

WWEC LOCAL 863 PENSION PLAN

209 SUMMIT ROAD

MOUNTAINSIDE, NJ 07092

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NOTICE OF ENDANGERED STATUS FOR 2016 PLAN YEAR FOR WWEC LOCAL 863 PENSION FUND

December 29, 2016

To: All Participants, Beneficiaries, Participating Union and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as ours. Starting with the 2008 plan year, the PPA requires that a Pension Fund's actuary determine the Fund's status under these new rules annually and certify that status to the IRS and the Trustees (who are the plan sponsor). If the actuary determines that the Fund is in "endangered" status ("yellow zone") or "critical" status ("red zone") for the year, the Fund must notify all plan participants, employers and other stakeholders and take corrective action to restore the financial health of the plan.

Yellow Zone Status for 2016

This letter will serve as the Notice that, on November 29, 2016, our Pension Fund's actuary certified that the Fund is in "endangered" or yellow zone status for the 2016 plan year, which is unchanged from last year. This determination was made because, based on the PPA's funding measures, the Fund is currently less than 80% funded. "Endangered" is a label that the law requires us to use, but in fact, the Fund is meeting its funding goals and is expected to continue doing so into the future due to the Wakefern Food Corporation participation agreement.

Funding Improvement Plan for Yellow Zone Plans

The PPA also requires that any pension fund in the yellow zone adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to increase the Plan's funding percentage and to assure that contributions will be enough to meet the minimum required under the law. The anticipated experience and reasonable assumptions, future contribution levels, including those required in the participation agreements, are estimated to be sufficient to meet the requirements of the FIP, which was adopted in 2010. You have a right to receive a copy of the FIP from the Plan.

What's Next

The PPA requires that our Plan's funding status be reviewed and certified annually and notices like this one, explaining the outcome, will be sent each year until our Plan is no longer "endangered" or in the yellow zone. While our goal is to remain on track with the Plan's funding schedule noted above, there are several variables beyond our control, which our advisors will monitor yearly, including market volatility and employment.

We understand that legally required notices like this one can create concern about the Plan's future. Be assured that we take our obligation to preserve the financial viability of the Plan very seriously. The Trustees have developed a plan that addresses these issues to improve the Plan's financial condition and help to secure your pensions.

In the event you have questions or would like additional information, you may contact the Board of Trustees, WWEC Local 863 Pension Plan, 209 Summit Road, Mountainside, New Jersey 07092; telephone number: (908) 654-3361.

Sincerely,

The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation