DESERT STATES EMPLOYERS AND UNITED FOOD & COMMERCIAL WORKERS UNIONS PENSION PLAN

April 30, 2009

U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, N.W.
Washington, DC 20210

NOTICE OF CRITICAL STATUS FOR

DESERT STATES EMPLOYERS & UFCW UNIONS PENSION PLAN

This is to inform you that on March 31, 2009 the Plan actuary 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 January 1, 2009. 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 actuary determined that the Plan is projected to have an accumulated funding deficiency for the plan year beginning January 1, 2011.

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 the reduction or even the elimination of certain pension benefits called "adjustable benefits" as part of a rehabilitation plan. If the Trustees of the Plan 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 April 30, 2009. But you should know that whether or not adjustable benefits are reduced in the future, effective as of April 30, 2009, 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 such as level income benefits) while it is in critical status.

Adjustable Benefits

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the Plan may adopt (some of the below options relate specifically to

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benefit options under the Intermountain Retail Food Industry Pension Trust Fund provisions of the Plan ("IRF Plan"), a plan covering meat cutters, that merged into the Plan July 1, 2005):

- Post-retirement death benefits in excess of qualified joint-and survivor annuity (QJSA), including under section 8.8 of the IRF Plan and section 8.3 of the Plan;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy (e.g., Golden 85 Pension, Special Early Retirement Benefit and Special 20 Benefit under section 6.2 of the IRF Plan, Rule of 85 under the Plan, Age 60 Supplement under the Plan and any other subsidized early retirement benefits under the Plan);
- Benefit payment options other than a QJSA;
- Recent benefit increases (i.e., occurring in past 5 years, if applicable);
- Other similar benefits, rights, or features under the Plan (e.g., Special Death Benefit under section 8.9 of the IRF Plan or preretirement death benefits in excess of qualified preretirement survivor annuity).

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 Southwest Service Administrators, 2400 West Dunlap, Suite 250, Phoenix, AZ 85021-2811, (602) 249-3582 or 800-474-3485. You have a right to receive a copy of the rehabilitation plan from the Plan.