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SOUND RETIREMENT TRUST

FORMERLY KNOWN AS RETAIL CLERKS PENSION TRUST

IMPORTANT NOTICE OF PLAN CHANGES

EFFECTIVE JANUARY 1, 2011

In mid-November you received a notice of plan changes that were scheduled to take effect on December 1, 2010. Since that time, the Board of Trustees has reached agreement on a more complete set of plan changes and contribution increases that have been designed to improve the funding of the Sound Retirement Trust (the "Plan"). The changes described in the document entitled "Important Notice of Plan Changes Effective December 1, 2010" ***have not taken place and will not take place***. Other changes have been adopted as part of the Plan's rehabilitation plan. Following is a summary of the plan changes that will take place effective January 1, 2011. These changes:

- Eliminate all future cost-of-living increases for any plan member in a terminated vested status as of December 16, 2010;
- Effectively eliminate the subsidy for early retirement pensions for any plan member in a terminated vested status as of December 16, 2010;
- Eliminate the 60-month guarantee for certain forms of payment for benefits entering pay status on and after January 1, 2011;
- Eliminate the level income option for all benefits entering pay status on and after January 1, 2011; and
- Eliminate certain death benefits for deaths occurring on and after December16, 2010.

The following sections of this notice describe these changes in greater detail and how they may affect your benefits in the future. As you review these changes, bear in mind that for active participants the changes described do not relate to the accrual of benefits but to forms of benefit payment and death benefits.

Changes to Terminated Vested benefits

Members who have terminated their participation in the Plan but are due a benefit at some point in the future are referred to as terminated vested members. The changes described in this section apply to anyone who is in a terminated vested status as of December 16, 2010 but was not currently receiving a pension benefit as of that date. For this purpose, terminated vested members are defined as any participant who:

1. Is not in payment status on December 16, 2010,
2. Was vested as of September 30, 2010,
3. Earned less than 435 covered hours of service during the plan year ending September 30, 2010,
4. Had no contributory hours during the period October 1, 2010 through December 16, 2010.

Members who leave active service and become terminated vested members after December 16, 2010 will not be affected by the changes described in this section.

Cessation of future cost-of-living increases

For all members in a terminated vested status as of December 16, 2010, the Plan is eliminating the cost-of-living increase it pays on benefits accrued prior to September 1, 2003. Cost-of-living increases were previously eliminated for benefits accrued on and after September 1, 2003.

Change in subsidy for early retirement pensions

For payments after January 2011, the Plan is eliminating the subsidy it pays on benefits that members in terminated vested status as of December 16, 2010 will receive if they choose to receive an early retirement pension.

Standard reduced pension. Presently, if a terminated vested member chooses to begin a "standard reduced pension" between ages 55 and 63, his or her accrued benefit is reduced by ½ of 1% for each month they are at least age 60 but younger than age 63, and 1/3 of 1% for each month they are younger than age 60, when payments begin. For payments after January 2011, the accrued benefit will be reduced by 2/3 of 1% for each month that these members are at least age 60 but younger than 65, and 5/12 of 1% for each month they are younger than age 60. The effect of the change is illustrated below in Table I.

Table I

Your age at retirement	Column 1 Percentage of your accrued benefit payable prior to February 2011	Column 2 Percentage of your accrued benefit payable after January 2011
65	100.00%	100.00%
64	100.00%	92%
63	100.00%	84%
62	94%	76%
61	88%	68%
60	82%	60%
59	78%	55%
58	74%	50%
57	70%	45%
56	66%	40%
55	62%	35%

The percentages shown are based on whole ages. The percentage applied to actual benefits will be based on the member's age in years and months.

55/30 partly reduced pension. Currently terminated vested members are eligible for a partly reduced pension (participated in the Retail Clerks plan and retired on or after attaining age 55 with 30 or more years of service) where the accrued benefit earned before September 1, 2003 is not subject to reduction and the accrued benefit earned for credited future service after September 1, 2003 is subject to the factors in Table I, Column 1 above.

For payments after January 2011, the accrued benefit (regardless of the time period earned) for members that are terminated vested as of December 16, 2010 will be reduced by the factors in Table I, Column 2 above.

Unreduced early retirement pension. Currently, if terminated vested members are between the ages of 63 and 65 when they retire, the benefit will be reduced in accordance with Table II, Column 1. For payments after January 2011, the accrued benefit (regardless of the time period earned) for members that are terminated vested as of December 16, 2010 will be reduced by the factors in Table II, Column 2.

Table II

Your age at retirement	Column 1 Percentage of your accrued benefit payable prior to February 2011	Column 2 Percentage of your accrued benefit payable after January 2011
65	100%	100.00%
64	100%	92%
63	100%	84%

Note, members who leave active service and become terminated vested members after December 16, 2010 will continue to receive subsidized early retirement benefits and future cost-of-living increases on benefits accrued prior to September 1, 2003. Also, if you are terminated vested as of December 16, 2010 and early retire effective January 1, 2011, your January 2011 check will be based on the prior early retirement factors while checks thereafter will be based on the new (further reduced) factors.

Changes to benefits for all participants

Elimination of 60-month guarantee for benefit payments

At present, the single life annuity form of payment under the plan includes a 60-month "guarantee" feature. This means that if you elect to receive your benefit in this form you or your beneficiary will be guaranteed to receive at least 60 monthly payments, whether or not you survive for that period. For members who are in terminated vested status as of December 16, 2010 and retire on or after January 1, 2011, payments after January 2011 will no longer include the 60-month guarantee feature. For all others that retire on or after January 1, 2011, the 60-month guarantee feature will be eliminated with payments commencing on or after the date the Rehabilitation Plan is implemented by your employer. Benefits under this single life annuity form will cease upon your death once the new form is effective.

Elimination of level-income option

At present, the plan provides an option to receive an accelerated payment prior to either age 62 or age 65 with reduced payments thereafter. For all members who retire on or after December 16, 2010, benefits will no longer be payable in this form.

Elimination of pre-retirement death benefits other than 50% spouse benefit

At present, if you have 5 or more years of credited service (with at least 1 year of credited future service) and you die before you retire, the plan provides a death benefit for your surviving spouse, or, if you are not married, for your surviving family members. The available forms include:

- An annuity for your spouse's life equal to the survivor benefit under the 50% spouse option, commencing immediately if you were age 55 or older at your death, or commencing at the date you would have reached age 55 if you were not yet age 55, or

- A 60-month death benefit to your spouse (if you are married and if your spouse chooses), or
- If you are not married, a lump sum payment equal to the lesser of $10,000 or 75% of the plan contributions made on your behalf.

Effective for pre-retirement deaths occurring on and after December 16, 2010, only the 50% spouse option will be provided by the plan. No pre-retirement death benefit will be available for participants who are not married.

Questions

If you have any questions about this notice, please feel free to contact the Administrative Office at (206) 282-4500 or (800) 225-7620.

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NOTICE OF CRITICAL STATUS FOR OCTOBER 1, 2010 PLAN YEAR

This is to inform you that on December 14, 2010 the plan actuaries 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 October 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 has determined that over the next three plan years, the plan is projected to have a deficiency for the 2013 plan year, when measured without regard to the extension of amortization periods that was previously enacted and about which you were previously informed.

Rehabilitation Plan and 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 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 December 16, 2010. But you should know that whether or not the plan reduces adjustable benefits in the future, effective as of December 16, 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.

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:

- Post-retirement death benefits;
- Sixty-month payment guarantees;
- Disability benefits (if not yet in pay status);

- Early retirement benefit more favorable than what is determined to be actuarially equivalent benefits or retirement-type subsidy
- Benefit payment options other than a qualified joint-and survivor annuity (QJSA); and
- Cost-of Living increases.

Employer Surcharge

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation beginning 30 days after receipt of this notice and continuing until a rehabilitation plan schedule becomes effective. 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.

Where to Get More Information

For more information about this Notice, you may contact the Administrative Office at (206) 282-4500 or (800) 225-7620. You have a right to receive a copy of the rehabilitation plan from the plan.