IMPORTANT INFORMATION ABOUT YOUR PENSION PLAN

Alaska Teamster-Employer Pension Plan

October 28, 2010

To Participants, Beneficiaries, Contributing Employers and Unions:

The federal government requires qualified pension plans to provide an annual notice sharing financial information about the Alaska Teamster-Employer Pension Plan (the Plan). The required reporting information is included in the *Annual Funding Notice*, enclosed in this package. The Plan has also been certified as a Critical Status plan for the 2010 Plan Year. As a result, you will also find a *Notice of Critical Status* enclosed. With the Critical Status certification, the Trustees are required under the federal Pension Protection Act of 2006 (PPA) to adopt a "Rehabilitation Plan." This package includes the *Rehabilitation Plan Summary*, along with a series of *Frequently Asked Questions* regarding to the Rehabilitation Plan.

A Message from Ken Coleman

One of the most important issues which separates Union members from most other workers is the retirement security we gain during our union careers. With defined benefit pension plans, after a career as a union member, we are afforded a lifetime benefit and retirement with dignity. Following the worst financial crisis in our lifetime, our foundation was shaken by the extent to which 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's danger zone (below 65% funded or a funding deficiency). A few managed to come out in the green or safe zone (80% funded and no projected funding deficiency). The PPA requires that certain actions be taken when a pension plan falls out of the safe zone. I have spent the past several weeks traveling around the state meeting with members, explaining the Rehabilitation Plan recently adopted by the Trustees. The Pension plan's actuary and administrator were also with me. It would be an understatement to say that people are disappointed, but one thing resonated with each successive meeting; our members understand the reason and the need for the Rehabilitation Plan. This Rehabilitation Plan will return our pension plan to full funding and insure our future security for generations to come. During these meetings, we also discussed how the Trustees reached their decisions. The Board of Trustees, a combination of employer trustees and union trustees, spent the last eighteen months wrestling with the design of the Rehabilitation Plan. Because both the members and the employers will bear the burden of restoring this fund, we wanted balance. We were also concerned to avoid a design which could inadvertently encourage people to retire before they were ready and create a "run on the bank" which would be devastating to the fund. The process the Trustees went through was thorough and exhausting. We looked at hundreds of scenarios and feel the strategy which we adopted is the best design to restore the pension plan to full funding so that our foundation is stronger than ever. During our meetings, I also discussed a potential merger with the Western Conference of Teamsters Pension Plan (WCOT). The WCOT Plan is the largest multi-employer, defined benefit pension plan in the nation. They have around $30 billion in assets. They went through the recent financial crisis and emerged in the green zone. The merger discussions are in the initial stage and I will keep you informed if the possibility looks promising. Please keep in mind that a merger would only involve combining the pension plans, it would have no impact on the independence of Local 959, which would continue to operate as it does today, with autonomy. – *Ken Coleman*

What is happening

The Pension Protection Act of 2006 (the PPA), is a federal law that requires the Plan's Board of Trustees to adopt a "Rehabilitation Plan" when the funding ratio falls below a certain level or the plan is expected to have a funding deficiency. The Plan changes, as described in the Rehabilitation Plan Summary eliminate some early retirement subsidies, thereby reducing Plan liabilities. The Rehabilitation Plan will also require the bargaining parties to incorporate a schedule of contribution increases that will allow the Plan to return to adequate funding levels over time. The additional contributions, called the Supplemental Contributions, do not factor into the participant's benefit amounts; they instead only improve the funding of the Plan.

Under the PPA, defined benefit pension plans are required to maintain a "funding ratio" above 80% to be considered adequately funded. The PPA also requires that defined benefit pension plans maintain a positive balance in a measurement called the "funding standard account." If a plan drops below an 80% funded ratio or is projected to fall below the minimum funding level in the funding standard account ("funding deficiency") within a certain period of time, the Plan Trustees are required to adopt a plan that is expected to fix these deficiencies, called a Rehabilitation Plan.

In the fiscal year that began July 1, 2008, the Plan was 83% funded and was considered adequately funded. With the dramatic drop in the financial markets worldwide beginning in 2007 and ending in 2009, the Plan fell just below the 66% funded level in the fiscal year that began July 1, 2009, a funding level well below the 80% benchmark. Shortly following that period, the markets began to recover and Congress was debating additional relief for underfunded pension plans. The PPA permitted plans to extend the previous year's safe (green) zone status for one year and the Trustees decided to take that extension for two reasons: potential improvement in the financial markets and/or additional legislative relief.

For the fiscal year that began July 1, 2010, the Plan's actuaries have projected the expected funding levels and have determined that the fund is below the 80% funding level and additionally will also incur a negative balance in the funding standard account within four years.

What is being done

The Trustees have adopted a Rehabilitation Plan to improve funding as required by the PPA. The Rehabilitation Plan consists of two parts. The first part is an increase in the Plan's retirement ages which will slow the rate of retirements and create funding improvements. The second part is a "Supplemental Contribution" required to be made by contributing employers. The Rehabilitation Plan is designed to cover a 10 year period over which the financial health of the Plan is expected to improve. At the end of the 10 year period, the Plan is projected to achieve a positive balance in the funding standard account and maintain that positive balance for the following 10 years. By law, if the bargaining parties cannot agree on the terms of the Rehabilitation Plan, a Default Schedule, as approved by the Trustees, will be imposed on the parties 180 days after the expiration of the current Collective Bargaining Agreement.

How it affects you

If you are retired, these changes have no impact on you. If you are not retired, you may be able to "Grandfather" certain early retirement benefits earned through December 31, 2011 if you have met the minimum age and service requirements for any one of the current early retirement programs. If you will not meet one of the minimum age and service requirements for early retirement, your benefits will be calculated using higher unreduced retirement ages. See the enclosed Rehabilitation Plan Summary for more details.

Alaska Teamster-Employer Pension Plan (the "Plan")
REHABILITATION PLAN SUMMARY
Effective July 1, 2011

Limited "Grandfathering" applies to those Plan Participants who have qualified for a subsidized early retirement by December 31, 2011, for benefits earned through that date. To qualify by December 31, 2011, a Participant must:

☒ Be at least age 60 with 10 Contributory Years of Service or 20,000 Contributory Hours and Currency (eligible for "Qualified Retirement"),
☒ Be at least age 57 with 25 Contributory Years of Service or 50,000 Contributory Hours (eligible for "Early Retirement"), or
☒ Be at least age 50 and qualified for a "Rule of 80" unreduced retirement.

	Qualified Retirement	Early Retirement	Rule of 80
Minimum Age	60	57	50
Service	10 Contributory Years of Service or 20,000 Contributory Hours with 1,500 hours worked within three consecutive Plan Years after age 49	25 Contributory Years of Service or 50,000 Contributory Hours	A combination of Contributory Years of Service plus age totaling at least 80 and 1,000 hours of Currency

Under the Grandfathering provision, Participants who have or will meet the qualifications by December 31, 2011 may retire **at any time *before or after* December 31, 2011** and receive those benefits earned *through* December 31, 2011 without early retirement reductions. All benefits earned *after* December 31, 2011, will be earned under the new retirement age criteria described below.

For those Participants who do not meet the limited grandfathering described above, effective July 1, 2011, unreduced early retirement will require that the Participant either:

☒ Be at least age 63 with 30 Contributory Years of Service or have 60,000 Contributory Hours
☒ Be at least age 60 with Rule of 85, for those groups participating in the Rule of 80
  ❍ Minimum combination of age and Contributory Years of Service totaling at least 85
  ❍ Minimum 10,000 Rule of 80/Rule of 85 Surcharge hours required , and
  ❍ 1,000 hour Currency

	Unreduced Early Retirement	Rule of 85
Age	63	60
Service	30 Contributory Years of Service or 60,000 Contributory Hours	A combination of Contributory Years of Service plus age to equal 85, with a minimum of 10,000 surcharge hours and 1,000 hours of Currency

Reduced Early Retirement remains at age 52 with actuarial equivalent reductions from age 65. However, if the Participant satisfies the years or hours requirement, but not the age requirement under Age 63 with 30 Contributory Years of Service or 60,000 Contributory Hours, actuarial reductions apply from age 63. If the Participant satisfies the Surcharge Hour's requirement, but not the age requirement under Age 60 with Rule of 85, actuarial reductions apply from age 60.

Normal Retirement remains age 65 with five years of service.

A Year of Contributory Service is redefined: Through December 31, 2011, you earn one Contributory Year of Service if you have between 1,000 and 2,000 Contributory Hours in a Plan Year with a proportionately higher credit for Hours worked above 2,000. After December 31, 2011, you will not earn a proportionate credit for Hours worked over 2,000; the maximum will be one Year of Contributory Service per Plan Year. You will still earn less than one Year of Contributory Service if you work less than 1,000 Contributory Hours in a Plan Year.

The Disability Retirement option is eliminated (except for those in pay status).

Under the Rehabilitation Plan, Employers will be required to pay a 5% Supplemental Contribution beginning with the hours worked in December 2010. This will increase to 10% beginning with July 2011 work hours. The 10% Supplemental Contributions will continue until the Union and Employer enter into a new collective bargaining agreement for that Employer that meets the Rehabilitation Plan's Supplemental Contribution requirements. The Supplemental Contribution will be 42% if paid on a level basis commensurate with a renegotiated collective bargaining agreement effective July 1, 2011. Alternatively, the Supplemental Contribution may be phased in over several years under several alternative schedules. The Supplemental Contribution is computed on the current hourly contribution rate which cannot be reduced.

Under a Rehabilitation Plan, the Trustees are permitted to eliminate adjustable benefits. The following are adjustable benefits that the Trustees have *not* eliminated: non-spouse pre-retirement death benefits; sixty-month payment guarantees; joint and survivor annuity benefit options; and the benefit improvement for the 2007 Plan Year which increased the accrual rate from a 1% to 2% (on that Plan Year only).

FREQUENTLY ASKED QUESTIONS

Q: Why did the Plan drop below the minimum funding levels?

A: The Plan dropped below the minimum funding levels due to the largest loss in the financial markets in almost 70 years. Beginning in December 2007, the markets began a downward slide. The Dow Jones Industrial average, with a high around 14,000 in early October 2007, slid to below 7,000 by late March 2009, a 50% decline in value. Today, the market is up to around 11,000 but the recovery has been slow and we cannot assume any rapid improvements in funding levels.

Q: What are the Plan's funding objectives?

A: Defined benefit pension plans, such as this one, are funded to provide lifetime benefits. In order to achieve this goal, assets must be closely balanced with liabilities. The Plan's liabilities consist of all the benefits currently being paid to retirees and beneficiaries as well as future benefits expected to be paid to retirees and beneficiaries. Plan liabilities also include benefits expected to be paid to vested participants who have not yet retired. The Plan's assets include accumulated employer contributions plus investment income. To achieve full funding, the Plan's liabilities must equal the assets, projected over time.

Q: How much is the Plan invested in the financial markets?

A: Essentially all assets of the Plan are invested in the financial markets. About 65% of the assets are invested in stock and about 35% are invested in fixed income, including bonds and commercial real estate. During the financial meltdown from 2007 to 2009, all investment classes experienced unprecedented losses.

Q: Did the Plan's investment strategy fail?

A: No, the Plan's investment strategy appropriately focuses on the long term. The Plan's assets are managed by professionals at Russell Investments, supervised by an independent investment consultant, and invested according to a professionally-developed and regularly monitored asset allocation strategy. The Plan's investments and contributions fund the current retirement benefits of about 4,000 retirees and thousands of Participants' future retirement benefits.

Q: What if investment returns are better than expected; can the Plan emerge from the Rehabilitation Plan sooner? What if the returns are less than needed?

A: If Plan returns on average are greater than the Plan's 7.5% investment assumption rate, the Plan could emerge from the Rehabilitation Plan sooner. If the returns are less than 7.5%, the Plan's recovery may be slower. The Plan's actuaries will continue to monitor the fund's investment performance over time and recommend appropriate updates to the Rehabilitation Plan as we move forward.

Q: What does a Rehabilitation Plan do and how long is it supposed to last?

A: A Rehabilitation Plan is structured to return the fund to an adequately funded status. The PPA generally requires such a plan be no longer than ten years in duration, designed so that adequate funding be achieved at the end of twenty years.

Q: What would a Rehabilitation Plan look like if the Trustees had not extended the green zone status one year?

A: If the Trustees had adopted a Rehabilitation Plan a year ago, the benefit changes would have been more severe and the Supplemental Contributions would have been higher. Waiting the year was helpful because the Plan's investment return was 11% (beating the assumed rate of 7.5%) during that period. In addition, the Congress enacted some funding relief provision which help our Plan as well.

Q: If I'm over age 52, but may not reach the age or service requirements to earn "Grandfathering," may I retire under the existing rules? What is the latest date I may retire?

A: If you are over 52 and have met the service rules for the age 57 ("Early Retirement") or age 60 ("Qualified Retirement") programs, but not the age requirements for one of those benefits, you may retire on or before July 1, 2011 under the existing rules with an actuarial reduction. Under the Rule of 80 program, you may not retire before age 50.

Q: If I satisfy the criteria for the Limited "Grandfathering" on or before December 31, 2011, do I need to retire before that date to lock in my unreduced early retirement benefit? How will my benefit be calculated if I continue to work after December 31, 2011?

A: For participants that meet all of the criteria (age, service / hours and currency) for an unreduced early retirement benefit on or before December 31, 2011, there is no requirement that you actually retire by a certain date to be grandfathered. The grandfathering protects your ability to receive the benefit you earned through December 31, 2011 without any early retirement reduction. Any additional benefits you earn for hours worked after December 31, 2011 will be subject to the new early retirement provisions outlined in the Rehabilitation Plan.

Q: Why is there a Supplemental Contribution, who pays it, and how will it be paid?

A: A Supplemental Contribution is necessary because the Plan could not fix its funding deficiencies solely through benefit changes. The Supplemental Contribution will be paid as a pre-tax, employer contribution. It will be paid over and above the hourly contribution currently paid on your behalf for benefit computation. Your contribution rate cannot be reduced to offset the Supplemental Contribution. During the next contract negotiations with your employer, it will be determined how the Supplemental Contribution will be funded.

Q: How are the additional required contributions to the Plan calculated?

A: Additional contributions are calculated as a percentage of your current, hourly pension contribution rate. Effective beginning with hours worked in December 2010, contributing employers are required to pay an additional 5% surcharge over regular hourly contributions. Effective for hours worked in July 2011 and later, employers will be required to pay a minimum of 10% in surcharge or Supplemental Contributions. For example, if your hourly rate is $3.00, your employer would be required to contribute $3.15 beginning with December 2010 hours and $3.30 beginning with July 2011 hours. (The additional contributions [in this example, $.15 and $.30] over the regular hourly contribution rate are not counted for benefit accruals.)

Q: What is the new minimum 10,000 hour Surcharge Hours requirement under the Rule of 85?

A: You must have a minimum of 10,000 Surcharge Hours worked to qualify for the Rule of 85 program. This requirement includes surcharge Hours already worked under the Rule of 80 as well as subsequent surcharge Hours worked under the Rule of 85. If you have already worked at least 10,000 hours under the Rule of 80 program, you have met the requirement. If you "Grandfather" on or before December 31, 2011 by meeting the age and contributory service requirements for the Rule of 80, the 1,000 hour currency is all that is required.

Q: Why is the Contributory Year of Service being limited to one during each Plan Year?

A: The cost of crediting additional Contributory Years of Service for hours worked beyond 2,000 was expensive. While it may take you longer to qualify for early, unreduced retirement benefits, the extra contributions will continue to be factored into your retirement benefit amount.

ANNUAL FUNDING NOTICE
For Alaska Teamster-Employer Pension Plan

Introduction

This notice includes important funding information about the Alaska Teamster-Employer Pension Plan ("the Plan"). This notice also provides a summary of federal rules governing multiemployer plans in reorganization, insolvent plans, and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning July 1, 2009 and ending June 30, 2010 (referred to hereafter as "Plan Year").

Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2009	2008	2007
Valuation Date	July 1, 2009	July 1, 2008	July 1, 2007
Funded Percentage	65.8%	83.0%	Not Applicable
Value of Assets	$632,392,517	$790,823,715	Not Applicable
Value of Liabilities	$961,536,678	$952,387,501	Not Applicable

Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The Plan has entered "not applicable" in the chart above to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For 2007, the Plan's "funded current liability percentage" was 64.5%, the Plan's actuarial value of assets was $767,433,485, and Plan liabilities were $1,188,972,944.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of June 30, 2010, the fair market value of the Plan's assets is estimated to be $539,188,490. As of June 30, 2009, the fair market value of the Plan's assets was $526,993,764. As of June 30, 2008, the fair market value of the Plan's assets was $748,044,874.

Participant Information

The total number of participants in the plan as of the Plan's valuation date was 8,442. Of this number, 3,478 were active participants, 3,949 were retired or separated from service and receiving benefits, and 1,015 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to confirm that the minimum funding requirements of ERISA are being satisfied and to determine that anticipated employer contributions will not exceed the amounts deductible under the Internal Revenue Code. Each employer makes contributions monthly pursuant to collective bargaining agreements.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to maximize the total return on assets available for the provision of benefit while operating in accordance with applicable regulatory restrictions and within prudent parameters of risk. It also includes protecting the trust from severe depreciation in asset value during adverse market conditions by broadly diversifying assets and conducting prudent review of risks. The Plan also aims to outperform the policy portfolio return over the long term as measured over a market-cycle of four to six years.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. Note that this asset allocation is based on calculations of fair market values of Plan assets as of June 30, 2010, which are preliminary and which are subject to change upon completion of the audited financial statements. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Interest-bearing cash	0.0%
2. U.S. Government securities	0.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	0.0%
All other	0.0%
4. Corporate stocks (other than employer securities):	
Preferred	0.0%
Common	0.0%
5. Partnership/joint venture interests	0.0%

6.	Real estate (other than employer real property)	0.0%
7.	Loans (other than to participants)	0.0%
8.	Participant loans	0.0%
9.	Value of interest in common/collective trusts	99.3%
10.	Value of interest in pooled separate accounts	0.0%
11.	Value of interest in master trust investment accounts	0.0%
12.	Value of interest in 103-12 investment entities	0.0%
13.	Value of interest in registered investment companies (e.g., mutual funds)	0.0%
14.	Value of funds held in insurance co. general account (unallocated contracts)	0.0%
15.	Employer-related investments:	
	Employer Securities	0.0%
	Employer real property	0.0%
16.	Buildings and other property used in plan operation	0.0%
17.	Other	0.7%

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Alaska Teamster-Employer Pension Trust by phone at (800) 478-4450 or by mail at 520 East 34th Avenue, Suite 107 Anchorage, Alaska 99503-4116.

Critical or Endangered Status

Under federal pension law, a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent or there is a projected minimum funding deficiency over the next 3 Plan Years (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a Rehabilitation Plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was certified in critical status in the Plan Year, but the Trustees elected to carry forward the previous year's safe status as allowed under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA).

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling (202) 693-8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and the labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of $500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($500/10), which equals $50. The guaranteed amount for a $50 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact Rosemarie Kalamarides of the Alaska Teamster-Employer Pension Trust by phone at (800) 478-4450 or by mail at 520 East 34th Avenue, Suite 107, Anchorage, Alaska 99503-4116. For identification purposes, the official plan number is 024 and the plan sponsor's employer identification number or "EIN" is 92-6003463. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal relay service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

NOTICE OF CRITICAL STATUS
For Alaska Teamster-Employer Pension Plan

This is to inform you that on September 28, 2010 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Alaska Teamster-Employer Pension Plan (Plan) is in critical status for the plan year beginning July 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 or liquidity problems, or both. More specifically, the Plan's actuary determined that over the next three plan years, the Plan is projected to have an accumulated funding deficiency by the beginning of the 2011 Plan Year.

Rehabilitation Plan and Reductions in Benefits

Federal law requires pension plans in critical status to adopt a Rehabilitation Plan aimed at restoring the financial health of the Plan. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a Rehabilitation Plan. The Trustees of the Plan have determined that benefit reductions are necessary beginning July 1, 2011, and have enclosed a separate notice titled Rehabilitation Plan Summary identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase, as described below) will not reduce the level of a participant's basic benefit payable at normal retirement. Under the law, these reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after October 28, 2010. As shown in the enclosed notice, Rehabilitation Plan Summary, such changes are not effective under the Plan until July 1, 2011, and for participants who fully qualify for subsidized early retirement benefits ("Rule of 80," "Qualified Retirement," or "Early Retirement") by December 31, 2011, subsidized early retirement benefits earned to that date will remain payable even if the participant retires in 2011 or later. In addition, effective as of October 28, 2010, the Plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. However, the Plan may still pay mandatory lump sum distributions of small monthly retirement benefits as required by law.

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Adjustable Benefits

The Plan offers the following adjustable benefits, some of which will be reduced or eliminated as part of the Rehabilitation Plan that the Plan has adopted:

- Non-spouse pre-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement subsidies
- Benefit payment options, other than a qualified joint-and-survivor annuity;
- Benefit increases occurring in the past 5 years; and
- Other benefits, rights, or features under the Plan (including age "plus-ups" relating to pre-1990 benefits).

For a detailed description of the specific Plan changes that have been adopted as part of the Rehabilitation Plan approved by the Board of Trustees, including "grandfathered" benefits protected from elimination, see the enclosed Rehabilitation Plan Summary.

Employer Surcharge

The law requires that all contributing employers pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status, until the applicable collective bargaining agreement includes terms consistent with an appropriate schedule pursuant to a Rehabilitation Plan.

Where to Get More Information

For more information about this Notice, you may contact Rosemarie Kalamarides of the Alaska Teamster-Employer Pension Trust by phone at (800) 478-4450 or by mail at 520 East 34th Avenue, Suite 107, Anchorage, Alaska 99503. You have a right to receive a copy of the Rehabilitation Plan from the Plan.