



Notice to Participants and Beneficiaries Regarding Funding Relief
American Federation of Musicians and Employers' Pension Fund
Employer Identification Number: 51-6120204
Plan Number: 001

This notice is being provided to you as required by federal law.

Under a new federal law that was enacted last June, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, eligible multiemployer plans may elect relief from certain funding requirements. The relief provides a longer period for these plans to take into account the net investment losses that they suffered in one or both of the first two plan years ending after August 31, 2008. An investment loss occurs in a plan year in which the plan's investment return is worse than assumed by the plan in calculating its costs.

The purpose of this notice is to inform you that the Board of Trustees ("Trustees") of the American Federation of Musicians and Employers' Pension Fund (the "Fund") has elected the following specific funding relief:

- The net investment loss that the Fund incurred for the plan year ending March 31, 2009 will be established as a separate amortization base and then amortized over up to 29 years, rather than the 15-year period that would otherwise apply, and
- The investment loss that the Fund experienced in the plan year ending March 31, 2009 will be recognized in the value of assets (called the actuarial value of assets) over a 10-year period, rather than over the 5-year period that would otherwise apply; and
- The actuarial value of the assets used by the Fund (which differs from the market value because investment gains and losses are taken into account over 5 or 10 years as noted above) may be as much as 130% of the market value of the assets for the plan years beginning April 1, 2009 and April 1, 2010; absent relief, the actuarial value of assets would be limited to 120% of the market value.

Because the Fund had net investment loss only for the plan year ending March 31, 2009 and not March 31, 2010, pension funding relief applies only to the plan year ending March 31, 2009.

This special funding relief is expected to reduce (below what it would otherwise have been) from March 31, 2010 through March 31, 2018 the amount of contributions that would be needed to satisfy the minimum funding requirements specified by law. Thereafter, the special funding relief is expected to increase (above what it would otherwise have been) that amount from March 31, 2019 through March 31, 2038. It may also affect the Fund's "zone" status for the next several plan years under Internal Revenue Code Section 432. As you may recall from other notices you have received from the Fund, the law requires the Fund's actuary to certify whether the Fund's status is in critical (red zone), endangered (yellow zone), seriously endangered (orange zone), or not in critical status, endangered or seriously endangered status (green zone), based on

certain specified financial measurements. The Fund is currently in critical, or red, status. The election of these special funding relief rules is expected to accelerate the year the Fund is projected to emerge from critical status.

The decision to use the relief also means that, during the two plan years immediately following any plan year in which either or both of the special funding rules apply, the Fund's plan of benefits (the "Plan") cannot be amended to increase benefits unless certain conditions are met (including that the increases are paid for immediately by new employer contributions). Based on current projections, it is expected that, unless the Trustees opt out of relief, this prohibition on Plan benefit improvements will be in effect through March 31, 2017. The Trustees can opt out of the relief at any time. In general, restrictions on benefit improvements would be limited to two plan years following the plan year prior to the plan year for which the Trustees opted out. For example, if the Trustees opt out of funding relief for the 2014 plan year, benefit restrictions would last through March 31, 2016. However, until the Plan is certified as being in the green zone, certain other restrictions on the ability of the Trustees to make benefit improvements will remain in effect.

For more information about this notice, you may contact:

American Federation of Musicians and Employers' Pension Fund
One Penn Plaza, Suite 3115
New York, New York 10119
(800) 833-8065 ext. 1311