

NOTICE TO ALL PARTICIPANTS
of the
HOTEL UNION AND HOTEL INDUSTRY OF HAWAII PENSION PLAN
EIN: 99-6024339
Plan Number: 001

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010) allows plan sponsors of Multiemployer defined benefit plans to adopt special funding rules in recognition of the extraordinary investment losses incurred by pension plans during the 2008 calendar year. This notice is being provided to you because the Board of Trustees (the "plan sponsor") of the Hotel Union and Hotel Industry of Hawaii Pension Plan (the "Plan") has elected to adopt special funding rules that would apply to its 2009 and 2010 plan years (August 1, 2009 - July 31, 2010 and August 1, 2010 - July 31, 2011).

First, the Trustees have elected to adopt the special Extended Amortization Period allowed under §431(b)(8)(A) of the Internal Revenue Code for the eligible net investment loss incurred by the Plan during its 2008 plan year but have limited this election only to the portion of the loss recognized in its 2009 and 2010 plan years. The manner in which the 2008 eligible net investment loss is being recognized is based on the "prospective method" which fixes the amount of investment loss being recognized in each future plan year at this point in time.

Because of this adoption, the net investment loss incurred by the Plan during its 2008 plan year that is being recognized during its 2009 and 2010 plan years is being amortized (i.e., paid for) over the period ending July 31, 2038 instead of the 15-year periods ending July 31, 2024 and July 31, 2025, respectively.

Second, the Trustees have elected to adopt the special asset valuation method changes allowed under §431(b)(8)(B)(i)(I) and (II) of the Internal Revenue Code for the 2009 plan year.

The change provided under §431(b)(8)(B)(i)(I) allows the Trustees to spread the difference between the "actual" 2008 plan year investment performance versus the "expected" 2008 investment performance over a 10-plan year period beginning August 1, 2009 instead of over a 5-plan year period.

The change provided under §431(b)(8)(B)(i)(II) allows the Trustees to use an asset value for the 2009 plan year that is up to 130% of actual market value instead of up to 120% of actual market value.

Because these changes allow the Trustees to amortize losses over a longer period of time than otherwise allowed and delay recognition of losses over a 10-year period instead of a 5-year period, they will have the effect of decreasing the amount of required minimum contributions that are used to determine the contribution rates required in the collective bargaining agreements. In addition, these changes may also

affect the Plan's status under §432(b) of the Internal Revenue Code (i.e., "critical status", "endangered status", etc.) for the current and future plan years.

Finally, under Pension Relief, the Trustees are not allowed to increase benefits during any Plan Year in which Pension Relief applies plus the two Plan Years immediately following such Plan Year, unless certain conditions are met. Therefore, the Trustees will not be allowed to increase benefits until after July 31, 2013 (the end of the second plan year immediately following the 2010 plan year), unless certain conditions are met.

Please be advised that the adoption of Pension Relief at this time is not an indication that the Plan is in financial trouble. In fact, the Plan is considered to be adequately funded ("Green Status") as of August 1, 2010 even if Pension Relief were not adopted. The Trustees have elected Pension Relief to increase the Plan's ability to "ride out" another short-term period of bad investment performance without having to take drastic actions.

For more information about this notice, you may contact Carla Jacobs from the Trust Fund Office at 560 N. Nimitz Highway, Suite 209, Honolulu, Hawaii 96817; telephone number (808) 523-0199. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 99-6024339.

BOARD OF TRUSTEES,
HOTEL UNION AND HOTEL INDUSTRY OF
HAWAII PENSION PLAN