

LOCAL UNION 1158 I.B.E.W. PENSION FUND-PA

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February 2010

Notice of Critical Status For International Brotherhood of Electrical Workers Local 1158 Pension Fund

This is to inform you that on January 29, 2010, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the International Brotherhood of Electrical Workers Local 1158 Pension Fund ("Pension Fund") will be in critical status for the plan year beginning November 1, 2009. Federal law requires that you receive this notice.

History of the Defined Benefit Pension Plan

The Contributing Employers, Local 1158, and the Board of Trustees ("the parties") entered into a Pension Funding Agreement on June 1, 2006 to address a severe funding shortfall caused by the permanent and substantial loss of contributing employers and bargaining unit positions, and the dramatic and unanticipated investment losses caused by the stock market collapse of 2001 and 2002. The parties agreed to permanently freeze pension benefit accruals while simultaneously increasing the Pension Fund contribution rate for the defined benefit plan to \$.73/hr for each hour of service worked on or after January 1, 2006 for every non-probationary employee covered by the collective bargaining agreements. This agreement was projected to remedy the severe funding shortfall threatening the Pension Fund at that time. The funding agreement improved the funded status of the Pension Fund. However, the unprecedented market losses in 2008 and the early part of 2009 experienced by pension funds nationally, negatively impacted the financial status of the Pension Fund. In view of these new market losses, additional measures are again needed to avert a funding shortfall.

Critical Status

The Pension Fund is considered to be in critical status because the sum of its normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the Pension Fund is projected to have an accumulated funding deficiency for the November 1, 2013 plan year.

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 in critical status to reduce, or even eliminate benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees of the Pension Fund determine that reducing adjustable benefits is 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 age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after February 26, 2010. But you should know that whether or not the Trustees reduce adjustable benefits in the future, effective as of February 26, 2010, the Pension Fund is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity except for the payout of benefits worth \$5,000 or less) while it is in critical status.

Adjustable Benefits

The Pension Fund offers an early retirement benefit. The law classifies this early retirement benefit as an adjustable benefit. As such, this early retirement benefit may be reduced or eliminated as part of a rehabilitation plan when adopted by the Trustees.

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. The employer surcharge ends when the rehabilitation plan is adopted into the collective bargaining agreement by the bargaining parties.

Where to Get More Information

For more information about this Notice, you may contact

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Generally, you have the right to receive a copy of the rehabilitation plan from the Fund Manager after the plan is adopted. The rehabilitation plan is required to be adopted no later than 240 days after January 29, 2010. A special rule requires that the Fund Manager provide contributing employers and the Union with copies of the plan no later than 30 days after it is adopted by the Trustees of the Pension Fund.