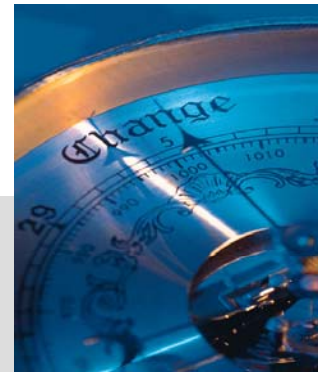


SERVICE BULLETIN



Higher Tennessee UI Tax Rates Expected Effective January 1, 2009

TO: Tennessee Clients
FROM: Kris Thorngren
RE: Anticipated UI Tax Rate Increase in Tennessee
DATE: November 17, 2008

We anticipate that higher unemployment tax rates will take effect in Tennessee on January 1, 2009. Because of a significant increase in unemployment insurance claims in Tennessee, it is all but assured that a higher tax rate table will trigger into effect for all Tennessee employers except those assigned the new-employer tax rate and experience-rated employers with a negative reserve account balance.

Tennessee Employment Security Law provides that the appropriate tax rate table is based on the balance in the Tennessee Unemployment Trust Fund, and the tax rate table is determined for six-month periods, beginning each January 1st and July 1st.

Currently Premium Table 4 is in effect. However, the trust fund balance has decreased significantly to the \$450 million - \$500 million range. It is most likely that the trust fund balance will be in this range on December 31st, in which case Premium Table 2 (containing higher tax rates) will take effect. This will be the first time there has ever been a two-table increase on a January 1st.

It is possible, but less likely, that an even higher rate table (Premium Table 1) will take effect if the trust fund deteriorates more rapidly between now and the end of the year.

Following is a chart of all tax rate tables. You can pick out your current tax rate on Premium Table 4 and determine your anticipated tax rate on Premium Table 2 or Premium Table 1. You will note that if your current tax rate is 5% or higher, there will be no change in your tax rate on January 1st.

We are providing this information to assist you with budgeting. Please forward this message to any appropriate person in your company who may find this useful for budgetary purposes.

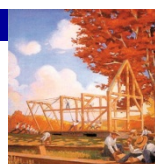
The Tennessee Department of Labor and Workforce Development has not yet announced a rate table change and revised rates will not be assigned until after January 1, 2009. We will advise you as more information becomes available.

-more-


Thomas & Thorngren, Inc.

SERVICE BULLETIN

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TN UI Tax Rate Increase...continued

Premium Rate Charts		
<i>Previous Tax Rate Under Premium Table 4</i>	<i>New Tax Rate Under Premium Table 2</i>	<i>New Tax Rate Under Premium Table 1</i>
0.30%	0.45%	0.50%
0.35%	0.65%	0.70%
0.40%	0.70%	0.90%
0.45%	0.75%	1.10%
0.50%	1.20%	1.30%
0.75%	1.40%	1.60%
1.00%	1.80%	2.10%
1.20%	2.10%	2.50%
1.50%	2.50%	2.90%
1.80%	2.80%	3.30%
2.10%	3.20%	3.80%
2.40%	3.50%	4.10%
3.00%	3.90%	4.50%
5.00%	5.00%	5.00%
5.50%	5.50%	5.50%
6.00%	6.00%	6.00%
6.50%	6.50%	6.50%
7.00%	7.00%	7.00%
7.50%	7.50%	7.50%
8.00%	8.00%	8.00%
8.50%	8.50%	8.50%
9.00%	9.00%	9.00%
9.50%	9.50%	9.50%
10.00%	10.00%	10.00%