SOFT DRINK INDUSTRY–LOCAL UNION No. 744 PENSION FUND
300 SOUTH ASHLAND AVENUE – CHICAGO, ILLINOIS 60607-2764
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NOTICE OF PLAN STATUS

April 30, 2009

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 others directly related to the Plan.

Many of the Act's safeguard provisions relate to funding, which, in simplest terms, is how much a plan has coming in, going out, and what is in reserve (or "in the bank") for the future. The safeguards are intended to create more discipline to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, the Act requires that the Pension Plan be tested annually to determine how well it is funded. Benchmarks for measuring a plan's funding, with formal labels, were established. Plans that are in the yellow ("seriously endangered" or "endangered") or red ("critical") zones must notify all Plan participants, beneficiaries, unions, and contributing employers of the Plan's status, as well as take corrective action to restore the Plan's financial health.

In recent years, steps have been taken to bring the Plan's expense liabilities into balance with its assets. This has been done through a combination of benefit changes and increases in contributions from contributing employers. While these actions are expected to improve the financial balance over time, there is currently a shortfall that must be resolved for the Plan to comply with the Act's requirements.

Plan's Status – Red Zone

On March 31, 2009, the Pension Fund's actuary certified that the Plan is in the red "critical" zone for the Plan year beginning January 1, 2009. This is based on the actuary's determination that the Pension Plan is projected to have a funding deficiency in Plan Years beginning on and after January 1, 2010. This means that contributions are not expected to be high enough to meet government standards for funding both past and future benefits. Despite this, the Fund should not have a problem paying benefits to current pensioners and beneficiaries. As of January 1, 2008, the Plan has assets that were more than 10 times the benefits it paid in 2007.

Rehabilitation Plan

The Act requires that a plan in the red "critical" zone adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. This is the second year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. The adjustable benefits that may be eliminated or changed include:

- Plan benefits, rights, and provisions, including pre-retirement death benefits (other than qualified joint and survivor annuities), 36-month guarantees, disability benefits not yet in pay status, and similar benefits; and
- Early retirement benefit or retirement-type subsidies.

On November 26, 2008, you were notified about the 2008 Rehabilitation Plan that reduced and/or eliminated some of the adjustable benefits. If the Trustees determine that further 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 will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose commencement date is on or after April 24, 2008.

Employer Surcharge

The law requires that all contributing employers pay a contribution surcharge to a plan to help correct the plan's financial situation. For contributions due beginning January 1, 2009, the contribution surcharge is 10% of the negotiated contribution rate unless the employer had already contributed at the rate required under the Rehabilitation Plan. These contribution surcharges will end when an employer begins contributing under a collective bargaining agreement that implements the Rehabilitation Plan.

What's Next

We understand that legally required notices like this one can create concern about the Plan's future. While the red "critical" zone label is required to be used by law, the fact is that we are working with our actuaries and consultants to monitor the Plan's condition and address Plan issues. We will take the actions necessary to improve the Fund's financial condition. However, since the Pension Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in participation and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed.

While no further benefit changes are being made at this time (other than those stated in the 2008 Rehabilitation Plan), the Trustees are required to review the progress of the Rehabilitation Plan annually and update the Rehabilitation Plan when necessary. Should the Rehabilitation Plan be updated, the new Rehabilitation Plan and any benefit, contribution, or other Plan provision changes 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 by April 24, 2008).**

For more information about this notice or the Pension Plan in general, contact the Pension Plan Office at the address or phone number listed at the top of this letter.

Sincerely,
Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.

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