AUTOMOTIVE INDUSTRIES TRUST FUNDS

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NOTICE OF CRITICAL STATUS PENSION PLAN

April 29, 2012

TO: PARTICIPANTS AND BENEFICIARIES
CONTRIBUTING EMPLOYERS
LOCAL UNIONS
PENSION BENEFIT GUARANTY CORPORATION
SECRETARY OF LABOR

This is to inform you that on March 30, 2012, the actuary for the Automotive Industries Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and to the Board of Trustees that the Plan continues to be in critical status (the "red zone") for the Plan Year beginning January 1, 2012. Federal law requires that you receive this notice.

CRITICAL STATUS

The Plan is considered to be in critical status because it has funding problems or liquidity problems, or both. More specifically, the Plan's actuary determined that:

- The Plan has an accumulated funding deficiency for the current Plan Year.

- 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 Plan Year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and over the next four Plan Years, the Plan is projected to have an accumulated funding deficiency for the current Plan Year.

- The funded percentage of the Plan is 65% or less and over the next four Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2013, 2014, 2015 and 2016 Plan Years.

- The Plan was in critical status last year and over the next 9 years, the Plan is projected to have an accumulated funding deficiency for the 2013 – 2021 Plan Years.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the third year the Plan has been in critical status. The law permits pension plans in the red zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan.

2008 Plan Year

The Plan was originally certified to be in critical for the 2008 Plan Year (January 1, 2008 – December 31, 2008). On March 28, 2008, you were notified that the Plan would reduce or eliminate the following benefits and reduce future accruals effective July 1, 2008:

- Early Retirement Benefit subsidy removed.
- Elimination of Unreduced “Rule of 85” Early Retirement Benefit
- Elimination of Disability Benefit
- Elimination of 36-Payment Pre-Retirement Death Benefit
- Elimination of 36-month and 120-month guarantee of payments for single life annuity payment forms
- Elimination of “pop-up” feature and subsidy connected with the 50% Automatic Joint and Survivor Benefit
- Elimination of 100% Full Joint and Survivor Annuity Option
- Elimination of Social Security Option
- Elimination of automatic cashout of benefits

Any reduction of adjustable benefits (other than a repeal of any recent benefit increase made within 60 months of the January 1, 2008, Plan Year in which the Plan was first certified as being in critical status) will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, any reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 27, 2008.

The Plan’s Board of Trustees is required to annually review and, if necessary, update the Rehabilitation Plan schedules. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

2009 Plan Year

For the 2009 Plan Year, the Trustees elected under the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) to freeze the Plan’s zone status and, as a result, an update to the rehabilitation plan was not required for that year.

2010 Plan Year

The Plan was again certified to be in critical status for the 2010 Plan Year and after careful consideration, the Board of Trustees voted in December 2010 to eliminate all early retirement benefits for “inactive vested Participants” effective February 1, 2011. Participants and other interested parties were notified of this Plan change.

2011 Plan Year

Following its 2011 annual review, and taking industry conditions into consideration, the Board of Trustees voted on March 6, 2012, to reduce the annual rate at which supplemental "off-benefit" contributions (i.e., additional contributions that do not count towards benefit accruals) will increase in future Plan Years from 12.5% to 5.0%.

EMPLOYER SURCHARGE

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation beginning 30 days after the employer is notified that the Plan is in critical status and terminating when an employer's employees are covered by a collective bargaining agreement or other contribution agreement which include terms consistent with a rehabilitation plan schedule adopted by the Board of Trustees. The surcharge is a percentage of an employer's negotiated contribution rate.

WHERE TO GET MORE INFORMATION

For more information about this notice or the Trust, contact the Administration Office at the following address or phone number:

Plan Administrator
Associated Third Party Administrators
1640 South Loop Road
Alameda, CA 94502
(510) 433-4400

You have a right to receive a copy of the rehabilitation plan from the Pension Plan.

Sincerely,

Board of Trustees

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