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**January 2011**

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**NOTICE OF CRITICAL 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.

On December 29, 2010, the Fund's Actuary certified to the U.S. Department of the Treasury and to the Board of Trustees that the Fund will be classified in the critical status category for the 2010 - 2011 Plan Year due to an expected funding deficiency for the current year. Further the Fund was in Critical Status last year and, over the next 9 years, the Fund is expected to have an accumulated funding deficiency for all years.

The law permits pension plans in critical status to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. The Fund offers early retirement subsidies, disability benefits (not yet in payment) and death benefits other than the Qualified Survivor benefits which are considered “adjustable benefits”. The Trustees did eliminate some “adjustable benefits” as part of the current rehabilitation plan. 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. For participants and beneficiaries who were already drawing a monthly pension on January 15, 2009, that pension benefit continues to be a protected benefit, which may not be altered or modified in any way.

In an effort to improve the Pension Fund's funding situation, the Trustees adopted a Rehabilitation Plan on January 15, 2009. The Trustees extended the effective date of the Rehabilitation Plan through December 31, 2010. The Rehabilitation Plan contains two options which future contracts must conform to, both options apply to a Rehabilitation Period of ten years commencing October 1, 2011. The Preferred Option requires employers to increase future contributions by 10% per annum for five years and by 8% per annum for the next five years. Under the Preferred Option benefit accruals are unchanged. The Default Option requires employers to increase future contributions by 12% per annum for five years and by 11% per annum for the next five years. Under the Default Option benefit accruals are reduced by 60%. Participants who leave covered employment before they are eligible to retire immediately must wait until age 64 (normal retirement date) to draw their pension. All contracts renewed or extended in 2008, 2009 and 2010 comply with the Preferred Option. The Trustees may implement an updated Rehabilitation Plan during 2011.

You may obtain a copy of the Pension Fund'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. Or you may obtain this information directly from the Pension Fund's website on the internet at <http://www.nettipf.com>.