

ASBESTOS WORKERS LOCAL UNION #2
WELFARE, PENSION AND ANNUITY FUNDS

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To: All Participants and Beneficiaries

From: Trustees of the Pension Plan of Asbestos Workers Local No. 2

Date: April 27, 2010

Re: Notice of Critical Status

Many of you have undoubtedly heard of the Pension Protection Act which was enacted in August, 2006 and which impacted the administration and operation of the Pension Plan of Asbestos Workers Local No. 2 ("Fund") in a variety of ways. However, even before the enactment of the Pension Protection Act, the Trustees of the Fund have been working with the membership and contributing employers to deal with the condition of the Fund brought about by the bear markets of 2000 through 2002 and 2007 and 2008.

The Trustees will be developing a Rehabilitation Plan. That Rehabilitation Plan must include a default option which will require certain benefits such as early retirement and disability benefits not yet in pay status to be eliminated. However, the Trustees may provide for additional schedule(s) which will not require a reduction in the optional benefits. If the employer and the union negotiate terms consistent with one of those schedules, then the adjustable benefits will not be reduced. On the other hand, if the union and employers negotiate the terms of the default schedule or if the parties fail to reach an agreement within 180 days after the expiration of the prior agreement, the default schedule will be imposed by law, and the adjustable benefits will be decreased. The Plan does not provide lump sum benefits or benefits in excess of the monthly amounts paid under a single life annuity.

The Trustees of the Plan in conjunction with the plan professionals will be working diligently to comply with all aspects of the Pension Protection Act. Within the next several weeks, the Rehabilitation Plan will be developed by the Trustees. You will have a right to receive a copy of the Rehabilitation Plan from the Fund Office after it has been approved by the Trustees.

Notice of Critical Status For

Pension Plan of Asbestos Workers Local No. 2

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, the Pension Protection Act of 2006, 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 the plan is expected to have a funding deficiency within the succeeding three plan years.

Rehabilitation Plan and Possibility of Reduction in Benefits

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 to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan 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, 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 April 29, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 29, 2010, 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.

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 [*check appropriate box or boxes*]:

- Post-retirement death benefits;
 - Sixty-month payment guarantees;
 - 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 (QJSA);
 - Recent benefit increases (i.e., occurring in past 5 years);
 - Other similar benefits, rights, or features under the plan {provide identification}
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Employer Surcharge

The law requires that all contributing employers 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 is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact Frank M. Vaccaro & Associates at (856)793-2501 or 27 Roland Avenue, Suite 200, Mount Laurel, NJ 08054-1038. You have a right to receive a copy of the rehabilitation plan from the plan.