To: All Participants, Beneficiaries, Contributing Employers and Local Union 863 I.B. of T.

As you know from previous communications, the Pension Protection Act of 2006 (PPA) requires that notices be sent each year to all participants, beneficiaries, participating unions, contributing employers and other interested parties regarding the Plan’s funding status.

What follows is a brief description of two PPA-required notices – the 2011 Zone Certification Notice and the 2010 Annual Funding Notice – that are enclosed with this letter. We are providing these additional details to help you understand the complex information contained in each. Please keep in mind that the Plan Year runs from September 1 to August 31; it is not the calendar year.

1. The 2011 Zone Certification Notice “looks forward” at the Plan’s 2011 financial status. The Plan was certified as in the “yellow zone” (“endangered” status) for the 2011 Plan year, which is unchanged from the 2009 and 2010 Plan years.

It’s important to note that Wakefern Food Corporation entered into a “participation agreement” with the Plan to provide for additional contributions that would improve the funded status of the Plan. As a result, the Plan is expected to meet its funding goals in the future.

This “Notice of Endangered Status” also provides background on the Pension Protection Act’s funding requirements and details about the Funding Improvement Plan for yellow zone plans.

2. The Annual Funding Notice “looks back” at the 2010 Plan Year. It reports on the assets and liabilities of the Fund for 2010, the Plan’s funded percentage, funding and investment policies, along with details on the Pension Benefit Guaranty Corporation and how to request a copy of the Form 5500 annual report.

The Board of Trustees takes its fiduciary responsibility very seriously. We will continue to monitor the financial markets and will work closely with our investment and actuarial consultants to help ensure the Plan’s return to a strong funded status.

Please take the time to read the enclosed notices carefully. If you have any questions, feel free to contact the Fund Office at (908) 654-3361.

Sincerely,

The Board of Trustees
Notice of Endangered Status for 2011 Plan Year

WWEC Local 863 Pension Plan

To: All Participants, Beneficiaries, Contributing Employers and Local Union 863 I.B. of T.

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 plan's actuary determine the plan's status under these new rules and annually certify that status to the IRS and the trustees (who are the plan sponsor). If the actuary determines that the plan is in "endangered" status (yellow zone) or "critical" status (red zone) for the year, the trustees must notify all plan participants, employers, and other stakeholders and take corrective action to restore the financial health of the plan.

Yellow Zone Status for 2011
On November 29, 2011, the actuary certified that the Plan is, once again, in endangered status, or the yellow zone, for the 2011 plan year, which is the same as last year. This determination was made because, based on the PPA’s new funding measures, the Plan is currently less than 80% funded. However, due to the Wakefern Food Corporation participation agreement with the Fund, and the substantial contributions it is making to the Plan, the Plan is expected to meet its funding goals in the future.

Funding Improvement Plan for Yellow Zone Plans
The PPA requires every multiemployer plan in endangered status to adopt a “Funding Improvement Plan” (FIP). The FIP is an action plan designed to increase the Plan’s funding percentage and to assure that contributions will be enough to meet the minimum required under the law. The actuary has informed us that based on anticipated experience and reasonable assumptions, future contribution levels, including those required in the participation agreements, will be sufficient to meet the requirements of the FIP which was adopted last summer. The Plan is expected to emerge from endangered status within the statutory timeframe.

What's Next
The PPA mandates that the Plan’s funding status be reviewed and certified annually and notices like this one will be sent to you each year. In addition, the FIP will be reviewed and updated each year. Please note, however, since the Plan is influenced by economic and financial variables beyond our control (such as market volatility and changes in employment and/or the number of contributing employers), unexpected developments can affect the Plan’s status and any future corrective actions needed.

We understand that legally required notices like this one can create concern about the Plan’s future. Be assured that we take our obligation to preserve the financial viability of the Plan very seriously. The Trustees have developed a plan that addresses these issues to improve the Plan’s financial condition and help to secure your pensions.
For more information about this notice or the Plan, you may contact the Plan's office at the address or phone number listed at the top of this letter.

Sincerely,

The Board of Trustees
Date: December 2011

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.