

1. Why am I receiving this notice?

Under the Pension Protection Act (PPA) of 2006, employers who sponsor defined benefit pension plans are required to distribute an Annual Funding Notice. This requirement became effective in 2009 for the 2008 plan year. This notice relates to the 2014 plan year.

2. Who is required to receive this notice?

By law, the Employer must annually provide this Annual Funding Notice to all Plan participants and beneficiaries, and any collective bargaining unit that represents Plan participants. While the Pension Benefit Guaranty Corporation (the "PBGC") is generally required to receive the Annual Funding Notice, many employers are exempted from providing it until the PBGC requests to receive one.

3. What is the purpose of the Annual Funding Notice?

The Annual Funding Notice is designed to provide you with certain information related to the Plan's funded status. In addition, the Annual Funding Notice contains a summary of the rules that apply if a plan is terminated.

4. When must the notice be distributed?

The Annual Funding Notice must be distributed within 120 days after the close of the Plan year to which it relates. Since our Plan year ends on December 31, we are required by law to send this notice for the 2014 Plan year by April 30, 2015.

5. Who determines whether the Plan is adequately funded?

The Employer hires independent actuaries who have the necessary credentials to certify the Plan's minimum pension funding requirements. Actuaries must meet continuing education requirements and are subject to professional standards. The Plan's actuaries perform a "valuation" each year to determine the minimum funding requirements for the Plan. The Employer makes contributions to the Plan's trust fund taking into account the outcome of these annual valuations.

6. Does receipt of this notice mean that the Plan is underfunded?

No. The Annual Funding Notice must be provided regardless of the Plan's actual financial condition or level of funding. Accordingly, the funded status, guaranteed payment, and plan termination information contained in the Annual Funding Notice is provided solely to comply with the PPA, regardless of the funded position of the Plan. This information is not intended to suggest that these conditions apply to the Plan.

7. Does this notice apply to my 401(k) Savings Program account?

No. The Annual Funding Notice applies only to the Pension Plan for Employees at ORNL. It does not apply to the defined contribution plan.

8. What happens if the actuarial valuation shows that a pension plan is underfunded?

When a plan is underfunded, restrictions may apply to benefit increases, plan amendments, and the forms of payment available under the plan. In addition, plans with a funding shortfall are required to pay increased premiums to the PBGC. Generally, plan sponsors are required to make up funding shortfalls in future periods. As stated above, the Employer continues to make required contributions and none of the restrictions mentioned apply.

9. Is it possible for a pension plan to be overfunded? If so, what happens to the funds?

Yes, a pension plan can be overfunded. In this case, excess plan assets generally reduce the amount of future company contributions. If the Plan is terminated and all benefits have been distributed and excess assets remain, those excess assets would revert to The Department of Energy.

10. The liabilities and assets as of January 1, 2014 on this year's Notice are different than the amounts shown as of December 31, 2013 in last year's Notice. Shouldn't they be the same?

The amounts that were reported last year were estimates prepared before the January 1, 2014 actuarial valuation results became available. Factors that may have changed in the actuarial valuation include an updated census, updated interest rates and the smoothing (averaging) of investment returns.

11. How is my benefit determined under the Plan?

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>.

12. How can I find out the amount of my own Plan benefit?

Employees may access the Pension Projection system using their internal website at <https://webapps.ornl.gov/pps/login.aspx>

13. Do I need to take action?

No. You do not need to take any action at this time.