

NOTICE OF ZONE STATUS AND ELECTION TO FREEZE STATUS FOR 2009

Plumbers and Pipefitters Local Union No. 25 Pension Plan EBSA/PUBLIC DISCLOSURE
EIN: 36-6129958, PN: 001

2009 JUL 14 AM 6: 50

To: All Participants, Beneficiaries, Local Unions, Contributing Employers, Pension Benefit Guaranty Corporation and Department of Labor

Background

The Pension Protection Act of 2006 ("PPA") amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer plans with the goal of improving the financial condition of these plans. PPA also developed status categories based on a plan's funding level. Beginning in 2008, the Plan's actuary is required to annually certify to the Secretary of the Treasury and the Plan's Board of Trustees whether or not the Plan is in Endangered or Critical Status (also referred to as being in the "yellow" zone or "red" zone). For the 2008 Plan Year, the actuary certified that the Plan was neither in Endangered nor Critical Status (that is, the plan was considered to be in the "green" zone). This is not the case for the Plan Year beginning April 1, 2009.

Due to the large losses suffered in the financial markets during the 2008 Plan Year (April 1, 2008 to March 31, 2009), the Plan's actuary has certified that the Plan is in Endangered Status for the 2009 Plan Year. The Plan is considered to be in Endangered Status because the Plan is funded below 80%.

Under the PPA, plans in Endangered Status must develop a funding improvement plan to increase the plan's funding status. This can be achieved by increases in the contribution rate per hour, reductions in future benefit accruals or a combination of both.

Election to Freeze Zone Status

The Worker, Retiree and Employer Recovery Act of 2008 (WRERA) was passed in December 2008. This law provides plan trustees with the option to freeze their plan's zone status for the 2009 plan year at the level determined for 2008. **This notice is to inform you that the Board of Trustees has elected, under section 204 of WRERA, to treat the Plan as being neither in Endangered nor Critical status for the plan year beginning on April 1, 2009.** This means that for the 2009 plan year, the requirements for plans in Critical or Endangered status will not apply. However; this election applies only for the current plan year. If the Plan is certified to be in Endangered or Critical status for 2010, notice of the Plan's status will be provided and steps will be taken to improve the Plan's funded situation, which may include increases in contributions and reductions in future benefit accruals.

Although the Board of Trustees has elected to freeze the Plan's status, actions have been taken to improve the Plan's funded percentage. In May 2009, the Union Membership agreed to increase the contribution rate from the current \$7.88 per hour to \$8.68 per hour, effective in November 2009.

What's Next?

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that the Board of Trustees takes its obligation to preserve the financial viability of the Plan very seriously. With the assistance of the Plan's actuary, legal counsel and other Plan professionals, and working with the contributing employers and the Union, the Trustees will continue to work towards strengthening the funded position of the Plan.

Since the Plan is influenced by economic and financial variables beyond our control (e.g. market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Plan's status and any future corrective actions needed. The Board of Trustees is continuously monitoring and reviewing the Plan's progress with its professional advisors.

Additional information can be obtained from the Plan Office at (309) 794-1170 or 4600 46th Avenue, Rock Island, IL 61201.