

# PAINTERS & ALLIED TRADES PAINT MAKERS PENSION PLAN

Administered by: Benefit Programs Administration  
Telephone (562) 463-5070

## Notice of Critical Status The Painters and Allied Trades Paint Makers Pension Plan

This is to inform you that on March 27, 2008 the plan actuary certified to the Internal Revenue Service, and to your Plan's Board of Trustees, that the Painters and Allied Trades Paint Makers Pension Plan ("plan") is in critical status for the plan year beginning January 1, 2008. 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:

1. Over the next three plan years, the plan is projected to have an accumulated funding deficiency for the plan year beginning January 1, 2010 and for the next nine plan years; and
2. 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 four plan years, the plan is projected to have an accumulated funding deficiency for the plan year beginning January 1, 2010 and for the next nine plan years.

### 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 law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. 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. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at the normal retirement age of 65.

In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 25, 2008. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of April 25, 2008, the plan is not generally permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. However, the plan may continue to pay certain small benefits in lump sum form.

### Adjustable Benefits

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

- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA); and
- Recent benefit increases (i.e., occurring in past 5 years)

### 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. With some exceptions, 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. As soon as the trustees adopt a Rehabilitation plan, however, an employer will *not* be subject to the 5% or 10% surcharge if the employer, through collective bargaining, agrees to make contributions to the plan at a rate that equals or exceeds the contribution rate necessary for the plan to carry out its Rehabilitation plan.

### Where to Get More Information

For more information about this Notice, you may contact: Benefit Programs Administration at (562) 463-5070, 13191 Crossroads Parkway North, Suite 205, City of Industry, CA 91746-3434. You have a right to receive a copy of the Rehabilitation Plan from the plan.

April 22, 2008