



The National Asbestos Workers Pension Fund

October 26, 2015

Notice of Critical Status for The National Asbestos Workers Pension Plan

This is to inform you that on September 28, 2015, the plan actuary certified that the National Asbestos Workers Pension Plan (the "Plan" or "Fund") remains in critical status for the plan year beginning July 1, 2015. The Plan was previously certified to be in critical status for the plan year beginning July 1, 2014. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the Plan was in critical status last year and is projected to have an accumulated funding deficiency within the next ten years. Thus, under the requirements of the Pension Protection Act of 2006, as amended by the Multiemployer Pension Reform Act of 2014, the Plan has not emerged from critical status. The terms Credit Balance and Funding Deficiency are legal and actuarial concepts provided for under the Employee Retirement Income Security Act and should not be confused with the assets held by the Fund. As of the relevant plan year pertaining to this notice, the Fund had over \$493 million in assets. The Fund's Plan of Rehabilitation is designed to assure that pension obligations will continue to be met for the foreseeable future.

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 fifth year the Plan has been in critical status. The law provides for the reduction, or even elimination, of benefits called "adjustable benefits" as part of a rehabilitation plan. In December 2010 you were notified that the Plan reduced or eliminated adjustable benefits. At the same time you were also notified that the Plan is not permitted to pay lump sum benefits or initiate benefits under the Social Security income leveling form while the Plan is in critical status. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. There have been no changes to plan benefits since the changes announced in December 2010.

Adjustable Benefits

The following are examples of adjustable benefits that may be reduced or eliminated as part of a rehabilitation plan:

- Pre-retirement death benefits other than a qualified pre-retirement 50% survivor annuity (QPSA);
- Early retirement benefit or retirement-type subsidies, such as the "30 and out" benefit and the "rule of 90" benefit;

- Subsidized benefit payment options other than a qualified joint-and-survivor annuity (QJSA);
- Recent benefit increases (*i.e.*, occurring in the past 5 years);
- Disability benefits;
- 60-month payment guarantees; or
- Benefit formula multiplier for future benefit accruals.

Some of these benefits were reduced or eliminated in the Plan of Rehabilitation announced in December 2010.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation until such time as a bargaining agreement consistent with the Plan of Rehabilitation is implemented. The surcharge first became applicable for hours worked after November 30, 2010. 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, until a bargaining agreement consistent with the Plan of Rehabilitation is adopted. The surcharge is not applicable if a bargaining agreement consistent with the Plan of Rehabilitation was adopted and effective on or before December 1, 2010.

Where to Get More Information

For more information about this notice, you may contact Carday Associates, Inc., 7130 Columbia Gateway Drive, Suite A, Columbia, MD 21046 or at (800) 386-3632. You have a right to receive a copy of the Plan of Rehabilitation from the Fund.