NOTICE OF CRITICAL STATUS

FOR

SOUND RETIREMENT TRUST

OCTOBER 1, 2016 PLAN YEAR

This is to inform you that, on December 29, 2016, the Plan actuaries of the Sound Retirement Trust (the "Plan") 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 beginning October 1, 2016. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because the Plan's actuaries have determined that the Plan was in critical status last year and, during the next 10 years, the Plan is projected to have an accumulated funding deficiency.

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 seventh 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.

The Board of Trustees (the "Trustees") of the Plan first adopted a Rehabilitation Plan on December 14, 2010. The Rehabilitation Plan has subsequently been updated on September 22, 2011, March 28, 2013, June 25, 2014. September 16, 2015 and most recently on June 22, 2016.

On December 16, 2010, you were notified that the Plan reduced or eliminated adjustable benefits for terminated vested participants, made changes to certain pre-retirement death benefits and benefit form features, and that 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. You were also notified that as of December 16, 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) while it is in critical status.

The Trustees adopted an updated Rehabilitation Plan on March 28, 2013. In May 2013, you were notified that with this update, the Plan refined the definition of a terminated vested participant and applied the prior benefit changes to all current and future terminated vested participants.

The Trustees adopted an updated Rehabilitation Plan on June 25, 2014 to reflect the merger of the Washington Meat Industry Pension Trust ("Washington Meat Trust") into the Plan as of June 30, 2014 and the transfer of liabilities and assets relating to Kroger's participants in the Washington Meat Trust to the UFCW Consolidated Pension Fund effective July 1, 2014 and September 16, 2015.

Most recently, the Rehabilitation Plan was updated on June 22, 2016. This update increased employer contributions and eliminated certain benefit features (cost of living increases, early retirement subsidies) for active participants, applied early retirement reductions to future retirements under disability, increased the hours threshold for earning Credited Service (and incurring a break in service), and eliminated the ability for current and future terminated vested participants to elect early retirement.

The Trustees will continue to review progress annually as required by law. If the Trustees determine 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 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 they were first notified of the Plan's critical status (for the Plan, that date was December 16, 2010).

Adjustable Benefits

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

- Disability benefits (if not yet in pay status);
- Early retirement benefits, including an early retirement benefit more favorable than what is determined to be actuarially equivalent benefits or retirement-type subsidy,
- Cost-of Living increases.

Employer Surcharges

The law requires that all contributing employers pay to the plan a surcharge to help correct the Plan's financial situation beginning with February 2011 hours and continuing until a rehabilitation schedule is adopted. 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 the succeeding plan years until the employer first adopts a rehabilitation schedule.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrator, Zenith American Solutions, Inc. at (206) 282-4500, option 2, then option 3 or (800) 225-7620, option 2, then option 3. You have a right to receive a copy of the Rehabilitation Plan from the Plan.