NOTICE OF CRITICAL STATUS
FOR
International Brotherhood of Electrical Workers
Local Union No. 527 Pension Fund

EIN: 74-6213086

To: Participants, Beneficiaries, Participating Unions and Contributing Employers

Date: April 29, 2011

RE: Critical Status of the Plan for the 2011 Plan Year

This is to inform you that on March 31, 2011, the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, that the IBEW Local Union No. 527 Pension Plan (Plan) is in critical status for the Plan year beginning January 1, 2011. 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 the Plan is projected to have an accumulated funding deficiency within four years.

Rehabilitation Plan and Plan Changes

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 fourth year the Plan has been in critical status. On April 27, 2008, you were notified that the Plan was in critical status and that the Plan was not permitted to pay lump sum benefits (or any payment in excess of the monthly amount paid under a single life annuity) – thereby eliminating the pre-retirement lump sum death benefit – while in critical status. A rehabilitation plan was adopted by the Board of Trustees on May 27, 2008, and later adopted by the bargaining parties. On September 2, 2008, a Notice of Adjustment to Benefits Due to Critical Status was sent to you explaining the changes to the Plan as mandated under the Rehabilitation Plan. These changes generally apply to Participants whose benefit commencement date is on or after October 1, 2008. The changes include elimination of subsidies in the Early Retirement Pension, the Husband-and-Wife Pension, and the Pre-Retirement Surviving Spouse Pension for Inactive Vested Participants. For Inactive Vested Participants who began receiving benefits after April 27, 2008, but before the date the Notice was distributed, their benefits were adjusted beginning October 1, 2008.

The rehabilitation plan was updated in November 2010, with more changes to benefits. A Notice of Adjustment to Benefits Due to Critical Status, describing these changes, was sent on November 9, 2010. The changes included a reduction in the benefit accrual rate for Plan years beginning on and after January 1, 2011, and elimination of subsidies in the Early Retirement Pension for Active Participants who begin receiving benefits on or after January 1, 2011.
Adjustable Benefits

The law permits pension plans in critical status to make changes to future benefits and to reduce, or even eliminate, benefits called "adjustable benefits". In addition to the changes already made, the Plan offers the following adjustable benefits that may be reduced or eliminated as part of an amendment to the Rehabilitation Plan:

- Disability benefits (if not yet in pay status),
- Subsidized Qualified Joint-and Survivor Annuity (QJSA),
- Subsidized Qualified Pre-Retirement Survivor Annuity (QPSA), or
- Recent benefit increases (i.e., those adopted or effective since January 1, 2003).

However, no reduction of adjustable benefits will reduce the level of your basic benefit payable at normal retirement. 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. In addition, these reductions may only apply to Participants and beneficiaries whose benefit commencement date is on or after April 27, 2008.

Where to Get More Information

The law requires that the Plan's funding status to be reviewed and certified annually, and notices like this one to be sent each year the Plan is in critical status. The Trustees will notify you of any other changes being made to ensure the Plan's financial stability. You also have a right to receive a copy of the rehabilitation plan. For more information about this or earlier notices, please contact:

Ms. Mary Bustamante
IBEW Local Union No. 527 Pension Fund Office
6820 FM 1765
Texas City, TX 77591
(409) 933-9800

We understand that notices like this create concern about the Plan's future. Be assured that the Board of Trustees is working with the Union and Contributing Employers to improve the financial health of the Plan so that your retirement benefits are secure into the future.

Sincerely,

Board of Trustees

cc: Department of Labor
Pension Benefit Guaranty Corporation