Rehabilitation Plan for the Western Metal Industry Pension Fund

Effective May 28, 2010

Introduction

The Pension Protection Act of 2006 (PPA) requires an annual actuarial status determination for multiemployer pension plans like the Western Metal Industry Pension Fund (the “Plan”). A certification of endangered status or critical status requires specific action from the plan trustees. On February 12, 2010 the Plan actuary certified to the U.S. Department of the Treasury and the Trustees that the Plan is in critical status for the plan year beginning January 1, 2010. The certification was communicated to all Participants in a letter dated February 24, 2010.

The determinations triggering the critical status certification were: (1) the Plan is projected to have a funding deficiency, as defined by the PPA, in the fourth year following the 2010 plan year, (2) the present value of vested benefits for active participants is less than the present value of vested benefits for inactive participants and (3) the present value of projected contributions in 2010 is less than the unit credit normal cost plus expenses plus interest on the unfunded present value of accrued benefits.

The Plan’s critical status is the result of the severe decline in the investment markets in 2008. The Plan’s investments experienced a partial recovery during 2009, but not nearly enough to fully offset the 2008 losses.

The Plan was also certified as critical for the plan year beginning January 1, 2009. However, the Trustees elected to freeze the status for 2009 to retain the status of 2008 (not endangered or critical). This one-time option was provided for under the Worker, Retirement, and Employer Recover Act in 2009. This decision by the Trustees was communicated to the contributing employers and unions in a letter dated September 16, 2009.

A plan in critical status must develop and maintain a rehabilitation plan. In general, a rehabilitation plan is comprised of one or more schedules each made up of benefit adjustments and/or contribution increases intended to return the Plan to actuarial balance over the Rehabilitation Period. The schedules are presented to the collective bargaining parties for adoption.

Effective Dates

This rehabilitation plan is effective May 28, 2010. It is effective for collective bargaining agreements (CBAs) agreed to, renewed, or extended from May 28, 2010 until the later of December 31, 2010, or the effective date of a revised rehabilitation plan, if any.

The rehabilitation plan consists of a Preferred Schedule and a Default Schedule. Details of these schedules, and the adoption process, are provided below. Each schedule is designed so that the Plan is projected to emerge from critical status by the end of the Rehabilitation Period. The Rehabilitation Period for the Plan is the 10-year period beginning January 1, 2013 and ending December 31, 2022.

Summary of Rehabilitation Plan Options

The rehabilitation plan consists of a Preferred Schedule and a Default Schedule. The Trustees designed the Preferred Schedule as the preferred balance of benefit reductions and contribution increases required to return the Plan to actuarial balance. The benefit reductions reflected in the Preferred Schedule are reductions in "adjustable benefits," as defined by the PPA, that are only allowable under an alternative rehabilitation plan.

The Trustees believe the Preferred Schedule is the better option, and recommend its adoption by the bargaining parties. In making this recommendation, the Trustees recognize the negative impact on participant benefits under the Preferred Schedule, particularly for participants who elect early retirement. However, even the Preferred Schedule requires significant contribution increases in future years, and absent the benefit reductions these required contributions are much higher.

The Default Schedule does not include any reductions in benefits, beyond the benefit reductions already adopted in 2009 and communicated to Participants June 30, 2009. Instead, this schedule relies entirely on additional employer contributions to return the Plan to actuarial balance. As a result, the additional contribution requirements are higher under the Default Schedule.

The details of the Preferred Schedule and the Default Schedule are listed below in separate exhibits. The following is a brief summary.

Preferred Schedule

- Early retirement benefits are reduced. In particular, the early retirement reduction factors adopted in 2009 for benefit accruals after August 1, 2009 will apply for a participant's entire accrued benefit. These factors are intended to be "actuarially equivalent," meaning that the reduction is at a level that the values of benefits for early retirement and normal retirement are similar, taking into account longer periods of payment for early retirement, expected lifetimes and the time value of money.
- The Single Life Annuity payment option is adjusted so that the 5-year guarantee period is offered with an actuarial equivalent adjustment to reflect the additional cost of this feature.
- The spouse joint-and-survivor payment options are modified so that the "pop-up" conversion feature is an option for all participants, with an actuarial equivalent adjustment to reflect the additional cost of this feature.
- Employer contribution rates are increased to provide additional deficit reduction contributions equal to 16% of the current contribution, with this amount increasing by an additional 16% each year over an 8-year period, and level thereafter.

Default Schedule

- The default schedule does not include any benefit changes beyond the changes adopted in 2009.
- Employer contribution rates are increased to provide additional deficit reduction contributions equal to 214% of the current contribution, with this additional amount continuing at this level thereafter.

Under the PPA, a rehabilitation plan must include a default schedule. The collective bargaining parties may adopt the default schedule. In addition, if the parties fail to adopt a schedule within 180 days of the expiration of their current CBA, the default schedule applies.

Plan Changes Adopted in 2009

As communicated to all Participants in a letter dated June 30, 2009, the Plan was amended by the Trustees effective August 1, 2009 to prospectively reduce certain benefits. The changes reflected in the rehabilitation plan schedules are in addition to plan changes adopted in 2009. The changes adopted in 2009 are not part of the rehabilitation plan, because they have already been adopted.

The changes adopted in 2009 include the following:

Accrual rate change

Under the Plan's formula, the rate of future accruals was reduced from a monthly benefit equal to 2.0% of employer contributions to a monthly benefit equal to 1.0% of employer contributions. This change applied to benefits earned on or after August 1, 2009.

Change in early retirement reduction factors

Benefits earned on or after August 1, 2009 are subject to the greater early retirement reduction factors. These factors are 8.0% per year for each year from age 65 to age 60, and 5.0% per year for each year from age 60 to age 55. The prior early retirement reduction factors were 3.0% per year for each year from age 65 to age 55. These new factors are intended to be "actuarially equivalent," meaning that the reduction is at a level that the values of benefits for early retirement and normal retirement are similar, taking into account longer periods of payment for early retirement, expected lifetimes and the time value of money.

Change in pre-retirement death benefits

For married participants who die before retirement with a vested benefit in the Plan, the benefit payable to the surviving spouse was reduced from a benefit based on the 100% joint-and-survivor payment option to a benefit based on the 50% joint-and-survivor payment option.

In addition, the pre-retirement death benefit for unmarried participants was eliminated.

Disability benefit eliminated after age 55, and disability benefit reduced before age 55

For disability retirements on or after August 1, 2009, the Plan was amended to eliminate special disability benefits for disability retirements at ages 55 and older. In addition, disability benefits before age 55 are now subject to an actuarial equivalent reduction factor.

Requirement for bona-fide termination of employment to commence benefits

For retirements on or after August 1, 2009, the Plan was clarified to expressly require a bona-fide termination of employment to commence retirement benefits in accordance with long-standing IRS guidance.

The plan changes adopted in 2009 were described in detail in the June 30, 2009 communication to all participants.

Rehabilitation Plan Standards and Annual Review

A rehabilitation plan must provide annual standards for meeting the requirements of the plan. Specific requirements for annual standards have not been defined under the PPA. Because the requirement for a rehabilitation plan is that the plan emerges from critical status by the end of the Rehabilitation Period, the primary standard that the Trustees expect to measure against each year is whether the Plan is still projected to emerge from critical status by the end of the Rehabilitation period. As part of this, the Trustees will also measure the Plan's progress in terms of the funding percentage, and the Funding Standard Account credit balance.

The Trustees will review the rehabilitation plan annually, and may modify it as appropriate, in order to meet the objectives of the plan defined above. Notwithstanding any subsequent change in benefit and contribution schedules, a schedule of contribution rates provided by the Trustees and relied upon by the bargaining parties in negotiating a CBA shall remain in effect for the duration of that CBA.

The rehabilitation plan is based on the Plan's reasonably anticipated experience and actuarial assumptions, as well as the assumption that the bargaining parties will adopt one of the schedules.

The actuarial assumptions used include the assumptions reflected in the actuary's January 1, 2009 valuation report, as well as the following assumption changes that will be reflected in the January 1, 2010 valuation report:

- Change in the investment return assumption from 7.0% to 7.5%
- Increase in the expense reserve of $4 million

The anticipated experience includes the expectation that industry hours in 2010 will increase by 5% compared to 2009, and industry hours in 2011 will increase by 10% compared to 2009. Hours are projected to remain level after 2011.

Potential Changes to Rehabilitation Plan

The Trustees reserve the right to alter, change and revise the rehabilitation plan, in whole or in part, in accordance with the Pension Protection Act of 2006 and any accompanying regulations issued thereunder. Any omissions and oversights will be interpreted in accordance with the applicable law and regulations.

The contribution rates provided under the Preferred Schedule or Default Schedule, whichever is adopted by the collective bargaining parties under the rehabilitation plan, will apply for duration of the CBA. If the rehabilitation plan is revised in a subsequent year, different contribution rates may apply if a schedule is adopted by collective bargaining parties after that time. The current schedules will apply for adoptions before the later of December 31, 2010, or the date, if any, that a revised rehabilitation plan is adopted by the Trustees.

Adoption of a Rehabilitation Plan Schedule

Collective bargaining parties must adopt a rehabilitation plan schedule upon the expiration of the CBA in effect on May 28, 2010. If the collective bargaining parties do not adopt a schedule within 180 days of the expiration of the CBA in effect on May 28, 2010, the Default Schedule under the rehabilitation plan will be imposed, as required by the PPA.

For collective bargaining parties with a post-expiration CBA that has not been renewed as of May 28, 2010, the CBA will be considered to expire on May 28, 2010, for purposes of the deadlines noted in the paragraph above.

For employers that contribute with respect to both employees covered under a CBA and employees who are not covered under a CBA, the adoption date for employees not covered under a CBA shall be determined as if those employees were covered under the first of the employer's CBAs to expire after May 28, 2010.

For employers contributing to the plan under a special agreement that is not part of a CBA, the deadlines outlined in the paragraphs above will be applied as if the employer contributed under a CBA expiring on December 31, 2010, as required by the PPA.

Interim Contribution Surcharges

Effective for contributions beginning with April 2010 hours, an automatic contribution surcharge applies for employers who have not adopted a rehabilitation plan schedule as part of a CBA. The surcharge is 5% for reportable hours through December 2010, and 10% thereafter.

The contribution surcharge ends when an employer adopts a rehabilitation schedule as part of a CBA. At that point, employer contributions are defined by the rehabilitation schedule.

Employers who participate in the Plan only under a non-bargaining-unit participation agreement will pay contribution surcharges in the same manner as employers who contribute under a CBA.

Restrictions on Plan Changes While Critical

While the Plan is in critical status there are certain restrictions on changes that can be made to the Plan. These include:

- A CBA cannot be accepted that adversely affects the Plan's funding status.
- Amendments cannot be passed that are inconsistent with the rehabilitation plan.
- Amendments cannot be passed that increase benefits, unless they are paid for with contributions not required for the rehabilitation plan.
- Amendments cannot be passed that increase the liabilities of the Plan, unless such amendments are required by law.
- The Plan cannot pay benefits such as lump sums or Social Security level-income options and no annuity purchases can be made (small lump sum distributions are permitted).

Assignment of Participants to a Rehabilitation Plan Schedule

Active and Terminated Vested participants will receive Plan benefits under either the Preferred Schedule or the Default Schedule, depending on which schedule is adopted by the CBA they are covered under. Details on the assignment of participants to a CBA are listed below.

In all cases, participants will be subject to only one schedule. The initial schedule to which they are assigned is permanent and will not change, regardless of any change in their status or employer.

Assignment of Inactive Vested Participants

Vested participants with less than 360 Credited Hours under the Plan in 2009 will be considered inactive participants for purposes of the rehabilitation plan. The Trustees have the authority to adopt a rehabilitation plan schedule for these participants and have adopted the Preferred Schedule for these participants effective May 28, 2010. For this purpose, Credited Hours will include contiguous non-contributory hours with a participating employer, reciprocity hours, and hours granted for qualifying military service.

Assignment of Active Participants to a CBA

Participants with 360 or more Credited Hours under the Plan in 2009 will be considered active participants for purposes of the rehabilitation plan. Participants not vested in the Plan in 2009, with less than 360 Credited Hours in 2009, who have Credited Hours in 2010, will also be considered active participants. For this purpose, Credited Hours will include contiguous non-contributory hours with a participating employer, reciprocity hours, and hours granted for qualifying military service.

Active participants will be subject to benefits based on the schedule adopted by their CBA. For this purpose, their CBA will be determined by their applicable CBA in April 2010. If they work under more than one CBA in April, 2010, their CBA will be determined based on the CBA under which they had the most hours in that month.

Participants with 360 or more Credited Hours, including contiguous non-contributory hours, under the Plan in 2009 who do not have Credited Hours in April 2010 will be assigned to the CBA under which they had the most hours in the last month they had Credited Hours.

Assignment of Active Participants not Covered by a CBA

Employers who participate in the Fund under only a non-bargaining unit participation agreement may elect either the Preferred Schedule or the Default Schedule. They will need to make this election, and contribute to the Plan in accordance with such election effective January 1, 2011. In the interim, these employers will pay the 5% surcharge.

Previously Retired Participants

Participants who retired before the Plan was certified as critical are not subject to the rehabilitation plan. This includes the following participants:

- Any participant or beneficiary whose benefit commencement date is on or before February 1, 2010.
- Any participant who submitted a retirement application which was received by the Trust Office on or before February 24, 2010, and who subsequently retires on or before the benefit commencement date specified in that application (which can be no later than September 1, 2010).
- Any active participant, defined as a participant with at least 360 Credited Hours in 2009, who submitted a retirement application on or before March 31, 2010, and retires with a benefit commencement date on or before June 1, 2010.

Western Metal Industry Pension Fund
Rehabilitation Plan – Preferred Schedule

Plan Benefit Changes

The following changes are effective for participants subject to the Preferred Schedule of the rehabilitation plan. These changes are in addition to the plan changes adopted in 2009.

Change to early retirement reduction factors

Early retirement benefits will reflect the following change in reduction factors. The new factors are approximately actuarially equivalent, meaning that the reduction is at a level that the values of benefits for early retirement and normal retirement are similar, taking into account longer periods of payment for early retirement, expected lifetimes and the time value of money.

These factors will apply for the participant's entire retirement benefit. These factors already apply for benefits accrued on or after August 1, 2009, based on the plan amendment adopted by the Trustees in 2009.

Retirement Age	***Prior*** Factors for Benefits Accrued before August 1, 2009	***New*** Factors for Benefits Accrued before August 1, 2009
65	100%	100%
64	97%	92%
63	94%	84%
62	91%	76%
61	88%	68%
60	85%	60%
59	82%	55%
58	79%	50%
57	76%	45%
56	73%	40%
55	70%	35%

Factors will be interpolated by age in months at retirement.

For participants subject to the Preferred Schedule who are already retired when the Preferred Schedule is adopted by the CBA to which they are assigned, their monthly benefit will be reduced on the first of the month following the adoption of the Preferred Schedule by their CBA, but no earlier than July 1, 2010.

Retirement payment guarantee feature

The 60-month guarantee feature included with the single life annuity is no longer included as part of the normal benefit option for unmarried participants. Previously, retirement payments under the normal payment option for unmarried participants were guaranteed for at least 60 months, so that lifetime payments that would otherwise end due to death in the initial 60 months of retirement would continue to a beneficiary for the remainder of the 60-month period.

This change affects the calculation of other payment options. Other options are calculated to be actuarial equivalent to the normal option for unmarried participants. The value of this option is slightly lower with the elimination of the 60-month guarantee feature. This change in value results in a slightly lower benefit for other payment options.

The single life annuity with a 60-month guarantee feature will remain as an option. However, this option will be calculated to be the actuarial equivalent of the new normal benefit option for unmarried participants, which is the single life annuity without a guarantee feature.

This change will be effective for participants with retirement dates after the adoption of the Preferred Schedule by the CBA to which the participant is assigned. However, the change will not apply for participants with retirement dates prior to July 1, 2010.

Adjustment of "pop-up" payment options

For participants with contributory hours after 1997, the spouse joint-and-survivor options have included a "pop-up" conversion feature. Under this feature, if the participant is pre-deceased by his or her spouse, the participant's retirement benefit is increased to the level of the Single Life Annuity payment option for unmarried participants upon the death of the participant's spouse. This option has been provided at no additional cost, so that the additional value of the pop-up conversion feature has not been reflected in the calculation of the joint-and-survivor option.

For participants with no contributory hours after 1997, the pop-up joint-and-survivor feature has also been available, but only as an optional reduced benefit. For these participants, the pop-up conversion option is provided at a lower amount than the joint-and-survivor option without the pop-up up feature, to reflect the cost of the pop-up feature.

Under the Preferred Schedule, the pop-up conversion feature will remain as an option for all joint-and-survivor options, but will be provided as an optional reduced benefit. These joint-and-survivor pop-up options will reflect reduced benefits as compared to the joint-and survivor optional benefits with the pop-up feature, to reflect the additional value of the pop-up feature.

This change will be effective for participants with retirement dates after the adoption of the Preferred Schedule by the CBA to which the participant is assigned. However, the change will not apply for participants with retirement dates prior to July 1, 2010.

Employer Contribution Increases

Upon adoption of the Preferred Schedule, additional contributions are required. Employer contributions will increase according to the following schedule, beginning with the 1st of the month following ratification:

Contract Year	Contribution Rate Increase	Contribution Rate Formula
Year 1	16%	Contribution rate prior to adoption x 1.16
Year 2	16%	Contribution rate prior to adoption x 1.32
Year 3	16%	Contribution rate prior to adoption x 1.48
Year 4	16%	Contribution rate prior to adoption x 1.64
Year 5	16%	Contribution rate prior to adoption x 1.80
Year 6	16%	Contribution rate prior to adoption x 1.96
Year 7	16%	Contribution rate prior to adoption x 2.12
Year 8	16%	Contribution rate prior to adoption x 2.28
Year 9	0%	Contribution rate prior to adoption x 2.28
Year 10+	0%	Contribution rate prior to adoption x 2.28

For contributions that are set as a percentage-of-pay, the contribution increase percentages defined above will apply to the contribution percentages in each year and not the contribution amounts. For example, if the contribution rate prior to adoption is 5.0% of pay, and the contribution rate formula for a specific year is 1.80 x the contribution rate prior to adoption, then the total contribution rate for that year is 9.0% of pay in that year (5.0% x 1.80).

The additional contributions are intended to improve the Plan's funding status. No future benefits will accrue on the additional contributions.

The additional contributions are expected to continue through the Rehabilitation Period, and for a period of years after the Rehabilitation Period, so that the Plan is able to emerge from critical status. If Plan experience is favorable, the additional contribution may end at an earlier date. However, the Trustees intend that all employers pay the additional contributions on an equitable basis and expect to adjust the contribution requirements to meet this goal.

Modified Contribution Increases for Certain CBAs Not Renewed as of May 28, 2010

Separate contribution increase factors apply for CBAs that meet the following conditions:

- As of May 28, 2010, the employer is contributing under a CBA that expired prior to May 1, 2010 and has not been renewed as of May 28, 2010.

- The collective bargaining parties ratify a new agreement which includes adoption of the Preferred Schedule:
    - In the case of a single craft agreement, such agreement is adopted no later than June 30, 2010; and
    - In the case of a multi-craft agreement, such agreement is adopted no later than August 30, 2010.

For these employers, the contribution increases under their initial CBA adopted after May 28, 2010 will be limited as follows:

Calendar Year	Contribution Rate Increase	Contribution Rate Formula
2010	5%	Contribution rate prior to adoption x 1.05
2011	10%	Contribution rate prior to adoption x 1.10
2012	10%	Contribution rate prior to adoption x 1.10
2013	10%	Contribution rate prior to adoption x 1.10

There is no modified contribution schedule after December 31, 2013.

Western Metal Industry Pension Fund
Rehabilitation Plan – Default Schedule

Plan Benefit Changes

The Default Schedule does not include any benefit changes beyond the plan changes adopted in 2009.

Employer Contribution Increases

Upon adoption of the Default schedule, additional employer contributions are required. The additional employer contributions are equal to 214% of the negotiated contribution in effect on the adoption date, beginning with the 1st of the month following ratification.

This increase is defined according to the following schedule:

Contract Year	Contribution Rate Increase	Contribution Rate Formula
Year 1+	214%	Contribution rate prior to adoption x 3.14

The additional contribution is intended to improve the Plan's funding status. No future benefits will accrue on the additional contributions.

The additional contribution is expected to continue through the Rehabilitation Period, and for a period of years after the Rehabilitation Period, so that the Plan is able to emerge from critical status. If Plan experience is favorable, the additional contribution may end at an earlier date. However, the Trustees intend that all employers pay the additional contributions on an equitable basis and expect to adjust the contribution requirements to meet this goal.