

***UFCW Unions and Participating
Employers Pension Fund***

Financial Statements

For the Years Ended December 31, 2011 and 2010

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
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FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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REPORT OF INDEPENDENT AUDITORS

Board of Trustees
UFCW Unions and Participating
Employers Pension Fund
c/o Associated Administrators, LLC
4301 Garden City Dr., Ste. 201
Landover, MD 20785-6102

We have audited the accompanying statements of net assets available for benefits of the UFCW Unions and Participating Employers Pension Fund as of December 31, 2011 and 2010 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the UFCW Unions and Participating Employers Pension Fund's net assets available for benefits as of December 31, 2011, and the changes therein for the year then ended, and its financial status as of December 31, 2010, and the changes therein for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



A Professional Corporation
Bethesda, MD
October 14, 2012

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Investments - at fair value		
Common collective trusts	\$ 32,926,527	\$ 28,015,488
Common stocks	15,385,771	24,544,760
Corporate bonds	4,222,575	4,534,299
Hedge fund	12,994,636	13,646,053
Mutual fund	5,404,419	4,747,968
Pooled separate account	6,989,268	6,056,764
Short-term investment funds	1,006,709	1,469,748
U.S. government and agency securities	<u>3,161,268</u>	<u>3,966,240</u>
	<u>82,091,173</u>	<u>86,981,320</u>
Receivables		
Employer contributions	540,971	485,126
Employer withdrawal contributions	699,106	-
Accrued interest and dividends	84,935	114,515
Due from broker for investments sold	-	27,619
Other	<u>9,440</u>	<u>2,087</u>
	<u>1,334,452</u>	<u>629,347</u>
Cash	<u>708,564</u>	<u>590,506</u>
TOTAL ASSETS	<u>84,134,189</u>	<u>88,201,173</u>
LIABILITIES		
Accounts payable	203,409	197,161
Due to broker for investments purchased	<u>-</u>	<u>192,516</u>
TOTAL LIABILITIES	<u>203,409</u>	<u>389,677</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 83,930,780</u>	<u>\$ 87,811,496</u>

**UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ (1,310,426)	\$ 9,550,652
Interest	382,261	525,604
Dividends	691,645	686,311
	<u>(236,520)</u>	<u>10,762,567</u>
Investment expenses	(696,974)	(585,361)
	<u>(933,494)</u>	<u>10,177,206</u>
Employer contributions	5,308,944	5,316,698
Employer withdrawal	706,061	-
	<u>5,081,511</u>	<u>15,493,904</u>
TOTAL ADDITIONS		
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits	<u>7,848,917</u>	<u>6,659,454</u>
Administrative expenses		
Actuarial fees	93,398	199,940
Audit fees	46,835	46,852
Consulting fees	-	61,339
Contract administrator fees	616,385	608,986
Insurance and bonding	23,700	19,166
Legal fees	145,283	205,951
Meetings and conferences	13,339	23,884
Payroll audit fees	21,469	15,973
Pension Benefit Guaranty Corporation premiums	130,572	126,909
Printing, postage and miscellaneous	22,329	31,618
	<u>1,113,310</u>	<u>1,340,618</u>
TOTAL DEDUCTIONS	<u>8,962,227</u>	<u>8,000,072</u>
NET INCREASE (DECREASE)	(3,880,716)	7,493,832
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	<u>87,811,496</u>	<u>80,317,664</u>
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u><u>\$ 83,930,780</u></u>	<u><u>\$ 87,811,496</u></u>

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: PLAN DESCRIPTION

The following brief description of the UFCW Unions and Participating Employers Pension Fund (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

General

The Plan is a multiemployer collectively bargained defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan became effective as of January 1, 1982 as a result of a merger between the United Food and Commercial Workers Union Local 692 and Department Stores Pension Fund and the United Food and Commercial Workers Union Local 400 and Contributing Employers Pension Fund.

The purpose of the Plan is to provide retirement, disability, and death benefits for eligible participants and their beneficiaries. The Plan is financed entirely by employer contributions. All employees within bargaining units represented by the United Food and Commercial Workers Union Local 27 (formerly Local 692) and by United Food and Commercial Workers Union Local 400 where the collective bargaining agreement calls for contributions to this Plan on behalf of such employees are eligible for benefits under this Plan.

On March 31, 2010 the Plan was certified by its actuary as being in "critical status" as defined by the Pension Protection Act of 2006. Based on this critical status certification, the Plan's Board of Trustees adopted a rehabilitation plan in accordance with applicable law.

Benefits

Four types of pensions are provided: normal, early, vested, and disability, as well as a death benefit. The participant's age, years of service, and contribution rates determine the amount of pension benefit. A more complete description of these benefits, together with eligibility and vesting requirements, is contained in the Summary Plan Description.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions which affect the reported amounts of assets, liabilities and the actuarial present value of accumulated plan benefits, and the disclosures of contingencies, if any, at the date of the financial statements and additions to and deductions from plan assets and accumulated plan benefits during the reporting period. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Investments are presented at fair value, as follows:

- Common stocks and certain U.S. government securities are valued based on quoted market prices.
- Corporate bonds and certain U.S. government agency securities are valued using quoted prices of like assets, corroborated market data, indices and/or yield curves.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- Hedge funds, mutual funds, pooled separate accounts and common collective trusts are valued at net asset value ("NAV") per share, which is based on the underlying assets which include a combination of quoted market prices and mathematical models.
- Short-term securities are valued at cost, which approximates fair value.

Purchases and sales of securities are reflected on a trade-date basis. Dividend income is recognized as of the ex-dividend date. Interest income from investments is recognized as earned.

In accordance with the policy of stating investments at fair value, net appreciation or depreciation (realized and unrealized gains and losses) in value is reported for investments bought and sold, as well as held in the statements of changes in net assets available for benefits in the period in which it occurs.

Employer Contributions Receivable

Contributions from employers are accrued based upon subsequent employer remittance reports and cash receipts. Accordingly, no provisions for uncollectible amounts are recorded.

Payment of Benefits

Benefits are recognized when paid.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated participants or their beneficiaries, beneficiaries of participants who have died, and present participants or their beneficiaries. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included to the extent they are deemed attributable to participant service rendered to the valuation date.

The actuarial present value of accumulated plan benefits as of January 1, 2011 and 2010, was determined by the Plan's actuary, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals or retirement) between the valuation dates and the expected date of payment.

The significant assumptions used in the determination of the actuarial present value of accumulated plan benefits are detailed in Note 7.

Subsequent Events

In preparing these financial statements, management of the Plan has evaluated events and transactions that occurred after December 31, 2011 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through October 14, 2012, the date that the financial statements were available to be issued.

NOTE 3: FUNDING

The participating employers contribute such amounts as are specified in the collective bargaining agreements. The hourly contribution rate ranges from \$0.11 to \$1.71.

The contributions made by the employers for 2011 and 2010 exceeded the minimum funding requirements of ERISA.

NOTES TO FINANCIAL STATEMENTS

NOTE 4: RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

NOTE 5: INVESTMENTS

The following summary presents the cost and fair value for the Plan's investment held at the end of the year. Investments representing 5% or more the Plan's net assets available for benefits are separately identified.

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Common collective trusts				
Johnston International Equity Group Trust	\$ 6,825,826	\$ 6,611,067	\$ 6,876,838	\$ 7,228,988
Loomis Sayles High Yield Conservative Trust	3,779,997	6,118,826	3,779,997	6,144,644
Loomis Sayles Small MidCap Core Trust	7,787,680	7,123,181	-	-
Wellington Trust Company, NA	7,674,504	6,825,185	7,545,891	7,891,203
Winslow Large Cap Growth Fund	6,498,528	6,248,268	6,429,448	6,750,653
Common stocks	14,531,320	15,385,771	20,549,675	24,544,760
Corporate bonds	3,931,743	4,222,575	4,265,247	4,534,299
Hedge fund				
Entrust Capital Diversified Fund	10,646,469	12,994,636	10,830,519	13,646,053
Mutual fund				
American Core Realty Fund	6,456,027	5,404,419	6,217,815	4,747,968
Pooled separate account				
Principal Global Investors Pooled Separate Account	6,601,805	6,989,268	6,673,693	6,056,764
Short-term investment funds	1,006,709	1,006,709	1,469,748	1,469,748
U.S. government and agency securities	2,986,071	3,161,268	3,826,984	3,966,240
	<u>\$ 78,726,679</u>	<u>\$ 82,091,173</u>	<u>\$ 78,465,855</u>	<u>\$ 86,981,320</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5: INVESTMENTS - continued

During 2011 and 2010, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in fair value as follows:

	2011	2010
Investments at fair value as determined by quoted market prices		
Common stocks	\$ 76,111	\$ 4,248,026
U.S. government securities	77,653	410,319
Investments at estimated fair value		
Common collective trusts	(2,764,242)	2,751,941
Corporate bonds	(16,853)	(746,225)
Hedge fund	(467,367)	1,435,852
Mutual fund	496,777	333,980
Pooled separate account	1,076,280	419,178
U.S. government agency securities	211,215	697,581
Net appreciation (depreciation)	<u>\$ (1,310,426)</u>	<u>\$ 9,550,652</u>

NOTE 6: FAIR VALUE

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a fair value reporting hierarchy and define three broad levels of inputs (the assumptions that market participants would use in pricing the asset or liability) as noted below:

Level 1

Inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets may include securities that are traded in an active exchange market or actively traded in over-the-counter markets.

Level 2

Valuation is based on directly or indirectly observable inputs other than quoted prices included within Level 1 such as: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability.

Level 3

Valuation is based on unobservable inputs for the asset or liability. Level 3 assets may include financial instruments whose value is determined using pricing models with internally developed assumptions, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. See Note 2 for more specific detail on valuation methodology. There have been no changes in the valuation methodology used at December 31, 2011 and 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 6: FAIR VALUE - continued

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

For the year ended December 31, 2011, there were no significant transfers in or out of levels 1, 2 or 3.

As of December 31, 2011 and 2010, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2011			Total Fair Value
	Level 1	Level 2	Level 3	
Common collective trusts				
Equity	\$ -	\$ 13,371,449	\$ 6,611,067	\$ 19,982,516
Equity and fixed income	-	-	6,825,185	6,825,185
Fixed income	-	6,118,826	-	6,118,826
Common stocks	15,385,771	-	-	15,385,771
Corporate bonds	-	4,222,575	-	4,222,575
Hedge fund	-	-	12,994,636	12,994,636
Mutual fund				
Real estate	-	-	5,404,419	5,404,419
Pooled separate account	-	-	6,989,268	6,989,268
Short term investment funds	-	1,006,709	-	1,006,709
U.S. government and agency securities	849,803	2,311,465	-	3,161,268
	<u>\$ 16,235,574</u>	<u>\$ 27,031,024</u>	<u>\$ 38,824,575</u>	<u>\$ 82,091,173</u>
	2010			Total Fair Value
	Level 1	Level 2	Level 3	
Common collective trusts				
Equity	\$ -	\$ 6,750,653	\$ 7,228,988	\$ 13,979,641
Equity and fixed income	-	-	7,891,203	7,891,203
Fixed income	-	6,144,644	-	6,144,644
Common stocks	24,544,760	-	-	24,544,760
Corporate bonds	-	4,534,299	-	4,534,299
Hedge fund	-	-	13,646,053	13,646,053
Mutual fund				
Real estate	-	-	4,747,968	4,747,968
Pooled separate account	-	-	6,056,764	6,056,764
Short term investment funds	-	1,469,748	-	1,469,748
U.S. government and agency securities	1,479,619	2,486,621	-	3,966,240
	<u>\$ 26,024,379</u>	<u>\$ 21,385,965</u>	<u>\$ 39,570,976</u>	<u>\$ 86,981,320</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6: FAIR VALUE - continued

The following table represents a reconciliation for the years ended December 31, 2011 and 2010 for assets measured at fair value on a recurring basis using Level 3 inputs:

	Common Collective Trusts - Equity	Common Collective Trusts - Equity and Fixed Income	Hedge Fund	Mutual Fund - Real Estate	Pooled Separate Account	Total
Balance at January 1, 2010	\$ -	\$ -	\$ 10,379,682	\$ 4,566,768	\$ 2,637,585	\$ 17,584,035
Total gains or losses						
Unrealized gains (losses)	352,150	345,312	1,435,852	357,114	449,840	2,940,268
Realized gains (losses)	(434)	-	-	(23,135)	(30,662)	(54,231)
Purchases, sales, issuances and settlements - net	<u>6,877,272</u>	<u>7,545,891</u>	<u>1,830,519</u>	<u>(152,779)</u>	<u>3,000,001</u>	<u>19,100,904</u>
Balance at December 31, 2010	7,228,988	7,891,203	13,646,053	4,747,968	6,056,764	39,570,976
Total gains or losses						
Unrealized gains (losses)	(566,909)	(1,194,631)	(467,367)	(418,239)	1,004,392	(1,642,754)
Realized gains (losses)	2,006	-	-	870,707	-	872,713
Purchases	-	128,613	-	259,769	-	388,382
Sales	<u>(53,018)</u>	<u>-</u>	<u>(184,050)</u>	<u>(55,786)</u>	<u>(71,888)</u>	<u>(364,742)</u>
Balance at December 31, 2011	<u>\$ 6,611,067</u>	<u>\$ 6,825,185</u>	<u>\$ 12,994,636</u>	<u>\$ 5,404,419</u>	<u>\$ 6,989,268</u>	<u>\$ 38,824,575</u>

The fair values of the following investments as of December 31, 2011 and 2010 have been provided by the investment entities using the net asset value per unit of the investment:

	2011		2010	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Common collective trusts (a)	\$ 32,926,527	\$ -	\$ 28,015,488	\$ -
Hedge fund (b)	12,994,636	-	13,646,053	-
Mutual fund (c)	5,404,419	-	4,747,968	-
Pooled separate account (d)	<u>6,989,268</u>	<u>-</u>	<u>6,056,764</u>	<u>-</u>
	<u>\$ 58,314,850</u>	<u>\$ -</u>	<u>\$ 52,466,273</u>	<u>\$ -</u>

The Plan's primary objective of holding these investments is to achieve consistent capital growth with limited volatility of returns while maintaining the principal value of the investment and a diversified asset mix to minimize the risk of loss.

NOTE 6: FAIR VALUE - continued

- (a) This category of investments includes five trusts. Under the first and second trust, the investor can as of the close of business on any business day, request a withdrawal if the Trustee receives notice of (i) the withdrawal of all or substantially all of the assets of the trust or (ii) the elimination as an investment option for participants of the trust. The payment of the withdrawal can be made up to four business days after the date of the withdrawal request. It is the trustee's discretion to determine if distribution will be made in cash and/or with non-cash assets. Under the third trust, an investor can redeem on a monthly basis. Admissions to and withdrawals from the trust can be made in cash or securities-in-kind and are based on the net asset value per unit as determined as of the end of each month. Under the fourth trust, there are no restrictions on withdrawals and they can be made on any business day. Under the fifth trust, investors are required to provide at least 15 days notice prior to the next fund opening for redemption. The trust has openings on the first business day of each month.
- (b) This category includes a fund of funds investment vehicle. Investors may redeem up to 50% of the net asset value of their shares as of the close of business on the last business day of any calendar quarter, or any other date determined by the Board in its sole discretion. Investors are required to provide a 90 day notice for redemption. If the shares being redeemed represent more than half of the shares held by the investor, one half of the shares shall be redeemed on the first redemption date following the expiration of the 90 day notice. The remaining shares shall be redeemed on the next quarterly redemption date.
- (c) This category includes a commingled real estate fund that invests in private real estate and is structured as a Delaware limited liability company. Requests for redemptions of units may be made at any time and are effective at the end of the calendar quarter in which the request is received. The units that are subject to a redemption notice may be redeemed in full or in installments on a pro-rata basis as funds become available.
- (d) The pooled separate account is composed of an open-end, commingled real estate account and a separate account of Principal Life Insurance Company. Withdrawals are subject to the group annuity contract and may be delayed for up to three years. Because of the illiquid nature of the assets, the trustee reserves the right to defer payments that could exceed the amount of cash and other liquid assets held in the account, reduced by any amounts committed to purchase properties or for operating expenses, referred to as "withdrawal limitation." If the withdrawal limitation were applied, withdrawal requests included within the withdrawal limitation would be paid on a pro-rata basis as cash becomes available for distribution, as determined by Principle Life Insurance Company. As of December 31, 2011, there are no withdrawal queues in place.

NOTES TO FINANCIAL STATEMENTS

NOTE 7: ACTUARIAL INFORMATION

The Plan's actuary has reported the following information as of January 1, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Actuarial present value of accumulated plan benefits		
Vested benefits		
Active participants	\$ 59,780,157	\$ 59,040,119
Retirees and beneficiaries	56,993,370	53,188,693
Terminated vested	<u>23,084,044</u>	<u>21,049,989</u>
	139,857,571	133,278,801
Non-vested benefits	<u>3,398,621</u>	<u>3,727,333</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 143,256,192</u>	<u>\$ 137,006,134</u>

As reported by the actuary, the changes in the present value of accumulated plan benefits during the year ended December 31, 2010 were as follows:

Actuarial present value of accumulated plan benefits at beginning of year	<u>\$ 137,006,134</u>
Increase (decrease) during year attributable to	
Benefits accumulated	3,281,813
Benefits paid	(6,659,454)
Increase for interest	10,961,782
Experience gains	<u>(1,334,083)</u>
Net increase	<u>6,250,058</u>
Actuarial present value of accumulated plan benefits at end of year	<u>\$ 143,256,192</u>

Significant assumptions underlying the 2011 and 2010 actuarial computations are as follows:

The actuarial valuations were made using the unit credit actuarial cost method.

Rate of Mortality

- Active - RP-2000 Combined Healthy mortality table for males and females.
- Healthy Inactive - RP-2000 Healthy Annuitant mortality table set forward one year for males and no adjustment for females.
- Disabled - RP-2000 Disabled Annuitant for ages prior to 65. The same mortality as Healthy Inactives for ages 65 and older.
- Current Liability - Static Mortality as prescribed by IRS regulations.

NOTE 7: ACTUARIAL INFORMATION - continued

Rate of Retirement

- A. Former Meat and Poultry Participants - 100% at age 62 or later and five years of service.
- B. All Other Participants:

Number Expected to Retire Annually Per 1,000	
Age	Number
55	50
56	50
57	50
58	50
59	50
60	100
61	100
62	100
63	100
64	100
65	500
66	500
67 and over	1,000

Other

Employees who terminate employment with entitlement to deferred vested pensions are assumed to commence receiving benefits when first eligible for unreduced benefits.

Investment Rate of Return - 8% compounded annually, net of investment and administrative expenses.

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining actuarial results.

NOTE 8: TAX STATUS

The Plan obtained its latest determination letter dated November 30, 2010, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the plan is currently designed and being operated in compliance with the applicable requirements of the IRC, and therefore believes that the Plan is qualified and the related trust that holds the assets of the Plan is exempt from income tax.

Generally accepted accounting principles require management to evaluate tax positions taken and recognize a tax liability if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the tax positions taken by the Plan and concluded that as of December 31, 2011 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. Management believes the Plan is no longer subject to income tax examinations for years prior to 2008.

NOTE 9: PRIORITIES UPON TERMINATION

It is the intent of the Trustees to continue the Plan in full force and effect. However, the right to discontinue the Plan is reserved to the Trustees. Termination shall not permit any part of the Plan assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations.

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NOTE 9: PRIORITIES UPON TERMINATION - continued

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC). The PBGC provides financial assistance to plans to help them avoid insolvency. Should a plan become insolvent, the PBGC guarantees certain benefits to participants; however, the benefits guaranteed are generally only a portion of the normal pension benefit. In addition, no benefit increases as a result of plan amendments in effect less than 5 years are guaranteed.

NOTE 10: MAJOR EMPLOYERS

The Plan has two employers with common ownership that accounted for approximately 63% and 64% of employer contributions for the years ended December 31, 2011 and 2010, respectively.

NOTE 11: EMPLOYER WITHDRAWAL LIABILITY

Effective April 1, 2010, an employer withdrew from the Plan. In 2011, the withdrawal liability was actuarially determined as \$706,061. Starting June 1, 2011, the employer agreed to pay \$17,251 per quarter for 73 quarters with a final payment of \$13,229. As of December 31, 2011, the Plan recognized a withdrawal liability receivable of \$699,106, assuming a 7% discount.

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Trustees
UFCW Unions and Participating
Employers Pension Fund
c/o Associated Administrators, LLC
4301 Garden City Dr., Ste. 201
Landover, MD 20785-6102

We have audited the financial statements of UFCW Unions and Participating Employers Pension Fund as of and for the years ended December 31, 2011 and 2010, and our report thereon dated October 14, 2012 which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of employer contributions are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Corporation
Bethesda, MD
October 14, 2012

UFCW UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

EMPLOYER CONTRIBUTIONS	2011	2010
Albert Briggs Co., Inc.	\$ 129,928	\$ 123,116
Allegany County Human Resources Development Commission, Inc.	17,327	16,596
Associated Administrators, Inc.	193,335	171,705
Bestway M.D. Supermarket	4,456	4,545
Boar's Head Provisions	191,840	173,701
Canada Dry Potomac Corp.	-	16,735
Chessie Employees F.C.U.	97,123	85,816
Commodore Corporation	93,594	99,048
Delmarva UFCW Health and Welfare Fund	4,512	4,156
Farley Foods	-	4,023
First People's Community F.C.U.	62,914	59,398
Fresh & Green	10,240	-
G & G Eddies, Inc.	6,605	5,857
Giant Food, Inc.	193,753	183,593
Kel Co. F.C.U.	19,306	19,760
Kroger Food Stores	402,997	332,505
Lions Manor Nursing Home	41,952	36,334
Magraders	113,980	153,644
Metro Food Market	859,273	878,926
Metropolitan Poultry	69,479	87,309
Purdue	7,984	29,475
Safeway	1,299	1,880
Shoppers Food Warehouse	2,498,688	2,527,430
Syms Corp.	49,693	56,746
UFCW Local 27	108,541	112,948
UFCW Local 400	76,516	80,647
Union Leader Printing	-	814
WEPCO Employees F.C.U.	53,609	49,991
	<u>\$ 5,308,944</u>	<u>\$ 5,316,698</u>