

**Annual Funding Notice
For
LANS Defined Benefit Pension Plan**

The following Annual Funding Notice contains information that the federal government requires defined benefit plan sponsors to provide, regardless of the plan's actual financial condition or level of funding. You do not need to respond or make any election on account of the fact that you received this notice. This notice is also required to include information about the termination of pension plans and the protections provided by the federal government's Pension Benefit Guaranty Corporation after a plan is terminated, even if an employer has no intention of terminating a plan. This Annual Funding Notice is intended to comply with that requirement and is not an indication that the plan is terminating.

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 January 1, 2010 and ending December 31, 2010 ("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 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			
	Plan Year Beginning in 2010	Plan Year Beginning in 2009	Plan Year Beginning in 2008
1. Valuation Date	January 1, 2010	January 1, 2009	January 1, 2008
2. Plan Assets			
a. Total Plan Assets	\$1,541,285,679	\$1,213,182,574	\$1,517,299,409
b. Funding Standard Carryover Balance	\$0	\$0	\$0
c. Prefunding Balance	\$0	\$0	\$0
d. Net Plan Assets (a) – (b) – (c) = (d)	\$1,541,285,679	\$1,213,182,574	\$1,517,299,409
3. Plan Liabilities	\$1,491,948,090	\$1,168,841,980	\$1,127,292,062
4. Funding Target Attainment Percentage (2d)/(3)	103.30%	103.79%	134.60%

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 2 d) 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 2 b & 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.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of 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. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2010, the fair market value of the Plan's assets was \$1,797,053,337. On this same date, the Plan's liabilities were \$1,930,835,991.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 6,172. Of this number, 5,639 were active participants, 223 were retired or separated from service and receiving benefits, and 310 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 current funding policy of the Plan is to fund at least the minimum required under federal law.

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 ensure, over the long-term life of the Plan, an adequate pool of assets to support the benefit obligations to participants, retirees, and beneficiaries. In meeting this objective, the Plan seeks the opportunity to achieve an adequate return to fund the obligations in a manner consistent with the fiduciary standards of ERISA and with a prudent level of diversification, and liquidity needs to pay current benefits when due.

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)	0.001%
2. U.S. Government securities	11.517%
3. Corporate debt instruments (other than employer securities):	
Preferred	24.449%
All other	0.000%
4. Corporate stocks (other than employer securities):	
Preferred	0.076%
All other	50.624%
5. Partnership/joint venture interests	0.000%
6. Real estate (other than employer real property)	0.000%
7. Loans (other than to participants)	0.000%
8. Participant loans	0.000%
9. Value of interest in common/collective trusts	11.943%
10. Value of interest in pooled separate accounts	0.000%
11. Value of interest in master trust investment accounts	0.000%
12. Value of interest in 103-12 investment entities	0.000%
13. Value of interest in registered investment companies (e.g., mutual funds)	0.000%
14. Value of funds held in insurance co. general account (unallocated contracts)	0.000%
15. Employer-related investments:	
Employer Securities	0.000%
Employer real property	0.000%
16. Buildings and other property used in plan operation	0.000%
17. Other	1.390%

The allocations above represent the investments within the 103-12 investment group trust, in which the plan is 100% invested.

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 2011, the maximum guarantee is \$4,500 per month, or \$54,000 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 includes:

- 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.

Where to Get More Information

For more information about this notice, you may contact LANS Benefits and Investment Committee or Louis Polito, at Post Office Box 1663, MS P280, Los Alamos, NM 87545; 505-667-1806; or lpolito@lanl.gov. For identification purposes, the official plan number is 003 and the plan sponsor's name and employer identification number or "EIN" is 20-3104541. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.

Additional Information

We wanted to remind you of your ability to request an estimate of your plan benefit. You can request an estimate of your current accrued benefit, or you can request an estimate of your benefit projected to a future date.

To request a benefit estimate electronically, access Your Pension Resources™ at <http://pension.hewitt.com/LosAlamos>. To request a free paper copy of a benefit estimate, call the LANS Pension Center toll free at 1-866-370-7301. Representatives are available 8am-4pm (Mountain).

In order to estimate your current accrued benefit, select a termination date of today's date and select a benefit start date equal to your Normal Retirement Date in the plan (usually age 60 at LANS). To project a future benefit, you may also select a projected termination date or an alternate benefit start date.

The fair market value of the Plan's assets as of December 31, 2010 is required to include only 2010 plan year contributions made before this Funding Notice is provided. Additional contributions of \$35,730,830 for the 2010 plan year will be made on or before the required due date of September 15, 2011.

Disclosure Statement and Disclaimer

This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of plan liabilities, reported values of plan assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500). Subsequently, such results will change only by amendment of the Annual Report for the Plan Year. See the Right to Request a Copy of the Annual Report section for information about how to obtain a copy of the Annual Report. The plan sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any changes, including but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of plan amendments or any other events or circumstances occurring after this notice is provided.