

ANNUAL FUNDING NOTICE
For the
International Union of Operating Engineers
Local No. 132 Pension Fund

This notice includes important information about the funding status of your pension plan, the International Union of Operating Engineers Local No. 132 Pension Fund (“the Plan”) and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (the “PBGC”), a federal agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning April 1, 2010 and ending March 31, 2011 (referred to hereafter as the “Plan Year” or “Notice Year”).

How well Funded is your Plan

Under federal law, the Plan must report how well it is funded by using a measure called the “funded percentage”. 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. Your Plan’s funded percentages for the Plan Year and each of the two preceding plan years is set forth in the table below, along with a statement of the value of the Plan’s assets and liabilities for the same period.

Year	2008	2009	2010
Valuation Date	4/1/2008	4/1/2009	4/1/2010
1. Actuarial value of plan assets	\$218,906,128	\$184,897,864	\$214,525,753
2. Value of plan liabilities	\$219,825,589	\$239,362,890	\$251,673,952
3. Funded % = (1) ÷ (2)	99.6%	77.2%	85.2%
4. (Under) Over funded = (1) - (2)	(\$919,461)	(\$54,465,026)	(\$37,148,199)

Year-end Fair Market Value of Assets

Asset values in line (1) in the chart above are measured as of the Valuation Date for the Plan Year and are actuarial not market values. 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 that

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are designed to smooth out those fluctuations for funding purposes. The asset values shown below are market values and are measured as of the last day of the plan year, rather than the Valuation Date. Substituting the market values of assets for the actuarial values used in the above table would show a picture of the Plan's funded status on a market value basis as of the Valuation Date. The following table shows the fair market value as of the end of the current plan year and the 2 preceding plan years:

Valuation Date	3/31/2009	3/31/2010	3/31/2011
Market value of plan assets	\$154,081,553	\$195,126,821	\$213,531,824

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% or in "critical" status if the percentage is less than 65% (other factors may all also apply in the determination of a plan's status). 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 May 20, 2010 the Plan's enrolled actuary certified that the Plan was not endangered and not critical for the 2010 Plan Year. Furthermore, on May 12, 2011 the Plan's enrolled actuary certified that the Plan was not endangered or critical for the 2011 Plan Year.

Participant Information

The total number of participants in the plan as of the Plan's Valuation Date (April 1, 2010) was **3,336**. Of this number, **1,428** were active participants, **1,013** were retired or separated from service and receiving benefits, **320** were beneficiaries of deceased members and receiving benefits and **575** were retired or separated from service and entitled to future benefits.

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Funding & Investment Policies

Every pension plan must 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 current funding policy provides that contributions shall be made only by employers on behalf of participants. Neither contributions by a participant nor contributions by an employer in his own behalf shall be permitted under the Plan.

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 that are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. A summary of the investment policy of the Plan is:

- It is the policy of the Trustees to invest the assets of the Plan with care in those vehicles which should preserve the principal while recognizing the need for income and appreciation with minimal risk.
- This policy will be carried out by the Trustees in a prudent manner with the assistance of professional, Investment Managers, consultants, insurance companies or banks.
- The performance of these investments will be reviewed periodically using various evaluation techniques that prove reliable and face-to-face discussion and review among the parties.
- Common stock investments in any one company shall be limited to 5% of total Plan assets at purchase price and to 5% of total outstanding shares of any company.
- Bond investments shall be limited to federal or federal agency obligations or corporate bonds of the first four quality ratings at the time of purchase. In no event shall debt securities of any one corporation exceed 5% of total Plan assets.
- The normal benchmark guidelines are: 65% for common stocks [range: 30-70%]; 35% for fixed income [range: 30-70%]; 0% for real estate [range: 0-10%]; and 0% for cash [range: 0-10%].
- The Plan will not engage in investment transactions involving stock options, short sales, derivatives, purchase on margin, letter stocks, venture capital, unregistered or restricted stock, commodities (including gold or currency futures), fixed income futures and options, etc. or other transactions prohibited by law, unless receiving Board of Trustee approval.

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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 unaudited assets:

	Market Value	% Market
1. Equities & Equity Funds	\$144,247,040	67.55%
2. Total Bond Market Fund	27,712,644	12.98%
3. Long Term Bonds	10,513,040	4.92%
4. Intermediate Term Bonds	9,600,060	4.50%
5. Short Term Bonds	7,274,414	3.41%
6. Cash & Cash Equivalents	4,519,904	2.12%
7. Other Assets	9,664,722	4.53%
8. Total Investments at: 3/31/2011	\$213,531,824	100.00%

Events having a 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. Material effect events are occurrences that tend to have a significant impact on a plan's funding condition. An event is material if it, for example, is expected to increase or decrease total plan assets or total plan liabilities by five percent or more.

In response to investment losses that were incurred during the 2008-09 plan year the Board of Trustees adopted a benefit change that resulted in a decrease in future benefit accruals effective for contributions after August 31, 2009. This change, coupled with a recovery of investment loss over the past two plan years, has worked to improve the Plan's funded status through the 2010-11 plan year.

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

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at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan's annual report by going to <http://www.efast.dol.gov/welcome.html> . As always, you may obtain a copy of the Plan's annual report by making a **written request** to the Plan's contract administrator at the address shown below. Please note, individual information, such as the amount of your accrued benefit, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan please send such **written request** to the Plan's contract administrator:

International Union of Operating Engineers Local No. 132 Pension Fund
636 Fourth Avenue
Huntington, WV 25701-1321

Phone: 800-642-3525

Fax: 304-697-7919

web site: www.iuoe132.org

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. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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.

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In the foreseeable future, the Plan ***is not*** expected to become insolvent, based on reasonable actuarial assumptions for future liabilities and the current market value of plan assets coupled with future employer contributions (including withdrawal liability payments).

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 ($\35.75×10).

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 ($\17.75×10).

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

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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 Plan's contract administrator at the address shown below:

International Union of Operating Engineers Local No. 132 Pension Fund
636 Fourth Avenue
Huntington, WV 25701-1321

Phone: 800-642-3525

Fax: 304-697-7919

web site: www.iuoe132.org

For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number of "EIN" is 55-6015364. For more information about the PBGC and benefit guarantees, go to PBGC's website, 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).