

Western States Office and Professional Employees Pension Fund

NOTICE OF CRITICAL STATUS

For

Western States Office & Professional Employees Pension Fund

This is to inform you that on March 31, 2014 the Plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the Western States Office & Professional Employees Pension Fund (Plan) is in critical status for the plan year beginning January 1, 2014. 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 Plan was in critical status last year and over the next 9 years the Plan is projected to have an accumulated funding deficiency. The Plan was first certified to be in critical status on March 31, 2009 for the 2009 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 in critical status to reduce, or even eliminate, some benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees made some benefit reductions as part of their adoption of the rehabilitation plan in November 2009, which was subsequently updated in March, 2011 and January 2013. The Trustees mailed notices explaining the benefit reductions and questions and answers about the rehabilitation plan, all of which are available on the Plan's Web site or from the Trust office. In addition, as of January 1, 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 as required by law. Additional benefit reductions have not been implemented and are not planned to occur.

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Adjustable Benefits

The Plan offers the following adjustable benefits which were reduced or eliminated as part of the adopted rehabilitation plan:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefit or retirement-type subsidy;
- Benefit payment options other than a qualified joint-and-survivor annuity (QJSA);
- Recent benefit increases (i.e., occurring in past 5 years):
- Other similar benefits, rights, or features under the Plan

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 was applicable in 2009 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 A&I Benefit Plan Administrators, Inc. by phone at (800) 413-4928 or by mail at 1220 S.W. Morrison Street, Suite 300, Portland, Oregon, 97205-2222. You have a right to receive a copy of the rehabilitation plan from the Plan.

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