HRD-BEN-2014-0029

Date: April 30, 2014

To: All Plan Participants

From: SRNS Benefits Administration

Re: **Savannah River Nuclear Solutions, LLC Multiple Employer Pension Plan Funding Notices**

Attached is the pension plan notice of which the wording is very closely regulated by the federal government. Therefore, we are providing a quick overview of the notice here.

2013 Annual Funding Notice: The government previously required the distribution of an abbreviated form of this information and called it the Summary Annual Report (SAR). You may have seen SARs from previous years posted on the SRS Intranet "InSite". The enhanced version of that SAR is called the Annual Funding Notice. This particular notice covers the plan year 2013 and is issued after the plan year ends.

This notice will be posted on the SRS Intranet and on the external website. Should you have questions, you can contact:

Benefits Solutions Service Center
Service-Center@srs.gov

MAP-21 SUPPLEMENT TO ANNUAL FUNDING NOTICE

Savannah River Nuclear Solutions, LLC Multiple Employer Pension Plan ("the Plan")

Plan Year beginning 1/1/2013 and ending 12/31/2013 ("Plan Year")

This is a temporary supplement to your annual funding notice. It is required by a new federal law named Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to MAP-21, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that MAP-21 interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The "MAP-21 Information Table" shows how the MAP-21 interest rates affect the Plan's: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. The funding shortfall of a plan is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the MAP-21 rates to illustrate the effect of MAP-21. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

MAP-21 INFORMATION TABLE

	2013		2012		2011	
	With MAP-21 Interest Rates	**Without MAP-21 Interest Rates**	**With MAP-21 Interest Rates**	**Without MAP-21 Interest Rates**	**With MAP-21 Interest Rates**	**Without MAP-21 Interest Rates**
Funding Target Attainment Percentage	80.00%	67.54%	81.35%	68.08%	Not applicable	66.18%
Funding Shortfall	$526,283,760	$1,004,465,699	$524,840,531	$985,014,666	Not applicable	$847,548,912
Minimum Required Contribution	$144,102,285	$222,595,031	$147,552,441	$235,112,287	Not applicable	$209,364,897

Entries for 2013 reflect actuarial asset values calculated without MAP-21 for purposes of required reporting to the Pension Benefit Guaranty Corporation, rather than the actuarial asset value in Line 2.a. of the Funding Target Attainment Percentage chart. The asset value without MAP-21 was $2,090,455,022 as of 1/1/2013. The asset values are different because different interest rates are used to adjust for the timing of contributions, distributions and expected earnings.

2013 ANNUAL FUNDING NOTICE

Savannah River Nuclear Solutions, LLC Multiple Employer Pension Plan

Introduction

This notice includes important information about the funding status of your pension plan ("the Plan") and 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 this 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 1/1/2013 and ending 12/31/2013 ("Plan Year").

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the "funding target attainment percentage". This percentage is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan's funding target attainment percentage for the Plan Year and each of the two preceding plan years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funding Target Attainment Percentage			
	2013	2012	2011
1. Valuation Date	1/1/2013	1/1/2012	1/1/2011
2. Plan Assets			
a. Total Plan Assets	$2,105,135,043	$1,871,899,660	$1,559,389,218
b. Funding Standard Carryover Balance	$0	$0	$0
c. Prefunding Balance	$0	$0	$0
d. Net Plan Assets (a)-(b)-(c)=(d)	$2,105,135,043	$1,871,899,660	$1,559,389,218
3. Plan Liabilities	$2,631,418,803	$2,300,867,700	$2,356,114,224
4. At-Risk Liabilities	Not applicable	$2,396,740,191	$2,406,938,130
5. Funding Target Attainment Percentage (2d)/(3)	80.00%	81.35%	66.18%

Plan Assets and Credit Balances

Total Plan Assets is the value of the Plan's assets on the Valuation Date (see line 2 in the chart above). Credit balances were subtracted from Total Plan Assets to determine Net Plan Assets (line 2d) used in the calculation of the funding target attainment percentage shown in the chart above. While pension plans are permitted to maintain credit balances (also called "funding standard carryover balances" or "prefunding balances", see 2b & c in the chart above) for funding purposes, they may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions to the plan above the minimum level required by law. Generally, the excess contributions are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law.

Plan Liabilities

Plan Liabilities shown in line 3 of the chart above are the liabilities used to determine the Plan's Funding Target Attainment Percentage. This figure is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the plan.

At-Risk Liabilities

If a plan's funding target attainment percentage for the prior plan year is below a specified legal threshold, the plan is considered under law to be in "at-risk" status. This means that the plan is required to use actuarial assumptions that result in a higher value of plan liabilities and, as a consequence, requires the employer to contribute more money to the plan. For example, plans in "at-risk" status are required to assume that all workers eligible to retire in the next 10 years will do so as soon as they can, and that they will take their distribution in whatever form would create the highest cost to the plan, without regard to whether those workers actually do so. The additional funding that results from "at-risk" status may then remove the plan from this status. The Plan has been determined to be in "at-risk" status in 2011 and 2012. The increased liabilities to the Plan as a result of being in "at-risk" status are reflected in the At-Risk Liabilities row in the chart above.

Year-End Assets and Liabilities

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. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of 12/31/2013, the fair market value of the Plan's assets was $2,380,307,963. On this same date, the Plan's liabilities were $3,208,303,134.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 17,719. Of this number, 5,308 were active participants, 8,168 were retired or separated from service and receiving benefits, and 4,243 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for promised benefits. The funding policy of the Plan is to make contributions to the plan that are at least as great as the amount to satisfy the minimum required contribution determined under ERISA.

Once money is contributed to the Plan, the money is invested by plan officials, called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to invest such that the Fund's annualized total return over a rolling period of five years should, after manager's fees, exceed the return that would have been achieved if the Fund had been invested 10% in the Standard & Poor's 500 Index, 5% in the Russell 2500 Index, 30% in the Barclays Capital ("BC") Long Government/Credit Bond Index, 15% in the MSCI All Country World ex-U.S. Index, 15% in the MSCI All Country World Index, 5% in the NCREIF ODCE Index, 2% in the Dow Jones Wilshire Float-Adjusted REIT Index, and 18% in a Custom Benchmark of the underlying allocations within Diversified Strategies.

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	
Cash (interest bearing and non-interest bearing)	1.4%
U.S. Government Securities	11.2%
Corporate debt instruments (other than employer securities):	
Preferred	9.6%
All Other	12.1%
Corporate stocks (other than employer securities):	29.3%
Partnership/joint venture interests	14.6%
Value of interest in common/collective trusts	16.4%
Value of interest in registered investment companies (e.g., mutual funds)	5.4%
Total	100.0%

For information about the plan's investment in any common/collective trusts, as described in the chart above, contact the plan administrator.

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 plan 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 Termination of Single-Employer Plans

If a plan is terminated, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. Under a standard termination, the plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor's bankruptcy and the bankruptcy proceeding began on or after September 16, 2006, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2014, the maximum guarantee is $4,943.18 per month, or $59,318.16 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor's bankruptcy, and the bankruptcy proceeding began on or after September 16, 2006, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65; the maximum guarantee by age can be found on PBGC's website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which include:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding $5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

Corporate and Actuarial Information on File with PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor's controlled group) falls below 80 percent (other triggers may also apply). The sponsor of the Plan, Savannah River Nuclear Solutions, LLC , and members of its controlled group, if any, were subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for oversight and monitoring purposes.

Where to Get More Information

For more information about this notice, you may contact:

Benefits Solutions Service Center
Building 703-47A
Aiken, SC 29808
Phone: (800) 368-7333
Fax: (803) 725-4556
SERVICE-CENTER@srs.gov

For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" are Savannah River Nuclear Solutions, LLC and 61-1565172. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.