NORTHERN CALIFORNIA ELECTRICAL WORKERS PENSION TRUST
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July 28, 2009

To: All Plan Participants

From: Plan Office

Re: Status of the NCEW Pension Plan

Recently, the bargaining parties to the IBEW Local 6/SFECA Inside Agreement agreed to divert the $3.04 hourly contribution from the SFEW Retirement Savings Plan to the NCEW Pension Plan effective January 1, 2010, and to temporarily reduce future benefit accruals if necessary to avoid causing the Plan to enter “critical” status. This action was taken in response to the 29% investment loss incurred by the Plan during 2008.

Each year, a multiemployer plan must make a seven-year projection of certain information relating to the plan’s funding in order to determine its status under the Pension Protection Act. A plan is considered “endangered” or “critical” if it fails to maintain a specified funding percentage or if it is projected to have a “minimum funding deficiency” (that is, where contributions are projected to be insufficient to meet the pension law’s minimum funding standards).

If the Plan is certified “endangered” or “critical,” you will be promptly notified of the certification and the steps that will be taken in response. These steps may include contribution increases, future benefit accrual reductions and (if the Plan is in critical status) the reduction or elimination of certain features such as subsidized early retirement. The Plan’s funding certification will not, however, affect monthly retirement benefits that are then in pay status or payment of any future normal retirement benefits that are accrued before the Plan becomes “endangered” or “critical”.

Without the recent agreement by the parties, the Plan’s Actuary would have very likely certified the Plan as “critical” for the year beginning January 1, 2010, because of a projected minimum funding deficiency in 4 years. Given moderate improvement in the securities markets recently, the Plan should avoid “critical” status in 2010, provided there is no significant market deterioration during the remainder of 2009. If critical status is avoided, the current benefit structure, including the $175 benefit level, will likely remain in effect at least through the end of 2010.

While the diversion of the $3.04 hourly contribution should allow the Plan to avoid critical status in 2010, it may not be sufficient to avoid critical status in 2011 or thereafter. Several variables affect the Plan’s funding status, including current and expected work hours that affect contribution projections. The Plan has experienced a 35% decline in contributory hours during the first six months in 2009, and continued reduced work hours will make it difficult for the Plan to avoid critical status after 2010. However, as was done this year, all possible efforts will be made to avoid benefit reductions.

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