

November 2006

To: EMPLOYEES OF CONTRIBUTING EMPLOYERS OF THE NORTHERN CALIFORNIA
ELECTRICAL WORKERS MONEY PURCHASE PENSION PLAN

Re: CONVERSION OF PLAN TO 401(k) PLAN AND WAGE DEFERRAL ELECTION

This is to notify you that the Northern California Electrical Workers Money Purchase Pension Plan (the "Plan") will be converted to a Retirement Savings/401(k) plan on January 1, 2007, and that thereafter a profit sharing contribution will replace the current money purchase pension contribution. This change is being made so that all Plan participants above the apprentice level will have the opportunity to take advantage of Plan enhancements going into effect in 2007. This notice explains the change, as required under §204(h) of the Employee Retirement Income Security Act of 1974.

Description of the Change

In general, the IBEW Local 6 Inside/SFECA Inside Wire Agreement Plan currently requires employers to make an hourly contribution on behalf of nonapprentice employees equal to a base amount of \$3.04 plus \$1 for each work classification II through V (for example, work class IV required a \$5.04 hourly contribution). The Electrical Storekeeper Agreement between IBEW Local 6 and the SFECA currently requires employers to make an hourly contribution equal to a base amount of \$2.00 on behalf of all employees, plus \$1 for each work classification II through V for Electrical Storekeepers and Sr. Electrical Storekeepers. Those classifications are being eliminated after 2006 and replaced with a very similar Retirement Savings/401(k) formula that retains both a \$3.04 (\$2.00 for Storekeepers) base retirement savings plan employer contribution for Journeyman and above employees and the period of service formula for apprentices, but adds the ability for Journeyman and above employees to elect to contribute additional amounts, in one dollar increments, up to \$5.00 per hour. These elective contributions will no longer be conditioned on satisfying any classification requirements and any dollar level set out in your Collective Bargaining Agreement may be designated by any employee who has attained journey level status.

To reflect the conversion of the Plan from a pension plan to a profit sharing plan (which is required to allow 401(k) contributions), the Plan will be renamed the San Francisco Electrical Workers Retirement Savings Plan. **Please note that there will be no changes to the distribution rules as a result of this conversion.**

Effect of Change on Apprentices

If you are an apprentice, you don't need to do anything. You will continue to receive the same variable hourly contribution specified in the bargaining agreement as a profit sharing contribution to your account. Apprentices will not be allowed to make 401(k) contributions under the Plan until the first open enrollment period after they "turn out" as journeypersons.

Effect of Change on All Other Employees

If you have attained journey level status or above, your Plan contribution will no longer be based on your work classification (*i.e.*, Classes II through V). Instead, for 2007 your employer must continue to contribute to your account under the collective bargaining agreement the base hourly contribution described above. You may add to this contribution level by electing to make a 401(k) contribution to the Plan at one of the dollar per hour increments set forth in your collective bargaining agreement, or you may elect to contribute nothing at all. This gives you greater flexibility to contribute more or less than in prior years. Additional contributions that you elect above the base amount will reduce your taxable income, but will not reduce your earnings subject to social security taxes.

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If you are a traveling employee working under the jurisdiction of IBEW Local 6, you will be eligible to elect to make 401(k) contributions to the Plan. Please note, however, that only employer contributions that are required to be made pursuant to the collective bargaining agreement will be reciprocated to the employee's home local in accordance with the Electrical Industry Pension Reciprocal Agreement.

If you have elected to make 401(k) contributions to the Plan and you have been sent by your employer to work in another jurisdiction under a portability agreement, your employer will continue to withhold the contribution from your gross wages. These elective contributions will be sent directly to EISB just as the "additional employer contributions" were sent in the past under the old Money Purchase Plan arrangements.

Effect on Vacation Withholding

If you have elected to make 401(k) contributions to the Plan, wage percentage calculations for the purpose of determining "vacation/holiday/thrift savings" withholding from your paycheck will be based on your pre-deferral taxable wages. The amount withheld for vacation will, therefore, be the same whether or not you choose to make 401(k) contributions to the Plan.

For 2007, the Plan Office will assume that you wish to make a pre-tax contribution from your wages based on your 2006 classification as follows:

Class II	\$0.00	Class IV	\$2.00
Class III	\$1.00	Class V	\$3.00

However, **you may change this election, and contribute any whole dollar amount up to \$5.00 per hour (or none at all), by completing the attached election form and returning it to the Fund Office no later than December 8, 2006.** If you do not return a completed election form by this date, your 2007 contribution will remain at the 2006 level for all of 2007. You may elect a new contribution level for 2008, during next year's open enrollment period.

If you have any questions, please call the Plan Office at (415) 263-3670.