

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2017</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>	
A	This return/report is for: <div style="display: flex; justify-content: space-between;"> <div> ☐ a multiemployer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) </div> </div>
	☒ a single-employer plan <div style="margin-left: 150px;">☐ a DFE (specify) _____</div>
B	This return/report is: <div style="display: flex; justify-content: space-between;"> <div> ☐ the first return/report ☐ an amended return/report </div> <div> ☐ the final return/report ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> ☒ Form 5558 ☐ special extension (enter description) </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div>

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES</u>	1b	Three-digit plan number (PN) ▶ <u>015</u>
		1c	Effective date of plan <u>06/01/1971</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>MICHAELS STORES, INC.</u> <u>8000 BENT BRANCH DRIVE</u> <u>IRVING, TX 75063-6023</u>	2b	Employer Identification Number (EIN) <u>75-1943604</u>
		2c	Plan Sponsor's telephone number <u>972-409-1300</u>
		2d	Business code (see instructions) <u>451120</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2018	SHARON BROWN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2018	SHARON BROWN
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2017)
v. 170203

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 191
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 13
a(2) Total number of active participants at the end of the plan year	6a(2) 13
b Retired or separated participants receiving benefits	6b 147
c Other retired or separated participants entitled to future benefits	6c 25
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 185
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 1
f Total. Add lines 6d and 6e	6f 186
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 0
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1B 1H 1I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☒ 1 **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☒ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	015
C Plan sponsor's name as shown on line 2a of Form 5500 MICHAELS STORES, INC.	D Employer Identification Number (EIN) 75-1943604	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	806578	186	01/01/2017	12/31/2017

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.	
(a) Total amount of commissions paid 0	(b) Total amount of fees paid 0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid			

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	1631362

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2017
		This Form is Open to Public Inspection.

For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017		
A Name of plan LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ▶	015
C Plan sponsor's name as shown on line 2a of Form 5500 MICHAELS STORES, INC.	D Employer Identification Number (EIN) 75-1943604	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	59264	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>015</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>MICHAELS STORES, INC.</u>	D Employer Identification Number (EIN) <u>75-1943604</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INTL EMERG MARKETS SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-013</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INTL SMALLCAP SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-014</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN U.S. PROPERTY SEP ACCT-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-027</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP S&P 500 INDEX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN SMCAP S&P 600 INDEX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-028</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MIDCAP S&P 400 IDX SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-023</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LDI LONG DURATION SA-R6</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-104</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>465101</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: **PRINCIPAL OVERSEAS SEP ACCT-R6**

b Name of sponsor of entity listed in (a): **PRINCIPAL LIFE INSURANCE COMPANY**

c EIN-PN 42-0127290-116	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
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a Name of MTIA, CCT, PSA, or 103-12 IE: **PRIN LDI SHORT DUR SEP ACCT-R6**

b Name of sponsor of entity listed in (a): **PRINCIPAL LIFE INSURANCE COMPANY**

c EIN-PN 42-0127290-127	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 176924
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a Name of MTIA, CCT, PSA, or 103-12 IE: **PRIN LDI INTRM DUR SEP ACCT-R6**

b Name of sponsor of entity listed in (a): **PRINCIPAL LIFE INSURANCE COMPANY**

c EIN-PN 42-0127290-128	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 989337
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection
For calendar plan year 2017 or fiscal plan year beginning <u>01/01/2017</u> and ending <u>12/31/2017</u>		
A Name of plan <u>LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ►	<u>015</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MICHAELS STORES, INC.</u>	D Employer Identification Number (EIN) <u>75-1943604</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a	0	0
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	22755	182433
	(2) Participant contributions	1b(2)	0	0
	(3) Other.....	1b(3)	0	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)	1303167	1631362
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1325922	1813795

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	12590
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	12590

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1325922	1801205
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Part II Income and Expense Statement

- 2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	632433	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		632433
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		88825
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		0
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		721258

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	168937	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		168937
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	59264	
(3) Investment advisory and management fees	2i(3)	2111	
(4) Other	2i(4)	15663	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		77038
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		245975

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		475283
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	0
4b		X	0

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☒ Yes ☐ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year 0.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4101657. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2017 This Form is Open to Public Inspection.
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For calendar plan year 2017 or fiscal plan year beginning 01/01/2017 and ending 12/31/2017

A Name of plan <u>LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>015</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MICHAELS STORES, INC.</u>	D Employer Identification Number (EIN) <u>75-1943604</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-0127290</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>7</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2017
v. 170203

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

Leewards Pension Plan for Hourly Employees
Period Ended October 10, 2018 (in liquidation), Years Ended
December 31, 2017 (in liquidation) and 2016 (ongoing)
With Report of Independent Auditors

Leewards Pension Plan for Hourly Employees

Financial Statements and Supplemental Schedules

Period Ended October 10, 2018 (in liquidation), Years Ended December 31, 2017 (in liquidation)
and 2016 (ongoing)

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Report of Independent Auditors

The Pension Committee
Leewards Pension Plan for Hourly Employees

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Leewards Pension Plan for Hourly Employees, which comprise the statements of net assets available for benefits as of October 10, 2018 (in liquidation) and December 31, 2017 (in liquidation) and December 31, 2016 (ongoing), and the related statements of changes in net assets available for benefits for the period/years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information summarized in Note 6, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the entity that certified the investment information meets the requirements of 29 CFR 2520.103-8. The Plan Administrator has obtained certifications as of October 10, 2018 and December 31, 2017 and December 31, 2016, and for the period/years then ended, stating that the investment information provided to the Plan Administrator is complete and accurate.

Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Adoption of Liquidation Basis of Accounting

As discussed in Note 1 to the financial statements, the governing body of the Leewards Pension Plan for Hourly Employees approved a plan of liquidation on November 28, 2017, and management determined liquidation is imminent. As a result, the Leewards Pension Plan for Hourly Employees has changed its basis of accounting for the period ended October 10, 2018 and the year ended December 31, 2017, from the going concern basis to liquidation basis. Our disclaimer of opinion is not modified with respect to this matter.

Disclaimer of Opinion on Supplemental Schedules

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2017, and reportable transactions for the year then ended and for the period ended October 10, 2018, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this information.

Report on Compliance of Form and Content with the Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

October 15, 2018

Leewards Pension Plan for Hourly Employees

Statements of Net Assets Available for Benefits

	October 10, 2018 (in liquidation)	December 31, 2017 (in liquidation)	2016 (ongoing)
Assets			
Investments			
Pooled separate accounts	\$ -	\$ 1,631,362	\$ 1,303,167
	-	1,631,362	1,303,167
Employer contributions receivable	\$ -	182,433	22,755
Total assets	-	1,813,795	1,325,922
Liabilities			
Accrued losses expected to be incurred in liquidation	\$ -	\$ 12,590	\$ -
Total liabilities	-	12,590	-
Net assets available for benefits	\$ -	\$ 1,801,205	\$ 1,325,922

See accompanying notes.

Leewards Pension Plan for Hourly Employees

Statements of Changes in Net Assets Available for Benefits

	Period Ended October 10, 2018 (in liquidation)	Year Ended December 31, 2017 (in liquidation)	2016 (ongoing)
Additions			
Net (depreciation)/appreciation in fair value of pooled separate accounts	\$ -	\$ 101,415	\$ 96,959
Employer contributions	-	632,433	111,705
Other income	5,756	-	-
Total additions	5,756	733,848	208,664
Deductions			
Benefits paid to participants	174,082	168,937	183,944
Purchase of annuity contracts	1,632,879	-	-
Administrative expenses	-	77,038	58,514
Total deductions	1,806,961	245,975	242,458
Net (decrease)/increase	(1,801,205)	487,873	(33,794)
Adjustment to liquidation basis	-	(12,590)	-
Net assets available for benefits:			
Beginning of period	1,801,205	1,325,922	1,359,716
End of period	\$ -	\$ 1,801,205	\$ 1,325,922

See accompanying notes.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements

October 10, 2018 (in liquidation) and December 31, 2017 (in liquidation) and 2016 (ongoing)

1. Description of Plan

The following description of the Leewards Pension Plan for Hourly Employees (“the Plan”) provides only general information. Readers should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Plan was a noncontributory defined benefit plan for substantially all hourly employees of Leewards Creative Crafts, Inc. (“the Company”). In July 1994, Michaels Stores, Inc. (“the Plan Sponsor”) acquired Leewards Creative Crafts, Inc. and, as a result of the acquisition, became the sponsor of the Plan. The Plan was administered by the Pension Committee selected by the Board of Directors of the Plan Sponsor (“Plan Administrator”). Principal Trust Company, a member of the Principal Financial Group (“Principal Trust Company”) was the custodian and trustee of the Plan (“the Trustee”). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

In April 1992, as part of a series of cost reductions, the Company altered the terms of the Plan whereby no new participants were added to the Plan, no additional benefits were accrued to participants beyond those earned as of the date the Plan was frozen, May 5, 1992.

Plan Termination

In October 2016, the Plan Sponsor’s Board of Directors approved an amendment to terminate the Plan effective December 31, 2016. The Internal Revenue Service (“IRS”) issued a favorable determination letter with respect to the Plan’s termination on November 28, 2017. Following the IRS approval, the Plan Sponsor determined that the termination was considered imminent, therefore, the 2017 and 2018 financial statements have been prepared in accordance with the liquidation basis of accounting.

As a result of the termination, Plan participants had the opportunity to receive their frozen accrued benefits in a single lump-sum distribution or through an annuity purchase. In January 2018, the Plan Sponsor completed the payouts of plan benefits through purchases of nonparticipating annuity contracts and lump-sum distributions. Net assets were allocated for payment of Plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder, and the Plan document. The majority of the benefit payments were

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

1. Description of Plan (continued)

provided for by the existing net assets of the Plan with additional funding from the Plan Sponsor as needed. As termination was not deemed imminent until the end of the 2017 Plan year, the actuarial present value of accumulated plan benefits in Note 5 has been presented under the presumption that the Plan would continue.

Pension Benefits

Hourly employees with one year of eligible service at the Company, as defined by the Plan, and attainment of age 21 prior to May 5, 1992, were eligible to participate in the Plan. Hourly employees with five years of eligible service were eligible for pension benefits upon retirement, disability, death, or termination as follows:

Normal Retirement

The Plan provided for normal retirement benefits upon reaching the age of 65. The basic monthly benefit was computed as follows:

- For participants terminated on or after June 1, 1984, \$7.00 multiplied by the total years of eligible service prior to the freeze, payable for life
- For participants terminated on or after January 1, 1982, but prior to June 1, 1984, \$5.00 multiplied by the total years of eligible service, payable for life
- For participants terminated prior to January 1, 1982, \$4.50 multiplied by the total years of eligible service, payable for life

Early Retirement

Participants with 10 or more years of eligible service prior to the freeze and who had reached the age of 55 had the option to elect an early retirement benefit. The monthly benefit was computed the same as for normal retirement reduced by 0.17% for each month during the first three years and 0.33% for each full month thereafter (not to exceed a total of 120 months) that the early retirement benefit payments commenced prior to the normal retirement date.

Late Retirement

Eligible participants who retired after the age of 65 were entitled to a late retirement benefit. The amount of the monthly benefit was computed the same as for normal retirement, with years of benefit service computed through May 5, 1992.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Disability

Prior to the Plan termination, participants who were deemed eligible for disability under the provisions of the Social Security Act, as amended, and who completed ten or more years of eligible service were entitled to disability benefits payable for life, computed on the same basis as normal retirement, with years of benefit service computed through May 5, 1992. Benefit payments ceased upon recovery from the disability.

Death

Benefits were generally payable to surviving spouses of eligible participants, calculated as 50% of the amount computed under the joint and survivor provisions of the Plan.

Termination

Prior to the Plan termination, in the event of termination at any age after completion of five years of eligible service prior to the freeze, a participant was entitled to benefit payments computed the same as for normal retirement, with years of benefit service computed to the earlier of the date of termination or the date of the freeze. If payment commenced prior to the normal retirement date, the amount was reduced by 6% for each of the first five years and 4% for each year thereafter that the benefit payments commenced prior to the normal retirement date. Benefits were paid in the form of a life annuity or a joint and survivor annuity.

As a result of the Plan termination, benefits were paid in the form of a nonparticipating annuity contract or a single lump sum.

2. Summary of Significant Accounting Policies

Basis of Presentation

As a result of the Company's determination that liquidation was imminent, the 2017 and 2018 financial statements of the Plan were prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets are stated at their estimated net realizable values and liabilities at their settlement amount. The 2016 financial statements were prepared on the accrual basis of accounting. Benefits paid to participants are recorded upon distribution. Subsequent events have been evaluated through October 15, 2018, the date the accompanying financial statements were available to be issued.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments were valued at fair value. As defined in Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement* (“ASC 820”), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion of fair value measurements.

Purchases and sales of securities were recorded on a trade-date basis. Net (depreciation)/appreciation included the Plan’s gains and losses on investments bought and sold as well as held during the year. Investment losses incurred in liquidation have been accrued and are included in the adjustment to liquidation basis on the statement of changes in net assets available for benefits for the 2017 plan year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Plan Sponsor to make estimates and assumptions that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedules. Actual results could differ from those estimates and assumptions.

Administrative Expenses

All fees associated with the administration and maintenance of the Plan and its records were paid by the Plan or by the Plan Sponsor at the discretion of the Plan Sponsor. The Plan Sponsor paid administrative fees on behalf of the Plan including audit and additional actuarial fees. The Plan Sponsor also furnished the Plan with administrative and clerical services and use of office space and supplies at no charge.

Related Party and Parties-In-Interest Transactions

The Plan Sponsor paid certain administrative fees on behalf of the Plan for the period ended October 10, 2018, and for the years ended December 31, 2017 and 2016. Additionally, the Plan’s investments were managed by Principal Global Investors, a subsidiary of the Trustee. These transactions were exempt from the prohibited transaction rules.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

3. Fair Value Measurements

ASC 820 establishes a three-level valuation hierarchy for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (“Level 1 measurements”) and the lowest priority to unobservable inputs (“Level 3 measurements”). The fair value hierarchy prescribed by ASC 820 is as follows:

Level 1 – Quoted prices for *identical* instruments in active markets

Level 2 – Quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose significant inputs are observable

Level 3 – Instruments with significant *unobservable* inputs

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value of the pooled separate accounts is based upon the net asset value (“NAV”) as determined by the issuer.

All investments were measured at fair value using the NAV (or its equivalent) practical expedient and, therefore, were not categorized in the fair value hierarchy tables. The fair value amounts presented in these tables were intended to permit reconciliation of the fair value to the amounts presented in the Statements of Net Assets Available for Benefits.

Below are the Plan’s assets at net asset value as of December 31, 2017 (in liquidation):

Investments:

Pooled separate accounts	
Fixed Income ⁽¹⁾	\$ 1,454,438
Short-term fixed income ⁽³⁾	176,924
Total investments	<u>\$ 1,631,362</u>

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

Below are the Plan's assets at net asset value as of December 31, 2016 (ongoing):

Investments:

Pooled separate accounts	
Fixed Income ⁽¹⁾	\$ 819,656
Domestic large company equity ⁽²⁾	206,684
Short-term fixed income ⁽³⁾	96,443
International equity ⁽⁴⁾	77,954
Real estate ⁽⁵⁾	77,960
Domestic small/mid company equity ⁽⁶⁾	24,470
Total investments	<u>\$ 1,303,167</u>

⁽¹⁾This asset class is generally comprised of investment options that invest in bonds or debt of a company or government entity (including U.S. and Non-U.S.). These investment options typically carry more risk than short-term, fixed-income investment options, but less overall risk than equities. There are no redemption restrictions for this asset class.

⁽²⁾This asset class is generally comprised of investment options that invest in stocks or shares of ownership in large, well-established, U.S. companies that compose the S&P 500 Index. These investment options typically carry more risk than fixed-income investment options but have the potential for higher returns over longer time periods. The fund attempts to mirror the investment performance of the S&P 500 Index by allocating assets in approximately the same weightings as the S&P 500 Index. This fund allows one transfer every 30 days.

⁽³⁾This asset class is generally comprised of short-term, fixed-income investment options that are largely liquid and are designed to not lose much value. These investment options may include fixed income securities considered to be investment grade quality, U.S. Treasury bonds, bills and notes and obligations of federal agencies. They are considered to be among the least risky forms of investment options. However, they typically have a lower rate of return than equities or longer-term, fixed-income investment options over long periods of time. There are no redemption restrictions for this fund.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

- ⁽⁴⁾This asset class is generally comprised of investment options that invest in stocks or shares of ownership in companies with their principal place of business or office outside the United States. These investment options often carry more risk than U.S. equity investment options but may have the potential for higher returns. This fund allows one transfer every 30 days.
- ⁽⁵⁾This asset class is generally comprised of commercial real estate holdings primarily from the multi-family, office, manufacturing and retail sectors. This fund focuses on properties that return both lease income and appreciation of the buildings' marketable value and is therefore subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. This fund allows one transfer every 30 days.
- ⁽⁶⁾This asset class is generally comprised of investment options that invest in stocks or shares of ownership in small or medium-sized U.S. companies that compose the S&P SmallCap 600 Index or the S&P MidCap 400 Index. The fund attempts to mirror the investment performance of these indices by allocating assets in approximately the same weightings. This fund allows one transfer every 30 days.

4. Funding Policy

Contributions to provide benefits under the Plan were made solely by the Plan Sponsor. The Plan Sponsor's funding policy was to make contributions to the Plan in amounts computed by the Plan's actuary that were designed to provide sufficient funds to pay benefits as they became payable under the Plan. The Plan Sponsor met the minimum funding requirements of ERISA in 2018, 2017 and 2016.

5. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future benefit payments pursuant to the Plan's provisions that are attributable to service that employees have rendered. The actuarial present value of accumulated plan benefits was determined by an independent actuary, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the benefit information date and the expected payment dates.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

5. Actuarial Present Value of Accumulated Plan Benefits (continued)

The significant actuarial assumptions used in determining accumulated plan benefits as of December 31, 2016, are summarized below:

Interest rate	4.75% per year
Average retirement age	65
Mortality	RP-2014 mortality table with RPEC-2014-v2017 improvement model, a 10-year convergence period, and long-term improvements as published in the Social Security Administration Trustees Report for 2014

The significant actuarial assumptions used in determining accumulated plan benefits as of December 31, 2015, are summarized below:

Interest rate	5.50% per year
Average retirement age	65
Mortality	RP-2014 mortality table with RPEC-2014-v2011 improvement model, a 10-year convergence period, and long-term improvements as published in the Social Security Administration Trustees Report for 2014

The present value of accumulated plan benefits were developed based on the assumption that the Plan would continue, as termination was not deemed imminent until November 28, 2017. The actuary estimated the accumulated plan benefits as of January 1, 2017. There were no significant changes to the Plan that would have changed the valuation had it been performed as of December 31, 2016. As the Plan was liquidated shortly after December 31, 2017, no actuarial report was obtained for the period ended October 10, 2018 as the obligation approximated the benefits paid to participants and the purchase of annuity contracts during 2018.

The actuarial present value of accumulated plan benefits was reported based on certain assumptions, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements. The present value of accumulated plan benefits at December 31, 2016 is presented below.

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

5. Actuarial Present Value of Accumulated Plan Benefits (continued)

The actuarial present value of accumulated plan benefits was as follows:

	December 31, 2016 (ongoing)
Actuarial present value of accumulated benefits:	
Vested benefits:	
Participants currently receiving payments	\$ 1,131,507
Other participants	380,669
Total actuarial present value of accumulated plan benefits	<u>\$ 1,512,176</u>

The changes in actuarial present value of accumulated plan benefits between December 31, 2015 and 2016, were as follows:

Actuarial present value of plan benefits, December 31, 2015 (ongoing)	\$ 1,541,857
Benefits accumulated and plan experience	(10,307)
Benefits paid	(183,944)
Interest accretion	79,811
Change in assumptions	84,759
Actuarial present value of plan benefits, December 31, 2016 (ongoing)	<u>\$ 1,512,176</u>

In January 2018, nonparticipating annuity contracts of \$1.6 million were purchased and lump sum benefit payments of \$0.2 million were paid to participants.

6. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedules, including investments held at October 10, 2018 and December 31, 2017 and December 31, 2016, and net (depreciation)/appreciation in the fair value of pooled separate accounts for the period/years then ended, were obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by the Principal Trust Company.

7. Tax Status

The Plan received a determination letter from the IRS dated November 28, 2017, stating the Plan, as terminated, was qualified under Section 401(a) of the Internal Revenue Code ("IRC") and the related trust was exempt from taxation. Once qualified, the Plan was required to operate in

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

7. Tax Status (continued)

conformity with the Code to maintain its qualified status. The Pension Committee believes that all necessary steps were taken to operate in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan was qualified and the related trust was tax-exempt.

Accounting principles generally accepted in the United States required Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator analyzed the tax positions taken by the Plan, and concluded that as of October 10, 2018 and December 31, 2017 and 2016, there were no uncertain positions taken or expected to be taken. The Plan recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Voluntary Correction Program Filing

In 2012, the Plan Administrator identified certain operational failures that, if not corrected, could have affected the tax-qualified status of the Plan and its related trust. During 2012, the Plan Administrator filed a Voluntary Correction Program (“VCP”) request under the IRS Employee Plans Compliance Resolution System (“EPCRS”) as provided for under Revenue Procedure 2008-50 to correct the operational failures described below.

The Plan Administrator determined that the Plan failed to make distributions to certain participants who were past their normal or late retirement dates. Additionally, certain deceased participants may be entitled to spousal benefits under the Plan that were due at the participant’s date of death but never paid. Further, these two failures were not properly valued in the Plan’s accumulated plan benefit obligation as of December 31, 2009, by the Plan’s prior actuary. As a result, the Plan Administrator filed a VCP request to offer the optional forms of payment that were available on the affected participant’s normal or late retirement date according to the terms of the Plan. In addition, a request to offer lump-sum payments to participants or beneficiaries was included to correct these failures. The Plan was amended, effective September 11, 2013, to allow for lump-sum payments for affected participants, as defined by the Plan. The reported accumulated plan benefit obligation includes \$63,988 for estimated back payments as of December 31, 2016. In June 2013, the IRS requested additional information and the Plan Sponsor provided the requested information to the IRS. The Plan Sponsor received an enforcement resolution statement from the IRS, related to the proposed correction methods for the operational failures discussed above. The Plan retained its tax qualification status. The eight participants remaining at the time of the

Leewards Pension Plan for Hourly Employees

Notes to Financial Statements (continued)

8. Voluntary Correction Program Filing (continued)

Plan termination who had been part of the VCP were not able to be located or failed to respond to the Plan's attempts to reach them. The remaining participants were included in the annuity purchase.

Supplemental Schedules

Leewards Pension Plan for Hourly Employees
 EIN #75-1943604 Plan #015
 Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
 December 31, 2017 (in liquidation)

(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
* Principal Global Investors		LDI Intermediate Duration Separate Account	941,818	989,337
* Principal Global Investors		LDI Long Duration Separate Account	430,864	465,101
Dimensional Fund Advisors		LDI Short Duration Separate Account	174,590	176,924
			\$ 1,547,272	\$ 1,631,362

*Indicates a party-in-interest to the Plan

Leewards Pension Plan for Hourly Employees
EIN #75-1943604 Plan #015
Schedule H, Line 4j – Schedule of Reportable Transactions
Year Ended December 31, 2017 (in liquidation)

(a) Identity of Party Involved	(b) Description of Investment	(c) Purchase Price	(d) Selling Price	(g) Cost	(h) Current Value of Assets on Transaction Date	(j) Net Gain or (Loss)
<i>Category (i) – Individual transactions in excess of 5% of beginning Plan assets:</i>						
Principal Global Investors	LargeCap S&P 500 INDEX	-	106,526	85,085	106,526	21,441
Principal Global Investors	LargeCap S&P 500 INDEX	-	112,029	87,236	112,029	24,793
Principal Global Investors	U.S.Property Separate Account	-	77,373	67,026	77,373	10,347
Principal Global Investors	LDI Long Duration Separate Account	105,628	-	105,628	105,628	-
Principal Global Investors	LDI Long Duration Separate Account	69,285	-	69,285	69,285	-
Principal Global Investors	LDI Long Duration Separate Account	125,550	-	125,550	125,550	-
Principal Global Investors	LDI Intermediate Duration Separate Account	160,596	-	160,596	160,596	-
Principal Global Investors	LDI Intermediate Duration Separate Account	278,100	-	278,100	278,100	-
<i>Category (iii) – Series of transactions in excess of 5% of beginning Plan assets:</i>						
Dimensional Fund Advisors	LDI Short Duration Separate Account	79,330	-	79,330	79,330	-
Dimensional Fund Advisors	LDI Short Duration Separate Account	-	253	247	253	6
Principal Global Investors	LDI Intermediate Duration Separate Account	518,026	-	518,026	518,026	-
Principal Global Investors	LDI Intermediate Duration Separate Account	-	185,490	174,643	185,490	10,847
Principal Global Investors	LDI Long Duration Separate Account	305,199	-	305,199	305,199	-
Principal Global Investors	LDI Long Duration Separate Account	-	65,782	60,991	65,782	4,791
Principal Global Investors	U.S.Property Separate Account	1,365	-	1,365	1,365	-
Principal Global Investors	U.S.Property Separate Account	-	83,169	72,149	83,169	11,020
Principal Global Investors	LargeCap S&P 500 Index Separate Account	3,664	-	3,664	3,664	-
Principal Global Investors	LargeCap S&P 500 Index Separate Account	-	230,089	181,235	230,089	48,854
Causeway/Barrow Hanley	Overseas Separate Account	6,600	-	6,600	6,600	-
Causeway/Barrow Hanley	Overseas Separate Account	-	73,578	64,729	73,578	8,849

There were no Category (ii) or (iv) reportable transactions during the year ended December 31, 2017. Columns (e) and (f) are not applicable.

Leewards Pension Plan for Hourly Employees
 EIN #75-1943604 Plan #015
 Schedule H, Line 4j – Schedule of Reportable Transactions
 Period Ended October 10, 2018 (in liquidation)

(a) Identity of Party Involved		(b) Description of Investment	(c) Purchase Price	(d) Selling Price	(g) Cost	(h) Current Value of Assets on Transaction Date	(j) Net Gain or (Loss)
<i>Category (i) – Individual transactions in excess of 5% of beginning Plan assets:</i>							
Principal Global Investors		Deconversion Holding Arrangement	-	1,632,407	1,632,407	1,632,407	-
Principal Global Investors		Deconversion Holding Arrangement	-	121,651	121,651	121,651	-
Principal Global Investors		Deconversion Holding Arrangement	1,607,814	-	1,607,814	1,607,814	-
Principal Global Investors		Deconversion Holding Arrangement	157,433	-	157,433	157,433	-
Principal Global Investors		LDI Long Duration Separate Account	-	455,706	428,386	455,706	27,320
Principal Global Investors		LDI Intermediate Duration Separate Account	-	975,542	933,938	975,542	41,604
Dimensional Fund Advisors		LDI Short Duration Separate Account	-	176,566	174,590	176,566	1,976
<i>Category (iii) – Series of transactions in excess of 5% of beginning Plan assets:</i>							
Principal Global Investors		Deconversion Holding Arrangement	-	1,790,247	1,790,247	1,790,247	-
Principal Global Investors		Deconversion Holding Arrangement	1,790,247	-	1,790,247	1,790,247	-
Principal Global Investors		LDI Long Duration Separate Account	-	458,465	430,942	458,465	27,523
Principal Global Investors		LDI Long Duration Separate Account	78	-	78	78	-
Dimensional Fund Advisors		LDI Short Duration Separate Account	-	176,566	174,590	176,566	1,976
Principal Global Investors		LDI Intermediate Duration Separate Account	-	983,819	941,818	983,819	42,001

There were no Category (ii) or (iv) reportable transactions during the period ended October 10, 2018. Columns (e) and (f) are not applicable.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES

EIN 75 1943604
PLAN NUMBER 015
PLAN YEAR 01/01/2017 TO 12/31/2017

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LDI INTRM DUR SEP ACCT-R6	\$ 941,686.56	\$ 989,336.93
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LDI LONG DURATION SA-R6	\$ 430,873.05	\$ 465,101.13
*	Principal Life Insurance Company	Pooled Separate Accounts PRIN LDI SHORT DUR SEP ACCT-R6	\$ 174,586.80	\$ 176,924.25

LEEWARDS PENSION PLAN FOR HOURLY EMPLOYEES

EIN 75 1943604
 PLAN NUMBER 015
 PLAN YEAR 01/01/2017 TO 12/31/2017

SCHEDULE H, line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

DESCRIPTION OF ASSET	(A) Total Number of Purchases	(B) Total Number of Sales	(C) Total Value of Purchases	(D) Total Value of Sales	(E) Net Gain/(Loss)
Pooled Separate Accounts PRINCIPAL LDI SHORT DURATION S	4		\$ 79,329.66		\$ 0.00
Pooled Separate Accounts PRINCIPAL LDI SHORT DURATION S		1		\$ 253.28	\$ 6.12
Pooled Separate Accounts PRINCIPAL LDI INTERMEDIATE DUR	5		\$ 518,025.55		\$ 0.00
Pooled Separate Accounts PRINCIPAL LDI INTERMEDIATE DUR		43		\$ 185,490.38	\$ 10,752.93
Pooled Separate Accounts PRINCIPAL LDI LONG DURATION SE	7		\$ 305,199.27		\$ 0.00
Pooled Separate Accounts PRINCIPAL LDI LONG DURATION SE		44		\$ 65,781.75	\$ 4,719.79
Pooled Separate Accounts PRINCIPAL U.S. PROPERTY SEPARA	1		\$ 1,365.30		\$ 0.00
Pooled Separate Accounts PRINCIPAL U.S. PROPERTY SEPARA		3		\$ 83,168.89	\$ 11,025.75
Pooled Separate Accounts PRINCIPAL LARGE CAP S&P 500 IND	1		\$ 3,663.55		\$ 0.00
Pooled Separate Accounts PRINCIPAL LARGE CAP S&P 500 IND		3		\$ 230,089.09	\$ 41,990.37
Pooled Separate Accounts PRINCIPAL OVERSEAS SEPARATE AC	2		\$ 6,600.42		\$ 0.00
Pooled Separate Accounts PRINCIPAL OVERSEAS SEPARATE AC		2		\$ 73,578.04	\$ 8,844.80

* Schedule is prepared using the alternative way of reporting (iii) series transactions under DOL Regulation 2520.103-6(d)(2).

