

Notice of Endangered Status as of January 1, 2008
For
IBEW Eastern States Pension Fund

This is to inform you that on March 28, 2008 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in endangered status for the plan year beginning January 1, 2008. Federal law requires that you receive this notice. The certification of Plan status and this notice are new requirements provided for under the Pension Protection Act of 2006 (PPA) and Section 432 of the Internal Revenue Code for multiemployer plans for plan years beginning in 2008. This notice is intended to meet the disclosure requirements of that Act and to inform you of the status of the above mentioned Plan.

In general, PPA defines three levels of concern for multiemployer plans: #1) Endangered, #2) Seriously Endangered, or #3) Critical with the severity or potential severity of concern for plan participants increasing from #1 to #3. Plans that do not meet any of these three levels of concern must still report to the Department of the Treasury but are not considered to be a significant risk and are therefore not required to provide the notice information contained herein.

Endangered Status

The plan is considered to be in endangered status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that over the next seven plan years, the plan is projected to have an accumulated funding deficiency for the 2014 plan year. A funding deficiency occurs when contributions made to a plan are less than the minimum required amount determined under current law. In determining this, the plan's actuary has utilized the current demographic and financial information and projected both assets and liabilities based on the benefits and contributions that are reasonably expected to occur during the period and assuming that the Plan's assets return 6.50% per year.

Please note that although the Plan has been determined to be in endangered status, the ratio of the Plan's assets to the Plan's liabilities is approximately 93% as of January 1, 2008. In addition, the value of Plan assets is approximately \$7,800,000 and the expected benefit payments for the year are estimated to be around \$350,000.

Due to the Plan being in endangered status for the year, the Plan's trustees are required to develop a "Funding Improvement Plan", which is explained further below.

Funding Improvement Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in endangered status to adopt a "funding improvement plan" aimed at restoring the financial health of the plan. The law requires that within 240 days after the notification of endangered status, the trustees adopt a funding improvement plan identifying several options that will be proposed to the union and employers which will help to improve the funded position of the Plan. Within 30 days after the adoption of the funding improvement plan, the trustees will furnish to the union and to employers two or more schedules that will meet the objectives of the funding improvement plan. One of the schedules must include an increase in contributions to the Plan, the other (the default schedule) would provide for reductions in future benefit accruals with limited or no increases in contributions to the Plan. The bargaining parties must negotiate which schedule to ratify to meet the requirements of the funding improvement plan. If the bargaining parties can not agree on which schedule to implement by the earlier of the time a) the DOL certifies that they are at an impasse or 2) 180 days after the conclusion of a bargaining agreement, the default schedule must be implemented with a reduction in future benefit accruals and increasing contributions as needed to meet the funding improvement plan.

During the time prior to the adoption of the funding improvement plan but after the Plan's actuary has certified that the Plan is in endangered status, the Plan can not accept a bargaining unit agreement which provides for (a) a reduction in future contribution rates, (b) a suspension of contributions, (c) exclusion of new hires, or (d) benefit improvements. Additionally, once a "funding improvement plan" has been adopted, the plan may not be amended to so as to increase benefits; unless the plan actuary certifies that the benefit increases are consistent with the "funding improvement plan" and can be paid for out of contributions not required by the "funding improvement plan." Thus, the bargaining parties should attempt to secure the actuary's certification for any proposed improvements before they formally agree to the improvements.

If a contributing employer fails to timely pay contributions to the plan in accordance with the "funding improvement plan," then the employer will be liable for the contributions, along with interest and liquidated damages under ERISA; in addition, the employer and its control group may be liable for an excise tax equal to the amount of the delinquent contributions.

Where to Get More Information

For more information about this Notice, you may contact Carol Gibbons via phone at 724-284-1417 or via mail at 197 New Castle Road, Butler, PA 16001. You have a right to receive a copy of the funding improvement plan from the plan once it has been adopted. Additional inquiries may be directed to the Department of Labor, Division of Technical Assistance & Inquiries, Employee Benefits Security Administration, U.S. Dept of Labor, Washington, DC 20210.