

**Notice of Endangered Status  
For  
Pension Trust Fund for Operating Engineers Pension Plan**

To: Participants, beneficiaries, and bargaining parties participating in the Pension Trust Fund for Operating Engineers

From: Board of Trustees

Date: April 27, 2011

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This communication is to inform you that on March 31, 2011 our plan's actuary officially certified to the Internal Revenue Service and the Board of Trustees that our plan is in "seriously endangered status" (as defined by the IRS), also known as the "orange zone," for the plan year beginning January 1, 2011. Federal law requires that you receive this notice. This notice is also being sent to the Department of Labor and the Pension Benefit Guaranty Corporation.

The Plan is considered to be in seriously endangered status because the Plan's funded percentage for the plan year is less than 80% and the Plan is expected to have a funding deficiency (as defined by federal law) within seven years. For the plan year beginning January 1, 2011, the Plan's funded percentage is 71.73%. The Plan's funded percentage is determined by dividing the actuarial value of the Plan's assets by the Plan's liability for accrued benefits. The reasons that the Plan's funded percentage is less than 80% and that the Plan is expected to have a funding deficiency within seven years are the loss in the Plan's asset value and the decline in covered work levels caused by the economic crisis that began in 2008. This crisis has had a significant impact on virtually all U.S. pension plans.

**Funding Improvement Plan**

Federal law requires pension plans in endangered status (or severely endangered) status to adopt a "funding improvement plan" aimed at restoring the financial health of the Plan. The Plan adopted its funding improvement plan on August 25, 2008, and on June 28, 2010, the Pension Plan Trustees officially updated the funding improvement plan and changed the Plan for contribution rate increases made on or after July 1, 2010. You continue to earn benefit accruals on hourly contributions up to the contribution rate that was in effect for your employer as of June 30, 2010. Any future increase in that contribution rate are dedicated to paying off the Plan's unfunded liabilities and do not earn additional benefit accruals. The updated funding improvement plan contains four schedules consisting of preferred schedules A, B, and C, and default schedule D, summarized as follows:

Schedule	Benefit Accrual Rate	Contribution Rate Annual Percentage Increase	Number of Annual Increases
A	1.25%	8.95%	6
B	0.75%	6.20%	6
C	0.50%	4.82%	6
D	0.00%	7.06%	3

The Trustees want to assure you that we are committed to taking the appropriate steps to ensure the security of your pension.

**Where to Get More Information**

For more information about this Notice, you may contact the Plan's administrative office: 1640 South Loop Road, Alameda, CA 94502 or toll free at 1-800 251-5014.