Southern California
United Food & Commercial Workers Unions
and Food Employers Joint Pension Trust Fund
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TO: All Participants, Beneficiaries, Participating Unions and Contributing Employers

NOTICE OF CRITICAL STATUS

In July 2008, July 2009, and July 2010 we sent you a notice very similar to this notice to advise you of the critical status of the Pension Plan for the Plan Years that began April 1, 2008, April 1, 2009, and April 1, 2010. This notice advises you that the Pension Plan continues to be in critical status for the current Plan Year that began April 1, 2011. The Pension Protection Act of 2006 (PPA) requires the Board of Trustees to test the Pension Plan annually to classify its funding status. Funds that are in "critical status" must notify all participants, beneficiaries, unions and contributing employers of the status, as well as take corrective action to restore the fund's financial health.

This notice is to inform you that on June 29, 2011, the Pension Plan's actuaries certified to the U.S. Department of Treasury and the Board of Trustees that the Plan is in critical status for the Plan Year beginning April 1, 2011. The PPA requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding problems. Specifically, the Plan's actuaries determined that:

- The Plan is projected to have an accumulated funding deficiency for the current Plan Year and the next three Plan Years.
- The Plan is projected to have an accumulated funding deficiency for the current Plan Year and the next four Plan Years; the present value of vested benefits for non-actives is more than the present value of vested benefits for actives; and the normal cost plus interest on unfunded actuarial liability is greater than the contributions for the current year.
- The Plan was in critical status last year and the Plan is projected to have an accumulated funding deficiency for the next ten Plan Years.

Rehabilitation Plan

The PPA requires every pension plan in critical status to adopt a "rehabilitation plan" that is designed to restore the financial health of the Plan.

The PPA permits pension plans in critical status to reduce, or even eliminate, benefits called "adjustable benefits" (described on the back of this page), as part of a rehabilitation plan. If the Board of Trustees determines that it is necessary to reduce or eliminate adjustable benefits, you will receive a separate notice in the future identifying and explaining the effect of those changes. Any reductions to adjustable benefits will not be effective until after you receive that notice. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described on the back of this page) will not reduce the level of your basic benefits that are payable at normal retirement. Reductions to adjustable benefits may only be applied to you if your benefit commencement date (pension effective date) is on or after July 28, 2008.

Effective as of July 28, 2008, the Plan, while it is in critical status, is not permitted to make any benefit payment in excess of the monthly amount payable under a single life annuity. This means that, for now, the Plan may not pay benefits in the form of the Income Adjustment Option Annuity.

Adjustable Benefits

The Plan's "adjustable benefits" that are subject to reduction or elimination as part of a rehabilitation plan include:

1. Disability benefits not yet in pay status;
2. Any early retirement benefit or retirement-type subsidy;
3. Any benefit payments option, other than a qualified joint and survivor annuity; and
4. Benefit increases that were adopted or took effect less than 60 months before the Plan first entered critical status (April 1, 2008).

Note to Retirees

If you are a retiree and your benefit commencement date (pension effective date) is before July 28, 2008, your pension benefit cannot be reduced or eliminated under a rehabilitation plan.

Employer Surcharges

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial health. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. This does not apply to employers who agree to, and pay, a negotiated contribution rate that satisfies the rehabilitation plan.

Where to Get More Information

For more information about this Notice, please contact the Fund Office, by telephone at 714-220-2297, 562-408-2715 or 877-284-2320, extension 434 or by mail at 6425 Katella Avenue, Cypress, California 90630-5238 or P.O. Box 6010, Cypress, California 90630-0010. You have a right to receive a copy of the rehabilitation plan from the Plan.