



SHEET METAL WORKERS' NATIONAL PENSION FUND

601 NORTH FAIRFAX STREET, SUITE 500
ALEXANDRIA, VIRGINIA 22314
TELEPHONE 1-800-231-4622

EIN 52 6112463

PLAN No. 001

April 29, 2011

ANNUAL FUNDING NOTICE FOR THE SHEET METAL WORKERS' NATIONAL PENSION FUND

Introduction

This notice includes important information about the funded status of your pension plan, the Sheet Metal Workers' National Pension Fund (the "Plan" or "NPF") (EIN 52 6112463/Plan No. 001). This notice also contains general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide the Annual Funding Notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning January 1, 2010 and ending December 31, 2010 ("2010 Plan Year").

How Well Funded Is Your Plan

Under federal law, the NPF must report how well it is funded by using a measure called the "funded percentage." 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. Your Plan's funded percentage for the Plan Year and each of the two 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.

Funded Percentage			
Plan Year	2010	2009	2008
Valuation Date	January 1, 2010	January 1, 2009	January 1, 2008
Funded Percentage	58.70%	53.02%	52.20%
Value of Assets **	\$3,416,979,203**	\$3,048,063,877**	\$3,293,939,234
Value of Liabilities	\$5,820,766,198	\$5,749,182,057	\$6,310,819,838

****NOTE:** The asset values above reflect the actuarial (smoothed) value instead of the market value of the Plan's assets. Also, the asset values for the 2009 and 2010 Plan Years

reflect the special funding relief elected under the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the Plan Year and are actuarial values. 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 that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the Plan Year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a Plan's funded status as of the Valuation Date. The fair market value of the Plan's assets as of the last day of the 2010 Plan Year and each of the two preceding Plan Years is shown in the following table:

	December 31, 2010	December 31, 2009	December 31, 2008
Fair Market Value of Assets	\$3,098,274,026	\$2,811,878,974	\$2,344,664,521

The Plan's Critical Status

Under federal pension law a 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 pension plan enters endangered status (commonly referred to as the "Yellow Zone"), the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status (commonly referred to as the "Red Zone"), the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The NPF was in critical status in the 2010 Plan Year (i.e., the Plan Year ending December 31, 2010) because, among other things, the Plan's funding percentage was less than 65% and the Plan's actuary projected that the Plan would have an accumulated funding deficiency in one or more of the next four (4) plan years.

In an effort to improve the Plan's funding situation, the Trustees adopted a Rehabilitation Plan in March 2008, which contains a Default Schedule and an Alternative Schedule (as amended from time to time to reflect experience). The Rehabilitation Plan and Schedules, as well as any amendments, are designed to enable the Plan to emerge from critical status at the end of its Rehabilitation Period (the thirteen-year period

beginning on January 1, 2011 (i.e., the first day of the plan year following the second anniversary of the date the Rehabilitation Plan was adopted). It does so 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 been in effect for more than five (5) years before the Plan was certified to be in critical status for the Plan Year). The exact combination depends upon whether the bargaining parties (the Local Union and Employer(s) who are parties to the Collective Bargaining Agreement) have adopted the Default Schedule or the Alternative Schedule, as well as any amendments that have been made by the Trustees to the Rehabilitation Plan, and/or Schedules. No significant modifications or updates to the Rehabilitation Plan were made in 2010. You may obtain a copy of the Plan's Rehabilitation Plan and Schedules (including prior versions and any amendments or modifications adopted after 2010) and the actuarial and financial data that demonstrate the actions taken by the Plan toward fiscal improvement by contacting the Fund Administrator (see "Where to Get More Information" below). A copy of the current Rehabilitation Plan and Schedules may also be viewed on the NPF's website at www.smwnpf.org.

As discussed in the 2011 Notice of Critical Status, which was sent to you along with this notice, the Plan is in critical status for the 2011 Plan Year for essentially the same reasons it was in critical status for the 2010 Plan Year.

Participant Information

The total number of Participants in the Plan as of the Plan's valuation date was 139,007. Of this number, 63,994 were active participants; 36,408 were retired or separated from service and receiving benefits; 30,606 were retired or separated from service and entitled to future benefits (including deferred beneficiaries and retirees in suspended status); and 7,999 were beneficiaries in pay status (but are included in the "participant" total above).

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the pension plan's 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 this Plan utilizes a combination of benefit adjustments and contribution rate increases to enable the Plan to emerge from "critical status" by the end of the Plan's Rehabilitation Period, as 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 vast majority of the Plan's assets has

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been delegated to an "Investment Manager" within the meaning of ERISA. In summary, the investment policy states that the Plan's objective is for the Investment Manager to obtain a long-term annualized rate of return (net of fees) of 8.2%. This is greater than the Fund's assumed actuarial rate of return, which currently is 7.5%.

Under 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. Cash (Interest bearing and non-interest bearing)	<u>2.02%</u>
2. U.S. Government securities	<u>8.17%</u>
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	<u>8.89%</u>
4. Corporate stocks (other than employer securities):	
Preferred	<u>0.12%</u>
Common	<u>62.11%</u>
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	<u>3.52%</u>
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	<u>1.24%</u>
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	<u>1.34%</u>
14. Value of funds held in insurance co. general account (unallocated contracts)	<u>0.33%</u>
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	<u>0.12%</u>
17. Other	<u>12.13%</u>

For information about the plan's investment in any of the following types of investments as described in the chart above - common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities - contact the Fund Administrator, Marc LeBlanc, at fundadministrator@smwnpf.org, or 703.739.7000 or by writing to 601 North Fairfax Street, Suite 500, Alexandria, VA 22314.

Events Having a Material Effect on Assets or Liabilities

Federal law requires the plan administrator 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. Material effect events are occurrences that tend to have a significant impact on a plan's funding condition. An event is material if

it, for example, is expected to increase or decrease total plan assets or plan liabilities by five percent or more. For the 2011 Plan Year (the current Plan Year beginning on January 1, 2011, and ending on December 31, 2011), there are no known events that are expected to have such an effect.

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 called the Form 5500 that contains 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. For 2009 and subsequent Plan Years, you may obtain an electronic copy of the Plan's Annual Report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's Annual Report by making a written request to the Fund Administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the Annual Report. If you are seeking information regarding your benefits under the Plan, contact the plan administrator identified below under "Where To Get More Information."

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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 plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization 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 resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC 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 notice of its status 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, 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 benefits that you have earned a right to receive and that can not be forfeited (called 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 $\$357.50$ ($\$35.75 \times 10$).

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 $\$177.50$ ($\$17.75 \times 10$).

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 NPF's Board of Trustees or Fund Administrator, Marc LeBlanc, by email at BOT@smwnpf.org, or by telephone at:

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1.800.231.4622; or by mail at 601 North Fairfax Street, Suite 500, Alexandria, VA 22314. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are: Board of Trustees of the Sheet Metal Workers' National Pension Fund/EIN 52-6112463. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.