

COMPOSITION ROOFERS LOCAL NO. 42 PENSION PLAN
2011 NOTICE OF CRITICAL STATUS
April 2011

This Notice is to inform you that on March 31, 2011, the Plan Actuary for the Composition Roofers Local No. 42 Pension Plan ("Plan") certified to the United States Department of the Treasury, and also to the Plan Sponsor ("the Board of Trustees"), that the Plan is in critical status for the 2011 Plan Year, which begins on January 1, 2011 and ends on December 31, 2011. Federal law requires that you receive this Notice.

Critical Status

The Composition Roofers Local No. 42 Pension Plan is considered to be in critical status because the Plan has funding or liquidity problems, or both. The 2010 Plan Year, which began on January 1, 2010 and ended on December 31, 2010, was the first year that the Plan was certified to be in critical status. This was because as of the Plan's 2010 PPA certification date the Plan was projected to have an accumulated funding deficiency for the 2012 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in critical status for the 2011 Plan Year because the Plan's Actuary has determined that the Plan has not passed the "Emergence Test" which would enable the Plan to come out of critical status.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. A rehabilitation plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", or (3) increases in the hourly contribution rate. Federal law also prohibits pension plans in critical status from paying "restricted benefits".

On April 30, 2010, you were notified that the Plan is not allowed to pay any lump sum benefits, including single sum disability benefits and death benefits, or any other payment in excess of the monthly amount paid under a single life annuity while the Plan is in critical status. The Plan is not allowed to pay these benefits because they are considered "restricted benefits" under federal law.

On October 13, 2010, the Board of Trustees adopted a rehabilitation plan, which was ratified by the Bargaining Parties, that requires scheduled increases in the Plan's hourly contribution rate. Under the rehabilitation plan, the hourly contribution rate will be increased by at least 20¢ per hour for each Plan Year until 2019 - meaning that the hourly contribution rate for a Journeyman will increase from \$3.40 per hour on January 1, 2010 to \$5.40 per hour by August 1, 2019. These increases in the contribution rate will not result in any additional benefit accruals and will be used solely to improve the funded position of the Plan.

In addition to the contribution increases outlined above, the Plan's rehabilitation plan also includes a number of benefit reductions. The monthly Disability Retirement benefit for any participant who submits an application to the Plan or who is determined to be disabled on or after January 1, 2010 will be reduced by 5/9 of 1% for each month the Participant is younger than age 58. The maximum reduction will be 20%, regardless of the Participant's age.

Also, only the eligible spouse of a participant with 5 or more years of Credited Service under the Plan will be entitled to a Pre-retirement Death Benefit. If a participant dies after reaching his Earliest Retirement Age, his surviving spouse will receive a benefit calculated as if the participant retired the day before his death, elected a Joint & One-half Survivor Annuity, and then died. If a participant dies before reaching his Earliest Retirement

Age, his spouse will be entitled to a monthly benefit calculated as though the participant separated from service on the date of his death, survived to his Earliest Retirement Age, retired with a Joint & One-half Survivor Annuity, and then died.

The Plan's actuary will annually certify both the funded position of the Plan and if the Plan is making the scheduled progress required under its rehabilitation plan in accordance with the Rules and Regulations of the Pension Protection Act of 2006. The Plan's actuary has certified that the Plan is making progress in accordance with its rehabilitation plan as of January 1, 2011.

Adjustable Benefits

If it is ever determined that the Plan's rehabilitation plan needs to be amended, federal law permits pension plans in critical status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the rehabilitation plan:

- Early retirement benefits or retirement-type subsidies;
- Disability benefits (if not yet in pay status);
- Other similar benefits, rights, or features under the Plan, including the Plan's pre-retirement death benefits.

If the Board of Trustees determines that benefit reductions are necessary, you will receive a separate Notice identifying the reductions and explaining their effect. Any reduction in "adjustable benefits" will not reduce the level of the basic benefit payable at your normal retirement age, which is generally age 58. In addition, the reductions will only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2010.

Employer Surcharge

Federal law requires that all contributing employers pay to the Plan a surcharge to help correct the financial situation of a plan in critical status. 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.

Because the Board of Trustees has adopted a rehabilitation plan, the employer surcharge is not applicable.

Where to Get More Information

For more information about this Notice, you can contact the Board of Trustees of the Composition Roofers Local No. 42 Pension Plan at Stoner & Associates at 205 West Fourth Street, Suite 225, Cincinnati, OH 45202, or by calling 513-381-6886. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number, or "EIN", is 31-6127285. You can request a copy of the Plan's rehabilitation plan and the actuarial and financial data that documents any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.