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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 30, 2016, 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, 2016. 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 actuaries determined that:

- in four Plan Years, the Plan is projected to have a funding deficiency for the 2017, 2018 and 2019 Plan Years;
- the present value of vested benefits for non-actives is more than the present value of vested benefits for actives and the normal cost plus interest on the unfunded benefits is greater than the contributions for the current year and in five Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2017, 2018, 2019 and 2020 Plan Years.
- the funded percentage is less than 65% and in five Plan Years, the plan is projected to have an accumulated funding deficiency for the 2017, 2018, 2019, 2020 Plan Years.

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 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 until the employer agrees to a collective bargaining agreement that implements the rehabilitation plan. The 5% surcharge is 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.

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. In

October or November of 2011, you were notified that the plan reduced or eliminated certain adjustable benefits, generally effective for the Plan Year beginning January 1, 2012.

The Rehabilitation Plan is subject to annual review and revision by the Board of Trustees, (most recently updated December 17, 2015), depending upon the Fund's financial condition and other factors. If the Trustees of the Plan 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 age.

On April 30, 2010, you were notified 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. The updated Rehabilitation Plan is designed to allow the Plan to emerge from the red zone by the end of 2041.

Adjustable Benefits

The Plan offers or offered 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. Please review the Important Notice of Changes in Your Benefits mailed in October or November 2011, for further detail.

- 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

Where to Get More Information

For more information about this notice or to receive a copy of the Rehabilitation Plan, you may contact the Plan Administrator at the following address:

Administrator - UFCW-Northern California Employers Joint Pension Trust Fund
UFCW & Employers Trust, LLC
1000 Burnett Ave, Suite 110
Concord, CA 94520
(800) 552-2400