



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

NOTICE OF REDUCTION IN BENEFITS DESERT STATES EMPLOYERS & UFCW UNIONS PENSION PLAN

APRIL 14, 2011

INTRODUCTION

In April 2010, you received notice that the Desert States Employers & UFCW Unions Pension Plan (the "Plan") was in "endangered status" pursuant to the Pension Protection Act of 2006 ("PPA") and that the Board of Trustees and bargaining parties were required to take steps to improve the funding status of the Plan. The Board of Trustees and your employer and union have now agreed to a number of changes (described in this notice) that will go into effect as of May 1, 2011. **The changes detailed in this notice do not apply to benefits already in pay status before May 1, 2011.**

NOTE: Normal retirement date is generally age 62; however, it is age 65 for certain participants. Consult your Summary Plan Description to determine which rule applies to you. If you are subject to age 65 normal retirement date, then you should substitute age 65 for references to age 62 when reading this notice.

The remainder of this communication describes the changes to the Plan, and is being provided to you in accordance with Section 204(h) of the Employee Retirement Income Security Act ("ERISA"). You should place this Notice with your Summary Plan Description ("SPD") and save it for future reference.

EFFECTIVE DATES OF CHANGES

The changes will be effective May 1, 2011.

BENEFIT CHANGES

Elimination of Disability Pension

The Disability Pension will be eliminated.

Explanation: Prior to this change, the Disability Pension was generally available to participants who terminated employment, were totally and permanently disabled and met certain other conditions in the Plan.

Following this change, the Disability Pension is eliminated and individuals will not be eligible to commence a Disability Pension on or after May 1, 2011.

Example: Dan is age 45 with 12 years of Benefit Credit and is eligible for a pension at age 62 equal to \$500 per month. In May 2011, Dan becomes disabled. Without the elimination of the Disability Pension, Dan would have been eligible for a Disability Pension of \$500 per month if he satisfied the Plan's eligibility requirements.

Following the change, Dan will not be eligible to receive a Disability Pension. Dan remains eligible for an Early, Vested or Normal Pension at the applicable ages.

Change in Benefit Service Accrual Rate

The Plan's benefit rate for Benefit Service earned on or after May 1, 2011 has changed. In general, for periods prior to May 2011, your monthly pension benefit upon retirement is equal to the years (plus fractions of years) of Benefit Credit you earn multiplied by the benefit rates in effect for the relevant years. Prior to May 2011, an individual earned years of Benefit Credit based upon the number of Hours of Service he or she earns for each Plan Year, and 1,800 Hours of Service earned a full year of Benefit Credit.

Explanation: The benefit formula for service on or after May 1, 2011 will be converted to a percent of contributions formula whereby each year you earn a benefit equal to 0.15% of contributions paid to the Plan on your behalf under the Collective Bargaining Agreement (taking into account the contribution rate in effect when the Plan entered endangered status). Your total benefit at normal retirement date equals the sum of (1) the benefit you earned under the Plan's formula prior to May 2011 plus (2) the benefit you earned under the percent of contributions formula for service on and after May 1, 2011.

Example: Jim works 1,800 hours each year from January 1, 2005 until he retires on December 31, 2021. Assume the applicable contribution rate is \$.48 per hour to the Plan on Jim's behalf on and after May 1, 2011. Assume Jim qualified for the \$25 accrual rate prior to May 2011. With the amendment, the amount of Jim's monthly pension benefit would be calculated as the sum of the following:

Jan. 1, 2005 - April 30, 2011 = 6-1/3 years at \$25 = \$158.33 per month

May 1, 2011 - Dec. 31, 2021 = 10-2/3 years * (\$.48 * 1,800 * .0015) = \$13.82 per month

Total benefit = \$172.15 per month

With the change, Jim would earn a benefit payable at age 65 equal to \$172.15 per month. Without the change, Jim would have earned a benefit payable at age 65 equal to \$425 per month (17 years at \$25).

Comparable reductions would occur for different benefit accrual rates.

Elimination of \$1,000 Death Benefit

The lump sum death benefit of \$1,000 previously payable upon the death of an individual who died after payment of a Normal, Rule of 85, Early, or Vested Pension is eliminated.

PARTICIPANT RIGHTS

If your claim for a pension benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal Court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor ("DOL"), or you may file suit in a Federal Court. The court will decide who should pay court costs and legal fees.

For assistance from the DOL, contact the DOL's Employee Benefits Security Administration ("EBSA"), which maintains regional and district offices covering your state or territory. You may obtain the contact information for the closest EBSA office (or receive other assistance) by calling their toll free Hotline at (866) 444-EBSA [3272]. You can also obtain information on the EBSA's website at: www.askebsa.dol.gov.

CONCLUSION

The Board of Trustees has taken the actions described in this Notice after reviewing many factors, particularly the earnings on Plan investments, which determine the level of benefits that can be promised and paid. The professionals retained by the Plan have advised the Trustees that the amendments described in this Notice combined with increased contributions from participating employers are needed to promote the financial stability of the Plan in the future and preserve the Plan's ability to pay core pension benefits.

We urge you to read this notice carefully, and keep it as a reference. The Trustees will keep you informed on the financial status of the Plan and we encourage you to contact the Plan Office at (602) 249-3582 with any questions you may have.

BOARD OF TRUSTEES
DESERT STATES EMPLOYERS & UFCW
UNIONS PENSION PLAN