

PENSION FUND OF MOVING PICTURE MACHINE
OPERATORS UNION OF GREATER NEW YORK
LOCAL 306

c/o Administrative Services Only, Inc.
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Notice of Critical Status

For

Pension Fund of the Moving Picture Machine Operators Union Local 306

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 Trustees, that the Plan will be in critical status (the “red zone”) 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 problems. More specifically, the Plan's actuary determined that the sum of the Plan's 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 over the next five Plan years, the Plan is projected to have an accumulated funding deficiency.

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 Rehabilitation Plan will be adopted by November 26, 2010. The Rehabilitation Plan may include changes to the benefits you earn in the future, including reductions in future benefit accruals. It may also include the reduction or elimination of the pre-retirement death benefit. In addition, the law permits pension plans in the red zone to reduce, or even eliminate, certain features of benefits you have already earned—these features are called “adjustable benefits”—as part of a Rehabilitation Plan (more details below). You will receive a separate notification identifying and explaining the effect of those reductions when the Trustees adopt the Rehabilitation Plan later this year. Any reduction of adjustable benefits 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 the date of this Notice.

But you should know that whether or not the Plan reduces adjustable benefits in the future, from the date of this Notice and as long as the Plan continues to be in critical status, the Plan is not permitted to pay lump sum benefits, unless the lump sum value of the total benefit is \$5,000 or less.

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:

Post-retirement death benefits;

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).

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. 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, until the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 5% surcharge is payable on contributions due on and after May 30, 2010, until December 31, 2010, and the 10% surcharge is payable with respect to periods after that, until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

Where to Get More Information

For more information about this Notice, you may contact Camille McMahon, at Administrative Services Only, Inc., P.O. Box 9010, 303 Merrick Road, Lynbrook, NY 11563-9010, Tel: 1-877-999-3555, Fax: 1-516-396-5593. As indicated above, the Rehabilitation Plan will be adopted by November 26, 2010. Shortly after that the Plan will send a copy of it to contributing employers and unions, and a summary to participants and beneficiaries. You have a right to receive a copy of the Rehabilitation Plan from the Pension Fund.