

Annual Funding Notice

2015 Plan Year

Important Information About Your Pension Plan

SUMMARY

Your pension plan is healthy and in the green zone. Attached is a government-required document in a government-prescribed format, about the condition and finances of your pension plan.

If you would like to know more of the details, please read the rest of this document.

To: Participants, Beneficiaries, Writers Guild of America, East, Inc. Representatives, Writers Guild of America, West, Inc. Representatives, and Employers:

The federal government requires qualified pension plans to share financial information about the plan by providing an annual notice to stakeholders. Enclosed you will find the formal annual notice for the Producer-Writers Guild of America Pension Plan (Pension Plan). The numbers and calculations in the notice (as well as the basic format used) are somewhat technical in nature and conform to requirements from the U.S. Department of Labor.

No action is required on your part — the purpose of this cover letter is only to provide some context about what has been happening and to explain a little about what the numbers in the annual notice mean.

Where we are and how we got here

The Pension Plan, along with virtually every such plan in the country, continues to feel the effects of the significant investment loss that resulted from the 2008 recession and financial collapse. Before the economic crisis struck, the Pension Plan was 112% funded¹ but, by the end of 2008, the Pension Plan was down to only 74% funded. Fortunately, returns since then have been 10% or more every year except 2011, 2014 and 2015.

While there has been significant improvement, the Pension Plan has not completely recovered from the investment losses in 2008. Our current best estimate is that these losses will continue to have an actuarial impact on plan funding for several more years. It is worth noting that our actuarial assumption (the amount of return we need in order to meet our financial requirements) is 7.5% and our average annual return over the period from 2009 through the end of 2015 has been considerably better than that. We have been working diligently, carefully, and thoughtfully to return the Plan to full health as quickly as is practicable.

Despite the travails of 2008, it is important to note that today, while we're not quite back to where we were, the Pension Plan is in what the government defines as the "Green Zone"; this means that no remedial actions are required.

What exactly is the "Green Zone" and what does it mean to you?

In 2006, the Pension Protection Act (PPA) established a new set of rules for examining the health of defined benefit pension plans like the Pension Plan. The Multiemployer Pension Reform Act (MPRA) of 2014 also provided additional measures to help multiemployer plan sponsors. For example, there is a voluntary election to be in critical status if a plan is projected to be in critical status within five years. The PPA and MPRA require that defined benefit plans be examined on an annual basis, and require that they be placed in one of five categories:

- The Green Zone
- The Yellow Zone – Endangered

¹ This funded percentage was based on the Pension Plan's market value of assets, which provides a true measure of the funded status of the Pension Plan. In contrast, the Pension Plan's funded status under PPA is based on the actuarial value of its assets, which provides a smoothing of asset gains and losses over a defined period.

- The Orange Zone – Seriously Endangered
- The Red Zone – Critical
- The Deep Red Zone – Critical and Declining

Pension plans that are categorized as Yellow, Orange, Red or Deep Red Zones must take corrective action (as defined by Federal law) to address their deficiencies. Plans that are in the Green Zone are not required to make any changes.

We are pleased to report that, for 2016, the Pension Plan maintained its Green Zone status and is projected to stay in the Green Zone well into the foreseeable future.

What to expect as we move forward

The Directors continue to prudently manage the Pension Plan, taking into account past history as well as discernable future trends. Pension payments are being made from the Pension Plan as promised, and money is being properly set aside to adequately provide for future pension benefits.

The Board of Directors is continuing its successful investment philosophy:

- Invest appropriately for the long term.
- Monitor investment results and market conditions.
- Act prudently using professional advice.

Since 2010, the Directors took additional action to help improve the financial condition of the Pension Plan.

One of the reasons the Plan is in such good shape today compared to some of its peers is that while benefits continue to be credited at the current 48.3% rate of contributions up to 6.0% of compensation, the Directors, out of an abundance of caution, amended the Pension Plan to provide that any contributions made by contributing employers in excess of 6.0% of compensation would not be used to provide additional benefit accruals, but rather would be used to ensure the liquidity of the Pension Plan. This change was made in anticipation of the subsequent Minimum Basic Agreement (MBA) amendment that increased the required contribution rate to the Pension Plan from 6.0% to 7.5% of compensation effective May 2, 2011, to 7.75% of compensation on May 2, 2012, to 8.0% of compensation on May 2, 2013 and to 8.5% on May 2, 2014.

In simplest terms, all contributions in excess of 6% are being used to promote the Plan's financial health.

Pension plans are designed to pay out benefits over a very long time, and we have a long-term investment strategy that has allowed the Pension Plan to take advantage of time to ride out difficult financial circumstances. Financial market fluctuations are a given. By following the discipline of long-term investment criteria, over the last 30 years through the end of 2015, the Pension Plan has realized an average annual rate of return of approximately 10%. The Directors are closely following the financial markets and have taken steps as needed, with an eye toward protecting the long-term viability of the Pension Plan.

If you have questions

This cover letter is intended to summarize the contents of the enclosed annual funding notice in general terms. For a more detailed explanation, please rely on your Summary Plan Description and the enclosed notice.

If you have any questions or concerns about the enclosed notice, please feel free to contact the Pension Benefits Department by calling the Administrative Office at (818) 846-1015 and selecting "1," then "4" from the main menu. We are here to be your trusted guide.

ANNUAL FUNDING NOTICE

For

Producer-Writers Guild of America Pension Plan

Introduction

This notice includes important information about the funding status of your multiemployer pension plan (the "Plan"). It also includes 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 required by federal law. This notice is for the plan year beginning January 1, 2015 and ending December 31, 2015 ("Plan Year").

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the "funded percentage." The Plan divides its assets by its liabilities on the Valuation Date for the plan year to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also states the value of the Plan's assets and liabilities for the same period.

Funded Percentage			
	2015 Plan Year	2014 Plan Year	2013 Plan Year
Valuation Date	January 1, 2015	January 1, 2014	January 1, 2013
Funded Percentage ²	96.2%	100.1%	99.9%
Value of Assets	\$2,788,469,526	\$2,694,846,091	\$2,556,692,339
Value of Liabilities	\$2,898,433,908	\$2,690,968,571	\$2,559,627,183

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the Valuation Date. They also are "actuarial values." Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan's funded status at a given point in time. The asset values in the chart below are market values and are measured on the last day of the Plan Year. The chart also includes the year-end market value of the Plan's assets for each of the two preceding plan years.

	12/31/2015	12/31/2014	12/31/2013
Fair Market Value of Assets	\$2,496,038,000	\$2,556,799,431	\$2,456,613,932

² The Plan's funded percentages for the Plan Years above reflect the impact of the pension funding relief measures that were elected by the Board of Directors ("Board" or "Directors") of the Plan, as permitted by the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010.

Since the Plan does not yet have the audited asset values as of December 31, 2015, the Plan's fair market value of its assets as of such date is based on a preliminary calculation and is subject to change during the annual audit process. As such, the final audit for the 2015 Plan Year will contain the exact fair market value of the Plan's assets as of that date, and that audited amount will be reflected in next year's notice.

Endangered, Critical, or Critical and Declining Status

Under federal pension law, a plan generally is in "endangered" status if its funded percentage is less than 80 percent. A plan is in "critical" status if the funded percentage is less than 65 percent (other factors may also apply). A plan is in "critical and declining" status if it is in critical status and is projected to become insolvent (run out of money to pay benefits) within 15 years (or within 20 years if a special rule applies). 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 or critical and declining status, the trustees of the plan are required to adopt a rehabilitation plan. Funding improvement and rehabilitation plans establish steps and benchmarks for pension plans to improve their funding status over a specified period of time. The plan sponsor of a plan in critical and declining status may apply for approval to amend the plan to reduce current and future payment obligations to participants and beneficiaries.

The Plan was not in endangered, critical, or critical and declining status in the Plan Year.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the valuation date was 15,715. Of this number, 7,257 were current employees, 4,296 were retired and receiving benefits, and 4,162 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. 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 expense paid from plan assets. In implementing this funding policy, the Board will work with professional advisors to adopt a prudent investment policy and to determine the actuarial value of Plan obligations. Over time, the Directors may adjust Plan benefits in response to investment returns and other Plan experience, or seek additional contributions from the bargaining units.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to invest plan assets in a diversified manner seeking to achieve real asset growth over time while protecting the assets from undue volatility. The investment policy of the Plan has a target allocation among asset categories of 27% domestic equity, 17% international equity, 28% fixed income, 10% real estate and 18% in other financial instruments.

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

Stocks	38%
Investment grade debt instruments	23%
High-yield debt instruments	10%
Real estate.....	10%
Other	19%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the "Form 5500." These reports contain financial and other information. You may obtain an electronic copy of your Plan's annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator. Annual reports do not contain personal information, such as the amount of your accrued benefit. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under "Where To Get More Information."

Summary of Rules Governing Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans that become insolvent, either as ongoing plans or plans terminated by mass withdrawal. The plan administrator is required by law to include a summary of these rules in the annual funding notice. 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.

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 cannot be forfeited (called vested benefits) are guaranteed. There are separate insurance programs with different benefit guarantees and other provisions for single-employer plans and multiemployer plans. Your Plan is covered by PBGC's multiemployer program. 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 \$600, 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 (\$600/10), which equals \$60. The guaranteed

amount for a \$60 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 addition, the PBGC guarantees qualified preretirement survivor benefits (which are preretirement death benefits payable to the surviving spouse of a participant who dies before starting to receive benefit payments). In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under a 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 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.

For additional information about the PBGC and the pension insurance program guarantees, go to the Multiemployer Page on PBGC's website at www.pbtc.gov/multiemployer. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See "Where to Get More Information About Your Plan," below.

Where to Get More Information

For more information about this notice, you may contact Producer-Writers Guild of America Pension Plan at (818) 846-1015, 2900 W. Alameda Ave., Suite 1100, Burbank, CA 91505-4220. For identification purposes, the official plan number is 001 and the plan sponsor's name and employer identification number or "EIN" is Producer-Writers Guild of America Pension Plan and 95-2216351.