

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL NO. 98 BENEFIT FUNDS

TWO CENTER SQUARE, P.O. BOX 217, EAST LONGMEADOW, MASSACHUSETTS 01028-0217
TELEPHONE: (413) 525-4221 • FAX: (413) 525-7553 • E-MAIL: LOCALBENEFITS.BENEFITS@VERIZON.NET

HEALTH & WELFARE FUND
PENSION FUND
ANNUITY FUND
J L M-COOPERATIVE TRUST



BARBARA LANE
Fund Administrator



April 23, 2008

Dear Madams and Gentlemen:

Congress passed and the President signed into law legislation commonly known as the Pension Protection Act of 2006. One of the purposes of this legislation is to address the funding status of defined benefit pension plans. Although this legislation primarily focuses on single-employer pension plans, it also applies to multi-employer pension plans such as the IUOE Local 98 Pension Plan ("Pension Plan"). Among other things, the Pension Protection Act requires an actuary to determine whether the Pension Plan will experience a funding deficiency within seven years. Our actuary has determined that it will. As a result, under the Pension Protection Act, the Pension Plan is considered to be in "Endangered Status".

The Board of Trustees of our Pension Plan has retained professional advisors, including an actuarial and consulting firm, accounting firm, law firm, and investment consulting firm. All of the consultants retained by the Trustees provide advice and information as to how to properly satisfy ERISA and related regulations.

The investment consulting firm has, for many years, provided to us advice upon which we have adopted and updated the Pension Plan's "Asset Allocation Policy." This Asset Allocation Policy determines the investment of assets into different asset categories such as stocks, bonds, etc. The investment performance of the Pension Plan is affected by the specific market conditions; the Asset Allocation Policy is structured in a manner to avoid large losses, satisfy the interest rate assumption established by the Fund's enrolled actuary, and focus on capital preservation with investment growth sufficient to continue to pay all of your pensions. The Asset Allocation Policy is continuously reviewed and adjusted as recommended by the investment consultant.

Due to the government's requirement established in the Pension Protection Act, the Trustees will be adopting a Funding Improvement Plan which is intended to improve the funding of the Plan over a ten-year period. Our actuarial firm is confident that an appropriate Funding Improvement Plan can be designed that is reasonably expected to satisfy the Pension Plan's funding requirements provided that the actuary's and trustees' reasonable assumptions are met over this ten-year period. Of course, there are many economic and financial variables over which the Trustees have no control, such as investment market volatility, employment levels, the ages at which participants retire and the like, which will affect the Plan's funding. The Trustees, with their professional advisors, will be monitoring all relevant factors and, as required by the

law, will make adjustments in their plans and recommendations for the Plan's future as necessary.

The Trustees have been advised that the current accrual rates are sufficiently high so that the current contributions likely will not "pay for" the accruals under current market conditions. The Trustees anticipate requesting the bargainers (the Union and the Employers) to increase contributions in the future, pursuant to collective bargaining, as needed based on the advice of the Pension Plan's actuarial and consulting firm, for the purpose of satisfying the Pension Plan's funding requirements and the Pension Protection Act. The law does allow that the Trustees may reduce benefits in order to comply with the Pension Protection Act of 2006—the Trustees hope this will not be necessary. As matters develop, to the extent that benefit reductions are required, you will be so advised. It is not the intention of the Trustees to do this unless the law mandates this occur.

The Trustees desire to operate the Fund to provide benefits that are promised for your retirement. In order to accomplish all of this, the Trustees must satisfy, among other things, governmental laws and regulations. Accordingly, this Notice is being forwarded to you in accordance with the Pension Protection Act.

Sincerely,

I.U.O.E. LOCAL 98 PENSION FUND

By: Barbara M. Lane
Barbara M. Lane
Administrator