NEW ORLEANS EMPLOYERS –
INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO
PENSION, WELFARE, VACATION AND HOLIDAY FUNDS
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NOTICE OF ADJUSTMENT TO BENEFITS DUE TO CRITICAL STATUS NEW ORLEANS EMPLOYERS - INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO PENSION PLAN

To: Participants, Beneficiaries, Participating Unions and Contributing Employers

On December 27, 2008, the Plan's actuary certified that the Plan's funding status was critical for the Plan Year beginning October 1, 2008. This classification of critical status is based upon the Pension Protection Act of 2006, as amended by the Worker, Retiree, and Employer Recovery Act of 2008 ("Act"). On January 26, 2009, you were notified of the Plan's critical status and that adjustable benefits may be reduced or eliminated under the Act.

In accordance with the Act, the Board of Trustees adopted a Rehabilitation Plan on April 22, 2009 which is intended to improve the financial health of the Plan. It is anticipated that the contributing Employers and participating local unions of the International Longshoremen's Association, AFL-CIO, in the New Orleans and Baton Rouge area, will agree to the Preferred Schedule of changes set forth in the Rehabilitation Plan. The Rehabilitation Plan combines increased contributions by the contributing Employers and the elimination and reduction of various benefits.

The purpose of this Notice is to inform you of the eliminated and reduced benefits that are set forth under the Preferred Schedule in the Rehabilitation Plan that will be incorporated in the New Orleans Employers - International Longshoremen's Association, AFL-CIO Pension Plan ("Plan") by amendment and implemented upon acceptance of the bargaining parties or as otherwise provided under the Rehabilitation Plan (the "New Rules"). **GENERALLY, THESE NEW RULES APPLY TO THE FOLLOWING INDIVIDUALS, EXCEPT FOR ELIMINATION OF THE PRE-RETIREMENT LUMP SUM DEATH BENEFIT WHICH IS EFFECTIVE JANUARY 26, 2009 FOR ALL INDIVIDUALS:**

- **TO ALL ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS, RETIREES AND BENEFICIARIES WHOSE BENEFIT COMMENCEMENT DATE (OR ANNUITY STARTING DATE) IS AFTER OCTOBER 1, 2009.**
- **IF YOU BEGIN RECEIVING BENEFITS ON OR BEFORE OCTOBER 1, 2009, THESE CHANGES WILL NOT AFFECT YOU OR YOUR BENEFITS.**

The following benefits are or will be eliminated or reduced as permitted under the Act and set forth in the Preferred Schedule in the Rehabilitation Plan. The description below refers to the "Old Rules" and the "New Rules". The "Old Rules" refer to the Plan benefits and related provisions prior to elimination or reduction under the Rehabilitation Plan.

Calculation of the 30-Year Service Pension Revised for Participants Retiring After October 1, 2009

The calculation of a 30-Year Service Pension will change for participants who retire after October 1, 2009. Under the Old Rules, the 30 Year Service Pension is calculated in the same manner as a Normal Retirement Pension, without reduction for retirement prior to Normal Retirement Age ("NRA"). NRA under the Plan is age 62 (if you are Employed in the Industry on or after August 1, 1986). Under the New Rules, a 30-Year Service Pension will be calculated by determining the amount of a Normal Retirement Pension, and then reducing it by 4% for each year that the participant is younger than NRA (the 4% reduction is not prorated for partial years).

For example, assume you retire effective December 1, 2009 at age 60 with a 30-Year Service Pension, 18 months prior to attaining NRA (age 62). You have 30 Years of Creditable Employment, at least one of which is a Qualified Year of Employment for a Plan Year on or after October 1, 1998 and you earned an average of between 1,200 and 1,299 hours per Plan Year during those 30 years. Your pension benefit will be calculated under the New Rules because you are retiring after October 1, 2009.

The following table shows how your 30-Year Service Pension would be calculated under both the Old Rules and the New Rules:

	Old Rules	**New Rules**
Normal Retirement Pension Monthly Benefit = $1,740 (30 x $58 = $1,740)	No reduction for payment beginning prior to NRA	4% x 2 years = 8% reduction for commencement prior to NRA
Participant's monthly benefit under 30-Year Service Pension	$1,740	$1,740 x 92% = $1,601

2. Calculation of Qualified Joint and Survivor Annuity (QJSA) for Participants Retiring After October 1, 2009 (Elimination of Subsidy)

If you are married on your annuity starting date, the automatic form of payment for your pension benefit is a Qualified Joint and Survivor Annuity ("QJSA"). The QJSA provides a monthly benefit to you for life, and at your death, a 50% monthly survivor benefit to your surviving spouse for life. The calculation of the QJSA will change for participants who retire after October 1, 2009. Under the Old Rules, the Plan subsidizes the cost of the 50% survivor benefit under the QJSA. As a result, your lifetime monthly pension benefit is the same as what it would be under a Straight Life Annuity, the automatic form of payment for single participants, since there is no reduction to reflect the cost of the survivor benefit. Under the New Rules, this subsidy is eliminated, and the calculation of the lifetime and survivor monthly benefit under the QJSA will be based on the actuarial assumptions and factors under the Plan and the ages of both you and your spouse on your annuity starting date.

For example, assume you are married and retire November 1, 2009 with a Normal Retirement Pension at NRA (age 62). You have 6 years of Creditable Employment (at least one of which is a

Qualified Year of Employment earned for a Plan Year on or after October 1, 1998), and your Average Hours Per Year of Creditable Employment are between 800 and 899. You have been married for at least one year, and your spouse is age 60. Your pension benefit under the QJSA will be calculated under the New Rules because you are retiring after October 1, 2009.

The following table shows how your monthly benefit and the 50% monthly survivor benefit to your surviving spouse, under a Normal Retirement Pension payable in the form of a QJSA, would be calculated under both the Old Rules and the New Rules:

	Old Rules	**New Rules**
Participant's monthly benefit under Normal Retirement Pension before Joint and Survivor adjustment	6 years x $50 = $300	6 years x $50 = $300
50% Joint and Survivor Factor	100%	91.7%
Participant monthly benefit	$300 x 100% = $300	$300 x 91.7% = $275
Surviving spouse 50% monthly survivor benefit	$300 x 50% = $150	$275 x 50% = $138

3. 20% and 30% Supplemental Benefit Eliminated for Participants Retiring After October 1, 2009

Under the Old Rules, the Plan provides a Supplemental Benefit to participants who retire under age 62 with a 30-Year Service Pension or an Early Retirement Pension and satisfy the additional requirements described below. The Supplemental Benefit is a monthly benefit that is payable in addition to the monthly benefit payable under the 30-Year Service Pension or Early Retirement Pension, but only until the month the participant reaches Normal Retirement Age ("NRA"). The amount of a 20% Supplemental Benefit is 20% of the monthly benefit payable under the 30-Year Service Pension or Early Retirement Pension (as applicable), and the amount of the 30% Supplemental Benefit is 30% of the monthly benefit payable under the 30-Year Service Pension or Early Retirement Pension (as applicable).

The additional requirements for a 30% Supplemental Benefit are as follows: (a) you earn at least one year of Creditable Employment in a Plan Year beginning on or after October 1, 1988; and (b) your Approved Retirement Date is on or after October 1, 1989.

The additional requirements for a 20% Supplemental Benefit are as follows: (a) you earn at least one year of Creditable Employment in a Plan Year beginning on or after October 1, 1985 and prior to October 1, 1989; and (b) your Approved Retirement Date is on or after October 1, 1987.

For example, assume that you are age 60 and qualify for both a 30-Year Service Pension and a 30% Supplemental Benefit under the Old Rules; however, you do not retire until January 1,

2010. You have 30 Years of Creditable Employment, at least one of which is a Qualified Year of Employment in a Plan Year on or after October 1, 1998 and you earn an average of between 1,200 and 1,299 hours per Plan Year during those 30 years. Your pension benefit will be calculated under the New Rules because you are retiring after October 1, 2009.

The following table shows how your pension benefit would be calculated under both the Old Rules and the New Rules:

	Old Rules	**New Rules**
Normal Retirement Pension Monthly Benefit = $1,740 (30 x $58 = $1,740)	No reduction for payment beginning prior to NRA	4% x 2 years = 8% reduction for commencement prior to NRA
Participant's monthly benefit under 30-Year Service Pension	$1,740	$1,740 x 92% = $1601
Participant's 30% Supplemental Benefit payable monthly until participant reaches NRA (age 62)	30% x $1,740 = $522	No additional monthly benefit since 30% Supplemental Benefit is eliminated
Participant's monthly benefit payable from retirement until NRA (age 62)	$1,740 + $522 = $2,262	$1,601
Participant's monthly benefit payable beginning at NRA	$1,740	$1,601

4. **Calculation of Survivor Benefit Under 50% Pre-Retirement Survivor Annuity For Terminated Vested Participants Who Die After October 1, 2009 (Elimination of Subsidy)**

If you die prior to retirement as a terminated vested participant and are survived by a "qualified spouse", the automatic form of death benefit payable to your surviving spouse is the 50% Pre-Retirement Survivor Annuity ("Survivor Pension"). A "qualified spouse" is a spouse to whom you have been married for at least one year. The Survivor Pension is the 50% monthly survivor benefit that would have been payable under the Qualified Joint and Survivor Annuity ("QJSA") if you had retired first (based on Plan rules regarding when you are deemed to have retired) and then died. Under the Old Rules, the Plan subsidizes the cost of the Survivor Pension just as it subsidizes the cost of the QJSA as described in Section 2. As a result, the Survivor Pension (under the Old Rules) is 50% of your lifetime monthly pension benefit payable under a Straight Life Annuity, since there is no reduction to reflect the cost of the survivor benefit.

Under the New Rules, the subsidy is eliminated for vested terminated participants who die after October 1, 2009 and prior to retirement. The calculation of the 50% monthly survivor benefit under the Survivor Pension (under the New Rules) will be based on the actuarial assumptions and factors under the Plan and the ages of both the deceased participant and the surviving spouse.

For example, assume you have earned a vested benefit under the Plan and have terminated employment but not yet retired. You die on October 15, 2009 at NRA (age 62) and are survived by a qualified spouse. You earned 6 years of Creditable Employment (at least one of which is a Qualified Year of Employment earned for a Plan Year on or after October 1, 1998), and your Average Hours Per Year of Creditable Employment are between 800 and 899. Your surviving spouse is age 60. The automatic form of death benefit payable to your surviving spouse is the Survivor Pension, and it will be calculated under the New Rules because your death is after October 1, 2009.

The following table shows how the Survivor Pension would be calculated under both the Old Rules and the New Rules:

	Old Rules	**New Rules**
Participant's monthly benefit under Normal Retirement Pension before Joint and Survivor adjustment	6 years x $50 = $300	6 years x $50 = $300
50% Joint and Survivor Factor	100%	91.7%
Participant monthly benefit under QJSA	$300 x 100% = $300	$300 x 91.7% = $275
Survivor Pension payable to surviving spouse (monthly benefit for life)	$300 x 50% = $150	$275 x 50% = $138

There is no change in the calculation of Survivor Pensions payable for vested *active* participants who die prior to retirement and are survived by a qualified spouse (i.e., they will continue to be subsidized by the Plan). There is also no change in the Plan rules regarding the commencement of payment of a Survivor Pension.

5. Pre-Retirement Lump Sum Death Benefits Eliminated Effective January 26, 2009

The Plan provides an optional form of pre-retirement death benefit known as the "10 Year Certain". It is available to surviving qualified spouses as an alternative to the Survivor Pension described in Section 4, and it is also available to beneficiaries of vested participants who die prior to retirement and are either single or have not been married for at least one year. The Old Rules provide that if the 10 Year Certain is payable to a participant's estate because there is no other surviving beneficiary, the Plan will make a single lump sum payment to the estate in full satisfaction of the death benefit payable under the Plan. The amount of the lump sum payment is the present value of all unpaid monthly installments otherwise payable under the 10 Year Certain.

Under the New Rules, lump sum death benefits that exceed $5,000 are eliminated effective January 26, 2009 and will no longer be paid. If the present value of the unpaid monthly installments under a 10 Year Certain is $5,000 or less, the Plan may continue to pay the pre-retirement lump sum death benefit to the estate as provided under the Old Rules. However, if the 10 Year Certain is payable to the estate and the present value of the unpaid monthly installments exceeds $5,000, the pre-retirement death benefit will be paid in the form of the 10 Year Certain.

6. WHERE TO GET MORE INFORMATION

If you have any questions about this Notice or the adjustment of benefits under the Plan, please contact the Fund Administrative Manager at the Fund Office as follows:

New Orleans Employers – ILA, AFL-CIO Pension Fund
147 Carondelet Street, Suite 300
New Orleans, LA 70130
(504) 525-0309

7. YOUR RIGHTS AND REMEDIES

You should refer to the Plan's Claims Procedure and Claims Review Procedure as described in the Summary Plan Description ("SPD") booklet for your rights and remedies related to filing claims for benefits and appealing any denial or adverse benefit determination in whole or in part related to a claim for benefits under the Plan.

In addition, you have certain rights and remedies under ERISA as described in the SPD booklet. ERISA provides that all participants are entitled to the following rights and protections:

A. Receive Information About Your Plan and Benefits

You may examine, without charge, at the Plan Administrator's office, all documents governing the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

You may obtain, upon written request to the Plan Administrator, copies of all documents governing the operation of the Plan, including collective bargaining agreements, copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

You may receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish you with a copy of this summary annual report.

You may obtain a statement telling you whether you have a right to receive a pension at your normal retirement age (for this Plan, age 62 if you are Employed in the Industry on or after

August 1, 1986, and age 65 if you terminated your Employment in the Industry prior to August 1, 1986) and if so, what your benefit would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

B. Prudent Action by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of this Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your Employer, your Union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

C. Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, if, for example, it finds your claim is frivolous.

However, in all cases including those described in the above paragraph, you must first exhaust your administrative remedies under the Plan, by following the Plan's Claims and Claims Review Procedures, before you may file suit in any court. You will then have one year, from the date a final decision on your claim is reached under the Plan, in which to start a lawsuit or bring legal action. In no event may legal action be brought in any court, by you or on your behalf, after this one year period.

D. Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the Fund Office or the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration. You can telephone the EBSA's toll-free Employee & Employer Hotline at 1-866-444-EBSA (3272).

The Board of Trustees is actively working to improve the funding status of the Plan. The changes explained in this Notice were necessary to improve the Plan's funding and are required under the Internal Revenue Code. The Board strongly encourages you to review the terms of the Summary Plan Description for a more detailed discussion of your rights and remedies under the Plan and the Employee Retirement Security Act of 1974.