IUE CWA PENSION PLAN
REHABILITATION PLAN AS UPDATED FOR 2017

I. INTRODUCTION

The Pension Protection Act of 2006 ("PPA") requires an annual actuarial status determination for multiemployer pension plans including the IUE CWA Pension Plan (the "Plan" or the "Fund"). On January 4, 2011, the Fund was first certified by its actuary to be in critical status, also known as the "red zone", for the plan year beginning on January 1, 2011 and ending on December 31, 2011 (the "2011 Plan Year"). The Fund's actuary most recently certified that the Fund was in critical and declining status for the plan year beginning on January 1, 2016.

The PPA requires that the Board of Trustees of a multiemployer pension plan that has been certified by its actuary as being in critical status, or critical and declining status, to develop a rehabilitation plan that is intended to improve the plan’s funding. A rehabilitation plan sets forth the actions to be taken by the pension plan’s trustees, as well as the collective bargaining parties, to enable the plan to emerge from critical status, or critical and declining status, or forestall possible insolvency. The rehabilitation plan must be based on reasonably anticipated experience and reasonable actuarial assumptions regarding investment income and other experience of the plan over a period of future years. These requirements are set forth in Section 305(e)(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 432(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

II. STATE OF THE FUND

From the inception of the Fund, the primary industry in which the Fund’s participants have been employed is manufacturing. Currently, 26 of the Plan’s 40 contributing employers are engaged in manufacturing of various types. These 26 employers represent 93% of the active participants in the Plan.

The industries in which the Plan’s manufacturing employers operate include plastics, electrical components, metal parts, electrical instruments, seals, die casting, sheet metal fabrication, power inductors, electrical motors, die molds, radiation detection devices, industrial ceramics, wire and cable, gears, mold casting, resins and coatings, power regulation systems, aluminum ingots, coil products, metal finishing, plumbing parts and custom tube fabrication. This broad based and representative involvement in the manufacturing industry in the United States exposes the Fund to the economic dislocations that have dramatically affected domestic manufacturing in recent years.

The number of active participants in the Fund has declined dramatically in line with the overall decline in manufacturing in the United States. At the end of 1980, there were 269 employers contributing to the Plan for 20,000 participants and 3,800 retirees/beneficiaries. Currently, there are 40 employers contributing to the Plan for 1,192 active employees and 9,047 retirees/beneficiaries.
III. THE TRUSTEES HAVE ALREADY TAKEN STEPS TO PROMOTE FUND STABILITY

The IUE-CWA Pension Fund Trustees (the “Fund's Trustees”) have taken many steps to promote Fund stability. For example, they adopted a Plan amendment that applied to contributing local unions as of January 1, 2009 and to other contributing employers as their contracts expired.2 For contracts being renewed after January 1, 2009, the benefit accrual rate was decreased by 50% and the following schedule of annual contribution increases was enacted:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>6.1%</td>
<td>6.4%</td>
<td>6.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2010</td>
<td>8.0%</td>
<td>8.6%</td>
<td>9.3%</td>
<td>9.9%</td>
</tr>
<tr>
<td>2011</td>
<td>10.5%</td>
<td>11.3%</td>
<td>12.1%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

After January 1, 2012, all employers renewing agreements for the first time after 2008 were required to accept 13.75% annual contribution increases. These annual increases were intended to be effective until 2017.

The increased contributions required by the January 1, 2009 amendment have gone solely towards reducing unfunded liabilities and are not included within the Plan’s benefit formula. Further, effective January 1, 2012, the benefit accrual rates for employees of all employers (other than those already reduced during 2009-2011 and the four employers described in note 2) were reduced by 50%.

The required contribution increase for all employers renewing or negotiating collective bargaining agreements on and after January 1, 2018 will be 5%.

IV. REHABILITATION PLANS GENERALLY

A rehabilitation plan consists of either (i) actions (including increases in employer contributions to, and/or reductions in benefits under, the plan) that, based on reasonably anticipated experience and reasonable actuarial assumptions, are formulated to enable the plan to emerge from critical status, or critical and declining status, no later than the end of a 10-year “rehabilitation period”; or (ii) reasonable measures implemented by the plan’s trustees that are expected to enable the plan to emerge from critical status, or critical and declining status, after such 10-year period, or to forestall possible plan insolvency, if the trustees determine that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status, or critical and declining status, by the end of the 10-year rehabilitation period.

2 An exemption was made for four employers that began their participation in the Plan after January 1, 2007 because they had not participated in the accumulation of liabilities by the Plan.
After extensive deliberations and consultations with the Plan’s actuary and Plan legal counsel, as well as an in-depth review of a variety of possible alternatives, the Fund’s Trustees have concluded that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Plan cannot reasonably be expected to emerge from critical status, or critical and declining status, by the end of a 10-year rehabilitation period. Further information regarding that conclusion is described in greater detail below.

Accordingly, the Fund’s Trustees adopted a rehabilitation plan (the “Rehabilitation Plan”) on January 4, 2011, as the best long-term option for improving the funded status of the Plan and determined that it is in the best interest of the Plan and its participants and beneficiaries. This updated Rehabilitation Plan is effective April 1, 2017 and amends the Plan document. The terms of the official plan documents will govern in the event of any contradiction between any notices and the Plan documents as adopted to incorporate the changes to the Plan described herein.

The Rehabilitation Plan consists of two schedules, one known as the “default schedule” which is required by the PPA and the other known as the Alternative (Preferred) Schedule. Both schedules employ reasonable measures to enable the Plan to forestall insolvency.

V. THE FUND’S REHABILITATION PLAN

The Rehabilitation Plan consists of the elements set forth below. Under the PPA, the collective bargaining parties are responsible for adopting a contribution schedule consistent with the Rehabilitation Plan for all Participation Agreements/Collective Bargaining Agreements renewing after April 1, 2017.

The main elements of the Rehabilitation Plan are as follows:

A. Preferred Plan:

• Future Benefits will accrue at a rate which maintains the 50% benefit accrual reduction imposed by the Trustees effective for ALL Participation Agreements/Collective Bargaining Agreements renewed after April 1, 2017.

3 The 10-year rehabilitation period begins with the first plan year that begins two years after adoption of the rehabilitation plan or, if earlier, the first plan year after expiration of collective bargaining agreements (in effect when the actuarial certification for the first critical year was due) covering at least 75% of the plan’s active participants, although the rehabilitation plan may be effective before the 10-year rehabilitation period begins. In the case of the Plan, the 10-year rehabilitation period began January 1, 2014.
• If a Participation Agreement has not already been adopted to reduce future accruals, the accrual rate in effect at the time will be automatically reduced by 50%.

• All Employers will be required to increase contributions in accordance with the schedule imposed on or after January 1, 2009, and the obligation for contributing employers to annually increase their contributions to the Fund will be extended beyond 2017 by 5% per year (except as may be adjusted by the Fund’s Trustees pursuant to the PPA) through December 31, 2023.

B. Default Plan:

• Future Benefits will accrue at a rate which is the lesser of: (a) the then current accrual rate or (b) a rate determined by utilizing a multiplier of “19” multiplied by the cents per hour contributions under the renewed Participation Agreement that are included within the contribution rate formula.

• Employers will be required to increase contributions by 40% per year increases for at least the next three years following the effective date of the Default Plan. Any subsequent increases will be determined by the Plan Trustees during the annual review of the Rehabilitation Plan (see section XIII). Such contributions will not be included within the Fund’s benefit formula.

• The following forms of benefits will be eliminated for all Active Participants (as defined by the Plan) of the Participating Employer as of the date of the adoption of or imposition of the Default Plan for future accruals only:
  i. disability benefits,
  ii. subsidized early retirement benefits, and
  iii. pre-retirement death benefits (except Qualified Pre-Retirement Survivor Annuity)

C. No Decrease Permitted in Employer Contributions:

Beginning on January 4, 2011 the PPA requires that the Fund not accept a collective bargaining agreement and/or Participation Agreement that provides for a reduction in the level of contributions for any Participants, a suspension of contributions with respect to any period of service, or any new direct or indirect exclusion of younger or newly hired employees from participation in the Fund.
D. **Effective Date of Contribution Increases**

Unless otherwise specifically provided herein, the contribution increases required by the Rehabilitation Plan will become effective upon the effective date of a collective bargaining agreement (or an amendment to that collective bargaining agreement) that adopts a contribution schedule that contains terms consistent with a Rehabilitation Plan contribution schedule or the effective date of the imposition of the Default Schedule.

E. **Imposition of the Default Schedule**

Unless otherwise specifically provided herein, the contribution increases required by the Default Schedule will become effective upon the earlier of:

- the effective date of a Participation Agreement/Collective Bargaining Agreement (or an amendment to said agreement) that adopts a contribution schedule that contains terms consistent with the Default Schedule, or
- 180 days after the expiration date of a Participation Agreement/Collective Bargaining Agreement providing for contributions to the Plan that was in effect on April 1, 2017, if by such date the bargaining parties have failed to adopt a contribution schedule that contains terms consistent with a contribution schedule set forth in this Rehabilitation Plan.

F. **Other Benefit Changes to the Plan**

All benefit changes adopted under the prior version of the Rehabilitation Plan continue under this updated Rehabilitation Plan. In addition, the severance benefit and the actuarial adjustment for postponed retirements past normal retirement age are being eliminated effective April 1, 2017. Further, the following forms of benefits will be eliminated for all Participants who are or become terminated vested on or after April 1, 2017, and who do not thereafter become Active Participants of the Plan:

- Pre-retirement death benefits (except Qualified Pre-Retirement Survivor Annuity),
- Subsidized early retirement benefits, and
- The 5-year certain form of benefit.

**VI. EMPLOYER SURCHARGES**

The PPA requires that mandatory “surcharges” be imposed on every contributing employer beginning 30 days after the date on which the PPA-required notice of critical status, or critical and declining status, is provided to the employer – in this case, it
began April 1, 2011 and will continue until the employer’s Participation Agreement/Collective Bargaining Agreement(s) is amended to incorporate a contribution schedule that contains terms consistent with the Rehabilitation Plan. Participants do not accrue any benefits with respect to such surcharges.

The amount of the surcharge for contributions due to the Fund for credited service earned on or after January 1, 2012 is 10% of the employer’s contributions to the Plan.

The surcharge is due and payable on the same schedule as the contributions on which the surcharges are based. Surcharges are over and above the required employer contributions and, consistent with law, will not generate any benefit accruals for participants.

Where the bargaining parties fail to adopt a contribution schedule in the Rehabilitation Plan, the employer remains subject to all surcharges imposed under the PPA until such time as the bargaining parties adopt provisions (or, if later, such time as those provisions take effect) in the employer’s Participation Agreement/Collective Bargaining Agreement that contain terms consistent with the Rehabilitation Plan schedule. No retroactive adoptions of Participation Agreements/Collective Bargaining Agreements are permitted, unless the bargaining parties are bargaining, in good faith, past the expiration date of the prior Participation Agreement/Collective Bargaining Agreement and the employer is continuing to contribute to the Fund pursuant to the terms of the prior Participation Agreement/Collective Bargaining Agreement.

VII. REHABILITATION PLAN OBJECTIVES

This Rehabilitation Plan consists of reasonable measures adopted by the Fund’s Trustees which, based on reasonable actuarial assumptions, can be expected to enable the Plan to delay a projected insolvency.

In the absence of the benefit changes or the increases in employer contribution rates described in this Rehabilitation Plan, the Plan would not have been projected to emerge from critical status, or critical and declining status, at any point during the ten year projection period and would have been in increased danger of insolvency.

The objective of the Rehabilitation Plan is to delay any insolvency so that potential improvements in investment return or other material events, including further applicable legislative reforms, can provide an opportunity for the Fund to survive and continue to provide its promised benefits to its participants.

VIII. ALTERNATIVES CONSIDERED BY THE FUND’S TRUSTEES

The Fund’s Trustees devoted a considerable amount of time and attention to considering the advantages and disadvantages of the alternatives that would enable the Plan to emerge from critical status, or critical and declining status, by the end of the 10-year rehabilitation period. Some of the alternatives that were considered by the Fund’s Trustees would have required compound annual increases of at least 25% in all
employer contribution rates to emerge from critical status, or critical and declining status, by the end of the 10-year rehabilitation period. The Trustees concluded that in view of the economic challenges facing the manufacturing industry, the prospect of these compound increases would cause the remaining participating employers either to flee from the Fund or become unable to continue in business and further undermine the Fund’s stability.

After considering each of these alternatives, the Fund’s Trustees concluded that each would be unreasonable and would involve considerable risk to the long-term health (and even viability) of the Plan.

In reaching this conclusion, the Fund’s Trustees considered the near-impossibility of emerging from critical status, or critical and declining status, at the end of the 10-year rehabilitation period in view of the significant investment losses suffered by the Plan over the plan year ended on December 31, 2008. The collapse of the financial markets in 2008 resulted in the Plan’s experiencing the worst investment losses in its 50-year history.

In addition, the magnitude of the employer contribution increases required by a default schedule intended to satisfy the requirements for a 10-year rehabilitation plan would almost certainly result in lower negotiated wages for participants and/or decreased employer contributions to other benefit plans covering these participants (such as the plan providing their health benefit coverage). If participants perceive a significant decrease in value in their total overall compensation – including wages, pension benefits and health benefits – the Fund’s Trustees concluded that they would be likely to encourage their employers to withdraw from the Plan. Thus, the Fund’s Trustees concluded that a further reduction in benefits would be inconsistent with the goal of presenting a viable plan with ongoing value to active participants. Such action could also lead to increased employer withdrawals or reductions in contributions, as the collective bargaining parties would see less benefit to ongoing participation.

The Fund’s Trustees also considered other methods of calculating the Plan’s annual cost. The implementation of one such method, known as the “shortfall method” of amortizing the liabilities of the Plan, which could have the effect of reducing the Plan’s short term funding cost. However, the Fund’s Trustees concluded that implementing this actuarial technique would only require even more severe benefit and contribution modifications in the future.

The Fund’s Trustees also considered eliminating early retirement benefits for active participants (such that participants would not be permitted to receive retirement benefits prior to age 65, even on an actuarially equivalent basis) and eliminating pre-retirement death benefits for non-spousal beneficiaries of active participants. However, the Fund’s Trustees chose not to do so due to (i) the Plan actuary’s conclusion that the actuarial impact of eliminating these benefits would be de minimis and (ii) the decline in participant support for the Plan could severely undercut the likelihood that Plan would continue to be included in successor collective bargaining agreements.
IX. DELINQUENT EMPLOYER CONTRIBUTIONS/WITHDRAWAL FROM THE PLAN

A contributing employer’s failure to contribute to the Plan timely at the rates required by the Rehabilitation Plan schedule (once agreed to or imposed) will result in the deficient amounts being treated as delinquent employer contributions under the Plan, as per the Fund’s Delinquent Contribution Policy. In addition, the contributing employer will be subject to excise taxes (equal to 100% of the unpaid contributions) as provided under the PPA. Additionally, this may result in a determination by the Fund’s Trustees that the employer has failed to maintain (and thus has withdrawn from) the Plan, in which case such employer will then be subject to withdrawal liability under the terms of the Plan and Title IV of ERISA. Further, under the PPA, any failure to make a surcharge payment will also be treated as a delinquent contribution.

XI. NON-COLLECTIVELY BARGAINED PARTICIPANTS

In the case of an employer that contributes to the Plan on behalf of non-collectively bargained employees only, the rules contained in this Rehabilitation Plan shall be applied as if the employer were the bargaining party, and its participation agreement (or other operative agreement) were a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided with the Rehabilitation Plan.

XII. REHABILITATION PLAN STANDARDS

Based on reasonable assumptions, the Fund is projected to become insolvent. The year of projected insolvency will vary each year as actual experience differs from the assumptions. The Trustees recognize the possibility that actual experience could be less favorable than the reasonable assumptions used for the Rehabilitation Plan. Consequently, the annual standard for meeting the requirements of the Rehabilitation Plan is for updated actuarial projections each year to show, based on reasonable assumptions, that under the Rehabilitation Plan (as amended from time to time) the Fund will forestall insolvency until at least the plan year ending 2027.

XIII. ANNUAL REVIEW AND UPDATE OF REHABILITATION PLAN

In consultation with the Plan’s actuary, the Fund’s Trustees will review the Rehabilitation Plan annually and amend it, as appropriate, to meet the objective of enabling the Plan to emerge from critical status, or critical and declining status, or forestalling insolvency. This will include an update of the contribution rates contained in its schedules to reflect the experience of the Plan. The annual review will include a thorough review of the Plan’s funding status, including projections by the actuary of whether and when the Plan is expected to emerge from critical status, or critical and declining status, or become insolvent. The Fund’s Trustees will consider whether further benefit modifications or contribution rate increases are necessary to meet the stated objectives of the Rehabilitation Plan.

The Rehabilitation Plan may be amended for any benefit changes that may be required for the Plan to continue to satisfy all necessary legal requirements, to maintain
its tax-qualified status under the Code, and to comply with other applicable law. Collective bargaining agreements that are entered into, renewed or extended after the date of any changes to the Rehabilitation Plan will be subject to the Rehabilitation Plan then in effect at the time of such entry, renewal or extension. Notwithstanding the foregoing, under current law the schedules of contribution rates provided by the Fund’s Trustees, and agreed to by the bargaining parties in negotiating a collective bargaining agreement, will remain in effect for the duration of that collective bargaining agreement.

XIV. CONSTRUCTION AND MODIFICATIONS TO THIS REHABILITATION PLAN

This Rehabilitation Plan is intended to present only a summary of the law, the Plan and the upcoming changes to the Plan. It is not intended to serve as an exhaustive, complete description of the law, the Plan or the modifications discussed herein. Further, this Plan is discretionary act on the part of the Trustees and the Trustees reserve the right, in their sole and absolute discretion, to construe, interpret and/or apply the terms and provisions of this Rehabilitation Plan in a manner that is consistent with the PPA and other applicable law. Any and all constructions, interpretations and/or applications of the Plan (and other Plan documents) or the Rehabilitation Plan by the Fund’s Trustees, in their sole and absolute discretion, shall be final and binding on all parties affected thereby. Subject to the PPA and other applicable law, and notwithstanding anything herein to the contrary, the Fund’s Trustees further reserve the right to make any modifications to this Rehabilitation Plan that they, in their sole and absolute discretion, determine are necessary and/or appropriate (including, without limitation in the event of any omission or the issuance of any future legislative, regulatory or judicial guidance). No Employer or participant is intended to or shall receive any rights under this Rehabilitation Plan and shall have no rights to enforce any of its provisions, which rights shall solely be vested in the Trustees in their sole and absolute discretion.

TRUSTEES

[Signatures and dates]

Date

Date

Date