

OREGON RETAIL EMPLOYEES PENSION TRUST

NOTICE OF CRITICAL STATUS

TO: All Participants, Beneficiaries, Participating Local Unions,
and Contributing Employers

FROM: Board of Trustees
Oregon Retail Employees Pension Trust

DATE: April 29, 2010

The Pension Protection Act of 2006 (PPA) requires the Board of Trustees to annually evaluate the funded status of your Pension Plan. Pension plans that are in critical status must notify all participants, beneficiaries, unions, and contributing employers of that status. A rehabilitation plan that is designed, over time, to strengthen the Plan's financial foundation must also be adopted.

This will notify you that the Trust's actuary on March 30, 2010 certified to the U.S. Department of Treasury and to the Board of Trustees that the Plan is in critical status for the plan year beginning January 1, 2010. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding problems. More specifically, the Plan's actuary determined that the Plan is projected to have an accumulated funding deficiency (insufficient credit balance) in the three plan years following the 2010 plan year.

Rehabilitation Plan and Possibility of Reduction of Benefits

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan.

As part of the rehabilitation plan, the PPA allows the plan to reduce or eliminate benefits called "adjustable benefits." If the Board of Trustees determines that it is necessary to reduce or eliminate adjustable benefits, you will receive a separate notice in the future identifying and explaining the effect of these changes. Any reduction of adjustable benefits (other than the repeal of a benefit increase as described below) will not reduce the level of a participant's basic benefit payable at normal retirement (which is age 65 under the Pension Plan).

Other than repeal of benefit increases made in the last 60 months or the elimination of future cost-of-living increases, reductions to adjustable benefits generally will only apply to you if your benefit commencement date (pension effective date) is on or after the date of this notice (April 29, 2010). You should also know that whether or not the Plan reduces adjustable benefits in the future, federal law prevents the Pension Plan from paying lump-sum benefits (or any

other payment in excess of the amount payable under the normal single life annuity) after the actuary has certified a Pension Plan as critical. This means that effective May 1, 2010, the Social Security Level Income payment options will no longer be available to new retirees. (Retirees who have already retired and are receiving a Social Security Level Income option will not be impacted.)

Adjustable Benefits

The Plan's "adjustable benefits" are those that under the PPA are subject to reduction or elimination as part of the rehabilitation plan. These include:

1. Minimum payment guarantees (such as 60-month guarantees);
2. Disability benefits;
3. Early retirement or retirement-type subsidies;
4. Death benefits (except for a 50% pre-retirement survivor annuity for a surviving spouse);
5. Benefit payment options or features other than the qualified joint and survivor annuity; and
6. Benefit increases that would not be eligible for a guarantee under ERISA section 4022A on the first day of the critical year (January 1, 2010) because increases were adopted or, if later, took effect less than 60 months before January 1, 2010 including scheduled cost-of-living increases.

Employer Surcharges

The PPA requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial health. The amount of the surcharge is equal to the percentage of the amount an employer is otherwise required to contribute to the Plan under the collective bargaining agreement. During the first year that a plan is in critical status, the percentage is 5% of required contributions. In subsequent plan years, it is 10% of required contributions. This surcharge does not apply to employers who agree to a negotiated contribution rate that satisfies the rehabilitation plan adopted by the Board of Trustees. Employers will receive 30-days' advanced notice before the surcharge goes into effect.

Where to Get More Information

A rehabilitation plan has not been adopted yet. For more information about this notice, you may contact Associated Third Party Administrators by telephone at 1-800-654-4411 or 503-454-3800. When a rehabilitation plan is adopted by the Board of Trustees, you have a right to receive a copy.