

Notice of Critical Status For CWA/ITU Negotiated Pension Plan

This is to inform you that on March 31, 2010 the Plan's actuary certified to the U.S. Department of the Treasury, and also to Board of Trustees that the plan is in critical status for the plan year beginning January 1, 2010.

Background

The Pension Protection Act of 2006 amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer plans with the goal of improving the financial condition of these plans. PPA also developed status categories based on a plan's funding level. Beginning in 2008, the Plan's actuary is required to annually certify to the Secretary of the Treasury and the Plan's Board of Trustees whether or not the Plan is in Endangered or Critical Status.

Critical Status

The plan is considered to be in critical status because it is projected to be below the minimum funding level required by law within the next three years. Under the law, plans in Critical Status must 1) develop a rehabilitation plan aimed at restoring the financial health of the plan, 2) present the bargaining parties with one or more schedules of contribution increases and/or benefit reductions, and 3) impose temporary surcharges on contribution rates for contributing employers pending their adoption of a rehabilitation plan.

Rehabilitation Plan

The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Under the rehabilitation plan adopted by the Board of Trustees, the following changes were made to the Plan if the pension is not yet in pay status (i.e. current pensioners are not affected):

- The Early Pension will only be available from age 62, and the Early Pension subsidy will be removed by increasing the reduction factors;
- The 60 month guarantee (Life/5 form of pension) will no longer be offered for new pensions on or after June 1, 2010;
- Retroactive pension payments will no longer be available;
- Participants reaching Normal Retirement Age before a break in service will need five years of service credit to vest.

More information is available in the Notice of Plan Changes and Reductions in Adjustable Benefits under the Rehabilitation Plan sent to participants and beneficiaries.

Employer Surcharge

The law requires a temporary 5% surcharge on contributions in the initial critical year and a 10% surcharge in each succeeding plan year until the bargaining parties agree to be bound by the provisions of the rehabilitation plan. A permanent increase in contributions is not required under the rehabilitation plan, and temporary surcharges can be avoided if the company and union adopt the rehabilitation plan schedule by May 30, 2010.

Where to Get More Information

Additional information can be obtained from the Plan Office at (719)473-3862 or cwaitu@aol.com, or from the Plan's web site at cwaitu.com. You have a right to receive a copy of the Rehabilitation Plan from the Office.