Notice of 2019 Plan Funding Status
For the
National Automatic Sprinkler Industry Pension Plan

To: All Participants, Beneficiaries, Contributing Employers and Sponsoring Unions

The Pension Protection Act of 2006 requires that the Plan's actuary determine annually the Plan's financial status under specific rules. This Notice is to inform you that on March 29, 2019, the Plan's actuary certified to the U.S. Department of the Treasury, and to the Trustees, that the Plan remains in critical status (Red Zone) for the Plan Year beginning January 1, 2019. **Federal law requires that you receive this Notice.**

Critical Status

The Plan was first considered to be in critical status for the Plan Year beginning January 1, 2009. In order to exit critical status, the Plan would need to have no accumulated funding deficiency projected for 10 years. The Plan's actuary found that the Plan currently has an accumulated funding deficiency; therefore, the Plan continues to be certified as critical status for 2019.

Rehabilitation Plan and Plan Changes

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. In addition to revising the Plan's formula for future benefit accruals and making similar changes, the law permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" as part of the rehabilitation plan. As you know, the Trustees adopted a Rehabilitation plan on April 30, 2009, which included reductions to some adjustable benefits for participants who were not yet retired on that date. Notices explaining these benefit changes were sent to you in April 2009 and October 2009. Additionally, you should know that, since May 1, 2009, the Plan has not been permitted to pay benefits in split-level optional form or the $2,000 partial lump sum form (or any other payment in excess of the monthly amount paid under a single life annuity) and this restriction remains while the Plan is in critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits, which the Trustees have the option to reduce or eliminate under the Rehabilitation Plan:

- Early retirement or retirement-type subsidies;
- Pre- and post-retirement lump sum death benefits;
- 100-month payment guarantees;
- Disability benefits not yet in pay status; and
- Benefit payment options other than a qualified joint and survivor annuity.

As you know, under the Rehabilitation Plan adopted in 2009, the early retirement subsidy was reduced.

The above listing of adjustable benefits is not an indication that Trustees intend to make any additional changes and there is no expectation that any such changes will be necessary in the future if progress continues to be made under the existing Rehabilitation Plan. Should any further changes be necessary under the Rehabilitation Plan, you will receive a separate notice in the future identifying and explaining the effect of any such changes. As always, any reduction in adjustable benefits will not reduce the level of a participant's basic benefit payable at the Plan's normal retirement age of 65.

Employer Surcharge

The law requires that all contributions to a plan in critical status are subject to a surcharge to help improve the plan's funding. 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 agreements. A five percent surcharge is applicable in the initial critical year, and a ten percent surcharge is applicable for each succeeding plan year in which the plan is in critical status, until the employer becomes subject to a collective bargaining agreement that includes terms consistent with the rehabilitation plan adopted by the trustees.

The NASI Pension Plan Board of Trustees adopted a Rehabilitation Plan on April 30, 2009 designed to improve the Pension Plan's funding status and satisfy the requirements of the law. Because all bargaining parties amended their collective bargaining agreements to be consistent with that Rehabilitation Plan by June 30, 2009, no surcharges were necessary.

What Lies Ahead and Where to Get More Information

We understand that legally required notices like this one can create concern about the Plan's future. While the Rehabilitation Plan is expected to be adequate to meet the standards that the law sets forth for plans in critical status, it will be necessary to reexamine the Plan's funding every year. Since the Plan is influenced by economic and financial variables beyond the Trustees' control (such as market volatility, economic changes affecting participation and other factors) unexpected developments can affect the Plan's funding status and the need for any future corrective actions.

If the Rehabilitation Plan is ever amended, any benefit or other Plan provision changes will be communicated to all affected individuals and parties before any changes become effective. Please remember that no future benefit changes will apply to any retiree or beneficiary in pay status with benefits that started by May 31, 2009.

Sincerely,

Board of Trustees

As required by law, this Notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the U.S. Department of Labor (DOL).