

Notice of Critical Status For

1199SEIU Health Care Employees Pension Plan

This is to inform you that on March 31, 2010 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2010. Federal law requires that you receive this notice.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that over the next three plan years, the plan is projected to have an accumulated funding deficiency beginning in the 2011 plan 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. This is the second year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" (described below) as part of a rehabilitation plan. On June 26, 2009, the trustees adopted a rehabilitation plan that includes two options, a Preferred Schedule and a Default Schedule. Under the Default Schedule, the plan reduced or eliminated adjustable benefits. On April 30, 2009, you were informed the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further 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, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 1, 2009.

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 benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity;
- Recent benefit increases (i.e., occurring in past 5 years)

Employer Surcharge

The law requires that all contributing employers either adopt one of the two schedules in the rehabilitation plan or pay to the plan a surcharge to help correct the plan's financial situation. 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 was applicable in 2009 and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status. The surcharge ends for an employer once its collective bargaining agreement incorporates one of the options of the rehabilitation plan.

Where to Get More Information

For more information about this Notice, or a copy of the rehabilitation plan (which you have a right to receive), contact Michael Kaiser, Chief Pension Officer, (646) 473-9200 or write to the 1199SEIU Benefit and Pension Funds at 330 West 42nd Street, New York, NY 10036-6977.