NOTICE OF CRITICAL STATUS
FOR THE PLAN YEAR BEGINNING JANUARY 1, 2015
FOR THE LOCAL 153 PENSION FUND

April 30, 2015

The Pension Protection Act of 2006 ("PPA") amended the Employee Retirement Income Security Act of 1974 ("ERISA") and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer pension plans. These new rules require multiemployer pension plans to be evaluated by actuaries in order to assess the long-term financial health of the plan, including whether the pension plan has a current or projected funding deficiency. If certain conditions are present, the pension plan will be required by law to implement a plan to improve the funding.

Generally, the pension plan's actuary must certify to the Secretary of Treasury and the plan sponsor whether or not the pension plan's funding status is "Endangered" (commonly referred to as in the "Yellow Zone"), "Seriously Endangered" (commonly referred to as in the "Deep Yellow Zone"), or "Critical" (commonly referred to as in the "Red Zone") for the plan year. Pension plans that are not in the Yellow Zone, Deep Yellow Zone or Red Zone are considered to be in the "Green Zone". Yellow Zone, Deep Yellow Zone and Red Zone pension plans are required to furnish notices of their zone status to interested parties, including pension plan participants, contributing employers, Office and Professional Employees International Union Local 153, the Pension Benefit Guaranty Corporation and the Secretary of Labor.

For the Local 153 Pension Fund ("Pension Fund"), these new rules took effect for the Pension Fund's Plan Year beginning January 1, 2008. You did not receive a Zone status notice for the 2008 and 2009 Plan Years, because the Pension Fund was in the Green Zone for those years. You received a Notice of Seriously Endangered Status for 2010, because the Pension Fund was in the Deep Yellow Zone for that year. You received a Notice of Critical Status for 2011, 2012, 2013 and 2014, as the Plan was in the Red Zone for those years. In accordance with federal law, the Pension Fund Trustees adopted a "Rehabilitation Plan" on November 10, 2011.The Rehabilitation Plan schedules have been reaffirmed each year since then.

The Pension Fund's Actuarial Status for 2014

The purpose of this Notice is to inform you that on March 31, 2015, the Pension Fund's actuary certified to the Secretary of Treasury and the Trustees that the Pension Fund is, once again, in Critical Status for the Plan Year beginning January 1, 2015.

The actuary has certified that the Pension Fund is in the Red Zone for the 2015 Plan Year because the Pension Fund was projected to have an accumulated funding deficiency as of December 31, 2015.

The Rehabilitation Plan

The PPA allows the Pension Fund to reduce, or even eliminate, benefits called "Adjustable Benefits" as part of the Rehabilitation Plan. The Rehabilitation Plan must include at least one schedule that describes the benefit adjustments or the combination of benefit adjustments and contribution rate increases that are necessary for the Pension Fund to emerge from the Red Zone. The PPA requires that the Trustees develop at least one schedule called the "Default Schedule" which reduces all Adjustable Benefits to the maximum extent allowable by law, prior to requiring any contribution rate increases. The law also permits the Trustees to develop additional schedules. The bargaining parties must then agree to adopt one of the schedules, which would become part of the Collective Bargaining Agreement.

Subsequent to the Pension Fund's original certification in the Red Zone in 2011, the Trustees have developed a Rehabilitation Plan to restore the financial health of the Pension Fund. The Rehabilitation Plan, adopted on November 10, 2011, is composed of two schedules for future emergence from the Red Zone, as permitted by law.

The Rehabilitation Plan has been provided to the Office and Professional Employees International Union Local 153 and the contributing employers (collectively referred to as "bargaining parties"). A summary of the Rehabilitation Plan will also be provided to Pension Fund participants as part of the Annual Funding Notice each year. You have the right to receive a copy of the complete Rehabilitation Plan from the Pension Fund upon request.

Even though the Rehabilitation Plan has been adopted by the Trustees and negotiated by the bargaining parties, the Trustees must review the Rehabilitation Plan annually and make adjustments as necessary to keep the Pension Fund on track to emerge from the Red Zone, if possible. This may require future changes to the Rehabilitation Plan, which may include new schedules that require additional reductions to Adjustable Benefits (described below) and/or contribution rate increases.

Potential Changes in Adjustable Benefits

The PPA defines certain types of benefits that are considered "Adjustable Benefits" which can be reduced or even eliminated as part of the Rehabilitation Plan even if they might otherwise be protected under ERISA's anti-cutback rules. The term Adjustable Benefits generally includes all of the following:

1. Any right to receive a retirement benefit prior to Normal Retirement Age;
2. Any early retirement benefit or retirement type subsidy;
3. All disability benefits not yet in pay status;
4. All post-retirement death benefits that are not part of an annuity form of payment;
5. All pro rata pensions to the extent that they are contingent on eligibility to receive one of the adjustable benefits under this Pension Fund;
6. Any benefit payment form other than the qualified joint and survivor annuity,
7. All benefits, rights and features under the plan that are not otherwise referenced above; and
8. All benefit increases that would not be eligible for a guarantee under ERISA Section 4022A on the first day of the Pension Fund's critical year because the increase was adopted (or if later took effect) less than 60 months prior to January 1, 2011.

Any changes to Adjustable Benefits which are adopted as part of the Rehabilitation Plan <u>**will not**</u> reduce the level of any participant's accrued benefit payable at Normal Retirement Age, with the exception of a repeal of recent benefit increases, if any, as noted in item 8, above. Additionally, these reductions will not apply to any retiree or beneficiary that started receiving his or her benefits before April 30, 2011, the date that the initial Notice of Critical Status was first provided.

Benefit Restrictions

Effective April 30, 2011, the Pension Fund is not permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (except for the payout of benefits which are less than $1,000) while the Pension Fund is in Critical Status.

Notification that Employer Surcharges may be Required in Certain Circumstances

Once a multiemployer pension plan is certified in the Red Zone, PPA requires that all contributing employers pay a temporary surcharge to the Pension Fund to help improve the funding situation. Surcharges are additional contributions paid to the Pension Fund at the same time and in the same manner as the regular contributions. The amount of this temporary surcharge is in addition to the amount an employer is otherwise required to contribute to the Pension Fund under the applicable collective bargaining agreement. The surcharge is 5% for the initial plan year that the plan is in the Red Zone, and increases to 10% for succeeding plan years until it is no longer applicable. In the case of the bargaining parties for this Pension Fund, the surcharge was increased to 10% as of January 1, 2012, unless the bargaining parties had already negotiated one of the schedules provided under the Rehabilitation Plan as part of the Collective Bargaining Agreement (with such negotiation to include the commencement of contributions consistent with the negotiated Schedule) prior to that date. Once the bargaining parties negotiate a schedule under the Rehabilitation Plan and begin making contributions consistent with the negotiated schedule, the obligation to pay the surcharges is eliminated. Contributing employers that already agreed to and are paying contributions under the "preferred" schedule of the Funding Improvement Plan will not be assessed a surcharge, because the contribution increases in the initial years under that schedule of the Funding Improvement Plan are the same as the contribution increases in the initial years of the "preferred" schedule of the Rehabilitation Plan.

The surcharge amount will need to be paid in a separate check made payable to the Local 153 Pension Fund, with the notation "surcharge". These surcharges are disregarded in determining the rate of benefit accruals and the allocation of the unfunded vested liability for withdrawal liability purposes, as required by the law.

Where to Get More Information

The PPA requires that the plan actuary determine the Pension Fund's status each year and that a Notice of such status be provided to all interested parties annually. The PPA also requires that this Notice be provided to the Pension Benefit Guaranty Corporation (PBGC) and the Secretary of Labor.

For more information about this Notice, you may contact George Bueno, Plan Director, at 265 West 14th Street 6th Fl. New York, NY 10011 or by telephone at (212) 741-8259.