

HEAVY AND GENERAL LABORERS' FUNDS

OF NEW JERSEY

Local 472 . Local 172

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Notice of Endangered Funding Status for Participants, Beneficiaries, Participating Unions and Contributing Employers of the Heavy and General Laborers' Local Unions 472 and 172 of New Jersey Pension Fund

July 25, 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 Trustees and 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 that the Fund is in "endangered" ("yellow zone") status for the 2008 plan year. This determination was made solely because, based on the PPA's new funding measures, the Fund is currently less than 80% funded (78.9%). 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. Based on the latest actuarial valuation, we anticipate that the funded percentage will increase and that the Fund will emerge from "endangered" yellow zone status to the "green zone" 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 designed to increase a plan's funded percentage and to assure that contributions will be enough to meet the minimum required under the law. 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.

Based on the information provided by the actuary in its most recent actuarial valuation, the Board does not expect that any changes in the plan or contribution schedules will be needed to meet the PPA's requirement for a FIP while the current collective bargaining agreement is in effect. Nonetheless, to comply with the PPA's requirement, the Board will adopt a FIP reflecting the current plan of benefits and the most recently



negotiated contribution rates, and send a notice describing the FIP to all participating unions and contributing employers no later than March 26, 2009.

Please note that the PPA mandates that our Fund's funding status be reviewed and certified annually and notices like this one will be sent each year. In addition, the FIP will be reviewed and updated each year. While our goal is to remain on track with the Fund's funding schedule, there are several variables beyond our control that our advisors will monitor yearly including investment market volatility, changes in employment levels and/or changes in the number of contributing employers.

Also, the PPA now prohibits the Fund from accepting collective bargaining agreements or participation agreements that provide for a reduction in the contribution rate. 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.

Federal law requires that this notice be provided to you. Regrettably, legally required notices like this 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 our participants and their families with secure retirement benefits.

Sincerely,

The Board of Trustees

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

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