Notice of Critical Status (Red Zone)

For the

Wine, Liquor & Distillery Workers' Union Local 1-D Pension Fund

This is to inform you that, as required by the Pension Protection Act of 2006, the Plan's Actuary certified to the U.S. Department of the Treasury, and also to the Board of Trustees, that the Plan is in critical status (Red Zone) for the plan year beginning January 1, 2012. Federal law requires that you receive this notice.

Critical Status

The Fund 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 within the next four plan years.

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. If the Trustees determine that 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 September 1, 2012. In addition, 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) while it is in critical status.

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 first year since 2009 that 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. If the Trustees determine that such 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 the date of the notice that will be provided in the event such reductions are adopted.

Adjustable Benefits

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

- □Disability benefits (if not yet in pay status); and
- □Early retirement benefit or retirement-type subsidy.

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 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 Mr. Frank Cognetta, Administrator at (718) 331-2311 or at Wine, Liquor & Distillery Workers' Union Local 1-D Pension Plan, 8402 18th Avenue, Brooklyn, NY 11214. You have a right to receive a copy of the rehabilitation plan from the Fund.