

**Notice of Critical Status
for the
Southwest Marine Pension Plan** EBSA/PUBLIC DISCLOSURE

April 26, 2012

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This is to inform you that on March 29, 2012 the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the plan is in critical status for the plan year beginning January 1, 2012. 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 the funded percentage of the plan is 65% or less, and over the next four plan years, the plan is projected to have an accumulated funding deficiency for the current plan year. In addition, the sum of the plan's normal cost and interest on the unfunded benefits for the current plan year exceeds the present value of all expected contributions for the year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the plan has an accumulated funding deficiency for the current plan year.

Rehabilitation Plan and Possibility of Reduction 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. If the trustees of the plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a participant's basic benefit payable at normal retirement. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after May 1, 2012. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of May 1, 2012, the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount payable under a single life annuity) while in critical status.

Adjustable Benefits

The plan offers the following adjustable benefits, which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt:

- Early retirement benefits or early retirement type subsidies (if not in pay status as of May 1, 2012);
- Disability benefits (if not yet in pay status);
- Benefit payment options other than the qualified joint and survivor annuity (QJSA);
- Pre-retirement death benefits other than a qualified pre-retirement death benefit (QPSA).

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 10% surcharge is applicable for each succeeding plan year thereafter in which the plan is in critical status.

Special Rules While in the Rehabilitation Plan Adoption Period

During the rehabilitation plan adoption period, the Board of Trustees may not accept a collective bargaining agreement or participation agreement with the plan that provides for:

- a reduction in the level of contributions for any participants,
- a suspension in the contributions with respect to any period of service, or
- any new direct or indirect exclusion of younger or newly hired employees from plan participation.

Further, no amendment which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate which benefits become non-forfeitable under the plan may be adopted unless the amendment is required to keep the plan qualified under the Internal Revenue Code or to comply with applicable laws. This includes contribution rate increases adopted during the rehabilitation plan adoption period that increase benefits earned under the plan.

Where to Get More Information

For more information about this Notice, you may contact Benefit Programs Administration, Peter Bates, at (562) 595-6463, 4201 Long Beach Boulevard, Suite 300, Long Beach, CA 90807-2021. You have a right to receive a copy of the rehabilitation plan from the plan.