NEW ENGLAND TEAMSTERS AND TRUCKING INDUSTRY PENSION FUND

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To: All Active Plan Participants

From: Board of Trustees

Date: July 12, 2005

Re: Summary of Plan Changes

In the past few years, all pension plans, even multi-employer plans, have been severely impacted by several negative influences. The tremendous fall in stock market values since March 2000, the steady increase in more and more employees opting for retirement at earlier ages and the loss of thousands of jobs have caused severe erosion in the economic strength of pension plans throughout the United States. Teamster plans throughout the country have not been immune from this assault on their financial integrity. Indeed, many of our fellow pension plans have been forced to drastically reduce future accrual values, in some cases by as much as 50%.

Although the New England Teamsters & Trucking Industry Pension Fund has been subjected to a weakening of its financial strength, we have been able to preserve and protect the core benefits of our Fund. Nonetheless, the Trustees of the Pension Fund have been forced to make certain limited changes to the Plan. These changes are the result of many difficult options presented to the Trustees and are designed to improve the Plan's funded status, thereby increasing the security of the benefits promised to all Plan participants.

As you will see in the following summary, the strategy behind these Plan changes affects both the assets and liabilities of the Fund. As a result, it is expected that assets will grow at a faster pace and the continuing increase in liabilities will slow down over the coming years. In addition, the raising of the retirement ages for our service-only pensions and the incentive of a Social Security supplement have both been adopted in the hope that all affected participants will choose to retire at a later age, which will further strengthen the Fund for the future.

While we recognize that these changes might have a significant impact on some of you, we hope you will understand and appreciate that we have worked long and hard to develop a strategy that does not include drastically reduced future accruals, unlike other funds throughout the country. We feel that our comprehensive approach, including moving from our downtown Boston location to reduce overhead expenses, will put the Fund on the road to reaching our goal of significantly improving the Plan's funding over time. If you have any questions, please contact the Fund Office.

204(h) NOTICE: This notice describes the changes approved by the Trustees. As required by Federal law, it provides information that explains the impact of the change and the possible reduction in future accruals. Consequently, this brochure is being provided as a Section 204(h) Notice in accordance with Section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective July 31, 2005:

1. All benefit accrual values will be frozen at the current level, based on your employer's contribution rate in effect on or before July 31, 2005.

2. To maintain the current level of benefit accruals in future years, an annual 5% "maintenance of benefits" increase in your employer's contribution rate will be required in all contracts renewed or extended after July 31, 2005. If the annual 5% maintenance of benefits increase is not negotiated in future contracts, the applicable benefit accrual value will be decreased by 50%, starting with the calendar year in which the maintenance of benefits increase is not negotiated.

   a. Contracts in effect on July 31, 2005 that provide for contribution rate increases after July 31, 2005 will be considered to automatically satisfy the annual 5% maintenance of benefits requirement until the expiration of the contract.

   b. Increases in employer contribution rates bargained in current or successor contracts in excess of the 5% maintenance of benefits requirement may be used to provide additional accrual increases over the current level.

3. To preserve our service-based pensions and encourage later retirements:

   a. The minimum age requirement to be eligible for Special Service and 30-Year Full Service Pensions will be 57.

      i. However, if you are eligible for a Special Service or 30-Year Full Service Pension based on contributory credit accumulated through July 31, 2005 and are not yet age 57, your pension benefit will be frozen at its current value and will be available as a minimum pension benefit whenever you decide to retire. If you continue to work in covered employment and delay your retirement until at least your 57^{th} birthday, your Special Service or 30-Year Full Service Pension will be increased under the Plan's rules in effect on July 31, 2005.

      ii. If you are eligible for a Special Service or 30-Year Full Service Pension based on contributory credit accumulated through July 31, 2005 and are at least age 57, your pension benefit will remain unchanged.

   b. A supplement of $1,000 per month will be payable from age 60 to 62 if retiring on a Special Service or 30-Year Full Service Pension after October 1, 2008.

Examples:

#1 Regular Monthly Accruals

A. Current contribution rate = $4.66; bargained increases of $0.20 for each of the next three years; ultimate contribution rate = $5.26

   Current monthly accrual for each full year of contributory credit = $248

   Before Change: Each $0.20 increase in contribution rate would have increased your monthly accrual by $8. The ultimate contribution rate of $5.26 would have resulted in a $272 monthly accrual. During the last three years of the contract, your monthly benefit would have increased by a total $792, if you earned 12 months of pension credit in each year.

   After Change: Current monthly accrual of $248 remains constant for the duration of the contract. Since this contract is an existing contract on July 31, 2005, each $0.20 increase in contribution rate is deemed to satisfy the 5% maintenance of benefits requirement. During the last three years of the contract, your monthly benefit will increase by a total $744, if you earned 12 months of pension credit in each year.

B. Current contribution rate = $1.86; bargained increases of $0.10 for each of the next two years; ultimate contribution rate = $2.06

   Current monthly accrual for each full year of contributory credit = $109

Before Change: Each $0.10 increase in contribution rate would have increased the monthly accrual by $8.90. The ultimate contribution rate of $2.06 would have resulted in a $126.80 monthly accrual. During the last two years of the contract, your monthly benefit would have increased by a total $244.70, if you earned 12 months of pension credit in each year.

After Change: Current monthly accrual of $109 remains constant for the duration of the contract. Since this contract is an existing contract on July 31, 2005, each $0.10 increase in contribution rate is deemed to satisfy the 5% maintenance of benefits requirement. During the last two years of the contract, your monthly benefit will increase by a total $218, if you earned 12 months of pension credit in each year.

#2 Special Service Pensions

A. Employee A has 30 years of contributory credit and is working under a contract that qualifies for a Plan D Special Service Pension. As of July 31, 2005, he is 55 years old and eligible for a Plan D Special Service Pension of $3,500 per month.

Before Change: For each year of additional contributory credit below age 60, his Plan D Special Service Pension would have increased by $150 per month. At age 56 and 31 years of contributory credit, his Plan D Special Service Pension amount would have been $3,650 per month; at age 57 and 32 years of contributory credit, his Plan D Special Service Pension amount would have been $3,800 per month.

After Change: His Plan D Special Service Pension remains constant at $3,500 until his 57th birthday. At age 57 and 32 years of contributory credit, his Plan D Special Service Pension amount will be $3,800 per month, the same as before changes.

B. Employee B has 26 years of contributory credit and is working under a contract that qualifies for a Plan C Special Service Pension. As of July 31, 2005, he is 52 years old and eligible for a Plan C Special Service Pension of $2,150 per month.

Before Change: For each year of additional contributory credit below age 60, his Plan C Special Service Pension would have increased by $150 per month. Between 29 and 30 years of contributory credit, his Plan C Special Service Pension would have increased by $400 per month. At age 53 and 27 years of contributory credit, his Plan C Special Service Pension would have been $2,300 per month; at age 57 and 31 years of contributory credit, his Plan C Special Service Pension amount would have been $3,150 per month.

After Change: His Plan C Special Service Pension remains constant at $2,150 until his 57th birthday. At age 57 and 31 years of contributory credit, his Plan C Special Service Pension amount will be $3,150 per month, the same as before changes.

#3 30-Year Full Service Pensions

Employee C is working under a contract with a current contribution rate of $3.76 with three $0.15 increases in the contribution rate scheduled for the next three years. Since this contract is an existing contract on July 31, 2005, each $0.15 increase in contribution rate is deemed to satisfy the 5% maintenance of benefits requirement. As of July 31, 2005, he is 54 years old with 30 years of contributory credit, has a regular monthly accrual pension amount of $3,000 payable in full at age 64 and eligible for an immediate 30-Year Full Service Pension of $2,250 per month.

Before Change: During the next three years while earning additional contributory credit, his regular monthly accrual pension amount would have increased by $218, $224 and $230 per month in each respective year. Under present rules, 75% of those amounts would have been added to his 30-Year Full Service Pension. At age 57, his 30-Year Full Service Pension amount would have been $2,754 per month.

After Change: His 30-Year Full Service Pension remains constant at $2,250 until his 57th birthday. At age 57, his regular monthly accruals will increase by $212 per month for each year of additional contributory credit. 75% of those amounts will be added to his 30-Year Full Service Pension, equaling $2,727 per month.

Summary Outline of Pension Modifications
Effective July 31, 2005

This summary of the Pension Plan modifications provides a brief one-page overview of the changes to the Plan effective July 31, 2005. You may use this summary as a quick reference guide. The legally required notice from the Trustees regarding these changes appears on pages 1 through 3 and describes the changes in greater detail and provides examples of pension benefit calculations before and after the changes.

- **No Change to Pensions Accrued Before July 31, 2005**

  All pension accruals earned prior to July 31, 2005 and the formula used for calculating pension amounts prior to July 31, 2005 have not changed. The modifications only affect the way your pension is earned after July 31, 2005. Any pension amount you have earned through July 31 will be paid at the current rate.

- **Accruing Your Pension in the Future**

  Plan benefit accruals for the regular pension will remain constant at the current level.

  In order to maintain the current level of benefit accruals, a 5% increase in employer contributions to the Fund will be required in future years. Any increase bargained in future contracts above the 5% will be used to increase the accrual rate. If an employer's contribution rate in future contracts falls below a 5% increase in future contracts, benefit accruals will be decreased by 50%.

  Current contracts that provide for increases in employer contribution rates will automatically satisfy the 5% maintenance of benefits requirement.

- **Preserve the Special Service and 30-Year Full Service Pensions**

  You will still be able to retire with the Special Service and 30-Year Full Service Pensions, but the minimum age requirement will be 57.

- **Supplemental $1,000 Benefit**

  Beginning October 1, 2008, a supplement of $1,000 per month will be paid from age 60 to age 62 to those who will be retiring on Special Service and 30-Year Full Service Pensions.

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