

Notice of Endangered Funding Status  
for  
Participants, Beneficiaries, Participating Unions and Contributing Employers  
of the

**The Steamfitters' Industry Pension Fund**

**April 25, 2008**

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

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer pension plans such as ours.

Starting with the 2008 plan year, the PPA requires that each multiemployer pension plan's actuary determine annually the plan's funding status, as defined in the PPA, under these new requirements and certify that status to the IRS and the plan sponsor. It is important to note that if the plan's funding status for a plan year is "endangered" or "critical," the plan sponsor must notify all plan participants and other interested parties, in writing of this certification, as well as take corrective action as prescribed in the PPA to restore the financial health of the plan.

Funding Status – "Endangered" (Yellow Zone)

This letter will serve as Notice to you that, on March 28, 2008, our actuary determined and certified that The Steamfitters' Industry Pension Fund is in "endangered" funding status for the plan year commencing on January 1, 2008. This determination was made because, based on the PPA's new funding measures, the Fund is currently less than 80% funded. "Endangered" is a funding status that the law designates, but in fact, the Fund is meeting its funding goals and is expected to continue doing so into the future.

The PPA requires every multiemployer pension plan in "endangered" status to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to increase a plan's funding percentage and to assure that contributions will be enough to meet the minimum required under the law. The FIP for the Fund will be developed by late fall 2008 and a notice describing it will be provided to the bargaining parties shortly after that.

Funding Improvement Plan

Our actuary has informed the Board that the negotiated contribution rates already in effect for The Steamfitters' Industry Pension Fund are expected to be sufficient to fund the benefits that



participants are earning each year, to pay the Fund's operating costs, and to amortize over a 10-year period the unfunded actuarial liability for Plan benefits. In other words, based on anticipated experience and reasonable actuarial assumptions, the actuary estimates the Fund should reach a 100% funded level on or before the end of the 10-year period. The contributions to the Pension Fund have been roughly \$30 to \$35 million a year, and we hope and expect that the Fund's funding percentage will continue to improve, in line with the requirements of the PPA.

Based on this information, the Board does not expect that any changes in benefits or contributions will be needed to meet the PPA's requirement for a Funding Improvement Plan while the current CBA is in effect. Further, while the Fund is in an endangered funding status, we do not expect (and will be restricted from making) any amendments to the Fund that would be inconsistent with our Funding Improvement Plan.

Please note that the PPA mandates that our Fund's funding status be reviewed and certified annually and notices like this one will be sent to you each year. In addition, the FIP will be reviewed and updated each year. While our goal is to remain on track with the Fund's funding schedule noted above, there are several variables beyond our control that our advisors will monitor yearly, including investment market volatility, changes in employment levels, and/or changes in the number of contributing employers.

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 Pension Fund's future. The Board of Trustees remains confident that the Fund will continue to provide our participants and their families with secure retirement benefits.

In the event you have questions or would like additional information, you may contact the Board of Trustees by contacting Kevin Driscoll, Executive Administrator, The Steamfitters' Industry Pension Fund, 5 Penn Plaza, New York, NY 10001-1810, phone: 212-465-8888.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor  
U.S. Pension Benefit Guaranty Corporation