AUTOMOTIVE INDUSTRIES PENSION FUND

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NOTICE OF CRITICAL STATUS PENSION PLAN

April, 2014

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

This is to inform you that on March 31, 2014, 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, 2014. 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 each of the following applies. Any one by itself would be sufficient to cause the Plan to be in critical status.

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

- Over the next three Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2015, 2016 and 2017 Plan Years.

- 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 the Plan has an accumulated funding deficiency for 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 2015, 2016, 2017 and 2018 Plan Years.

- 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 2015, 2016, 2017 and 2018 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 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 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 sixth 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. Since the adoption of the original rehabilitation plan, the following changes were made to the Pension Plan. Participants and other interested parties received prior notices containing specific information concerning the changes and who would be affected by the changes. This Notice of Critical Status is not intended to describe the changes in any detail.

- 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
- Elimination of Early Retirement Benefit for “inactive Vested Participants effective February 1, 2011.

None of the above benefit changes served to reduce the level of a participant's basic benefit payable at normal retirement age.

The Plan’s Board of Trustees is required to and continues 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.

Following its 2011 annual review, and taking industry conditions into consideration, the Board of Trustees voted on March 8, 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. There are presently no employers paying surcharges.

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) 836-2484

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

Sincerely,

Board of Trustees

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