

BAKERY & SALES DRIVERS LOCAL UNION 33
INDUSTRY WELFARE FUND – INDUSTRY PENSION FUND

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December 21, 2010

Notice of Seriously Endangered Status

Bakery Sales Drivers Local Union No. 33 Industry Pension Fund

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

As you may know, the Pension Protection Act of 2006 (PPA) has added requirements for measuring the financial health of multiemployer plans such as ours.

Starting with the 2008 Plan year, the PPA requires that a Pension Fund's actuary annually determine the Fund's status under these new rules and certify that status to the IRS and the Trustees, who are the plan sponsor. If the actuary determines that the Fund is in "endangered" or "seriously endangered" status ("yellow zone") or "critical" status ("red zone"), the Trustees must notify all Plan participants, employers and other stakeholders, as well as take corrective action to restore the financial health of the plan.

Yellow Zone Status

This letter will serve as the Notice that, on November 24, 2010 our Pension Fund's actuary certified that the Fund is in "Yellow Zone" status for the 2010 Plan year. This determination was made because, based on the PPA's new funding measures, the Fund is projected to have a funding deficiency within 7 years and the Fund is currently less than 80% funded. This means that the contributions at current rates are not high enough to meet government standards for funding the promised benefits as well as those that participants are continuing to earn.

Funding Improvement Plan

The PPA also requires any pension fund in the yellow zone to adopt a "Funding Improvement Plan" (FIP). The FIP is an action plan designed to restore the plan to financial health, improve the balance of assets and liabilities, and avoid any accumulated funding deficiency. The Trustees adopted a FIP in 2009 for the Plan year beginning September 1, 2008. This FIP will be revised during 2011. A notice describing the revised FIP, which may include recommendations for contribution increases when the current bargaining agreement(s) expire, will be provided to the bargaining parties shortly after that.

PPA does not allow the Trustees of a plan that is in the yellow zone to accept a collective bargaining agreement that reduces contributions, provides a contribution holiday, or excludes younger or newly hired employees from participation.

As you are no doubt aware, the Trustees have already taken serious corrective action as regards to the funded status of the Plan. Specifically, the Plan was frozen as of January 1, 2007, meaning that

service for a contributing employer on and after January 1, 2007 is no longer used to determine the amount of your pension. The fact that the Plan is now frozen does not affect any Pension Credits accrued prior to January 1, 2007. In addition, as mentioned above, an initial FIP was adopted in 2009.

Please note that the PPA requires that our Plan's funding status be reviewed and certified annually and Notices like this one will be sent each year. There are several variables beyond our control that our advisors are monitoring, including investment market volatility and changes in employment levels and/or the number of contributing employers, which could affect the Plan's status and the Trustees' recommended corrective actions in the future.

We understand that legally required Notices like this one can create anxiety and concern about the Pension Fund's future. The Board of Trustees remains committed to taking all possible action to eventually remedy the funded position of the Plan, given the current condition of our industry and the serious investment volatility that has recently occurred.

Where to Get More Information

For further information, please be contact:

Bakery and Sales Drivers Local 33 Industry Pension Fund
Benefits Administration Corporation, Inc.
9411 Philadelphia Road, Suite S
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Sincerely,
The Board of Trustees

cc: US Department of Labor
US Pension Benefit Guaranty Corporation