



IEDA

2200 Powell Street, Suite 1000, Emeryville, California 94608

2011

Notice of Critical Status

For

Distributors Association Warehousemen's Pension Trust.

The Pension Protection Act of 2006 ("PPA") amended the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to, among other things, impose additional funding rules for multiemployer plans, including the Distributors Association Warehousemen's Pension Trust (the "Plan"). The new funding rules took effect for the Plan on June 1, 2008. The purpose of this Notice is to inform you that, as required by the PPA, on August 19, 2010 the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor, that the Plan is in "critical status" for the Plan year that began on June 1, 2010. Federal law requires that you receive this Notice.

Critical Status

Under the PPA, the Plan is considered to be in critical status because the Plan's actuary has determined that over the next three Plan years the Plan is projected to have an accumulated funding deficiency for the Plan year beginning June 1, 2013.

Rehabilitation Plan

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the second year the plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On August 23, 2010, you were notified that the plan reduced or eliminated adjustable benefits. If it is determined that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 1, 2010.

Adjustable Benefits

The Plan offers the following adjustable benefits that may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt:

- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint and survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years); and
- Subsidized preretirement death benefits.

Employer Surcharge

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation, until they are signatory to a collective bargaining agreement that is consistent with the rehabilitation plan. 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 (which may apply to the Plan), a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status.

Where to Get More Information

For more information about this Notice, you may contact the Plan's administrator, at:

Industrial Employers and Distributors Association
2200 Powell Street, Suite 1000
Emeryville, CA 94602-1852
(510) 653-6770

You have a right to receive a copy of the rehabilitation plan from the Plan upon written request.