

SHEET METAL WORKERS' NATIONAL PENSION FUND

601 NORTH FAIRFAX STREET, SUITE 500

ALEXANDRIA, VIRGINIA 22314

TELEPHONE: 703-739-7000 e-mail: info@smwnpf.org

2009 Notice of Critical Status for the Sheet Metal Workers' National Pension Fund April 24, 2009

This is to inform you that on March 20, 2009 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the Sheet Metal Workers' National Pension Fund ("NPF" or "Plan") is in critical status for the plan year beginning January 1, 2009. Federal law requires that you receive this notice. This is the second year that the NPF is in critical status.

Critical Status

NPF is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary has determined, and advises, that (a) the Plan is projected to have an accumulated funding deficiency within four years; (b) the funded percentage of the Plan is less than 65%, and the Plan is projected to have an accumulated funding deficiency within five years; and (c) the Plan was in critical status last year and the Plan is projected to have an accumulated funding deficiency within the next ten years. For more information on the NPF's funding, see the accompanying Annual Funding Notice.

Rehabilitation Plan, Election of Extended Rehabilitation Period

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. At the time the Plan Sponsor adopted a rehabilitation plan in 2008, the Rehabilitation Period was the ten year period commencing on January 1, 2011 and ending December 31, 2020. The Plan Sponsor (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 Congress adopted to respond to the precipitous economic downturn that occurred in 2008. Accordingly, the plan is expected to emerge from critical status at the end of 2023, instead of 2020.

The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. This is the second year the NPF has been in critical status and last year, the NPF issued a rehabilitation plan. Potential changes in adjustable benefits were explained in the Plan's initial Notice of Critical Status with additional explanation for the 2008 Plan Year which was sent out on March 1, 2008 and a Supplemental Notice of Critical Status sent on April 16, 2008. For copies of these notices and any others, go to www.smwnpf.org, or contact the Fund Office at the address in the letterhead. Depending upon your individual circumstances, you were further notified that the Plan reduced or eliminated adjustable benefits. The following notices of adjustments in benefits were given:

Description of prior notices about changes in adjustable benefits and other benefits

Notice Date

Notice of Reduction in Adjustable Benefits for Persons now Covered by the 2008 Default Schedule

February 27, 2009

Notice of Reduction in Adjustable Benefits for Persons whose Bargaining Parties Adopted the 2008 Alternative Schedule

November 4, 2008

Notice of Reduction in Adjustable Benefits - NPF COLA

August 29, 2008

Notice of Reduction in Adjustable Benefits for Persons whose Bargaining Parties Adopted the 2008 Default Schedule

May 28, 2008

Notice of Reduction in Adjustable Benefits for whom Employer Contributions are not currently Required to be Made

April 30, 2008

The Notice of Critical Status with Additional Explanation formally notified you, that as of March 1, 2008, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the NPF determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is after February 29, 2008.

Adjustable Benefits

In previous notices, NPF outlined adjustable benefits that have been modified, reduced or eliminated. Previous changes to adjustable benefits on or after March 1, 2008 included elimination of 120 month payment guarantee, reduction in early retirement subsidies, roll back or elimination of recent benefit increases (i.e., made within 60 months of January 1, 2008); Nevertheless, the Plan continues to offer the adjustable benefits, of the type listed below, which may be reduced or eliminated as part of any revised rehabilitation plan the NPF may adopt:

- Sixty-month payment guarantees;
- Disability benefits;
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and- survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in the past 5 years);
- Other similar benefits, rights, or features under the Plan, including pre-retirement death benefits, the reversion option (i.e., the "pop-up" feature) and the Medicare premium subsidy under the Plan's 401h account.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. 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. Since this is the second year, the 10% surcharge is in effect. Note that very few employers, approximately ten, are currently subject to a surcharge as the vast majority of employers have adopted one of the Schedules. Notice of surcharges were generally given on March 20, 2008 and April 16, 2008.

Where to Get More Information

For more information about this Notice including copies of all prior notices, go to the NPF's website www.smwnpf.org. Or, you may contact the Fund Office at the address and phone number in the letterhead, or by e-mail bot@smwnpf.org or info@smwnpf.org. You have a right to receive a copy of the rehabilitation plan from the NPF. If you would like a copy, go to the website, or contact the Fund Office.