

(Fund Letterhead)

Notice of Plan Funding Status

April 30, 2012

Participants, Beneficiaries, Contributing Employers and I.B.E.W. Local Union No. 90:

As you now know, the Pension Protection Act of 2006 (PPA) added requirements for measuring the financial health of multiemployer pension funds such as ours. It now requires that the Pension Fund's actuary determine annually the Fund's financial status under the new rules and certify that status to the IRS and the Trustees. It is important to note that if the Fund's status for a plan year is either "endangered" (known as the yellow zone) or "critical" (known as the red zone), the Trustees must notify all participants, employers, unions and other parties in writing of this certification as well as take corrective action to restore the financial health of the Pension Fund.

Fund's Status – Red Zone

On March 30, 2012, our actuary certified the Pension Fund as being in critical status (the red zone) for the plan year beginning January 1, 2012, as was true for the prior four years. This is based on the actuary's determination that the Pension Fund has a funding deficiency as of December 31, 2011. This means that contributions to date have not been high enough to meet government standards for funding promised benefits plus those that participants are currently earning.

Rehabilitation Plan

The Pension Protection Act requires a pension fund in the red zone to adopt a "rehabilitation plan" that is designed to restore the financial health of the fund. The Board of Trustees adopted a rehabilitation plan on April 24, 2008. As required by the law, a notice describing the Pension Fund's rehabilitation plan was provided to the bargaining parties and participants within 30 days of its adoption. In acknowledgement of the economic downturn, Congress passed the Worker, Retiree and Employer Recovery Act of 2008 (WRERA), which permitted plans that were in critical status in 2009 to extend the remedial period for rehabilitation by three additional years. The Trustees elected to utilize this option. In November, 2011, the Trustees updated the rehabilitation plan to reflect revised asset and liability projections. The Trustees will continue to review the rehabilitation plan annually and update it as appropriate. An updated rehabilitation plan may revise the Pension Fund's benefits as the law permits and/or future contributions.

Pension Fund Plan Changes

The rehabilitation plan adopted April 24, 2008, made various changes to plan provisions in order to improve the financial health of the Fund. The Board of Trustees agreed to plan changes. In addition, Local No. 90 and contributing employers agreed to future contribution rate increases as set forth under the rehabilitation plan. The Pension Fund sent you a notice describing those changes on April 25, 2008. Further increases to future contribution rates were agreed upon as part of the updated rehabilitation plan of November, 2011. The changes apply to active, terminated vested participants who retire on and after June 1, 2008, and pensioners whose benefits started after January 1, 2008. The changes include the elimination of some of the Early Retirement subsidies.

Employer Surcharge

The law requires that all contributing employers pay to the Fund a surcharge to help correct the Pension Plan's financial situation. The contribution surcharge ceases when bargaining parties agree to a collective bargaining agreement that implements the rehabilitation plan. The I.B.E.W. Local Union No. 90 Pension Fund bargaining parties have reached an agreement to implement the Alternative Schedule of the rehabilitation plan. Because this agreement was reached prior to May 25, 2008, surcharges were not imposed.

Under the Alternative Schedule, the current collective bargaining agreement that runs through May 2014 allocated \$1 to the contribution rate to the Pension Fund effective June 1, 2010, and an additional \$1 effective June 1, 2011, resulting in an ultimate contribution rate of \$8.35. Under the updated rehabilitation plan, additional increases of \$0.20 will need to be adopted in each of the next two years of the current collective bargaining agreement, as well as in each of the four years of the subsequent collective bargaining agreement, resulting in an ultimate contribution rate of \$9.55.

We will be re-testing the Pension Fund's financial position every year. Depending on what happens with the Fund's investments, the pattern of retirements, the level of employment and other financial factors, the Board of Trustees may need to revisit the rehabilitation plan and the requirements for the 2014 bargaining agreement.

What's Next

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees will continue to take the appropriate actions necessary to improve the financial health of the Fund so that retirement benefits for participants and their families are secure into the future.

For more information about this notice or a copy of the rehabilitation plan, contact the Fund Office at the address or phone number listed at the top of this letter.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

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