

Date: October 2012
To: Pension Plan of Pacific Northwest Laboratories, Battelle Memorial
Institute Participant
From: Plan Administrator
Subject: **Pension Plan of Pacific Northwest Laboratories, Battelle Memorial
Institute Notice**

Sponsors of qualified pension plans, such as the Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute, are required each year to provide plan participants with certain information about the funded status of their plan. The attached "Annual Funding Notice for the Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute" meets this annual requirement. This cover memo should help you better understand the Funding Notice.

This Notice is *not* a notice of any intention on the company's part to change in any way the terms of the Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute or to terminate the plan.

No Impact on Your Accrued Benefits

The benefits you have already earned under the Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute have not changed.

If you are a retiree or beneficiary and are currently receiving benefits from the Plan, your rights to those benefits have not changed.

Understanding the Annual Funding Notice

A pension plan is designed to provide plan participants with a benefit at retirement based on the plan's formula. In order to ensure sufficient funds exist to pay for these future retirement benefits, Battelle Memorial Institute makes contributions to a trust fund and that money is set aside for plan benefits and invested based on the plan's investment policy. The timing of contributions is determined by federal guidelines and based on how much is in the trust (assets) and future obligations for benefits (liabilities). The Plan's investment and funding policies are outlined in the attached Notice.

The asset and liability measures used to determine the company's annual contribution to the Plan for 2009, 2010 and 2011 are summarized in the "Funding Target Attainment Percentage" section on page 1 of the Notice. These values are as of July 1 of the respective year.

At the bottom of page 2 of the Notice, the "Fair Market Value of Assets" section discloses the Plan's assets and liabilities as of June 30, 2012. These values are calculated differently than those used to determine the Funding Target Attainment Percentages shown on page 1.

Our Commitment to Your Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute Benefit

These values do not affect the amount of your pension benefit earned under the Plan. We want to assure you that we have every intention of continuing to fund our Plan as required by law.

ANNUAL FUNDING NOTICE
For
Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute

Introduction

This notice includes important funding information about your pension plan ("the Plan"). This notice is for the plan year beginning July 1, 2011 and ending June 30, 2012 ("Plan Year").

Funding Target Attainment Percentage

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. This percentage for a plan year is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date. In general, the higher the percentage, the better funded the plan. The Plan's funding target attainment percentage for the Plan Year and each of the two preceding Plan Years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2011	2010	2009
1. Valuation Date	July 1, 2011	July 1, 2010	July 1, 2009
2. Plan Assets			
a. Total Plan Assets	836,244,009	772,300,798	682,652,918
b. Funding Standard Carryover Balance	870	704	611
c. Prefunding Balance	42,898,520	30,593,280	15,053,756
d. Net Plan Assets (a) - (b) - (c) = (d)	793,344,619	741,706,814	667,598,551
3. Plan Liabilities	985,232,652	805,103,296	775,117,033
4. At-Risk Liabilities	N/A	N/A	N/A
5. Funding Target Attainment Percentage (2d)/(3)	80.52%	92.12%	86.13%

Credit Balances

Credit balances were subtracted from the Plan's assets before calculating the funding target attainment percentage in the chart above. While pension plans are permitted to maintain credit balances (called "funding standard carryover balance" or "prefunding balance") for funding purposes, such credits may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions at a level in excess of the minimum level required by law. Generally, the excess payments are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required by law to make to the plan in those years.

Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of June 30, 2012, the fair market value of the Plan's assets was \$993,786,998. On this same date, the Plan's estimated liabilities were \$1,290,907,531.

Participant Information

The total number of participants in the Plan as of the Plan's Valuation Date was 7,483. Of this number, 4,193 were active participants, 1,937 were retired or separated from service and receiving benefits, and 1,353 were retired or separated from service and entitled to future benefits.

Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The funding policy of the Plan is to maintain an adequate funded ratio of assets to liabilities while reducing the funding volatility and increasing the predictability of the cost of the Plan.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. Following is a description of the investment policy of the Plan.

The plan strives to optimize the availability of funds in relation to the long-term liabilities of the pension plans. A long-term investment horizon enables the pension funds to tolerate the risk of somewhat volatile investment returns in the short run with the expectation of higher returns in the long run. The pension funds will be diversified across several asset classes and many securities to reduce risk. Selected individual portfolios may be less diversified while maintaining the diversified nature of the total fund. Current income is not a key goal of the plans, although current cash requirements related to benefit responsiveness are considered in the investment process. Derivatives are permitted only for hedging and transactional efficiency.

In accordance with the Plan's investment policy, the Plan is invested 100 percent in a master trust investment account. The chart below shows the allocation of the master trust account by categories of investments as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (interest bearing and non-interest bearing)	1.5%
2. Government securities	8.4%
3. Corporate debt instruments (other than employer securities):	
Preferred	0%
All other	15.6%
4. Corporate stocks (other than employer securities):	
Preferred	0%
Common	60.2%
5. Partnership/joint venture interests	11.0%
6. Real estate (other than employer real property)	0%
7. Loans (other than to participants)	0%
8. Participant loans	0%
9. Value of interest in common/collective trusts	0%
10. Value of interest in pooled separate accounts	0%
11. Value of interest in master trust investment accounts	0%
12. Value of interest in 103-12 investment entities	0%
13. Value of interest in registered investment companies (e.g., mutual funds)	0%
14. Value of funds held in insurance co. general account (unallocated contracts)	0%
15. Employer-related investments:	
Employer securities	0%
Employer real property	0%
16. Buildings and other property used in plan operation	0%
17. Other	3.3%

For information about the plan's investments in any of the following types of investments as described in the chart above - common/collective trusts, pooled separate accounts, master trust investment accounts or 103-12 investment entities - contact Benefits, at (509) 375-6361.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. They will also be available from the Department of Labor's website (www.dol.gov), upon being posted. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

Summary of Rules Governing Termination of Single-Employer Plans

The information provided below regarding the termination of single-employer plans is required by the Department of Labor to be provided to you. Although Battelle Memorial Institute has the right to terminate the plan in the future, the plan is not currently being terminated and none of the information in this notice is meant to imply such.

Employers can end a pension plan through a process called "plan termination." There are two ways an employer can terminate its pension plan. The employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with lifetime benefits when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Before purchasing your annuity, your plan administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

If the plan is not fully-funded, the employer may apply for a distress termination if the employer is in financial distress. To do so, however, the employer must prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

If a single-employer pension plan terminates without enough money to pay all benefits, the PBGC will take over the plan and pay pension benefits through its insurance program. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is \$4,653.41 per month, or \$55,840.92 per year, payable in the form of a straight life annuity, for a 65-year-old person in a plan that terminates in 2012. The maximum benefit may be reduced for an individual who is younger than age 65. The maximum benefit will also be reduced when a benefit is provided to a survivor of a plan participant.

The PBGC guarantees "basic benefits" earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right when a plan terminates, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements at the time the plan terminates.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

Even if certain benefits are not guaranteed, participants and beneficiaries still may receive some of those benefits from the PBGC depending on how much money the terminated plan has and how much the PBGC collects from the employer.

Where to Get More Information

For more information about this notice, you may contact Benefits at (509) 375-6361, or Pacific Northwest Laboratories Benefits Department, 902 Battelle Blvd., Richland, WA 99352. For identification purposes, the official plan number is 005 and the plan sponsor's employer identification number or "EIN" is 31-4379427. For more information about the PBGC and benefit guarantees, go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 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).

**Notice Regarding
Pension Plan of Pacific Northwest Laboratories, Battelle Memorial
Institute**

Issued October 2012

The plan sponsor of the Pension Plan of Pacific Northwest Laboratories, Battelle Memorial Institute ("Plan"), have made an election permitted under Federal law to delay funding for the plan. The election applies to the plan year beginning on July 1, 2011 and ending on June 30, 2012.

Without the election, Federal law generally requires that any increase in the amount by which the plan is underfunded for a plan year be paid off over 7 years. However, the election allows the increase in the amount by which the plan is underfunded for this plan year to be paid off in smaller annual payments over 15 years.

If you have any questions, you may contact Benefits at (509) 375-6361, or Pacific Northwest Laboratories Benefits Department, 902 Battelle Blvd., Richland, WA 99352.