

Notice of Critical and Declining Status

U.F.C.W. District Union Local Two and Employers Pension Fund (the "Plan")

This is to inform you that on December 29, 2016 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Plan is in critical and declining status (as defined by the Multiemployer Pension Reform Act of 2014 ("MPRA")) for the plan year beginning October 1, 2016. Federal law requires that you receive this notice.

Critical and Declining Status

The Plan is considered to be in critical and declining status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency for the Plan year ending September 30, 2016, and fails two of the liquidity tests. In addition, as a result of the Plan being projected to become insolvent in the future, the Plan was certified in critical and declining status.

Rehabilitation Plan and Reductions in Benefits

Federal law requires pension plans in critical status and those plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Since the Trustees of the Plan have determined that benefit reductions were necessary due to the previous critical status of the Plan, you have already received, in September 2010, a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits did not reduce the level of a participant's basic benefit payable at normal retirement. These reductions only applied to participants and beneficiaries whose benefit commencement date was on or after January 1, 2011. You should also know that, effective as of January 16, 2010, the Plan was no longer permitted to pay the Plan's level income option while it is in critical status.

To forestall the projected insolvency of the Plan, the Trustees of the Plan are reviewing all legally available options, including, but not limited to, provisions of MPRA, and regulations thereunder, issued by the U.S. Department of the Treasury and U.S. Department of Labor. If the Trustees of the Plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge until one of the schedules set forth in the Rehabilitation Plan is adopted 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.

Where to Get More Information

For more information about this notice, you may contact the Fund office at 3100 Broadway, Suite 100, Kansas City, Missouri 64111 or call (816) 753-2642. You have a right to receive a copy of the rehabilitation plan, from the Fund office.

Board of Trustees