

MICHIGAN ELECTRICAL EMPLOYEES' PENSION FUND

April 2010

NOTICE OF ENDANGERED STATUS

This is to inform you that on March 31, 2010, the Fund's actuary certified to the U.S. Department of the Treasury and to the Board of Trustees (the plan sponsor) that the Fund is in endangered status for the Plan Year beginning January 1, 2010. For the Plan Year beginning January 1, 2009, the Fund was certified in seriously endangered status. In the future, you will receive an annual update of the Fund's status and the progress it is making toward the goals described below.

Endangered Status

The Fund is considered to be in endangered status because there is a projected accumulated funding deficiency within the current or next 6 Plan Years. The Fund's actuary determined that the funded percentage was 83.0% on January 1, 2010 and if no further action is taken, the Fund will have an accumulated funding deficiency for the Plan Year ending December 31, 2014. The funded percentage is the fraction of earned benefits that could be funded with existing assets. A projected funding deficiency means contributions are insufficient to satisfy Federal requirements and is a sign that the anticipated liabilities of the Fund are outpacing its assets. A projected funding deficiency does not mean that the Fund would become bankrupt or run out of money.

Funding Improvement Plan

As a result of this and the prior year's certifications, Federal law requires the Fund to adopt and continue to follow a funding improvement plan aimed at restoring the financial health of the Plan. This is the second year the Fund has been in endangered/seriously endangered status. The funding improvement plan, adopted August 14, 2009, requires that the Fund's funded percentage improve at least 33% of the way to 100% during the "funding improvement period". The Fund must also meet the Federal minimum funding requirements by avoiding funding deficiencies during the funding improvement period. The funding improvement period will be from January 1, 2012 through the earlier of December 31, 2024 or the date the Fund's Actuary certifies that the Fund has emerged from endangered status. The scheduled contribution rate increases of 10.3% for each of the next four Plan Years, all of which are non-credited, are projected to achieve these goals within the time required.

Future Experience and Possible Adjustments

The funding improvement plan is based on a number of assumptions about future experience and additional contribution rate increases and/or benefit reductions may be needed if those assumptions are not met. If benefit reductions are required in the future, you will receive a separate notice identifying and explaining any such changes before they are made.

Commitment to Continued Improvement

The Board of Trustees and Bargaining Parties have taken steps to make the required contribution increases. The goal of the Board of Trustees is that the Fund will emerge from endangered status and continue to see improved funded percentages. The Trustees remain committed to the proper funding of your pension benefits and assure you that they will take appropriate actions to meet this goal.

Where to Get More Information

You have a right to receive a copy of the funding improvement plan adopted by the bargaining parties. To receive a copy or request additional information regarding the Fund, you may contact the Board of Trustees of the Michigan Electrical Employees' Pension Fund at (517) 321-7502 or 6525 Centurion Drive, Lansing, Michigan 48917-9275.