

Notice of Seriously Endangered Status for the 2009-10 Plan Year
for

Plumbers and Pipefitters National Pension Fund

To: All Participants, Participating Unions, and Contributing Employers

From: Board of Trustees

Date: October 29, 2009

The Pension Protection Act of 2006 (PPA) added new rules for measuring the funding status of multiemployer pension plans such as the Plumbers and Pipefitters National Pension Fund (“National Pension Plan” or “Plan”).

The PPA requires that each multiemployer pension plan's actuary determine and certify the annual funding status of the plan within the first 90 days of each plan year. Under these new requirements, the certification must be provided to the Treasury Secretary and the Board of Trustees of the Plan. If the actuary determines that the plan is in “endangered” or “seriously endangered” status (“yellow zone”) or “critical” status (“red zone”), the trustees must notify all plan participants, contributing employers and other stakeholders, as well as take corrective action as prescribed in the PPA to improve the funding position of the plan.

Yellow Zone Status

This letter will serve as the PPA required notice that the actuary of the Plan has certified that the National Pension Plan is in seriously endangered (yellow zone) status for the 2009-2010 Plan year. This determination was made because, based on the PPA's new funding measures, the National Pension Plan is projected to have a funding deficiency within seven years and the Plan is 71.61% funded as of July 1, 2009.

Funding Improvement Plan

The PPA also requires that the trustees of any multiemployer pension plan in the yellow zone develop and adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to increase the plan's funding percentage, improve the ratio of assets to liabilities and avoid an accumulated funding deficiency. The Plan's Board of Trustees (“Trustees”) must develop the FIP before June 2010. The FIP will include alternative schedules of prospective benefit adjustments, contribution rate increases, or both, from which the parties to the collective bargaining agreements may choose when those collective bargaining agreements expire, if not sooner.

As you are aware, the Trustees have previously taken serious corrective steps to improve the funding status of the Plan. This was done before the PPA's requirement became part of the law. The PPA requires that additional steps be taken through a FIP. You have a right to receive a copy of the Funding Improvement Plan once it is accepted.

The PPA requires that the Plan's funded status be reviewed and certified annually, and notices like this one must be sent each year. There are several variables beyond the Trustees' control that are monitored carefully, including investment market volatility and changes in employment levels, which could affect the Plan's status and the corrective actions to be taken in the future.

Because the National Pension Plan is seriously endangered, the PPA does not allow the Trustees to accept any revised collective bargaining agreement that reduces contribution rates, provides a contribution holiday, or excludes younger or newly hired employees from participation.

Federal law requires that this notice be provided to you. We understand that legally required notices like this one can create anxiety and concern about the National Pension Plan's future. The Trustees remain confident that the National Pension Plan is well positioned to continue providing participants and beneficiaries with their retirement benefits. The Trustees are committed to taking all appropriate actions to fix the Plan's funding position.

For further information: You may email your inquiry to: AFN@ppnpf.com or mail your inquiry to:

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