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NOTICE OF CRITICAL STATUS

FOR THE

UFCW-NORTHERN CALIFORNIA EMPLOYERS JOINT PENSION TRUST FUND

This is to inform you that on March 31, 2011, the Plan's actuaries certified to the U.S. Department of the Treasury, and to the Trustees, that the Plan is in critical status ("Red Zone") 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 was in critical status last year and over the next nine years the Plan is projected to have an accumulated funding deficiency.

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. In addition to revising the Plan's formula for future benefit accruals and making similar changes, the law permits pension plans in the Red Zone to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees adopted a Rehabilitation Plan in 2010 under which certain benefit changes and contribution increases may take effect as of January 1, 2012. You will receive a separate notice in the future identifying and explaining the effect of any benefit changes that apply to you. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement age. In addition, the reductions in future benefit accruals and other benefits generally apply to participants and beneficiaries whose benefit commencement date is on or after January 1, 2012. Please be advised that whether or not the Plan reduces adjustable benefits in the future, effective as of April 30, 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 (except for the payout of benefits worth less than \$1,000) while it is in critical status. This includes the Social Security Adjustment Option benefit and the Social Security Adjustment Option with 50% Joint and Survivor benefit for retirement benefits that commence on or after May 1, 2010.

Adjustable Benefits

The Plan offers the following adjustable benefits that **may** be reduced or eliminated as part of the current or future Rehabilitation Plan, depending on the Collective Bargaining Agreement between the Union and your Employer. In no event will any change to these benefits be effective for retirements before May 1, 2010. You will receive a separate notice in advance about any benefit reductions that apply to you.

- Early Retirement Benefit
- Special Unreduced Early Retirement Benefit
- Golden Unreduced Early Retirement Benefit
- Disability Retirement Benefit (not yet in pay status)
- 50% Qualified Joint and Survivor subsidy
- 75% Qualified Optional Survivor Annuity
- Surviving Spouse's Benefit (for Retirees who were not married as of retirement)
- Surviving Spouse Benefit subsidy (including Qualified Pre-retirement Survivor Annuity subsidy)
- Non-Spouse Survivor Benefit

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. A 5% surcharge was applicable in 2010 (the Plan's initial critical year) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status until the employer agrees to a collective bargaining agreement that implements the rehabilitation plan. The 5% surcharge was payable on work performed on and after May 30, 2010, until December 31, 2010 and the 10% surcharge is payable with respect to periods after that, until a negotiated contribution rate that satisfies the rehabilitation plan goes into effect.

Where to Get More Information

For more information about this notice, you may contact the Plan Administrator at the following address:

Administrator - UFCW-Northern California Employers Joint Pension Trust Fund
UFCW-Employers Benefit Plans of Northern California Group Administration LLC
1277 Treat Boulevard, 10th Floor
Walnut Creek, CA 94597-8863
(925) 746-7530