

Notice of Critical Status For
Meat Cutters' Union Local No. 88 and
Food Employers' and Allied Industry Pension Plan

November 28, 2012

This is to inform you that on October 29, 2012 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the Plan is in critical status for the Plan year beginning August 1, 2012. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan has not met the requirements to emerge from Critical Status as the Plan is projected to have an accumulated funding deficiency within the next ten years, with an accumulated funding deficiency occurring during the Plan year beginning August 1, 2018.

Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. This is the third year the Plan has been in critical status. As required by federal law, you were notified that as of November 24, 2010, the Plan was no longer permitted to pay lump-sum benefits or high-low benefit option forms of benefits (or other payments in excess of the monthly amount paid under a single life annuity) while it is in critical status. Moreover, the law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. This Plan adopted a Rehabilitation Plan on April 28, 2011. The Rehabilitation Plan includes schedules, some that reduce adjustable benefits and all of which include contribution increases designed to enable the Plan to emerge from critical status by the end of the rehabilitation period, August 1, 2021. If you are subject to benefit reductions, you will receive (or you have already received) a separate notice identifying and explaining the effect of those reductions. Any benefit modifications apply only to participants who commence payment after November 24, 2010 and only after a separate notice is provided.

Adjustable Benefits

The Plan offers the following adjustable benefits which can be reduced or eliminated as part of the Rehabilitation Plan the Plan adopted:

- 120 payment guarantees.
- Post-retirement death benefit.
- Disability benefits (if not yet in pay status).
- Early retirement benefits or retirement-type subsidies.
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA).

- Other similar benefits, rights, or features under the Plan (i.e., high-low benefit payment option, 120-month payment guarantees, and pre-retirement death benefits in excess of a QJSA).

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan year thereafter in which the Plan is in critical status until a new collective bargaining agreement which contains terms consistent with the Plan's rehabilitation plan takes effect. All contributing employers began to pay the 5% surcharge with their February 2011 contributions (for hours worked January 2011). The surcharge increased to 10% for contributions due in September 2011 (for hours worked August 2011). However, as stated in the Annual Funding Notice, the last participating employer withdrew as of September 30, 2012.

Where to Get More Information

For more information about this Notice, you may contact the Board of Trustees of the Meat Cutters' Union Local No. 88 and Food Employers' and Allied Industry Pension Plan, c/o Zenith Administrators, Inc. at 502 Earth City Expressway, Suite 203, Earth City, Missouri, 63045, telephone number (314) 209-3112. You have a right to receive a copy of the rehabilitation plan from the Plan.