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EXECUTIVE DIRECTOR
THOMAS C. NYHAN

May 20, 2016

Dear Central States Pension Fund Participant or Beneficiary:

As you are aware, on May 6, the U.S. Department of the Treasury denied Central States Pension Fund's rescue plan application under the Multiemployer Pension Reform Act of 2014 (MPRA). As a result, proposed benefit reductions required to save the Fund from insolvency will not take place. Since the application was denied, there will be no participant vote on the rescue plan.

The Trustees have met with the Fund's actuaries and legal advisors to carefully consider the most appropriate next steps. Based on those discussions, it was concluded that due to the passage of time, Central States can no longer develop and implement a new plan that complies with the final MPRA regulations issued by Treasury on April 26, 2016. Therefore, there will be no new rescue plan.

Although the decision to request approval of a rescue plan was very difficult for the Fund's Trustees, we are disappointed in Treasury's decision. The rescue plan was a proposal of last resort, and clearly not the option that the Trustees preferred. It was, however, based on a realistic assessment that benefit reductions under a rescue plan were the only available, practical way to avoid the hardship and countless personal tragedies that will result if the Pension Fund runs out of money.

We strongly disagree with the reasons expressed by Treasury for denying Central States' rescue plan application. But there is little point in dissecting a decision that has already been made and cannot be changed. We do note, however, that the alleged defects in the Fund's application could have been identified and corrected much earlier in the process, if Treasury had either pointed them out during their lengthy consideration of the Fund's application, or by publishing final regulations in a timely manner, rather than waiting until just a few days before the deadline to reject our plan.

Central States Pension Fund remains in critical and declining status, and is projected to run out of money in less than ten years. In a letter to Congressional leaders, Secretary of the Treasury Jack Lew reinforced the fact that Treasury's denial in no way resolves the serious threat to our participants' pension benefits. The fact that the federal government's multiemployer pension insurance program, the Pension Benefit Guaranty Corporation (PBGC), is also running out of money means our participants may see their pension benefits ultimately reduced to virtually nothing when the Fund runs out of money. At this time, only government funding, either directly to our Pension Fund or through the PBGC, will prevent Central States participants from losing their benefits entirely.

A significant number of Members of Congress were vocal in calling for Treasury to reject our pension rescue plan. It is now time for those and others who suggested that there is a better way to fix this critical problem to deliver on real solutions that will protect the retirement benefits of Central States participants.

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There is no time—or reason—to delay. With each passing month, this crisis becomes more difficult—and costly—to solve. For over ten years, we have fought to protect our participants' hard-earned retirement benefits. This included painful benefit reductions for active members and mandatory employer contribution increases in 2004, legislative campaigns to secure additional funding in 2009 and 2010, and most recently, our pension rescue plan application under MPRA.

In the coming months, we will do everything in our power to support a legislative solution that protects the pension benefits of the more than 400,000 Central States participants and beneficiaries, who should not have to bear the emotional trauma of waiting until the Fund is at the doorstep of insolvency before Congress acts. The moment for action and for doing the right thing is now.

We will continue to track progress and provide updates on our website www.cspensionrescue.com, through email for those who have registered on our website to receive such communications, and/or by U.S. postal mail. You can also call our dedicated hotline at 1-800-323-7640 to listen to a recorded message with updated information.

We understand the uncertainty and anxiety that our participants and beneficiaries may be experiencing as this process continues. As always, our goal is to ensure that the Fund is able to continue to pay future benefits.

Thank you,

A handwritten signature in black ink, appearing to read 'T.C. Nyhan', with a large, stylized flourish extending from the end of the signature.

Thomas C. Nyhan
Executive Director and General Counsel