2017 REHABILITATION PLAN
FOR THE
UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND
PARTICIPATING EMPLOYERS PENSION FUND

I. Introduction

Under the Employee Retirement Income Security Act ("ERISA") as amended by the Pension Protection Act of 2006 ("PPA"), on March 30, 2017, the actuary of the United Food and Commercial Workers Unions and Participating Employers Pension Fund ("Fund") certified that the Fund is in Critical Status for the Plan Year beginning January 1, 2017.

As required by law, the Board of Trustees sent a Notice of Critical Status to participants, beneficiaries, the bargaining parties, the Pension Benefit Guaranty Corporation and the Department of Labor, advising, in part, that (1) the Fund is in Critical Status for the 2017 Plan Year; (2) all non-level benefits previously available under the Fund's Plan of benefits, including lump sum death benefits and Level Income Option benefits, are no longer payable in that form, effective as of the date of the 2010 Notice of Critical Status; and (3) employers participating in the Fund ("Employers") are obligated to pay a 10% contribution surcharge to the Fund, effective January 1, 2011.

The 10% surcharge will continue until the earliest of (1) the date the Fund emerges from Critical Status; or (2) the effective date of a collective bargaining agreement ("CBA") entered into between an Employer and Union that is consistent with a Schedule in this, or a prior, Rehabilitation Plan, as amended from time to time. However, any surcharge obligations pursuant to ERISA Section 305(e)(7) accruing on or after December 31, 2014, and any contribution rate increases in the Rehabilitation Plan schedules that are adopted in a collective bargaining agreement or imposed by operation of law pursuant to ERISA Section 305(e)(3)(C) effective on or after December 31, 2014, shall be disregarded in determining the allocation of unfunded vested benefits to a withdrawn employer and a withdrawn employer's highest contribution rate used to determine a withdrawn employer's withdrawal liability payment schedule.

The Fund's Rehabilitation Period began on January 1, 2013. Under federal law, the Fund generally must emerge from Critical Status by the end of its Rehabilitation Period, as defined under ERISA, in this case December 31, 2022. However, the Fund's Board of Trustees has determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Fund cannot be reasonably expected to emerge from Critical Status by the end of the Rehabilitation Period. Pursuant to ERISA Section 305(e)(3)(A)(ii), the Board of Trustees is adopting this 2017 Rehabilitation Plan to avoid insolvency (as defined by ERISA Section 4245) and emerge from Critical Status at a later date.

This Rehabilitation Plan, and the contribution and benefit schedules included herein ("Schedules"), are based on the Fund information as of January 1, 2017 and on reasonable assumptions about how the Fund's assets and liabilities will change in the coming years, particularly as a result of changes in the Fund's investment returns, which are dependent on the financial markets. The Board of Trustees will update this Rehabilitation Plan, as required by law to the extent necessary to avoid insolvency and emerge from Critical Status at a later date than the expiration of the Rehabilitation Period. In addition, the Board of Trustees will continue to consider all options available to the Fund, including but not limited to reducing Fund expenditures, taking advantage of any changes in law, or exploring a merger with, or transfer to, another fund. The Board of Trustees has the sole discretion to amend and construe this Rehabilitation Plan, including the Schedules.

II. Alternatives Considered for Emerging From Critical Status During the Rehabilitation Period

Prior to adopting the Fund's 2017 Rehabilitation Plan, the Board of Trustees considered the following factors, as described in more detail below: (a) current and past contribution levels and benefit accrual levels; (b) the impact of contribution levels and benefit levels on retaining active participants and bargaining groups; (c) the impact of prior and anticipated contribution increases on employer attrition and retention; (d) measures to retain or attract contributing employers; (e) competitive and other economic factors facing the contributing employers; (f) reductions in benefit accruals and adjustable benefits; (g) suspensions of benefits; (h) the impact on the Fund's solvency of ancillary benefits and supplements; and (i) the compensation levels of active participants relative to others in the same industry.

Using reasonable actuarial assumptions, the Fund's actuary projected that, with no changes to the Fund's current plan of benefits ("Plan"), Employer contribution rates would have to be increased by 30% annually for each of the next 5 years, commencing January 1, 2018, ultimately increasing to a rate that is more than 3.7 times the current contribution rate, for the Fund to emerge from Critical Status by the end of the Rehabilitation Period. The Fund's actuary also has projected that, with the elimination of all future benefit accruals and all adjustable benefits, Employer contribution rates would have to be increased by 23% annually for each of the next 5 years, commencing January 1, 2018, ultimately increasing to a rate that is more than 2.8 times the current contribution rate, for the Fund to emerge from Critical Status by the end of the Rehabilitation Period.

In consultation with the bargaining parties, the Board of Trustees then considered whether it would be reasonable to expect the Fund's Employers and the Unions to negotiate the increased Employer contributions necessary for the Fund to emerge from Critical Status prior to the end of the Rehabilitation Period. The Trustees concluded that the contribution rate increases and benefit decreases under the alternatives discussed above, as necessary for the Fund to emerge from Critical Status by the end of the Fund's Rehabilitation Period, are not reasonable and likely could not be negotiated. Further, solutions between these two extremes are not likely to occur. Therefore the possible outcome of collective bargaining over these types of alternatives would be negotiated withdrawals from the Fund. Upon a mass withdrawal, while the Employer withdrawal liability payments are fixed, participant benefits are at risk for further reduction if Employer liability payments are not collected and the Fund becomes insolvent, thus reducing benefits to the PBGC-guaranteed levels.

Based on the above-referenced information and analysis, the Board of Trustees determined that, upon exhaustion of all reasonable measures, the Fund cannot reasonably be expected to emerge from Critical Status by the end of the Rehabilitation Period.

In arriving at the 2017 Rehabilitation Plan, the Board of Trustees noted that the contributions of the Fund's largest Employer make up approximately 91% of the Fund's contribution income, and this Employer and the Unions (collectively the "Bargaining Parties") negotiated a CBA in 2017 with updated contribution rates designed to enable the Fund to avoid insolvency. After reviewing the contribution rates agreed upon by the Bargaining Parties in 2017, the Trustees agreed that such rates are a reasonable alternative to the contribution rate schedule in the 2016 Rehabilitation Plan and are a reasonable measure to emerge from critical status at a later time and avoid insolvency. Therefore, the Trustees adopted the contribution rate increases negotiated in that new CBA and also advised the bargaining parties that were party to a collective bargaining agreement that expired soon after the aforementioned one of those percentage contribution rate increases, which were then negotiated by the subsequent bargaining parties. The Trustees are therefore updating the Rehabilitation Plan to reflect those collective bargaining agreements and to require the same percentage increases in contribution rates for the other Employers. Therefore, the Schedules in this Rehabilitation Plan reflect those contribution rate increases.

III. Schedules

A. General Information. The Schedules described in this Rehabilitation Plan will be provided to the Unions and Employers as required by law. The Board of Trustees also will consider any other schedule proposed by the bargaining parties. If the Board of Trustees approves the proposed schedule, it will amend the Rehabilitation Plan to include the schedule. However, the Board of Trustees will not accept any CBA that incorporates a schedule other than one that is a part of this Rehabilitation Plan, including any amendments thereto, or one approved by the Board of Trustees as described herein. Any reduction in benefits imposed under a Schedule of this Rehabilitation Plan shall commence consistent with applicable law.

1. Employers that are Party to a CBA with the Union and Previously Adopted a Schedule under a Prior RP. In the event that a CBA expires and the applicable bargaining parties previously adopted a Schedule under a prior Rehabilitation Plan, and the Union and Employer cannot reach an agreement as to the Schedule that will apply to the Employer's participating Employees (including any non-bargaining unit participating Employees of the Employer), the updated version of the previously applicable Schedule shall be imposed on the 180th day after the expiration of such Expired CBA. The amount of each contribution increase will be actuarially adjusted to a rate that is actuarially equivalent to that which the Employer would have contributed under the applicable Schedule had the first contribution increase become effective on the one year anniversary of the most recent contribution increase under the Expired CBA. If, after the date the applicable Schedule is imposed, the collective bargaining parties adopt a CBA or other agreement consistent with the applicable Schedule that includes a retroactive effective date for the contribution increases described in the applicable Schedule, the actuarial increase described herein shall not apply, retroactive to the date the applicable Schedule was imposed.

2. Employers that are not Party to a CBA with the Union. In the case of an Employer that contributes to the Fund only on behalf of non-bargained Employees, the agreement to participate between the Employer and the Fund will be treated solely for these purposes as automatically expiring on the first day of the Plan Year after the Schedules in this Rehabilitation Plan are provided to such Employers. Any new agreement to participate entered into by the parties after that date must reflect the terms of one of the Schedules.

B. Current Benefit Schedule

1. General Description. The Current Benefit Schedule contains contribution rate adjustments designed to enable the Fund to make sufficient progress toward avoiding insolvency and emerging from Critical Status at a date later than the end of the Rehabilitation Period, assuming the current level of benefits continue in effect. Alternative Schedule 1 does not change the benefit levels or payment options currently in effect under the Fund's Plan of benefits ("Plan").

2. Contributions.

a. Shoppers Food and Pharmacy. The following applies to Shoppers Food and Pharmacy ("Shoppers") only. Effective August 1, 2017, Shoppers will pay a composite contribution rate of $1.25 per hour paid, up to 40 hours per week. Effective July 1, 2018, Shoppers' composite rate will increase by $0.10 to $1.35 per hour. Effective July 1, 2019, Shoppers' composite rate will increase by $0.10 to $1.45 per hour.

b. Associated Administrators. The following applies to Associated Administrators, LLC ("Associated") only. Effective November 1, 2017, Associated will pay a composite contribution rate of $1.01 per hour paid, up to 40 hours per week. Effective November 1, 2018, Associated's composite rate will increase by $0.08 to $1.09 per hour. Effective November 1, 2019, Associated's composite rate will increase by $0.09 to $1.18 per hour.

c. All Other Participating Employers. The following applies to the CBAs and/or Participation Agreements of all participating employers other than Shoppers Food and Pharmacy and Associated Administrators that are entered into on or after the date on which this Schedule is provided to the Unions and Employers (collectively, the "bargaining parties"). The bargaining parties' new CBA shall provide that effective as of the expiration of the parties' current CBA or Participation Agreement (or, if no current CBA is in place, the expiration date of the most recently expired CBA), and continuing annually thereafter, the Employer's contribution rate will increase by 8.7% per year, using simple interest. The foregoing assumes that the effective date of the first annual 8.7% increase will be August 1, 2017, and that each subsequent annual increase will occur on August 1st of each subsequent year. To the extent that the actual effective dates of the Employer's annual increases are different, the contribution rate increase will be actuarially adjusted to reflect such actual effective dates, using a 22-year valuation period based on the Fund's projected Critical Status emergence date of December 31, 2039.

3. Benefits. Benefits will continue to accrue based on the Plan, as it is currently in effect. There will be no reduction in any benefits.

C. Alternate Benefit Schedule

1. General Description. Alternate Benefit Schedule contains contribution rate adjustments designed to enable the Fund to make sufficient progress toward avoiding insolvency and emerging from Critical Status at a date later than the end of the Rehabilitation Period, assuming that future benefit accruals are adjusted as described below. The Alternate Schedule also will be treated as the Default Schedule for purposes of ERISA Section 305(e)(3)(C)(iii).

2. Contributions. The contribution rates described below have been calculated on the assumption that the rates became effective on August 1, 2017. The rates will be actuarially adjusted to reflect the actual effective date.

No.	Employer	Base	Increase	New Rate
1	Allegany County	$ 0.26	$ 0.22	$ 0.48
2	Associated Administrators	$ 1.01	$ 0.85	$ 1.86
3	Lion's Manor	$ 0.50	$ 0.27	$ 0.77
4	Shoppers	$ 1.25	$ 1.05	$ 2.30
13	UFCW Local 27 Staff	$ 1.68	$ 1.41	$ 3.09
14	UFCW Local 400 Staff	$ 1.65	$ 1.39	$ 3.04

3. Benefits. Effective on the first day of the month following thirty days written notice to all interested parties:

a. death benefits, and disability benefits not yet in pay status, under the Plan shall not be payable;

b. future benefit accrual rates will be reduced to the extent necessary to enable the Fund to emerge from Critical Status by the end of its Rehabilitation Period; however, future benefit accrual rates will not be less than 1% of the contribution rate applicable to the Employer under the CBA in effect between the Employer and the Union on January 1, 2010, multiplied by the Employee's average expected hours of covered employment. For full-time Employees, the average expected hours of covered employment shall be 1,800 hours. For part-time Employees, the average expected hours of covered employment shall be 1,200 hours;

c. early retirement benefits shall equal the greater of:

i. the participant's total accrued benefit under the Plan as of the pension effective date, actuarially reduced based on the Plan's definition of actuarial equivalence for each whole calendar month that the participant's pension effective date precedes the participant's normal pension date, based on the participant's age at the pension effective date; or

ii. the participant's accrued benefit earned as of the first day of the month following thirty days written notice, reduced by ½ of 1% for each whole calendar month that the participant's pension effective date precedes the participant's 60^{th} birthday, based on the participant's age at the pension effective date.

III. Actions to be Taken by the Board of Trustees

The Fund's Board of Trustees will review and update the Fund's Rehabilitation Plan, including the Schedules, as required by law to the extent necessary for the Fund to continue making progress toward avoiding insolvency and emerging from Critical Status at a date later than the end of its Rehabilitation Period, to the extent reasonably possible. In addition, the Board of Trustees will continue to consider all options available to the Fund, including but not limited to reducing Fund expenditures, that may assist the Fund in emerging from Critical Status.

IV. Annual Standards for Meeting the Requirements of this Rehabilitation Plan

The Fund will make adequate progress, to the extent reasonable based on financial markets activity and other relevant factors, toward enabling the Fund to avoid insolvency and emerge from critical status at a later time than the end of the Rehabilitation Period, because, based on reasonable actuarial assumptions and upon the exhaustion of all reasonable measures, the Fund is not expected to emerge from Critical Status by the end of the Rehabilitation Period.

Resolution Confirming Adoption Of Rehabilitation Plan For The

United Food And Commercial Workers Unions And Participating Employers Pension Fund

For The 2017 Plan Year

Whereas, pursuant to Section 305 of the Employee Retirement Income Security Act ("ERISA") as amended by the Pension Protection Act of 2006 ("PPA"), the United Food and Commercial Workers Unions and Participating Employers Pension Fund ("Fund") was certified to be in Critical Status for the Plan Year beginning January 1, 2017.

Whereas, the PPA requires pension plans in Critical Status to adopt, and update, a Rehabilitation Plan aimed at restoring the financial health of the plan.

Now Therefore, this is to confirm that the Board of Trustees adopts the Rehabilitation Plan attached hereto, effective December 31, 2017.

Date: 3/27/19   Donna Guerin

Date: 3/28/19   [signature]

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