

ANNUAL FUNDING NOTICE FOR STEELWORKERS PENSION TRUST

Introduction

This notice, which federal law requires all multiemployer plans to send annually, includes important information about the funding level of the Steelworkers Pension Trust (SPT) (Plan No. 499 EIN 23-6648508). This notice also includes information about rules governing insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2007 and ending December 31, 2007 (Plan Year).

Plan's Funding Level

The SPT's "funded current liability percentage" for the Plan Year was 79.6%. In general, the higher the percentage, the better funded the plan. The funded current liability percentage, however, is not indicative of how well a plan will be funded in the future or if it terminates. Whether this percentage will increase or decrease over time depends on a number of factors, including how the plan's investments perform, what assumptions the plan makes about rates of return, whether employer contributions to the plan increase or decline, and whether benefits payments from the plan increase or decline.

Plan's Financial Information

The market value of the SPT's assets as of January 1, 2007 was \$1,847,475,510. The total amount of benefit payments for the Plan Year was \$80,888,541. The ratio of assets to benefit payments is 22.8. This ratio suggests that the SPT's assets could provide for approximately 22.8 years of benefit payments in annual amounts equal to what was paid out in the Plan Year. This ratio, of course, does not take into consideration future changes in total benefit payments or Trust assets.

Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The SPT is not financially troubled but, nevertheless, required to provide this information to you. Under so-called "plan reorganization rules", a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification to all contributing employers and to the sponsoring Union that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax on contributing employers may be imposed (or both).

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Benefits that have been reduced may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must be provided information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the individual participant's monthly benefit "accrual rate" under the plan, plus 75 percent of next \$33 of such "accrual rate", times each year of credited service, as the term credited service is defined by the law. The "accrual rate" is a PBGC term and is somewhat more clearly explained in Example 1 below. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$500 deferred to the plan's normal retirement age, the "accrual rate" for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$500/10$), which in this example equals \$50. The guaranteed amount for a \$50 monthly "accrual rate" is equal to the sum of \$11 plus $\$24.75 (.75 \times \$33)$, or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10) deferred to the plan's normal retirement age.

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, deferred to the plan's normal retirement age, the "accrual rate" for purposes of determining the guarantee would be \$20 ($\$200/10$). The guaranteed amount for a \$20 monthly "accrual rate" is equal to the sum of \$11 plus $\$6.75 (.75 \times \$9)$, or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact the Trust, at Seven Neshaminy Interplex, Suite 301, Treose, Pennsylvania 19053-0660; telephone: (215) 633-9200. For more information about the PBGC and multiemployer benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).