

IMPORTANT INFORMATION YOU NEED TO KNOW ABOUT YOUR RETIREMENT BENEFIT OPTION IS LISTED BELOW

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<p align="center"><u>Sparrow Associate Pension Plan</u> <u>(i.e. Defined Benefit Plan)</u></p>	<p align="center"><u>Sparrow Associate Retirement Savings Plan</u> <u>(i.e. Defined Contribution Plan) - 401(k)</u></p>
<ul style="list-style-type: none"> ➤ “DB plans specify the benefit employees will receive when they retire from employment. DB benefit can be of any amount, calculated according to a formula and defined in a legal document. “ (American Academy of Actuaries <i>Issue Brief</i>, July 2006) ➤ By law, your lifetime benefits cannot be reduced. ➤ Sparrow assumes all the investment risk. Poor investment returns do not adversely affect benefit levels. ➤ Lifetime benefits are guaranteed by the PBGC (a government pension re-insurance agency). ➤ All Associates are eligible to participate and earn retirement credit. ➤ Through collective bargaining, your benefits can be improved for past years of service. Basic and supplemental benefits can be improved for those already retired. ➤ Your DB plan provides an early retirement supplement and pays a benefit if you retire due to disability. In addition, benefits can be designed to provide adequate income for the retiree’s Surviving Spouse. ➤ Federal law requires Sparrow must meet strict funding and accounting standards. ➤ Sparrow pays the full administrative costs of the plan. 	<ul style="list-style-type: none"> ➤ “DC plans specify the contribution the employer pays into the plan each year for the employees. The amount that employees get at retirement depends on investment choices and market trends.” (American Academy of Actuaries <i>Issue Brief</i>, July 2006) ➤ Your final benefit is unknowable. In order to make an educated plan for the future, you need expertise in finance (investment returns), economics (inflation) and actuarial science (how long you will live). In addition, your benefit can also be adversely affected by the timing of your retirement with a period of poor performance. ➤ Investment risk is assumed by you, who may or may not have sophistication in financial planning and investment strategies. ➤ Retirees risk outliving benefits if investment performance is poor or inflation is higher than expected or you (or your spouse) live longer than you expected. ➤ Associates who cannot fully contribute because of current financial obligations lose those years that would otherwise be included in building retirement income. ➤ Neither you nor Sparrow can contribute for prior years to make up for lost investment returns or failure to contribute. ➤ There is no ability to accommodate early or disability retirements in the DC plan. Compounding the problem is the fact that DC funds can be depleted by loans, hardship withdrawals and lump sum distributions – i.e. real life can get in the way and deplete your retirement income. ➤ While Sparrow wants you to make a one-time irrevocable decision about your retirement, it will not similarly commit to making its contributions permanent. ➤ Associates pay the full administrative costs of the plan. In fact, according to Mercer, the consultant who Sparrow selected to set up the DC plan, the performance of DB plans is typically 1 to 2% better than DC plan because the purchasing power of many participants reduces money-management and brokerage fees (New York Times, <i>Healthier and Wiser? Sure, But Not Wealthier</i>, June 13, 2006).