Automotive Machinists Pension Trust

2815 2nd Avenue, Suite 300 • P.O. Box 34203 • Seattle, Washington 98124
Phone (206) 441-7574 or (800) 732-1121 • Fax (206) 505-9727

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Administered by
Welfare & Pension Administration Service, Inc.

TO: **Contributing Employers and Bargaining Parties**

FROM: **Joint Board of Trustees of the Automotive Machinists Pension Trust**

DATE: **April 23, 2009**

SUBJECT: **Rehabilitation Plan Notification**
Notice of Reduction in Benefits
Annual Funding Notice
Employer Meetings

Enclosed are three notices regarding the Retirement Plan of the Automotive Machinists Pension Trust (Plan):

- The Rehabilitation Plan that was adopted by the Board of Trustees at the April 15, 2009 Trust meeting.
- A Notice of Reduction in Benefits to inform you of changes made to the Plan that were approved by the Board of Trustees at the April 7, 2009 and April 15, 2009 Trust meetings.
- The Annual Funding Notice, which provides information related to the Plan's funding status. Federal law requires the Trustees provide this information to you.

Rehabilitation Plan

On March 23, 2009, the plan actuary certified that the Plan is in critical status for the plan year beginning 2009. As a result of this certification, the Board of Trustees is required to adopt a Rehabilitation Plan designed to improve the funded status of the Plan over the specified Rehabilitation Period.

The second document in this mailing is intended to inform you of the Rehabilitation Plan that has was adopted by the Board of Trustees in accordance with the provisions of the Pension Protection Act of 2006.

Notice of Reduction in Benefits

The third document in this mailing is intended to inform you of the recent changes made to the Retirement Plan that generally become effective July 1, 2009. The notice describes the various changes and how they affect your benefits. We encourage you to closely read the entire notice and keep a copy in your personal files with other important documents.

Annual Funding Notice

The fourth document in this mailing is the Annual Funding Notice for the plan year that ended on December 31, 2008. Due to a change in the federal pension law made by the Pension Protection Act of 2006, this notice contains different information than previous annual funding notices that you have received and it is required to be provided substantially earlier than the previous notice. Going forward, this notice will be mailed to you each year not later than April 30th.

Please note, that the required funded percentages shown on page 1 of the document are as of the first day of the 2008 plan year and do not reflect the significant downturn in the financial markets that occurred during 2008. However, the Fair Market Value of Assets section does show the value of the Plan's assets on the last day of each of the three most recent plan years, ending with December 31, 2008 so that you can see how the assets have changed during that period.

Employer Meetings

The Board of Trustees is in the process of setting up meetings to share information with you about the recently approved changes and the financial status of the Retirement Plan. We will have a presentation on these changes and will be prepared to discuss your questions.

Contact Information

Please contact the Administrative Office at (206) 441-7574 or (800) 732-1121 with any questions you may have.

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Notice of Critical Status
for
Automotive Machinists Pension Trust

As you know, 2008 was a difficult year for all types of investments. The plan was not immune to the market turmoil. On March 23, 2009 the plan actuary certified to the US Department of the Treasury, and also to the plan sponsor, that the plan will be in critical status for the plan year beginning 2009. As a result, the Trustees must make certain changes in the operation of the plan immediately and consider together with the bargaining parties what additional measures must be taken in the future to improve the funding status of the plan. Federal law requires that you receive this notice. The Trustees will continue to keep you informed about any additional changes in the plan.

Critical Status

The plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the plan is projected to have an accumulated funding deficiency in the next four plan years, specifically for the 2013 plan year.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions will not apply to:

- Any participant or beneficiary whose benefit commencement date is on or before March 1, 2009.
- Any participant who has submitted a retirement application which has been received by the Trust Office on or before March 24, 2009, and who subsequently retires on or before the benefit commencement date specified in that application.
- Any active participant, defined as a participant with at least 501 covered hours in 2008, who submits a retirement application on or before April 30, 2009, and retires with a benefit commencement date on or before July 1, 2009.

Please be advised that whether or not the plan reduces adjustable benefits in the future, effective as of March 24, 2009, the plan is not permitted to pay lump sum or Social Security Adjustment Option benefits, or make any other payment in excess of the monthly amount paid under a single life annuity while it is in critical status.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Pre-retirement death benefits other than a qualified pre-retirement survivor annuity (QPSA)
- Post-retirement death benefits other than a qualified joint and survivor annuity (QJSA);
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Other similar benefits, rights, or features under the plan.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status. More information on this will be provided to employers in a separate communication.

Where to Get More Information

For more information about this Notice, you may contact the Seattle Administration Office at (206) 441-7574, or toll free at (800) 732-1121. You have a right to receive a copy of the rehabilitation plan from the plan when the rehabilitation plan is adopted.

If you wish to obtain a retirement application at this time, you may contact either the Seattle Office at 2815 Second Avenue, Ste 300, Seattle, WA 98121, at the phone numbers above, or the Gladstone Oregon Office at 15 82nd Drive, Ste 200, Gladstone, OR 97027, at toll free (866) 697-5750.

The Administration Office
Automotive Machinists Pension Trust

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April 23, 2009

To: Participating Employers/Bargaining Parties
Automotive Machinists Pension Fund

This notice is to inform you that the Board of Trustees of the Automotive Machinists Pension Trust ("Trust") hereby adopts the following Rehabilitation Plan for the 2009 Plan Year in accordance with the provisions of the Pension Protection Act of 2006 ("PPA").

On March 23, 2009, the plan actuary certified to the US Department of the Treasury, and also to the plan sponsor, that the Plan is in critical status for the plan year beginning 2009. The Trust is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Trust's actuary determined that the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the Trust is projected to have an accumulated funding deficiency in the next four plan years, specifically for the 2013 plan year.

On March 23, 2009, the Trust notified participants and contributing employers of the certification of critical status. As a result, a 5% surcharge will be imposed on contributions starting June 1, 2009 for hours worked during May 2009. The surcharge is scheduled to increase to 10% effective January 1, 2010. Contribution surcharges will continue until collective bargaining agreements are renegotiated consistent with the Rehabilitation Plan.

The Rehabilitation Plan Adoption Period for the Trust began on March 23, 2009 and will end on December 31, 2010. During this period the Trustees will not accept any collective bargaining agreement or participation agreement that (a) reduces the level of contributions for any participants; (b) suspends contributions with respect to any period of service; or (c) excludes younger or newly hired employees from plan participation. Also during the Rehabilitation Plan Adoption Period, except as required by law, the Trustees will not adopt amendments to the plan that increase the liability under the plan by increasing benefits, changing the accrual of benefits, or change the rate at which benefits become non-forfeitable.

The Rehabilitation Period for the Trust will begin on January 1, 2011, and end on December 31, 2020, or when the Trust emerges from critical status, if earlier. During this period the Trustees will not adopt amendments that increase benefits or future accruals unless the Trust's actuary certifies that such increases are paid for out of additional contributions not contemplated by the Rehabilitation Plan and, after taking into account the benefit increases, the plan is still reasonably expected to emerge from critical status by the end of the Rehabilitation Period in accordance with the Rehabilitation Plan.

The 2009 Rehabilitation Plan includes the attached schedules of revised benefit and contribution structures that, if adopted by the bargaining parties, are reasonably expected to enable the plan to emerge from critical status by December 31, 2020.

The Trustees will update the Rehabilitation Plan annually in accordance with the PPA.

Joint Board of Trustees
Automotive Machinists Pension Trust

2009 Rehabilitation Plan

Schedule A

Based on the January 1, 2008 census and January 1, 2009 plan assets, the following table shows the benefit changes and increased contributions that can be reasonably expected to bring the plan out of critical status by December 31, 2020.

	Schedule A	Effective Date
Early retirement subsidies	Eliminated on benefits earned as of June 30, 2009 (NOTE: already eliminated on benefits earned on and after July 1, 2009)	July 1, 2009
Increase in contributions above latest negotiated rate	Increase of 75%, phased in 25% per year over 3 years	Immediately upon renegotiation of collective bargaining agreement

The changes above will not affect the "Grandfathered Group," which is defined as:

- Any participant or beneficiary whose benefit commencement date is on or before March 1, 2009,
- Any participant who has submitted a retirement application which has been received by the Trust Office on or before March 24, 2009 and who subsequently retires on or before the benefit commencement date specified in that application, or
- Any active participant who has at least 501 creditable hours in 2008, who submits a retirement application on or before April 30, 2009, and retires with a benefit commencement date on or before July 1, 2009.

Automotive Machinists Pension Trust

2009 Rehabilitation Plan

Schedule B

Default Schedule

Based on the January 1, 2008 census and January 1, 2009 plan assets, the following table shows the benefit changes and increased contributions that can be reasonably expected to bring the plan out of critical status by December 31, 2020.

	Default Schedule	**Effective Date**
Increase in contributions above latest negotiated rate	Increase of 129%	Immediately upon renegotiation of collective bargaining agreement

As required under the PPA, should bargaining parties be unable to agree on a contribution and benefit schedule consistent with Schedule A, the Trustees will implement for all participants covered by the bargaining parties' collective bargaining agreement the above Default Schedule of increased contributions and reduced benefits on the date that is 180 days after the date on which the collective bargaining agreement expires.