



## **For Participants in the LANS Defined Benefit Pension Plan:**

Each year, beginning in April 2009, all participants in the LANS Defined Benefit Pension Plan are required to receive an **Annual Funding Notice** (Notice). This new Notice is required under the Pension Protection Act of 2006 (PPA) and replaces the Summary Annual Report you have received in the past. **Since this notice is provided to you for informational purposes only, you do not need to take any action.**

The Annual Funding Notice summarizes certain information about the Plan, including the funding level, assets and liabilities, and other reporting requirements. Attached to this letter is your Notice for the 2008 plan year. As you can see in the Notice, as of the measurement date on January 1, 2008, the Plan had a Funding Target Attainment Percentage of over 100%.

## **A Look at the Annual Funding Notice**

When you look at the Annual Funding Notice, you'll see it provides information about:

- The Plan's funding status for the current year and prior year
- The number of participants
- Funding and investment policies, including details on the asset allocation as of the end of the plan year
- Information on how the Pension Benefit Guaranty Corporation (PBGC) insures the Plan

While the Notice explains many of these items, we thought it would be helpful to provide some additional explanation in the following areas.

## **Funded Status**

One of the first items you'll see on the Notice is the Funding Target Attainment Percentage. This is one way to measure the funding status of the Plan—by comparing assets to liabilities. The Funding Target Attainment Percentage is the percentage of the Plan's liabilities that is covered by Plan assets. This figure is determined in accordance with rules for private pension plans under the PPA, which provides limited options for how both asset and liability values are determined. The values shown on this Notice are based on preliminary LANS elections and are not final.

We only show funding information in the table for the 2008 plan year because this is a new calculation requirement. Comparable types of calculations for 2006 and 2007 are shown in the section called "Transition Data," but there are some differences in the approach used to create these numbers due to changes required by the PPA.

## **Summary of Funding Status**

LANS and the Department of Energy (DOE) take the funding of the LANS Defined Benefit Pension Plan seriously and are committed to meeting the Plan's obligations. LANS maintains this perspective both when monitoring Plan funding and when deciding how to invest funds in the trust.

Naturally, the Plan has not been immune to the recent economic turmoil that has had a huge impact on the markets. The investments in the Plan's pension trust experienced losses in 2008 and the beginning of 2009. The market turmoil not only affects the trust asset returns, but also the interest rates used to determine the present

value of Plan benefits. Those changes are not reflected in the January 1, 2008 funding status described above. We are monitoring the current market environment and the Plan's projected funded status to anticipate future contribution requirements.

### **The Pension Benefit Guaranty Corporation (PBGC)**

The Notice includes information about the PBGC. The PBGC is a federal agency that was established to help protect pension benefits. PBGC insurance coverage is mandatory, and each year, we pay premiums to the PBGC to insure the benefits you have accrued under the Plan.

LANS and the DOE are committed to the long-term solvency of the Plan. However, if a PBGC-insured plan terminates without enough money to pay for all accrued benefits, the PBGC would take over the Plan and would pay pension benefits through its insurance program, up to certain maximum limits described in the Notice.

### **Questions?**

The Notice contains a great deal of information. If you have questions, you can find resources to contact in the "Where to Get More Information" section of the Notice. It provides contact information for both the Plan and the PBGC.

Sincerely,

Louis Polito  
Plan Administrator