Dairy Industry - Union

PENSION PLAN

For Philadelphia and Vicinity

April 29, 2010

<u>CERTIFIED RETURN RECEIPT MAIL</u>

U.S. Department of Labor
Employee Benefit Security Administration
Public Disclosure Room N-1513
200 Constitution Avenue, N.W.
Washington, DC 20210

RE: Notice of Seriously Endangered Status
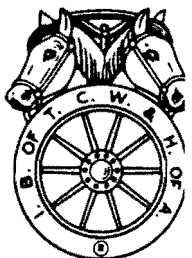
Dear Sir/Madam:

Pursuant to Federal Regulations, the Dairy Industry – Union Pension Fund for Philadelphia and Vicinity is providing the U.S. Department of Labor with a copy of the Notice of Seriously Endangered Status for the Plan Year beginning January 1, 2010.

Sincerely,

Lee Scarpone
Fund Manager

LS:kmm

Notice of Seriously Endangered Status for the

Dairy Industry – Union Pension Plan for Philadelphia & Vicinity

This is to inform you that on March 31, 2010 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan Trustees, that the Plan is in seriously endangered status for the Plan year beginning January 1, 2010. This certification is required by the Pension Protection Act of 2006, which also requires that you receive this notice. The Pension Protection Act requires each multiemployer pension plan's actuary each year to characterize the plan's funded status as endangered, seriously endangered, critical, or none of the preceding.

As discussed below, the Fund's status is attributable to the extraordinary investment environment in 2008, in which the S&P 500 lost over 30% in a single year. Although the fair market value of the Fund's assets have improved (from $83.9 million in December, 2008 to $94.5 million in December, 2009), the assets are still less than they were prior to the recession. Accordingly, the Board of Trustees intends to take steps to further improve the funded status of the Plan and have directed the Fund's actuary and investment consultant to review alternative options for consideration by the Board. The Board of Trustees will keep you apprised of their efforts as soon as these options are prepared and reviewed and the Board has selected one or more options to include in a funding improvement plan.

Seriously Endangered Status

The Plan is considered to be in seriously endangered status because the funded percentage of the Plan is less than 80% for the Plan Year beginning January 1, 2010, and over the next seven Plan Years, the Plan is projected to have an accumulated funding deficiency. The Plan's funded percentage as of January 1, 2010 for certification purposes is 72.0%. The Plan is projected to have an accumulated funding deficiency by the end of the Plan Year beginning January 1, 2014.

Funding Improvement Plan

Federal law requires pension plans in seriously endangered status to adopt a funding improvement plan, in accordance with the Pension Protection Act, aimed at improving the financial health of the Plan. The Plan Trustees have started the studies needed to develop such a plan. Under the law, the studies must consider the possibility of increasing employer contributions and/or reducing future benefit accruals to the extent that the actuary determines it necessary in order to enable the Plan to improve its funding status by a certain percentage over the next 15 years. The funding improvement plan may contain a number of options for improving the funded status of the Plan. The bargaining parties will bargain over these options. The Trustees will not be permitted to accept a collective bargaining agreement that does not comply with one or more of the

options contained in the funding improvement plan. You will receive information about and a copy of the funding improvement plan once it has been completed.

Where to Get More Information

For more information on this Notice, you may contact:

Dairy Industry - Union Pension Plan
Valley Forge Benefit Administrators, Inc.
Davis Road and Oakwood Lane
P.O. Box 740
Valley Forge, PA 19482
Phone: 215-483-6000

You have a right to receive a copy of the funding improvement plan when it is completed. The law requires the funding improvement plan to be completed by November 26, 2010.

Date of distribution: April 29, 2010