

Notice of Critical Status for the B.A.C. Local No. 16 Pension Plan

This is to inform you that on September 28, 2011, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning July 1, 2011. 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 determined the funded percentage of the plan is 65% or less, and the plan is projected to have an accumulated funding deficiency over the next four plan years from the 2011 plan year.

Rehabilitation Plan

The plan was also in critical status for 2010. In an effort to improve the Plan's funding situation, the trustees adopted the following rehabilitation plan on January 27, 2011. The terms of the rehabilitation plan will continue as long as required to improve the Plan's funding situation. You were previously notified of these changes on February 28, 2011.

For Plan participants not in pay status, effective April 1, 2011:

- The monthly benefit accrual rate for benefits earned from April 1, 2011 forward decreased from 2% of contributions that are counted for benefit accrual to 1% of contributions that are counted for benefit accrual
- The unreduced retirement age increased from age 60 to age 62
- Early retirement benefits paid before age 62 are reduced to the actuarial equivalent of the age 62 benefit
- The 60-month guaranteed payment period was eliminated
- The disability retirement benefit was eliminated
- The lump sum pre-retirement death benefit was eliminated
- The Trustees will continue to seek from the bargaining parties the additional deficit reduction contribution of \$0.75 per hour effective May 1, 2011 that was contained in the 2008 funding improvement plan

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. The surcharge is eliminated once the rehabilitation plan is adopted by the bargaining parties. The bargaining parties have adopted the rehabilitation plan, so the surcharge is eliminated.

Where to Get More Information

For more information about this notice, you may contact the Board of Trustees, c/o BeneSys Administrators at (925) 208-9995, P.O. Box 1607, CA 94583. You have a right to receive a copy of the rehabilitation plan from the plan.