



Western Metal Industry Pension Fund

A Multi-Employer Labor-Management Retirement Plan

2940 Fairview Ave. East • P.O. Box 12068, Seattle, WA 98102-0068
Phone: 206/664-7300 • Toll-Free: 800/426-7132 • Fax: 206/664-7194

February 24, 2010

Contributing Employers to the
Western Metal Industry Pension Fund

Re: Notice of Critical Status

Dear Contributing Employer:

We are attaching a notice of critical status for the Western Metal Industry Pension Fund (the "Plan") for the 2010 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). In addition, we are sending this cover letter to the contributing employers to provide additional information.

A similar notice was provided at this time last year, with notification of the Plan's critical status in 2009. The Plan was amended in 2009 to reduce certain benefits. However, the full impact of the critical status was not implemented because the Plan took advantage of the option available in 2009 to retain the 2008 status for 2009. This option is not available for 2010.

A multiemployer pension plan is deemed "critical" under IRS rules if it fails to meet certain benchmarks. The Plan is critical because the minimum contribution credit balance is projected to be exhausted within the four years following the current year. The credit balance is the cumulative measurement of actual plan contributions versus IRS minimum required contributions. Once the credit balance is exhausted a Plan experiences a funding deficiency.

The 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 resulted in plan assets falling significantly below plan liabilities. A similar decline was experienced by other pension plans across the country. The Plan did experience a significant investment gain in 2009, but this was not nearly enough to offset the loss in 2008.

As indicated in the attached notice, federal law requires a plan in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The Plan 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.

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

- As noted in the attached notice, a contribution surcharge will apply until the rehabilitation plan is adopted. The contribution surcharge for 2010 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 April 2010 hours, paid in May 2010. Beginning with January 2011 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.

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- 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 further 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) 664-7300 or toll free at 1 (800) 426-7132.

Sincerely,

Claudia Cook
Manager, Pension Operations
On behalf of the Board of Trustees