

# GREATER PENNSYLVANIA CARPENTERS' PENSION FUND

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## EMPLOYER TRUSTEES

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DATED: April 29, 2010

TO: All Participants of the Greater Pennsylvania Carpenters' Pension Fund

THESE NOTICES ARE FOR YOUR INFORMATION ONLY. YOU DO NOT NEED TO TAKE ANY ACTION.

The Pension Protection Act (the "PPA") requires that the plan's actuary certify the plan's funded status level within the first 90 days of each plan year and that we notify you of this status. This is called an Actuarial Certification. In addition, all multiemployer pension plans are required to provide participants with an Annual Funding Notice. In compliance with these requirements, the Greater Pennsylvania Carpenters' Pension Fund ("Plan") is providing the enclosed notices concerning the status of our Plan.

First, the Actuarial Certification says that the actuary has reported that our Plan is in Critical Status for the 2010 Plan year. As you may recall from the Notices you received last year, the global financial crisis in 2008 resulted in a substantial decline in the financial markets. Like other pension plans, the Plan was adversely affected by this. As indicated in the attached Notice of Critical Status, pursuant to the PPA, the Board of Trustees adopted a Rehabilitation Plan in 2009 aimed at restoring the financial health of the Plan. The Rehabilitation Plan included increases in the hourly contribution rate and benefit reductions. These benefit adjustments were communicated to each plan member last year. Based on estimated assets, the Plan had an investment return of approximately 11.6% in 2009. This favorable investment experience and the changes made by the Rehabilitation Plan have resulted in the Plan to be projected at 74% funded as of January 1, 2010, which is an increase from 69% as of January 1, 2009. The Rehabilitation Plan is currently projected to satisfy the criteria for improving the funded status of the Plan over time.

Second, the PPA requires that an Annual Funding Notice be provided to all participants by the end of April each year. The Annual Funding Notice for the 2009 Plan Year is attached. The Annual Funding Notice provides information regarding the Plan's financial status for 2009. Please note that much of the information contained in this notice is reported as of January 1, 2009 and thus does not reflect the positive investment return in 2009 nor the changes brought about by the adoption of the Rehabilitation Plan.

If you have any questions or concerns, please contact the Fund Office at 1-412-922-5330.

Sincerely,

Board of Trustees

## Notice of Critical Status For

### Greater Pennsylvania Carpenters Pension Fund

This is to inform you that on March 31, 2010 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2010. 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 has determined that the plan currently fails the emergence requirement because it is projected to have an accumulated funding deficiency in the next 9 years.

#### Adopted Rehabilitation Plan and Actual 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. This is the second year the plan has been in critical status. The trustees adopted a rehabilitation plan in 2009 that included increases in the hourly contribution rate along with a benefit reduction. These benefit adjustments were communicated to each plan member last year. You may obtain a copy of the Plan's rehabilitation plan by contacting the plan administrator.

If the trustees of the plan determine that further benefit reductions are necessary in the future, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

#### Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Post-retirement death benefits;
- Disability benefits (if not yet in pay status);
- Early retirement benefit more favorable than what is determined to be actuarially equivalent benefits or retirement-type subsidy; and
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA)

#### Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation beginning 30 days after receipt of this notice and until a rehabilitation plan has been adopted. **In the opinion of the plan's attorney, the rehabilitation plan adopted by the Board of Trustees has eliminated the employer surcharge requirement.** Therefore, the employer surcharge will not be assessed by the Plan.

#### Where to Get More Information

For more information about this Notice, you may contact Mr. James Klein at (412) 922-5330 or 650 Ridge Road, Suite 300, Pittsburgh, PA 15205-9503. You have a right to receive a copy of the rehabilitation plan from the plan.

## ANNUAL FUNDING NOTICE

### Greater Pennsylvania Carpenters' Pension Fund

#### Introduction

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2009 and ending December 31, 2009 (referred to hereafter as “Plan Year”).

#### Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2009	2008	2007
Valuation Date	January 1, 2009	January 1, 2008	January 1, 2007
Funded Percentage	68.9%	78.8%	Not Applicable
Value of Assets	\$601,830,695	\$650,668,954	Not Applicable
Value of Liabilities	\$873,120,446	\$825,426,325	Not Applicable

#### Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered “not applicable” in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For the 2007 plan year, the Plan’s “funded current liability percentage” was 58.8%, the Plan’s assets were \$616,152,794, and Plan liabilities were \$1,047,687,741.

#### Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2009, the fair market value of the Plan’s assets was

estimated to be \$663,607,807. As of December 31, 2008, the fair market value of the Plan's assets was \$501,525,579. As of December 31, 2007, the fair market value of the Plan's assets was \$669,652,860.

### Participant Information

The total number of participants in the plan as of the Plan's valuation date was 13,307. Of this number, 7,614 were active participants, 4,048 were retired or separated from service and receiving benefits, and 1,645 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to maintain a balance such that Plan resources will fund Plan obligations. Plan resources include accumulated Plan assets plus expected future contributions and investment income. Plan obligations include benefit payments to current and future retirees and beneficiaries and expected expenses from Plan assets.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries, who are responsible for plan investments, with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan establishes a long-term target allocation of 55% in publicly traded equities (including domestic and international equities as well as real estate equities), 35% in fixed income, 5% in hedge funds, 2.5% in commodities and 2.5% in private equity. The Trustees of the Plan monitor these allocations and rebalance the assets when necessary. While the Trustees control such matters as the long-term asset mix and the retention of professional investment managers, detailed investment strategies and the ultimate purchases and sales of securities are deemed to be within the discretion of the professional investment managers. The professional investment managers are monitored on a regular basis to ensure that their investment return ranks ahead of the median manager in their peer investment universe as well as ahead of the appropriate market benchmark.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

<b>Asset Allocations</b>	<b>Percentage</b>
1. Interest-bearing cash	4.1%
2. U.S. Government securities	3.6%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	12.5%
4. Corporate stocks (other than employer securities):	
Preferred	0.2%
Common	37.9%
5. Partnership/joint venture interests	12.2%
6. Real estate (other than employer real property)	0.0%
7. Loans (other than to participants)	0.0%
8. Participant loans	0.0%
9. Value of interest in common/collective trusts	4.5%
10. Value of interest in pooled separate accounts	11.0%
11. Value of interest in master trust investment accounts	0.0%
12. Value of interest in 103-12 investment entities	9.6%
13. Value of interest in registered investment companies (e.g., mutual funds)	4.4%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.0%
15. Employer-related investments:	
Employer securities	0.0%
Employer real property	0.0%
16. Buildings and other property used in plan operation	0.0%
17. Other	0.0%

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in “endangered” status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in “critical” status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was in “critical” status in the Plan Year because the Plan was projected to incur an accumulated funding deficiency in either the current plan year or in any of the three succeeding plan years. In an effort to improve the Plan’s funding situation, the Trustees adopted a Rehabilitation Plan on or about May 30, 2009, designed to assist the Plan in emerging from critical status by the end of the Rehabilitation Period applicable to the Plan. The Rehabilitation Plan describes the actions to be taken by the Plan’s Trustees, and the benefit and contribution changes to be bargained by the bargaining parties, to achieve a timely emergence from critical status. The Plan’s Board of Trustees will update the Rehabilitation Plan from time to time when and if necessary as required by law.

You may obtain a copy of the Plan's rehabilitation plan and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement by contacting the plan administrator.

#### Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2010 and ending on December 31, 2010, the following events are expected to have such an effect:

Effective December 31, 2009, the Keystone District Council Carpenters Pension Plan was merged into the Greater Pennsylvania Carpenters' Pension Fund. The Fund received \$127,542,980 in assets as a result of the merger.

#### Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. The annual report for the 2009 Plan Year will not be available until later this year.

#### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount

necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

### Where to Get More Information

For more information about this notice, you may contact the Fund Office, at 1-412-922-5330 or 650 Ridge Road, Suite 300, Pittsburgh, PA 15205. For identification purposes,

the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 25-6135570. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).