Annual Funding Notice

2014 Plan Year

Jim Hedges, Chief Executive Officer

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.

April 20, 2015

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

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% funded but, by the end of 2008, the Pension Plan was down to only 74% funded.[1] Fortunately, returns since then have been 10% or more every year except 2011 and 2014.

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 2014 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.

[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.

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 healthy and 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. In 2014, the Multiemployer Pension Reform Act of 2014 (MPRA) made the PPA rules permanent. Originally the rules were scheduled to expire at the end of 2014. MPRA 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
- 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 2015, 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.

In 2010, the Directors adopted pension funding relief under PRA 2010.[2] Since 2011, 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 make sure the Plan is healthy financially.

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 2014, 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 means 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.

[2] The Pension Reform Act of 2010.

ANNUAL FUNDING NOTICE

For

Producer-Writers Guild of America Pension Plan

Introduction

This notice includes important information about the funding status of the Producer-Writers Guild of America 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 January 1, 2014 and ending December 31, 2014 ("2014 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 at issue. In general, the higher the percentage, the better funded the plan. Your Plan's funded percentage for the 2014 Plan Year and each of the two preceding plan years ending on December 31, 2013 ("2013 Plan Year") and ending on December 31, 2012 ("2012 Plan Year") 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			
	2014 Plan Year	2013 Plan Year	2012 Plan Year
Valuation Date	January 1, 2014	January 1, 2013	January 1, 2012
Funded Percentage [3]	100.1%	99.9%	100.3%
Value of Assets	$2,694,846,091	$2,556,692,339	$2,443,621,142
Value of Liabilities	$2,690,968,571	$2,559,627,183	$2,435,471,594

[3] 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.

Year-End Fair Market Value of Assets

The asset values in the chart above are measured as of the respective Valuation Date for each of the 2014, 2013, and 2012 Plan Years (collectively "Plan Years") 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 respective Plan Years, rather than as of their respective Valuation Date(s). 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 respective Plan Years is shown in the following table:

	12/31/2014	12/31/2013	12/31/2012
Fair Market Value of Assets	$2,542,214,000	$2,456,613,932	$2,232,442,254

Since the Plan does not have audited asset values as of December 31, 2014, 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 2014 Plan Year will contain the exact fair market value of the Plan's assets as of that date.

Critical, Seriously Endangered or Endangered Status

Under federal pension law, a pension plan generally will be considered to be in "endangered" status (the "Yellow Zone") if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or has an accumulated funding deficiency for the current plan year or a projected accumulated funding deficiency for any of the next six (6) plan years. A pension plan is considered to be in "seriously endangered" status (the "Orange Zone") if both of these situations exist. A pension plan is determined to be in "critical" status (the "Red Zone") if the funded percentage is less than 65 percent (other factors will apply). If a pension plan enters endangered status or seriously 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, seriously endangered or critical status in the 2014 Plan Year.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 14,997. Of this number, 6,798 were active participants, 4,058 were retired or separated from service and receiving benefits, and 4,141 were retired or separated from service and entitled to future benefits.

Funding & 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 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.

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 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 25% domestic equity, 16% international equity, 28% fixed income, 10% real estate and 21% in other financial instruments.

Under the Plan's investment policy, the Plan's assets were invested in a diversified group of asset classes with allocations among the following categories of investments, as of the end of the 2014 Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
1. Cash (Interest bearing and non-interest bearing)	0.1%
2. U.S. Government securities	9.0%
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	9.9%
4. Corporate stocks (other than employer securities):	
Preferred	
Common	17.3%
5. Partnership/joint venture interests	30.3%
6. Real estate (other than employer real property)	3.8%
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	13.5%
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)	15.4%
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	0.3%
17. Other	0.4%

The asset allocations, and related asset values, are preliminary and are subject to change throughout the audit process and confirmation when the audit is finalized for the 2014 Plan Year.

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 Producer-Writers Guild of America Pension Plan at (818) 846-1015, 1015 North Hollywood Way, Burbank, CA 91505-2526.

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 the 2009 Plan Year 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."

Please note that the Annual Report for the 2014 Plan Year may not be available until mid-October of 2015.

Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Although the Plan is not in reorganization or insolvent, federal law requires this notice to describe the legal rules that apply to such 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.

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. 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 Producer-Writers Guild of America Pension Plan at (818) 846-1015, 1015 North Hollywood Way, Burbank, CA 91505-2526. 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. For more information about the PBGC, go to PBGC's website, www.pbgc.gov.

Producer-Writers Guild of America Pension Plan
1015 North Hollywood Way
Burbank, California 91505-2526