AUTOMOTIVE INDUSTRIES PENSION FUND

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NOTICE OF APPLICATION FOR APPROVAL OF A PROPOSED REDUCTION OF YOUR PENSION BENEFITS

On September 27, 2016, the Board of Trustees of the Automotive Industries Pension Plan ("Plan") submitted an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by Federal law called the Multiemployer Pension Reform Act of 2014.

You are getting this notice because you have a pension benefit under the Plan. **The enclosed statement describes the proposed reduction of your monthly payments.**[1] This notice will answer the following questions for you---

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?

1. Why is the Board of Trustees proposing to reduce benefits?

The Plan's actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the year 2029. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. The Plan's actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the Plan is not projected to run out of money.

2. What will happen if the Plan runs out of money?

The Plan will not have enough money to pay benefits when it becomes insolvent, currently projected in 2029, then only the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC") will be paid. You can find the amount of your benefit guaranteed by the PBGC in the enclosed statement.

3. How did the Board of Trustees decide whose benefits to reduce and by how much?

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction –

- The total reduction in everybody's benefits must be estimated to be large enough to keep the Plan from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by PBGC.
- Disability benefits (as defined by the Plan) cannot be reduced.
- The benefits of people who are at least 80 years old on July 31, 2017 and their beneficiaries cannot be reduced.
- The benefits of people who are at least 75 years old on July 31, 2017 and their beneficiaries are partially protected, and the closer the person is to age 80 the less the benefits can be reduced.
- The reduction of benefits must be spread fairly among the people who have a pension benefit under the Plan.

[1] A version of this notice that does not include the estimate of the effect on your benefit is being sent to unions that represent Plan participants and to all contributing employers.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees took into account the following:

- Age
- Life expectancy
- Length of time in payment status
- Amount of benefit
- Type of benefit-survivor, normal, retirement, early retirement
- Extent of benefit subsidy
- History of benefit increases and reductions
- Discrepancies between active and retiree benefits
- Extent to which reduction will result in withdrawal of participant support of the plan

4. What are the proposed reductions in benefits?

The Board of Trustees has considered all of its options to come up with a fair and equitable reduction plan that will protect the most vulnerable participants and prevent the Plan from becoming insolvent.

The Board of Trustees proposes to amend the Plan to recalculate the accrued benefits of all participants (active/working and inactive vested, retirees, beneficiaries and alternate payees) by limiting the accrual rate for service prior to January 1, 2005 to 1.96% of contributions. This means that for any month you earned an accrual rate in excess of 1.96% prior to January 1, 2005, your benefit will be recalculated to 1.96% for those months. Benefit accruals are earned for work you performed for which an employer was required to make contributions to the Plan on your behalf. For those currently receiving a pension, the reductions for early retirement and optional payment forms continue to apply.

Additionally, as stated in Section 3 above, the proposed reduction will not affect you if are on a disability pension from the Plan or are older than 80 on July 31, 2017. Further, if you are at least 75 years old on July 31, 2017 your benefits are partially protected, and the closer you are to age 80 the less your benefit can be reduced. Also, your benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by the PBGC. If you have no benefits accrued prior to January 1, 2005, your benefit will not be reduced.

Because the Plan's accrual rates have changed over the years, the effect of the benefit reduction will affect participants differently depending on their benefit accrual rate. The Trustees have identified groups of participants with the same or similar accrual rates and the impact of the proposed benefit reduction on each of those groups as follows:

These examples are all based on a single life annuity and do not apply to persons that have reached age 75 as of July 31, 2017, on a disability pension or whose benefits would be reduced to less than 110% of the PBGC guarantee.

1) **Participants who retired prior to January 1, 1997 with an effective accrual rate of 4.5%.**
   For example: A participant who retired in 1996 with an accrual rate of 4.5% whose employers were responsible for $30,000 in contributions on the participant's behalf to the Plan currently has a monthly benefit of $1,350. Under the proposed benefit reduction, the participant will have an accrual rate of 1.96% and his or her monthly benefit reduced to $588.

2) **Participants who retired during calendar year 1997 with an accrual rate of 4.73%.**
   For example: A participant who retired in 1997 with an accrual rate of 4.73% whose employers were responsible for $30,000 in contributions on the participant's behalf to the Plan currently has a monthly benefit of $1,419. Under the proposed benefit reduction, the participant will have an accrual rate of 1.96% and his or her monthly benefit reduced to $588.

3) **Participants who retired during calendar year 1998 with an accrual rate of 4.9%.**
For example: A participant who retired in 1998 with an accrual rate of 4.9% whose employers were responsible for $30,000 in contributions on the participant's behalf to the Plan currently has a monthly benefit of $1,470. Under the proposed benefit reduction, the participant will have an accrual rate of 1.96% and his or her monthly benefit reduced to $588.

4) **Participants who retired from January 1, 1999 to June 30, 2003, and inactive vested participants who accrued all benefits prior to July 1, 2003, with an accrual rate of 5%.**
For example: A participant who retired in 2001 with an accrual rate of 5.0% whose employers were responsible for $30,000 in contributions on the participant's behalf to the Plan currently has a monthly benefit of $1,500. Under the proposed benefit reduction, the participant will have an accrual rate of 1.96% and his or her monthly benefit reduced to $588.

5) **Participants who accrued some or all benefits prior to January 1, 2005 at multiple accrual rates.**
For example: A participant who retired on January 31, 2007 and whose employers were responsible for $20,000 in contributions on the participant's behalf from January 1, 1995 through June 30, 2003 with an accrual rate of 5%, $5,000 in contributions during the period from July 1, 2003 through December 31, 2004 with an accrual rate of 3%, and $5,000 in contributions during the period from January 1, 2005 through January 31, 2007, with an accrual rate of 0.5% based on a $200 monthly contribution rate.

This participant currently has a monthly benefit of $1,175 ($1,000 earned through June 30, 2003, $150 for July 1, 2003 through December 31, 2004 and $25 after January 1, 2005).

Under the proposed benefit reduction, the participant will have an accrual rate of 1.96% for benefits earned from 1995 through 2004; the participant's benefits earned from January 1, 2005 through January 31, 2007 will be unaffected by the benefit reduction. In total, the participant's monthly benefit will be reduced to $515 ($392 earned before June 30, 2003, $98 for July 1, 2003 through December 31, 2004 and $25 after January 1, 2005).

6) **Participants who accrued all benefits from January 1, 2005 to the present.**
For example: A participant who retired after working from 2009 through 2015 and whose employers were responsible for $30,000 in contributions on the participant's behalf to the Plan with an accrual rate of 1.0% currently has a monthly benefit of $300. Under the proposed benefit reduction, the participant's monthly benefit will remain unchanged.

In general, participants with benefit accruals earned both before and after January 1, 2005 will be affected less by the reduction since the portion of their benefits earned after January 1, 2005 will not be reduced.

Because the proposed reduction reduces benefits before January 1, 2005, the effect of the reduction is greater on participants who earned more benefits during that period. However, even for participants with all their benefit accruals earned prior to January 1, 2005, the effect of the proposed reduction will depend on the accrual rates in effect at the time of their retirement. The proposed reduction would have a lesser relative effect on those retiring with lower accrual rates.

The proposed reduction will be permanent. If the proposed reduction is implemented, the Plan's actuary has certified that the Plan is projected to avoid insolvency. This projection requires the use of certain assumptions, so the determination is subject to some uncertainty.

5. What comes next?

Approval or denial of the application by the Treasury Department

The Treasury Department will review the application to see whether it meets all of the legal requirements under federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until May 10, 2017.

You can get information from the Treasury Department

More information about the proposed benefit reductions and a copy of the application is available at www.treasury.gov/mpra.

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Plan's actuary's certification that the Plan will run out of money (that is, that the Plan is in "critical and declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of the projection to the assumptions used.

The application describes steps the Board of Trustees has already taken to try to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the Plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the Plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been updated or withdrawn.

For further information and assistance you can also write to the Treasury Department at the following address:

Department of Treasury
Attn: MPRA, Room 1001
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

You can comment on the application to reduce benefits

You can submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Department of the Treasury, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

Retiree Representative

If the plan has 10,000 or more participants, the Board of Trustees is required by Federal law to select a retiree representative to advocate for the interests of retirees, beneficiaries, and deferred vested participants as part of this process. A plan is required to pay the reasonable expenses of the retiree representative.

On September 17, 2015, the Board of Trustees selected Mr. Raymond Monteiro to be the retiree representative. Mr. Monteiro is a 35-year IAM member who is retired, currently receiving benefits under the Plan and is not a member of the Plan's Board of Trustees. Participants and beneficiaries may contact Mr. Raymond Monteiro at:

P.O. Box 15610
Minneapolis, MN 55415
Email: autoindustriesretireerep@losgs.com
Telephone: (855) 545-3360
Website: www.losgs.com/autoindustriesretireerep

Vote on Proposed Benefit Reduction

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction to take effect. This means that not voting counts the same as a vote to approve the reduction.

Even if a majority votes to reject the proposed reduction in benefits, Federal law requires the Treasury Department to allow the proposed benefit reduction (or a modified version) to take effect if the cost to PBGC to provide guaranteed benefits is particularly large. This rule applies if the value of payments from PBGC if the Plan runs out of money is expected to be more than $1 billion. Before the Treasury Department permits a reduction in this circumstance, PBGC's Participant and Plan Sponsor Advocate may recommend possible modifications to the proposed reduction.

You may contact PBGC's Participant and Plan Sponsor Advocate by mail at Pension Benefit Guaranty Corporation, Attn: Participant and Plan Sponsor Advocate, 1200 K. St., NW Washington, DC 20005; by telephone at (202) 326-4448; or by e-mail at advocate@PBGC.gov.

Your right to see Plan documents

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Plan administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements).

- The Plan's most recent summary plan description (SPD or plan brochure) and any summary of material modifications.

- The Plan's Form 5500 annual reports, including audited financial statements, filed with the U.S. Department of Labor during the last six years.

- The annual funding notices furnished by the Plan during the last six years.

- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years.

- The Plan's current rehabilitation plan, including contribution schedules and annual plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan would run out of money if there were no benefit reductions.

- Any quarterly, semi-annual or annual financial reports prepared for the Plan by an investment manager, fiduciary or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest means of reproducing documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at www.dol.gov/ebsa/5500main.html. Some of the documents also may be available for examination, without charge, at the Plan administrator's office, your worksite or union hall.

Your right to challenge incorrect calculations

If you think the Plan miscalculated the reduction to your benefits, then you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's Summary Plan Description ("SPD") tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim.

If you believe the information used to calculate your estimate in the enclosed statement is wrong, please contact the Plan office at:

Automotive Industries Pension Trust
MPRA Benefit Reductions
P.O. Box 24323
Oakland, CA 94623
Phone: (800) 201-8944
Fax: (888) 919-4907
Email: AIPension.MPRA@atpa.com