

# Lynden Pension Equity Plan Summary Plan Description

*For employees hired prior to January 1, 2009.*





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## INTRODUCTION

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In recognition of the significant contributions employees make to the success of Lynden Incorporated and participating Employers, a Pension Plan and Trust (The Plan) has been established. The Plan is a defined benefit plan designed to provide retirement income based on a formula that takes into account Years of Service, age at retirement and Compensation. Your benefits from the Plan are in addition to benefits from Social Security, your company's 401(k) plan and other personal savings. The Lynden Pension Plan and Trust was adopted on December 30, 1960 and has been amended through the years. The Plan was amended to provide a new benefit formula effective September 1, 1998 (for active employees on and after such date) and was renamed the Lynden Pension Equity Plan.

*This summary describes the highlights of the Plan effective on January 1, 2014; it does not attempt to cover all Plan details. In the case of any question or discrepancy, the terms of the official Plan document and Trust Agreement will control and be binding upon all parties. Please review this summary carefully and keep it for future reference. If you have questions about the Plan after your review, contact the Benefits Team at Lynden Incorporated.*

You will see capitalized terms used throughout this summary. Such terms are defined in the attached Appendix B.

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## WHO IS ELIGIBLE TO JOIN THE PLAN?

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You are automatically enrolled in the Plan after you have satisfied the Plan's eligibility requirements. To be eligible for the Plan, you must be an employee of a participating Employer with your first date of employment before January 1, 2009, be at least 18 years of age, and:

1. You have completed at least 1,000 Hours of Service during the first 12 consecutive months of your employment. For example, suppose you are hired April 10, 2008. If you had completed at least 1,000 Hours of Service by April 10, 2009, you become eligible to participate on April 10, 2009, or
2. If you completed fewer than the required 1,000 hours in your first 12 months, you would become eligible on January 1 following the first calendar year in which you completed at least 1,000 Hours of Service. For example, if you were hired April 10, 2008, and by April 10, 2009 you had not completed at least 1,000 Hours of Service, you become eligible on January 1, 2010 if you completed 1,000 Hours of Service in the calendar year 2009.

If you are, or become, a member of one of the following classes of employees, you will not be eligible to participate in, rejoin the plan or accrue any benefit from the Plan:

1. Union employees

2. Employees who are nonresident aliens and who receive no U.S. source income
3. Employees who are participating in any retirement plan or arrangement maintained by a foreign employer
4. Employees whose first date of employment with a participating Employer is after December 31, 2008
5. Former participants who incur a one-year Break in Service after December 31, 2008
6. Workers who are not then treated as employees on the Employer's payroll and personnel records, including, but not limited to, persons treated as independent contractors or paid through a third-party payroll regardless of whether the relationship between the person and the Employer is later reclassified (whether retroactively or prospectively) by a governmental agency, or determined by a court, mediation, arbitration, or similar proceeding or through mutual agreement, to be an employer/employee relationship

If you are a Plan Participant and later become an employee of a participating Employer who adopts the Plan after January 1, 2009, you will remain a Participant, provided you do not become a member of one of the ineligible classes of employees described above.

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## DO I MAKE CONTRIBUTIONS TO PARTICIPATE?

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All costs of the Plan and all the

benefits you may receive are paid for by the Employer. You may not contribute to the Plan.

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## *HOW DO I BECOME VESTED?*

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To receive your benefit you must first become vested. When you are vested, you have earned a non-forfeitable right to receive Plan benefits. You become vested when you complete three Years of Vesting Service. For vesting purposes, you earn one Year of Service for each anniversary year (each twelve month period beginning with your date of hire) in which you complete 1,000 or more Hours of Service.

- If your compensation is not determined on the basis of certain amounts for each hour worked during a given period and your hours are not required to be counted, your Hours of Service may be calculated by using a monthly equivalency method which credits you with 190 hours for each month in which you work at least one hour. This monthly equivalency will be used for all non-bargaining unit exempt salaried employees, truck drivers, and all non-bargaining unit flight crew employed by Lynden Air Cargo, LLC.
- Hours of Service will be calculated using a daily equivalency method which credits 10 Hours of Service for each day you work at least one hour for all seasonal marine operation Employees of Bering Marine Corporation, and all salaried seasonal employees of

Knik Construction Co., Inc. For all other non-bargaining unit employees, you will be credited with an Hour of Service for each actual hour you are paid or are entitled to receive payment from your Employer.

If you are rehired following a period of uniformed service that entitles you to rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), you will be credited with such service for purposes of determining Years of Service for vesting purposes. Please contact the Benefits Team at Lynden Incorporated for more information or if you think you may be eligible for these special benefits.

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## *WHAT FORMS OF BENEFIT PAYMENT ARE AVAILABLE TO ME AT RETIREMENT?*

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You may elect to receive your retirement benefit in one of the following ways:

### **1. Lump Sum Distribution -**

You will be paid your entire benefit in a single payment. If you are married, this option requires the properly witnessed consent of your spouse (either by a Plan representative or notary public). To defer payment of federally mandated taxes and penalties, you may ask to have the benefit that is paid in the form of a lump sum rolled over into an Individual Retirement Account (IRA) or another employer's qualified retirement plan.

### **2. Single Life Annuity -**

You will collect a monthly annuity continuing for the remainder of your life. If you are single and do not elect any other form of benefit, you will automatically be paid in the form of a Single Life Annuity. If you are married, this option requires the properly witnessed consent of your spouse.

### **3. Qualified Joint and Survivor Annuity -**

If you are married, you will draw a monthly benefit in the form of a Qualified Joint and Survivor Annuity. This form of benefit payment provides a smaller monthly annuity during your lifetime. However, should you predecease your spouse, he or she will receive an annuity, predetermined by you, equal to at least 50%, but not more than 100%, of the annuity you were receiving for the rest of his or her life. There are three Joint and Survivor Options: 50%, 75% and 100%. The percentage of each option indicates the amount of your benefit that your spouse would receive after your death. The higher the percentage your spouse receives after your death, the less you will receive in benefits while you are living. If your spouse dies first, the amount you receive in monthly benefits will not change. If you are married and do not elect any other form of benefit, you will automatically be paid in the form of a 50% Qualified Joint and Survivor Annuity that will commence when you attain Normal Retirement Age. If you are married and do not want



the Qualified Joint and Survivor Annuity, your spouse must give his or her properly witnessed written consent.

#### 4. Ten-Year Certain and Life Annuity -

This form of annuity pays throughout your entire life. However, in the event of your death before you have received ten years of benefit payments, the payments remaining (to reach ten years) would be made to your beneficiary. If you are married, this option requires the properly witnessed consent of your spouse.

Once payment of your benefit begins, the form of the payment cannot be changed.

#### Payment of Small Amounts

If your benefit, calculated in the form of a single lump sum benefit, is greater than \$1,000, but less than \$5,000 and you fail to make an affirmative election otherwise, the distribution will be made in a direct rollover to an IRA in your name. Small benefits of \$1,000 or less will be paid to you after you terminate employment with the Employer in the form of a lump sum distribution instead of any alternate form of benefit. In this instance, your consent and the consent of your spouse, if you are married, will not be required for payment.

### HOW IS MY BENEFIT CALCULATED?

Under this Plan, the amount of your benefit can be calculated as

a single lump sum benefit. Your benefit will always be based on the greater of two benefit formulas. To estimate your lump sum benefit amount under either formula, you will use:

- Your Average Annual Compensation
- Your Years of Service
- The appropriate lump sum factor based on your age (see Appendix A)

Your lump sum benefit will be the **greater** of two formulas:

**A. Average Annual Compensation x Years of Service x 1.6% x lump sum factor**

Or

**B. Average Annual Compensation x Years of Service x 3.5%\*\***

\*\* Assumes employee's date of termination of employment and the date the benefit is paid are in the same calendar year.

#### 1. Calculating Your Average Annual Compensation

Your Average Annual Compensation is the average of your annual Compensation for the five consecutive years out of your last ten Years of Service with a participating Employer which produces the highest average. If you have fewer than five years, all of your compensation will be used to calculate the average.

**Average Annual Compensation Example 1:** Let's assume your employment terminated on April 1, 2015 and during the last 10 Plan Years before your termination you earned:

YEAR	COMPENSATION
2005	\$43,000
2006	\$44,600
2007	\$45,100
2008	\$46,800
2009	\$47,200
2010	\$48,100*
2011	\$48,900*
2012	\$50,500*
2013	\$50,700*
2014	\$51,800*
2015	\$13,100

\*These are the five consecutive Plan years that produce the highest Average Annual Compensation. The Plan Years 2010 through 2014 were your highest five consecutive years of Compensation out of your last ten Years of Service. The sum of all Compensation earned during these years was \$250,000; therefore your Average Annual Compensation is \$50,000. (\$250,000/5 years).

**Average Annual Compensation Example 2:** Let's use the same assumptions as shown above, but imagine that you had a medical leave during 2012 and did not have the equivalent of 1000 Hours of Service during that year, so you did not have a Year of Service. In that case, 2012 would not be considered as one of your last ten Years of Service for calculating Average Annual Compensation, and your Average Annual Compensation would be calculated as follows:



YEAR	COMPENSATION
2005	\$43,000
2006	\$44,600
2007	\$45,100
2008	\$46,800
2009	\$47,200*
2010	\$48,100*
2011	\$48,900*
2012	\$20,500
2013	\$50,700*
2014	\$51,800*
2015	\$13,100

\*These are the five consecutive years that produce the highest Average Annual Compensation. Because 2012 is not considered in this case, the years 2009, 2010, 2011, 2013 and 2014 were your highest five consecutive years of Compensation out of your last ten Years of Service. The sum of all Compensation earned during these years was \$246,700; therefore your Average Annual Compensation is \$49,340. (\$246,700/5 years).

**Average Annual Compensation Example 3:**

Now let's assume you were employed on January 1, 2004, but transferred from a union position and did not become eligible for the plan until January 1, 2011. Your employment terminated on July 1, 2015, after you completed twelve years of service for vesting and five years of service for benefit accrual purposes, but before you completed 60 months of employment. During your employment you earned:

YEAR	COMPENSATION	MONTHS
2011	\$48,900	12
2012	\$50,500	12
2013	\$50,700	12
2014	\$51,800	12
2015	\$26,200	6

Your Average Annual Compensation will be determined by calculating an average monthly Compensation (total Compensation divided by total number of months of employment) and multiplying that number by 12.

The sum of all Compensation earned during these years was \$228,100, and the total number of months worked was 54. Your average monthly Compensation is \$4,224 (\$228,100/54). Therefore, your Average Annual Compensation is \$50,688. (\$4,224 times 12 months).

**2. Counting Your Years of Service**

There is no cap on the Years of Service you can earn. All of your Years of Service as a Plan Participant count. Years of Service are calendar years in which you had the equivalent of at least 1,000 Hours of Service. If you are rehired following a period of uniformed service that entitles you to rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), you will be credited with such service for purposes of determining Years of Service.

**3. The Appropriate Lump Sum Factor**

The lump sum factor is based on your age, the mortality table as mandated by the Internal Revenue Service (IRS) and interest rates in effect at the time you begin receiving benefits. The interest rates are based on

a segmented high-quality corporate bond yield curve in effect for November of the previous calendar year. The segmented yield curve is comprised of three interest rates. The first segment rate is used to value payments made within the first five years; the second segment rate is used to value payments in the next 15 years; and the third segment rate is used to value payments after 20 years. The factors change once annually effective January 1 of each year and remain in effect through December 31 of each year. The Lynden Benefits Team can provide you with a current listing of lump sum factors each calendar year to help you estimate the value of your benefit. An example chart of lump sum factors is provided in Appendix A. Use the chart to select the appropriate factor based on your age. The factors in Appendix A use the required mortality tables for 2015 and interest rates of 5.5%, 6.0% and 6.5%, respectively, for the segmented components of the yield curve and are for estimating purposes only. Actual factors in effect for a given year will vary.

**Estimating Your Lump Sum**

**Benefit:** If you terminate your employment with the Employer before Normal Retirement Age, you may still be eligible for a lump sum benefit under the Plan provided you are vested. Your benefit is calculated in the same manner as described above.



**Lump Sum Benefit Example 1:**

Pat is retiring at age 65 with 15 Years of Service. Pat's Average Annual Compensation is \$50,000. Using the chart in Appendix A, the factor for Pat at age 65 is 11.1249. Pat's Pension Equity Plan lump sum benefit amount is determined as follows.

**The greater of:**

**A.  $\$50,000 \times 15 \times 1.6\% \times 11.1249 = \$133,499$**

**B.  $\$50,000 \times 15 \times 3.5\% = \$26,250^{**}$**

Pat will receive the greater of these two benefits, which is formula 'A' above, \$133,499. Pat can choose to receive the lump sum benefit amount in the form of a single lump sum payment or an alternative form of benefit payment discussed later in this summary.

**Lump Sum Benefit Example 2:**

Sam is terminating employment with the Employer at age 35 with 5 Years of Service. Sam's Average Annual Compensation is \$35,000. Using the chart in Appendix A, the factor for Sam at age 35 is 1.5210. Sam's Pension Equity Plan lump sum benefit amount is determined as follows.

**The greater of:**

**A.  $\$35,000 \times 5 \times 1.6\% \times 1.5210 = \$4,259$**

**B.  $\$35,000 \times 5 \times 3.5\% = \$6,125^{**}$**

Sam will receive the greater of these two benefits, \$6,125. Sam can choose to receive the

benefit in the form of a lump sum payment in cash, as a rollover, or an equivalent monthly annuity to begin immediately or at a future date.

\*Factors used in this Summary Plan Description are based on the 2015 required mortality table and interest rates of 5.5%, 6.0%, and 6.5%. See Appendix A. Factors are subject to change annually. Please contact the Lynden Benefits Team for the most current factors.

\*\*Assumes employee's date of termination of employment and the date the benefit is paid are in the same calendar year.

You may have noticed in these examples that the older employee with more Years of Service receives a greater benefit under Formula A, while the younger employee with fewer Years of Service receives a greater benefit under Formula B. The Lynden Pension Equity Plan was designed with two formulas - one to favor each end of the age and Years of Service spectrum so that employees at either end of the range get the best possible benefit.

**Please Note:** If you choose not to take your benefit immediately following your termination of employment, the value of your benefit will remain in the Plan and be accounted for as an annuity form of payment. If you later want to receive your benefit as a lump sum payment, your benefit will be recalculated using your annuity benefit and the lump sum factors applicable at the time of distribution.

**IF I AM INTERESTED IN A MONTHLY ANNUITY, WHAT IS THE BENEFIT FORMULA?**

The value of your monthly annuity is easily calculated using all of the same information in the earlier examples.

Your monthly annuity at your Normal Retirement Age will be the greater of two formulas:

**A. Average Annual Compensation x Years of Service x 1.6% / 12 months**  
Or

**B. Average Annual Compensation x Years of Service x 3.5% / lump sum factor<sup>\*\*\*</sup> / 12 months**

\*\*\*Assumes employee's date of termination of employment and the date the benefit is paid are in the same calendar year.

**Monthly Annuity Example:**

Pat is retiring at age 65 with 15 Years of Service. Pat's Average Annual Compensation is \$50,000. Using the formulas provided above, Pat's monthly annuity benefit is determined as follows.

**The greater of:**

**A.  $\$50,000 \times 15 \times 1.6\% = \$12,000 / 12 = \$1,000$  per month**

**B.  $\$50,000 \times 15 \times 3.5\% / 11.1249^* = \$2,359.57 / 12 = \$196.63$  per month**



Pat will receive the greater of the two monthly benefits above, which is formula 'A', \$1,000 per month. Pat can choose to draw this amount monthly, which would continue for life, or choose from among other forms of monthly annuities explained earlier.

\*Factors used in this Summary Plan Description are based on the 2015 required mortality table and interest rates of 5.5%, 6.0%, and 6.5%. See Appendix A. Factors are subject to change annually. Please contact the Lynden Benefits Team for the most current factors.

### ARE THERE ANY LIMITATIONS THAT MAY AFFECT MY BENEFIT?

In order to maintain its qualified status, the Plan must comply with certain IRS regulations. Following are IRS limits which may affect the calculation of your benefit:

The IRS limits the amount of annual compensation that can be included in the calculation of your benefit under the Plan. The compensation limit for 2015 is \$265,000. This limit may increase in the future based on the rate of inflation.

The IRS limits the maximum benefit amount that can accrue under the Plan on your behalf. For 2015, your benefit, when expressed as an annual benefit payment amount beginning at Normal Retirement Age, may not exceed the lesser of \$210,000 (as adjusted under Section 415(d) of the Internal Revenue Code) or your highest

three-year average compensation as determined under IRS regulations.

### WHAT IS THE EARLIEST AGE I CAN BEGIN RECEIVING RETIREMENT BENEFITS?

You may elect to begin drawing your vested benefit from the Plan anytime your employment with the Employer terminates. However, if you elect to receive a monthly life annuity before Normal Retirement Age, your monthly benefit will potentially be payable for a longer period of time; therefore, your early retirement benefit will be your Normal Retirement Age benefit (calculated using your Years of Service up to your early retirement date) reduced to account for the longer payment period. The percentage of your Normal Retirement Age benefit that is payable will depend on the age you start to receive benefits. The table below shows the representative percentage of your Normal Retirement Age monthly benefit that will be payable under the current Plan formula if you choose to draw your benefit earlier than the Normal Retirement Age. For example, if you choose to draw your monthly benefit beginning at age 62, your monthly benefit would be approximately 80% of your Normal Retirement benefit as calculated under the Plan's benefit formula.

Contact the Lynden Benefits Team to receive the annuity factor that will apply to you if you are requesting an annuity payment prior to attaining age 50.

Age when monthly benefit begins	Percentage of monthly benefit payable
65	100%
64	93%
63	87%
62	80%
61	73%
60	67%
59	63%
58	60%
57	57%
56	53%
55	50%
54	47%
53	43%
52	40%
51	37%
50	33%

### WHAT HAPPENS IF I DELAY PAYMENT OF BENEFITS?

As long as the present value of your benefit exceeds \$5,000, you have the right to delay receiving benefits until your Normal Retirement Age, or even beyond. You should carefully consider the consequences of receiving your benefits now versus waiting until a later time as your monthly annuity will be larger if you wait until Normal or Late Retirement Age to begin your benefits. If you are considering delaying payment until later, keep in mind that the amount of the lump sum payable at your retirement date will depend on interest and mortality assumptions in effect at that time. If the interest rate used to calculate your lump sum increases for any reason such as changes in market rates, laws, or plan terms, this could reduce the value of your lump sum.

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## *WHAT HAPPENS IF I CONTINUE TO WORK BEYOND NORMAL RETIREMENT AGE?*

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You may postpone retiring until after your Normal Retirement Age. If so, your benefit calculation will include your Years of Service and the earnings you received following your Normal Retirement Age. However, you will always be entitled to the greater of the benefit calculated at your retirement or the actuarial equivalent of your benefit at Normal Retirement Age. If you terminate employment with the Employer prior to retirement, then in no event can benefits be delayed beyond April 1 of the Plan Year following the year in which you turn age 70-1/2.

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## *IF I DIE BEFORE I START TO RECEIVE MY BENEFIT, IS THERE A BENEFIT PAYABLE FROM THE PLAN?*

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If you are married and die before you commence receiving your benefit, your surviving spouse is automatically the beneficiary of any vested retirement benefits from the Plan. Your spouse may elect a benefit at any time following the date of your death. Your spouse will be eligible to receive a lump sum distribution, or any other equivalent form of benefit available under the Plan, in the amount of 50% of the benefit that would have been paid to you if you had retired on the day before your death with an immediate lump sum distribution.

If you are not married and die before commencing to receive a benefit, the Plan will pay benefits to the beneficiary you designated on your Pre-Retirement Beneficiary Designation form.

If you die while actively performing uniformed service that entitles you to rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA), the benefit payable to your spouse or beneficiary will be calculated based on the Years of Service you had earned through the date you left employment.

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## *IF I BECOME DISABLED, IS THERE A BENEFIT PAYABLE FROM THE PLAN?*

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If you become disabled, you are eligible for the same benefits you would have qualified for if your employment had terminated for any other reason. The Plan has no specific disability provisions.

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## *HOW IS MY BENEFIT AFFECTED BY A PREVIOUS DISTRIBUTION?*

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If you terminated your employment with the Employer and received payment of your benefit and then later rejoined the Plan, all your Years of Service will be used when calculating your benefit and then your subsequent benefit will be reduced by the actuarial equivalent of your prior distribution.

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## *HOW IS MY PARTICIPATION IN THE PLAN AFFECTED IF I HAVE A BREAK IN SERVICE?*

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You may continue to earn a benefit as a Participant in the Plan as long as you do not incur a Break in Service where you have a period of one calendar year in which you perform fewer than 501 Hours of Service. A Break in Service can occur as a result of a termination of employment with the Employer or as a result of a reduction in Hours of Service.

### **For Example:**

Suppose you were a Vested Participant when you terminated your employment with the Employer. Sometime later, you are rehired by the Employer. If you incur a Break in Service in which you perform fewer than 501 Hours of Service in a calendar year, you will not rejoin the Plan as an active Participant and no additional benefits will be earned as a result of the service following your reemployment.

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## *HOW IS MY VESTING AFFECTED IF I HAVE A BREAK IN SERVICE?*

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If you were not a Vested Participant, your previous service will be restored and will count towards vesting in the Plan after you have completed twelve consecutive months with at least 1,000 Hours of Service provided the Break in Service is less than five consecutive calendar years with less than 501 Hours of Service in each year.

Remember, though, that any Break in Service may impact whether you may continue to accrue additional Plan benefits.

**For Example:**

1. Suppose you are not a Vested Participant because you have only two Years of Service with the Employer. At that time, you leave your employment for four years and are then rehired by the Employer. Your previous Years of Service will be counted because the Break in Service is less than five consecutive calendar years. However, because you incurred a Break in Service, you will not be eligible to earn additional Years of Service for Benefit Accruals.
2. Suppose you are not a Vested Participant because you have only two Years of Service. At that time you leave your employment for six years and are then rehired by the Employer. Your previous years will not be restored and will not count towards vesting since your Break in Service was five or more consecutive calendar years. Additionally, you will not be eligible to earn additional Years of Service for Benefit Accruals.

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## HOW CAN I BEGIN RECEIVING BENEFITS?

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Your request for a retirement benefit should be made in writing and forwarded to the Secretary to the Plan Administrator, c/o Lynden Incorporated, P.O. Box 3757, Seattle, Washington 98124-3757. You will receive an explanation

describing all your benefit options and amounts with appropriate election forms and additional instructions. You will be asked to submit proof of your age and completed election forms. If you are married and select a Joint and Survivor Annuity, you must also submit proof of your spouse's age and your marriage certificate. You will have at least 30 days to make an election, although you may waive this with spousal consent. The paperwork you receive will be valid for 180 days. If you do not make an election within 180 days, you will need to request a new set of election forms and instructions.

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## OTHER INFORMATION

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**Benefit Guarantee:** Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) a federal insurance agency. If the Plan terminates without enough money to pay all benefits, the PBGC will step in to pay pension benefits.

The PBGC guarantee generally covers:

- (1) normal and early retirement benefits; and
- (2) certain benefits for your survivors. The PBGC guarantee generally does not cover (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the Employer; (4) ben-

efits for which you have not met all of the requirements at the time the Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's Normal Retirement Age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

For more information about the PBGC and the benefits it guarantees, contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 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. Additional information about the PBGC's pension insurance program is available through the PBGC's website at [www.pbgc.gov](http://www.pbgc.gov).

**Top Heavy Provisions:** The IRS ensures that qualified retirement plans are nondiscriminatory. To make sure that lower-paid employees receive their fair share of benefits, tests are performed annually in accordance with IRS Top Heavy Provisions. If, in any year, the Plan fails these tests and becomes top heavy, the IRS imposes certain minimum levels of benefits, as well as an accelerated vesting schedule, for certain employees. The Lynden Benefits Team will inform you if you are affected.

**Benefit Restrictions:** Federal law requires that qualified retirement



plans maintain a certain funding level in order to operate under its current terms without restriction. This funding level is known as an AFTAP, or “adjusted funding target attainment percentage.” Generally, plans must maintain an AFTAP of 80% or higher in order to avoid restrictions on certain payment forms, or to avoid restrictions on future benefit accruals or amendments that might increase the value of your benefit. Currently, the Plan is not subject to any benefit restrictions. However, in the event the Plan becomes subject to benefit restrictions, you will be informed of the type of restriction in effect and how this impacts your benefit.

**Future of the Plan:** While the Employer expects to continue this Plan it may change the Plan from time to time or it may terminate the Plan. If the Plan should be terminated, any benefits you have accrued up to that date will automatically be 100% vested. The assets in the pension trust at the date of termination will first be used to pay benefits to Participants and their beneficiaries to the extent and in the order of preference set forth by Employee Retirement Income Security Act of 1974 (ERISA). Any residual amount may be returned to the Employer as permitted by applicable law. See Benefit Guarantee above for more information about benefits when a plan terminates.

**Continued Employment:** Nothing in either this Summary or the Plan document gives you a legal right to remain employed by the Employer.

**Assignment of Benefits:** Benefits provided under this Plan are for

you and your beneficiary’s personal use only. Benefits cannot be assigned to someone else (except in a Qualified Domestic Relations Order), be used to settle a debt, or be used as collateral to secure a loan.

**Qualified Domestic Relations Orders:** In most cases, a creditor may not attach benefits under this Plan. However, there is an exception for a Qualified Domestic Relations Order (QDRO) which could create an entitlement of a spouse, former spouse, child, or other dependent of yours to all or part of your benefit as a result of a judgment requiring child support, alimony payments, or other marital property settlements. This right will exist only if the order qualifies under the Plan. If it qualifies, the distribution of your benefits will be made in accordance with the court order.

In order to qualify, the order has to meet certain standards. The Plan Administrator determines whether a specific court order meets the Plans requirements for payment as a QDRO. The Administrator will make every effort to notify you as soon as it becomes aware of any attempt to subject your benefits to a court order.

You may obtain a copy of the Plan’s procedures governing QDROs at no charge. If you would like to have more detailed information on this subject, please contact the Plan Administrator.

**If Your Claim For Benefits is Denied:** If your claim for a benefit from the Plan should be denied, you will be notified in writing within

90 days after the claim is received. In some cases, an additional 90 days may be required to process your claim. When additional time is needed, you will be notified of the special circumstances requiring the extension and the date a final decision is expected. The extension may not exceed a total of 180 days from the date your claim was originally received.

If additional information is necessary, you will be notified by the Plan Administrator of the items needed to complete the processing of your claim.

Any notice of denial of your claim will include the specific reasons for denial and references to the relevant plan provisions on which the denial was based.

Within 60 days after receiving a denial, you or your authorized representative may appeal the decision by: (1) reviewing pertinent Plan documents; (2) submitting issues and comments in writing; and (3) requesting a review in writing.

A decision on your appeal will normally be given to you within 60 days of receipt of your request. If special circumstances warrant an extension, you will be notified in writing no later than 120 days following your request for review.

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## YOUR LEGAL RIGHTS UNDER ERISA

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As a Participant in the Lynden Pension Equity Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to:

**Receive Information About Your Plan and Benefits:** Examine without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

**Enforce Your Rights:** If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the

latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, if, for example, the court finds your claim frivolous.

**Assistance with Your Questions:** If you have any questions about the Plan, you should contact the Lynden Benefits Team. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration,

U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.



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## ADMINISTRATIVE INFORMATION

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**Plan Name:**

Lynden Pension Equity Plan

**Plan Sponsor:**

Lynden Incorporated  
P.O. Box 3757  
Seattle, WA 98124-3757  
(206) 241-8778 or (800) 426-3201  
Fax: (206) 243-8415

**Employer Identification Number:**

91-1169184

**Plan Number:** 001**Type of Plan:**

Defined Benefit Pension Plan

**Plan Year:** Jan. 1 - Dec. 31

**Plan Administrator:** Administrative Committee appointed by the Board of Directors. Currently the members of the committee are: Jonathan R. Burdick, Brad McKeown, Gail Knapp, and Stacey Sunderland. The Plan Administrator may be contacted as follows:

Plan Administrator, Lynden Pension Equity Plan  
c/o Lynden Incorporated  
P.O. Box 3757  
Seattle, WA 98124-3757  
(206) 241-8778 or (800) 426-3201  
Fax: (206) 243-8415

The Plan Administrator is responsible for managing and controlling the operation and administration of the Plan and has the full discretionary power to interpret and apply the terms of the Plan (including, without limitation, supplying omis-

sions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in the language of the plan and any of its underlying documents). The Plan Administrator has the sole and absolute discretion to determine entitlement of employees, participants, beneficiaries, and alternate payees to benefits, and to determine the amounts of their benefits. This discretionary authority extends to all matters arising under the Plan including determining whether a domestic relations order is a qualified domestic relations order. All decisions of the Plan Administrator as to the facts of the case, interpretation of any provisions of the Plan or its application to any case and any other interpretive matter, determination or question under the Plan will be final and binding on all affected parties.

In consultation with enrolled actuaries, the Plan Administrator establishes the funding and investment policies for the Plan. The funding policy establishes any required Employer contributions. The Plan Administrator must perform its duties legally and prudently for the exclusive benefit of Participants and their beneficiaries.

All Employer contributions are deposited in the Plan's trust. The Trustee of the Plan is the custodian of the assets, pays the accounts, and is required by law to act in good faith and in the best interests of the Participants and their beneficiaries.

**Trustee:**

U.S. Bank Institutional Trust & Custody  
111 SW Fifth Avenue, 6th Fl  
Portland, OR 97204

**Agent for Service of Legal Process:**

Plan Administrator and/or Trustee

**Participating Employers:**

The following subsidiaries of Lynden Incorporated are currently participating in the Plan:

- Alaska International Holdings, Inc.
- Alaska Marine Lines, Inc.
- Alaska Railbelt Marine, LLC
- Alaska West Express, Inc.
- Bering Marine Corporation
- Bowhead Equipment Company
- Knik Construction Co., Inc.
- LTI, Inc.
- Lynden Air Cargo, LLC
- Lynden Air Freight, Inc.  
    dba Lynden International
- Lynden Logistics, Inc.
- Lynden Services, Inc.
- Lynden Transport, Inc.

In addition, the following subsidiaries of Lynden Incorporated became participating employers after January 1, 2009:

- Jore Marine Services, Inc.
- Naknek Barge Lines, LLC
- Northland Services, Inc.
- Northland Transportation Co.

From time to time additional subsidiaries may participate in this Plan. For a current list of participating employers, please contact the Benefits Team at Lynden Incorporated.



## APPENDIX B - DEFINITIONS

### Average Annual Compensation

The average of your annual Compensation for the five consecutive years out of your last ten Years of Service with a participating Employer which produce the highest average. If you have fewer than five Years of Service, all of your Years of Service will be used. See previous examples of how Average Annual Compensation is calculated.

### Beneficiary

The person or persons you designate to receive payment of your Plan benefit following your death. If you are married, you may not designate a non-spouse beneficiary unless you (with your spouse's consent) have elected to receive your benefit in the form of a Ten Year Certain and Life Annuity payment.

### Break in Service

A Break in Service for participation purposes is any calendar year in which you perform fewer than 501 Hours of Service. A Break in Service for vesting purposes is any consecutive five calendar year period with less than 501 Hours of Service in each year. A Break in Service can occur as a result of a termination of employment with the Employer or as a result of a reduction in Hours of Service. An absence under the Family and Medical Leave Act of 1993 or USERRA is not considered a Break in Service.

### Compensation

Wages, salary and other amounts paid to you by the Employer including, but not limited to, bonuses, overtime, commissions, severance, and any Section 125 or 401(k) salary reductions. Fringe benefits, welfare benefits, reimbursements and amounts paid for work performed under the Davis-Bacon Act shall not be included.

### Employer

Lynden Incorporated and any successor by merger, any corporation that acquires its business and adopts the Plan, and any other related corporation or partnership which adopts the Plan and is approved by the Administrative Committee of the Plan as a participating employer.

### Hours of Service

Each hour for which you are paid or entitled to pay for the performance of duties for an Employer. In addition, each hour for which an employee is paid where no duties are performed including vacation, holiday, sick leave, jury duty and military leave. Generally, no more than 501 Hours of Service will be credited for any single continuous period during such time off. For certain participants, hours are credited based on an equivalency method as described previously.

### Normal Retirement Age

The later of the date you become age 65 or the fifth anniversary of the date you became a Participant in the Plan.

### Participant

An employee of the Employer who has met the Plan's eligibility requirements.

### Plan Year

January 1 through December 31.

### Vested Participant

A Participant who has earned three Years of Service for vesting has a non-forfeitable interest in the Plan benefits.

### Year of Service

**For Benefit Accrual (including calculations of Average Annual Compensation):** Completion of the equivalent of at least 1,000 Hours of Service during a Plan Year (January 1 to December 31). Additional benefits will not accrue for Participants who terminate employment and are subsequently rehired following a one year Break in Service in which the participant fails to perform greater than 501 Hours of Service.

**For Vesting:** Completion of at least 1,000 Hours of Service each consecutive 12-month period beginning on your date of hire and ending on each anniversary thereafter.

*This Summary Plan Description is only a summary of Plan benefits and does not replace or amend the underlying Plan document. In the event of any inconsistencies between this Summary and the Plan document, the terms of the Plan document will govern.*

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## NOTES

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[www.lynden.com](http://www.lynden.com)