

**SAN FRANCISCO ELECTRICAL WORKERS RETIREMENT SAVINGS PLAN
720 MARKET ST., SUITE 700, SAN FRANCISCO, CA 94102
(415) 263-3670**

August 2009

To: All SFEW Retirement Savings Plan Participants

From: Plan Office

Re: Adoption of a Hardship Withdrawal Provision

Effective September 1, 2009, a hardship withdrawal provision is being added to the SFEW Retirement Savings Plan. In general, withdrawals are not available under the Plan before retiring. Over the past year, however, a number of participants have asked about accessing funds while still in service. The Board, therefore, has amended the Plan to allow hardship withdrawals to the maximum extent the law allows.

Because the tax rules prohibit in-service (including hardship) withdrawals from the Money Purchase Pension portion of your account and from other employer contributions that are made to this Plan through 2009, you may request a hardship withdrawal only if you have made 401(k) contributions since the plan was converted to a profit sharing/401(k) plan at the beginning of 2007. The rules further prohibit the withdrawal of earnings on your 401(k) account, so your maximum hardship withdrawal will be limited to the lesser of 1) the amount of 401(k) contributions plus any rollovers you have made to the Plan since January 1, 2007, and 2) the amount needed to satisfy the hardship. The "Hardship Rules", including the specific financial needs that meet the criteria for hardship withdrawals, are explained in more detail on the back of this notice.

Since the new hardship withdrawal provision is so restrictive (which the rules unfortunately require) as well as costly to Participants because of heavy penalty taxes, the Board is considering adopting a loan program that would make Retirement Savings Plan funds available before termination with fewer of the undesirable aspects as hardship withdrawals. We will inform you of any changes to the Plan as soon as possible after any decision has been made.

Please contact the Plan Office if you have any questions, or wish to apply for a hardship withdrawal under this new provision.

-OVER-

SAN FRANCISCO ELECTRICAL WORKERS RETIREMENT SAVINGS PLAN
720 MARKET ST., SUITE 700, SAN FRANCISCO, CA 94102
(415) 263-3670

HARDSHIP RULES

As of September 1, 2009, The SFEW Retirement Savings Plan allows Participants to request and receive a hardship withdrawal if certain requirements are met. This document explains the Plan's hardship withdrawal rules.

What is a hardship withdrawal? A hardship withdrawal is a withdrawal for one of the following purposes:

- expenses for (or necessary to obtain) medical care described in tax code §213(d) for you, your spouse, your dependents or your primary beneficiary under the Plan;
- costs directly related to the purchase (excluding mortgage payments) of your principal residence;
- the payment of post-secondary education tuition (and related educational fees, room and board) for the next 12 months for you, your spouse, your dependent or your primary beneficiary;
- to prevent your eviction from your principal residence or the foreclosure on the mortgage of your principal residence;
- funeral expenses of your deceased spouse, parent, dependent or primary beneficiary;
- expenses to repair damage to your principal residence and that are described in tax code §165; or
- payment of your credit card or other installment debt that is at least 60 days past due by reason of your inability to make timely payments.

Who is eligible for a hardship withdrawal? A hardship withdrawal is available to you if you have made 401(k) contributions to the Plan since 2007 or you have rolled funds into the Plan from another tax-qualified plan or IRA, provided you have received all other distributions that may be available to you under this Plan and all other plans of your Employer in which you participate (including any tax-free loans). No more than two hardship withdrawals may be made by a Participant during a calendar year.

What is the maximum amount of hardship withdrawal available? Your hardship withdrawal is limited in amount to the lesser of the following:

- the total amount in the 401(k) contribution portion of your account (excluding earnings) plus the amount in the rollover contribution portion of your account (including earnings); and
- the amount necessary to satisfy your hardship, plus the taxes that you will owe on your hardship withdrawal.

What documentation must I provide to support my request? You must provide sufficient documentation to the Plan Office when submitting your application for a hardship withdrawal. For example, if your hardship request is for the purpose of purchasing your principal residence, you should submit a copy of the contract of sale (although other documentation might be sufficient).

What restrictions will be imposed on me if I take a hardship withdrawal? If you receive a hardship withdrawal, you will be suspended from making 401(k) contributions for the 6-month period beginning on the date of your hardship withdrawal.

What are the tax consequences of a hardship withdrawal? Your hardship withdrawal will be subject to 10% federal, and 1% California, income tax withholding, though you may elect some other percentage or no withholding at all. A hardship withdrawal is generally subject to ordinary federal and state income taxes. If you have not attained age 59½, a 10% federal penalty and a 2½% state penalty tax will also probably apply. A hardship withdrawal is not eligible for rollover to another retirement plan or IRA. Because a hardship withdrawal will be heavily taxed, and will deplete your resources for retirement, we suggest that you not request a hardship withdrawal unless you believe it is absolutely necessary.