

PENSION FUND OF MOVING PICTURE MACHINE
OPERATORS UNION OF GREATER NEW YORK
LOCAL 306

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April 30, 2017

Notice of Critical and Declining Status For

Pension Fund of the Moving Picture Machine Operators Union Local 306

This is to inform you that on March 30, 2017, the plan actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the Pension Fund of the Moving Picture Machine Operators Union Local 306 (hereafter, the "Plan") is in critical status for the plan year beginning January 1, 2017. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding and liquidity problems. More specifically, the Plan's actuary determined that the Plan was in critical status last year and over the next 9 years, the Plan is projected to have an accumulated funding deficiency beginning in 2016.

Critical and Declining Status

Also, as required by the Multiemployer Pension Reform Act of 2014, the Plan was certified as being in critical and declining status because the actuary determined that the Plan is projected to become insolvent in the beginning of 2023. The actuary has also determined that the ratio of inactive to active participants exceeds 9 to 1, and that the funded percentage of the Plan is less than 50%.

Rehabilitation Plan and Possibility of Reduction in Benefits

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 Fund adopted a Rehabilitation Plan on November 17, 2010 (the "Initial Rehabilitation Plan"), an Updated Rehabilitation Plan dated March 24, 2011 (the "2011 Updated Rehabilitation Plan"), a 2012 Updated Rehabilitation Plan dated July 16, 2012 (the "2012 Updated Rehabilitation Plan"), a 2013 Updated Rehabilitation Plan dated July 10, 2013 (the "2013 Updated Rehabilitation Plan", a 2014 Updated Rehabilitation Plan dated November 6, 2014 (the "2014 Updated Rehabilitation Plan"), a 2015 Updated Rehabilitation Plan dated September 16, 2015 (the "2015 Updated Rehabilitation Plan"), and a 2016 Updated Rehabilitation Plan dated September 20, 2016 (the "2016 Updated Rehabilitation Plan"). Those rehabilitation plans included certain reductions in benefits, of which you have previously been advised. The Rehabilitation Plan may be further updated from year to year, and such updated plans may include changes to the benefits you earn in the future, including reductions in future benefit accruals. In addition, the law permits pension plans in the red zone to reduce, or even eliminate, certain features of benefits you have already earned—these features are called "adjustable benefits"—as part of a Rehabilitation Plan (more details below). You have previously received a separate notification identifying and explaining the effect of the reductions that were imposed when the Trustees adopted the Initial and 2011 Updated Rehabilitation Plans. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit

commencement date is on or after April 30, 2010, the date of the Notice of Critical Status was provided with respect to the initial critical year.

Adjustable Benefits

The Plan has offered 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;

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).

Elimination of these benefits has already taken effect for many participants and beneficiaries, as described in prior notices.

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 5% surcharge was payable on contributions due on and after May 30, 2010, until December 31, 2010, and the 10% surcharge is payable with respect to periods after that, until a negotiated contribution rate that satisfies the Rehabilitation Plan goes into effect.

Benefit Suspension and Partition

Under MPRA, a plan that has been determined to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits, subject to various requirements and limitations, if doing so is projected to prevent insolvency. Generally, in order for the plan sponsor to adopt a benefit suspension, the suspension must be approved by the Department of the Treasury (Treasury) in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspension alone, may be eligible to apply to the PBGC for a partition, subject to various requirements and limitations, if a partition (in addition to suspension) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2016 plan year, the plan sponsor is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to PBGC for a partition.

Where to Get More Information

For more information about this Notice, you may contact Camille McMahon, at Administrative Services Only, Inc., P.O. Box 9010, 303 Merrick Road, Lynbrook, NY 11563-9010, Tel: 1-877-999-3555, Fax: 1-516-396-5593. You have a right to receive a copy of the Rehabilitation Plan from the Pension Fund.

As required by law, this notice is being provided to all required parties including the Pension Benefit Guaranty Corporation (PBGC), the U.S. Department of Labor, each Plan Participant and Beneficiary, the Union and each the Contributing Employer.