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MEMORANDUM

TO: All Plan Participants
Beneficiaries Receiving Benefit Payments
QDRO Alternate Payees
Employers Obligated to Contribute
Local Unions Representing Plan Participants

FROM: Board of Trustees

DATE: October 26, 2012

RE: **Important Information About Your Pension Plan**

IMPORTANT – IF YOU ARE A RETIRED PARTICIPANT (PENSIONER), BENEFICIARY OR QDRO ALTERNATE PAYEE RECEIVING PENSION PAYMENTS, THE FUND IS REQUIRED TO SEND YOU THESE NOTICES. HOWEVER, THERE ARE NO CHANGES BEING MADE TO YOUR BENEFITS.

This packet contains important information about the financial status of the Southern California IBEW-NECA Pension Plan, including two legally-required notices:

- Annual Funding Notice for the 2011 Plan Year
- Notice of Endangered Status for the 2012 Plan Year

The Annual Funding Notice is similar to what you have seen for the past few years. The Notice of Endangered Status is new this year and so we will provide further explanation below. We know that these technical, required notices about benefits can be complicated.

The purpose of this cover letter is only to explain to you in easy-to-understand terms what is happening and what some of the information in these notices means. No action is required on your part.

Background

Pension plans like the Southern California IBEW-NECA Pension Plan are designed to accumulate contributions and invest them so that sufficient assets are available to pay participant pensions at retirement. It is critical that the Plan be funded properly to continue providing benefits for participants. The Trustees of the Plan have engaged consultants, including actuaries, who certify that the Plan is properly funded under

Federal law, utilizing a series of commonly used assumptions such as mortality rates and long-term interest rates for future investment performance.

In 2006, the Pension Protection Act (PPA) established a new set of rules for examining the health of pension plans like ours. The PPA requires defined benefit pension plans to be examined on an annual basis and be classified as either endangered, critical or neither -- often referred to as the "green" zone. Pension plans that are categorized as endangered or critical must take corrective action to address their deficiencies while plans that are in the green zone are not required to make any changes.

As you know during 2008 and the beginning of 2009 the U.S. stock market and other global financial markets declined more sharply than we have seen since the Great Depression. While the Plan had diversified its assets among various types of investments, like all other pension funds, the Plan could not avoid being affected by the severe economic downturn and it experienced a significant loss of assets. There was some recovery in the market later in 2009 and in 2010, but asset growth was flat in 2011 and the first six months of 2012 and as a result the Plan is now considered endangered for the Plan year beginning July 1, 2012.

Why the Plan is Endangered

Under PPA, within the first 90 days of each plan year, the plan's actuary must certify whether the plan is either endangered, critical, or neither. In general, to perform this calculation, the actuary must determine if a plan's funded ratio is at least 80% and whether the plan will be unable to meet the minimum required funding standards in any of the next 7 years.

There are two tests that indicate whether a plan is in endangered status. If a plan fails either test, it is considered endangered. If it fails both tests it is considered seriously endangered.

- The first test is based on the plan's funded percentage at the beginning of the plan year. In this test, the plan's assets on July 1, 2012 are divided by the value of all plan participants' benefits earned as of that date. If this ratio is over 80%, the test is passed. **As of July 1, 2012, the Plan's PPA funded percentage was projected to be 78%.** Note that the enclosed Annual Funding Notice shows that the Plan was 80.5% funded one year earlier as of July 1, 2011.

- The second test looks at the future of the plan. A projection is made to determine whether the level of expected contributions over the next seven plan years is enough to prevent the plan from having a minimum funding shortfall during that period. **For the July 1, 2012 actuarial certification the actuary has projected that the Plan will be able to meet the minimum required funding standards over the next seven years.**

Since the Plan failed the first test as of July 1, 2012, it was considered endangered. Note that as described in the attached Annual Funding Notice, the Plan was not in endangered or critical status in the Plan year beginning July 1, 2011.

How Did the Plan Become Endangered?

You may recall that in October, 2009 we reported that the Plan was certified by our actuaries as critical for the plan year beginning July 1, 2009. At that time you were advised that the Trustees had taken action as required by the PPA to put the Plan in position to restore its financial health. The Plan was amended to reduce certain benefits and additional contributions were secured via the collective bargaining process.

These changes were successful and as a result the Plan was no longer considered critical and was "green" the following year when the actuary provided their certification for the Plan year beginning July 1, 2010. In fact these changes in combination with favorable investment returns allowed the Plan to remain green for the July 1, 2011 certification as well.

However, our Plan like many other plans then suffered another year of poor investment returns in a very difficult market. Our Plan investment return for the 12-month Plan year ended June 30, 2012 was a -1% return. This return is far below our assumed rate of return of 8%. As such, the actuaries certified the Plan as endangered for the Plan year beginning July 1, 2012.

What It Means for You

Because the actuaries have certified the Plan as endangered for the Plan year beginning July 1, 2012, the Board of Trustees will need to take action in the months ahead to help ensure the Plan's long-term financial health. If it is determined that benefit reductions are necessary, you will receive a separate notice identifying and explaining the effect of those reductions. **Please note that only benefits going forward can be reduced – benefits currently being paid or that have already been earned cannot be reduced under a Funding Improvement Plan. The Funding Improvement Plan will include schedules for consideration and adoption by the bargaining parties upon expiration of the current collective bargaining agreement. The schedule adopted by the bargaining parties will determine then prospective benefits. There is no employer surcharge payable due to endangered status.**

Notice of Endangered Status

Another rule the Plan must follow is to provide participants and beneficiaries, bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary of Labor with the enclosed Notice of Endangered Status for the Plan year beginning July 1, 2012. You are receiving this notice as required by the PPA.

Annual Funding Notice

The enclosed Annual Funding Notice provides detailed information about the status of the Plan for the year beginning July 1, 2011. Federal law requires pension plans to share this financial information with participants every year.

Our Continuing Commitment

The Southern California IBEW-NECA Pension Plan has been providing benefits for Plan Participants without interruption for well over 40 years. For the Plan year ending June 30, 2012, benefit payments totaling more than $100 million were paid to over 5,700 retired participants and beneficiaries. The Trustees understand that this is a time of uncertainty and concern for participants due to the economic environment, and continue to work with the Plan's professional advisors to monitor carefully the Plan’s investments and benefit structure in an effort to provide benefits for years to come. The Trustees are committed to operating the Plan on a financially sound basis and meeting applicable Federal funding requirements.

The Trustees continue to manage the Plan carefully for active participants still earning benefits, former participants with accrued benefits, and pensioners already receiving monthly payments. Pension payments are being made from the Pension Plan as promised and money is being set aside for future pension benefits and the Trustees are continuing to do the things we have always done:

- Investing appropriately for the long term.
- Monitoring investment results and market conditions.
- Acting prudently using professional advice.

Where to Get More Information

For more information about the enclosed notices, please contact the Administrative Trust Funds Office if you have questions at (323) 221-5861 or the nationwide, toll-free number (800) 824-6935. Normal business hours are Monday through Friday, 9AM to 5PM. Voicemail messages may be left at any time and calls will be returned by the end of the next business day. Fax communications may be directed to (323) 726-3520 and you may access the Trust Funds’ website at www.scibew-neca.org at any time.

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ANNUAL FUNDING NOTICE

For

Southern California IBEW-NECA Pension Plan

Introduction

This notice includes important information about the funding status of your pension plan ("the Plan") and general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice every year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is for the plan year beginning July 1, 2011 and ending June 30, 2012 ("Plan Year").

How Well Funded Is Your Plan

Under federal law, the plan must report how well it is funded by using a measure called the "funded percentage." This percentage is obtained by dividing the Plan's assets by its liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. Your Plan's funded percentage for the Plan Year and each of the two preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
Plan Year	**2011/2012**	**2010/2011**	**2009/2010**
Valuation Date	July 1, 2011	July 1, 2010	July 1, 2009
Funded Percentage [1]	80.5%	82.0%	81.1%
Value of Assets [1]	$1,038,033,113	$1,043,455,624	$1,017,144,987
Value of Liabilities	$1,288,879,875	$1,272,497,626	$1,254,348,159

[1] *The value of assets and funded percentages reflect the adoption of funding relief.*

ANNUAL FUNDING NOTICE
(Continued)

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date for the plan year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the plan year, rather than as of the Valuation Date. Substituting the market value of assets for the actuarial value used in the above chart would show a clearer picture of a plan's funded status as of the Valuation Date. The fair market value of the Plan's assets as of the last day of the Plan Year and each of the two preceding plan years is shown in the following table:

	June 30, 2012	**June 30, 2011**	**June 30, 2010**
Fair Market Value of Assets	$895,247,782 [1]	$954,323,317	$820,068,196

[1] *The June 30, 2012 fair market value of assets figure is an estimate based on the Plan's unaudited financial statements. The final figure following completion of the Plan's regular audit by a certified public accounting firm may differ from this estimate.*

Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan. Similarly, if a pension plan enters critical status, the trustees of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year beginning July 1, 2011 and ending June 30, 2012.

The Plan is in endangered status for the Plan year beginning July 1, 2012 so a separate notification will be provided.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 14,344. Of this number, 6,345 were active participants, 5,733 were retired or separated from service and receiving benefits, and 2,266 were retired or separated from service and entitled to future benefits.

Funding and Investment Policies

Every pension plan must have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to maintain a balance such that plan resources will fund plan obligations. Plan resources include accumulated plan assets plus expected future contributions and investment income. Plan obligations are benefit payments to current and future retirees and beneficiaries, including benefits earned to date as well as benefits expected to be earned in the future. Plan obligations also include expected expenses paid from plan assets. In implementing this funding policy, the plan Trustees will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of plan obligations. Over time, the Trustees may adjust plan benefits in response to investment returns and other plan experience, or seek additional contributions from the bargaining units.

Once money is contributed to the Plan, the money is invested by plan officials called fiduciaries, who make specific investments in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. The investment policy of the Plan is to achieve a target allocation among asset categories of 33% equity, 18% GTAA, 21% fixed income, 10% private capital, 10% real estate and 8% hedge funds.

ANNUAL FUNDING NOTICE
(Continued)

Under the Plan's investment policy, the Plan's assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	**Percentage**
1. Cash (interest bearing and non-interest bearing)	2.0%
2. U.S. Government securities	4.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	2.0%
All other	1.0%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	24.5%
5. Partnership/joint venture interests	10.5%
6. Real estate (other than employer real property)	4.0%
7. Loans (other than to participants)	7.5%
8. Participant loans	
9. Value of interest in common/collective trusts	25.50%
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	19.0%
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

For information about the plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact the Administrative Trust Funds Office if you have any questions at (323) 221-5861 or the nationwide, toll-free number (800) 824-6935. Normal business hours are Monday through Friday, 9AM to 5PM. Voicemail messages may be left at any time and calls will be returned by the end of the next business day. Fax communications may be directed to (323) 726-3520 and you may access the Trust Funds' website at www.scibew-neca.org at any time.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the US Department of Labor an annual report called the Form 5500 that contains financial and other information about the plan. Copies of the annual report are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Individual information, such as the amount of your accrued benefit under the plan, is not contained in the annual report. If you are seeking information regarding your benefits under the plan, contact the plan administrator identified below under "Where To Get More Information."

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. The plan administrator is required by law to include a summary of these rules in the annual funding notice. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The plan is required to furnish this notification to each contributing employer and the labor organization.

Despite these special plan reorganization rules, a plan in reorganization could become insolvent. A plan is insolvent for a plan year if its available financial resources are not sufficient to pay benefits when due for that plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available resources. If such resources are not enough to pay benefits at the level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notice of its status to participants and beneficiaries, contributing employers, labor unions representing participants, and PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

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(Continued)

Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only benefits that you have earned a right to receive and that can not be forfeited (called vested benefits) are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first $11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next $33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is $35.75 per month times a participant's years of credited service.

Example 1: If a participant with 10 years of credited service has an accrued monthly benefit of $500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ($500/10), which equals $50. The guaranteed amount for a $50 monthly accrual rate is equal to the sum of $11 plus $24.75 (.75 x $33), or $35.75. Thus, the participant's guaranteed monthly benefit is $357.50 ($35.75 x 10).

Example 2: If the participant in Example 1 has an accrued monthly benefit of $200, the accrual rate for purposes of determining the guarantee would be $20 (or $200/10). The guaranteed amount for a $20 monthly accrual rate is equal to the sum of $11 plus $6.75 (.75 x $9), or $17.75. Thus, the participant's guaranteed monthly benefit would be $177.50 ($17.75 x 10).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the plan within 60 months before the earlier of the plan's termination or insolvency (or benefits that were in effect for less than 60 months at the time of termination or insolvency). Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

Where to Get More Information

For more information about this notice, you may contact the Administrative Trust Funds Office if you have questions at (323) 221-5861 or the nationwide, toll-free number (800) 824-6935. Normal business hours are Monday through Friday, 9AM to 5PM. Voicemail messages may be left at any time and calls will be returned by the end of the next business day. Fax communications may be directed to (323) 726-3520 and you may access the Trust Funds' website at www.scibew-neca.org at any time. For identification purposes, the official plan number, "PN" is 001, the plan sponsor's name is the Board of Trustees Southern California IBEW-NECA Pension Trust Fund and the employer identification number or "EIN" is 95-6392774. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.

NOTICE OF ENDANGERED STATUS

For

Southern California IBEW-NECA Pension Plan as of July 1, 2012

To: All Participants, Beneficiaries, Participating Unions and Contributing Employers

This is to inform you that on September 28, 2012 the Plan actuary certified to the U.S. Department of the Treasury, and to the Board of Trustees, that the Southern California IBEW-NECA Pension Plan (Plan) is in endangered status for the Plan Year beginning July 1, 2012. Federal law requires that you receive this notice.

Endangered Status

The Plan's actuary determined that the Plan is in endangered status because the funded percentage of the Plan is projected to be less than 80%.

Funding Improvement Plan

Federal law requires that pension plans in endangered status adopt a funding improvement plan aimed at improving the financial health of the plan. The law also requires the Plan to furnish the bargaining parties with proposed schedules that modify future contributions and/or benefit accrual rates in order to meet certain benchmarks for improving the Plan's financial condition over a period of years. If it is determined that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

Where to Get More Information

Please contact the Administrative Trust Funds Office if you have questions at (323) 221-5861 or the nationwide, toll-free number (800) 824-6935. Normal business hours are Monday through Friday, 9AM to 5PM. Voicemail messages may be left at any time and calls will be returned by the end of the next business day. Fax communications may be directed to (323) 726-3520 and you may access the Trust Funds' website at www.scibew-neca.org at any time.

Sincerely,

The Board of Trustees

cc: U.S. Department of Labor
U.S. Pension Benefit Guaranty Corporation