Local 1245 Labor-Management Pension Plan

Notice of Critical Status for the 2009 Plan Year

This is to inform you that on March 31, 2009 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Local 1245 Labor-Management Plan (Plan) is in critical status for the plan year beginning January 1, 2009. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary has projected that a funding deficiency will occur on December 31, 2011. The Plan is critical if a funding deficiency is projected within four years.

Rehabilitation Plan, Possibility of Reduction in Benefits and Limits on Lump Sum Payments

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. The Board must adopt a Rehabilitation Plan no later than November 26, 2009. The law permits pension plans to reduce, or even eliminate, benefits called adjustable benefits as part of a Rehabilitation Plan. If the Board of Trustees of the Plan determines that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement is on or after April 30, 2009. You should also know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2009, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Recent benefit increases (i.e., occurring after January 1, 2004).

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact Donna Colucci, Benefit Plan Administration of NJ, Inc., P.O. Box 426, 390 Main Road, Montville NJ 07045 at (973) 299-6700 or 1-800-451-8391. You have a right to receive a copy of the Rehabilitation Plan following its adoption. You may write the Plan Administrator at the above address for a copy.