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Notice of Reduction in Adjustable Benefits under Section 432(e) of the Internal Revenue Code and Notice of Reduction in Future Benefit Accruals under Section 204(h) of ERISA

A. Introduction

On April 30, 2010, you were notified that the PACE Industry Union-Management Pension Fund ("Fund") was certified to be in "critical status" for its 2010 Plan Year. As required by federal law, the Board of Trustees of the Fund adopted a Rehabilitation Plan ("RP"), which had a schedule of contribution increases and benefit reductions designed to improve the Fund's funded status ("Schedule"). The Schedule includes contribution rate increases, reductions in future benefit accruals and the reduction or elimination of specified benefits, referred to as adjustable benefits, under the PACE Industry Union-Management Pension Plan ("Plan").

The purpose of this Notice is to explain the effect of the Schedule. Part B of this Notice is to advise you of the upcoming reduction and elimination of adjustable benefits. The Fund is required by law to provide Part B of the Notice to affected participants, beneficiaries, contributing employers and the union at least 30 days prior to the effective date of this change.

Part C of this Notice is being provided to you consistent with the requirements of Section 204(h) of the Employee Retirement Income Security Act ("ERISA") to advise you of the reduction in future benefit accruals that is effective for work in covered employment on and after January 1, 2011. The Fund is required by law to provide Part C of the Notice to affected participants, beneficiaries, contributing employers and the union at least 15 days prior to the effective date of this change.

Please be assured that the changes described in this Notice were adopted only after careful analysis and deliberation to allow the Fund to improve its funded status while it continues to provide significant benefits to participants and beneficiaries. If you have any questions, please contact the Fund Office.

If you are currently receiving a pension, or if your pension starting date is before September 1, 2010, and you do not return to work in covered employment, your benefits will not be affected by the changes described in this Notice.

These changes modify your Summary Plan Description ("SPD"), which is the booklet that describes the rules of the Plan in detail. Please keep this notice with your SPD.

B. Reductions in Adjustable Benefits

The explanations below indicate how each of the changes will affect the benefits provided under each of the Plan's benefit Programs. The Plan provides benefits through Programs A – H. The details of each Program are described in the SPD. If you do not know your benefit Program, you should refer to the sticker placed at the front of your SPD, or contact the Fund Office. If you are eligible for benefits under the terms of a plan that previously merged into the Plan, you will be provided with a separate notice explaining any reductions that will be made to adjustable benefits offered under that plan. Certain changes relating to the Huhtamaki Consumer Packaging Plan for Fulton Union Employees ("Fulton Plan"), the Pension Plan for Hourly-Paid Employees of Huhtamaki Company Manufacturing ("Huhtamaki Plan"), and the Banner Fibreboard Company Retirement Plan for Employees Covered by a Collective Bargaining Agreement ("Banner Plan") are included in this Notice, since these benefits are referred to in the current Plan. In addition, participants in Program H will receive another notice explaining additional changes to their benefits.

The following changes are made to benefits, regardless of when you terminated covered employment or otherwise ceased to be an active participant, as of the effective dates indicated below.

The following change is effective for pension starting dates on or after September 1, 2010:

1. Elimination of Disability Pension for Participants Who Have Not Received a Social Security Disability Award.

The Disability Pension, which is described on pages 14 and 15 of your SPD, is eliminated for participants who do not receive a disability award issued by the Social Security Administration.

Under the current Plan, a participant in Programs A-H who does not have a disability award issued by the Social Security Administration may be eligible to receive a Disability Pension in a reduced amount if he submits medical evidence, satisfactory to the Trustees, that he is totally and permanently disabled.

Under the Schedule, for participants in Programs A-H, effective for pension starting dates on or after September 1, 2010, the Fund will no longer pay a Disability Pension (including any disability pension offered under the terms of a prior version of the Plan or a plan that previously merged with the Fund) to a participant who has not received a disability award issued by the Social Security Administration.

The following changes are effective for pension starting dates on or after January 1, 2011:

1. Reduction of Early Retirement Pension.

The Plan offers an "Early Retirement Pension," described on pages 20-26 of the SPD, and a "Deferred Pension," described on page 26 of the SPD, that allow eligible participants to retire as early as age 55. Once benefits under the Plan commence, they are generally paid over the remainder of a participant's life (and may continue beyond that for a period of time depending on the payment form you elect). Therefore, to provide benefit payments equal in value to the Regular Pension commencing at age 65, the amount of the Early Retirement Pension, and the Deferred Pension with a pension starting date before age 65, is reduced to account for the additional years over which benefits will be paid. Previously, the Fund had not fully reduced the benefit payments to reflect the early receipt of benefit payments, in effect, "subsidizing" the amount of this reduction for retirements commencing before age 65. Now, for pension starting dates on and after January 1, 2011, the early retirement reduction will be increased to more truly reflect the actuarial cost of the earlier monthly benefits to be paid. The following explains and provides examples of how the Early Retirement Pension is currently calculated for participants in Programs A through G and how it will be calculated, as changed, for participants in Programs A through G with pension starting dates on or after January 1, 2011. The explanations and examples below also apply to a Deferred Pension with a pension starting date before age 65.

Application of Early Retirement Reductions to Participants in Programs A and D

Under the current Plan, for participants in Programs A and D, as described on pages 20-22 and 26 of the SPD, an Early Retirement Pension and a Deferred Pension are first calculated in the same way as if the participant were retiring on a Regular Pension. For benefit accruals earned on or before December 31, 2005, this amount is then reduced by ¼ of 1% for each month that the participant is younger than age 65 to age 60, and by ½ of 1% for each month that the participant is younger than age 60 to age 55. For benefit accruals earned on or after January 1, 2006, the amount the participant would receive if he were retiring under a Regular Pension is reduced by ½ of 1% for each month that he is younger than age 65 on the day his pension starts.

Under the Schedule, for participants in Programs A and D with pension starting dates on and after January 1, 2011, an Early Retirement Pension and a Deferred Pension will be calculated by reducing a participant's Regular Pension at age 65 by ½ of 1% for each month the participant is younger than age 65 on the day his pension starts.

<u>Example 1</u>: Paul is a participant in Program A and is retiring at age 57 with 20 years of pension credit. Paul earned 10 years of pension credit on or before December 31, 2005, and he earned 10 years of pension credit on or after January 1, 2006. The amount of his monthly Regular Pension if payments start at age 65 is $1,000, with $500 attributable to the 10 years of pension credit he earned on or before December 31, 2005 and $500 attributable to the 10 years of pension credit he earned on or after January 1, 2006.

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$500 (amount of Paul's monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on or before December 31, 2005)
¼ of 1% x 60 (number of months between ages 65 and 60) = 15%
½ of 1% x 36 (number of months between ages 60 and 57) = 18%
$500 x 15% = $75
$500 x 18% = $90
$75 + $90 = $165 (this is the Early Retirement reduction for this 10 years of pension credit)

$500 (amount of monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on and after January 1, 2006)

½ of 1% x 96 (number of months between ages 65 and 57) = 48%
$500 x 48% = $240 (this is the Early Retirement reduction for this 10 years of pension credit)

$165 + $240 = $405 (this is the total Early Retirement reduction)
$1,000 - $405 = $595 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $595 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

Application of Early Retirement Reductions to Participants Who Formerly Participated in the Fulton Plan

The Fulton Plan merged into the Plan on May 6, 2004.

Under the current Plan, for benefit accruals of former Fulton Plan participants earned on or after May 6, 2004, the Early Retirement Pension and the Deferred Pension are determined under the terms of the Plan. However, for benefit accruals of former Fulton Plan participants earned before May 6, 2004, the Early Retirement Pension and the Deferred Pension are currently determined by reducing the participant's normal retirement benefit under the Fulton Plan by 0.4% for each month that the participant is younger than age 65 on the day his pension starts.

Under the Schedule, for participants in the Plan who are former participants in the Fulton Plan with pension starting dates on and after January 1, 2011, an Early Retirement Pension and a Deferred Pension will be calculated by reducing a participant's Regular Pension at age 65 by ½ of 1% for each month the participant is younger than age 65 on the day his pension starts.

<u>Example 2</u>: The same facts set forth in Example 1 above apply, except that Paul is a participant in Program A, who was formerly a participant in the Fulton Plan. The amount of his monthly Regular Pension if payments start at age 65 is $1,000, with $425 attributable to his accrued benefit under the Fulton Plan, $75 attributable to 1.5 years of pension credit he earned from May 6, 2004 to December 31, 2005, and $500 attributable to the 10 years of pension credit he earned on or after January 1, 2006.

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$425 (amount of Paul's accrued benefit under the Fulton Plan, earned prior to May 6, 2004)
0.4% x 96 (number of months between ages 65 and 57) = 38.4%
$425 x 38.4% = $163.20 (this is the Early Retirement reduction for the benefit Paul earned under the Fulton Plan)

$75 (amount of Paul's monthly Regular Pension if payments start at age 65 attributable to 1.5 years of pension credit earned on or before December 31, 2005)
¼ of 1% x 60 (number of months between ages 65 and 60) = 15%
½ of 1% x 36 (number of months between ages 60 and 57) = 18%
$75 x 15% = $11.25
$75 x 18% = $13.50
$11.25 + $13.50 = $24.75 (this is the Early Retirement reduction for this 1.5 years of pension credit)

$500 (amount of monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on and after January 1, 2006)
½ of 1% x 96 (number of months between ages 65 and 57) = 48%
$500 x 48% = $240 (this is the Early Retirement reduction for this 10 years of pension credit)

$163.20 + $24.75 + $240 = $427.95 (this is the total Early Retirement reduction)
$1,000 - $427.95 = $572.05, rounded to $573 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $573 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

Application of Early Retirement Reductions to Participants in Programs B and E

Under the current Plan, for participants in Programs B and E, as described on pages 22-24 and 26 of the SPD, an Early Retirement Pension and a Deferred Pension are first calculated in the same way as if the participant were retiring on a Regular Pension. For benefit accruals earned on or before December 31, 2005, this amount is then reduced by 1/3 of 1% for each month that the participant is younger than age 62 on the day his pension starts, with no reduction at all if his benefit starts at age 62 or later. For benefit accruals earned on or after January 1, 2006, the amount the participant would receive if he were retiring under a Regular Pension is reduced by ½ of 1% for each month that he is younger than age 62 on the day his pension starts, with no reduction at all if his benefit starts at age 62 or later.

Under the Schedule, for participants in Programs B and E with pension starting dates on and after January 1, 2011, an Early Retirement Pension and a Deferred Pension will be calculated by reducing a participant's Regular Pension at age 65 by ½ of 1% for each month the participant is younger than age 65 on the day his pension starts.

Example 3: The same facts set forth in Example 1 above apply, except that Paul is a participant in Program B.

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$500 (amount of monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on or before December 31, 2005)
1/3 of 1% x 60 (number of months between ages 62 and 57) = 20%
$500 x 20% = $100 (this is the Early Retirement reduction for this 10 years of pension credit)

$500 (amount of Paul's monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on and after January 1, 2006)
½ of 1% x 60 (number of months between ages 62 and 57) = 30%
$500 x 30% = $150 (this is the Early Retirement reduction for this 10 years of pension credit)

$100 + $150 = $250 (this is the total Early Retirement reduction)
$1,000 - $250 = $750 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $750 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

Application of Early Retirement Reductions to Participants in Programs C and F

Under the current Plan, for participants in Programs C and F, as described on pages 24-26 of the SPD, an Early Retirement Pension and a Deferred Pension are first calculated in the same way as if the participant were retiring on a Regular Pension. For benefit accruals earned on or before December 31, 2005, this amount is then reduced by 1/4 of 1% for each month that the participant is younger than age 65 on the day his pension starts. For benefit accruals earned on or after January 1, 2006, the amount the participant would receive if he were retiring under a Regular Pension is reduced by 1/3 of 1% for each month that he is younger than age 65 on the day his pension starts.

Under the Schedule, for participants in Programs C and F with pension starting dates on and after January 1, 2011, an Early Retirement Pension and a Deferred Pension will be calculated by reducing a participant's Regular Pension at age 65 by ½ of 1% for each month the participant is younger than age 65 on the day his pension starts.

Example 4: The same facts set forth in Example 1 above apply, except that Paul is a participant in Program C.

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$500 (amount of Paul's monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on or before December 31, 2005)
¼ of 1% x 96 (number of months between ages 65 and 57) = 24%
$500 x 24% = $120 (this is the Early Retirement reduction for this 10 years of pension credit)

$500 (amount of monthly Regular Pension if payments start at age 65 attributable to 10 years of pension credit earned on and after January 1, 2006)
1/3 of 1% x 96 (number of months between ages 65 and 57) = 32%
$500 x 32% = $160 (this is the Early Retirement reduction for this 10 years of pension credit)

$120 + $160 = $280 (this is the total Early Retirement reduction)
$1,000 - $280 = $720 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $720 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

Application of Early Retirement Reductions to Participants in Program G

Under the current Plan, for participants in Program G who do not participate in "Plan 62," as described on page 26 of the SPD, an Early Retirement Pension and Deferred Pension are first calculated in the same way as if the participant were retiring on a Regular Pension. This amount is then reduced by ½ of 1% for each month that the participant is younger than age 65 on the day his pension starts.

Under the current Plan, for participants in Program G who participate in "Plan 62," as described on page 26 of the SPD, the amount the participant would receive if he were retiring under a Regular Pension is reduced by ¼ of 1% for each month he is younger than age 62 on the day his pension starts, with no reduction if the participant is age 62 or older.

Under the Schedule, for participants in Program G, regardless of whether or not they participate in "Plan 62," with pension starting dates on and after January 1, 2011, an Early Retirement Pension and a Deferred Pension will be calculated by reducing a participant's Regular Pension at age 65 by ½ of 1% for each month the participant is younger than age 65 on the day his pension starts.

Example 5: The same facts set forth in Example 1 above apply, except that Paul is a participant in Program G who does not participate in "Plan 62."

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

Example 6: The same facts set forth in Example 1 above apply, except that Paul is a participant in Program G who participates in "Plan 62."

Under the current Plan, Paul's Early Retirement Pension is calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65, or age 62 with 5 years of pension credit)
1/4 of 1% x 60 (number of months between ages 62 and 57) = 15%
$1000 x 15% = $150 (this is the Early Retirement reduction)

$1,000 - $150 = $850 (monthly pension if payments start at age 57)

Paul would receive an Early Retirement Pension of $850 per month if he retires and starts his pension immediately at age 57, under the current Plan.

Under the Schedule, with a pension starting date on or after January 1, 2011, Paul's Early Retirement Pension will be calculated as follows:

$1000 (amount of Paul's monthly Regular Pension if payments start at age 65)
1/2 of 1% x 96 (number of months between ages 65 and 57) = 48%
$1000 x 48% = $480 (this is the Early Retirement reduction)

$1,000 - $480 = $520 (monthly pension if payments start at age 57)

Paul will receive an Early Retirement Pension of $520 per month if he retires and starts his pension immediately at age 57, with a pension starting date on or after January 1, 2011.

2. Elimination of Service Pension for Programs D, E, and F.

Under the current Plan, as described on pages 14 and 28 of the SPD, a participant in Program D, E, or F is eligible to receive a Service Pension that pays him his full retirement benefit (not reduced for early retirement) if he retires with 30 years of pension or vesting credit regardless of his age, or at age 62 with 20 years of pension or vesting credit.

Under the Schedule, beginning with pension starting dates on and after January 1, 2011, the Service Pension, is eliminated. This means that on and after January 1, 2011, a participant in Program D, E, or F who is not eligible for a Disability Pension will not be eligible to receive his full retirement benefit until age 65, when he is eligible to receive a Regular Pension. The only benefit (other than a Disability Pension) that can be received before a Regular Pension is the Early Retirement Pension or a Deferred Pension calculated in the same manner as the Early Retirement Pension.

<u>Example 1</u>: Tim participates in Program F and is retiring at age 52 with 30 years of pension credit. If he were to retire at age 65, he would receive a Regular Pension benefit of $1,000 per month.

Under the current Plan, he meets the requirements for a Service Pension because he has 30 years of pension credit and therefore he will receive a benefit of $1,000 per month, beginning at age 52.

Under the Schedule, if Tim retires at age 52 with an intended pension starting date on or after January 1, 2011, he will not be eligible for the eliminated Service Pension, or any other retirement benefit (other than the Disability Pension). Tim would not be eligible to receive a retirement benefit until he reaches age 55, when he would be eligible to receive an Early Retirement Pension or Deferred Pension, calculated by reducing his Regular Pension at age 65 by ½ of 1% for each month he is younger than age 65. Tim would not be eligible to receive his full retirement benefit of $1,000 per month unless he commences his benefit at age 65.

Example 2: Danielle participates in Program D and is retiring at age 57 with 30 years of pension credit. If she were to retire at age 65, she would receive a Regular Pension benefit of $1,000 per month.

Under the current Plan, she meets the requirements for a Service Pension because she has 30 years of pension credit and therefore she will receive a benefit of $1,000 per month, beginning at age 57.

Under the Schedule, if Danielle retires at age 57 with a pension starting date on or after January 1, 2011, she will not be eligible for the eliminated Service Pension. She is eligible to retire under an Early Retirement Pension, calculated by reducing her Regular Pension at age 65 by ½ of 1% for each month she is younger than age 65. With a pension starting date at age 57, Danielle will receive an Early Retirement Pension benefit of $520 per month. Danielle would not be eligible to receive her full retirement benefit of $1,000 per month unless she commences her benefit at age 65.

Example 3: Andrew participates in Program E and is retiring at age 62 with 25 years of pension credit. If he were to retire at age 65, he would receive a Regular Pension benefit of $1,000 per month.

Under the current Plan, he meets the requirements for a Service Pension because he has at least 20 years of pension credit and therefore he will receive a benefit of $1,000 per month, beginning at age 62.

Under the Schedule, if Andrew retires at age 62 with a pension starting date on or after January 1, 2011, he will not be eligible for the eliminated Service Pension. He will be eligible to retire under an Early Retirement Pension, calculated by reducing his Regular Pension at age 65 by ½ of 1% for each month he is younger than age 65. With a pension starting date at age 62, Andrew will receive an Early Retirement Pension benefit of $820 per month. Andrew would not be eligible to receive his full retirement benefit of $1,000 per month unless he commences his benefit at age 65.

3. Elimination of Eligibility for Normal Pension Prior to Age 65 for Program G, Plan 62.

Under the current Plan, as described on page 12 of the SPD, a participant participating in "Plan 62" under Program G is eligible to receive a Regular Pension prior to reaching age 65 if he has at least 5 years of pension credit and is age 62 or older.

Under the Schedule, beginning with pension starting dates on and after January 1, 2011, participants in "Plan 62" under Program G will no longer be eligible to retire on a Regular Pension prior to age 65.

Example: Meredith participates in "Plan 62" under Program G and is retiring at age 62 with 20 years of pension credit. If she were to retire at age 65, she would receive a Regular Pension benefit of $1,000 per month.

Under the current Plan, she meets the requirements for a Regular Pension at age 62 because she has at least 5 years of pension credit and therefore she will receive her full retirement benefit of $1,000 per month at age 62.

Under the Schedule, if Meredith retires at age 62 with a pension starting date on or after January 1, 2011, she will not be eligible to retire with a Regular Pension. She will be eligible to retire under an Early Retirement Pension, calculated by reducing her Regular Pension at age 65 by ½ of 1% for each month she is younger than age 65. With a pension starting date at age 62, Meredith will receive an Early Retirement Pension benefit of $820 per month. Meredith would not be eligible to receive a Regular Pension consisting of her full retirement benefit unless she retires at age 65.

4. Elimination of 60-Month and 120-Month Payment Guarantees

Under the current Plan, as described on pages 30 and 33 of the SPD, the Plan provides for an optional form of benefit payment in the form of a Life Annuity and Sixty Guaranteed Monthly Payments Option for participants in Programs A-G and a Life Annuity and 120 Certain Payments Option for participants in Program G. The Life Annuity and Sixty Guaranteed Monthly Payments Option is the standard form of payment for a single participant in Programs A-G. Plan participants who formerly participated in the Huhtamaki Plan, which merged into the Plan on December 31, 2002, or the Banner Plan, which merged into the Plan on August 1, 2002, are currently entitled to a ten-year certain and life annuity as the standard form of payment for former unmarried participants and as an optional form of payment for former married participants. The Life Annuity and Sixty Guaranteed Monthly Payments Option provides equal monthly payments for life and guarantees the participant a minimum of 60 equal monthly payments. The Life Annuity and 120 Certain Payments Option and the ten-year certain and life annuity provide equal monthly payments for life and guarantee the participant a minimum of 120 equal monthly payments. If the participant dies before receiving 60 or 120 monthly payments, his beneficiary receives the balance of the 60 or 120 payments.

Under the Schedule, beginning with pension starting dates on and after January 1, 2011, the 60-month and 120-month guarantees are eliminated from the Life Annuity form of benefit payment. The standard form of payment for an unmarried participant in Programs A-G, and participants in the Plan who formerly participated in the Huhtamaki Plan or the Banner Plan, will be a Life Annuity providing equal monthly payments for life, with no benefit payable after the participant's death.

Example: Brian is an unmarried participant in Program B who is eligible to retire under a Regular Pension with a benefit of $1,000 per month.

Under the current Plan, if Brian selects the standard form of payment he will receive equal monthly payments of $1,000 for life and, if he dies before receiving 60 monthly payments, his beneficiary will receive the balance of the 60 payments of $1,000 per month.

Under the Schedule, if Brian retires with a pension starting date on or after January 1, 2011 and selects the standard form of payment, he will receive equal monthly payments of $1,000 for life, with no benefit payable to his beneficiary after his death. If Brian dies before receiving 60 monthly payments, no benefit will be payable to his beneficiary.

5. Reduction of Forms of Benefit Payments Other Than Life Annuities for Participants in Programs A-G

Under the current Plan, for participants in Programs A-G, forms of benefit payment other than a Life Annuity are determined based on the actuarial value of the Life Annuity and Sixty Guaranteed Monthly Payments Option. For example, as explained on page 30 of the SPD, the monthly benefit paid under the 50% Husband and Wife Pension form of benefit payment is determined by reducing the monthly benefit paid under the Life Annuity and Sixty Guaranteed Monthly Payments Option to account for the actuarial value of the monthly survivor benefit that is paid to your spouse if you die. Different actuarial factors apply to different benefits. For example, if a participant is eligible for a Regular Pension and is going to receive a 50% Husband and Wife Pension benefit, the participant will receive 90% of the amount he would have received as a single life annuity for his life, plus or minus .4% for each year his spouse's age is greater than or less than his age; and his spouse will receive 50% of the amount of his benefit upon his death for her life, if she is still alive.

Under the Schedule, for participants in Programs A-G, beginning with pension starting dates on and after January 1, 2011, forms of benefit payment other than a Life Annuity will be determined based on the actuarial value of the Life Annuity without a payment guarantee. Because the 60-month payment guarantee is eliminated from the Life Annuity form of benefit payment, the actuarial value of the Life Annuity is reduced. This means that all forms of benefit payment other than a Life Annuity will be similarly reduced. Different actuarial factors apply to different benefits. For example, if a participant is eligible for a Regular Pension and is going to receive a 50% Husband and Wife Pension benefit, the participant will receive 88% of the amount he would have received as a single life annuity for his life, plus or minus .4% for each year his spouse's age is greater than or less than his age; and his spouse will receive 50% of the amount of his benefit upon his death for her life, if she is still alive.

6. Elimination of Subsidized Pop-Up Benefit for Programs A-F.

Under the current Plan, as described on page 31 of the SPD, Programs A-F provide a "pop-up" benefit for pensions effective on or after May 1, 2001. This means that if a participant elects a Husband & Wife Pension and his spouse passes away, the participant's benefit will "pop-up" to the unreduced benefit amount, payable in the form of a single life annuity without any 60-month guarantee, beginning as of the first of the month following the death of the spouse. The amount of the benefit payment is not reduced to take into account this pop-up feature; hence it is a subsidized pop-up.

Under the Schedule, married participants in Programs A-F, who retire with a pension starting date on or after January 1, 2011, may select a Husband and Wife Pension with, or without, the pop-up feature. However, the pop-up feature will not be subsidized. This means that, if a participant selects the pop-up feature, the amount of the participant's monthly Husband and Wife Pension benefit will be reduced to account for the pop-up. The amount of the reduction will depend on the participant's age and the age of the participant's spouse so that the benefit has the same actuarial value as the benefit without the pop-up feature.

Example: Debbie is a married participant in Program C who is eligible to retire under a Regular Pension with an unreduced full retirement benefit of $1,000 per month. Debbie is age 65 and her spouse is the same age.

Under the current Plan, if Debbie elects a 50% Husband and Wife Pension, she will receive a monthly pension of $900 per month and her spouse would be eligible for $450 per month upon her death. If Debbie's spouse passes away before she dies, her monthly benefit will "pop-up" to the unreduced amount of $1,000 per month beginning as of the first of the month following the death of her spouse.

Under the Schedule, if Debbie retires with a pension starting date on or after January 1, 2011, she will have the option of electing her 50% Husband and Wife Pension with or without the pop-up feature. If she does not elect the pop-up feature, she will receive the reduced 50% Husband and Wife Pension of $880 per month to her and $440 to her spouse upon her death and this amount will not increase if her spouse passes away first.

Under the Schedule, if Debbie elects the pop-up feature, her 50% Husband and Wife Pension will be reduced to account for the pop-up, and she will receive a monthly benefit of $870 per month and her spouse would be eligible for $435 per month upon her death. If her spouse passes away first, her monthly benefit will "pop-up" to the unreduced amount of $1,000 per month beginning as of the first of the month following the death of her spouse.

The following changes are effective on and after January 1, 2011:

1. Elimination of Pre-Retirement Death Benefit for Single Participants for Programs A-F.

Under the current Plan, as described on page 37 of the SPD, if a participant in any of Programs A-F is unmarried and dies in covered employment with at least 5 years of pension or vesting credits, his beneficiary will be entitled to a lump sum death benefit. This death benefit is equal to 1,000 times the applicable contribution rate at the time of the participant's death, multiplied by the number of years of pension credit earned by the participant.

Under the Schedule, effective on and after January 1, 2011, this death benefit is eliminated. In addition, as explained in the Notice of Critical Status Certification sent on April 30, 2010, under federal law, the Fund was prohibited from paying this lump sum death benefit to beneficiaries of participants who die after the date the Notice was provided. This means that this death benefit will not be paid to beneficiaries of participants who die after April 30, 2010.

2. Elimination of 60 Month Pre-Retirement Death Benefit for Unmarried Participants for Program G.

Under the current Plan, as described on page 37 of the SPD, if a participant in Program G is unmarried and vested in a pension benefit and dies after reaching age 55, but before starting a benefit, his beneficiary may be eligible for a 60-month death benefit. This death benefit is payable in the amount of the monthly benefit the participant would have received as a single life annuity if the participant had retired on the date of his death. The beneficiary may elect to receive the death benefit either in 60 monthly payments or as a single lump sum. However, as explained in the Notice of Critical Status Certification sent on April 30, 2010, under federal law, the Fund is prohibited from paying this death benefit as a lump sum to beneficiaries of participants who die after the date the Notice was provided. This means that, for participants who die after April 30, 2010, their beneficiaries may only receive this death benefit in the form of 60 monthly payments.

Under the Schedule, effective on and after January 1, 2011, this death benefit is eliminated. This means that this death benefit will not be paid, either as a lump sum or 60 monthly payments, to beneficiaries of participants who die on or after January 1, 2011.

C. Reductions in Future Benefit Accruals

The Schedule will result in the following changes that will decrease the rate of future benefit accruals for certain participants in Programs A-G who work an hour for which contributions are due on their behalf on and after January 1, 2011. <u>Your accrued monthly benefit calculated as of December 31, 2010 is not changing. These changes affect only your benefit for hours worked on and after January 1, 2011.</u> Participants in Program H will receive another notice explaining any changes that will decrease their rate of future benefit accruals.

1. Benefit Accruals Determined Based On Sum of Accruals for Each Calendar Year Worked.

For pension credit earned on and after January 1, 2011, benefit accruals earned for each calendar year will be determined based on the benefit level(s) in effect for that calendar year. This is the same way that benefits accruals are calculated for most participants in Programs D, E, and F. <u>Your accrued monthly benefit calculated as of December 31, 2010 is not changing. This change affects only your benefits that are attributable to hours worked on and after January 1, 2011.</u>

Application of Elimination of Use of Final Benefit Level to Participants in Programs A, B, and C (and Participants in Programs D, E, or F Who Were Employed By a Blue Ridge Company or Any Successor Company That Was Participating in Program D, E, or F Prior to October 1, 2000, or Who Were Employed By National Performance Packaging)

Under the current Plan, your monthly pension benefit is equal to your years of pension credit multiplied by the monthly benefit level applicable to you on the last day for which your employer is obligated to make contributions on your behalf. Additional information regarding your applicable monthly benefit level may be found on page 16 of the SPD. As discussed below, for pension credit earned prior to January 1, 2011, this monthly benefit will not change.

Under the Schedule, the portion of your monthly pension benefit for pension credits earned prior to January 1, 2011 is equal to your years of pension credit earned prior to January 1, 2011, multiplied by the monthly benefit level applicable to you on the last day prior to January 1, 2011, for which your employer was obligated to make contributions on your behalf, determined as of December 31, 2010. The portion of your monthly pension benefit attributable to pension credits earned on and after January 1, 2011, is equal to the sum of your annual pension accruals for each calendar year of participation on and after January 1, 2011. An annual pension accrual is determined by multiplying your average benefit level for a calendar year by your pension credit for that calendar year. Your average benefit level for a calendar year is determined based on the benefit level(s) applicable to you during that calendar year.

<u>Example</u>. Mark, a participant in Program A, is retiring at age 65 with 20 years of pension credit for work performed from January 1, 2001 to December 31, 2020. He earned 10 years of pension credit prior to January 1, 2011 and earned 10 years of pension credit on and after January 1, 2011. On January 1, 2001, his benefit level was $20. His benefit level increased to $25 on January 1, 2008 and further increased to $30 on January 1, 2014.

Under the current Plan, Mark's benefit would be calculated as follows:

Applicable benefit level = $30
20 years of pension credit x $30 per month = $600
Mark would receive a monthly benefit of $600

Under the Schedule, Mark's benefit will be calculated as follows:

<u>Portion of monthly benefit for pension credit earned prior to January 1, 2011:</u>

Applicable benefit level = $25
10 years of pension credit x $25 per month = $250

<u>Portion of monthly benefit for pension credit earned on and after January 1, 2011:</u>

Year of Work	*Annual Accrual*	*Accrued Benefit*
2011-2013	$25 (3 yrs. x $25)	$ 75
2014-2020	$30 (7 yrs. x $30)	<u>$210</u>
		$285

$250 + $285 = $535
Mark would receive a monthly benefit of $535

Application of Elimination of Final Accrual Rate to Participants in Program G

Under the current Plan, your monthly pension benefit is equal to your applicable accrual rate multiplied by your total pension credit. Your applicable monthly accrual rate is determined based on the average monthly accrual rate that applied to you during your last 50 tenths of pension credit (*i.e.*, if you worked continuously, your last 5 years of pension credit). As discussed below, for pension credit earned prior to January 1, 2011, this monthly benefit will not change.

Under the Schedule, the portion of your monthly pension benefit for pension credits earned prior to January 1, 2011 is equal to your applicable accrual rate multiplied by your pension credits earned prior to January 1, 2011. Your applicable monthly accrual rate is determined based on the average monthly accrual rate that applied to you during your last 50 tenths of pension credit earned prior to January 1, 2011 (or all pension credit earned prior to January 1, 2011 if you earned less than 50 tenths of pension credit prior to January 1, 2011), determined as of December 31, 2010. The portion of your monthly pension benefit for pension credits earned on and after January 1, 2011 is equal to the sum of your annual pension accruals for each calendar year on and after January 1, 2011. An annual pension accrual is determined by multiplying your average accrual rate for a calendar year by your pension credit for that calendar year. Your average accrual rate for a calendar year is determined based on the accrual rate(s) applicable to you during a calendar year.

<u>Example</u>. Tom, a participant in Program G, is retiring at age 65 with 20 years of pension credit for work performed continuously from January 1, 2001 to December 31, 2020. On January 1, 2006, the accrual rate applicable to Tom was $28. The accrual rate applicable to Tom increased to $30 on January 1, 2011 and further increased to $34 on January 1, 2016.

Under the current Plan, Tom's benefit would be calculated as follows:

An accrual rate of $34.00 applied to Tom for each of his last 50 tenths of pension credit. Therefore, his average monthly accrual rate (over his last 50 tenths of pension credit) is $34.00.

$34 x 20 = $680 (applicable accrual rate x years of pension credit = monthly benefit)

Tom would receive a monthly benefit of $680.

Under the Schedule, Tom's benefit will be calculated as follows:

<u>Portion of monthly benefit for pension credit earned prior to January 1, 2011:</u>

An accrual rate of $28.00 applied to Tom for each of his last 50 tenths of pension credit earned prior to January 1, 2011. Therefore, his average monthly accrual rate (over his last 50 tenths of pension credit) is $28.00.

$28 x 10 = $280 (applicable accrual rate x years of pension credit = monthly benefit for pension credit earned prior to January 1, 2011)

<u>Portion of monthly benefit for pension credit earned on and after January 1, 2011:</u>

Year of Work	*Annual Accrual*	*Accrued Benefit*
2011-2015	$30 (5 yrs. x $30)	$150
2016-2020	$34 (5 yrs. x $34)	<u>$170</u>
		$320

$280 + $320 = $600
Tom would receive a monthly benefit of $600

2. Increase in Hours of Service Required for Pension Credit for Participants in Programs A-G.

For calendar years on and after January 1, 2011, participants in Programs A-G must have at least 2,040 hours for which contributions are due on their behalf in a calendar year to receive one full pension credit for that calendar year.

Under the current Plan, as explained on pages 3 and 4 of the SPD, a participant in Programs A-F receives one full year of future service credit for each calendar year in which the participant has at least 1,760 hours for which contributions are due on his behalf. If a participant in Programs A-F works less than 1,760 hours in a calendar year for which contributions are due on his behalf, he will receive either ¾, ½, ¼, or 0 years of future service credit, depending on the number of hours in that calendar year for which contributions are due on his behalf. A participant in Program G receives one full year of future service credit for each calendar year in which the participant has at least 1,800 hours for which contributions are due on his behalf. If a participant in Program G works less than 1,800 hours in a calendar year for which contributions are due on his behalf, he will receive from 0-9 tenths of future service credit, depending on the number of hours in that calendar year for which contributions are due on the participant's behalf. Under the new Schedule, these rules will not change for future service credit earned before January 1, 2011.

For calendar years before January 1, 2011, the following tables show how much future service credit a participant will receive in a calendar year, based on the number of hours the participant works for which contributions are due:

Programs A-F

Hours for which Contributions are Due in a Calendar Year	Years of Pension Credit
1,760 or more	1
1,320-1,759	¾
880-1,319	½
440-879	¼
Less than 440	0

Program G

Hours for which Contributions are Due in a Calendar Year	Years of Pension Credit
0-99	0
100-199	1/10
200-399	2/10
400-599	3/10
600-799	4/10
800-999	5/10
1,000-1,199	6/10
1,200-1,399	7/10
1,400-1,599	8/10
1,600-1,799	9/10
1,800 or more	1

Under the Schedule, for calendar years after December 31, 2010, the following table shows how much future service credit a participant in Programs A-G will receive in a calendar year, based on the number of hours the participant works for which contributions are due on his behalf:

Programs A-G

Hours for which Contributions are Due in a Calendar Year	Years of Pension Credit
2,040 or more	1
1,530-2,039	¾
1,020-1,529	½
510-1,019	¼
Less than 510	0

3. Increase In Hours of Service Required to Treat Highest Contribution Rate as Average Hourly Contribution Rate for Programs D-F.

Under the current Plan, as described on page 17 of the SPD, a participant in Programs D-F's annual pension accrual for a calendar year is based on his average contribution rate for that calendar year.

The average contribution rate for a calendar year is determined based on the contribution rate(s) applicable to a participant during a calendar year. However, under the current Plan, if a participant is credited with 1,760 hours of service at the highest contribution rate in a calendar year, his average contribution rate for that calendar year will automatically be that highest contribution rate.

Under the Schedule, after December 31, 2010, a participant in Programs D-F must be credited with 2,040 hours of service at the highest contribution rate in a calendar year for that highest contribution rate to automatically be his average contribution rate for that calendar year.

4. Elimination of Credit for Periods of Absence from Covered Employment Due to Disability for Programs A-F.

Under the current Plan, as described on page 8 of the SPD, participants in Programs A-F may receive future service credit of up to one year for each period of disability that immediately follows a period of work in covered employment. Under the Plan, "covered employment" is work for which contributions are due on a participant's behalf. To qualify for this future service credit, the participant must file a claim in writing to the Trustees not later than 12 months after the period of disability.

Under the Schedule, participants in Programs A-F will remain eligible for up to one year of future service credit for each period of disability that immediately follows covered employment until December 31, 2010. After December 31, 2010, participants in Programs A-F will not receive future service credit for any periods of disability for which no contributions are due on their behalf.

5. Increase in Hours Required for Vesting Service and Elimination of Partial Years for Program G.

For calendar years on and after January 1, 2011, participants in Program G will no longer receive partial years of vesting service and must have at least 1,000 hours for which contributions are due on their behalf for a calendar year to receive a year of vesting service for that calendar year.

A participant's years of vesting service determine his eligibility for the types of pensions available under the Plan. Generally, a participant must have 5 years of vesting service to be eligible for any benefit under the Plan. Under the new Schedule, the Program G rules for vesting service will not change for vesting service earned prior to January 1, 2011.

Under the current Plan, as described on page 9 of the SPD, participants in Program G receive one year of vesting service for each calendar year in which they worked at least 750 hours for which contributions are due on their behalf. In addition, if a participant in Program G works one hour in covered employment on or after January 1, 1994, and completes less than 750 hours of work in a calendar year for which contributions are due on his behalf, the participant will receive from 0-9 tenths of a year of vesting service, depending on the number of hours in that calendar year for which contributions are due on the participant's behalf. For calendar years before January 1, 2011, the following table shows how much vesting service a participant in Program G who works one hour in covered employment on or after

January 1, 1994 will receive in a calendar year, based on the number of hours the participant works for which contributions are due:

Hours of Work for which Contributions are Due in a Calendar Year	**Tenths of Vesting Service for Calendar Year**
0-149	0
150-224	2
225-299	3
300-374	4
375-449	5
450-524	6
525-599	7
600-674	8
675-749	9
750 or more	10

Under the Schedule, for calendar years after December 31, 2010, participants in Program G will receive one year of vesting service for each calendar year in which they worked at least 1,000 hours for which contributions are due on their behalf.

D. Rights and Remedies for Participants and Beneficiaries

Federal law requires that this Notice contain information as to the rights and remedies of Participants and Beneficiaries. For a complete statement of the rights of Participants and Beneficiaries under ERISA, including the right to examine or receive certain Plan documents or to file suit under ERISA, consult Section IX of your SPD. In addition, Section VII of the SPD describes your right to file an appeal should you experience a denial of benefits under the Plan, the Plan's procedures governing such appeals, and your right to file suit in a federal court. A copy of the SPD is available on the Fund's website at www.uswbenefitfunds.com.

To contact the Board of Trustees, write to:

Board of Trustees
PACE Industry Union-Management Pension Fund
3320 Perimeter Hill Drive
Nashville, TN 37211-4123

If you need further assistance understanding your rights under ERISA, you can contact the nearest office of the Employee Benefits Security Administration ("EBSA"), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, EBSA, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also contact EBSA by calling 1-866-444-EBSA [3272] or visiting the EBSA's website at: www.askebsa.dol.gov.