



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

NOTICE OF PENSION RELIEF ELECTION

FOR PARTICIPANTS AND BENEFICIARIES OF THE DESERT STATES EMPLOYERS & UFCW UNIONS PENSION PLAN

EIN: 84-6277982, PN = 001

On June 25, 2010, President Obama signed the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 ("PRA") into law. This legislation was passed in an effort to help fundamentally sound plans that have become financially challenged by the current economic climate.

For a plan to qualify for the relief offered by the PRA, the plan's actuary has to certify that the plan is projected to have enough assets to cover all benefit payments and expenses (plan is "solvent") for the extended relief period. Based on the Zone Status certification for the plan year beginning January 1, 2010, the Desert States Employers & UFCW Unions Pension Plan ("the Plan") qualifies for the Extended Amortization Period and Asset Valuation relief because the plan is projected to be solvent beyond the extended relief period.

The Board of Trustees has adopted the following relief provisions:

1. The Plan's actuary will apply the prospective method to allocate the eligible net investment loss incurred during the 2008 Plan Year to Plan Years beginning on or after January 1, 2008 and amortize this segregated asset experience over the 30 year period beginning on January 1, 2008. Other experience will continue to be amortized over 15 years for minimum funding purposes (adopted September, 2010).
2. The Plan will recognize the 2008 Plan Year net investment loss over a 10-year period rather than using the Plan's regular asset valuation method, which calls for a 5-year recognition of investment gains and losses, for purposes of determining the actuarial asset value from January 1, 2009 (adopted September, 2010).

Note that applying the relief offered by the PRA will decrease the amount of required minimum contributions that are taken into account in determining the appropriate contribution rates under collective bargaining agreements and may affect the Plan's certification status under §432(b) for the current and future Plan years. In short, the election to apply relief has given the Plan more time to address the funding shortfall that has resulted from the severe investment market downturn that occurred in late 2008 and early 2009. Additionally, the decision to elect the relief means the Plan is not permitted to increase benefits for two years after the last year in which the relief is used, unless certain conditions are met.

In the event you would like additional information about the election, you may contact the Plan Administrator, Southwest Service Administrators, Inc., by phone at (800) 474-3485 or by mail at 2400 W. Dunlap Ave., Suite 250, Phoenix, AZ, 85021.

Sincerely,

Board of Trustees

cc: Pension Benefit Guaranty Corp.