New England Teamsters & Trucking Industry Pension Fund

Rehabilitation Plan

In Compliance with the Pension Protection Act of 2006

Effective For Collective Bargaining Agreements
Agreed to, Renewed or Extended from
March 4, 2008 through December 31, 2009

I. INTRODUCTION

On December 29, 2008, the New England Teamsters and Trucking Industry Pension Fund ("the Fund") was certified by its actuaries to be in "Critical Status" or "the Red Zone" as defined by the Pension Protection Act (the "PPA") for the Plan Year beginning on October 1, 2008. Therefore, the Board of Trustees of the Fund (the "Board" or the "Trustees"), as the plan sponsor, is required to adopt and implement a Rehabilitation Plan (the "Plan") no later than September 26, 2009. With the upheaval in the investment markets and heightened stress in the U.S. economy, the Trustees have accelerated their deliberations for the design and implementation of an appropriate Rehabilitation Plan in order to provide timely guidance to the bargaining parties negotiating collective bargaining agreements. Accordingly, the Rehabilitation Plan described below was adopted January 15, 2009 and is applicable for collective bargaining agreements and participation agreements renewed or extended after March 4, 2008 through December 31, 2009. The Rehabilitation Plan amends the Rules and Regulations of the Fund in order to comply with the requirements of the PPA.

Based on the Fund's reasonably anticipated experience and actuarial assumptions, the Rehabilitation Plan sets forth revised contribution and benefit structures (the "Schedules") which, if adopted by the Fund's Contributing Employers, Local Unions or other parties obligated under agreements to participate in the Fund ("the Bargaining Parties"), may reasonably be expected to enable the Fund to emerge from Critical Status by the end of the ten-year Rehabilitation Period as defined by the PPA (or other time period permitted by any subsequent legislation or regulation). The required schedules are the "Preferred Schedule" and the "Default Schedule." The Trustees strongly recommend that the Bargaining Parties adopt the Preferred Schedule of contribution increases as this is the only option that will allow Participants to maintain the current level of benefits[1], i.e. those available as of October 1, 2008, with the exception of Lump Sums[2]. If the parties adopt the Default Schedule, future benefit accruals will be reduced by sixty percent (60%)[3] and adjustable benefits will be eliminated as indicated in Section III, Paragraph B. The Default Schedule will be automatically imposed for bargaining parties who fail to adopt the Preferred Schedule. All benefit adjustments are subject to ERISA's notice requirements. In addition, certain adjustable benefits will be eliminated for inactive vested Participants as indicated in Section IV of this Rehabilitation Plan.

An Automatic Surcharge of 5% during the initial year of the Plan and 10% in subsequent years shall be imposed upon any employer who fails to adopt a collective bargaining agreement consistent with either the Preferred or Default Schedules as required by the Rehabilitation Plan. If the Default Schedule is imposed, a surcharge will be assessed consistent with the PPA.

The Board has the sole and absolute power, authority and discretion to amend, construe and apply the provisions of this Rehabilitation Plan including the Schedules. Unless otherwise indicated, all capitalized terms used in these Schedules shall have the definitions and meanings assigned to them in the Fund's Rules and Regulations.

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[1] The current monthly benefit accrual value is that value in effect on July 31, 2005, also known as the Frozen Accrual Value, or Adjusted Frozen Accrual. Current benefits include all Adjustable Benefits.

[2] Pursuant to the PPA, Lump Sums previously offered under Article 8, Section 8.03 of the Fund's Rules and Regulations are disallowed upon certification that the Fund is in Critical Status.

[3] A sixty percent reduction in future benefit accruals is equivalent to the limitation on the reduction in rates of future accruals set forth in ERISA §305(e)(6).

II. EFFECTIVE DATES

This Plan was adopted on January 15, 2009. The schedule of benefits and contribution rate requirements described in this Plan apply to members covered under collective bargaining agreements and participation agreements that are renewed or extended after March 4, 2008 through December 31, 2009. The schedule of contributions will be valid for the duration of such renewed or extended collective bargaining agreement or participation agreement.

Pursuant to the PPA, the Trustees must review the Plan on an annual basis and may update the Plan to reflect future investment market conditions, participation levels in the Fund, percentage of members covered under the Preferred Schedule, legislative or regulatory action with respect to PPA compliance and other factors that may have a material impact on such future Rehabilitation Plan. Therefore, collective bargaining agreements and participation agreements that are renewed or extended after December 31, 2009 will be subject to the Plan as amended at the time of such renewal or extension.

Pension benefits of Pensioners and Beneficiaries with pension effective dates on or before January 1, 2009 are not affected by this Rehabilitation Plan. Pension benefits of Pensioners and Participants with pension effective dates after January 1, 2009 will be awarded benefits pursuant to the terms of the applicable Rehabilitation Plan.

III. SCHEDULES OF CONTRIBUTION AND BENEFIT LEVELS

The Board of Trustees of the Fund mandates the following Preferred and Default Schedules to the parties charged with bargaining over agreements requiring contributions to the Fund. Subject to the sole discretion of the Trustees, a schedule is deemed adopted when the Trustees determine that a collective bargaining agreement ("CBA") or other agreement requiring contributions to the Fund includes terms consistent with the requirements of a Schedule in the Rehabilitation Plan.

The Trustees implemented a 5% "Maintenance of Benefits" (MOB) Requirement effective July 31, 2005 requiring contribution rate increases of 5% per year in all CBAs renewed or extended after July 31, 2005 in order to maintain the then current rate of future accruals. By notice dated March 27, 2008, the Trustees alerted all participating Local Unions that the Rehabilitation Plan would require a 10% MOB to be negotiated in all future renewal agreements that had not been agreed to as of March 4, 2008. CBAs determined to be in compliance with the 5% MOB Requirement on or before March 4, 2008 (a "5% MOB Contract") shall be considered to have terms consistent with the Schedules proposed in the Rehabilitation Plan. However, in order to remain in compliance with this Rehabilitation Plan, the Bargaining Parties must adopt either the Preferred or Default Schedule upon expiration of the 5% MOB Contract on or after March 4, 2008 in any CBA renewal or extension.

Prior to negotiations, the bargaining parties must request in writing from the Fund Office contribution rate sequences that will conform to the Preferred Schedule. Subsequent to negotiations, the bargaining parties must submit all contribution rate sequences in any CBA renewal or extension to the Fund office for approval. The Fund Office will notify the bargaining parties if the rate sequence in the CBA is not consistent with the schedules of the Rehabilitation Plan.

A. Preferred Schedule (Schedule A)

The Preferred Schedule requires a Contributing Employer to make the annual contribution rate increases during the Rehabilitation Period (See Paragraph 1 below). However, with the exception of the elimination of Lump Sums (See Paragraph 2 below), there are no anticipated changes in benefits options for employees in bargaining units whose employers make contributions in compliance with the Preferred Schedule.

1. <u>Contributions</u>

For CBAs renewed or extended after March 4, 2008 through December 31, 2009, the Preferred Schedule requires annually compounded contribution rate increases as contained in Schedule A of ten percent (10%) Maintenance of Benefits contribution increases for the first five (5) years and eight percent (8%) increases annually thereafter to comply with this Rehabilitation Plan[4]. Such contribution increases must be effective on the one year anniversary date of the last increase in the preceding CBA and on each anniversary date thereafter during the term of the new CBA[5].

2. <u>Benefits</u>

For Participants whose Contributing Employers are in compliance with the Preferred Schedule, there are no anticipated changes in benefit formulas, levels or payment options available to Participants under the Rules and Regulations of the Fund as they existed on October 1, 2008. Under the Preferred Schedule, Participants continue to accrue benefits at their then current levels[6]. However, the Fund can no longer pay Lump Sums pursuant to Article 8, Section 8.03 of the Fund's Rules and Regulations because the PPA mandates that such lump sums (and other accelerated benefit payments) cannot be paid once the notice of a plan's Critical Status is given.

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[4] CBAs in which the five year annual 10% contribution increases are met in the aggregate such as the National Master Freight Agreement the UPS National Master Agreement are deemed complaint.

[5] For purposes of the Rehabilitation Plan, a CBA expires on the stated expiration date in the agreement irrespective of any evergreen or automatic renewal clause.

[6] The current monthly benefit accrual value is that value in effect on July 31, 2005, also known as the Frozen Accrual Value, or Adjusted Frozen Accrual. Current benefits include all Adjustable Benefits.

B. Default Schedule (Schedule B)

Pursuant to the PPA, the Rehabilitation Plan must contain a Default Schedule under which contribution increases necessary to emerge from Critical Status after future benefit accruals and other adjustable benefits have been reduced to the maximum extent permitted by law. If the Bargaining Parties adopt the Default Schedule, contributing employers are required to make contributions as required by such schedule but future benefit accruals and adjustable benefits will be reduced as stated below. If the Bargaining Parties fail to adopt either the Preferred or the Default Schedules, the Default Schedule will be imposed by law on the earlier of the date that the Secretary of Labor certifies that the parties are at an impasse or one hundred and eighty (180) days after the expiration of the CBA in effect on March 4, 2008, and a surcharge will be imposed as set forth below in Section V retroactive to the date of the expiration of such CBA.

1. <u>Contributions</u>

For CBA's renewed or extended after March 4, 2008 through December 31, 2009, the Default Schedule requires annually compounded contribution rate increases as contained in Schedule B of twelve percent (12%) contribution increases for the first five (5) years and eleven percent (11%) increases annually thereafter to comply with this Rehabilitation Plan. Such contribution increases must be effective on the one year anniversary date of the last increase in the preceding CBA and on each anniversary date thereafter during the term of the new CBA[7].

2. <u>Future Benefit Accruals</u>

For Participants whose Bargaining Parties agree to adopt the Default Schedule, or for whom a Default Schedule is imposed by law,

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[7] For purposes of the Rehabilitation Plan, a CBA expires on the stated expiration date in the agreement irrespective of any evergreen or automatic renewal clause.

the rate at which they will accrue future benefits will be reduced by sixty percent (60%) of the current accrual rate. Thus, future benefit accruals will be forty percent (40%) of the Frozen Accrual Value[8] established on July 31, 2005 or forty percent (40%) of the Adjusted Frozen Accrual Value, if applicable.

3. Benefit Reductions

Under the Default Schedule, the following Adjustable Benefits will be eliminated[9]:

a. Elimination of all early retirement options, i.e., the right to receive a Pension prior to age 64 including:

   1) Early Retirement Pensions

   2) Thirty Year Full Service Pensions

   3) Minimum Thirty Year (75%) Service Pensions

   4) Special Service Pensions prior to age 64

   5) All Partial Pensions to the extent any such pension is tied to one or more of the Adjustable Benefits listed above.

b. Elimination of all Disability Pensions prior to age 64

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[8] For example, if a member's Frozen Accrual Value is $248 per month per full year of Pension Credit, future benefit accruals under the Default Schedule will be $99.20 per month per full year of Pension Credit.

[9] Pursuant to the PPA, Lump Sums previously offered under Article 8, Section 8.03 of the Fund's Rules and Regulations are disallowed upon certification that the Fund is in Critical Status.

c. Elimination of all Benefit Payment Options including:

1) 120 Certain Payment Option

2) Christmas Benefit

d. Elimination of Death Benefits including:

1) Single Payment Death Benefit

2) Thirty Six Month Annuity for Unmarried Participants

Provided, however, nothing in this Paragraph shall be construed to reduce the level of a Participant's accrued benefit payable at Normal Retirement Age.

4. Conversion from Default Schedule to Preferred Schedule

If a Contributing Employer agrees to the Default Schedule or the Default Schedule is imposed with respect to a particular Bargaining Unit, subsequent Collective Bargaining Agreements for that unit which are compliant with the Preferred Schedule will only be accepted under the terms and conditions as determined by the Trustees in their discretion. Under any and all circumstances, benefits under the Preferred Schedule will be reinstated only if the Preferred Schedule is negotiated within one year of the expiration date of the CBA in effect on March 4, 2008, and contributions and applicable interest are made retroactive to such expiration date. Contributions paid under the Default Schedule in excess of the amount due under the Preferred Schedule will not be refunded.

IV. INACTIVE VESTED PARTICIPANTS

The Fund can no longer pay non-elected 13th checks, because the PPA mandates that benefit payments in excess of the single life annuity value earned by a participant's Pension Credit cannot be paid once the notice of a plan's Critical Status is given. Further, all adjustable benefits as set forth in Section III, Paragraph B.3 above are eliminated for inactive vested participants. An inactive vested participant is a participant who has achieved Vested Status, as defined in Section 5.01 of the Pension Fund's Rules and Regulations, but who has not earned at least one Hour of Service in this Fund (or in any Teamster related pension plan) for a period of twelve consecutive months and has not earned participation reinstatement pursuant to Article III of the Pension Fund's Rules and Regulations.

In the event that the participant did not earn at least one Hour of Service in this Fund (or any Teamster related pension plan) in the twelve months prior to the date of determination because he was disabled as evidenced by the receipt of disability income benefits from Federal, State, Workers' Compensation, local union health and welfare fund, or other employer paid disability programs, the period for which he continued to receive such income shall be excluded from the test period for the purposes of satisfying the requirement that an Employee is inactive.

V. SURCHARGES FOR NONCOMPLIANT COLLECTIVE BARGAINING AGREEMENTS

A. Imposition of the Surcharge for CBAs Compliant with the 5% MOB

For purposes of the automatic surcharge provisions of the PPA, Employers with CBAs determined to be in compliance with the 5% MOB requirement on or before March 4, 2008 are deemed to have CBAs with terms consistent with the schedules of the Rehabilitation Plan within the meaning of ERISA Section 305(e)(7)(C) until such CBAs expire. However, upon expiration of such CBA, an automatic surcharge will be imposed pursuant to the PPA and as set forth below in Section D unless the Bargaining Parties submit a CBA approved by the Trustees which adopts either the Preferred or Default Schedules of the Rehabilitation Plan.

B. Imposition of the Surcharge for CBAs Not Compliant with the 5% MOB

For purposes of the automatic surcharge provisions of the PPA, Employers with CBAs which were not compliant with the 5% MOB requirement on or before March 4, 2008 are deemed to be CBAs with terms that are not consistent with the schedules of the Rehabilitation Plan within the meaning of ERISA Section 305(e)(7)(C). Consequently, an automatic surcharge will be imposed pursuant to the PPA and as set forth below in Section D unless the Bargaining Parties submit a CBA which adopts either the Preferred or Default Schedules of the Rehabilitation Plan.

C. Imposition of Surcharge When the Bargaining Parties Fail to Adopt a Schedule

For purposes of the automatic surcharge provisions of the PPA, for Employers who fail to adopt a CBA on or after March 4, 2008 with terms consistent with the schedules set forth in the Rehabilitation Plan and for those Employers upon which the Default Schedule is imposed, an automatic surcharge will be imposed pursuant to the PPA (ERISA Section 305(e)(7)) as set forth below in Section D.

D. The Surcharge

The Surcharge is effective thirty days after the employer has been notified by the Trustees that the Fund is in Critical Status and that the surcharge is in effect. This Rehabilitation Plan was adopted and communicated to the Bargaining Parties on January 15, 2009. Collective Bargaining Agreements that have expired prior to January 15, 2009 and have not adopted a subsequent CBA that contains either the Preferred Schedule or Default Schedule by February 14, 2009 will be assessed the Surcharge commencing with employer contributions due and owing for the month of February, 2009. Collective Bargaining Agreements that expire after January 15, 2009 and do not adopt a subsequent CBA that contains either the Preferred Schedule or Default Schedule by the end of the expiring CBA will be assessed the Surcharge commencing with employer contributions due and owing for the first full month following the date of the expired CBA. The Surcharge will be assessed immediately upon the receipt of a remittance report based on employer contributions paid at the expiring CBA hourly rate. The Surcharge will cease to be effective beginning on the effective date of a CBA (or other agreement pursuant to which the employer contributes) that adopts the Preferred or Default Schedules of the Rehabilitation Plan.

For the plan year beginning October 1, 2008, the amount of the surcharge is equal to 5% of the contributions otherwise required under the applicable collective bargaining agreement (or other agreement pursuant to which the employer contributes). For each succeeding plan year in which the Fund is in Critical Status for a consecutive period of years, the surcharge will be 10% of the contributions otherwise so required.

A Contributing Employer's failure to make a surcharge payment is treated as a delinquent contribution. Participants will not accrue any benefits as a result of the payment of these surcharges. Surcharge payments are not refundable.

VI. RESTORATION OF BENEFITS

Participants who have worked under CBA containing a Default Schedule may have benefits restored if thereafter they work and earn one year of Pension Credit under CBA containing the Preferred Schedule of Contributions.

VII. ANNUAL STANDARDS AND REVIEW OF REHABILITATION PLAN AND SCHEDULES

The Rehabilitation Plan is based upon the Fund's reasonably anticipated experience and actuarial assumptions as well as assumptions regarding the adoption of the revised contribution rates and plan of benefits by the Fund's Contributing Employers, Local Unions or other parties obligated under agreements to participate in the Fund ("the Bargaining Parties"). The Fund's experience, related actuarial assumptions, schedules of benefits and contribution rates will be reviewed annually. The Plan will be updated as necessary to allow the Fund to emerge from Critical Status by the end of the Rehabilitation Period as defined by the PPA (or other time period permitted by any subsequent legislation or regulation).

For Bargaining Parties who have adopted a CBA in the period of March 4, 2008 to December 31, 2009 which is deemed to be compliant with this Plan[10], the contribution rates in such CBA will continue to be compliant with this Plan for the duration of that CBA.

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[10] CBAs which include the annual 10% contribution rate increases described in Section III, Paragraph A.1, as well as CBAs in which the five year annual 10% contribution increases are met in the aggregate such as the National Master Freight Agreement the UPS National Master Agreement are deemed complaint.

PREFERRED
Schedule A

Contribution Rate Increases By Year
(All rate increases are to be compounded annually)

Contract Year	Contribution Rate Increase	Contribution Rate Formula
Year 1	10%	Contribution Rate at the expiration of the 5% MOB compliant CBA x 1.10
Year 2	10%	Contribution Rate in effect in Year 1 x 1.10
Year 3	10%	Contribution Rate in effect on Year 2 x 1.10
Year 4	10%	Contribution Rate in effect on Year 3 x 1.10
Year 5	10%	Contribution Rate in effect on Year 4 x 1.10
Year 6	8%	Contribution Rate in effect on Year 5 x 1.08
Year 7	8%	Contribution Rate in effect on Year 6 x 1.08
Year 8	8%	Contribution Rate in effect on Year 7 x 1.08
Year 9	8%	Contribution Rate in effect on Year 8 x 1.08
Year 10	8%	Contribution Rate in effect on Year 9 x 1.08

Rounding rule: Contribution Rates determined under the formulae above are rounded to the nearest 1¢ increment.

Example #1: \$5.26 x 1.10 = \$5.786. This Contribution Rate is rounded to \$5.79.

Example #2: \$4.06 x 1.10 = \$4.466. This Contribution Rate is rounded to \$4.47.

DEFAULT
Schedule B
Contribution Rate Increases By Year
(All rate increases are to be compounded annually)

Contract Year	Contribution Rate Increase	Contribution Rate Formula
Year 1	12%	Contribution Rate in effect at the expiration
Year 2	12%	Contribution Rate in effect in Year 1 x 1.12
Year 3	12%	Contribution Rate in effect on Year 2 x 1.12
Year 4	12%	Contribution Rate in effect on Year 3 x 1.12
Year 5	12%	Contribution Rate in effect on Year 4 x 1.12
Year 6	11%	Contribution Rate in effect on Year 5 x 1.11
Year 7	11%	Contribution Rate in effect on Year 6 x 1.11
Year 8	11%	Contribution Rate in effect on Year 7 x 1.11
Year 9	11%	Contribution Rate in effect on Year 8 x 1.11
Year 10	11%	Contribution Rate in effect on Year 9 x 1.11

Rounding rule: Contribution Rates determined under the formulae above are rounded to the nearest 1¢ increment.

Example #1: \$5.26 x 1.12 = \$5.8912. This Contribution Rate is rounded to \$5.89.

Example #2: \$4.06 x 1.12 = \$4.5472. This Contribution Rate is rounded to \$4.55.

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