664. These expenses included \$2,102,735 in operating expenses, \$2,255,635 in investment expenses and \$55,857,294 in benefits paid directly to participants and beneficiaries. A total of 7,549 persons were participants in, or beneficiaries of the Plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting the above annual expenses of the Plan, was \$659,626,636 as of June 30, 2003, compared to \$664,203,981 as of July 1, 2002. During the plan year, the Plan experienced a decrease in its net assets of \$4,577,345. This decrease included unrealized appreciation or depreciation in the value of Plan assets; that is, the difference between the value of the Plan’s assets at the end of the year and the value of the assets at the beginning of the year, or the cost of assets acquired during the year.

During the Plan year, the Plan had total income of \$55,638,319 including employer contributions of \$19,995,535, losses on the sale of assets of \$16,495,682, earnings from investments of \$52,191,195, and net rental loss of \$52,729.

YOUR RIGHTS TO ADDITIONAL INFORMATION

You have the right to receive a copy of the full annual report, or any part thereof on request. The items listed below are included in that report:

1. An accountant’s report;
2. An actuary’s report; and
3. Assets held for investments.

To obtain a copy of the full annual report, or any part thereof, write or call the office of

Alaska Teamster Employer Service Corporation
520 E. 34th Avenue, Suite 107
Anchorage, AK 99503
(907) 565-8300

The charge to cover copying costs will be \$8.00 or \$.25 per page for any part thereof.

You also have the right to receive from the Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the Plan and accompanying notes,

or both. If you request a copy of the full annual report from the Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan, 520 E. 34th Avenue, Suite 107, Anchorage, AK 99503, and at the US Department of Labor in Washington, DC, or to obtain a copy from the US Department of Labor upon payment of copying costs. Requests to the Department should be addressed to:

**Public Disclosure Room, N-1513
Employee Benefit Security Administration,
US Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210.**

WHAT'S THE DIFFERENCE?

There are two types of retirement plans approved by the I.R.S. There are “defined contribution plans” which include individual retirement accounts and 401(k) plans, and there are plans such as your Alaska Teamster-Employer Pension plan, called “defined benefit plans.” The basic difference is that in a defined contribution plan you have contributions made on your behalf tracked to an individual account and you assume the investment risk individually. In a defined benefit plan, the plan defines the benefit and relies on employer contributions and an aggregate rate of investment return to fund those benefits.

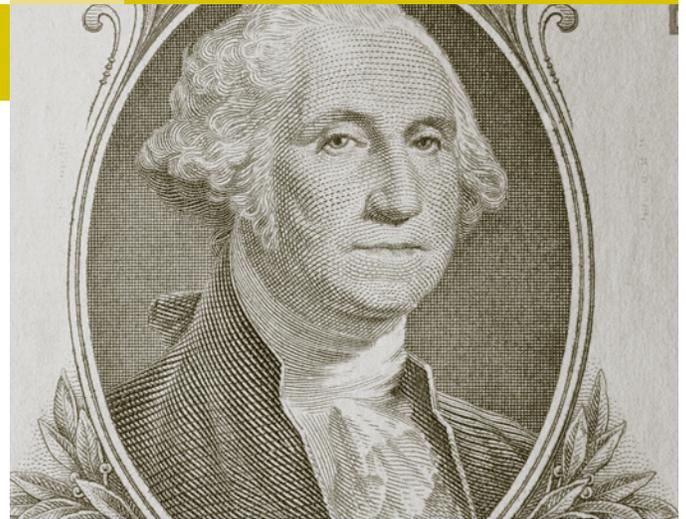
FREQUENTLY ASKED QUESTIONS

Q: Why does the Plan send a Summary Annual Report?

A: The Employee Retirement Income Security Act of 1974 (ERISA), the federal law that governs qualified retirement plans including your Plan, requires that financial information be provided to plan participants once each year. The information contained in the previous section of this newsletter is that required information. ERISA sets forth the type of information that must be contained in the annual report. The report takes a “snapshot” of the assets and liabilities from one year to the next year and compares the differences.

Q: Why doesn't the Plan send quarterly statements like I get from my 401(k) Plan?

A: Unlike a defined contribution plan, including your 401(k), a defined benefit plan does not track investment accounts by individual. Instead, the separate annual benefit statement you receive shows the monthly benefit you have earned, payable to you at your normal retirement date. Under a defined benefit plan, all of the Plan's investments are combined to fund the benefits for all Plan participants based on the Plan's benefit formula. The Frank Russell Company, who serves as the Investment Consultant, continually monitors the managers and reports their performance to the Board each month. A full audit is conducted annually by the firm of Hemming Morse. Once that audit is complete, a full annual report is prepared and the Summary Annual Report is published.



Q: What is the Investment Policy of the Fund?

A: The Investment Policy states the investment objective of the fund and establishes the framework to monitor investment performance in accordance with ERISA. The Policy articulates that the primary objective of the fund “is to assure that the plan meets its responsibilities for providing retirement benefits.” It also states that the Board “shall always act to assure that the level of investment risk in the Trust portfolio shall be prudent and shall not jeopardize that primary objective.”

Q: What is the role of the Trust?

A: As defined in the Statement of Investment Policy, the Trust serves as a funding vehicle to secure benefits promised under the Plan. As stated above, the Board’s primary objective is to assure that the Plan meets its responsibilities for providing retirement benefits. In addition to monitoring the investment risk in the Trust portfolio, other important objectives are to:

- Provide a total return that, over the long term, equals or exceeds the investment return assumption used for Plan funding purposes and increases the ratio of Plan assets to liabilities by maximizing investment return on assets, at the level of risk deemed appropriate by the Board.
- Diversify investments within asset classes to reduce the impact of losses in single investments.
- Invest the assets of the Trust in compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and any subsequent applicable regulations and laws.

In defining the Trust’s investment objectives, the Board seeks to enhance the investment returns of the Fund in order to permit higher benefits and to achieve lower costs. Therefore, it adopts the following general investment objectives:

- **Maximize Total Return on Assets:** Maximize the total return on assets available for the provision of benefits while operating in accordance with applicable regulatory restrictions and within prudent parameters of risk.
- **Preservation of Principal:** Protect the Trust from severe depreciation in asset value during adverse market conditions. This objective shall be attained by broad diversification of assets and careful review of risks.
- **Competitive Results:** Out-perform the Policy Portfolio Return.

Q: Who decides the Investment Policy?

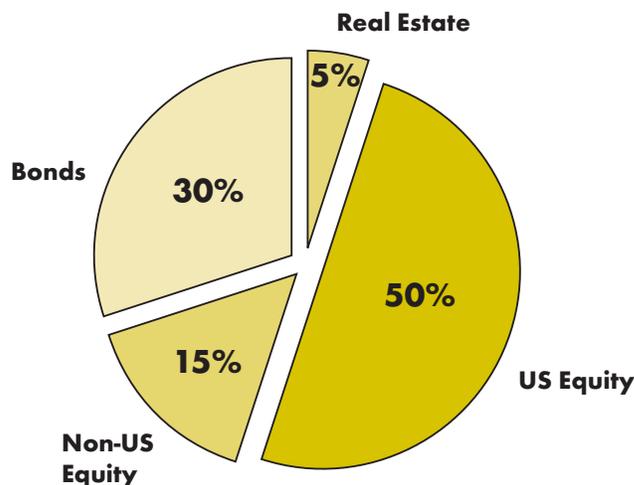
A: The Trustees rely on plan professionals to help them develop the investment philosophy and objectives for the Alaska Teamster-Employer Pension Trust. The Frank Russell Company is the consultant who – along with the Actuary, Rael & Letson – helps develop the objectives and strategies.

Q: What is the current asset allocation policy of the Fund?

A:	Equities	65%
	Fixed Income	30%
	Real Estate	5%

Within the equity (stock) allocation, there is further diversification, with managers investing in different segments of the market. 15% of the equity investments is allocated for non-US equities. US equity managers invest in several different styles, including growth, value, market-oriented and small cap.

ASSET ALLOCATION



At their meeting in April 2004, the Trustees increased the policy equity exposure from 55% to 65%. Because the Fund was up to almost 60% equity (due to recent strong equity performance), the Fund will have to rebalance only 5% of the assets to reach the allocation set in the newly adopted policy.

FREQUENTLY ASKED QUESTIONS

continued

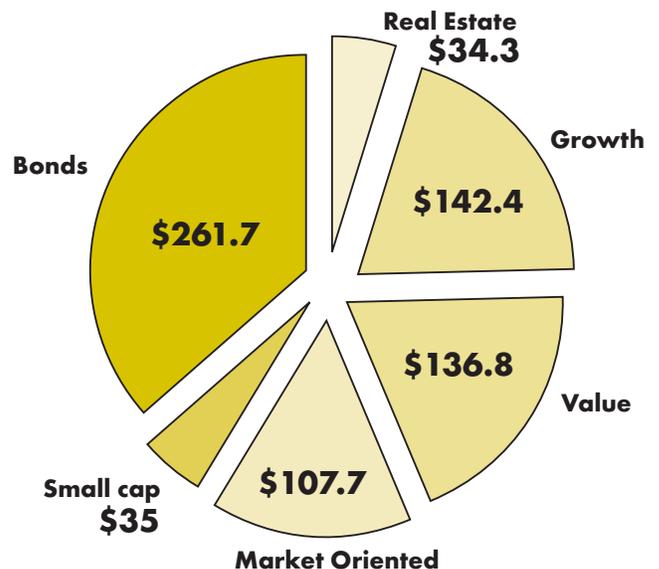
Q: Who are the fund's managers and how much do they manage?

A: As of March 1, 2004, the managers and the amount of assets they have under management are as follows:

STYLE	BENCHMARK	MANAGERS	AMOUNT
Growth Managers	Russell 1000 Growth Index	Lincoln Capital Management	\$58.2 million
		Turner Investment Partners	\$84.2 million
Value Managers	Russell 1000 Value Index	Dodge & Cox	\$78.2 million
		Trinity Investment Management	\$58.6 million
Market-Oriented Manager	S&P 500	PanAgora Asset Management	\$107.7 million
Small Cap Manager	Russell 2000 Index	Dimensional Fund Advisors	\$35 million
Bond Managers	Lehman Brothers Aggregate Bond	Aeltus Investment Management	\$104.7 million
		Dodge & Cox	\$157 million
Real Estate Managers	NCREIF Property Index	RREEF Funds Real Estate	\$15.7 million
		UBS Realty Investment	\$16.3 million
		RESA	
		Pacific Advisors	\$2.3 million
			\$717.9 MILLION



INVESTMENT STYLE ALLOCATION





Q: Who serves on the Board of Trustees?

A: The Board is made up of an equal number of union Trustees and employer Trustees. They are:

UNION TRUSTEES

Mike Kenny, Chairman
 David Prince
 Ken Coleman
 Jackie Bloom

EMPLOYER TRUSTEES

Gary Tanghe, Horizon Lines, Inc.
 Bob Magee, Totem Ocean Trailer Express
 Jim Bryant, United Parcel Service, Inc.
 Warren Christian, Houston Contracting Company

GLOSSARY

RUSSELL 3000(R) INDEX

Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The Russell 1000 Growth Index is composed of 1,000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price/earnings ratios, lower dividend yields and higher forecasted growth values than the value universes.

The Russell 1000 Value Index is composed of 1,000 securities with a less-than-average growth orientation. It represents the universe of stocks from which value managers typically select. Securities in this index tend to exhibit low price-to-book and price/earnings ratios, higher dividend yields and lower forecasted growth values than the growth universe.

The Russell 2000, the best-known of a series of market-value weighted indices published by the Frank Russell Company. The index measures the performance of the smallest 2,000 companies in the Russell 3000 Index.

S&P 500

Standard and Poor's 500 Index covers 500 industrial, utility, transportation and financial companies of the US markets (mostly NYSE issues).

LB AGGREGATE INDEX

Composed of securities from Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index.

NCREIF CLASSIC PROPERTY INDEX

Maintained by the National Council of Real Estate Investment Fiduciaries (NCREIF), this benchmark measures historical performance of income-producing properties.

POLICY PORTFOLIO

A long-term asset allocation method, in which the investor seeks to assess an appropriate long-term "normal" asset mix that represents an ideal blend of controlled risk and enhanced return for the investor.

YOUR TEAMSTER TRUST FUNDS WEBSITE

Visit your new website at www.akteamstertrusts.com. You can review the benefit plans that describe your benefits, find answers to your questions in the Frequently Asked Questions section or contact us at benefits@akteamsters.com to get answers to specific questions.

You may also download forms for your retirement plan and your medical plan and link to other helpful websites. There is a Life Events section to guide you through significant events in your life, such as marriage and children. There are even retirement planning tools to help you plan ahead for retirement.



WWW.AKTEAMSTERTRUSTS.COM

ADDRESS & BENEFICIARY CHANGE

So that we may send you important information on the Pension Plan, it is vital that you notify us when you change your address. You may send changes in writing to our office, or download the form from the website at the Life Events Section: www.akteamstertrusts.com.

It is also your responsibility to make sure the Pension Plan has your current beneficiary designation on file. If you are vested and you die before you retire and you are married, your spouse is your beneficiary. If you are not married, benefits will be paid on a "class basis" in the following order; if you have children, benefits will be divided equally among them. If you have no children, your parents will receive the benefits and if your parents are not living, then benefits will be divided equally between your siblings. If you have no family that survives you, it will be paid to your estate. If you are not married and you want benefits paid outside the class basis, you may request a Beneficiary Designation Form from our office, or download one from the website under the Forms section of the Pension tab.

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