that none of the restrictions described above apply to the Plan at this time. UT-Battelle is committed to funding the Plan to a level where restrictions will not be required.

What You Need to Do

You do not need to take any action as a result of receiving the attached Annual Funding Notice. It has been sent to you for informational purposes only to comply with federal law.

For More Information about Your Pension Benefits

If you have questions about the attached Annual Funding Notice, please call the ORNL Retirement Services Office at 865-574-8944 to speak with a representative Monday through Friday from 7:30 a.m. to 4:00 p.m. You may also email your question to us at ornlbenefits@ornl.gov. For general questions about the Plan, read the Summary Plan Description (SPD) and Supplements which is available online at http://benefits.ornl.gov/spd/default.aspx. The Retiree SPD is available online at http://benefits.ornl.gov/rspd.

Annual Funding Notice:

Cover letter for Participants in the Pension Plan for Employees at ORNL

April 21, 2014

Dear Plan Participant:

Attached is an Annual Funding Notice for the Pension Plan for Employees at ORNL ("the Plan") as of December 31, 2013.

What this Notice is about and Why You Are Receiving it

This notice provides important information about your Plan benefits. We are sending you this information in order to comply with the *Pension Protection Act of 2006* (the PPA). The PPA requires that all employers who sponsor a "defined benefit" pension plan send out an Annual Funding Notice. If you are a participant in more than one defined benefit pension plan, you should expect to receive a notice from each plan sponsor. As required by the PPA, the attached Annual Funding Notice includes:

- Administrative facts about the Plan
- A summary of Plan participants (active employees, former employees/beneficiaries who have earned a right to receive a benefit from the Plan and retirees/beneficiaries who are currently receiving Plan benefits)
- Information about the funding of benefits under the Plan
- Information about funding and investment policies and the allocation of Plan assets
- A description of what would happen if the Plan was terminated or could not meet its financial obligations at some point in the future
- An overview of the role of the Pension Benefit Guaranty Corporation (the "PBGC"). The PBGC insures the Plan so that a basic level of benefits will be paid if the Plan is terminated or if the Plan is not adequately funded to pay earned benefits.

In keeping with PPA requirements, this Annual Funding Notice is being provided to all Plan participants and their beneficiaries, and union representatives.

This Annual Funding Notice provides information about the funded status of the Plan as of December 31, 2013. It was prepared to comply with the Pension Protection Act of 2006. All defined benefit plans, regardless of their funded status, must provide an Annual Funding Notice to Plan participants. The Plan has met and plans to continue to meet all federal minimum funding requirements.

What it Means to Be in a Defined Benefit Pension Plan

The Plan is a defined benefit plan. In a defined benefit pension plan, pension benefit payments are determined based on a Plan formula and other provisions that take into account such factors as years of service, age and earnings. Benefits for each participant are paid from Plan assets, which are held in a pension trust. Unlike a 401(k) plan, there are no separate accounts for individual participants. Therefore, the benefits payable to participants in a given year are not based on increases or decreases in assets in that year.

Contributions to the Plan trust are made by the Employer and Employees. We continue to monitor and contribute to the trust so that we can meet Plan commitments. We hire independent actuaries to determine the minimum amount of contributions to the trust that are required under federal law each year.

An important aspect of a defined benefit pension plan is the oversight provided by the Pension Benefit Guaranty Corporation. Annual insurance premiums are paid by the Plan to the PBGC, which guarantees that at least a portion of "vested" benefits will be paid from the trust if the Plan is terminated with insufficient funds to cover all Plan benefits. Vested benefits are those you are entitled to receive from the Plan based on your current age and service. As required under the PPA, the attached notice gives you more information about how the PBGC helps protect your pension benefit. **Please understand that the PBGC plan termination information in the Annual Funding Notice is provided solely to comply with the PPA and should not be interpreted as an intent to terminate the Plan.**

About the Funding of Plan Benefits

One of the primary objectives of the Annual Funding Notice is to let you know how the current level of Plan assets compares to the present value of the benefits earned to date (the Plan liabilities). The Notice provides this information for a three year period.

Plan liabilities, calculated as required for purposes of the Annual Funding Notice, exceeded Plan assets as of December 31, 2013.

Under federal law, in situations where plan assets fall well short of plan liabilities, a plan may become subject to restrictions on benefit accruals, certain accelerated forms of payment and plan amendments that would increase benefits. Note that for purposes of determining whether these restrictions apply, plan liabilities are calculated on a different basis than the liabilities shown in the Annual Funding Notice. We are pleased to report