International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware

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JOHN HEENAN, Administrator

IMPORTANT NOTICE ABOUT CHANGES TO THE PENSION PLAN

June 2012

Dear Pension Plan Participant:

Set forth below is a Summary of Material Modifications ("SMM") for the Pension Plan. As explained in the SMM, various changes are being made to the Pension Plan, which will be generally effective as of August 1, 2012 (the "Effective Date"). The changes outlined below generally apply to all Participants whose pensions begin on or after August 1, 2012. The Trustees also want to advise you that this SMM is an important notice concerning your pension rights that is issued in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). I urge you to read this SMM carefully and to contact the Fund Office if you have any questions.

Early Retirement Benefits

The first change concerns Early Retirement Benefits. Currently under the Plan, if you have attained age 55 and your age and pension credits total at least 80, you may receive an unreduced pension benefit beginning at age 55. (This is called the Special Early Retirement or Rule of 80 Benefit.) In addition, if you have attained age 55 and have at least 10 pension credits, you may receive a reduced pension benefit beginning at age 55. This benefit will be reduced by ¼% for each month (or 3% per year) prior to normal retirement age that the benefit begins. (This is called the Early Retirement Benefit.)

With the changes being made to the Plan, you will be eligible for the Special Early Retirement Benefit or the Early Retirement Benefit only if you are in covered employment for at least 500 hours in any one of the three years before you retire. However, even if you do not meet the covered employment requirement, you are still eligible to receive a reduced early retirement benefit if you have attained age 55 and have at least 10 pension credits. In this case, the reduction is being increased from ¼% to ½% for each month (or from 3% to 6% per year) prior to normal retirement age that the benefit begins. (See attached for examples of how your pension will be determined if you have a break-in-service but then return to work.)

The changes to the Early Retirement Benefits under the Plan are being made pursuant to a rehabilitation plan (which is required due to the Plan's funded status) which has been approved by the Plan's trustees.

Disability Pension

The second change concerns disability pensions. Currently under the Plan, you are eligible for disability benefits if (1) you are totally and permanently disabled, (2) have at least 10 pension credits and (3) have been in covered employment for at least 500 hours in any of the 2 years prior to becoming disabled. The change being made to the Plan is that the covered employment condition is being increased to at least 3,000 total hours in the five years prior to becoming disabled.

Social Security Level Income Option

The third change concerns two of the distribution forms under the Plan: (1) the Level Income Option and 75-month Guarantee and (2) the Level Income Option and 50% Joint and Survivor Pension. Going forward, these two options will no longer be available under the Plan. This change does not affect participants in pay status. Please note that this change became effective as of May 1, 2012.

Lump Sum Death Benefit

While the Plan is in critical status, it is prohibited from paying lump sum death benefits. The Plan provides a death benefit for a deceased retiree who has not received at least 75 monthly payments. Currently, the benefit is paid as a lump sum equal to the balance of the payments. Now, those benefits will be paid to the beneficiary monthly until the total number of payments equal 75.

If you have any questions, please do not hesitate to contact me. I can be reached at 215-542-8211.

Fraternally,

John Heenan

John Heenan

Attachment to June 2012 Notice
Rules and Examples Regarding Participation After a Break-In-Service

General Rule

If you have less than 500 hours in a three-year period and, at that time, are not eligible for an early retirement pension, your benefit accrual will be frozen and payable as a deferred vested pension using the 6% factors described above.

If you return to covered employment your pension will be calculated in two parts. The first part will be based on your service prior to the break and will be calculated as a deferred vested pension (6% per year reduction prior to age 65). The first part will also be based on the benefit levels in effect at the beginning of the break.

The second part of the pension will be based on the benefit accrued after the break and will be calculated at the time of the subsequent termination of employment.

Exception (Rule of Parity)

Notwithstanding the General Rule above, a participant who returns to work after a three-year break in service will have his pre- and post-break accruals and service aggregated (i.e., treated as if there were no break) if his service after the break is greater than or equal to the length of the break.

Example 1

Member leaves covered employment at age 40 with 15 years of service, returns at age 45 and works until he is 55, then retires.

Because he worked for 10 years after the break and the break was only 5 years, he qualifies for the exception and can retire with an early retirement pension with respect to his total pension (i.e., pre- and post-break accruals). Since he will have 25 years of pre- and post-break service at age 55, he is eligible for the "Rule of 80" pension and his pension is not reduced for early retirement.

Example 2

Member leaves covered employment at age 53 with 15 years of service, and wants to retire at age 55. Since his break lasted less than three years, he does not come under the "General Rule" above and will be able to retire with a reduced early retirement pension (with a 3% per year reduction from age 65).

Example 3

Member leaves covered employment at age 30 with 10 years of service, is gone for 15 years and returns to covered employment at age 45. At age 55 he wants to retire. Because the Member's post-break employment period was less than the duration of his break in service, he comes under the General Rule and does not qualify for the Rule of Parity exception. His pension will be calculated in two parts - Part 1 is the pension he accrued prior to his break, reduced by 60% (6% per year prior to age 65). Part 2 will be reduced by 30% (3% per year prior to age 65) because this part qualifies for the Early Retirement Benefit. If there were any benefit improvements granted after the initial break-in-service, they will not apply to the first part of the pension.

Example 4

Same as Example 3 but the member continues to work until age 60 (i.e., a period of 15 years after his break-in-service). Since his time after the break (15 years) equals the number of years in the break, he meets the Rule of Parity exception. At 60, he can retire with an unreduced total pension (i.e., pre- and post-break accruals) since the sum of his age and pre- and post-break service is greater than 80.