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LABORERS' INTERNATIONAL UNION OF NORTH AMERICA NATIONAL (INDUSTRIAL) PENSION FUND

April 21, 2008

To: All Participants, Beneficiaries in Pay Status, Participating Unions, and Contributing Employers

The Pension Protection Act of 2006 ("PPA") amended existing federal law to require that the Pension Fund's actuary determine annually, starting with the 2008 plan year, the Fund's funding status under the PPA's new funding rules and certify that status to the U.S. Treasury Department. In addition, if the Fund's status for a plan year is "endangered", the Fund is required to provide a written notice of the certification to you.

This is a notice that the Pension Fund's actuary recently determined and certified to the Treasury Department that the Fund is in "endangered" ("yellow zone") status for the current plan year. This determination was made solely because, based on the PPA's new funding measures, the Fund is currently less than 80% funded (75.11%). Nonetheless, the Fund continues to meet all federal pension funding standards, and it is *not* in "seriously endangered" or "critical" ("red zone") status under the PPA. Indeed, we do not believe that the Fund is "in danger" at all. We anticipate that the funding percentage will increase and that the Fund will emerge from "endangered" status over the next few years.

The PPA requires any pension fund in "endangered" status to adopt a "Funding Improvement Plan" ("FIP"): that is, a plan of action to significantly increase the fund's funding percentage over the next 12 years. A FIP must be developed within 240 days following the required date of the actuary's certification, and a notice describing the FIP must be provided to the bargaining parties shortly thereafter.

The Pension Fund's Board of Trustees anticipated this effect of the PPA's amendments when it approved the changes in the benefit schedule and benefit accrual method that were explained in the December 2007 notice sent to participants, beneficiaries and participating unions. Those changes, which became effective for covered employment on and after January 1, 2008, were designed, based on actuarial advice, to improve the Pension Fund's funding and lift the Fund out of PPA "endangered" status as soon as possible.

The Board does not expect that any additional changes will be needed to meet the PPA's requirement for a FIP. Nonetheless, to comply with the PPA's requirement, the Board will adopt a FIP reflecting the January 1, 2008 benefit schedule and accrual method changes, and send a notice describing the FIP to all participating unions and contributing employers later this year. While the FIP remains in effect, periodic updating notices will be sent to the bargaining parties, as required by the PPA.

Also, the PPA now prohibits the Fund from accepting collective bargaining agreements or participation agreements that provide for a reduction in the contribution rate in effect under previous agreements. This restriction must remain in effect until the Fund emerges from "endangered" status. Any group that has a question about this restriction should contact the Fund Office.

Regrettably, legally required notices can cause undue anxiety and concern about the future of the Pension Fund. The Board of Trustees is confident that the Fund will continue to provide retirement income security for many years to come, particularly with the re-balancing changes made as of January 1, 2008 and with your continued understanding and support.

cc: Pension Benefit Guaranty Corporation
U.S. Department of Labor

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