NOTICE OF SERIOUSLY ENDANGERED STATUS
FOR
INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL NO. 98 PENSION FUND
EIN: 04-6127765

To: Participants, Beneficiaries, Participating Unions and Contributing Employers:

The Pension Protection Act of 2006 ("PPA" or "Act") requires that the Trustees of the Plan provide this Notice to you.

Plan's Status – Yellow Zone

On March 30, the Plan's actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the International Union of Operating Engineers Local No. 98 Pension Fund ("Plan") is in seriously endangered status (the "yellow zone") for the Plan Year beginning January 1, 2012. Federal law requires that you be notified of the funding status of the Plan and its classification of seriously endangered status ("yellow zone"). The Plan is considered to be in seriously endangered status because it has funding problems. More specifically, the Plan's actuary has determined that the Plan is projected to have an accumulated funding deficiency within seven years and has a funded percentage of less than 80%. The actual percentage is 78.55%. Note that, as required by law, this projection does not reflect any contribution rate increases that have not yet been negotiated. Any future increases in the contribution rate will help delay or even eliminate this projected funding deficiency.

Funding Improvement Plan

Federal law requires pension plans in seriously endangered status to adopt a Funding Improvement Plan (FIP) aimed at restoring the financial health of the plan. The FIP is an action plan designed to significantly increase a Plan's funding percentage and to avoid any accumulated funding deficiency. Later this fall, a notice describing it will be provided to the bargaining parties. You have a right to receive a copy of the FIP from the Plan.

Please note that the PPA requires that our Plan's funding status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our Plan is no longer "seriously endangered" or in the yellow zone. There are several variables beyond our control which our advisors will monitor yearly, including market volatility and changes in employment levels, which could affect the Plan's status and the Trustees' corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

What's Next

The Board of Trustees is required to adopt a Funding Improvement Plan no later than November 25, 2012. Shortly after the adoption, a copy of the Funding Improvement Plan will be sent to Contributing Employers and the Union. Participants and Beneficiaries will receive a separate notice identifying and explaining the effect of any reductions or adjustments of benefits and may request a copy of the Funding Improvement Plan.
You will receive notices like this each year, letting you know of the Plan's progress in stabilizing its financial status. Since the funding of the Plan is influenced by economic and financial variables beyond the control of the Trustees (such as investment market volatility and changes in employment levels and/or the number of contributing employers), unexpected developments can affect the Plan's status and cause modification of the Funding Improvement Plan and the required corrective actions needed.

Where to Get More Information

For more information about this notice, you may contact Barbara Lane, Administrator at Two Center Square, P. O. Box 217, East Longmeadow, Massachusetts 01028, (Telephone: 413 525-4221). For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 04-6127765. For more information about the PBGC and benefit guarantees, go to PBGC's Web site, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242.)

We are working closely with our professional advisors to monitor the Plan's condition and develop strategies to improve the Fund's funding status and provide you with sound pensions.

Sincerely,

Board of Trustees

cc: Department of Labor
   Pension Benefit Guaranty Corporation