

SAN FRANCISCO LITHOGRAPHERS PENSION TRUST

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NOTICE OF CRITICAL STATUS FOR THE SAN FRANCISCO LITHOGRAPHERS PENSION PLAN (July 1, 2011 – June 30, 2012 Plan Year)

October 17, 2011

**TO: PARTICIPANTS, BENEFICIARIES, CONTRIBUTING EMPLOYERS
AND GRAPHIC COMMUNICATIONS UNION LOCAL 583**

This is to inform you that on September 28, 2011 the actuary for the San Francisco Lithographers Pension Plan (the "Plan") certified to the U.S. Department of the Treasury, and to the Board of Trustees that the Plan is in critical status (the "red zone") for the Plan Year beginning July 1, 2011. Federal law requires that you receive this notice.

CRITICAL STATUS

The Plan is considered to be in critical status because it has funding problems. More specifically, the Plan's actuary has determined that all of the following apply:

- The Plan has an accumulated funding deficiency for the current Plan Year.
- Over the next three Plan Years, the Plan is projected to have an accumulated funding deficiency for the 2012, 2013 and 2014 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 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 the 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 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 has an accumulated funding deficiency for the 2012, 2013, 2014, 2015 Plan Years.
- The Plan was in critical status last year and over the next 9 years, the Plan is projected to have an accumulated funding deficiency for the 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 Plan Years.

REHABILITATION PLAN

This is the fourth year the Plan has been in critical status. Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. 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. Furthermore, the law permits pension plans to reduce, or even eliminate benefits called

“adjustable benefits” as part of a rehabilitation plan. 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 a Participant’s basic benefit payable at Normal Retirement Age.

ADJUSTABLE BENEFITS

The Plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan the pension plan may adopt. Some of the benefits have already been reduced in connection with a rehabilitation plan adopted by the Trustees.

- 120-month payment guarantee connected with the life annuity payment form
- Early Retirement Benefit, Supplemental Early Retirement Benefit or other retirement-type subsidy
- Pre-retirement death benefit other than Pre-Retirement Spousal Annuity
- Retirement-type subsidies in connection with benefit options

EMPLOYER SURCHARGE

The law requires that all contributing employers pay to the plan a surcharge to help correct the plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. A 5% surcharge was applicable during the Plan’s initial Plan Year of being in critical status (i.e., Plan Year ending June 30, 2009) and a 10% surcharge is applicable for periods after that, until a negotiated contribution rate that satisfies the terms of the rehabilitation plan goes into effect.

WHERE TO GET MORE INFORMATION

For more information about this notice or the Trust, contact the Administration Office at the address or phone number listed at the top of this letter. You have a right to receive a copy of the rehabilitation plan from the Plan.

Sincerely,

Board of Trustees

As required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.