

IBEW PACIFIC COAST PENSION FUND
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July 20, 2012

TO: Participants, Beneficiaries, Contributing Employers and Local Unions

FROM: Board of Trustees
I.B.E.W. Pacific Coast Pension Plan

SUBJECT: Notice of Actuary's Certification of Critical Funding Status of the I.B.E.W. Pacific Coast Pension Plan (the "Plan") under the Pension Protection Act of 2006 for the 2012 Plan Year

This is to inform you that on June 29, 2012, the Plan's actuary certified to the U.S. Department of Treasury, and also to the Plan's Board of Trustees that the Plan continues to be in critical status (as defined under the Pension Protection Act of 2006 ("PPA") and also known as "Red Zone" status) for the Plan Year beginning April 1, 2012. Federal law requires that you receive this notice.

CRITICAL STATUS

In recent years, the Board of Trustees has taken steps to bring the Plan's liabilities into balance with its assets. Despite these efforts, there remains a shortfall that must be addressed through the Rehabilitation Plan during the April 1, 2010 through March 31, 2023 Rehabilitation Period in order for the Plan to comply with the requirements of the PPA. The Plan was previously considered to be in critical status for the Plan Years that began April 1, 2009, April 1, 2010 and April 1, 2011. The Plan continues to be considered to be in critical status for the Plan Year beginning April 1, 2012 because it has funding problems based on the following reason:

- The Plan was in critical status last Plan Year and over the next nine Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2017, 2018, 2019, 2020 and 2021 Plan Years.

REHABILITATION PLAN

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. This is the fourth year the Plan has been in critical status. The law permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. On July 22, 2009, you were notified that the Plan reduced or eliminated certain adjustable benefits. In addition, on July 22, 2009, you were notified that the Plan was no longer permitted to pay benefits in the form of lump sums in excess of \$3,500, under the Social Security Level Income Option or under any other payment form in excess of the monthly amount paid under a single lifetime annuity while it is in critical status.

The Board of Trustees of the Plan must annually review and, if necessary, update the rehabilitation plan and its schedules. If it determines that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any reduction of adjustable benefits will not reduce the level of a Participant's basic benefit payable at Normal Retirement. In addition, the reductions may only apply to Participants and Beneficiaries whose benefit commencement date is on or after July 22, 2009

ADJUSTABLE BENEFITS

When the Plan was initially certified to be in critical status for the April 1, 2009 Plan Year, you were informed that the following adjustable benefits could be reduced or eliminated as some of the Schedules to the Rehabilitation Plan adopted by the Board of Trustees.

- Pre-Retirement Death Benefit (60 monthly payments of accrued benefit to Beneficiary)
- Pre-Retirement Death Benefit (Lump sum payment of 50% of Contributions to Beneficiary)
- Disability Pension (if not already in pay status)
- Early Retirement Pension
- Rule of 85 Pension
- Five-Year Guarantee or Certain Feature for Life Annuity
- 100% Husband-and-Wife Pension
- Subsidy and Reversionary Features of 75% Husband-and-Wife Pension
- Subsidy and Reversionary Features of 50% Husband-and-Wife Pension

On July 8, 2009, the Board of Trustees adopted a Rehabilitation Plan and you were informed of the specific benefits that were subject to reduction or elimination under certain Schedules to the Rehabilitation Plan. Over time, required updates to the Rehabilitation Plan may require further increases in contributions and/or the further reduction or elimination of adjustable benefits. You will be notified of any such actions taken by the Board of Trustees

EMPLOYER SURCHARGE

The law requires all Contributing Employers to pay to the Plan a surcharge to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an Employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement or subscription agreement. With some exceptions, a 5% surcharge was applicable to the initial critical year (ending March 31, 2010) and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Plan is in critical status. The imposition of surcharges cease for a Contributing Employer when that Employer adopts or renews a collective bargaining agreement or subscription agreement containing terms consistent with a Schedule of the Rehabilitation Plan.

WHERE TO GET MORE INFORMATION

For more information about this Notice, you may contact:

Ms. Maria C. Carrillo
Fund Manager
I.B.E.W. Pacific Coast Pension Fund
5 Third Street, Suite 525
San Francisco, CA 94013
(415) 896-5742 or (800) 257-1515

You may receive a full copy of the Rehabilitation Plan previously adopted by the Board of Trustees by contacting the Fund Manager.