Special Notice for the Stagehands Local Two Retirement Plan

The Pension Protection Act of 2006 ("PPA") requires actuaries to determine the funding condition of multiemployer pension plans such as your Local Two Retirement Plan ("Plan"). On March 31, 2010, the Plan Actuary initially certified to the U.S. Department of the Treasury, and also to the Board of Trustees of the Fund, that the Plan would be considered to be in critical status for the Plan Year beginning January 1, 2010. But, upon consideration of Local 2's commitment to negotiate additional contributions to the Retirement Plan and the immediate temporary reallocation of a portion of the Annuity Fund contributions under Local Two collective bargaining agreements to the Retirement Plan, the Plan Actuary revised his certification and determined that the Retirement Plan is ***not*** in critical status.

Under the PPA, a critical status plan is required to adopt a rehabilitation plan and to immediately change certain benefits as described below. While the Plan Actuary's final certification is positive, the Trustees determined that all participants should be informed of Plan changes that would have been required if the Plan were in critical status. A retirement plan is considered to be in critical status if it has funding or liquidity problems, or both. Initially, the Plan's Actuary determined that over the next Plan Year, the Plan was projected to have an accumulated funding deficiency. A funding deficiency can be caused by a number of factors but the significant drop in investment earnings in 2008 is a primary cause of the Plan's projected funding deficiency. However, with the increased contributions, the Plan's projected funding deficiency for 2011 and all other future years has been eliminated.

How would Critical Status have impacted your Retirement Plan Benefits?
PPA 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 this Plan had been ultimately found to be critical and if the Trustees had determined that benefit reductions were necessary to eliminate critical status, you would receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits would **not** have reduced the level of a participant's basic benefit payable at normal retirement. In addition, the reductions would have only applied to participants and beneficiaries whose benefit commencement date is on or after the date of the letter from the Trustees advising you of the changes that would have been made. But you should know that whether or not the Plan actually reduces adjustable benefits in the future, the Plan would not have been permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) had the Plan been in critical status. Had the Plan's certification not been revised, the Plan's Social Security Level Income Annuity and death benefits that are funded by insurance could not have been offered by the Plan after April 30, 2010.

The revised certification means that the **above benefits remain in effect unless the Trustees vote to amend the Plan regarding these benefits**.

Adjustable Benefits
The Plan offers the following adjustable benefits which <u>might</u> have been reduced or eliminated as part of any rehabilitation plan had there been a final determination of critical status:

- ☑ Post-retirement death benefits;
- ☑ Disability benefits (if not yet in pay status);
- ☑ Early retirement benefit or a retirement-type subsidy;
- ☑ Other similar benefits, rights, or features under the Plan.

How would critical status have impacted the contributing employers?
If the Plan were critical, federal law could have **required** that all contributing employers pay 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 required to contribute to the Plan under our collective bargaining agreements. 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. This surcharge would not have increased your benefit accruals. Effective for hours worked on or after June 1, 2010, and due July 15, 2010, employers would have been required by federal law to add 5% to their Plan contributions. However, with the revised certification, there is no surcharge.

Even though the Plan is not critical, will there be any changes to benefits or contributions?
The Trustees are committed to keeping the Plan properly funded to protect all earned benefits. Therefore, benefits to be earned in the future are being evaluated.

Where can I obtain more information?
For more information about this Notice, you may contact the Board of Trustees, Stagehands Local Two Retirement Plan, 216 South Jefferson Street, Suite 400, Chicago, IL 60661, (312) 705-2020. You have a right to receive a copy the Plan Document, including all Plan amendments.

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