

## NOTICE OF CRITICAL STATUS

for the

### UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND EMPLOYERS PENSION PLAN

April 20, 2011

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This is to inform you that on March 31, 2011, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the United Food and Commercial Workers Unions and Employers Pension Plan (the "Plan") is in critical status for the plan year beginning January 1, 2011. Federal law requires that you receive this notice.

#### Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the plan's actuary determined that the Plan is projected to have an accumulated funding deficiency for the plan year ending December 31, 2011, which is within the current plan year or the next three succeeding plan years. This is the second year that the Plan is in critical status.

#### Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. Last year, the Trustees of the Plan determined that benefit reductions were necessary, and you received a notice on February 13, 2010 identifying and explaining the effect of those reductions. As described in that notice, any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement accrued to date. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is after February 1, 2010. You should know that whether or not the Plan reduces adjustable benefits in the future, after February 1, 2010, the Plan is not permitted to pay lump sum benefits or any other payment in excess of the monthly amount paid under a single life annuity (such as a Social Security Level Income annuity) while it is in critical status. Benefits already in payment status on or before February 1, 2010 will not be affected.

#### Adjustable Benefits

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan (or update to the existing rehabilitation plan) that the Trustees of the Plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefits or retirement-type subsidies;
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA);
- Pre-retirement death benefit subsidies

The rehabilitation plan that was adopted by the Trustees last year did not reduce adjustable benefits for active participants in the Plan, assuming their employer adopts an agreement that is consistent with the rehabilitation plan. The rehabilitation plan did, however, reduce early retirement benefits for inactive participants who had not yet begun to receive benefits from the Plan.

#### Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. 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. With some exceptions, a 5% surcharge was applicable in the initial critical year (2010) and a 10% surcharge is applicable for each succeeding plan year thereafter (beginning with 2011) in which the Plan is in critical status. The surcharge terminates when the employer agrees to the obligation imposed upon employers in the rehabilitation plan adopted by the Trustees.

#### Where to Get More Information

For more information about this notice, you may contact: the Board of Trustees of the United Food and Commercial Workers Unions and Employers Pension Fund at 1800 Phoenix Boulevard, Suite 310, Atlanta, Georgia 30349-5559 or (800) 241-7701. You have a right to receive a copy of the rehabilitation plan from the Plan.

For identification purposes, the official plan number is 001, the Plan sponsor's name is the Board of Trustees of the United Food and Commercial Workers Unions and Employers Pension Fund, and the Plan sponsor's employer identification number or "EIN" is 58-6101602.

## NOTICE OF APPLICATION OF SPECIAL FUNDING RELIEF RULES

for the

### UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND EMPLOYERS PENSION PLAN

April 20, 2011

On June 25, 2010, President Obama signed into law the Pension Relief Act of 2010. The Pension Relief Act eases minimum funding requirements for multiemployer pension plans. Specifically, it gives these plans additional time to recognize the investment losses incurred during 2008 and 2009 resulting from the collapse of financial markets. You are receiving this notice because the Board of Trustees of your pension plan, the United Food and Commercial Workers Unions and Employers Pension Plan (the "Plan"), has decided to apply special funding relief rules to the Plan, as permitted under the Pension Relief Act.

#### Explanation of the Special Funding Rules

The following explains the special rules that the Board of Trustees has decided to apply to the Plan.

- Special amortization rule: Under this special rule, the Plan will amortize (i.e., recognize) investment losses incurred during the 2008 Plan Year in its "funding standard account" over the period ending December 31, 2037. This special rule will first apply during the 2009 Plan Year, beginning January 1, 2009. If not for the special rule, the Plan would have recognized the losses over a 15-year period.
- Special asset valuation rule: Under this special rule, the Plan will change its asset valuation method to spread investment losses incurred during the 2008 Plan Year into its "actuarial value of assets" over a 10-year period. If not for the special rule, the Plan would have smoothed the losses over a 5-year period.

As described above, applying the special rules will permit the Plan to recognize and fund the extraordinary investment losses incurred during the 2008 Plan Year over a longer period of time. This will make it easier for the Plan to comply with its legal funding requirements under the Pension Protection Act of 2006 ("PPA"). For example, because of the special rules, the Plan will likely be able to emerge from "critical status" earlier than originally planned. After that, the special rules will make it easier for the Plan to avoid critical status in the future.

It is important to note that while the special funding relief rules will make it easier for the Plan to meet its PPA benchmarks, they do not improve the true funded status of the Plan. Further, the special rules do not directly result in one extra dollar being put into the Plan's assets.

#### Restrictions on Benefit Improvements

Because the special funding relief rules apply, the Board of Trustees of the Plan is temporarily restricted from adopting an amendment increasing benefits. This restriction applies for the two plan years immediately following any plan year in which the special rules apply. Note, however, that this restriction does not apply if the benefit increase is paid for with additional employer contributions that were not previously allocated to the Plan as part of the rehabilitation plan adopted by the Board of Trustees. This restriction also does not apply if the benefit increase is required to comply with applicable law.

#### Where to Get More Information

For more information about this notice, you may contact: the Board of Trustees of the United Food and Commercial Workers Unions and Employers Pension Fund at 1800 Phoenix Boulevard, Suite 310, Atlanta, Georgia 30349-5559 or (800) 241-7701.

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