Via Electronic Mail and USPS

January 27, 2014

Policy Committee of the FELRA & UFCW Health & Welfare Retiree Trust
c/o Mr. William R. Jensen, President
Associated Administrators, LLC
4301 Garden City Drive, Suite 201
Landover, Maryland 20785

Re: Engagement Letter for 2014

Dear Trustees:

This letter represents our proposed fees for the year 2014, pursuant to Section 2 of the Consulting Agreement between Cheiron and the Food Employers Labor Relations Association & United Food and Commercial Workers Health & Welfare Retiree Trust dated February 7, 2003.

A) Health Retainer – The annual fee for 2014 retainer services for the FELRA & UFCW Health & Welfare Retiree Trust sub-account will increase from $61,500 ($5,125 per month) to $74,340 ($6,195 per month). Our fees represent a 3.25% increase over 2012 fees of $72,000, when the last full valuation was performed. The retainer fee covers the following services:

1. Annual retiree health rate development, presentation and report, including retiree and employer co-pays in aggregate and by retiree category, historical trend analysis, prior year actual versus projected analysis and reconciliation, and maintenance of gain/loss split between retirees and employers.

2. Attend one annual Board of Trustees or Policy Committee meeting to present the information above. The presentation will utilize Cheiron's proprietary ***H-scan*** software.

3. Provide retiree conversion rates to the plan administration.

4. Advance preparation meeting with the working group.

5. Attend up to three additional Trustee/Policy Committee meetings.

6. Ad-hoc communications to the working group on applicable industry developments and information.

7. IBNR calculations.

8. Full FASB ASC 965 post-retirement benefits valuation and report on retiree liability disclosures as of December 31, 2013.

9. Attend one annual Board of Trustees or Policy Committee meeting to present the FASB ASC 965 Report.

10. Respond to the annual confirmation request of the Fund's auditor.

11. Ad-hoc discussions with other Fund professionals that do not require any significant follow-up work or communications.

B) Severance Retainer – The 2013 monthly retainer amount for the FELRA & UFCW Severance sub-account was $37,740 ($3,145 monthly) and will increase to $38,304 ($3,192 monthly) for 2014. The retainer fee covers the following services:

1. Conduct an annual valuation of the current and projected liabilities of the Severance sub-account and prepare a formal written report, including a discussion of the assets and funded status.

2. Attend one annual Board of Trustees meeting for the purpose of presenting the annual valuation report. The presentation will include a historical look-back and future projections using a custom version of Cheiron's proprietary ***X-scan*** interactive modeling tools.

3. Attend at least one additional meeting per year.

4. Provide information required by the Fund's auditor related to FASB ASC 965 for the annual Financial Statements.

5. Respond to the annual confirmation request of the Fund's auditor.

6. Ad-hoc discussions with other Fund professionals that do not require any significant follow-up work or communications.

C) Non-Retainer – With respect to special consulting projects, Cheiron's billing rates during calendar year 2014 will range between $84 and $465 per hour.

We look forward to serving you and the Trustees during 2014. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,
Cheiron

John L. Colberg, FSA, EA
Principal Consulting Actuary

cc: Christopher J. Mietlicki, ASA, MAAA, EA
Gene Kalwarski, FSA, FCA, MAAA, EA
Kevin Woodrich, FSA, MAAA, EA