

# SCREEN ACTORS GUILD-PRODUCERS PENSION & HEALTH PLANS

December 22, 2011

Dear Plan Participant:

We are writing to advise you of our findings in connection with an investigation of recent allegations made by a former employee regarding the management and fiscal integrity of the SAG - Producers Pension and Health Plans (SAG-PPHP). As the Trustees of your funds, we are guided by the principle that our responsibility is to act in your sole and exclusive interests. To that end, we have conducted a comprehensive review of the allegations with an intense scrutiny that was designed to ensure that your funds continue to be managed in accordance with our obligations as fiduciaries. In summary:

1. We authorized an extensive and independent investigation of the allegations made.
2. We have established a special subcommittee of the Board to conduct a comprehensive review of our policies and guidelines, and ensure they conform to best practices.
3. Based on the results of the investigation, we can assure you that the fiscal integrity of the SAG-PPHP remains sound and your benefits are secure. In plain English, your Pension Plan is safe; your Health Plan is safe.

By way of background, we want to describe to you the allegations, investigative activities, and findings surrounding this matter. A former Plan employee, Craig Simmons, made allegations against certain staff members, including CEO Bruce Dow, regarding inappropriate use of funds and improper treatment of employees. To determine the validity of the allegations, the Board retained a highly regarded independent investigator with extensive experience in workplace investigations. We gave the independent investigator unrestricted access to all Plan employees and records with the instruction to take all steps necessary to thoroughly assess the allegations. As part of her evaluation, the independent investigator offered Mr. Simmons the opportunity to discuss and expand upon his written allegations, which he declined to do.

The independent investigator found that most of Mr. Simmons' allegations are false, including his claims that Mr. Dow is anti-gay, that he caused the Plans to improperly reimburse health expenses for his wife, that he caused Plan employees to work on his home and perform personal chores for him, that he promoted employees who were unqualified, and that he instructed staff to mislead U.S. Department of Labor auditors. The findings presented by the independent investigator were reviewed by PricewaterhouseCoopers' (PwC) forensic auditors.

As to Mr. Simmons' claims of financial mismanagement, while it is accurate that the Trustees discovered in 2008 that approximately \$2 million had been misappropriated by a then-Plan employee, the Plans investigated the matter immediately, engaging forensic auditors and legal counsel. The matter was successfully resolved earlier this year and substantially all of the misappropriated funds were recovered from our insurance company. Plan assets were not materially affected.

The independent investigation is now complete and, as a result of its findings, we are evaluating whether any remedial actions are required. The Trustees are committed to carrying out our fiduciary and ethical obligations and are now engaged in a full review of the Plans' internal operational controls. We have created a special subcommittee of the Board with its own independent counsel to review the Plans' policies and guidelines to ensure that they remain current with best practices.

Finally, we want to remind you that we have more than 200 employees who come to work every day focused on the core mission of the organization, which is to ensure that your employers are contributing to the Plans appropriately and that those contributions are invested and used in a manner that serves the Plans' participants as effectively as possible.

We appreciate the trust you place in the Plans to oversee your pension and health benefits.

Sincerely,

The Board of Trustees