

Notice of Critical Status

for

Twin Cities Bakery Drivers Pension Plan

This is to inform you that on March 29, 2013 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Plan is in critical status for the plan year beginning January 1, 2013. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status, because it has funding problems. More specifically, the Plan was in critical status for the prior Plan Year and the Plan's actuary has determined that over 10 years, the Plan is projected to have an accumulated funding deficiency for the plan year ending December 31, 2022.

Rehabilitation Plan

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 fourth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. On April 30, 2010, you were notified that a Rehabilitation Plan would need to be developed that would combine benefit reductions with contribution increases intended to make the Plan financially sound in accordance with federal law. Also, you were notified that as of May 1, 2010, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. The Trustees adopted a Rehabilitation Plan on November 3, 2010 and updated it on December 7, 2012. It includes a Preferred Schedule, under which supplemental contribution increases are required and some "adjustable benefits" are reduced or eliminated, and a Default Schedule, under which lesser contribution increases are required but all "adjustable benefits" are eliminated. These reductions first applied to participants (or their beneficiaries) with a benefit commencement (annuity starting) date beginning after April 30, 2010. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. You may obtain a copy of the Plan's Rehabilitation Plan by contacting the Plan Administrator.

Adjustable Benefits

The law permits pension plans in critical status to eliminate or change benefits called "adjustable benefits" as part of a Rehabilitation Plan. These include:

Sixty-month payment guarantees;

Disability benefits (if not yet in pay status);

Early retirement benefit or retirement-type subsidy;

Benefit payment options other than a qualified joint-and survivor annuity (QJSA); and

Unreduced early retirement benefit for retirees meeting certain age and service requirements.

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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. 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 the employer agrees to a collective bargaining agreement that implements the Rehabilitation Plan. The 10% surcharge was payable on contributions due for work performed on and after January 1, 2011 and until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

Since all employers have negotiated contributions that satisfy a Rehabilitation Plan schedule as of the date of this notice, surcharges are no longer being applied.

Where to Get More Information

For more information about this notice, you may contact the individual below.

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