BENEFIT PLANS

MEBA MEDICAL & BENEFITS PLAN
MEBA PENSION TRUST
MEBA TRAINING PLAN
MEBA VACATION PLAN

1007 EASTERN AVENUE, BALTIMORE, MARYLAND 21202-4345 • (410) 547-9111

April 30, 2015

Dear Participant,

This letter is to inform you about important changes to the MEBA Pension Trust - Defined Benefit Plan (Plan).

On March 31, 2015, the Plan actuary advised that if no action is taken, the Plan will be in the endangered (yellow) zone in 2016 and will be certified in the critical (red) zone in 2019. For pension plans that are projected to be in the red zone within the next five plan years, the Multiemployer Pension Reform Act of 2014 (MPRA) allows the trustees to elect to enter critical (red) zone to make changes to address a pension plan's projected funding problems.

On April 30, 2015, which was the deadline to do so, the Trustees of the Plan elected to enter critical (red) zone status. When a plan enters the red zone (April 30, 2015), federal law prohibits the Plan from paying benefits in the form of a lump sum. The April 30, 2015 date is mandated by law. This includes all lump sum options under the terms of the Plan. The reasons the Trustees took this action are discussed below.

Participants who applied for any form of lump sum with an effective date of April 1, 2015 or earlier and who have met all of the conditions for receiving a pension will receive a lump sum payment. Anyone with an effective date of May 1, 2015 or later will receive a monthly annuity.

The Trustees also agreed to change your pension benefits under Plan II-B by changing the high 10-year formula to a high 5-year formula effective for retirements on or after January 1, 2015 (looking back to January 1, 2012, the effective date of Plan II-B). The Union and companies have agreed the employers will make additional contributions to fund the Plan of $6.00 per day. This contribution will be redirected from the Medical Plan, presently well-funded, to the Pension Plan without an increase to the present 11.7% reallocation.

<u>Reasons for Electing Early Critical (Red) Zone Status</u>

The Trustees agreed to enter critical status early to take action to correct the Plan's projected funding problems. According to the actuary the Plan's sole problem is the cash flow issue caused by lump sum distributions. These lump sum payments threatened the ability of the Plan to pay pension benefits to current and future participants and their beneficiaries.

In recent years, the Plan has paid out more in lump sums than received in overall investment returns and contributions. The following chart displays the total annual lump-sum payments made during the course of the years 2008 through 2015.

Plan Year	Lump Sums Paid
2008	$77,343,167
2009	$84,391,604
2010	$38,061,011
2011	$77,620,515

Plan Year	Lump Sums Paid
2012	$106,755,275
2013	$120,585,412
2014	$57,041,992
2015 to date	$27,586,760

Lump sums adversely affect the Plan in two important ways.

- First, for funding benefits, the Plan assumes a 6.75% investment return. The law requires that the Plan pay lump sum distributions using current interest rates, which at present are extremely low. This increases the amount of a participant's lump sum payout compared to the value of the liability being funded for the participant.

- Secondly, the cash outflow results in less assets to invest, making it more difficult to achieve the targeted investment return required to fund the Plan.

You should also receive the Plan's Annual Funding Notice for the 2014 plan year. The Funding Notice shows that the funded status of the Plan is decreasing. Attached is Chart A showing the projected Credit Balance under the law's minimum funding requirements and the Plan's PPA projected zone status (green, yellow or red) if lump sum benefits were continued. As you can see, the Plan will be in the critical zone in 2019 and the continued payment of lump sums threatens the ability of the Plan to pay future benefits for all present and future participants and their beneficiaries.

Eliminating the lump sums without decreasing benefits or increasing contributions immediately improved the Plan's cash flow and overall funding. The attached Chart B shows the projected funding status of the Plan without lump sums and with the high 5-year average wage benefit. The chart on the left shows the credit balance through 2034 and the chart on the right shows the increasing funding percentage through 2034. As you can see, the Plan is projected to be in the "green" zone for the foreseeable future.

Additionally, under a provision that has been in the Plan document for many years, lump sums are eliminated under specified circumstances based on the ratio of assets compared to the retiree liabilities, cash flow and benefit distributions made throughout the year. Lump sums were projected to cease in 2015 under this Plan provision. However, the Plan provision can result in lump sums being allowable at certain times and not at others which is unfair to participants. Rather than allow this provision to come into effect, the Trustees elected early red zone status.

Not every participant chooses to receive a pension benefit in the form of a lump sum -- many choose an annuity. Requiring larger contributions from all participants, through reallocation of total labor cost under the MOUs, which would be required to continue to fund lump sums for some participants is not in the best interests of all participants and beneficiaries of the Plan.

This action puts the Plan on a long-term path of maintaining strong funding with sufficient assets to pay monthly annuities for all present and future participants and their beneficiaries.

Explanation of Enclosed Notice

As a result of the election of critical status, federal law also requires that the Plan send you the enclosed Notice of Critical Status. The Notice of Critical Status is developed by the Department of Labor for all critical status plans. As such, it is not tailored to the MEBA Pension Plan's situation. For example, the notice states that "adjustable" benefits may be cut. While critical status plans may cut adjustable benefits, the MEBA Plan Trustees have agreed that they will not be adopting any benefit cuts.

The notice also states that the Trustees are required to adopt a "rehabilitation plan." The Trustees will develop such a plan. The Trustees have agreed that the rehabilitation plan will call for some form of a lump sum option, but only under conditions that would not negatively impact the Plan's financial status.

H. Marshall Ainley Chairman	Edward Hanley Secretary	Allen R. Szymczak Administrator

Notice of Critical Status
For
MEBA PENSION TRUST
April 30, 2015

This is to inform you that on March 31, 2015 the actuary for the MEBA Pension Trust (the "Plan") certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the Plan is projected to be in critical status in at least one of the five succeeding plan years. In accordance with applicable law, the Board of Trustees elected that the Plan enter into critical status effective for the current plan year, beginning January 1, 2015. 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 is projected to have a funding deficiency by 2019 if no changes are made to the Plan.

Rehabilitation Plan and Possibility of 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. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees of the Plan determine that 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 as a result of the Plan's critical status (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, such reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 30, 2015. But you should know that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 2015, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Adjustable Benefits

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

X **Post-retirement death benefits;**
X **Sixty-month payment guarantees;**
X **Disability benefits (if not yet in pay status);**
X **Early retirement benefit or retirement-type subsidy;**
X **Benefit payment options other than a qualified joint-and survivor annuity (QJSA);**
X **Recent benefit increases (i.e., occurring in past 5 years)**

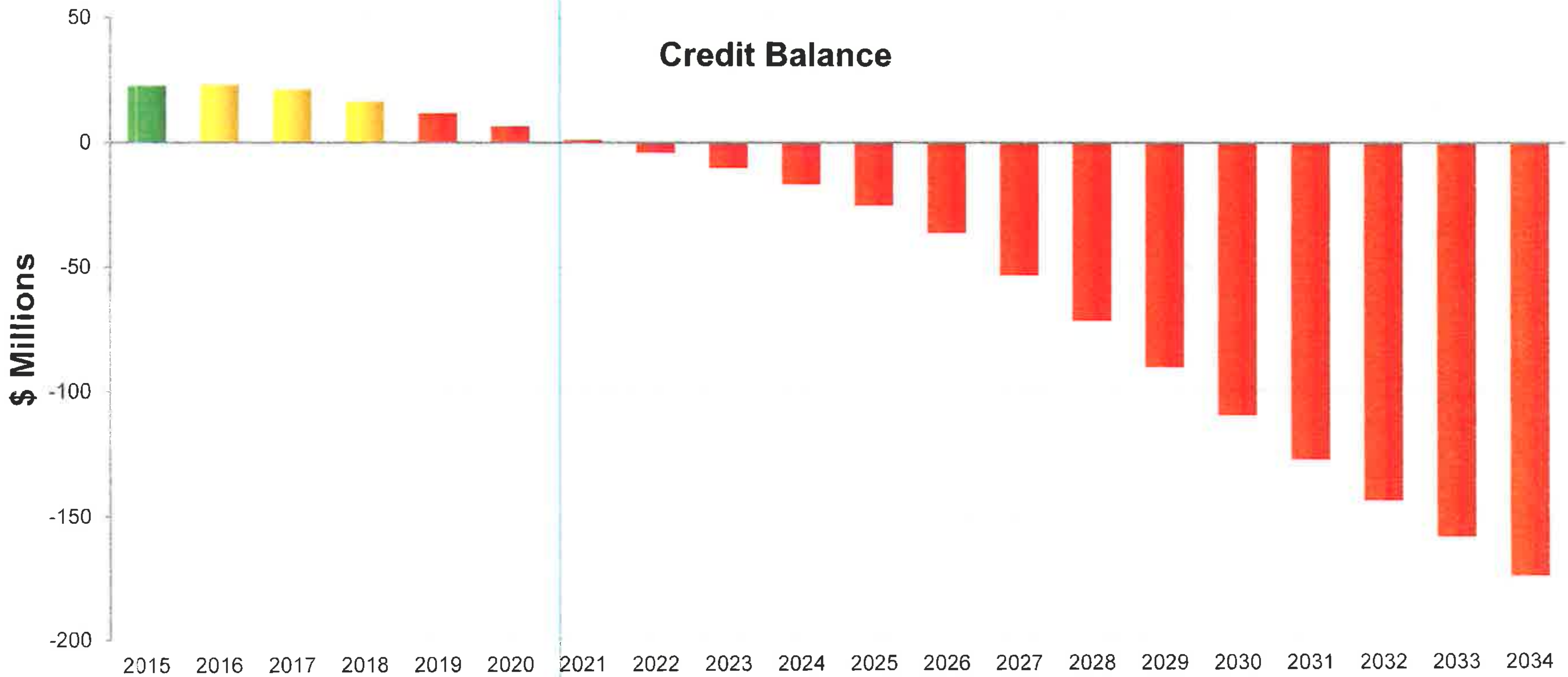
Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status.

Where to Get More Information

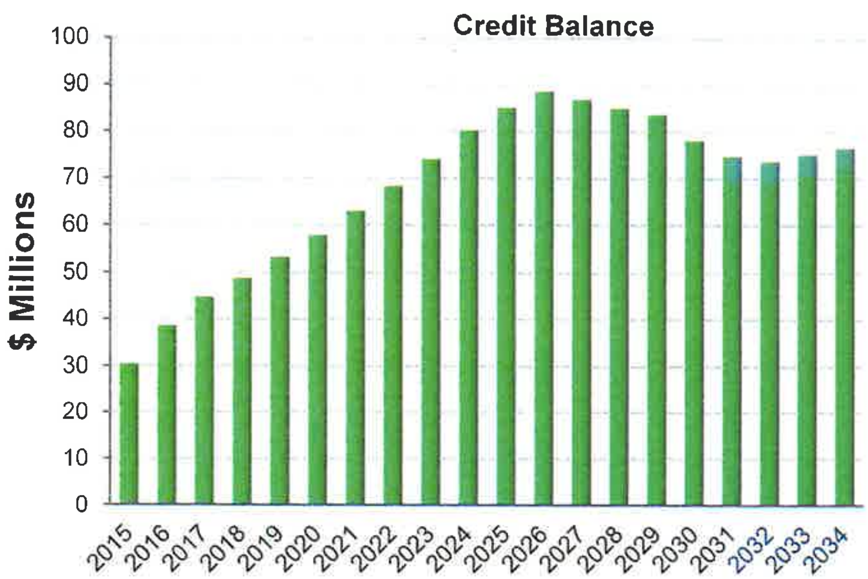
For more information about this Notice, you may contact the Fund Office at T: 410-547-9111, 1007 Eastern Avenue, Baltimore, MD 21202. You have a right to receive a copy of the rehabilitation plan from the Plan.

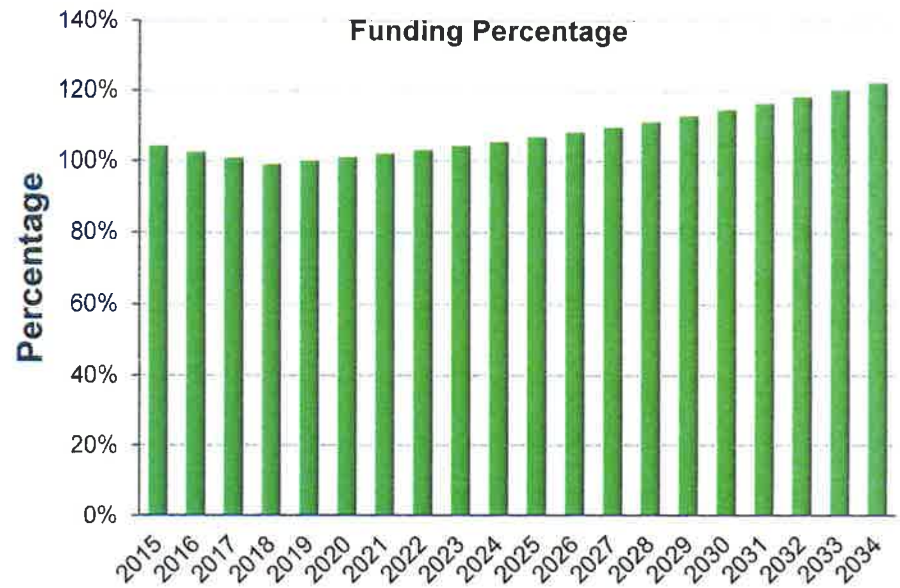
Chart A - Baseline: 2015 Zone Certification



- $25 million projected annual contributions and 2.5% annual payroll growth
- 6.75% investment return for all years

Chart B - No lump sums in 2015, 5 Year Average Salary and Additional Contributions starting in 2015





- No lump sum payouts due to early Red Zone election in 2015
- No change in current accrual rates
- Effective for retirements on or after January 1, 2015, "Pay" is defined as the average of the highest five consecutive years earned after January 1, 2012
- $25.0 million projected annual contributions in 2015, with 2.5% annual payroll growth
- Additional projected annual contributions of $2.78 million starting in 2015