To: IAM National Pension Fund, National Pension Plan Participants

From: The Board of Trustees

Future Service Benefit Schedule Change Under the National Pension Plan for Employees of Certain Contributing Employers

The economic conditions of recent years and new, stricter funding requirements imposed by the Pension Protection Act of 2006 (PPA) have had an impact on the National Pension Plan. In response, the Board of Trustees has decided to phase out current benefit Schedule A for all groups that are still accruing benefits under it. Participants working for contributing employers with initial contribution dates prior to April 1, 2003 will start earning future benefits under Schedule B over a three-year transition period. Schedule B is the same schedule currently in place for participants working for contributing employers with initial contribution dates on or after April 1, 2003 (unless there is a custom benefit schedule in effect).

Schedule B provides benefit accrual rates that are lower than the rates currently applicable under Schedule A (see the attached chart showing benefit accrual rates associated with selected employer contribution rates under Schedule A and Schedule B).

This important action is being taken by the Trustees to further ensure that the Plan will continue meeting all of its pension payment promises today and in the future. Please note that this change will not affect the benefit amount you have already earned, and it will not change the benefit amount any retiree or beneficiary receives now.

Schedule B will apply to participants in affected groups starting the first of the month following the ratification of any applicable collective bargaining agreement replacing the agreement in effect on January 1, 2011. The latest Schedule B will take effect, in any instance, is January 1, 2014. The Trustees elected to phase in the schedule change in order to allow the collective bargaining parties an opportunity to take it into consideration in negotiations.
The National Pension Plan Remains Strong...

The Trustees want to emphasize that the National Pension Plan is not currently in financial difficulty. Its funded status and reserve strength remain among the best of multiemployer pension programs. The National Pension Plan is ranked among the top 10 multiemployer pension plans nationally and it has assets of more than $7.3 billion. The Plan pays over $400 million in annual retirement benefits to more than 78,000 retirees and their beneficiaries.

For over 50 years, the National Pension Plan has provided a safe, secure, known lifetime pension benefit to participants and their beneficiaries. It has paid more than $4 billion in benefits over the years and has never missed a benefit payment to anyone, even during the most difficult economic times.

...And the Trustees Are Taking Action to Keep the Plan Strong For Years to Come

There is precedent for the Trustees taking similar decisive action to preserve the Plan’s financial integrity, assuring that it will meet pension payment promises. In 2003, facing the fallout from the events of 9/11 and the sustained poor market performance in the 2000-2002 period, the Trustees adopted Schedule B for employees of new contributing employers with an initial contribution date on or after April 1, 2003—the same schedule that will now apply to benefits earned in the future for all Plan participants (unless there is a custom benefit schedule in effect).

The Trustees remain vigilant in their efforts to protect the financial health of the Plan. The schedule change is a necessary and forward-thinking step to help ensure the Plan’s continued strength and success.

The Trustees will continue to closely monitor the Plan’s financial status and carefully consider and evaluate any further measures that may be needed to protect participants’ pension benefits in the face of new, stricter funding requirements imposed by the Pension Protection Act of 2006 and the volatility that seems now to be the “new normal” in the investment markets.

National Pension Plan benefit payments are of unquestionable value and truly have the power to improve the lives of union members and their families. The action being taken by the Trustees now will do two important things: help preserve the promise of providing you with a valuable pension benefit at retirement, and help ensure the continued stream of benefit payments to retirees (and their beneficiaries) that they have worked so hard to earn.
Answers to Questions You May Have

The following are answers to some questions you may have about the schedule change. In addition, following this Question and Answer section is a government-required notice about the change.

What does the change mean for me?

If your employer had an initial contribution date prior to April 1, 2003, the change means that you will earn benefits at a lower rate than you do today for the same contribution your employer makes now. While Schedule B provides a lower benefit than Schedule A for the same contribution, it will still provide a very valuable—and increasingly rare—defined benefit pension. At the new benefit value, a $1 hourly employer contribution provides a monthly benefit of $46.98 for each year of service. (See the chart on page 6.) Most Americans don’t have a real pension and, of those that do, virtually none receive a benefit as valuable as this.

The degree to which this schedule change will affect you depends on where you are in your working career:

➢ If you are in the latter part of your working career, you have already earned a substantial benefit in the Plan under your current benefit schedule; your lower rate of benefit accrual under Schedule B will have limited impact on your overall pension because it will contribute to your final benefit for only a relatively brief time before retirement.

➢ If you are in the middle of your working career, and you have participated in the Plan since early in your career, you have already earned a significant portion of your final pension under your current benefit schedule. And, while you will have a lower benefit accrual rate under Schedule B if the same employer contribution rate continues, it will still produce an excellent benefit value. Even under Schedule B, you will remain far ahead of most U.S. employees in the effort to build retirement income and a more secure future for you and your family.

➢ If you are early in your working career, you have many years to earn a significant benefit under Schedule B.

If you are now receiving benefits from the Plan, this change will have absolutely no impact on the pension benefit amount you are receiving under the Plan, or the way in which you receive it.

Remember, no matter where you are in your working career, you have the opportunity, through collective bargaining, to increase the employer contribution rates to the Plan. Doing so would produce a higher benefit level from that point on.
When will the change apply to me?

Schedule B will apply to participants in affected groups starting the first of the month following the ratification of the collective bargaining agreement replacing the agreement in effect on January 1, 2011. The latest Schedule B will take effect, in any instance, is January 1, 2014.

Why are the Trustees making this change now?

The Trustees are making this change now in response to the economic conditions of recent years and their impact on the operations of the National Pension Plan, as well as in response to new, stricter funding requirements imposed by the Pension Protection Act. The change will help ensure that the Plan’s assets, contribution income and investment earnings are sufficient to pay promised benefits to all retirees and beneficiaries, as well as to all active Plan participants when they retire.

What happens to the benefit I’ve already earned toward my pension?

The benefit you have earned prior to the date the new schedule applies to your group will not be affected in any way by the change.

I am currently subject to a benefit limitation or a custom benefit schedule. How will I be affected?

Your future benefit accruals will continue with the same limitation or custom schedule adjustments, but they will now be based on Schedule B. There will be no change if your benefit limitation or custom schedule is already based on Schedule B.

How can I tell how much my pension will be under the new schedule?

The pension benefit calculator on the National Pension Plan’s website (www.iamnpf.org) is being reprogrammed to reflect the benefit accrual schedule change. We will let you know when the reprogramming is complete so you can use the calculator to see what your pension will be under different scenarios (for example, based on possible future employer contribution increases or how old you are when you retire). If, in the meantime, you need information about your pension benefit amount at retirement, please write to the Fund office: IAM National Pension Fund, 1300 Connecticut Ave., N.W., Suite 300, Washington, DC 20036. Keep in mind that you will also continue receiving a personalized pension benefit statement each year.
Is there anything I can do to offset the lower benefit values under Schedule B?

Through collective bargaining, you have the opportunity to negotiate employer contribution rate increases into your agreement. Negotiating increases into your agreement will increase your pension benefit in the future.

For Other Questions

If you have other questions about the schedule change, please contact the Fund office toll-free at 1-800-424-9608, or at 1-202-785-2658, Monday through Friday, 7:30 a.m. to 7:00 p.m. Eastern Time.
Comparison of the Schedule A and Schedule B Benefit Values
(at selected hourly employer contribution rates)

<table>
<thead>
<tr>
<th>Hourly Employer Contribution Rate</th>
<th>Schedule A Monthly Normal Pension Benefit for 12 Months of Future Service Credit in Plan Year</th>
<th>Schedule B Monthly Normal Pension Benefit for 12 Months of Future Service Credit in a Plan Year*</th>
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*Effective the first of the month following the ratification of any applicable collective bargaining agreement replacing the collective bargaining agreement in effect on January 1, 2011. The latest the new schedule will take effect, in any instance, is January 1, 2014.