

January 26, 2009

NOTICE OF CRITICAL STATUS

FOR

**NEW ORLEANS EMPLOYERS - INTERNATIONAL LONGSHOREMEN'S
ASSOCIATION, AFL-CIO PENSION PLAN**

EIN: 72-6023317

Plan No.: 001

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

The Pension Protection Act ("PPA" or "Act"), signed into law in 2006, is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a Plan's "financial health" with participants and other interested parties directly related to the Plan.

Plan's Status – Red Zone

On December 27, 2008, the Plan's actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the New Orleans Employers-International Longshoremen's Association, AFL-CIO Pension Plan ("Plan") is in critical status (the "red zone") for the Plan Year beginning October 1, 2008. Federal law requires that you be notified of the funding status of the Plan and its classification of critical status ("red zone"). The Plan is considered to be in critical 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 for each of the next four Plan Years, from October 1, 2008 through September 30, 2012.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires the Board of Trustees of pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. In addition to revising the plan's formula for future benefit accruals and making similar changes, as part of a Rehabilitation Plan, the law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits." If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions or adjustments. No reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will 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 January 26, 2009.

The Rehabilitation Plan adopted by the Trustees may phase in benefit adjustments or provide a “window” for eligible participants to retire without a reduction in benefits.

Restriction on Lump Sum Benefits

You should be aware that effective January 26, 2009, the Plan is prohibited from paying any lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (plus any social security supplements) while the Plan is in critical status. For example, the lump sum optional form of death benefit payable to the Participant’s estate where there is no designated beneficiary will no longer be permitted on or after January 26, 2009 and while the Plan is in critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits that may be reduced or eliminated as part of the Rehabilitation Plan:

- Disability benefits (if not yet in pay status),
- Early retirement benefit or retirement-type subsidy (such as the Service Pension),
- Subsidized Qualified Joint-and Survivor Annuity (QJSA),
- Subsidized Qualified Pre-Retirement Survivor Annuity (QPSA);
- Death Benefits
- Supplemental Benefits
- Optional Forms of Payments
- Recent benefit increases (i.e, those that were adopted or took effect since October 1, 2003).

Employer Surcharge

Any Employer who fails to timely agree to a schedule of contributions authorized under the Rehabilitation Plan on or before February 25, 2009 will incur a surcharge. The surcharge is payable to the Plan 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 while 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 required for work performed on and after February 25, 2009 until September 30, 2009, and the 10% surcharge is payable with respect to contributions required for work performed after September 30, 2009 until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect. The surcharges will be disregarded in determining benefits and withdrawal liability, as required by the law.

What's Next

The Rehabilitation Plan will be adopted by the Board of Trustees no later than August 26, 2009. Shortly after the adoption of the Rehabilitation Plan by the Trustees, a copy 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 Rehabilitation 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 Rehabilitation Plan and the required corrective actions needed.

The Rehabilitation Plan and any recommended changes in benefits, contributions, or other Plan provisions will be communicated to all affected individuals and parties before any changes are made. However, as previously noted, no benefit changes will be included in the Rehabilitation Plan for any retiree or beneficiary currently in pay status (with benefits started before January 26, 2009), except for a possible rollback of benefit increases that took effect since October 1, 2003.

Where to Get More Information

For more information about this Notice, you may contact:

Administrator
New Orleans Employers - ILA Pension Fund
147 Carondelet Street, Ste. 300
New Orleans, Louisiana 70130

(504) 525-0309

We understand that legally required notices like this one can create concern about the Plan's future. 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

Note to counsel: this letter does not describe restrictions on acceptance of bargaining agreements that reduce contribution rates or exclude new groups until the Rehabilitation Period officially begins – should that be mentioned?

The Segal Company does not practice law and, therefore, cannot and does not provide legal advice. Statutory interpretations reflected in this draft are subject to review of Fund Counsel. In addition to those specifically identified above, these include:

- *The substitution of an individually designed notice for the model notice proposed by the US Labor Department, including the omission of certain information items that do not appear to be relevant to this case;*
- *The identification and description of adjustable benefits;*
- *The description of the terms on which benefits are protected from reduction; and*
- *The date and manner of mailing or other distribution.*

Other conclusions based on our understanding of the statute may also be embedded in the draft text.

The determination of the tone to take in this announcement, including how and how much to explain about the red zone certification, is solely the responsibility of the Trustees.