

**CARPENTER FUNDS ADMINISTRATIVE OFFICE
OF NORTHERN CALIFORNIA, INC.**

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December 23, 2009

TO: All Participants, Beneficiaries, Participating Local Unions, and Contributing Employers

FROM: Board of Trustees

**RE: CARPENTERS PENSION TRUST FUND FOR NORTHERN CALIFORNIA
NOTICE OF CRITICAL STATUS
Plan Year: September 1, 2009 – August 31, 2010**

This is to inform you that on November 25, 2009, the actuary for the Carpenters Pension Trust Fund for Northern California (the "Plan") certified to the U.S. Department of the Treasury and to the Board of Trustees, that the Plan is in critical status (the "red zone") for the Plan Year beginning September 1, 2009. Federal law requires that you receive this notice. **If you are currently retired and receiving a monthly benefit payment from the Pension Fund, your monthly check will continue uninterrupted.**

CRITICAL STATUS

As a result of investment market turmoil and economic downturn, which occurred during the September 1, 2008 through August 31, 2009 Plan Year, according to provisions of the Pension Protection Act (PPA), for the Plan Year beginning September 1, 2009, the Plan is labeled as being in critical status because a funding deficiency is projected in four years, and because the present value of vested benefits for non-active participants is more than the present value of vested benefits for active participants, and the normal costs plus interest on the unfunded actuarial accrued liability (unit credit basis) is greater than the contributions for the current year.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. The law permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. If the Trustees determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase) will not reduce the level of a participant's basic benefit payable at Normal Retirement Age. Please be advised that whether or not the Plan reduces adjustable benefits in the future, effective as of the date of this Notice, the Plan is not permitted to pay lump sum benefits (i.e., Level Income Option benefits) while it is in critical status.

ADJUSTABLE BENEFITS

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any Rehabilitation Plan the Pension Plan may adopt:

- Disability Pension Benefits (if not yet in pay status);
- Service Pension Benefits;
- Early Retirement Pension Subsidies;
- 75% Husband-and-Wife Pension;
- 100% Husband-and-Wife Pension;
- Pre-Retirement Death Benefit;
- 36 and 60 month Guarantee connected with Single-Life Pension.

EMPLOYER SURCHARGE

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation beginning 30 days after the employer is notified that the Plan is in critical status. The surcharge is a percentage of an employer's negotiated contribution rate. A 5% surcharge is applicable the first year in critical status and will increase to 10% for each succeeding Plan year in which the Plan is in critical status, until the employer agrees to a Collective Bargaining Agreement that implements one of the schedules in the Rehabilitation Plan.

WHAT'S NEXT

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that the Board of Trustees takes very seriously its obligation to preserve the financial viability of the Plan. Also, if you are currently retired and receiving a monthly benefit payment from the Pension Fund, your monthly check will continue uninterrupted. With the assistance of the Plan's actuary, legal counsel and other professionals, and working with the contributing employers and the Union, the Trustees will develop a Rehabilitation Plan that addresses these issues. You should know that we expect that both contribution increases and benefit reductions will be necessary to improve the Plan's serious funding issues. As a final note, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can further affect the Plan's status and may require additional future corrective actions. Each year the Board of Trustees will review the Plan's progress with its professional advisors and adjust Plan rules as necessary to maintain the Plan's financial integrity.

WHERE TO GET MORE INFORMATION

For more information about this notice or the Pension Plan in general, please contact the Trust Fund Office at the address or phone number below. You have a right to receive a copy of the Rehabilitation Plan from the Plan.

Carpenter Funds Administrative Office of Northern California, Inc.
P.O. Box 2280
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As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.