

WRITERS' GUILD-INDUSTRY HEALTH FUND

Thomas J. Hendricks, Administrator

APRIL 25, 2003

TO: ALL PARTICIPANTS

FROM: THE WRITERS' GUILD-INDUSTRY HEALTH FUND TRUSTEES

ANNOUNCEMENT OF CHANGES IN HEALTH BENEFITS

At its March 2003 meeting, the Board of Trustees of the Writers' Guild-Industry Health Fund made difficult decisions regarding changes to the Health Fund. Faced with healthcare costs increasing at a double-digit rate every year into the foreseeable future, we have acted to lower expenses and increase revenues to bring the Fund closer to fiscal balance. After considering a wide array of options, we have made the changes detailed below, which are scheduled to be implemented on July 1, 2003. When added to the changes that went into effect on April 1, 2003 (recapped below), and the increase in the rate of contributions paid by employers to the Health Fund from 7% to 7 ½ % effective May 2, 2003, we believe these difficult, but necessary steps will help keep our plan healthy.

SUMMARY OF CHANGES EFFECTIVE JULY 1, 2003:

CATEGORY	CURRENT	JULY 1, 2003
<i>MINIMUM EARNINGS NEEDED FOR ELIGIBILITY</i>	\$19,125 (Half Hour Network Prime Time Story & Teleplay)	\$28,833 (One Hour Network Prime Time Story & Teleplay)
<i>PREMIUM FOR DEPENDENT COVERAGE</i>	None	\$50 per month for dependents (Medicare eligible retirees exempted)
<i>MEDICARE PART B REIMBURSEMENT</i>	\$58.70 per month	No reimbursement
<i>MAINTENANCE MEDICATION</i>	Retail or Mail Order	Mail Order Only
<i>BRAND NAME MEDICATIONS</i>	Covered at brand co-pay	If generic is available, covered at generic co-pay plus cost differential
<i>EMERGENCY ROOM CO-PAY</i>	None	\$50 Co-pay (waived if admitted)
<i>INFERTILITY TREATMENT</i>	\$5,000 Lifetime maximum (previously reduced April 1, 2003, from \$25,000)	None

RECAP OF CHANGES EFFECTIVE APRIL 1, 2003:

CATEGORY	PRIOR TO APRIL 1, 2003	APRIL 1, 2003
<i>ANNUAL DEDUCTIBLE</i>	Individual - \$200 Family - \$600	Individual - \$300 Family - \$900
<i>OUT OF POCKET MAXIMUMS</i>	In Network - \$750 Out of Network - \$1250	In Network - \$1000 Out of Network - \$2500
<i>CO-INSURANCE</i>	In Network - 85% of the negotiated rate Out of Network - 75% of Reasonable Customary Charges	In Network - 85% of the negotiated rate Out of Network - 70% of Reasonable Customary Charges
<i>HOSPITAL ADMISSION CO-PAY</i>	None	\$100 per admission
<i>LIFETIME INFERTILITY BENEFIT</i>	\$25,000	\$5,000
<i>ERECTILE DYSFUNCTION RX</i>	Covered	Not covered
<i>RX CO-PAY: RETAIL (30 DAY)</i>	Generic \$5 Preferred \$10 Brand \$16	Generic \$10 Preferred \$15 Brand \$25
<i>RX CO-PAY: MAIL ORDER (90 DAY)</i>	Generic \$10 Preferred \$20 Brand \$25	Generic \$20 Preferred \$30 Brand \$36
<i>DENTAL DEDUCTIBLE</i>	Individual - \$25 Family - \$50	Individual - \$75 Family - \$150
<i>LIFE INSURANCE (ACTIVE PARTICIPANTS)</i>	\$25,000	\$5,000
<i>ANNUAL VISION CARE ALLOWANCE</i>	\$325	\$200

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In addition to the changes above, the Fund is making significant administrative changes in areas such as utilization management and targeted disease management, which will be largely invisible to you, but will provide substantial savings to the Fund through improved efficiency in how we provide service, while maintaining or improving the level of service you receive.

DETAILS OF CHANGES EFFECTIVE JULY 1, 2003:

CHANGE IN EARNINGS MINIMUM THRESHOLD

Since 1986, the minimum earnings amount required to obtain Health Fund coverage has been indexed to the Half Hour Network Prime Time Story & Teleplay minimum in the MBA, currently \$19,125. The earnings minimum will now be indexed to the One Hour Network Prime Time Story & Teleplay minimum, increasing the minimum to \$28,833. The new minimum will first apply July 1, 2003 unless you have already satisfied the old \$19,125 minimum as of June 30, 2003. For example, if your four quarter earnings cycle runs from October 1, 2002 to September 30, 2003 and you satisfy the earnings requirement of \$19,125 on or before June 30, 2003, your coverage will be continued. However, if this is not the case, you must satisfy the new earnings minimum requirement of \$28,833 by September 30, 2003 in order to continue your coverage. This new amount is still considerably less than the \$116,000 in earnings required to offset the average annual cost of coverage per participant, and it is consonant with the Fund's commitment to extend coverage to as many writers as possible.

PREMIUM FOR DEPENDENT COVERAGE

Currently, when you become eligible for coverage under the Health Fund, your spouse and eligible dependents are also covered at no additional charge. We are instituting a monthly premium of \$50 for family coverage, which includes your spouse or Same Sex Domestic Partner, and all your eligible dependents. (Please note if you have no dependents covered by the Fund, this premium will not apply to you.) This charge, which is similar in principle to those of the SAG, DGA, and IATSE plans, will be payable quarterly. Details of enrollment and billing procedures will be provided at a future date.

REIMBURSEMENT FOR MEDICARE PART B PREMIUM

Currently, the Fund reimburses Medicare eligible Certified Retirees for the premiums paid for Medicare Part B Health Care. The Fund is discontinuing this reimbursement.

MAINTENANCE MEDICATIONS

All medications that you are taking on an ongoing basis will only be covered through the mail order pharmacy provided by AdvancePCS. If as of July 1, 2003, you have already received an initial prescription plus 1 refill, the Fund will not cover prescriptions received at a retail pharmacy. Prior to July 1, 2003, you should contact your physician to write your prescription for a 90-day supply and submit a mail order form. After July 1, 2003, when you start a new long-term medication, the Fund will cover the original prescription plus 1 refill at a retail pharmacy. All subsequent refills will only be covered if obtained through the mail order program. You will receive up to a 90-day supply of your medication for the applicable mail order co-pay. For copies of the mail order form or questions on this change, please call AdvancePCS at 1-800-966-5772 or visit their website at AdvanceRX.com.

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BRAND NAME MEDICATIONS

If your doctor has prescribed a brand name prescription, and the medication has a generic equivalent available, even if the doctor prescribes it "DAW" (dispense as written), the Fund will only pay for the generic equivalent. If you choose to purchase the brand name medication, you must pay the generic co-pay plus the difference in cost between the brand name medication and the generic medication.

EMERGENCY ROOM CO-PAY

If you seek treatment at an emergency room, you will be charged a co-pay of \$50. If you are admitted to the hospital as a result of that emergency room visit, the co-pay will be waived but you will still be charged the hospital admission co-pay.

INFERTILITY TREATMENT

The Fund will no longer cover infertility treatments. For those currently engaged in infertility treatment, your benefit will continue for the current course of treatment.

WHY THESE CHANGES ARE NECESSARY:

Despite the Trustees' best efforts to keep the cost of Fund benefits in line with Fund resources, costs are exceeding current revenues. Through prudent management, we have maintained reserves that are sufficient to keep our plan solvent in the near term. But long term trends require action now to protect the Fund in the future.

A recent study of Fund finances shows that contributions are down on both an aggregate and a per participant basis. This result should not be surprising to writers because it follows the general softening of writer employment with which many members of the WGA are all too familiar.

After an unexpected period of relatively modest increases in healthcare costs that began in the early 1990s, the cost of benefits is rapidly rising. In 2000, the Fund spent 17% more on benefits than in 1999. 2001 saw a 10% increase over that. For 2002, the increase was approximately 10%. That is a 37% increase in cost in just three years. For 2003 another 10% increase is expected.

This rise in healthcare costs is not confined to the Fund. Industry corporate plans have significantly reduced benefits. In addition, DGA, AFTRA, SAG, and the Motion Picture Health Plan (IATSE and Teamsters) have responded to this crisis with changes in their plans. They, too, have had to act quickly and resolutely in the face of rising healthcare costs.

This crisis is not just a national crisis. The ACTRA Fraternal Benefit Society, which provides healthcare services to members of the Writers Guild of Canada, has seen its costs rise 12% per year for the last three years, and sees more of the same in its future.

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We are not alone. And we are fortunate that the changes made to the Health Fund to help keep it fiscally sound in the face of these challenges are more akin to belt-tightening rather than an absence of pants. The enormous scope of the underlying issues notwithstanding, we are charged with keeping the Fund secure now and in the future. Guided by concern for equity and for providing the maximum possible benefits to all participants, we believe the changes described will help achieve this goal.

Should you have any questions about how these changes will affect you, please do not hesitate to contact the Fund's Administrative Office at (818) 846-1015.