

NORTHERN CALIFORNIA ELECTRICAL WORKERS PENSION TRUST

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To: All Plan Participants and Contributing Employers
Northern California Electrical Workers Pension Plan

Re: Application for Extension of Amortization Period

Although the financial status of the Pension Plan for 2009, and its projected status for 2010, cannot be finally determined until the year-end financial statements have been prepared and audited, this letter updates you on the funding status of the Pension Plan based on investment returns and contribution activity through September 30, 2009, and some recent Trustee decisions intended to moderate the impact of last year's problems in the financial markets.

Earlier this year, Participants were informed that the bargaining parties agreed to divert the \$3.04 hourly contribution from the SFEW Retirement Savings Plan to the Pension Plan effective January 1, 2010 in response to the 29% investment loss in 2008. Without the diversion of these contributions, the Plan's actuary would likely certify the Pension Plan as "critical" for the year 2010 in accordance with criteria established under recent legislation, and the Trustees would be required to develop a Rehabilitation Plan that might result in a reduction in future pension benefit accruals for active participants. Although it appears that the Plan will avoid a critical certification in 2010 as a result of the diversion of contributions, the Plan now faces the possibility of being certified as "endangered." This, in spite of an estimated 16% year-to-date return as of September 30th, is because of a significant reduction in contributory hours. Even if work improves, there are no guarantees that contributions will be sufficient in 2010 to avoid the endangered certification. While an endangered certification is not as severe as critical status, the Trustees would still face some difficult decisions regarding the ongoing funding of current benefit levels provided by the Plan.

The Trustees continue to look for ways to improve the condition of the Plan without adversely affecting Plan Participants. Under the law, pension plans that are facing an endangered certification may extend the amortization period for certain liabilities by five years, allowing more time for greater investment earnings resulting from an economic recovery. At the recommendation of the Plan's actuary, the Trustees approved the five year extension which, barring any substantial declines in investment returns through the end of this year, will likely result in the Plan being neither endangered nor critical in 2010. If that objective is met, there will be no effect on your pension benefits resulting from the Plan's funding status.

Enclosed you will find Notice of Application for An Extension of An Amortization Period which the Plan is required to provide all Plan Participants and Contributing Employers advising the application for extension will be filed within 14 days.