Notice of Critical and Declining Status
Central States, Southeast and Southwest Areas Pension Plan

This is to inform you that on March 30, 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 for the plan year beginning January 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: (1) the plan has an accumulated funding deficiency for the current plan year and over the next three plan years, the plan is projected to have an accumulated funding deficiency for the 2017 through 2019 plan years; (2) the funded percentage of the plan is less than 65%, the plan has an accumulated funding deficiency for the current plan year, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2017 through 2020 plan years; (3) the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; the plan has an accumulated funding deficiency for the current plan year, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the 2017 through 2020 plan years; (4) the plan was in critical status last year, the plan has an accumulated funding deficiency for the current plan year, and over the next 9 years, the plan is projected to have an accumulated funding deficiency for the 2017 through 2025 plan years; and (5) the plan is projected to become insolvent in 2025.

Rehabilitation Plan

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the plan has been in critical and declining status (such status was added by the Multiemployer Pension Reform Act of 2014 (MPRA). The prior eight years the plan was in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. If your adjustable benefits were reduced or eliminated, you would have received a separate notice. On April 8, 2008, you were notified that as of April 8, 2008 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. 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. Prior to MPRA, any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, prior to MPRA the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after April 8, 2008.

Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- ☒ Post-retirement death benefits;
- ☒ 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);
- ☐ Recent benefit increases (i.e., occurring in past 5 years);
- ☐ Other similar benefits, rights, or features under the plan.

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.

Multiemployer Pension Reform Act of 2014 (MPRA)

Under the MPRA, a pension plan in critical and declining status may suspend benefits which the plan sponsor deems appropriate. In order for such suspensions to take place, the plan sponsor must submit an application to the Secretary of the Treasury and provide notice to all of the participants, beneficiaries, contributing employers, and unions that represent participants in the plan. On September 25, 2015, Central States filed an application with the Secretary to suspend certain benefits. At that time, Central States provided notice of the application to all participants, beneficiaries, contributing employers, and unions that represent participants in the plan, including an individualized estimate of the effect of the proposed suspension on each participant and beneficiary's benefits if the suspension takes effect. The application is available at www.treasury.gov/services/Pages/central-states-application.aspx. The Secretary has 225 days to approve or deny the application (the application is deemed approved if the Secretary does not act within the 225 day period). If the Secretary approves the application (or the application is deemed approved due to the expiration of the 225 day period), a vote of the plan participants and beneficiaries will then take place, and ballots will be mailed to the plan participants and beneficiaries. The suspension would go into effect unless a majority of all participants and beneficiaries in the plan vote to reject the suspensions. The Secretary has the authority to allow the implementation of the suspensions notwithstanding the vote if the plan is a systemically important plan as defined in the MPRA.

Where to Get More Information

For more information about this Notice, you may contact Thomas C. Nyhan, Executive Director, Central States, Southeast and Southwest Areas Pension Fund, 9377 West Higgins Road, Rosemont, IL 60018, phone number 1-800-323-5000. You have a right to receive a copy of the rehabilitation plan from the plan.