



Sheet Metal Workers' National Pension Fund
ANNUAL FUNDING NOTICE

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and 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, 2008 and ending December 31, 2008 (the "Plan Year").

Please note that this notice differs from the format of the Plan's previous annual funding notices. This is because the Pension Protection Act of 2006 ("PPA") imposed new requirements for Annual Funding Notices, beginning with this Plan Year. The notice is based on the model Annual Funding Notice published by the U.S. Department of Labor in Field Assistance Bulletin 2009-01.

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2008 Plan Year	2007 Plan Year	2006 Plan Year
Valuation Date	1/1/2008	1/1/2007	1/1/2006
Funded Percentage	52.20%	N/A	N/A
Value of Assets (Actuarial)	\$3,293,939,234	N/A	N/A
Value of Liabilities	\$6,310,819,838	N/A	N/A

The plan's "funded percentage" is equal to a fraction, the numerator of which is the value of the plan's assets (determined in the same manner as under section 304(c)(2) of ERISA) and the denominator of which is the accrued liability of the plan (determined in the same manner as under section 304(c)(3) of ERISA, but taking into account section 305(i)(8) of ERISA).

Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The plan has entered "not applicable" in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the

funding status of the Plan under the law then in effect. For 2007, the Plan's "funded current liability percentage" was 39.27%, the Plan's assets were \$3,152,717,824, and Plan liabilities were \$8,028,794,382. For 2006, the Plan's "funded current liability percentage" was 38.85%, the Plan's assets were \$2,896,255,519, and Plan liabilities were \$7,454,540,455.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. The following market values reflect the net assets available for the payment of pension benefits (which the actuary uses to derive the actuarial value of assets). As of December 31, 2008, the fair market value of the Plan's assets was \$2,361,491,358, based on the Plan's most recent unaudited (internal) financial statements. As of December 31, 2007, the fair market value of the Plan's assets was \$3,302,494,430, based on the most recent audited financial statements. As of December 31, 2006, the fair market value of the Plan's assets was \$3,152,717,824, based on the most recent audited financial statements.

Participant Information

As reported by the Plan's actuarial consultant, the total number of participants (including beneficiaries) in the plan as of the Plan's most recent valuation date (January 1, 2008) was 140,632. Of this number, 43,166 were pensioners (including beneficiaries in pay status and known pensioners in suspended status), 24,436 were inactive participants during the plan year with vested rights (including beneficiaries with rights to deferred pensions), and 73,030 were active participants during the plan year.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits provided under the plan currently and over the years. The funding policy of the Plan is to emerge from "Critical Status" by the end of the Plan's Rehabilitation Period, which is described below.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries that are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is adopted by the Trustees, but the discretionary authority to allocate and invest the Plan's assets has largely been delegated to an Investment Manager within the meaning of ERISA. In summary, the investment policy states that the goal of the Investment Manager is to obtain a long-term rate of return that is equal to or greater than the Fund's assumed actuarial rate of return, which currently is 7.5%.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	<u>1.4%</u>
2. U.S. Government securities	<u>10.9%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	<u>0.000%</u>
All other	<u>11.7%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u>0.2%</u>
Common	<u>54.6%</u>
5. Partnership/joint venture interests	<u>0.000%</u>
6. Real estate (other than employer real property)	<u>5.5%</u>
7. Loans (other than to participants)	<u>0.001%</u>
8. Participant loans	<u>0.000%</u>
9. Value of interest in common/ collective trusts	<u>2.2%</u>
10. Value of interest in pooled separate accounts	<u>0.000%</u>
11. Value of interest in master trust investment accounts	<u>0.000%</u>
12. Value of interest in 103-12 investment entities	<u>0.000%</u>
13. Value of interest in registered investment companies (e.g., mutual funds)	<u>1.7%</u>
14. Value of funds held in insurance co. general account (unallocated contracts)	<u>0.000%</u>
15. Employer-related investments:	
Employer Securities	<u>0.000%</u>
Employer real property	<u>0.000%</u>
16. Buildings and other property used in plan operation	<u>0.000%</u>
17. Other	<u>10.5%</u>

Critical or Endangered Status

Under federal pension law (the Pension Protection Act of 2006), a multiemployer pension plan generally will be considered to be in "Endangered Status" if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "Critical Status" if the percentage is less than 65 percent (other factors may also apply). If a multiemployer pension plan enters Endangered Status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a multiemployer pension plan enters Critical Status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for multiemployer pension plans to improve their funding status over a specified period of time. Endangered Status is commonly referred to as the "yellow zone," and "Critical Status" is commonly referred to as the "red zone."

The Plan's Funded Status

The Plan was in Critical Status in the Plan Year because the Plan's funding percentage is less than 65% and the Plan's actuary projected that the Plan will have an accumulated funding deficiency in one or more of the next four (4) plan years. For the same reason, the Plan also will be in Critical Status for the 2009 Plan Year.

In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan in March of 2008, which is designed to enable the Plan to emerge from Critical Status at the end of its Rehabilitation Period by using a combination of contribution rate increases and/or reductions in adjustable benefits (e.g., early retirement benefits, optional benefit forms, and scheduled benefit increases that had not taken effect for more than five (5) years before the Plan was certified to be in Critical Status for the Plan Year). At the time the Rehabilitation Plan was adopted, the Rehabilitation Period was the ten year period commencing on January 1, 2011 and ending

December 31, 2020. The Trustees elected in 2009 to use a 13-year Rehabilitation Period, instead of the 10-year period as a result of recent changes in the law, which were adopted by Congress to respond to the unexpectedly precipitous economic downturn that occurred during the Plan Year. Accordingly, the Plan is expected to emerge from Critical Status at the end of 2023, instead of 2020.

The Rehabilitation Plan contains two Schedules, which were presented to the bargaining parties (the Local Unions and Contributing Employers) during the Plan Year for incorporation into their collective bargaining agreements. The first Schedule is known as the Default Schedule, and it currently requires no Contribution Rate increases, but makes more drastic reductions in adjustable benefits. For example, the Default Schedule eliminates the 55/30 Pension, Special Early Retirement Pension, and the Standard Early Retirement Pension uses greater reduction factors for age (6% for each year the participant is under age 65), meaning that the amount of the Normal Retirement Pension payable as an Early Retirement Pension is less than before the Plan entered Critical Status. Additionally, any scheduled benefit increases, such as NPF COLA Benefit payments, are eliminated, or if applicable, rolled back to the amount that was paid in 2002, and most optional forms of benefits were eliminated, including lump-sum payments, 120 certain payment option, and level income option. The benefit formula under the Default Schedule is 1% of the contributions required to be made for each hour of work performed by the Participant.

The second Schedule is known as the Alternative Schedule. Unlike the Default Schedule, the Alternative Schedule requires contribution rate increases (described in the next paragraph). However, the 55/30 Pension is unreduced for early retirement under the Alternative Schedule. Additionally, the Special Early Retirement Pension is not eliminated under the Alternative Schedule, but it is reduced by raising the applicable age reduction factors for Participants who retire before age 62 (6% for each year the participant is under age 62). Also, the rate of accrual under the Alternative Schedule is equal to the highest rate of accrual specified under the Plan Document for the duration of the Alternative Schedule (that is, until the expiration of the collective bargaining agreement that was in effect when the Alternative Schedule was adopted).

The 2008 Alternative Schedule requires that the Contribution Rate in effect on December 31 of each preceding year be increased by 10% for 2008, 7% for 2009 and 2010, 5% for 2011 and 2012, 4% for 2013 and 2014, and 3% for 2015 through 2017. Those Contribution Rate increases apply for the duration of the collective bargaining agreement that was in effect when the Alternative Schedule was adopted. Once that collective bargaining agreement expires, the 2008 Alternative Schedule will be replaced with an updated Schedule, which may contain different Contribute Rate increases and/or reductions in adjustable benefits. For example, because of actuarial losses resulting from the most recent economic downturn, the Trustees amended the Alternative Schedule for 2009 to require an increase of 7% for each year after 2010. If any collective bargaining agreement expires during 2009, the higher Contribution Rate increases under the 2009 Alternative Schedule will apply. **It is important to understand that the Rehabilitation Plan and the Alternative and Default Schedules are reviewed by the Trustees each year and will be modified as necessary to reflect the Plan's actuarial experience.**

You may obtain a copy of the Plan's Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Fund Administrator at 1-800-231-4622. You may also obtain pertinent information about the Plan's Rehabilitation Plan on the Plan's website: www.smwnpf.org.

Events with Material Effect on Assets or Liabilities

Federal law requires trustees to provide in this notice a written explanation of events, taking effect in the current plan year, which are expected to have a material effect on plan liabilities or assets. For the plan year beginning on January 1, 2009 and ending on December 31, 2009, the only events that are expected to have such an effect are those events resulting from the terms of the Rehabilitation Plan (including the Schedules) summarized above.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator at 601 North Fairfax Street, Suite 500, Alexandria, Virginia 22314, ATTN: Fund Administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

(note this section is provided in the Model Notice and does not mean the plan is insolvent)

Federal law has a number of special rules that apply to financially troubled multiemployer plans. 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 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 may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

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 the 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. Reduced benefits 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 PBGC. In addition, participants and beneficiaries also must receive 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 Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. 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, 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 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).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). 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).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. 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 (or benefits that were in effect for less than 60 months at the time of 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 Board of Trustees and Fund Administrator Marc E. LeBlanc at 1-800-231-4622 and BOT@smwnpf.org. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 52-6112463. For more information about the PBGC and 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).

If you have any other questions, please contact the Fund Administrator's office at the following address:

Sheet Metal Workers' National Pension Fund
601 North Fairfax Street, Suite 500
Alexandria, VA 22314
ATTENTION: Fund Administrator
Or
Email to: fundadministrator@smwnpf.org