

Plumbers and Pipefitters Local No. 396 Pension Fund

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Austintown, Ohio 44515

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NOTICE OF SERIOUSLY ENDANGERED STATUS FOR PLUMBERS AND PIPEFITTERS LOCAL PENSION FUND

This is to inform you that on September 16, 2008 the plan actuary certified to the U.S. Department of the Treasury and to the plan sponsor that the plan is in seriously endangered status for the plan year beginning July 1, 2008. Federal law required that you receive this notice. This is a new law; in the future you will receive an annual update of this status and the progress the plan is making towards the goals described below.

SERIOUSLY ENDANGERED STATUS

The plan is considered to be in seriously endangered status because it satisfies both of the following criteria:

1. Funded percentage less than 80% - The plan's actuary determined that the plan's funded percentage is 65.2% on July 1, 2008. The "funded percentage" is the fraction of earned benefits that could be funded with existing Fund assets.
2. Projected accumulated funding deficiency within 7 years - The plan's actuary projects that, if no further action is taken, the plan will have an accumulated funding deficiency for the plan year ending June 30, 2014. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements, it does not mean that the plan would become bankrupt or run out of money.

As required by law, the plan actuary's certification includes only those contribution rates that have already been negotiated into the plan.

FUNDING IMPROVEMENT PLAN

Federal law requires pension plans in seriously endangered status to adopt a funding improvement plan aimed at restoring the financial health of the plan. The funding improvement plan requires that the plan's funded percentage improve at least one-fifth of the way to 100% over a 15 year period and result in no projected accumulated funding deficiencies during that period.

The Trustees will work with the plan actuary to identify funding improvement plans which satisfy these requirements. The Trustees will then submit at least two of these funding improvement plans to the bargaining parties for their consideration. Once the bargaining parties have adopted a funding improvement plan, you will be notified of any required increases to contribution rates and/or reductions to the rate at which benefits are earned.

FUTURE EXPERIENCE AND POSSIBLE ADJUSTMENTS

The funding improvement plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the plan were to suffer asset returns below the expected 8% (in 2008-2009 plan year or later), a drop in the hours worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

COMMITMENT TO CONTINUED IMPROVEMENT

With the adoption of a funding improvement plan, along with the ability to make future necessary changes, the Trustees anticipate that the Fund will emerge from seriously endangered status soon and continue to see improved funded percentages in the future. The Trustees maintain their commitment to providing a retirement benefit which you can rely upon to pay a lifetime benefit that will play a significant role in your overall retirement planning.

WHERE TO GET MORE INFORMATION

You have a right to receive a copy of the funding improvement plan once it has been formally approved. This should be completed by the Spring of 2009. To receive a copy, you may contact the fund office at 33 Fitch Boulevard, Austintown, Ohio 44515 or by telephone at (330) 270-0453.

September 30, 2008