

IMPORTANT INFORMATION ABOUT YOUR PENSION PLAN

May 4, 2011

TO: Participants, Beneficiaries, Alternate Payees, Contributing Employers, Inlandboatmen's Union, and OPEIU Local 8
FROM: The Board of Trustees

Last October you were notified of the Critical Status of the Inlandboatmen's Union of the Pacific National Pension Plan (the Pension Plan) under the Pension Protection Act of 2006 (PPA). With the Critical Status certification, the Board of Trustees is required under the PPA to adopt a Rehabilitation Plan. This Notice is to inform you of the changes being made to the Pension Plan.

One of the most important issues which separates union members from most other workers is the retirement security gained during your union career. With defined benefit pension plans, after a career as a union member, you are afforded a lifetime benefit and retirement with dignity. This crisis impacted the value of our Pension Plan's investments. We are not alone. Over 70% of defined benefit pension plans have funding levels which are considered in the PPA as endangered or critical. The PPA requires that certain actions be taken when a pension plan falls out of the safe zone.

It would be an understatement to say that the Board is disappointed in having to make changes to your Pension Plan. The Rehabilitation Plan should return the Pension Plan to full funding and insure future security for generations to come. The Board of Trustees, a combination of employer and union trustees, spent the last eighteen months wrestling with the design of the Rehabilitation Plan. The Board wanted to preserve as much of the benefits as possible while striking a balance with the additional contributions required. They worked on a design that will be fair to participants of all ages and that will avoid inadvertently encouraging people to retire before they were ready. The process the Board went through was thorough and exhausting. They looked at hundreds of scenarios and feel the strategy which was adopted is the best design to restore your Pension Plan to full funding.

Please read through this Notice carefully so you can understand the changes to your Pension Plan. There will be participant meetings in some of the Regions and materials from those meetings posted on the Pension Plan's website. **Please see the list of the meeting dates, times and locations included with this Notice**

INTRODUCTION

This Notice provides information about benefit reductions made to the Pension Plan as a result of the Rehabilitation Plan adopted by the Board on January 31, 2011. Most of the benefit reductions are effective for retirements after August 1, 2011.

Except for the changes outlined in this Notice, all Pension Plan provisions remain the same. Please refer to your Summary Plan Description dated July 2007 or the Plan Document for the Pension Plan for more information about the rules regarding participation in the Pension Plan, benefits available from the Pension Plan and the claims and appeals procedures. Please keep this Notice with your Summary Plan Description.

SUMMARY OF THE REHABILITATION PLAN AND PENSION PLAN CHANGES

The key provisions of the Rehabilitation Plan, which are described in more detail in this Notice are summarized as follows:

- If you began receiving retirement benefits prior to the date of this Notice, the benefits you earned prior to your retirement are not affected by the Rehabilitation Plan. However, if you return to work, any accrued benefits you earn following your return to work will be affected by the Rehabilitation Plan.
- If you retire prior to August 2, 2011, you will receive retirement benefits based on the Pension Plan in effect prior to the Rehabilitation Plan, subject to two exceptions described on page 7 below the heading ELIMINATION OF DEATH BENEFITS.

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

- If you retire after August 1, 2011, your retirement benefits will be based on the Pension Plan as changed by the Rehabilitation Plan.
- Regardless of when you retire, the Rehabilitation Plan protects the amount of your retirement benefit that is payable at your Normal Retirement Age.
- The Board adopted the Rehabilitation Plan to improve the funded status of the Pension Plan. The Rehabilitation Plan includes two Schedules, a Default Schedule and a Preferred Schedule. The Board has sent the Rehabilitation Plan and Schedules to the Unions and Employers who contribute to the Pension Trust (the bargaining parties). The bargaining parties, through collective bargaining, will adopt either the Default Schedule or Preferred Schedule on behalf of "Active Participants" (this term is defined in the DEFINED TERMS USED IN THIS NOTICE beginning on page 4) when each collective bargaining agreement is up for renewal. If the bargaining parties do not adopt one of the Schedules, the Default Schedule will be imposed on the bargaining parties 180 days after the collective bargaining agreement expires as required by the PPA. The Board has adopted the Rehabilitation Plan on behalf of "Terminated Participants" (this term is defined in the DEFINED TERMS USED IN THIS NOTICE beginning on page 4).
- The Default Schedule does not require an increase in Employer pension contributions to the Pension Trust but eliminates or reduces certain "adjustable benefits" as allowed by the PPA. The Default Schedule reduces the accrued benefit formula (also known as the benefit multiplier) to 1% of contributions earned after June 30, 2011, changes the early retirement reduction factor for Active Participants from a 3% reduction per year prior to age 62 to a 3% reduction per year from age 65 to 62 and a 5% reduction per year prior to age 62 and eliminates certain death benefits.
- The Preferred Schedule requires an increase in Employer pension contributions to the Pension Trust, does not change the accrued benefit formula (also known as the benefit multiplier), changes the early retirement reduction factor for Active Participants from a 3%

reduction per year prior to age 62 to a 3% reduction per year from age 65 to 62 and a 5% reduction per year prior to age 62, allows certain long term Active Participants who meet the "Rule of 85 Requirements" (this term is defined in the DEFINED TERMS USED IN THIS NOTICE beginning on page 4) to retire at age 62 without a reduction in benefits due to early retirement or retire before age 62 with a 3% reduction per year and eliminates certain death benefits.

- Terminated Participants will receive an unsubsidized early retirement benefit and certain death benefits are eliminated.

DEFINED TERMS USED IN THIS NOTICE

The following are defined terms that are used throughout this Notice:

You are an **Active Participant** if you have 240 or more hours of service for which pension contributions are paid or are required to be paid to the Pension Trust in the Plan Year (July 1 to June 30) of your retirement or in the preceding Plan Year.

EXAMPLE 1. If you had 1,000 or more hours of service for which pension contributions were paid or required to be paid to the Pension Trust in the July 1, 2011 to June 30, 2012 Plan Year and 160 hours of service for which pension contributions were paid or required to be paid the Pension Trust in July 2012 and you terminate employment and retire on August 1, 2012, you are an Active Participant because you had more than 240 hours of service for which pension contributions were paid or required to be paid to the Pension Trust in the Plan Year prior to your retirement.

The **Normal Retirement Age** for the benefit you earned under the Pension Plan, Inland Waters Pension Plan and Columbia River Retirement Plan is age 65. The Normal Retirement Age for the benefit you earned under the Ferry Concessions Pension Plan is age 62.

You will meet the **Rule of 85 Requirements** if, as of June 30, 2011, you meet the following criteria:

- You are age 55 or older but have not yet reached age 65;

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

- You are not a Terminated Participant;
- You have 240 or more hours of service for which pension contributions are paid or are required to be paid to the Pension Trust in the July 1, 2010 to June 30, 2011 Plan Year; and
- Your age plus years of service (defined below) equal or exceed 85.

Years of service for the Rule of 85 Requirements means years or partial years of future credited service that you earned under the Pension Plan, the Columbia River Retirement Plan, the Inland Waters Pension Plan and/or the Ferry Concessions Pension Plan (IBU credited service) that has not been permanently forfeited due to a break in service (permanent break in service). If you have 20 or more years of IBU credited service without a permanent break in service as of June 30, 2011, you may also count years or partial years of future credited service earned under the Northwest Marine Pension Plan, Southwest Marine Pension Plan, Alaska Longshore Pension Plan, Washington State Ferries Pension Plan, Crown Zellerbach Plan and Individual Retirement Annuity Plan provided the future credited service has not been permanently forfeited due to a break in service.

In order to meet the Rule of 85 Requirements, in addition to meeting the four criteria above, the collective bargaining agreement or joinder agreement covering you must have adopted the Preferred Schedule or, if you work under more than one collective bargaining agreement or joinder agreement with different Schedules, the majority of your hours of service for which pension contributions are paid or required to be paid to the Pension Trust after June 30, 2011 must have accrued under collective bargaining agreements or joinder agreements that adopted the Preferred Schedule.

You are a **Terminated Participant** if you have less than 240 hours of service for which pension contributions were paid or were required to be paid to the Pension Trust for the July 1, 2009 to June 30, 2010 Plan Year. You are also a Terminated Participant if you are not an Active Participant as of your retirement date.

EXAMPLE 1. If you had 100 hours of service for which pension contributions were paid or required to be paid to the Pension Trust in the July 1, 2009 to June 30, 2010 Plan Year and you terminate employment and retire on September 1, 2011, you are a Terminated Participant because you did not have 240 hours of service for which pension contributions were paid or required to be paid to the Pension Trust for the July 1, 2009 to June 30, 2010 Plan Year.

EXAMPLE 2. If you had 100 hours of service for which pension contributions were paid or required to be paid to the Pension Trust in the July 1, 2010 to June 30, 2011 Plan Year and you terminate employment and you retire on August 1, 2013, you are a Terminated Participant because you did not have 240 or more hours of service for which pension contributions were paid or required to be paid to the Pension Trust in the Plan Year of your retirement (July 1, 2013 through June 30, 2014) or the prior Plan Year (July 1, 2012 through June 30, 2013).

CURRENT RETIREES, BENEFICIARIES AND ALTERNATE PAYEES ARE NOT AFFECTED BY THE REHABILITATION PLAN

If you began receiving retirement or death benefits prior to October 26, 2010, your benefits earned prior to retirement are not affected by the Rehabilitation Plan. However, if you return to work, any accrued benefits you earn following your return to work will be affected by the Rehabilitation Plan.

PARTICIPANTS AND ALTERNATE PAYEES WHO RETIRE PRIOR TO AUGUST 2, 2011 WILL RECEIVE CURRENT PENSION PLAN BENEFITS

If you retire prior to August 2, 2011, you will receive retirement benefits based on the Pension Plan in effect prior to the Rehabilitation Plan ("Current Pension Plan") except: (i) certain death benefits described in the next section have been eliminated; and (ii) if your Employer adopts the Default Schedule, the accrued benefit formula (benefit multiplier) for contributions earned after June 30, 2011 will be at 1% of contributions.

In order to retire prior to August 2, 2011 and receive retirement benefits based on the Current Pension Plan, you must meet the following criteria:

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

- The Plan Administrator (A&I Benefit Plan Administrators, Inc.) must receive your completed pension application with all supporting documents except the benefit selection form prior to August 2, 2011;
- Your retirement date must be prior to August 2, 2011;
- You must have retired (terminated employment with all Employers that contribute to the Pension Trust and all Employers in Alaska, Washington, Oregon, California and Hawaii who are in the same industry as any Employer who contributes to the Pension Trust) prior to August 2, 2011; and
- You must meet any other criteria in the Pension Plan and its rules and procedures necessary to begin the receipt of pension benefits prior to August 2, 2011 except the completed benefit selection form.

ELIMINATION OF DEATH BENEFITS

The cash payment death benefit in Section 8.8 of the Pension Plan and described on page 23, paragraph 27 of the July 2007 Summary Plan Description is eliminated if you die after October 26, 2010. Prior to elimination, the cash payment death benefit provided your beneficiary with a monetary payment equal to 150% of your Employer's contributions paid or required to be paid to the Pension Trust on your behalf during the 36 months preceding death up to a maximum payment of \$10,000.

The pre-retirement surviving spouse death benefit in Section 8.1(b) of the Pension Plan and described on page 23, paragraph 26 of the July 2007 Summary Plan Description is reduced if you are a Terminated Participant and die after June 30, 2011. Before the change, if you were vested and married and died before retirement, your spouse would receive a surviving spouse death benefit for the remainder of your spouse's life equal to 50% of the accrued benefit you earned as of the date of your death or your spouse could elect to receive an actuarially equivalent annuity payable for 120 months.

The pre-retirement surviving spouse death benefit if you are a Terminated Participant has been reduced by the Rehabilitation Plan so that the death benefit

is equal to the amount that would have been paid to your surviving spouse if you had retired with a 50% joint and survivor annuity on the day before death or, if you died before attaining the earliest retirement age, the pension benefit is payable at the time you would have reached your earliest retirement age. The benefit is payable on the later of the first of the month following your earliest retirement age or the first day of the calendar month of your death.

EXAMPLE 1. A Terminated Participant dies on November 15, 2011 at the age of 45 with an accrued benefit of \$1,000 per month. The Terminated Participant was born on November 15, 1966 and earned 15 years of Credited Service prior to his death. His spouse is the same age as the Terminated Participant.

Prior to the change in the death benefit, the surviving spouse would have received a monthly benefit of \$500.00 (50% of the Terminated Participant's accrued benefit of \$1,000 per month) for the remainder of her life beginning November 1, 2011.

After the change in the death benefit, the surviving spouse would receive a monthly benefit of \$174.39 for the remainder of her life beginning December 1, 2011, the first day of the month following the Terminated Participant's earliest retirement age (age 55). The accrued benefit is reduced for early retirement and actuarially adjusted to a benefit payable as a 50% joint and survivor annuity. The surviving spouse is entitled to the surviving spouse portion of the 50% joint and survivor annuity.

EXAMPLE 2. A Terminated Participant dies on February 28, 2012 at the age of 62 with an accrued benefit of \$500 per month. The Terminated Participant was born on February 28, 1950 and earned 5 years of Credited Service prior to his death. His spouse is the same age as the Terminated Participant.

Prior to the change in the death benefit, the surviving spouse would have received a monthly benefit of \$250.00 (50% of the Terminated Participant's accrued benefit of \$500) for the remainder of her life beginning February 1, 2012.

After the change in the death benefit, the surviving spouse would receive a monthly benefit of \$230.00 for the remainder of her life beginning March 1, 2015, the first day of the month following the Terminated Participant's Normal Retirement Date (the Participant was not eligible for early retirement). The accrued benefit is actuarially adjusted to a benefit payable as a 50% joint and survivor annuity. The surviving spouse is entitled to the surviving spouse portion of the 50% joint and survivor annuity.

ELIMINATION OF SUBSIDIZED EARLY RETIREMENT BENEFIT FOR TERMINATED PARTICIPANTS

If you retire after August 1, 2011 and are a Terminated Participant with no accrued benefit after June 30, 2010, and you are eligible for early retirement and elect to start retirement benefits prior to your Normal Retirement Age, you will receive an unsubsidized early retirement benefit that reflects the actuarial cost of providing more payments over your lifetime. The new unsubsidized early retirement reduction factors are as follows:

AGE AT RETIREMENT	EARLY RETIREMENT FACTOR	
	IBU, Inland Waters, Columbia River	Ferry Concessions ¹
55	0.3791	0.5131
56	0.4148	0.5618
57	0.4545	0.6159
58	0.4986	0.6763
59	0.5478	0.7438
60	0.6029	0.8194
61	0.6645	0.9043
62	0.7338	1.0000
63	0.8118	1.0000
64	0.9000	1.0000

¹ There are different early retirement reduction factors under the Ferry Concessions Pension Plan because the Normal Retirement Age is age 62 rather than age 65 under the IBU, Inland Waters and Columbia River Plans.

* Based on 7.5% interest and the RP-2000 Blue Collar Mortality Table for males, projected to 2010 using Scale AA.

An unsubsidized early retirement benefit means that you will bear the actuarial cost of starting retirement benefits prior to your Normal Retirement Age.

The following table compares how the subsidized monthly early retirement benefit prior to the Rehabilitation Plan compares with the unsubsidized early retirement benefit payable for Terminated Participants with no accrued benefit after June 30, 2010 who are eligible to retire early and retire after August 1, 2011. In this example, it is assumed that the Participant earned all his future credited service under the IBU Pension Plan and would be entitled to a \$1,000 per month benefit payable on his Normal Retirement Age.

AGE AT RETIREMENT	SUBSIDIZED EARLY RETIREMENT BENEFIT PRIOR TO REHABILITATION PLAN CHANGES	UNSUBSIDIZED EARLY RETIREMENT BENEFIT FOR RETIREMENTS AFTER AUGUST 1, 2011 FOR TERMINATED PARTICIPANTS
65	\$1,000.00	\$1,000.00
64	1,000.00	900.00
63	1,000.00	811.80
62	1,000.00	733.80
61	970.00	664.50
60	940.00	602.90
59	910.00	547.80
58	880.00	498.60
57	850.00	454.50
56	820.00	414.80
55	790.00	379.10

If you are a Terminated Participant and earned an accrued benefit earned after June 30, 2010 and you are eligible for and elect to start retirement benefits prior to your Normal Retirement Age, you shall receive an early retirement benefit equal to the unsubsidized early retirement benefit described above for your accrued benefit earned through June 30, 2010 and an early retirement benefit determined under the Default Schedule or Preferred Schedule for your accrued benefit earned after June 30, 2010.

Administered by A&I Benefit Plan Administrators, Inc.
 1220 SW Morrison St. Suite 300, Portland OR 97205-2222
 (503) 224-0048 (800) 547-4457 Fax (503) 228-0149

BENEFIT REDUCTIONS UNDER THE DEFAULT SCHEDULE

The changes described below apply to you if you retire after August 1, 2011 and work exclusively for an Employer that has adopted the Default Schedule or had the Default Schedule imposed by the PPA. These changes are in addition to the changes previously described in the sections ELIMINATION OF DEATH BENEFITS and ELIMINATION OF SUBSIDIZED EARLY RETIREMENT BENEFITS FOR TERMINATED PARTICIPANTS. See the **Work Under Different Schedules** section on page 18 if you work for an Employer that adopted the Default Schedule and another Employer that adopted the Preferred Schedule.

Reduced Accrued Benefit Formula (Benefit Multiplier) Under the Default Schedule

The Pension Plan's monthly retirement benefit is based on the amount of Employer contributions paid or required to be paid to the Pension Trust on your behalf. For contributions earned after June 30, 2011, the accrued benefit formula (benefit multiplier) will be 1% of contributions regardless of your years of service. Any surcharges an Employer is required to pay the Pension Trust under the PPA are not taken into account when determining your accrued benefit.

A comparison of the accrued benefit formula (benefit multiplier) under the Pension Plan prior to the Rehabilitation Plan and under the Default Schedule after June 30, 2011 is as follows:

Prior to Default Schedule	
<u>Service</u>	<u>Benefit Multiplier</u>
1-9 years	1.40%
10-19 years	1.55%
20+ years	1.70%

Default Schedule	
<u>Service</u>	<u>Benefit Multiplier</u>
1-9 years	1.00%
10-19 years	1.00%
20+ years	1.00%

Inlandboatmen's Union of the Pacific Pension Trust

Assume a Participant earned 25 years of service under the Pension Plan prior to July 1, 2011. The bargaining parties covering the Participant adopt the Default Schedule.

The accrued benefit as of June 30, 2016 *prior* to applying the Default Schedule is \$2,729.50 as calculated below:

PLAN YEAR	HOURS OF SERVICE	TOTAL FUTURE BENEFIT SERVICE	ANNUAL EMPLOYER CONTRIBUTION	BENEFIT MULTIPLIER	BASIC MONTHLY PENSION EARNED	CUMULATIVE PENSION EARNED
Thru 2010-11						\$2,500.00
2011-12	1,000	26	\$2,700	1.70%	\$45.90	\$2,545.90
2012-13	1,000	27	\$2,700	1.70%	\$45.90	\$2,591.80
2013-14	1,000	28	\$2,700	1.70%	\$45.90	\$2,637.70
2014-15	1,000	29	\$2,700	1.70%	\$45.90	\$2,683.60
2015-16	1,000	30	\$2,700	1.70%	\$45.90	\$2,729.50

The accrued benefit as of June 30, 2016 *after* applying the Default Schedule is \$2,635.00 as calculated below:

PLAN YEAR	HOURS OF SERVICE	TOTAL FUTURE BENEFIT SERVICE	ANNUAL EMPLOYER CONTRIBUTION	BENEFIT MULTIPLIER	BASIC MONTHLY PENSION EARNED	CUMULATIVE PENSION EARNED
Thru 2010-11						\$2,500.00
2011-12	1,000	26	\$2,700	1.00%	\$27.00	\$2,527.00
2012-13	1,000	27	\$2,700	1.00%	\$27.00	\$2,554.00
2013-14	1,000	28	\$2,700	1.00%	\$27.00	\$2,581.00
2014-15	1,000	29	\$2,700	1.00%	\$27.00	\$2,608.00
2015-16	1,000	30	\$2,700	1.00%	\$27.00	\$2,635.00

Administered by A&I Benefit Plan Administrators, Inc.
 1220 SW Morrison St. Suite 300, Portland OR 97205-2222
 (503) 224-0048 (800) 547-4457 Fax (503) 228-0149
 www.ibu.aibpa.com

Reduction to the Early Retirement Benefit if You are an Active Participant, Retire After August 1, 2011 and Elect to Start Retirement Benefits Prior to Your Normal Retirement Date

There will be a greater reduction in your pension benefit if you begin receiving your pension benefit before your Normal Retirement Age. Prior to the adoption of the Rehabilitation Plan, the Pension Plan generally provided an unreduced pension benefit at age 62 with a 3% per year reduction between age 62 and your early retirement date. See July 2007 Summary Plan Description, page 11, paragraph 14. Under the Default Schedule, if you are an Active Participant and are eligible for and elect early retirement, your accrued benefit will be reduced by 3% per year from age 65 to 62 and 5% per year prior to age 62.

The following table compares how the monthly early retirement benefit in effect prior to the Rehabilitation Plan for a Participant with 240 or more hours of service in the July 1, 1989 to June 30, 1990 Plan Year or any Plan Year thereafter compares with the early retirement benefit payable to an Active Participant who is eligible for early retirement and retires under the Default Schedule after August 1, 2011. In this example, it is assumed that the Active Participant's benefit is \$1,000 per month payable on his Normal Retirement Age.

AGE AT RETIREMENT	EARLY RETIREMENT BENEFIT PRIOR TO REHABILITATION PLAN CHANGES	EARLY RETIREMENT BENEFIT UNDER THE DEFAULT SCHEDULE FOR RETIREMENTS AFTER AUGUST 1, 2011 FOR ACTIVE PARTICIPANTS
65	\$1,000.00	\$1,000.00
64	1,000.00	970.00
63	1,000.00	940.00
62	1,000.00	910.00
61	970.00	860.00
60	940.00	810.00
59	910.00	760.00
58	880.00	710.00
57	850.00	660.00
56	820.00	610.00
55	790.00	560.00

This table assumes the early retiree earned all of his or her retirement benefit under the IBU Pension Plan, the Columbia River Retirement Plan or the Inland

Waters Pension Plan. If an Active Participant had earned a portion of his or her retirement benefit under the Ferry Concessions Pension Plan, the Ferry Concessions portion of the retirement benefit would be unreduced at age 62 and reduced by 5% per year prior to age 62.

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

BENEFIT REDUCTIONS UNDER THE PREFERRED SCHEDULE

The changes described below apply to you if you retire after August 1, 2011 and work exclusively for an Employer that adopted the Preferred Schedule. These changes are in addition to the changes previously described in the sections ELIMINATION OF DEATH BENEFITS and ELIMINATION OF SUBSIDIZED EARLY RETIREMENT BENEFITS FOR TERMINATED PARTICIPANTS. See the **Work Under Different Schedules** section on page 18 if you work for an Employer that adopted the Default Schedule and another Employer that adopted the Preferred Schedule.

No Change to the Accrued Benefit Formula

Unlike the Default Schedule, there is no change to the accrued benefit formula (benefit multiplier) which remains as follows:

<u>Service</u>	<u>Benefit Multiplier</u>
1-9 years	1.40%
10-19 years	1.55%
20+ years	1.70%

The Preferred Schedule requires Employers to make an additional contribution to the Pension Trust to improve its funded status. The additional contribution required by the Preferred Schedule is not taken into account when determining your accrued benefit.

Reduction to the Early Retirement Benefit if You are an Active Participant, Retire After August 1, 2011 and Elect to Start Retirement Benefits Prior to Your Normal Retirement Date and Do Not Meet the Rule of 85 Requirements

There will be a greater reduction in your pension benefit if you begin receiving your pension benefit before your Normal Retirement Age. Prior to the adoption of the Rehabilitation Plan, the Pension Plan generally provided an unreduced pension benefit at age 62 with a 3% per year reduction between age 62 and your early retirement date. See July 2007 Summary Plan Description, page 11, paragraph 14. Under the Preferred Schedule, if you are an Active

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

Participant and are eligible for and elect early retirement, your accrued benefit will be reduced by 3% per year from age 65 to 62 and 5% per year prior to age 62.

The following table compares how the monthly early retirement benefit in effect prior to the Rehabilitation Plan for a Participant with 240 or more hours of service in the July 1, 1989 to June 30, 1990 Plan Year or any Plan Year thereafter compares with the early retirement benefit payable to an Active Participant who is eligible for early retirement and retires under the Preferred Schedule after August 1, 2011. In this example, it is assumed that the Active Participant's benefit is \$1,000 per month payable at his or her Normal Retirement Date.

AGE AT RETIREMENT	EARLY RETIREMENT BENEFIT PRIOR TO REHABILITATION PLAN CHANGES	EARLY RETIREMENT BENEFIT UNDER THE PREFERRED SCHEDULE FOR RETIREMENTS AFTER AUGUST 1, 2011 FOR ACTIVE PARTICIPANTS
65	\$1,000.00	\$1,000.00
64	1,000.00	970.00
63	1,000.00	940.00
62	1,000.00	910.00
61	970.00	860.00
60	940.00	810.00
59	910.00	760.00
58	880.00	710.00
57	850.00	660.00
56	820.00	610.00
55	790.00	560.00

The table assumes the early retiree earned all of his or her retirement benefit under the IBU Pension Plan, the Columbia River Retirement Plan or the Inland Waters Pension Plan. If an Active Participant had earned a portion of his or her retirement benefit under the Ferry Concessions Pension Plan, the Ferry Concessions portion of the retirement benefit would be unreduced at age 62 and reduced by 5% per year prior to age 62.

Retention of the Current Early Retirement Benefit if You are an Active Participant and Meet the Rule of 85 Requirements

If you are an Active Participant and meet the Rule of 85 Requirements, you will be eligible to receive the early retirement benefit which was in effect prior to the adoption of the Rehabilitation Plan. See July 2007 Summary Plan

Administered by A&I Benefit Plan Administrators, Inc.
 1220 SW Morrison St. Suite 300, Portland OR 97205-2222
 (503) 224-0048 (800) 547-4457 Fax (503) 228-0149

Description, page 11, paragraph 14 for a description of the benefit. This means that if you are an Active Participant who meets the Rule of 85 Requirements, you can retire at age 62 or older and receive your accrued benefit without a reduction due to retirement before reaching age 65 and if you retire before age 62, your pension benefit is reduced by 3% per year from age 62 not age 65. This benefit is only available under the Preferred Schedule.

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

RULES APPLICABLE TO THE DEFAULT SCHEDULE AND THE PREFERRED SCHEDULE

Work Under Different Schedules

If you change Employers and, as a result, become covered under a different Schedule (for example, your first Employer has adopted the Preferred Schedule and your second Employer has adopted the Default Schedule), your accrued benefit formula (the benefit multiplier) for work performed after June 30, 2011 is determined by the Schedule in which the pension contributions were earned.

For purposes of determining your early retirement benefit options, the Schedule in which the majority of your pension contributions were earned after June 30, 2011 will determine whether you receive the Preferred Schedule of benefits or the Default Schedule of benefits.

EXAMPLE. Assume starting July 1, 2011 an Active Participant had 2,000 hours of service for which pension contributions are paid or are required to be paid to the Pension Trust from Employers who adopted the Preferred Schedule and 2,500 hours of service for which pension contributions are paid or are required to be paid to the Pension Trust from Employers who adopted the Default Schedule. The Active Participant's early retirement benefit options will be determined under the Default Schedule which means the Participant would not be eligible for the more generous early retirement reduction factors described in the section **Retention of the Current Early Retirement Benefit if You are an Active Participant Who Meets the Rule of 85 Requirements.**

Rules if You are an Active Participant Who Retires After August 1, 2011 and Before Your Employer Has Adopted a Schedule

If you are an Active Participant who retires after August 1, 2011 and before your Employer has adopted a Schedule, your pension benefit shall be initially calculated and temporarily paid as follows:

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

- The accrued benefit earned after June 30, 2011 will initially be calculated using the Preferred Schedule's benefit multiplier. The early retirement benefit will initially be calculating assuming you are not eligible for the Rule of 85.
- If you meet the Rule of 85 Requirements and your Employer subsequently adopts the Preferred Schedule, your current monthly early retirement benefit will be increased for the Rule of 85 benefit and you will receive a lump sum of the additional Rule of 85 benefit retroactive to your retirement date with interest at the rate of 7.5% per annum.
- If your Employer subsequently adopts the Default Schedule, your accrued benefit earned after June 30, 2011 will be recalculated based on the Default Schedule's benefit multiplier and your monthly early retirement benefit will be reduced effective the first day of the month after your Employer has adopted the Default Schedule or had the Default Schedule imposed by the PPA.

ERISA REQUIRED NOTICE

This Notice is being provided in accordance with Sections 204(h) and 305(e) of the Employee Retirement Income Security Act (ERISA) and Sections 432(e)(8)(C) and 4980F of the Internal Revenue Code. This Notice constitutes a summary of material modifications to the July 2007 Summary Plan Description and should be kept with your July 2007 Summary Plan Description and other important Pension Plan documents.

If you have questions about your Pension Plan, you should contact the Plan Administrator whose name, address and telephone number are on the next page. If you have questions about your rights and remedies as a result of this Notice, you should contact the nearest office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor, listed in your telephone directory or at:

Division of Technical Assistance and Inquiry
Employee Benefits Security Administration

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149

U.S. Department of Labor
200 Constitution Avenue NW
Washington DC 20210

You may also find answer to your pension plan questions, your rights and responsibilities under ERISA and a list of EBSA field offices by contacting the EBSA at (866) 444-3272 or by visiting the website at www.dol.gov/ebsa.

INFORMATION ABOUT THE PENSION PLAN

Identifying information about the Pension Plan is as follows:

PLAN NAME:	Inlandboatmen's Union of the Pacific National Pension Plan
EMPLOYER ID #:	93-0792184
PLAN NUMBER:	001
PLAN SPONSOR:	Board of Trustees of the Inlandboatmen's Union of the Pacific National Pension Trust

CONTACT INFORMATION CONCERNING THIS NOTICE

A&I Benefit Plan Administrators, Inc.
1220 SW Morrison Suite 300
Portland OR 97205
(503) 224-0048 x1683
(800) 547-4457 x1683

Administered by A&I Benefit Plan Administrators, Inc.
1220 SW Morrison St. Suite 300, Portland OR 97205-2222
(503) 224-0048 (800) 547-4457 Fax (503) 228-0149