



June 30, 2008

Statement of the AMPTP

Our industry is now in a *de facto* strike, with film production virtually shut down and television production now seriously threatened. In an effort to put everyone back to work, the AMPTP today presented SAG our final offer - a comprehensive proposal worth more than \$250 million in additional compensation to SAG members, with significant economic gains and groundbreaking new media rights for all performers.

Our \$250 million offer is consistent with the four other labor agreements already reached this year with DGA, WGA, AFTRA Network Code and AFTRA Prime-Time Exhibit A. In addition, our offer addresses issues that SAG identified as being of utmost concern to its members, including tailoring our new media framework for SAG in areas such as feature films and significant gains for working actors.

In short, our final offer to SAG represents a final hope for avoiding further work stoppages and getting everyone back to work. That is our goal, and we hope it is shared by the members of SAG. The economic consequences of a work stoppage would be enormous. If our industry shuts down because of the unwillingness of SAG's Hollywood leadership to make a deal, SAG members will lose \$2.5 million each and every day in wages. The other guilds and unions would lose \$13.5 million each day in wages, and the California economy will be harmed at the rate of \$23 million each and every day.

As SAG's leadership considers our final offer, we will continue for now to work under the terms of the old contract as current productions wind down.

Background Materials

Negotiations History and the *De Facto* Strike

SAG's Hollywood leadership has, by its own design, created the difficult predicament that SAG's working actors now find themselves in. Immediately after the WGA settlement, on February 14, 2008, we invited SAG to engage in early negotiations but the Guild's Hollywood leadership insisted that only last-minute bargaining can bring notable gains. Calls for early talks were further ignored as SAG engaged in a W&W process that got underway months later than usual because of the Hollywood leadership's longstanding campaign against AFTRA.

Since talks finally began on April 15th, we have spent 42 days attempting to convince SAG's Hollywood leaders that we should build upon the New Media Framework already established in four different labor agreements this year, with DGA, WGA, AFTRA Network Code, and AFTRA Prime-Time Exhibit A.

In early June SAG's Hollywood leadership announced an anti-AFTRA campaign, and since that time SAG's Hollywood negotiators have squandered almost a month of negotiating time trying to defeat AFTRA's tentative agreement instead of making its own deal.

The result of SAG's stalling is a *de facto* strike that is inexorably bringing our entire industry to a full stop. Our final offer is designed to bring an end to this *de facto* strike and put our industry back to work.

The Economic Impact of an Industry Work Stoppage

If SAG rejects our offer and continues with its misbegotten anti-AFTRA campaign, SAG's Hollywood leaders will unnecessarily harm not only SAG members and sister Guild members, but also the tens of thousands of below-the-line workers whose families depend on our industry and the millions throughout California whose businesses benefit from our industry's growth. With each passing day after June 30th, there will be less work for those whose livelihoods depend on our industry.

SAG participated in the WGA strike and saw first-hand the economic damage it inflicted on the industry and the thousands of workers and businesses that had no stake in the fight. If our industry shuts down because of the unwillingness of SAG's Hollywood leadership to make a deal, SAG members will lose \$2.5 million each and every day in wages. The other guilds and unions would lose \$13.5 million each day in wages, and the California economy will be harmed at the rate of \$23 million each and every day. A halt in production will also bring economic harm to a number of communities around the country where film and television production bring millions of dollars into local economies.

Roadblocks

The producers were put in a challenging position by having to bargain separately with AFTRA and SAG for the first time since 1980. After 17 days of tough negotiations, we reached a tentative agreement with AFTRA but have yet to do the same with SAG after more than twice as much time at the negotiating table.

With four major agreements concluded with the Guilds this year alone, the Producers entered the SAG talks with eight narrowly tailored proposals meant to get an agreement that much quicker. Unfortunately, SAG came in with 36 proposals – including several true deal-breakers – and thus put itself in the position of having to work harder to find common ground. While we have made some progress, SAG continues to hold to several of these unacceptable proposals including increases in DVD residuals, restrictions on product integration and excessive increases in money and schedule breaks, stand-in minimums and mileage increases.

In addition, SAG is seeking to undermine the New Media Framework that we have constructed with three other Guilds. This includes a demand that SAG have exclusive jurisdiction in content made for the Internet, which would prevent AFTRA from having the shared jurisdiction that it bargained for only a month ago.

Making the Framework Work

So far this year, the Producers have reached four major Guild agreements – DGA, WGA and two with AFTRA – that build on a fundamental set of new media terms. These terms are groundbreaking for a number of reasons. First, at no point has the industry ever established so many residual formulae and jurisdictional agreements in one negotiation cycle. Through a series of major concessions, the Producers have established standards for permanent downloads, Internet streaming, made-for new media productions and the use of clips in new media.

The New Media framework offers terms that are rich by traditional standards but also gives the Producers some flexibility to adapt and experiment. Most of the residuals are based on a percentage of revenue that matches the best existing residuals in the SAG contract. Further, the New Media framework allows full access to the Companies' un-redacted new media deal memos and includes a Sunset Clause so that the parties can revisit the terms in three years with a better understanding of how the market is developing. The New Media Framework has been adapted to the unique needs of SAG by preserving performers' right of consent over non-promotional uses of their clips in new media, and securing a definition for "covered actors" in low-budget original made-for new media. In short, the Producers have now proven they can make the framework work for all Guild members, and there is no reason we should not be able to do the same with SAG.

The AMPTP's Final Offer

Our final offer is worth more than \$250 million to SAG members over the course of the three-year deal, over and above what SAG members would have made under their old contract. Our final offer includes significant gains in minimums, pension and health contributions and terms for working actors. In addition, we have offered groundbreaking new media terms – with fair and appropriate modifications for actors -- that have already served as the cornerstone of four other major Guild agreements this year, including one that ended the 100-day WGA strike.

We hope that SAG's Hollywood leadership will not make the tragic mistake of misleading their members by suggesting that additional stalling will lead to a better offer at a later time. We have compromised again and again this year to reach four major labor agreements -- agreements that satisfied the DGA, WGA and AFTRA – and we have now reached the end of this process.

AMPTP Final Offer Fact Sheet

The Producers' final offer includes groundbreaking terms and residuals for actors in all forms of new media, as well as significant increases in minimums, pension and health contributions and terms affecting working actors.

MINIMUMS:

Increase minimums by 10% over the course of the contract – 3.5%, 3%, and 3.5%.

Increase network primetime rerun ceiling by 2.5% in the first and third years of the contract.

PENSION & HEALTH:

Increase contributions by 0.5% in second year of contract, bringing SAG's pension and health rate to 15% - the highest Guild rate in the industry.

GUEST STARS:

Increase the premium payment over the day player rate from 7.5% to 10%.

BACKGROUND PERFORMERS:

Increase the number of covered background actors in television from 19 to 20 and on features from 50 to 52.

MONEY BREAKS:

Increase the trailer money break from \$2,500/week to \$3,000/week.

Increase three-day performer overtime money break from \$2,700 to \$3,000.

SCHEDULE BREAK:

Increase weekly salary figure for Schedule B performers from \$4,400 or less per week to \$4,650 or less per week for TV and from \$5,500 or less per week to \$6,000 or less per week in feature film.

NEW MEDIA:

Establish residuals for streaming television programs and features.

Establish jurisdiction and residuals for derivative and original made-for New Media programs.

Doubling of residual rate for permanent downloads.

Preserve performers' consent over non-promotional uses of clips in New Media.

Broad definition of "covered performers" in low-budget New Media productions.

Full access to Companies' un-redacted New Media deal memos.

Sunset Clause to protect both sides in future negotiations.