

**Notice of Endangered Status**

**For**

**Sheet Metal Workers Local 22 Pension Fund**

**To: All Participants, Beneficiaries, Participating Unions and Contributing Employers**

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as ours.

The PPA requires that a Pension Fund's actuary annually determine the Fund's status under these new rules and certify that status to the IRS and the Trustees, who are the plan sponsor. If the actuary determines that the Fund is in "endangered" status ("yellow zone") or "critical" status ("red zone"), the Trustees must notify all plan participants, employers and other stakeholders, as well as take corrective action to restore the financial health of the plan.

**Endangered Status**

On August 27, 2010, the Sheet Metal Workers Local 22 Pension Fund ("Fund") was certified by its actuary to be in Endangered status for the plan year beginning June 1, 2010. This determination was made because, based on the PPA's new funding measures, the Fund is projected to have a funding deficiency within 7 years. The Fund has been in Endangered status since the certification of August 28, 2009, however the Trustees made an election under Section 204 of the Worker, Retiree and Employer Recovery Act of 2008 (WRERA) to have its status for the 2009 plan year under Internal Revenue Code Section 432 be the same as the status for 2008, and you received a notice regarding the status of the Plan and the freeze election

**Funding Improvement Plan**

The PPA also requires any pension fund in the yellow zone to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to restore the plan to financial health, improve the balance of assets and liabilities and avoid any accumulated funding deficiency. Our FIP will be developed by April 2011. A notice describing the FIP, which may include reductions in future benefits and recommendations for contribution increases when the current bargaining agreement(s) expire, will be provided to the bargaining parties shortly after that.

If benefits must be modified, that will only affect the rate of future accruals. We will not make any changes in the Plan's benefit formula without alerting you first.

Please note that the PPA requires that our Plan's funding status be reviewed and certified annually and notices like this one will be sent each year. There are several variables beyond our control that our advisors are monitoring, including investment market volatility and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees remains confident that, with the appropriate adjustments, the Fund will continue to provide our participants and their families with secure retirement benefits.

Where to Get More Information

For further information, please be in touch with Mr. Thomas Gallagher at The Sheet Metal Workers Local 22 Fund Office, 106 South Avenue West, Cranford, NJ, 07016 and/or telephone number (908) 276-2320.

Sincerely,

The Board of Trustees

cc: US Department of Labor  
US Pension Benefit Guaranty Corporation

7329261v1/05091.001