



International Association of Machinists Motor City Welfare and Pension Funds

P. O. Box 1438 / Troy, Michigan 48099-1438 / (248) 641-4951 / (877) 361-2244

Notice of Critical Status For International Association Of Machinists Motor City Pension Fund EIN: 38-6237143 Plan No: 001

This is to inform you that on September 29th the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning July 1, 2008. Federal law requires that you receive this notice.

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 over the next three plan years, the plan is projected to have an accumulated funding deficiency for the 2011-12 plan year. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

Rehabilitation Plan and 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. The Trustees of the plan have determined that these benefit reductions are necessary. A separate notice is enclosed which explains 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. Also, the reductions only apply to participants and beneficiaries whose benefit commencement date is on or after January 1, 2009.

Additional Restriction Due to Critical Status

Effective today, October 29, 2008, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity, including a social security leveler) while it is in critical status.

Commitment to Continued Improvement

With the past and future changes in place, the Trustees anticipate that the Fund will emerge from critical status and see improved funded percentages in the future. The Trustees maintain their commitment to providing a retirement benefit which you can rely upon to pay a lifetime benefit that will play a significant role in your overall retirement planning.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge beginning on November 28, 2008 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.

The surcharges continue until the bargaining parties formally approve a rehabilitation plan. The Board of Trustees plan to have the rehabilitation plan to the bargaining parties within the next month for approval. It is the Trustees' intention that the bargaining parties will approve the rehabilitation plan, which will have only one funding solution option, before the surcharges begin so that they are completely avoided.

Where to Get More Information

For more information about this Notice, you may contact the plan administrator at 700 Tower Drive, Suite 300, Troy, MI, 48098-2808 or by telephone at (248) 641-4951. You have a right to receive a copy of the rehabilitation plan from the plan. It should be completed by the end of November.