

Western Metal Industry Pension Fund

A Multi-Employer Labor-Management Retirement Plan

2940 Fairview Ave. East* • P.O. Box 12068*, Seattle, WA 98102-0068

**The Administration Office will move in June 2017. Please contact the Administration Office at (206) 664-7300 or (800) 426-7132 to confirm the location before sending certified mail or visiting the office.*

April 2017

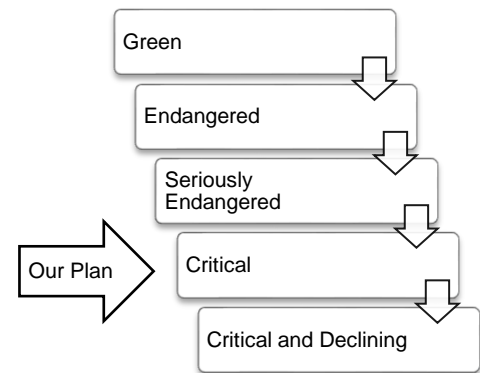
Re: Western Metal Industry Pension Plan – Important Required Plan Notices Enclosed

Enclosed are two required notices – the 2017 Notice of Critical Status and the 2016 Annual Funding Notice for the Western Metal Industry Pension Plan. **No action is required** – the purpose of the notices is to explain the funded status of the Plan.

What’s Happening

Every year, federal law requires qualified pension plans to look at the value of benefits that have been earned to date by plan participants and the value of the plan’s assets held in trust to fund the benefits and compare the two. That ratio of assets to liabilities is the percentage the plan is funded.

The Notice of Critical Status states that the Plan remains in critical status (as it has been for the last several years). The rehabilitation plan continues to have a positive impact and the funded status is still expected to improve over time. However, similar to last year, the Plan is not meeting targets for getting back on track by 2023. This is largely due to the Plan earning investment returns of below 7.0% in each of the last three years.



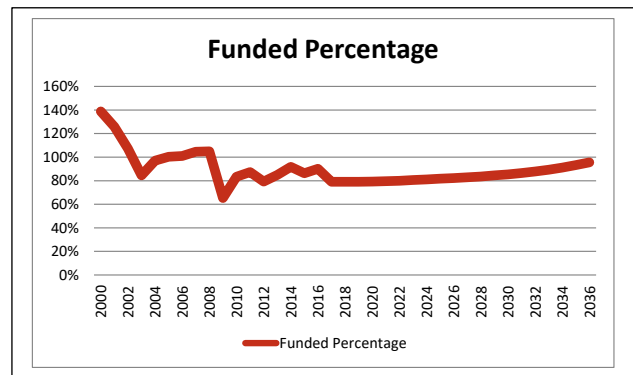
What Does This Mean

The Plan’s assets are less than the present value of benefits owed to participants. However, there are no changes planned at this time. No changes to benefits and no changes to the rehabilitation plan.

As you can see from the graph to the right, the Plan is still expected return to a healthy funding level, just more slowly than before.

The Trustees will continue to monitor the rehabilitation plan for effectiveness while continuing to do the following:

- Invest Plan assets prudently in order to meet long term benefit commitments
- Act prudently and with professional advice
- Do their best to anticipate and mitigate future problems.



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Understanding a Few Key Terms

As you read the enclosed *Annual Funding Notice*, you may encounter some unfamiliar terms and concepts. The following explanations will help guide you through.

To figure out how much a plan is funded, it is necessary to determine the value of the pension plan assets. There are two basic ways to do this: using **actuarial values** (shown in table, middle of page 1) or **market values** (shown in the table near the bottom of page 1). The fair market value is a snapshot of the value of plan assets at one point in time. An actuarial value can incorporate asset performance over multiple time periods, similar to an average. Pension benefits are paid out over a very long time, so an actuarial value is often used to smooth year-to-year fluctuations in a plan's funded percentage.

Lastly, the section beginning on page 3 *Summary of Rules Governing Insolvent Plans*, describes the rules for plans that are insolvent. This is required to be in the notice but does not apply to you – your plan is not insolvent.

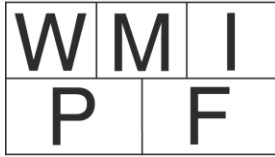
More About the PBGC

Your pension benefit is insured by the Pension Benefit Guaranty Corporation (PBGC). This is a federal insurance agency (similar to the FDIC, which insures bank deposits). Like all pension plans, we pay premiums to the PBGC for insurance. The PBGC insures pension benefits up to certain limits. The *Annual Funding Notice* includes information on the rules governing termination of plans and benefit payments guaranteed by the PBGC – the law requires that pension plans include this information in the notice, regardless of the plan's funded status.

If You Have Questions

Contact the Administration Office at (206) 664-7300 or (800) 426-7132. Also, please visit the Plan's website at www.wmipension.org. The website has Frequently Asked Questions, plan paperwork for download, and other important information about the Plan.

**** Please keep these notices with your other important retirement plan information. ****



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TO: ALL PARTICIPANTS, BENEFICIARIES, LOCAL UNIONS, CONTRIBUTING EMPLOYERS, PENSION BENEFIT GUARANTY CORPORATION AND SECRETARY OF LABOR

Notice of Critical Status for Western Metal Industry Pension Fund

The purpose of this notice is to inform you that on March 31, 2017, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Western Metal Industry Pension Fund (the "Plan") is in critical status for the Plan Year beginning January 1, 2017. Federal law requires that you receive this notice.

A similar notice was provided at this time last year, with notification of the Plan's critical status in 2016. The Plan was amended with a Rehabilitation Plan in 2010. The Rehabilitation Plan was further updated in 2012 and 2016.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity issues, or both. More specifically, the Plan was in critical status last year and is projected to have an accumulated funding deficiency in one or more of the next nine plan years. This means that contributions coming into the Plan are not expected to be sufficient to meet minimum contribution requirements as provided by the federal government. It does not mean that the Plan does not have sufficient assets to pay current retirees.

The projected funding deficiency is the direct result of the investment losses experienced by the Plan in 2008, due to the deterioration of nearly all investment markets during that year. These investment losses resulted in the value of plan assets falling significantly below plan liabilities. A similar decline was experienced by other pension plans across the country. While the Plan has experienced investment gains in most of the years since 2008, it has not yet fully recovered.

The Fund's investment portfolio remains well diversified and is positioned to participate in further market recovery.

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 eighth 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. In February 2010 you were notified that the Plan was in critical status and reductions in adjustable benefits were possible. In May 2010 you were notified that the Plan reduced or eliminated adjustable

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benefits for participants whose collective bargaining parties adopted the Preferred Schedule of the Rehabilitation Plan. The reduction of adjustable benefits does not reduce the level of a participant's basic benefit payable at normal retirement.

The Rehabilitation Plan does not affect the following participants:

- Any participant or beneficiary whose benefit commencement date was on or before February 1, 2010.
- Any participant who submitted a retirement application that was received by the Trust Office on or before February 24, 2010, and who subsequently retired on or before the benefit commencement date specified in that application (no later than September 1, 2010).
- Any active participant, defined as a participant with at least 360 Credited Hours in 2009, who submitted a retirement application on or before March 31, 2010, and retired with a benefit commencement date on or before June 1, 2010.

Adjustable Benefits

The Retirement Plan still offers the following adjustable benefits which may be reduced or eliminated as part of any revised Rehabilitation Plan. Although these benefits were not eliminated, much of the additional value of these benefits was reduced under the Rehabilitation Plan adopted in 2010:

- Disability benefits (if not yet in pay status)
- Early retirement benefits
- Benefit payment options other than qualified joint and survivor annuity (QJSA)
- Other similar benefits, rights, or features under the Plan including pre-retirement death benefits.

You will receive a separate notice if the Trustees decide to adjust benefits again, as part of a revised Rehabilitation Plan.

Employer Surcharge and Additional Contributions

Prior to the adoption of the Rehabilitation Plan by the employer and union, the law requires that all contributing employers pay to the Retirement Plan a surcharge to help correct the Retirement 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 in which the Retirement Plan is in critical status.

The surcharge contribution ends for an employer once the collective bargaining parties adopt the Rehabilitation Plan, or when the Rehabilitation Plan is automatically adopted as provided under the Pension Protection Act. At that time, the employer's contribution increases are defined by the applicable Rehabilitation Plan schedule, as updated in 2012.

Where to Get More Information

For more information about this Notice, contact the Plan's Administrative Office.

Mailing address: P.O. Box 12068*
Seattle, WA 98102

Location: 2940 Fairview Ave. East*
Seattle, WA 98102

Telephone: (206) 664-7300 or toll free (800) 426-7132

You have a right to receive a copy of the Rehabilitation Plan from the Plan.

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ANNUAL FUNDING NOTICE
for the
Western Metal Industry Pension Fund

Introduction

This notice includes important information about the funding status of your multiemployer pension plan – the Western Metal Industry Pension Plan (“the Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status. It is provided for informational purposes and you are not required to respond in any way. This notice is for the Plan Year beginning January 1, 2016 and ending December 31, 2016 (“Plan Year”).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded using a measure called the “funded percentage.” The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get to this percentage. In general, the higher the percentage, the better funded the Plan. Your Plan’s funded percentage for the Plan Year and each of the two preceding plan years is shown in the table below. The table also states the value of the Plan’s assets and liabilities for the same period.

	2016 Plan Year	2015 Plan Year	2014 Plan Year
Valuation Date	January 1, 2016	January 1, 2015	January 1, 2014
Funded Percentage	89%	92%	97%
Value of Assets	\$1,022,478,419	\$1,048,601,458	\$1,054,661,704
Value of Liabilities	\$1,143,813,437	\$1,141,892,825	\$1,088,060,924

Year-End Fair Market Value of Assets

The asset values in the table above are measured as of the Valuation Date. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values in the table below are fair market values and are measured on the last day of the Plan Year. The table also includes the year-end fair market value of the Plan's assets for each of the two preceding plan years.

	December 31, 2016	December 31, 2015	December 31, 2014
Fair Market Value of Assets	\$907,522,633	\$922,051,762	\$985,927,699

Critical or Endangered Status

Under federal pension law, a plan generally is in "endangered" status if its funded percentage is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent. In addition, other factors, including a projected credit balance deficiency (which is what is causing the Western Metal Plan to be certified as “critical”) may also cause a plan to be certified as being in critical status. A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status or critical and declining status, the trustees of the plan are

required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was in “critical” status in the Plan Year ending December 31, 2016 because there was a projected funding deficiency within the 10 years following the 2015 Plan Year and was certified as “critical” in the 2015 Plan Year. In an effort to improve the Plan’s funding situation, the Trustees adopted a Rehabilitation Plan on May 28, 2010 and subsequently updated it on July 24, 2012 and December 9, 2016.

The Rehabilitation Plan consists of reductions in adjustable benefits including early retirement benefits and retirement payment options and contribution increases of 16% per year for 11 years over the current contribution level. These contribution increases do not translate into additional benefit accruals but instead are directed solely toward improving the Plan’s funded status.

You may get a copy of the Plan’s Rehabilitation Plan, any update to such plan, and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement. You may get this information by contacting the Plan administrator.

The Plan is also in critical status for the Plan Year ending December 31, 2017. A separate notification of that status is enclosed.

Participant Information

The total number of participants in the Plan as of the Plan’s valuation date was 15,906. Of this number, 4,129 were current employees, 7,154 were retired and receiving benefits, and 4,623 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure for establishing a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to maintain a balance such that plan resources will fund plan obligations. Plan resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expenses paid from plan assets. In implementing this funding policy, the Plan Trustees will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Trustees may adjust plan benefits in response to investment returns and other plan experience.

Pension plans also have investment policies. These generally are written guidelines or instructions for making investment management decisions. The investment policy of the Plan is to direct the investment of Plan assets for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the Plan. In carrying out this policy, the Plan will engage investment managers who will have discretion to invest assets in various asset classes. The Plan will communicate to the investment managers the general investment objective of the Plan, which is to achieve an overall return sufficient to support the benefits provided under the Plan while minimizing volatility of market prices and returns.

Specific objectives in order of priority are:

- a. Preservation of Capital
- b. Capital Appreciation
- c. Current Income
- d. Consistency of Investment Returns, and
- e. Liquidity.

Investment managers will provide a written report to the Plan at least quarterly. Each investment manager shall be assigned a benchmark based on the investment strategy for which they are utilized. The performance of investment managers is reviewed frequently, and they are expected to meet performance standards over the course of a market cycle.

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are stated as percentage of total assets:

<u>Asset Allocations</u>	<u>Percentage</u>
1. Stocks	52%
2. Investment grade debt instruments	27%
3. High-yield debt instruments	2%
4. Real estate	5%
5. Other	14%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of \$600, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($\$600/10$), which equals \$60. The guaranteed amount for a \$60 monthly accrual rate is equal to the sum of \$11 plus \$24.75 ($.75 \times \$33$), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ($\35.75×10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or $\$200/10$). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ($.75 \times \$9$), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ($\17.75×10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on the PBGC's website at www.pbgc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact the Plan's administrative office at P.O. Box 12068*, Seattle, WA 98102, (206) 664-7300 or (800) 426-7132. For identification purposes, the official plan number is 001 and the Plan Sponsor's employer identification number or "EIN" is 91-6033499.

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