

**Arbitrator Requires SAG to Engage In Mandatory Bargaining with Advertisers  
Regarding Disputed P&H Allocations**

***Decision Ends 30-Year Practice of Fund Trustees Unilaterally Determining  
Allocations for Covered vs. Non-covered Acting Services and Threatening Federal  
ERISA Litigation***

**New York, NY (June 24, 2008)** – An arbitrator has ruled that disputed Pension and Health allocations for covered vs. non-covered acting services in television commercials must be resolved via mandatory bargaining between employers and the Screen Actors Guild. This decision ends a 30-year practice by the SAG Pension & Health Fund Trustees of unilaterally setting allocations and then threatening federal ERISA litigation if advertisers disagreed with the amounts subject to the 14.8 percent P&H payment required by the SAG Commercials Contract.

The issue arises when an actor is employed to provide services in both broadcast and non-broadcast media. An example is a celebrity endorsement contract, where compensation must be allocated between acting services covered by the SAG contract and other non-covered services, such as print advertising and public appearances. The Joint Policy Committee on Broadcast Talent Relations (JPC) filed for arbitration against SAG to clarify the duty of SAG not the P&H trustees to bargain over what proportion of total compensation is pensionable and that it cannot be unilaterally mandated by the Trustees.

The arbitrator ruled that allocations in such contracts must be determined on a case by case basis without minimums or other guidelines unilaterally determined by the SAG Trustees. If there are to be any guidelines, according to the arbitrator, they must be bargained for between SAG and the JPC. Furthermore, if SAG and an individual advertiser cannot agree on an appropriate allocation, the impasse must be resolved through arbitration in accordance with the SAG Commercials Contract, not via a lawsuit brought by the Trustees under federal ERISA laws.

“Federal litigation has inappropriately and unfairly been used by the Trustees as a sword of Damocles over the heads of advertisers,” said Douglas Wood, the JPC Chief Negotiator and a partner in the law firm of Reed Smith LLP. “The JPC is pleased that the arbitrator adopted the JPC’s position in its entirety and rejected the arguments put forth by SAG in their entirety.”

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