

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

Administered by
Welfare & Pension Administration Service, Inc.

March 23, 2009

Dear Contributing Employer:

Enclosed is a notice of critical status for the Automotive Machinists Pension Trust (the “Plan”) for the 2009 plan year. As required by the Internal Revenue Service, this notice is being sent to all plan participants and beneficiaries, local unions, contributing employers, the Pension Benefit Guaranty Corporation (PBGC) and Department of Labor (DOL). The purpose of this cover letter is to provide you with additional information.

Critical Status

A multiemployer pension plan is deemed “critical” under IRS rules if it fails to meet certain benchmarks. The Plan is critical because:

- 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

This projected funding deficiency is the direct result of the severe investment losses experienced by the Plan in 2008, due to the deterioration of nearly all investment markets over the year. These investment losses have resulted in plan assets falling significantly below plan liabilities. A similar decline is being experienced by other pension plans across the country.

As indicated in the enclosed notice, federal law requires a plan in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The Trustees will be developing this rehabilitation plan. A rehabilitation plan includes a combination of benefit adjustments and/or contribution increases. The plan is then presented to the collective bargaining parties for adoption.

Immediate implications of critical status.

You should also be aware of the following implications of the Plan’s critical status:

All Contributing Employers

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- As noted in the enclosed notice, a contribution surcharge will apply until the rehabilitation plan is adopted. The contribution surcharge for 2009 will be 5% of the otherwise required contribution amount. The surcharge is a contribution to the Plan but does not result in benefit accruals for participants. The surcharge will first apply for the contribution applicable for May 2009 hours, paid in June 2009. Beginning with 2010 hours, the surcharge increases to 10%.
- The rehabilitation plan may include additional employer contributions. Like the surcharge contributions, no additional benefits would accrue from these additional contributions.
- Beginning with the critical certification date of March 23, 2009, employers and local unions may not negotiate reduced contributions to the Plan, suspend contributions with respect to any period of service, or directly or indirectly exclude any younger or newly hired employees from participation in the Plan. Collective bargaining agreements with any such changes must be rejected by the Plan.
- If the bargaining parties decide to negotiate out of the Plan entirely, employer withdrawal liability will be assessed against any withdrawing employer.

The Trustees of the Plan remain committed to providing the best and most secure benefits possible. The Fund's investment portfolio remains well diversified and is positioned to participate in any market recovery.

The Trustees understand that you may have many questions with regard to this information.

Additional information will be provided in future communications after the rehabilitation plan is developed. In the meantime, if you have any questions, please feel free to contact the administrative office at (206) 441-7574, or toll free at (800) 732-1121.

Sincerely,

Richard Kafer
Plan Administrator

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Enclosure

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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