OUTSTATE MICHIGAN TROWEL TRADES FRINGE BENEFIT FUNDS

Michigan Trowel Trades Health and Welfare Fund
Outstate Michigan Trowel Trades Pension Fund
Outstate O.P.C.M.I.A. Apprenticeship Fund

Managed for the Trustees by:
TIC INTERNATIONAL CORPORATION

ANNUAL FUNDING NOTICE
Outstate Michigan Trowel Trades Pension Fund
Plan Year Beginning January 1, 2008

April 2009

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of your Pension Fund, the Outstate Michigan Trowel Trades Pension Fund (the "Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2008 and ending December 31, 2008 (referred to hereafter as "Plan Year").

Funded Percentage

The funded percentage of the Plan is a measure of how well the Plan is funded. 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. The Plan's funded percentage for the 2008 Plan Year and the two preceding Plan Years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2008	2007	2006
Valuation Date	January 1	January 1	January 1
Funded Percentage	99%	95%	94%
Value of Assets	$56,252,948	$51,652,635	$48,751,674
Value of Liabilities	$56,574,450	$54,602,415	$51,936,949

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market value tends to show a clearer picture of the Plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows the Plan to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2008, the fair market value of the Plan's assets was $44,033,549. As of December 31, 2007, the fair market value of the Plan's assets was $56,785,419. As of December 31, 2006, the fair market value of the Plan's assets was $54,144,143.

Participant Information

The total number of Participants in the Plan as of the Plan's valuation date was 1,715. Of this number, 835 were Active Participants, 291 were Retired or separated from service and receiving benefits, and 589 were Retired or separated from service and entitled to future benefits.

Funding and Investment Policies

The law requires that the Plan have a procedure for establishing a funding policy to carry out its objectives. The funding policy relates to the level of contributions needed to pay for the benefits promised under the Plan currently and over the years. The Plan's funding policy can be summarized as follows:

> Benefits under the Plan are provided through a trust. Contributions and investment returns together fund current and future liabilities. Contributions are obtained directly from participating employers, based on hours worked by Plan participants at rates specified in the collective bargaining agreements.

The money contributed to the Plan is invested by the Plan's Trustees, who are called fiduciaries. Specific investments are made in accordance with the Plan's investment policy, which is a written statement with guidelines or general instructions for the Trustees and the Plan's investment managers concerning various types or categories of investment management decisions.

The investment policy of the Plan can be summarized as follows:

> The federal law says that the Fund's Trustees are responsible for investing the assets of the Plan. To assist them in carrying out this responsibility, the Trustees have delegated authority to manage the assets, as permitted by federal law, to Investment Managers with the skills and specialized research facilities needed to assure expertise in financial market investments. The Trustees have also engaged the services of an Investment Consultant to assist them in selecting and evaluating the performance of the Investment Managers. The Trustees, Investment Managers and Investment Consultant shall, as fiduciaries, adhere to the "prudent man rule" under the federal laws that apply or may in the future apply to the Fund's investments. More specifically, they must adhere to the safeguards and diversification standards that a prudent investor would adhere to and all transactions undertaken on behalf of the Plan must be for the sole interest of Plan Participants and their Beneficiaries.

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 assets:

Asset Allocations	**Percentage**
1. Interest-bearing cash	1.13%
2. Corporate stocks (other than employer securities):	1.03%
Common Stock	31.46%
3. Real Estate	8.80%
4. Value of interest in common/collective trusts	2.66%
5. Value of Interest in 103-12 investment entities	12.12%
6. Value of interest in registered investment companies (e.g., mutual funds)	30.61%
7. Buildings and other property used in plan operation	0.10%
8. Other	12.08%

For information about the Plan's investment in any common/collective trusts or 103-12 investment entities as described in the chart above contact Board of Trustees of the Outstate Michigan Trowel Trades Pension Fund, 6525 Centurion Drive, Lansing, MI 48917-9275 or at (517) 321-7502.

Critical or Endangered Status

Under federal pension law, the Plan generally will be considered to be in “endangered” status if, at the beginning of the Plan Year, its funded percentage is less than 80 percent or to be in “critical” status if the funded percentage is less than 65 percent (other factors may also apply). If the Plan enters endangered status, the Trustees are required to adopt a funding improvement plan. If the Plan enters critical status, the Trustees are required to adopt a rehabilitation plan. The rehabilitation or funding improvement plan must establish steps and benchmarks for the Plan to improve its funding status over a specified period of time. The Plan was not in either endangered or critical status in the 2008 Plan Year.

Events with Material Effect on Assets or Liabilities

Federal law requires the Trustees to provide in this notice a written explanation of events in the current 2009 Plan Year which are expected to have a material effect on the Plan’s liabilities or assets. For the Plan Year beginning on January 1, 2009 and ending on December 31, 2009, there are no events that are expected to have such an effect. However, on March 31, 2009, the Plan’s actuary certified to the U.S. Department of the Treasury and to the Board of Trustees (the plan sponsor) that the Plan is in endangered status for the Plan Year beginning January 1, 2009. Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) allows the Board of Trustees to freeze the PPA funding status from the prior year, so the Fund will be treated as though it were certified green for the 2009 Plan Year. The Board of Trustees elected, effective March 31, 2009, to freeze the 2008 certification of green for the Plan Year beginning on January 1, 2009. As a result, the Fund is not required to develop a funding improvement plan; however, the Board of Trustees remains committed to the proper funding of your pension benefits and assures you that they will take appropriate actions to meet this goal. Additional contribution rate increases and/or benefit reductions are anticipated. You will receive a separate notice identifying and explaining any changes in benefits.

Right to Request a Copy of the Annual Report

The Plan is required to file an annual report (Form 5500) with the U.S. Department of Labor containing financial and other information about the Plan. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the Board of Trustees at the address provided on the next page.

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. 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). A plan in reorganization status must notify Participants, contributing employers and the local unions that the Plan is in reorganization and that if contributions are not increased, accrued benefits under the Plan may be reduced or an excise tax may be imposed (or both).

Despite these special rules, a plan in reorganization could, nevertheless, become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due in that 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.

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 must 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, for each credited Year of Service. Thus, the PBGC's maximum guarantee is $35.75 per month times a Participant's credited Years of Service.

> **Example 1:** If a Participant with 10 credited Years of 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 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 x $33), or $35.75. Thus, the Participant's guaranteed monthly benefit is $357.50 ($35.75 x 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 x $9), or $17.75. Thus, the Participant's guaranteed monthly benefit would be $177.50 ($17.75 x 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 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 Board of Trustees of the Outstate Michigan Trowel Trades Pension Fund at (517) 321-7502 or 6525 Centurion Drive, Lansing, Michigan 48917-9275. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 38-6222545. 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).