

NOTICE OF MATERIAL MODIFICATION TO THE PLAN

A. National Pension Make-Up Amendment

The federal Pension Protection Act of 2006 requires that multiemployer defined benefit pension plans be funded at an adequate level. If a plan is inadequately funded, it may be considered endangered and the plan's board of trustees must establish a program to "rehabilitate" the plan's finances. We are pleased that the Sheet Metal Workers Pension Plan of Northern California ("SMWPPNC") is not endangered. However, the Sheet Metal Workers' National Pension Fund ("NPF") was recently deemed endangered.

When the NPF reported last Summer that it expected to be in critical (endangered) status, it established a rehabilitation plan with adjusted benefits and contributions. Essentially, the NPF offered the sponsoring local unions a choice between reduced benefits for their members and increased employer contributions. In the absence of increased employer contributions, benefits would be reduced. The members of Locals 104 and 162 elected to forego the proposed contribution increases to the NPF and each local instead selected the "Default Schedule" of benefits under the NPF. Further, each local also elected through collective bargaining to have additional employer contributions made to the SMWPPNC in amounts similar to the contribution amounts that would have been required under the NPF. By so doing, the membership of Locals 104 and 162 elected to take a reduced benefit from NPF but an increased benefit from SMWPPNC.

The Board of Trustees of the SMWPPNC adopted a Plan amendment that will "make whole" certain members of Locals 104 and 162. The benefits from this amendment are to be payable only to those members meeting current and future activity tests. The amount of benefit will be calculated based on the difference in monthly benefit that the member earned through the NPF as of December 31, 2007 and the reduced monthly benefit that will be payable under the NPF Default Benefit Schedule. Thus, the intent is that while you lose certain benefits from NPF, you get those benefits back from the SMWPPNC.

A member must meet certain "activity tests" in order to qualify for these additional benefits. Members who were active in the SMWPPNC as of December 31, 2007 will be eligible to receive this benefit when they retire from the NPF if they also meet an activity test prior to their retirement from the SMWPPNC. The activity test as of December 31, 2007 requires 870 hours worked during the two-year period January 1, 2006 through December 31, 2007. To be entitled to this benefit in the future, a member must not have gone two consecutive calendar years without having earned 870 hours as a covered employee under the SMWPPNC.

Participants who had retired from this Plan prior to age 55 but who were ineligible to retire under the NPF because of that Plan's age requirements (and who are not performing any work in the Sheet Metal Industry) are also eligible for the increased benefit.

The amendment to the SMWPPNC will credit to each (eligible) member a percentage of the NPF benefit accrued through December 31, 2007 (typically 24% of the benefit earned through 2007, but less than 24% for those retiring from the NPF after age 60 — see attached table). A table of the percentages by age is attached, and labeled "Reduction Percentages."

For example, a member who earned a NPF monthly benefit earned as of December 31, 2007 of \$500, retiring at age 57 years and 0 months would receive an increase from the SMWPPNC of \$120 (which is 24% of \$500). A member retiring at age 61 years and 4 months would receive an increase from SMWPPNC of \$100 (20% of \$500) from SMWPPNC. The make-up benefit under this Plan would not be paid until the person actually retires from the NPF.

B. Other Pension Protection Act of 2006 Changes (Joint and 75% Survivor Annuity/180 day waiver period)

To comply with other provisions of the Pension Protection Act of 2006 ("PPA"), the Board of Trustees of the Sheet Metal Workers' Pension Plan of Northern California amended the Plan to adopt the Joint & 75% survivor annuity form of benefit (as a result, eliminated the 67% Joint and Survivor Form) and to provide for an expanded time period to review and waive the Joint and Survivor Annuity Forms of benefit options. Effective January 1, 2008, the 75% Joint and Survivor Form pays to the surviving Spouse or Domestic Partner 75% of the reduced amount payable to the Pension or Disabled Participant. The Participant's monthly pension will be reduced in accordance with tables furnished by the Plan's actuary. In addition, the time period in which to elect a form of benefit and the election period for waiver has been changed from 90 days to 180 days.

Sincerely,

Board of Trustees

May 2008