PLUMBERS LOCAL 98
FRINGE BENEFIT FUNDS
P.O. BOX 159
TROY, MICHIGAN 48099-0159
(248) 641-4988 (866) 646-8919

Notice of Critical Status For
Plumbers Local 98 Defined Benefit Pension Fund
April 23, 2010

This is to inform you that on March 31, 2010, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Plumbers Local 98 Defined Benefit Fund (plan) is in critical status for the plan year beginning January 1, 2010. Federal law requires that you receive this notice.

Critical Status

The plan may be considered to be in critical status because it has funding or liquidity problems, or both. Although the plan is not projected to have liquidity problems, the plan's actuary has determined that over the current plan year (2010) and the next three plan years, the plan is projected to have an accumulated funding deficiency, more specifically, at the end of the 2012 plan year.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. The reductions will be effective as follows: (a) the reductions will not apply to any participant whose benefit commencement date is before April 23, 2010; (b) the reductions will apply to all participants whose benefit commencement date is on or after April 23, 2010; and (c) for those who have requested or applied for a pension benefit but are not yet in pay status, if the Fund Office confirms such request or application was made on or before April 23, 2010, and under existing plan rules the participant would qualify for a benefit commencement date of April 1, 2010, then the reductions will not apply.

Whether or not the plan reduces adjustable benefits in the future, effective as of April 23, 2010, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the first year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. As noted above, as part of the Rehabilitation Plan the Trustees may reduce or eliminate adjustable benefits and the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. As noted above, (a) the reductions will not apply to any participant whose benefit commencement date is before April 23, 2010; (b) the reductions will apply to all participants whose benefit commencement date is on or after April 23, 2010; and (c) for those who have requested or applied for a pension benefit but are not yet in pay status, if the Fund Office confirms such request or application was made on or before April 23, 2010, and under existing plan rules the participant would qualify for a benefit commencement date of April 1, 2010, then the reductions will not apply.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- □ Disability benefits (if not yet in pay status)
- □ Early retirement benefit or retirement-type subsidy
- □ Benefit payment options other than a qualified joint-and survivor annuity (QJSA)

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Important note: The bargaining parties have already taken action required by law so that this surcharge is currently not applicable, and intend to continue to take action as necessary so that this surcharge will not be imposed in the future.

Where to Get More Information

For more information about this Notice, you may contact the Fund Office, 700 Tower Drive, Suite 300, Troy Michigan 48098, telephone number 248-813-9800. You have a right to receive a copy of the rehabilitation plan from the plan.

W0859697