SAN FRANCISCO LITHOGRAPHERS PENSION TRUST

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NOTICE OF CRITICAL AND DECLINING STATUS

October 25, 2017

TO: Participants and Beneficiaries
Contributing Employers
Graphic Communications Union Local 583
Pension Benefit Guaranty Corporation
Secretary of Labor

FROM: Board of Trustees
San Francisco Lithographers Pension Trust

This is to inform you that on September 28, 2017, the actuary for the San Francisco Lithographers Pension Plan (the "Plan") certified to the U.S. Department of Treasury and to the Board of Trustees that the Plan is in "critical and declining status" for the Plan Year beginning July 1, 2017. Federal law requires that you receive this notice.

Critical Status

The Plan is considered to be in critical status because it has funding or liquidity problems, or both. More specifically, the Plan's actuary determined that the Plan is in critical status due to the following reasons. Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical status.

- The Plan has an accumulated funding deficiency for the current Plan Year.

- The Plan is projected to have an accumulated funding deficiency for the 2017, 2018 and 2019 Plan Years.

- The sum of the Plan's normal cost and interest on the unfunded benefits for the current Plan Year exceeds the present value of all expected contributions for the Plan Year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and the Plan has an accumulated funding deficiency for current Plan Year.

- The sum of the Plan's normal cost and interest on the unfunded benefits for the current Plan Year exceeds the present value of all expected contributions for the Plan Year; the present value of vested benefits of inactive participants is greater than the present value of vested benefits of active participants; and over the next four Plan Years, the Plan is expected to have an accumulated funding deficiency for the 2017, 2018, 2019 and 2020 Plan Years.

- The funded percentage of the Plan is 65% or less and over the next four Plan Years, the Plan is projected to have an accumulated funding deficiency for the2017, 2018, 2019 and 2020 Plan Years.

- The Plan's funded percentage for the 2017 Plan Year is less than 65% and the sum of the fair market value of its current assets plus the present value of expected employer contributions through the end of the 2022 Plan Year is less than the present value of all benefits projected to be payable (plus administrative expenses) through the 2022 Plan Year.

Employer Surcharge

The Pension Protection Act of 2006 ("PPA") required that all contributing employers pay to the Plan a surcharge (an additional percentage of an employer's then negotiated contribution rate) to help correct the Plan's financial situation beginning 30 days after the employer was notified of the Plan's initial critical status certification. A 5% surcharge was applicable during the initial Plan Year in critical status and a 10% surcharge became applicable for each succeeding Plan Year in which the Plan remained in critical status or until the employer's employees became covered by a collective bargaining agreement or other contribution agreement which included terms consistent with a rehabilitation plan schedule adopted by the Board of Trustees. There are presently no employers paying surcharges.

Rehabilitation Plan

This is the tenth year the Plan has been in critical status. The Pension Protection Act of 2006 ("PPA") requires a pension plan in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. As part of a rehabilitation plan, plans are permitted to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The types of benefits considered to be adjustable benefits are:

- 120-month payment guarantee that was previously part of the Life Annuity payment form

- Early Retirement Benefit, Supplemental Early Retirement Benefit or other retirement-type subsidy

- Pre-retirement death benefits other than Pre-Retirement Spousal Annuity

- Retirement-type subsidies in connection with benefit options

On October 26, 2008, you were notified that as of July 1, 2008 the Plan was no longer permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. On May 29, 2009, you were notified which specific adjustable benefits would be reduced or eliminated.

If the Trustees of the Plan determine 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 (other than a repeal of a recent benefit increase, as described below) will not reduce the level of your basic benefit payable at Normal Retirement Age.

Critical and Declining Status

The Multiemployer Pension Reform Act of 2014 ("MPRA") added an additional funding status category – critical and declining. This is the third Plan Year that the Plan's actuary has determined the Plan as being in critical and declining status. It is in critical and declining status for the Plan Year beginning July 1, 2017 due to the following reasons. Note that any single reason by itself is sufficient to result in the Plan being certified as being in critical and declining status.

- The Plan is in critical status and is projected to be insolvent within the next 14 years.

- The Plan is in critical status, is projected to become insolvent within the next 19 years and the ratio of its inactive participants to active participants is at least 2 to 1.

- The Plan is in critical status, is projected to become insolvent within the next 19 years and the funded percentage of the Plan is less than 80%.

Critical and Declining Status – Possible Actions

Under MPRA, a plan that has been certified to be in critical and declining status and is projected to become insolvent may be able to adopt certain reductions to accrued benefits ("benefit suspensions"), subject to various requirements and limitations, if the plan has taken all other reasonable measures to avoid insolvency and the benefit suspensions are projected to prevent insolvency. Generally, in order for a plan sponsor to adopt what are termed "benefit suspensions," the suspensions must be approved by the Department of the Treasury ("Treasury") in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation ("PBGC"), and ratified by a vote of the plan's participants and beneficiaries. MPRA also provides that a plan in critical and declining status that cannot be projected to avoid insolvency by benefit suspensions alone, may be eligible to apply to the PBGC for a partition – subject to various requirements and limitations – if a partition (in addition to suspensions) is projected to prevent insolvency. Because the Plan is in critical and declining status for the 2015 Plan Year, the Board of Trustees is eligible to apply to Treasury for approval of benefit suspensions and, if necessary, to the PBGC for a partition. In the event an application is made to the Treasury for approval of benefit suspensions and/or to the PBGC for partition, the plan must provide a notice to participants, beneficiaries, contributing employers and participating unions, containing information regarding the proposed benefit suspensions and/or partition. The notice would include an individualized estimate of the effect of such benefit suspension on each participant and beneficiary.

Where to Get More Information

For more information about this Notice, you may contact the Plan Administrator at:

Mr. Scott Wall
Zenith Administrators, Inc.
1600 Harbor Bay Parkway, Suite 200
Alameda, CA 94502
(415) 546-7800

You have a right to receive a copy of the Rehabilitation Plan from the Plan.

As required by law, the notice is being provided to all required parties, including the Pension Benefit Corporation (PBGC), the U.S. Department of Labor, each Plan participant and beneficiary, the Union and each contributing employer.