

**PRODUCER - I.A.T.S.E. AND M.P.T.A.A.C.**  
**BASIC AGREEMENT OF 2015**

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**PRODUCER - I.A.T.S.E. AND M.P.T.A.A.C.  
BASIC AGREEMENT OF 2015**

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**THIS AGREEMENT**, executed in the City of Los Angeles, California, as of the 1st day of August, 2015, effective as of such date by and between:

7 Friends Pictures Inc.  
300 Pictures, Inc.  
12:05 AM Productions, LLC  
2006 Film Services, LLC  
  
ABC Signature Studios, Inc.  
Abominable Pictures, Inc.  
Academy Lighting  
Consultants, Inc.  
Accendo Faction, Inc.  
Acne Media Inc  
DBA Acne Production  
Adobe Pictures, Inc.  
AEG Ehrlich Ventures, LLC  
Alcon Entertainment, LLC  
Alive and Kicking, Inc.  
All Axis Inc.  
American International Media  
Group, Inc.  
American Summer  
Productions, Inc.  
Amnesia Productions, LLC  
And Action, LLC  
AnEFX Inc.  
Annapurna Productions, LLC  
Anonymous Content, LLC  
Artcraft Productions Inc.  
Artina Films, LLC  
Ascension Films, Inc.  
Atlantic Pictures, LLC  
  
Beachwood Services Inc.  
(except Videotape Agreement)  
Big Beach LLC  
Big Ticket Television Inc.  
Bill Melendez Productions, Inc.  
Bold Films, L.P.  
Bonanza Productions Inc.

Breakthrough Awards  
Productions, Inc.  
BrentSpector/USA, Inc.  
Broken Foot Productions, Inc.  
Bronson Avenue LLC  
  
C4 Productions, Inc.  
Calabasas Camera Inc.  
CaliYork Productions  
Canada Premiere Pictures Inc.  
Capital Concerts, Inc.  
Captive Productions, LLC  
Cartoon Network Studios, Inc.  
Cast & Crew Production  
Payroll, LLC  
Castle Rock Pictures, Inc.  
CBS Films Inc.  
CBS Studios Inc.  
CD2 Pictures Inc.  
Charlestown Productions LLC  
Chime Productions, LLC  
Classic Films Inc.  
CMS Productions, Inc.  
Columbia Pictures Industries, Inc.  
Corporate Management  
Solutions, Inc.  
CP Entertainment Services LLC  
CPT Holdings, Inc.  
Cranetown Media, LLC  
Cream Cheese Films, Inc.  
Creative Music Source, LLC  
Crescent City Pictures, Inc.  
Crews Unlimited II Inc.  
Crown City Pictures Inc.  
Crowned Productions, Inc.  
CT Productions, LLC  
Custom Film Effects, Inc.

Dakota Pictures, Inc.  
 Dare Productions, Inc.  
 Dawgs Sound Design, Inc. (The)  
 Dean River Productions, Inc.  
 Delta Blues Holdings LLC  
 Demo Movie NY, Inc.  
 DHR Project LLC  
 Diary the Movie LLC  
 dick clark productions, inc.  
 Digital 49 Productions, Inc.  
 Digital 360 Productions, Inc.  
 Digital Cinema, LLC  
 Digital Image Associates LLC  
 Done and Dusted  
     Productions, Inc.  
 DreamWorks II  
     Production Co, LLC  
 DreamWorks Animation  
     Television Post Production, Inc.  
 DreamWorks Post  
     Production LLC  
 Duncan Media Group, Inc.  
 Dutch Boy Productions, LLC  
 DW Dramatic Television L.L.C.  
 DW SKG TV L.L.C.  
 DW Studios Productions L.L.C.  
  
 Ease Entertainment Services, LLC  
 Egregious Entertainment, LLC  
 Electric Entertainment, Inc.  
 Elephant Eye Films LLC  
 Emkar Productions, Inc.  
 EPSG Management Services  
 ESM Productions  
 Evans/ McNamara  
 Evolutionary Pictures, LLC  
 Eye Productions Inc.  
  
 Family Productions, Inc.  
 Favian Wigs Inc.  
 Film 49 Productions, Inc.  
 Film Solutions, LLC  
 Films In Motion, LLC  
 Final Stretch Productions, Inc.  
 Focus Features Productions LLC  
 Forward Processing CA, Inc.  
  
 FRB Productions, Inc.  
 FTP Productions, LLC  
 Full Circle Show, LLC  
  
 GMayTV L.L.C.  
 Gold Circle Productions LLC  
 Goldcrest Features Inc.  
 Gramercy Productions LLC  
 Grand Experiment, LLC  
 Grass Skirt Digital  
     Productions, Inc.  
 Green Set Inc.  
 Greenco Studio Rentals Inc.  
 GT Films Inc.  
 GVF Productions, Inc.  
 GWave Productions, LLC  
  
 H2 Films LLC  
 Hazardous Productions, LLC  
 Hearthlight Pictures, Inc.  
 High Noon-ish, LLC  
 Hold Fast Productions, LLC  
 Hollywood Camera, Inc.  
 Hop, Skip & Jump  
     Productions, Inc.  
 Horizon Scripted Television Inc.  
 Hostage Productions, Inc.  
 Howler Monkey Productions Inc.  
  
 I Like Pie, Inc.  
 Indieproduction, LLC  
 Informant Productions LLC  
 Interpol Pictures, LLC  
 Island Film Studios, LLC  
 ITV US Productions, Inc.  
  
 J. Arnold Productions Inc.  
 J.C. Backings Corporation  
 J.E.M. F/X Inc.  
  
 Ken Ehrlich Productions, Inc.  
 Kiki Tree Pictures Inc.  
 Knight Takes King  
     Productions, LLC  
 ku associates llc

Lakeshore Entertainment  
 Group LLC  
 Laugh Attack Productions, Inc.  
 LD Entertainment LLC  
 Legendary Pictures  
 Productions, LLC  
 Lennox House Pictures Inc.  
 Liberty Pictures, Inc.  
 Lions Gate Productions  
 Liquid Music, Inc.  
 Long Night Productions, LLC  
 Louisiana Premiere  
 Productions LLC  
 Love Seat Entertainment  
 LWH Productions, LLC

M & J Custom Tailoring Inc.  
 Main Processing, Inc.  
 Malibu Road, LLC  
 Malke, LLC  
 Marilyn J. Madsen  
 Martell Sound  
 Marvel Film Productions LLC  
 Marvel Picture Works LLC  
 MCPA - Multicultural Community  
 Production Association  
 M.E. & Me Costumes, Inc.  
 dba Bill Hargate Costumes  
 Metch-Kangmi Pictures, Inc.  
 Metro-Goldwyn-Mayer  
 Pictures Inc.  
 MFV Productions, LLC  
 MGM Television  
 Entertainment Inc.  
 MICDI Productions, Inc.  
 Midnight Special Pictures, LLC  
 Midnight Special Productions Inc.  
 Minassian Productions Inc.  
 Monarch Consulting Inc.  
 dba PAEINC  
 Motion Picture Costume Company  
 Mountainair Films Inc.  
 MRC II Holdings, L.P.  
 Mutiny Pictures Inc.

New Liberty Productions, Inc.  
 New Line Productions, Inc.  
 New Regency Productions, Inc.  
 Next Step Productions LLC  
 Nightfall Productions, LLC  
 Ninjutsu Pictures, Inc.  
 NS Pictures, Inc.  
 NYSM2 Productions Ltd.

Olive Productions, LLC  
 On-Air Design, LLC  
 On The Brink Productions, Inc.  
 Open 4 Business Productions LLC

P-LA Prods., LLC  
 Pacific 2.1 Entertainment  
 Group, Inc.  
 Paige Productions, Inc.  
 Paramount Pictures Corporation  
 Paramount Worldwide  
 Productions Inc.  
 Perdido Productions, Inc.  
 Picrow Inc.  
 Pool Mate Pictures, LLC  
 Practice Productions, LLC  
 Primalux Video, Inc.  
 Produced Bayou Productions, Inc.  
 Production Partners, Inc.  
 Puck Productions, LLC

Quantum Payroll Services, Inc.  
 Quay Street Enterprises, Inc.

Raging Bear, LLC  
 Random Pictures Inc.  
 Rat Pac, Inc.  
 Red Sun Productions, LLC  
 Red Zone Pictures, Inc.  
 Redemption Pictures, Inc.  
 Reunion Design Services Inc.  
 RH Factor, Inc.  
 Rhomboid Music, Inc.  
 Right Here Right Now  
 Productions, LLC  
 Riverboat Productions, LLC  
 Rogue Films Limited

Rose City Pictures, Inc.  
Rosen Hill, LLC  
    dba Costume Co-Op  
Royce Productions Inc.  
Rozar Pictures, LLC  
RRCB Media Assets Inc./  
    DBA Cabin 21 Sound

S&K Pictures, Inc.  
SC Saints Productions, LLC  
Scope Productions, LLC  
Screen Gems Productions, Inc.  
SF Film Services, LLC  
Shovel Buddies, LLC  
Sicario Movie, LLC  
Sight & Sound Production  
    Services, Inc.  
Sign Set, Inc.  
Significant Productions White  
    Label, LLC  
Singularity Creative LLC  
Sixteenth Moon Productions, LLC  
Sky Lantern, LLC  
Skydance Pictures, LLC  
SLO Productions Inc.  
Sneak Preview Productions, Inc.  
Sony Pictures Studios, Inc.  
Sound One Inc.  
Southward Films, LLC  
SPAD Films, Inc.  
Stage 6 Films, Inc.  
Stage 16 Pictures, LLC  
Stalwart Films, LLC  
Stu Segall Productions, Inc.  
Subconscious Productions Inc.

Take Note, Inc.  
TGE Prods., LLC  
The Traveling Lab  
Theoretical Pictures, Inc.  
Third Act Pictures Inc.  
Thunder and Lightning, Inc.  
To Have and To Hold, L.L.C.  
Tom T. Animation, Inc.  
Too Many Toppings, Inc.

Touchstone Television  
    Productions, LLC  
    dba ABC Studios  
Trio Entertainment Services  
    Group, LLC  
Turner Films, Inc.  
TVM Productions, Inc.  
TWA Productions, Inc.  
Twentieth Century Fox Film  
    Corporation  
Twin Holdings LLC  
TWT NOLA, LLC

Ultra Louisiana, LLC  
Undiscovered North American  
    Ape Pictures, Inc.  
United Artists Media Group  
Universal Animation Studios LLC  
Universal City Studios LLC  
Universal Network  
    Television LLC  
Universal Payment Services, Inc.  
Unpronounceable  
    Productions, LLC  
Untitled Inc.  
Upload Films Inc.  
Upper Grand Enterprises, Inc.  
Upside Down Productions Inc.

Vendome Productions LLC  
Videohouse, The

WAG Pictures Inc.  
Walden Media Productions LLC  
Walt Disney Pictures  
Warner Bros. Advanced Media  
    Services, Inc. (except IATSE  
    Local 700/formerly Local 683)  
Warner Bros. Animation Inc.  
Warner Bros. Pictures  
Warner Bros. Studio Facilities  
Warner Bros. Television  
Warner Specialty Productions Inc.  
Warner Specialty Video  
    Productions Inc.  
Western Costume Company

Westwind Studios, LLC  
Whole Truth Post Production, Inc.  
Wildfire Studios, LLC  
Wings Wildlife Productions, Inc.  
Wonderland Films LLC  
WVP Boston

all of whom are parties of the first part, hereinafter referred to individually as a "Producer" and collectively as the "Producers" and the **INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES AND MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS OF THE UNITED STATES, ITS TERRITORIES AND CANADA**, party of the second part, hereinafter referred to as the "IATSE."

**WHEREAS**, the Motion Picture Producers are engaged in the making, taking, processing, editing, producing and distributing of motion and still pictures throughout the United States and Canada, and elsewhere; and the Laboratory Employers are engaged in rendering photographic or laboratory services for the making, taking, processing, editing, producing and distributing of motion and still pictures throughout the United States and Canada; and they severally are desirous of entering into an agreement with respect to the matters and things hereinafter in this agreement set forth; and

**WHEREAS**, the IATSE is an international labor union organized in the United States, its territories and Canada, for the mutual benefit of its members, and is affiliated with the American Federation of Labor-Congress of Industrial Organizations, and has heretofore chartered and established, among others, fourteen (14) local labor unions whose members are employed in the West Coast Studios of the Producers, and is desirous of entering into an agreement with respect to the matters and things hereafter in this agreement set forth, so that the same may inure to the benefit of the members of the IATSE; and

**WHEREAS**, said fourteen (14) West Coast Studio Locals of the IATSE are named as follows:

Affiliated Property Craftspersons	Local No. 44
Motion Picture Studio Grips	Local No. 80
International Cinematographers Guild	Local No. 600

IATSE Production Sound Technicians, Television Engineers, Video Assist Technicians and Studio Projectionists	Local No. 695
Motion Picture Editors Guild	Local No. 700
Motion Picture Costumers	Local No. 705
Make-Up Artists and Hair Stylists	Local No. 706
Studio Electrical Lighting Technicians	Local No. 728
Motion Picture Set Painters and Sign Writers	Local No. 729
Art Directors Guild	Local No. 800
The Animation Guild	Local No. 839
Script Supervisors/Continuity, Coordinators, Accountants & Allied Production Specialists Guild	Local No. 871
Motion Picture Studio Teachers and Welfare Workers	Local No. 884
Costume Designers Guild	Local No. 892

and which Local Unions (together with such other Local Unions, if any, as may be covered by this Agreement pursuant to Article III hereof) will hereinafter collectively be referred to as the West Coast Studio Locals; and

**WHEREAS**, the IATSE represents that the majority of the employees of the Producers, and each of them, in the crafts and classifications of work described in Articles III and IV hereof (all of said crafts and classifications of work constituting an indivisible and integral bargaining unit), are members of the IATSE and of one or more of its said West Coast Studio Locals; and

**WHEREAS**, now, therefore, in consideration of the mutual covenants, conditions and agreements herein contained, the parties covenant and agree as follows:

**I. Term of Agreement**

The term of this Agreement shall be for a period of three (3) years commencing with August 1, 2015 and extending to and including

July 31, 2018; provided, however, that either party may, by written notice to the other, served on or before May 1, 2018, request renegotiation of the West Coast Studio Local Agreements and this Agreement. Such notice shall set forth in detail the proposals or recommendations of the party serving said notice of request for renegotiations. If such notice is served, the parties agree to commence negotiations within thirty (30) days after May 1, 2018, concerning the proposals or recommendations set forth therein and to continue such negotiations diligently and in good faith. Any such changes with respect to wage rates agreed upon by the parties in such negotiations shall be effective as of August 1, 2018 unless otherwise agreed by the parties. With respect to other changes agreed to as a result of such negotiations, such new or modified provisions shall become effective between the parties as of the date they shall mutually agree upon.

## **II. Union Security**

(a) Producers severally agree that each and every employee hired by the Producer to perform services in the County of Los Angeles, or hired by the Producer in the County of Los Angeles to perform services outside said County, in the crafts and classifications of work described in Articles III and IV hereof, shall be and remain a member in good standing of the IATSE and the appropriate West Coast Studio Locals on and after the thirtieth day following the first day of employment or the effective date of such respective agreements between the Producers and the several unions, whichever is the later. The foregoing requirements of union membership as a condition of employment shall be subject to the obligations of the parties under the law.

As defined and applied in this Article II, the term "member of the Union in good standing" means a person who offers to pay (and, if the Union accepts the offer, pays) Union initiation fees and dues as financial obligations in accordance with the requirements of the National Labor Relations Act.

(b) Within a reasonable time, but not to exceed three (3) days after receipt of written notice from the IATSE and/or the Local Union that any such then-employed employee is not a member as above required, and that such employee has been so notified in writing prior to such notice to Producer, the Producer shall discharge any such employee who fails to remedy such default within said three (3) days after Producer receives such notice. The Producer shall not be in default unless it fails to act, if necessary, within said time after receipt of such notice.

(c) Producers severally agree to inform the respective West Coast Studio Locals, in writing, within seven (7) days (Saturdays, Sundays and holidays excluded) from the date of employment hereafter of any employee subject to this Agreement, of such employee's name, residence address, Social Security number, and date of employment.

(d) The Producer agrees not to discriminate against any IATSE member who may apply for a vacant position nor to discharge or discriminate in any way against any employee because of such membership.

(e) In case of repeal or amendment of the Labor Management Relations Act of 1947 or in case of new legislation rendering permissible any union security to the IATSE and/or its West Coast Studio Locals greater than those specified in this Article II, then and in such event, such provisions shall automatically be deemed substituted in lieu thereof. In such event, and if permissible under law, the IATSE and its respective West Coast Studio Locals agree to supply adequate, competent and qualified employees for the job requirements of the Producers in the crafts and classifications covered by this Agreement, and if the IATSE and/or the respective West Coast Studio Locals fail to do so, the Producers may secure such employees from any source.

### **III. Scope of Agreement**

The crafts and classifications of work subject to this Agreement are the crafts and classifications described in the Agreements referred to in Article IV of this Agreement, and such other crafts and classifications of work in which the Producers shall hereafter recognize the IATSE and/or a West Coast Studio Local chartered by the IATSE as the collective bargaining agent of the employees in such crafts or classifications, or in which the IATSE and/or a West Coast Studio Local chartered by the IATSE shall be designated by the National Labor Relations Board as the collective bargaining agent of such employees. Upon such recognition or designation as aforesaid, this Agreement shall immediately become effective and operative with respect to such employees.

### **IV. Wage Scales, Hours of Employment and Working Conditions**

The "Wage Scales, Hours of Employment and Working Conditions" applicable to employees in the crafts and classifications of

work subject to this Agreement shall be those contained in this Agreement and in Agreements in effect between the Producers, on the one hand, and the IATSE and the respective West Coast Studio Locals, on the other hand, which Agreements shall be controlled by and subject to this Agreement.

Specifically with respect to the wage scales, hours of employment and working conditions applicable to employees employed on digitally-recorded television motion pictures,<sup>1</sup> the following shall govern:

(a) The wage scales, hours of employment and working conditions set forth in the Videotape Agreement shall apply to employees employed on non-dramatic and non-prime time dramatic television motion pictures recorded digitally.

(b) The wage scales, hours of employment and working conditions set forth in the "Wage Scales, Hours of Employment and Working Conditions" in the West Coast Studio Local Agreements shall apply to employees employed on one-hour and long-form prime time<sup>2</sup> dramatic<sup>3</sup> television motion pictures recorded digitally.

(c) The wage scales set forth in the West Coast Studio Local Agreements, and the working conditions set forth in the Videotape Agreement, shall apply to employees employed on one-half hour prime time dramatic television motion pictures recorded digitally, except that:

(1) Paragraphs 5 ("Night Premiums") and 10 ("Call-backs") of the West Coast Studio Local Agreements shall apply in lieu of Paragraphs 16 ("Night Premiums") and 28 ("Call-backs") of the Videotape Agreement for employees employed on one-half hour single camera prime time dramatic television motion pictures recorded digitally;

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<sup>1</sup> During the 2015 negotiations, the parties agreed to incorporate the provisions of the 2012 Supplemental Digital Production Agreement (the "Digital Agreement"), which applied to digitally-recorded television motion pictures, in the Videotape Electronics Supplemental Basic Agreement ("Videotape Agreement") and the West Coast Studio Local Agreements as provided herein.

<sup>2</sup> For the purpose of this Agreement, "prime time" shall be defined as the hours between 8:00 p.m. and 11:00 p.m. in the Eastern and Pacific time zones from Monday through Saturday (one hour earlier in the Central and Mountain time zones) and between the hours of 7:00 p.m. and 11:00 p.m. in the Eastern and Pacific time zones on Sunday (one hour earlier in the Central and Mountain time zones).

<sup>3</sup> For sake of clarity, "situation comedies" recorded digitally for television are included within the meaning of "dramatic television motion pictures."

(2) The special conditions set forth in Sideletter No. 1 to the Videotape Agreement shall apply to employees employed on one-half hour pilots recorded digitally;

(3) The special conditions set forth in Sideletter No. 2 of the Videotape Agreement shall apply to employees employed on one-half hour single camera prime time dramatic television series recorded digitally, the production of which commenced on or after October 1, 2006; and

(4) The special conditions set forth in Sideletter No. 4 to the Videotape Agreement shall apply to employees employed on one-half hour dramatic pilots or series made for basic cable that are recorded digitally.

## **V. Bargaining Agency**

All of the crafts and classifications of work set forth in the Agreements referred to in Articles III and IV hereof constitute an indivisible and integral bargaining unit of which the IATSE is and shall be the exclusive collective bargaining representative.

The bargaining unit covered by this Agreement is a single multi-employer unit consisting of the Employers who are parties to this Agreement (including, among others, the signatory members of the Alliance of Motion Picture and Television Producers (hereinafter "the AMPTP")) and those Employers who have and may hereafter become parties to this Agreement and who voluntarily signify their consent in writing to be part of this multi-employer bargaining unit and to be bound by this Agreement and the West Coast Studio Local Agreements which are subject to this Agreement and any amendments, extensions or renewals of such Agreements; provided, however, that such Employers and the IATSE may agree upon individual adjustments on limited matters of peculiar concern to the individual Employers as amendments to such West Coast Studio Local Agreements, so long as such adjustments are not inconsistent with the provisions of this Basic Agreement. An individual Employer shall be designated as a "Producer" and collectively as the "Producers" and as so identified shall mean only those Employers who are parties to the instant multi-employer bargaining unit. Each independent Producer who has become a party to this Agreement and who has consented in writing to be part of this multi-employer bargaining unit shall cause prompt notice thereof to be given to the AMPTP or Contract Services Administrative Trust Fund (hereinafter "CSATF"), as the case may be.

## **VI. Insignia of IATSE**

The insignia of the IATSE is copyrighted and is the sole property of the IATSE. The Producer hereby agrees to display the insignia as herein authorized unless or until otherwise directed on any and all motion pictures manufactured or produced under the terms and conditions of this Agreement, which carry a credit title or titles. Said insignia to be clear and distinct. It shall not be smaller in height than one-fifteenth (1/15) of the vertical title card or frame used to produce the title. Its other dimensions including those of the lettering connected with it are to be proportionate in accordance with the insignia being used by Producer on the execution date of this Agreement.

The IATSE insignia shall be placed on all sets, sections of sets, props and backings, whenever feasible; the insignia, when affixed, shall include the appropriate Local Union number. However, it will not be a breach of this Agreement if, after authorization by the Producer, the insignia is not affixed.

## **VII. Notices**

Any notice required herein shall be deemed sufficient notice as to a Producer if sent to such Producer at the address indicated opposite its signature and, as to the IATSE, at the address indicated opposite its signature. Any party may change its address at any time by giving written notice of such change to the other parties. All notices required herein shall be deemed sufficient if sent by telegram or certified mail.

## **VIII. Foremen and Supervisory Employees**

Notwithstanding anything contained in the Constitution and By-laws of the IATSE or of any West Coast Local Union or in the obligation taken by a person upon becoming a member of the IATSE and/or any such Local Union, or otherwise, which directly, indirectly, or impliedly places upon a foreman (or any person who is a supervisory employee within the meaning of that term as set forth in the Labor Management Relations Act of 1947, as amended), the duty or obligation to accord an unlawful employment preference to members of the IATSE and/or the Local Union, such foreman or supervisory employee shall not give or recommend any unlawful employment preference, and the IATSE and such Local Union shall not in any manner discipline or threaten with discipline any such foreman or supervisory employee for

failing or refusing to give or recommend any such unlawful employment preference.

## **IX. Preference of Employment**

(a) With respect to employees hired by a Producer who is part of the multi-employer bargaining unit, regardless of membership in the AMPTP, to perform services in the County of Los Angeles, California, or hired by such Producer in the County of Los Angeles, California, to perform services outside such County, preference in employment shall be given to persons having previous work experience in the crafts and classifications of work subject to this Agreement, obtained while employed by Producers who are part of the multi-employer bargaining unit, in Los Angeles County or outside such County if hired by such Producer in the County to perform such services.

(b) The definite terms of such preference or seniority shall be as set forth in the written Agreements between the Producers who are bound to this Agreement as part of the multi-employer bargaining unit and the IATSE and the respective West Coast Studio Locals.

(c) All West Coast Studio Local Agreements are hereby amended to conform to this Article and, whenever reference in such Agreements is made to a collective bargaining agreement or to an employer for purposes of the Industry Experience Roster, such reference shall apply only to a collective bargaining agreement subject to this Agreement or the Videotape Agreement, and only to an Employer or Producer who is part of the multi-employer bargaining unit.

(d) A person who retires under the Motion Picture Industry Pension Plan or a private retirement plan specified in such Industry Pension Plan, Article XV, shall not have any preference of employment and shall be removed from the Studio and Industry Experience Rosters; however, the employer may employ such employee as though he had such preference and had not been removed from such roster.

(e) There shall be a single film-tape Industry Experience Roster system described below based on the single multi-employer bargaining unit of the AMPTP and those employers who consent to be part of the above-described unit.

(f) Persons shall be eligible for placement on the appropriate Local rosters on the following basis:

(1) Employees who, during a three hundred sixty-five (365) day period, performed services in the multi-employer unit for thirty (30) working days with one or more employers in Los Angeles County (or outside Los Angeles County if hired in and transported from Los Angeles County to perform such services) shall be eligible for placement on the respective Industry Experience Roster (except when a Local Agreement provides otherwise).

(2) Each applicant for roster placement shall have the burden of establishing his or her eligibility. The applicant must file an application with CSATF within six (6) months after the completion of the work experience required for eligibility. Such application must be perfected no later than one (1) year following the date of the last work day to be considered as qualifying experience. Such application shall be subject to appropriate verification by CSATF. The parties hereby confirm that I-9 information must be provided to CSATF as a condition of placement on the Industry Experience Roster.

(3) If an individual working under an O-1 or O-2 visa applies for placement on the Industry Experience Roster, CSATF shall hold his application in abeyance until such time as the individual is again available to be engaged to perform work covered under the Basic Agreement or the Videotape Agreement.

(g) Utilization of Rosters

(1) In the Technical Department (Article 15 of the Videotape Agreement) and other classifications for which there is a material difference between the function in tape and film, employees shall be identified on the rosters for the appropriate Local by their primary skill.

(2) Employees shall be selected from the rosters by the Producers if they are deemed qualified and available for the particular assignment.

(3) The requests by Producer for employees from the roster who are to be employed under the Videotape Agreement shall be directed to the West Coast Office of the IATSE.

(4) Employees who refuse three (3) successive calls, whether for film or tape, must be removed from the respective roster unless their refusal is due to work being performed for a Producer. In

this connection, it shall be noted that it is expected that one employee may appear on more than one Local Union roster and that roster removal requirements will be triggered only by three (3) refusals under the same roster.

(5) A person on the Industry Experience Roster who fails to successfully complete legally required industry safety training courses by a date to be mutually agreed upon by the IATSE and AMPTP, or refresher Safety Pass training and/or harassment prevention training by a date scheduled by CSATF, shall be temporarily removed from the Industry Experience Roster. During the time the person is so temporarily removed from such Roster, the Producer is not obligated to call such person. The person shall be reinstated to his/her former Roster status upon successful completion of said courses and/or training.

(6) The Advisory Committee will assist CSATF in moving those listed on the Industry Experience Roster in non-existent classifications into classifications identified in the West Coast Studio Local Agreements.

(h) Interchange

(1) It is understood that none of the foregoing is to affect in any way the right to interchange personnel under the Videotape Agreement or under any of the West Coast Studio Local Agreements, to the extent therein provided.

(2) Studio Seniority Rosters do not apply to the Technical Department under the Videotape Agreement.

(i) Roster Certification Form

The Producer and the IATSE will jointly develop a form for use by a Producer to notify CSATF that an individual is being certified for roster placement. The form shall include provisions for:

(1) The number of qualifying days worked by the employee;

(2) The roster classification within which the employee worked; and

(3) A notation whether the work performed was satisfactory or unsatisfactory.

The IATSE and the affected West Coast Studio Local shall have the right to challenge any roster placement with respect to the provisions contained in subparagraphs (1) and (2) above under the following roster arbitration procedure.

(j) Roster Arbitration Procedure

Disputes regarding the placement or removal of any person from the Industry Experience Roster arising from the contention that the person is not eligible to be placed on the roster under the applicable Agreement shall be resolved in the following manner:

(1) The IATSE and Producers select Fredric Horowitz to act as the impartial arbitrator in all cases submitted to arbitration under this Article, and Mark Burstein as the alternate impartial arbitrator in the event the impartial arbitrator is unavailable or unwilling to act.

(2) The IATSE and the Producers agree to submit to final and binding arbitration before the impartial arbitrator disputes involving the placement of any person on the Industry Experience Roster in accordance with this Article.

(3) CSATF shall notify the IATSE and the West Coast Studio Local Unions involved of its intention to place a person on the Industry Experience Roster. Such notice shall contain the person's address, telephone number and Social Security number, provided CSATF has such information. The IATSE or the West Coast Studio Local Union may protest the intended action of CSATF within twenty (20) business days by a written notice to CSATF. In the event of a protest, CSATF shall notify the Producer(s) involved and the person. The person will not be placed on the roster until the matter has been determined. Upon such protest, a hearing shall be scheduled before the impartial arbitrator. If no protest is filed within ten (10) business days, the respective parties waive the right to protest.

(4) In an arbitration conducted pursuant to this Article, CSATF shall participate as an administrative witness and a custodian of records, and the IATSE, or a West Coast Studio Local Union designated in writing by the IATSE, shall represent the IATSE. Any person whose intended roster placement is involved in such dispute shall be entitled to have his/her own counsel at his/her own expense present at the arbitration. This provision shall not be construed as conferring upon such person the rights of a third party to the arbitration, and such arbitration will be solely between the Producer(s) and the IATSE.

(5) The impartial arbitrator shall hold a hearing within ten (10) business days after receipt of a request from the IATSE or Producer(s). Such hearing shall be held on an informal basis. The arbitrator shall have the authority to establish uniform and equitable procedures for the conduct of the hearing.

(6) The award of the arbitrator shall be rendered in writing within ten (10) business days after the conclusion of the hearing unless the time is expressly extended by the Producer(s) and the IATSE. The written award of the impartial arbitrator shall be final and binding upon the IATSE and its West Coast Studio Locals, CSATF, the Producer(s) and any person whose roster placement is at issue. In the event that the award of the impartial arbitrator is to place the individual's name on the roster, the person's roster date shall be retroactive to the date that said person would have been placed on the roster but for said protest.

(7) The fees of the impartial arbitrator and the costs of the arbitration, if any, shall be shared equally by the Producer(s) and by the IATSE. All other costs and fees shall be borne by the party incurring the same.

(k) Removal from Industry Experience Roster

A person shall be removed from the Industry Experience Roster in accordance with the procedures set forth in the various Local Agreements.

In the event of a protest, the person's name will not be removed from the Industry Experience Roster until the matter has been determined.

Protests involving removal shall be subject to the same procedure outlined regarding placements, as set forth in subparagraph (j) of this Article, "Roster Arbitration Procedure," except that when references are made to "Producer(s)" in said procedure, such reference shall be deemed to mean CSATF for the purpose of this removal procedure.

The IATSE or the Local Union and CSATF may, by mutual agreement, extend any time limits set forth in the Sections on "Roster Arbitration Procedure" of this Article or "Removal from Industry Experience Roster" of the applicable Local Agreements.

An employee on permanent disability status with one Employer may not work for another Employer in the same craft and will be removed from the Industry Experience Roster in that craft.

**X. Exculpatory Clause**

The Producers agree that they will not make any claim or institute or join any suit or proceeding in any tribunal against the IATSE by reason of, or otherwise seek to hold the IATSE responsible for any acts, conduct or omissions on the part of any chartered Local Union or any of its members, unless such acts, conduct or omissions were actually and in fact instigated or done by the IATSE. In respect to any such questions of alleged liability of the IATSE, it is agreed that the General Executive Board or the International President or his duly designated International Representative shall be the only body or person authorized to act as agent or representative for and on behalf of the IATSE.

The IATSE, its officers, agents and members shall not be held liable in any manner whatsoever for any strike, slowdown, work stoppage or any other form of action which results in cessation, stoppage or delay of work or production, unless such action is officially authorized by the IATSE, nor will the IATSE be held liable for any unauthorized acts or activities of its officers, agents or members. The IATSE agrees that it will, upon receipt of notification from the Producers of such acts or activities, promptly advise its members that such acts or activities are unauthorized by the IATSE, and will use its best efforts to require a discontinuance of such cessation, stoppage or delay of work or production.

The IATSE agrees that it will not sanction any strike by any of the West Coast Studio Locals against any Producer, except in the event of a material breach of a provision of this Basic Agreement. Prior to calling a material breach, the President of the IATSE shall meet with the President of the AMPTP to discuss the matter. Such meeting shall be without prejudice to the parties' positions as to the materiality of the alleged breach.

**XI. Short Title**

This Agreement shall be referred to as the "Producer - I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2015" and shall, as of its effective date, terminate and replace any previous Basic Agreement between the IATSE and the respective Producers. Provided, however, this Agreement shall not affect or discharge any obligation or right

accrued prior to August 1, 2015, under the provisions of such previous Basic Agreement.

## **XII. Health Plan**

(a) Producers, the IATSE, and the respective West Coast Locals are parties to the "Agreement and Declaration of Trust establishing the Health Plan for the Employees of the Motion Picture Industry" (hereinafter referred to as the "Health Plan") made as of October 20, 1952. Such Health Plan was established in accordance with the provisions of the "Producer-I.A.T.S.E. and M.P.M.O. Supplemental Agreement of October 25, 1951."

(b) In accordance with Article V, Sections 1 and 2 of such Health Plan, and subject to the provisions for changes hereinafter set forth, the Producer shall pay into the Health Plan four dollars eleven and three-tenths cents (\$4.113) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 to and including July 31, 2018 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked.

Commencing with the quarter ending September 30, 2015 and at the end of every subsequent calendar quarter during the term of this Agreement, the consultants for the Health and Pension Plans shall project the level of reserves in the Active Employees Fund for the term of the Agreement.

If, at any time during the term of this Agreement, the consultants project that the level of reserves in the Active Employees Fund will fall below six (6) months, or that the level of reserves in the Retired Employees Fund will fall below eight (8) months, then the IATSE will reallocate up to one percent (1%) from wages and/or the Individual Account Plan, or any combination thereof, until such time as the reserves are restored to the six (6) or eight (8) month level, as applicable. It is understood that this may occur more than once during the term of this Agreement.

(c) In the event additional crafts and classifications of work shall, as herein provided, become subject to this Agreement subsequent to July 31, 2015, then and in such event, this Article XII shall only be effective and applicable to employees thereafter employed hereunder by Producer in such crafts and classifications of work, commencing as of a date thereafter upon which the Producer and IATSE shall mutually agree.

(d) When a minimum call is applicable and the employee works less than the minimum call, then the minimum call shall constitute time worked. Employees subject to this Agreement employed for full weeks under guaranteed weekly salary schedules shall be credited with not less than the hours guaranteed the employees under such guaranteed weekly salary schedule. In the event such employee works in excess of such applicable number of hours guaranteed in such weekly schedule, then additional contributions shall be made on such excess hours worked.

(e) For purposes of this provision, studio, nearby and distant location employment under "on call" weekly schedules<sup>4</sup> shall be considered as follows:

- (1) Partial week - twelve (12) hours per day;
- (2) Five day week - sixty (60) hours;
- (3) Six day week - sixty-seven (67) hours; and
- (4) Seven day week - seventy-five (75) hours.

For the sixth day not worked on distant location, health contributions for "on call" employees shall be based on seven (7) hours. For the seventh day not worked on distant location, health contributions for "on call" employees shall be based on eight (8) hours.

It is understood that the parties will establish mechanisms at the Plan level so that when the Plans receive contributions on behalf of "on call" employees from multiple Employers for the same period, such Employers shall be entitled to a credit against future contributions on a *pro rata* basis.

(f) During the period August 1, 2015 to and including July 31, 2018:

Except for (i) eligibility standards, which shall be maintained at the level in effect on August 1, 2011, and (ii) the usual, customary and reasonable (UCR) schedules, which shall be maintained at the level in effect immediately following the replacement of INGENIX schedules in effect on August 1, 2009, all other benefits (including the bank of hours provision and dental and vision benefits) under the Active Employees Fund shall be maintained at the level in effect on August 1, 2009 in the following manner:

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<sup>4</sup> Notwithstanding the increase in the number of hours on which pension, health and IAP contributions are to be submitted for "on call" employees, it is agreed that for any period in which the wage increase is based upon a cents-per-hour formula, salary increases for "on call" employees for that period shall nevertheless continue to be calculated in accordance with the parties' past practice.

If, at any time during the term of this Agreement, the level of reserves in the Active Employees Fund drops below eight (8) months, the Trustees, in conjunction with the Plan consultants, shall review the projections as to future reserve levels. If the consultants project, taking into account a reasonable amount of Supplemental Markets income, that the level of reserves in the Active Employees Fund will fall below six (6) months during the term of this Agreement, the following steps shall be taken:

(1) First, monies received from Post '60s payments in excess of the amount needed to fund the additional check(s) for retired employees, as provided in Article XIII(f)(2) of the 2000, 2003, 2006 and 2009 Producer-I.A.T.S.E. Basic Agreements, and in excess of the amount needed for an eight (8) month level of reserves in the Retired Employees Fund, shall be allocated to the Active Employees Fund;

(2) Thereafter, if the consultants project, taking into account a reasonable amount of Supplemental Markets income, that: (i) the reallocation of wages and/or contributions from the Individual Account Plan above will not restore the level of reserves in the Active Employees Fund to six (6) months during the term of this Agreement; and (ii) the level of reserves will drop below four (4) months during the term of this Agreement, then employer contributions will be increased to the amount and for such time as is necessary to create a four (4) month reserve level for the maintained benefits.

(g) The Affordable Care Act added a provision to the Internal Revenue Code to require a non-deductible excise tax (also known as the "Cadillac" tax) on certain employer-sponsored health coverage for tax years after December 31, 2017. Many details about the tax, including its calculation and assessment, remain unknown.

As a matter of mutual concern, the bargaining parties agree in principle that the funds of the Health Plan should be used for the Plan's participants and their dependents and not diverted to the payment of an excise tax that is of no benefit to the Plan's participants and their dependents.

In light of the foregoing, the bargaining parties agree to recommend to the Directors of the Health Plan that the Health Plan shall be operated in a manner such that no excise tax shall be owed at any time.

(h) It is understood and agreed that with respect to the employees subject to this Agreement who are employed by Metro-Goldwyn-Mayer, Inc., the following provisions shall also apply:

For the purposes of the following provisions of this Article, the above-mentioned Health Plan will be referred to as the "Health Plan" and the Retirement Plan for Employees of Metro-Goldwyn-Mayer, Inc. will be referred to as the "Retirement Plan."

Notwithstanding the extension of said termination date as aforesaid and notwithstanding any of the preceding provisions of this Article or of any provisions of the Health Plan, Producer shall not be obligated to establish a reserve for or to make payments into the Health Plan with respect to any employee of Producer who is or becomes a member of the Retirement Plan on or before March 1, 1961 while he is a member of the Retirement Plan, nor shall such employee be subject to the Health Plan during such period (except pursuant to the provisions of the last paragraph of this subparagraph).

An employee who became a member of the Retirement Plan on or before March 1, 1961 shall not be considered to be subject to a "union welfare contract" effective as to such employee, within the meaning of Paragraph 36 of the Retirement Plan, during such time as he is a member of the Retirement Plan. An employee who withdrew from the Retirement Plan on or before March 1, 1961 shall be considered to be subject to a "union welfare contract" effective as to such employee, within the meaning of Paragraph 36 of the Retirement Plan.

Nothing herein set forth shall preclude an employee who elected to remain or become a member of the Retirement Plan on or before March 1, 1961, also to become or remain, independently and at his own expense, subject to the Health Plan. Any employee who, pursuant to this Article, independently and at his own expense becomes or remains subject to the Health Plan during any period when he is also a member of the Retirement Plan shall not be deemed to be an employee subject to a "union welfare contract" within the meaning of Paragraph 36 of the Retirement Plan. Any such employee shall pay the same amount into the Health Plan as would be paid or set up as a reserve with respect to such employee by Producer had such employee not been a member of the Retirement Plan.

Any person subject to this Agreement who continues in the employment of Metro-Goldwyn-Mayer, Inc. after his normal retirement date under the Retirement Plan, shall, during the period of such employment after such normal retirement date, be subject to the Health Plan.

(i) On an annual basis during the term of this Agreement, the AMPTP, the IATSE and the Chairman of the Basic Crafts (on behalf of the Basic Crafts Group) shall jointly review the allocation to the

Motion Picture Industry Pension and Health Plans from Supplemental Markets in conjunction with the allocation of Post '60s monies. Any agreement mutually agreed upon by them shall become a part of this Agreement.

(j) Effective August 1, 2015, for a dental plan, the Producer shall pay eighteen and seven-tenths cents (18.7¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 under the terms of this Agreement, including "straight time" or "overtime" hours on any day worked. The provisions of subparagraphs (c), (d) and (e) shall apply to the provisions of this subsection.

(k) Effective August 1, 2015, for a vision care plan, the Producer shall pay into the Health Plan five cents (5¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 under the terms of this Agreement, including "straight time" and "overtime" hours for any day worked. The provisions of subparagraphs (c), (d) and (e) shall apply to this subsection.

(l) At least sixty (60) days prior to the expiration of this Agreement, the parties will meet to determine the impact of national/state health care reform and will negotiate new health care provisions accordingly.

### **XIII. Pension Plan**

(a) Producers, the IATSE and the respective West Coast Locals are parties to the "Motion Picture Industry Pension Plan" (hereinafter referred to as the "Pension Plan") made as of October 26, 1953. Such Pension Plan was established in accordance with the provisions of the "Producer-I.A.T.S.E. and M.P.M.O. Amendment Agreement of October 26, 1953."

(b) In accordance with Article III, Sections 2 and 3 of the Pension Plan and subject to the provisions of such Pension Plan relating to private retirement plans, the Producer shall pay into the Pension Plan:

(1) For August 1, 2015, a total of one dollar twenty-six and sixty-five hundredths cents (\$1.2665) for each hour worked by or guaranteed an employee by such Producer on August 1, 2015;

(2) For the period commencing August 2, 2015 to and including July 30, 2016, a total of one dollar forty-four and sixty-five hundredths cents (\$1.4465) for each hour worked by or guaranteed an

employee by such Producer during the period August 2, 2015 through July 30, 2016;

(3) For the period commencing July 31, 2016 to and including July 29, 2017, a total of one dollar sixty-two and sixty-five hundredths cents (\$1.6265) for each hour worked by or guaranteed an employee by such Producer during the period July 31, 2016 through July 29, 2017; and

(4) For the period commencing July 30, 2017 to and including July 31, 2018, a total of one dollar eighty and sixty-five hundredths cents (\$1.8065) for each hour worked by or guaranteed an employee by such Producer during the period July 30, 2017 through July 31, 2018.

Such money paid by Producer into the Pension Plan shall not constitute nor be deemed to be wages due to the individual employees subject to this Agreement, nor shall said money paid into the Pension Plan in any manner be liable for or subject to the debts, contracts, liabilities or torts of such employees.

(c) When a minimum call is applicable and the employee works less than the minimum call, the minimum call shall constitute time worked. Employees subject to this Agreement employed for full weeks under guaranteed weekly salary schedules shall be credited with not less than the hours guaranteed the employee under such guaranteed weekly salary schedule. In the event such employee works in excess of such applicable number of hours guaranteed in such weekly schedule, then additional contributions shall be made on such excess hours worked.

(d) For purposes of this provision, studio, nearby and distant location employment under "on call" weekly schedules shall be considered as follows:

- (1) Partial week - twelve (12) hours per day;
- (2) Five day week - sixty (60) hours;
- (3) Six day week - sixty-seven (67) hours; and
- (4) Seven day week - seventy-five (75) hours.

For the sixth day not worked on distant location, pension contributions for "on call" employees shall be based on seven (7) hours. For the seventh day not worked on distant location, pension contributions for "on call" employees shall be based on eight (8) hours.

It is understood that the parties will establish mechanisms at the Plan level so that when the Plans receive

contributions on behalf of "on call" employees from multiple Employers for the same period, such Employers shall be entitled to a credit against future contributions on a *pro rata* basis.

(e) In the event additional crafts and classifications of work shall, as herein provided, become subject to this Agreement subsequent to July 31, 2015, then and in such event, this Article XIII shall only be effective and applicable to employees thereafter employed hereunder by Producer in such crafts and classifications of work, commencing as of a date thereafter upon which the Producer and the IATSE shall mutually agree.

(f) (1) The bargaining parties agree to recommend to the Directors of the Pension Plan the following pension benefit increase(s):

(i) Retroactive Pension Benefit Increase for Active Participants on or after August 1, 2015

Effective January 1, 2017, increase the pension benefit accrual rates by ten percent (10%) for Credited Hours and Frozen Benefits accumulated prior to January 1, 2017, but after the most recent "Break in Service," as that term is defined in Article 1 Section 3 of the Pension Plan Trust Agreement, for those individuals who are active participants in the Pension Plan on or after August 1, 2015, provided that these new pension amounts or accrual rates shall not apply to pensions (including Frozen Benefits) that went into pay status before August 1, 2015 and, provided further, that, as soon as practicable following the end of the first quarter of 2017, the Health Plan's consultants, in conjunction with the Pension Plan's actuaries, certify that each of the Active Health Fund and the Retired Employees Fund has at least eight (8) months of reserves as of January 1, 2017, based upon the assumptions and methodologies, including but not limited to the funding priorities established for Supplemental Markets and Post '60s contributions, approved by the bargaining parties. For those individuals who had a Break in Service, the increase shall apply only to Credited Hours accumulated after the date of the most recent Break in Service through December 31, 2016. (For example, an active participant in the Pension Plan on January 1, 2017 who failed to accumulate at least two hundred (200) Vested Hours in 2008 and 2009 is entitled to the ten percent (10%) increase only for those Credited Hours accumulated on or after January 1, 2010 through December 31, 2016.) Any retroactive payments required by the foregoing shall be made without interest and as soon as practicable following the consultants' certification of reserves as provided above. The benefit accrual rates for Credited Hours accumulated on or after January 1, 2017 shall remain at the following rates, unless changed pursuant to subparagraph (ii) below:

(A) \$0.03729 multiplied by the Participant's total Credited Hours accumulated during the Participant's first ten (10) Qualified Years;

(B) \$0.04972 multiplied by the Participant's total Credited Hours accumulated during the Participant's next ten (10) Qualified Years; and

(C) \$0.04972 multiplied by the Participant's total Credited Hours accumulated after the Participant has completed twenty (20) Qualified Years.

(ii) Contingent Pension Benefit Increase(s) Effective January 1, 2021 and Every Three (3) Years Thereafter<sup>5</sup>

Effective January 1, 2021, increase the pension benefit accrual rates by ten percent (10%) for Credited Hours and Frozen Benefits accumulated on or after January 1, 2017 through December 31, 2020 for those individuals who are active participants in the Pension Plan on or after January 1, 2017, provided that these new pension amounts or accrual rates shall not apply to pensions (including Frozen Benefits) that went into pay status before January 1, 2017 and, provided further, that as soon as practicable following the end of the first quarter of 2021, the Health Plan's consultants, in conjunction with the Pension Plan's actuaries, certify that each of the Active Health Fund and the Retired Employees Fund has at least eight (8) months of reserves as of January 1, 2021, based upon the assumptions and methodologies, including but not limited to the funding priorities established for Supplemental Markets and Post '60s contributions, approved by the bargaining parties. For those individuals who had a Break in Service during the period commencing with January 1, 2017 to and including December 31, 2020, the increase shall apply only to Credited Hours accumulated after the date of the most recent Break in Service. (For example, an active participant in the Pension Plan on January 1, 2021 who failed to accumulate at least two hundred (200) Vested Hours in 2018 and 2019 is entitled to the ten percent (10%) increase only for those Credited Hours accumulated on or after January 1, 2020.) Any retroactive payments required by the foregoing shall be made without interest and as soon as practicable following the consultants' certification of reserves as provided above.

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<sup>5</sup> This provision assumes that the term of the successor agreements to the 2015 IATSE Basic Agreement is three (3) years. If the term of a successor agreement is for a period other than three (3) years, the evaluation year shall be the final year of the applicable IATSE Basic Agreement and the period of the pension benefit increase shall be equivalent to such term, except that the period of the pension benefit increase immediately following January 1, 2017 shall be equivalent to such term plus one (1) year.

In the event that the reserve levels are below eight (8) months in the Active Health Fund or the Retired Employees Fund on January 1, 2021, the benefit accrual rates for Credited Hours accumulated on or after January 1, 2017 shall remain at the rates provided in subparagraph (f)(1)(i)(A)-(C) above.

As soon as practicable following the end of the first quarter of 2024 and every three years thereafter ("the evaluation year"), the Health Plan's consultants, in conjunction with the Pension Plan's actuaries, shall determine whether each of the Active Health Fund and the Retired Employees Fund has at least eight (8) months of reserves as of January 1st of the evaluation year based upon the assumptions and methodologies, including but not limited to the funding priorities established for Supplemental Markets and Post '60s contributions, approved by the bargaining parties. In the event that both the Active Health Fund and the Retired Employees Fund have at least eight (8) months of reserves on January 1st of the evaluation year, the pension benefit accrual rates and Frozen Benefits shall be increased, effective January 1st of the evaluation year, by ten percent (10%) retroactively for Credited Hours accumulated during the three (3) year period immediately following the most recent increase in the pension benefit accrual rate. For those individuals who had a Break in Service during the three (3) year period immediately preceding January 1st of the evaluation year, the increase shall apply only to Credited Hours accumulated after the date of the most recent Break in Service. (For example, an active participant in the Pension Plan on January 1, 2024 who failed to accumulate at least two hundred (200) Vested Hours in 2021 and 2022 is entitled to the ten percent (10%) increase only for those Credited Hours accumulated on or after January 1, 2023.) Any retroactive payments required above shall be made without interest and as soon as practicable following the consultants' certification of reserves as provided above.

In the event that the reserve levels are below eight (8) months in the Active Health Fund or the Retired Employees Fund on January 1st of the evaluation year, the benefit accrual rates for Credited Hours accumulated since the most recent increase in the pension benefit accrual rate shall remain at the rates provided in subparagraph (f)(1)(i)(A)-(C) above.

(2) The bargaining parties agree to recommend to the Directors of the Pension Plan that the Pension Plan provide a thirteenth and fourteenth check on or about November 1st of each year of this Agreement to those retirees who retired on or before August 1, 2009, provided that: (i) at least eight (8) months of reserves exist in each of the Active Employees Fund and the Retired Employees Fund at that

time; (ii) the Plan is certified to be in the Green Zone in the calendar year in which the check(s) are paid; (iii) to remain in compliance with the Pension Relief Act of 2010, the Plan actuary provides the Plan, for any thirteenth and fourteenth checks in 2015 and 2016, with a certification that satisfies the requirements of Internal Revenue Code Section 431(b)(8)(D)(i), including but not limited to a certification that the thirteenth and fourteenth checks, if any, granted in 2015 and 2016 are funded by additional contributions not previously allocated to the Plan; (iv) the cost of thirteenth and fourteenth checks, if any, granted in 2017 shall be amortized over twelve (12) years; and (v) if there are insufficient funds in the Pension Plan after accounting for existing obligations to provide both a thirteenth and fourteenth check, then a thirteenth check will be provided.

The foregoing Pension Plan improvements shall not be applicable to any Plan participant who is covered by another collective bargaining agreement, unless such collective bargaining agreement contains this pension and health package on an equivalent economic basis.

(g) The bargaining parties agree to recommend to the Directors of the Pension Plan to change the fixed amortization schedule for all unfunded liabilities from fifteen (15) years to sixteen (16) years effective January 1, 2013.

(h) It is understood that the bargaining parties and the Directors of the Pension Plan will take all necessary steps to assure the tax deductibility of employer contributions under the provisions of the Internal Revenue Code as it now exists or is hereafter amended.

### **XIIIA. Motion Picture Industry Individual Account Plan**

(a) The Producer shall contribute to the Individual Account Plan, on behalf of each employee employed by the Producer hereunder, six percent (6%) of the scale Regular Basic Hourly Rate of pay for all hours worked by or guaranteed such employee during the period August 1, 2015 to and including July 31, 2018. (In the case of "on call" employees, such percentage payment shall be based on the scale "on call" rate.)

It is understood that the parties will establish mechanisms at the Plan level so that when the Plans receive contributions on behalf of "on call" employees from multiple Employers for the same time period, such Employers shall be entitled to a credit against future contributions on a *pro rata* basis.

(b) The parties agree that each employee's Individual Account Plan shall vest after one (1) qualified year.

(c) Future reallocation of Post '60s and Supplemental Markets monies to the Individual Account Plan shall be done on the following basis:

(1) Only that portion of the reserves in the Active Health Plan that exceeds the amount needed to furnish benefits to participants in such Health Plan for twelve (12) months, and that portion of the reserves in the Retiree Health Plan that exceeds the amount needed to furnish benefits to participants in such Health Plan for twenty (20) months, measured as of September 30 of each year, shall be subject to reallocation. Reserve levels shall be calculated in accordance with the continuation value measurement methodology heretofore adopted by the Health Plan.

(2) Of the excess amount to be reallocated, eighty percent (80%) shall be allocated to the accounts of participants in the Individual Account Plan and twenty percent (20%) of the excess amount shall be designated as a credit against future Supplemental Markets or Post '60s payments, to be divided up among those Companies, each of which has made Supplemental Markets payments to the Health Plan of not less than \$15,000,000 (or has made Post '60s payments to the Retired Employees Fund of not less than \$6,000,000) in the aggregate during the three (3) year period beginning January 1, 1994 and ending on December 31, 1996 or in any subsequent three (3) consecutive year period. For these purposes, the Supplemental Markets and Post '60s payments made by Columbia and TriStar shall be aggregated and the Supplemental Markets and Post '60s payments made by Amblin Entertainment Inc. and DreamWorks shall be aggregated.

(3) It is understood that funding of the 1996, 2000, 2003 and 2006 pension benefit increases, as described in the 1996, 2000, 2003 and 2006 Producer-IATSE Basic Agreements, shall take place before any monies are reallocated pursuant to this subparagraph (c).

### **XIIIB. 401(k) Plan Feasibility Study**

A committee shall be established consisting of representatives of the Producers, the IATSE, the Basic Crafts and the Location Managers to conduct a study of the feasibility of establishing a 401(k) plan funded solely by employee salary deferrals for participants in the Motion Picture Industry Pension Plan. In particular, the study is to focus on the following:

(a) Whether the establishment and administration of the plan will cause the Producers to incur increased costs;

(b) Whether the Motion Picture Industry Pension and Health Plan would be able to administer the 401(k) plan as a separate plan; and

(c) Whether the Plan is likely to or can be structured to satisfy all legal requirements for 401(k) plans (*e.g.*, non-discrimination testing requirements, etc.).

**XIV. Motion Picture Industry Health Plan - Retired Employees Fund**

(a) Producer shall, for the period commencing August 1, 2015 to and including July 31, 2018, pay to the Industry Pension Plan through its Administrator, as agent for transmittal to the Motion Picture Industry Health Plan - Retired Employees Fund (subject to the provisions for changes hereinafter set forth), thirty cents (30.0¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 to and including July 31, 2018 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked.

It is agreed and recommended that as a matter of funding policy, the Directors of the Health Plan shall continue to maintain the level of reserves in the Retired Employees Fund at eight (8) months at all times during the term of the Agreement.

Commencing with the quarter ending September 30, 2015 and at the end of every subsequent calendar quarter during the term of this Agreement, the consultants for the Health and Pension Plans shall project the level of reserves in the Retired Employees Fund for the term of the Agreement.

(b) When a minimum call is applicable and the employee works less than the minimum call, then the minimum call shall constitute time worked. Employees subject to this Agreement employed for full weeks under guaranteed weekly salary schedules shall be credited with not less than the hours guaranteed the employee under such weekly salary schedule. In the event such employee works in excess of such applicable number of hours guaranteed in such weekly schedule, then additional contributions shall be made on such excess hours worked.

(c) For the purposes of this provision, studio, nearby and distant location employment under "on call" weekly schedules shall be considered as follows:

- (1) Partial week - twelve (12) hours per day;
- (2) Five day week - sixty (60) hours;
- (3) Six day week - sixty-seven (67) hours; and
- (4) Seven day week - seventy-five (75) hours.

For the sixth day not worked on distant location, contributions to the Retired Employees Fund for "on call" employees shall be based on seven (7) hours. For the seventh day not worked on distant location, contributions to the Retired Employees Fund for "on call" employees shall be based on eight (8) hours.

It is understood that the parties will establish mechanisms at the Plan level to provide that when the Plans receive contributions on behalf of "on call" employees from multiple Employers for the same period, such Employers shall be entitled to a credit against future contributions on a *pro rata* basis.

(d) The above rate of contribution of thirty cents (\$.30) per hour effective August 1, 2015 represents no increase over the rate of contribution required for the period August 1, 2012 through July 31, 2015.

(e) The bargaining parties agree to recommend to the Directors of the Motion Picture Industry Health Plan that the number of years required to qualify for retiree health coverage in the Retired Employees Fund shall increase, effective January 1, 2016, from fifteen (15) qualified years to twenty (20) qualified years for participants who have not earned at least one "Qualified Year" as of January 1, 2016. (The definition of "Qualified Year," as used herein, is set forth in Section 24 of Article I of the Motion Picture Industry Pension Plan Restated 1993 Trust Agreement, revised January 2015.)

(f) During the period August 1, 2015 to and including July 31, 2018:

Except for (i) the Coordination of Benefits rules adopted on March 28, 2011 and made retroactive to January 1, 2011, which shall be maintained at the level in effect as of January 1, 2011, and (ii) the usual, customary and reasonable (UCR) schedules, which shall be maintained at the level in effect immediately following the replacement of the INGENIX schedules in effect on August 1, 2009, all other benefits (including dental and vision benefits) under the Retired

Employees Fund shall be maintained at the level in effect on August 1, 2009, so long as it is prudent to do so, in the following manner:

If the consultants project, taking into account a reasonable amount of Post '60s income, that: (1) the reallocation of wages and/or contributions from the Individual Account Plan as provided in Article XII(b) above will not restore that level of reserves in the Retired Employees Fund to eight (8) months during the term of this Agreement; and (2) the level of reserves will fall below four (4) months during the term of this Agreement, then employer contributions will be increased to the amount and for such time as is necessary to create a four (4) month reserve level for the maintained benefits.

(g) With respect to those employees who are not included within a unit covered by a collective bargaining agreement but who are members of a group the Producer has designated as eligible employees in accordance with the requirements of the Industry Pension Plan and who are participants in the Industry Pension Plan, Producer hereby agrees that it shall likewise pay the above respective amounts for each hour worked by or guaranteed an employee by such Producer on and after August 1, 2015, as above defined.

(h) With respect to those employees who are members of a private retirement plan and who are members of a group such Producer designated in a sufficient written instrument to the Trustees of the Health Plan as eligible for the benefits referred to in this Article XIV, such Producer hereby agrees that it shall likewise pay the above respective amounts for each hour worked by or guaranteed such employee by Producer on and after August 1, 2015, as above defined.

(i) The money received by the Administrator of the Industry Pension Plan from such payments, as above provided, shall be kept separate and apart from any funds of the Industry Pension Plan, and shall be paid to the Retired Employees Fund upon demand by such Health Plan. Such Retired Employees Fund shall provide for such health coverage and, under such conditions as the Trustees of such Health Plan may determine to be appropriate, for the employees retired under the Industry Pension Plan and the private retirement plans referred to in Article XV of the "Motion Picture Industry Pension Plan."

Such money paid by Producer to the Administrator of the Industry Pension Plan for transmittal shall not constitute nor be deemed to be wages due to the individual employees nor shall said money so paid into the Industry Pension Plan in any manner be liable for or subject to the debts, contracts, liabilities or torts of such employees.

(j) Effective August 1, 2015, for a dental plan, the Producer shall pay into the Retired Employees Fund five and one-tenth cents (5.1¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked. The provisions of subparagraphs (b), (c) and (f) shall apply to this subparagraph.

(k) Effective August 1, 2015, for a vision care plan, the Producer shall pay into the Retired Employees Fund two cents (2.0¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2015 under the terms of this Agreement, including "straight time" and "overtime" hours for any day worked. The provisions of subparagraphs (b), (c) and (f) shall apply to this subparagraph.

(l) At least sixty (60) days prior to the expiration of this Agreement, the parties will meet to determine the impact of national/state health care reform and will negotiate new health care provisions accordingly.

## **XV. Producer Retirement Plans**

(a) Notwithstanding any provisions of this Agreement or of any other agreement between Metro-Goldwyn-Mayer, Inc. and the IATSE and/or any West Coast Local of the IATSE, Metro-Goldwyn-Mayer, Inc. shall not be required to offer employment to or employ any person subject to this Agreement who shall have reached his normal retirement date and shall have retired under the provisions of the Retirement Plan for employees of Metro-Goldwyn-Mayer, Inc.

(b) Notwithstanding any provision of this Agreement or of any other agreement between Technicolor, Inc. and the IATSE and/or any West Coast Local of the IATSE, Technicolor, Inc. shall not be required to offer employment to or employ any person subject to this Agreement who shall have reached his normal retirement date under the provisions of the Retirement Plan for employees of Technicolor, Inc.

(c) Notwithstanding any provision of this Agreement or of any other agreement between Twentieth Century-Fox Film Corporation and the IATSE and/or any West Coast Local of the IATSE, Twentieth Century-Fox Film Corporation shall not be required to offer employment to or employ any person subject to this Agreement who shall have reached his normal retirement date under the provisions of the Retirement Plan for employees of Twentieth Century-Fox Film Corporation and certain subsidiaries.

**XVI. Report of Locations and Production Schedules**

In addition to any notice required by Local Agreements, the Producer agrees to notify the IATSE of all distant and nearby locations, by telephone or otherwise. Such notifications shall be given at least forty-eight (48) hours before departure time and shall include information as to the number of employees, and their classifications, scheduled to go on said location, and also information concerning housing facilities and any unusual working and/or climatic conditions that may be anticipated.

A copy of an advance production schedule will be sent to the IATSE.

**XVII. Meaning of Term "Motion Picture"**

It is the mutual understanding and agreement of the parties hereto that the term "motion picture," as used in this collective bargaining agreement and in all prior Basic Agreements between the parties, means and includes and has always meant and included motion pictures, whether made on or by film, tape or otherwise, and whether produced by means of motion picture cameras, electronic cameras or devices, or any other combination of the foregoing, or any other means, methods or devices now used or which may hereafter be adopted.

**XVIII. Pre '60 Theatrical Pictures; Pay Television**

(a) The exhibition of any motion picture by television for which a charge is paid by or assessed to or collected from the viewing audience, including subscription, telemeter, or any other method whereby a charge is paid by the viewing audience for the right to view such motion picture, is herein referred to as "pay television."

A "free television" picture is a motion picture initially released on television, other than pay television.

As to all motion pictures, it is recognized and acknowledged that the Producer has the unrestricted right to use, exhibit and market the same for any purpose, in any manner and by any method now known or hereafter developed, and that the Producer does not hereby relinquish or surrender any of its property rights therein. Except as otherwise specifically provided herein, the exhibition of a motion

picture by pay television is theatrical exhibition and is merely an extension or substitute for the theatrical box office.

(b) It is expressly understood and agreed that the IATSE and its Locals do not and will not make any claim for compensation or other payments with respect to the exhibition on any form of television (whether pay television or free television) of theatrical motion pictures, the principal photography of which commenced prior to January 31, 1960, and that, with respect to theatrical motion pictures, the principal photography of which commenced on or after such date, Producer's only obligation, with respect to the exhibition of such pictures on free television, is to make the payments as referred to in Article XIX, entitled "Post '60 Theatrical Motion Pictures," or Article XXVIII A., entitled "Special Residual Formula For Theatrical Motion Pictures Licensed to Free Television, Supplemental Markets and/or New Media for which a Minimum Guarantee or Non-Returnable Advance is Payable," and with respect to motion pictures, the principal photography of which commenced on or after August 1, 2015, Producer's obligations shall be those contained in this Basic Agreement.

#### **XIX. Post '60 Theatrical Motion Pictures**

(a) Theatrical motion pictures produced by Producer with employees employed by Producer under a Basic Agreement, the principal photography of which commenced on or after February 1, 1960, shall be governed by the following:

Theatrical motion pictures produced by Producer with employees employed by Producer under the Basic Agreement of 1961 between these parties, the principal photography of which commenced in the period between February 1, 1960 and January 31, 1967, both dates inclusive, which motion pictures are released to free television, shall be governed by Article XIX of such Basic Agreement of 1961; provided, however, that as to such motion pictures, the principal photography of which commenced in the period between February 1, 1965 and January 31, 1967, both dates inclusive, Section 10 of the Basic Agreement of 1965 shall apply.

Theatrical motion pictures, the principal photography of which commenced in the period between February 1, 1967 and January 31, 1969, shall be governed by Article XIX of the Basic Agreement of 1967.

Theatrical motion pictures, the principal photography of which commenced in the period between February 1, 1969 and

January 31, 1973, shall be governed by Article XIX of the Basic Agreement of 1969.

Theatrical motion pictures, the principal photography of which commenced in the period between February 1, 1973 and January 31, 1976, shall be governed by Article XIX of the Basic Agreement of 1973.

Theatrical motion pictures, the principal photography of which commenced in the period between February 1, 1976 and July 31, 1979, shall be governed by Article XIX of the Basic Agreement of 1976.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1979 and July 31, 1982, shall be governed by Article XIX of the Basic Agreement of 1979 and the Amendment thereto.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1982 and July 31, 1985, shall be governed by Article XIX of the Basic Agreement of 1982.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1985 and July 31, 1988, shall be governed by Article XIX of the Basic Agreement of 1985.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1988 and July 31, 1990, shall be governed by Article XIX of the Basic Agreement of 1988.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1990 and July 31, 1993, shall be governed by Article XIX of the Basic Agreement of 1990.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1993 and July 31, 1996, shall be governed by Article XIX of the Basic Agreement of 1993.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 1996 and July 31, 2000, shall be governed by Article XIX of the Basic Agreement of 1996.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 2000 and July 31, 2003, shall be governed by Article XIX of the Basic Agreement of 2000.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 2003 and July 31, 2006, shall be governed by Article XIX of the Basic Agreement of 2003.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 2006 and July 31, 2009, shall be governed by Article XIX of the Basic Agreement of 2006.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 2009 and July 31, 2012, shall be governed by Article XIX of the Basic Agreement of 2009.

Theatrical motion pictures, the principal photography of which commenced in the period between August 1, 2012 and July 31, 2015, shall be governed by Article XIX of the Basic Agreement of 2012.

Theatrical motion pictures, the principal photography of which commences in the period between August 1, 2015 and July 31, 2018, shall be governed by Article XIX of this Agreement.

Notwithstanding the wording of the second paragraph of paragraph (a) of Article XIX of the 1973 Basic Agreement, it was the intention and understanding of the parties that the allocation of the percentage payments as provided for in paragraph (b) of said Article XIX of the 1973 Basic Agreement was to apply to accountable receipts received by Producer between February 1, 1973 and February 1, 1976 derived from the distribution on free television of all applicable theatrical motion pictures, the principal photography of which commenced after January 31, 1960, regardless of which Basic Agreement applies. Because of such wording, however, a Producer may have allocated certain "percentage payments" in the proportion of seventy-five percent (75%) to the Motion Picture Industry Pension Plan and twenty-five percent (25%) to the Motion Picture Health and Welfare Fund, instead of fifty percent (50%) to the Pension Plan and fifty percent (50%) to the Motion Picture Industry Retiree Health and Welfare Fund. If the Producer did so allocate "percentage payments," such Producer shall insofar as it is concerned be deemed to have complied with its obligations to the applicable provisions of the 1973 Basic Agreement, but the Pension Plan shall refund to the Retiree Health and Welfare Fund one-third (1/3) of the seventy-five percent (75%) so allocated to the Pension Plan, and the Welfare Fund shall refund to the Retiree Health and Welfare Fund the whole of the twenty-five percent (25%) so allocated to the Welfare Fund.

The following provisions of this Article XIX relate and apply only to theatrical motion pictures produced by Producer with employees employed by Producer under this Agreement,<sup>6</sup> the principal photography of which commenced after July 31, 2015, which motion pictures for the first time are, either during the term hereof or at any time thereafter, released to free television. (Such motion pictures are referred to in this Article as the "motion picture" or "motion pictures.") In addition, the allocation of percentage payments provided for in subparagraph (b) of this Article XIX shall apply to all monies payable on and after August 1, 2015 for the distribution on free television of all motion pictures referred to in this subparagraph (a), regardless of which Agreement governs.

(b) (1) As to each such motion picture (other than a motion picture included in a "qualifying transaction" described in Article XXVIII.A.), the Producer will pay nine percent (9%), hereinafter referred to as the "percentage payment," of the Producer's accountable receipts from the distribution of such motion picture on free television, computed as hereinafter provided, to the Motion Picture Industry Pension and Health Plans, to be allocated as follows:

(i) First, to the defined benefit plan to fund the cost of: (A) the two (2) additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check) which were granted to all employees who retired prior to August 1, 2000 pursuant to the provisions of Article XIII(f)(2) of the 2000 Producer-I.A.T.S.E. Basic Agreement amortized over seventeen (17) years beginning January 1, 2000; provided, however, that any unamortized amounts remaining as of December 31, 2003 shall be amortized over twenty (20) years; (B) the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check) which were granted to all employees who retired prior to August 1, 2003 pursuant to the provisions of Article XIII(f)(2) of the 2003 Producer-I.A.T.S.E. Basic Agreement, amortized over seventeen (17) years; (C) the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check) which were granted to all employees who retired prior to August 1, 2006 pursuant to the provisions of Article XIII(f)(2) of the 2006 Producer-I.A.T.S.E. Basic Agreement, amortized over twenty (20) years; and (D) the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check) which were granted to all employees who retired on or before August 1, 2009 pursuant to the provisions of Article XIII(f) of the 2009 Producer-I.A.T.S.E. Basic Agreement, amortized over fifteen (15) years.

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<sup>6</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for purposes of subparagraph (a) of this Article XIX. Employees employed under the Local #700 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for any purpose under this Article XIX.

(ii) Then, next, to the Retired Employees Fund to the extent needed to fund an eight (8) month reserve.

(iii) Then, next, to the defined benefit plan to fund the cost of (A) the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check), or one additional check (a 13<sup>th</sup> check), granted in 2015 and 2016 to all employees who retired on or before August 1, 2009 pursuant to the provisions of Article XIII(f)(2) of the 2015 Producer-I.A.T.S.E. Basic Agreement; and (B) the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check), or one additional check (a 13<sup>th</sup> check), amortized over twelve (12) years, granted in 2017 to all employees who retired on or before August 1, 2009 pursuant to the provisions of Article XIII(f)(2) of the 2015 Producer-I.A.T.S.E. Basic Agreement.

(iv) Then, next, to the Active Employees Fund to the extent needed to fund a six (6) month reserve.

(v) Then, next, to the defined benefit pension plan to the extent that Supplemental Markets and New Media monies are insufficient to fund the 23% increase in the defined benefit plan granted to active employees pursuant to the provisions of Article XIII(f)(1)(i) of the 2000 Producer-I.A.T.S.E. Basic Agreement, the 15% increase in the defined benefit plan granted to active employees pursuant to the provisions of Article XIII(f)(1) of the 2003 Producer-I.A.T.S.E. Basic Agreement and the 10% increase in the defined benefit plan granted to active employees pursuant to the provisions of Article XIII(f)(1) of the 2006 Producer-I.A.T.S.E. Basic Agreement.

(vi) Then, next, to the Active Employees Fund of the Health Plan.

(vii) Then, next, to the extent that the level of reserves in the Retired Employees Fund exceeds twenty (20) months, and to the extent that the level of reserves in the Active Employees Fund exceeds twelve (12) months, reserves in excess of such amounts shall be reallocated eighty percent (80%) to the Individual Account Plan, with the remaining twenty percent (20%) designated as a credit against future Post '60s and Supplemental Markets payments by certain companies, as more specifically provided in Article XIII.A.(c)(2).

On an annual basis during the term of this Agreement, the Alliance of Motion Picture and Television Producers, the IATSE and the Chairman of the Basic Crafts (on behalf of the Basic Crafts Group) shall jointly review this allocation in conjunction with the allocation to the Motion Picture Industry Pension and Health Plans of Supplemental Markets payments. Any agreement on any reallocation of such monies mutually agreed upon by all of these parties shall become a part of this Agreement. The term "Basic Crafts Group," as used herein, refers to those unions noted in this Article XIX(e).

Exhibit A of each of the Pension Plan, Individual Account Plan and Health Plan (and the mechanical issues addressed therein) shall be amended to express the agreements of the bargaining parties with respect to the foregoing allocation.

(2) The term "Producer's gross," as used herein, means the worldwide total gross receipts of Producer derived from the distributor of such motion picture (who may be the Producer or a distributor licensed by the Producer) from licensing the right to exhibit the motion picture on free television. If the distributor of the motion picture does not distribute the motion picture directly to free television, but employs a sub-distributor to so distribute the motion picture, then the "Producer's gross" shall be the worldwide total gross receipts derived from such sub-distributor from licensing the right to exhibit the motion picture on free television. In case of an outright sale of the free television distribution rights for the entire world, or any territory or country, the income derived by the seller from such sale, but not the income realized by the purchaser or licensee of such rights, shall be the "Producer's gross." If any such outright sale shall include free television exhibition rights, and other rights, then (but only for the purpose of the computation required hereunder) the Producer shall allocate to the free television exhibition rights a fair and reasonable portion of the sales price which shall, for the purpose hereof, be the "Producer's gross." In reaching such determination, Producer may consider the current market value of free television exhibition rights in comparable motion pictures. If the Motion Picture Industry Pension and Health Plans shall contend that the amount so allocated was not fair and reasonable, such claim may be determined by submission to arbitration as herein provided and, in the event the Board of Arbitration shall find that such allocation was not reasonable and fair, it shall determine the fair and reasonable amount to be so allocated. If the outright sale includes free television distribution rights to more than one motion picture, Producer shall likewise allocate to each motion picture a fair and reasonable portion of the sales price of the free television rights and, if the Motion Picture Industry Pension and Health Plans contend that such allocation is not fair and reasonable, the

question may be determined by submission to arbitration as above provided. If the Board of Arbitration shall find that such allocation was not fair and reasonable, it shall determine the fair and reasonable amount to be so allocated to each motion picture. The price received on the outright sale of only free television distribution rights in a single motion picture shall not be subject to arbitration. Sums paid to any advertising agency in connection with any exhibition of a motion picture on free television shall not be included in Producer's gross.

(3) The term "accountable receipts," as used herein, means the balance of the Producer's gross after deducting an arbitrary forty percent (40%) of the Producer's gross for distribution fees and expenses; except that in the case of an outright sale of free television distribution rights, there shall be deducted only an arbitrary ten percent (10%) of the Producer's gross for sales commissions and expenses of sale.

(4) Producer's obligation shall accrue hereunder only after accountable receipts are received by the Producer, but as to foreign receipts, such obligation shall accrue only when such receipts can be freely converted to U.S. dollars and are remitted to the United States and, until such time, no frozen foreign receipts shall be included in accountable receipts. Payments of amounts accruing hereunder shall be made quarterly on the basis of quarterly statements, as hereinafter provided. Frozen foreign receipts from free television shall be deemed to be released on a first-in first-out basis, unless the authorities of the foreign country involved designate a specific period that would render such basis inapplicable. Such released funds shall be allocated between the motion picture and other motion pictures distributed by the distributor in the same ratio that receipts derived from the distribution of the motion picture on free television within the foreign country bear to the total receipts derived from the distribution of the motion picture and all other motion pictures on free television within the foreign country, during the applicable period, unless the authorities of the foreign country involved require another method of allocation, in which case such other method shall be used. Foreign receipts shall be accounted for in U.S. dollars at the rate of exchange at which such receipts are actually converted and remitted and, should any discounts, taxes, duties or charges be imposed in connection with the receipt or remittance of foreign funds, only so much of such funds as remain thereafter shall be included in accountable receipts. Producer shall not be responsible for loss or diminution of foreign receipts as a result of any matter or thing not reasonably within the control of the Producer. The Motion Picture Industry Pension and Health Plans shall be bound by any arrangements made in good faith by the Producer, or for its account, with respect to the

deposit or remittance of foreign revenue. Frozen foreign receipts shall not be considered trust funds and the Producer may freely commingle the same with other funds of the Producer. No sums received by way of deposits or security need be included in Producer's gross until earned, but when the Producer is paid a non-returnable advance by a distributor, such advance shall be included in the Producer's gross.

(5) If any license or outright sale of exhibition rights to the motion picture on free television includes as a part thereof any filmed commercial or advertising material, the Producer shall be permitted to allocate a reasonable amount (in accordance with then current standard charges in the industry) to such commercial or advertising material and the amount so allocated shall not be included in Producer's gross hereunder.

(6) Such payments made hereunder to the Motion Picture Industry Pension and Health Plans are not and shall not in any manner be construed to be wages due to any individual employee, nor in any manner be liable for or subject to the debts, contracts, liabilities or torts of any employee.

(7) Within a reasonable time after the close of the calendar or fiscal quarter, but not exceeding sixty (60) calendar days, Producer will furnish to the Motion Picture Industry Pension and Health Plans written reports, as prescribed by the Motion Picture Industry Pension and Health Plans, showing the Producer's gross received from the sale, lease, license and distribution (whether by Producer or a distributor) of each such motion picture on free television. Such reports shall be furnished quarterly during each fiscal or calendar year of the Producer. Concurrently with the furnishing of each such report, the Producer will make the payments shown to be due by such report. All required payments shall be made by check payable to the order of and delivered to the Motion Picture Industry Pension and Health Plans. Each such quarterly statement shall designate the title of the motion picture involved. On request, the Producer shall make available to the Motion Picture Industry Pension and Health Plans all accounting statements delivered by a distributor to the Producer, but only insofar as such statements relate to the Producer's gross. The Motion Picture Industry Pension and Health Plans shall have the right, at reasonable times, to examine the books and records of Producer insofar as they relate to the Producer's gross. Producer shall not be required to furnish any quarterly statement hereunder with respect to the motion picture prior to Producer's receipt of any Producer's gross with respect to the motion picture, or for any quarterly period during which no Producer's gross from the motion picture is received by the Producer.

If the Producer shall fail to make any payment provided for in this Article when and as the same becomes due and payable, it shall bear interest at the rate of one percent (1%) per month on the unpaid balance thereof commencing to accrue ten (10) business days after notice in writing to Producer from the Motion Picture Industry Pension and Health Plans of such delinquency.

(8) If the Producer shall sell, assign, transfer or otherwise dispose of the distribution rights to such motion picture on free television, or shall license the distribution rights to the motion picture on free television, Producer shall obtain from the buyer, licensee or distributor a separate agreement, made expressly for the benefit of the Motion Picture Industry Pension and Health Plans, as herein provided, requiring such buyer, licensee or distributor to comply with the provisions of this Article XIX. Such agreement shall be in substantially the following form:

"The undersigned, \_\_\_\_\_  
(insert name of buyer, licensee or distributor)  
herein for convenience referred to as the "Buyer," hereby  
agrees with \_\_\_\_\_  
(insert name of Producer)

that all theatrical motion pictures covered by this Agreement are subject to the provisions of Article XIX of the "Producer-I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2015" relating to payments to the Motion Picture Industry Pension and Health Plans on release of a theatrical motion picture to free television; and the said buyer hereby agrees, expressly for the benefit of the Motion Picture Industry Pension and Health Plans, to abide by and perform the provisions of Article XIX of said Basic Agreement and make said payments required thereby. It is expressly understood that the rights of Buyer to exhibit or license the exhibition of such motion pictures on free television shall be subject to and conditioned upon the payment to the Motion Picture Industry Pension and Health Plans as provided in Article XIX of said Basic Agreement, and it is agreed that said Motion Picture Industry Pension and Health Plans shall be respectively entitled to injunctive relief and damages against Buyer in the event such respective payments are not made.

"The undersigned agrees to keep or have access to complete records showing the income derived from the distribution of such motion pictures on free television within the entire territory for which Buyer is granted such rights and the Motion Picture Industry Pension and

Health Plans shall have the right at all reasonable times to inspect such records. The undersigned shall give the Motion Picture Industry Pension and Health Plans prompt written notice of the date on which each motion picture covered hereby is first telecast on free television. An inadvertent failure to comply with said requirement of notice shall not constitute a default by the undersigned hereunder, provided such failure is cured promptly after notice thereof from the Motion Picture Industry Pension and Health Plans."

Producer agrees to give notice to the Motion Picture Industry Pension and Health Plans within thirty (30) days of each sale, transfer or license of the distribution rights to such a motion picture on free television, with the name and address of the buyer, assignee or distributor, and to deliver to the Motion Picture Industry Pension and Health Plans an executed copy of each assumption agreement entered into by the Producer. An inadvertent failure on the part of the Producer to comply with any of the provisions of this subparagraph (8) shall in no event constitute a default by the Producer hereunder or a breach of this Agreement, provided that such failure is cured promptly after notice thereof from the Motion Picture Industry Pension and Health Plans.

Upon delivery of such assumption agreement, and on condition that the Motion Picture Industry Pension and Health Plans approve in writing the financial responsibility of the buyer, Producer, or any subsequent owner obtaining the execution of such an assumption agreement, shall not be further liable to the Motion Picture Industry Pension and Health Plans for the keeping of any such records or the required payments insofar as they relate to the broadcast of the motion picture on free television, and the Motion Picture Industry Pension and Health Plans agrees to look exclusively to the party last executing such an assumption agreement for the keeping of such records and payments.

(9) With respect to such motion picture, Producer agrees either to:

(i) include in any chattel mortgage, pledge or other lien or security agreement covering the motion picture, a provision made expressly for the benefit of the Motion Picture Industry Pension and Health Plans to the effect that the chattel mortgagee, pledgee, lien or security holder agrees that if such mortgage, pledge, lien or security agreement is foreclosed, and such mortgagee, pledgee, lien or security holder thereby obtains title to the motion picture and subsequently exhibits the motion picture on free television, then in such

event, after such mortgagee, pledgee, lien or security holder has recouped its loan so secured, plus interest and all costs and expenses incident to foreclosure, such mortgagee, pledgee, lien or security holder will be bound by the provisions of this Article XIX with respect to payments to the Motion Picture Industry Pension and Health Plans thereafter becoming due and payable hereunder; provided, however, that nothing herein contained shall prevent such mortgagee, pledgee, lien or security holder who has acquired title to the motion picture from thereafter making a sale of the motion picture to a third party free and clear of any limitations or obligations whatsoever. Except as otherwise provided in this subsection (i), the rights of the Motion Picture Industry Pension and Health Plans shall be subordinate to the rights of such mortgagee, pledgee, lien or security holder; or

(ii) in the alternative, be bound by the provisions of this Article XIX with respect to payments to the Motion Picture Industry Pension and Health Plans, if any, due after such foreclosure shall have been made. In the event Producer elects this alternative, the provisions of subsection (i) above shall be inapplicable, and if the provisions referred to in subsection (i) above are not included in any such chattel mortgage, pledge, lien or security agreement, Producer shall be deemed to have elected the alternative provided for in this subsection (ii).

In the event of a foreclosure referred to in subsection (i) above, should the Producer distribute the motion picture for such mortgagee, pledgee, lien or security holder, Producer shall be bound during the period of such distribution by the provisions of this Article XIX with respect to payments due hereunder, to the same extent as the mortgagee, pledgee, lien or security holder under subsection (i) above. Any such payments made by the Producer as the distributor shall be credited against any obligation of the mortgagee, pledgee, lien or security holder that may be due or become due to the Motion Picture Industry Pension and Health Plans under subsection (i) above; it being understood that the Motion Picture Industry Pension and Health Plans shall be entitled to such respective payments but once.

The foregoing provisions of this subparagraph (9) shall not apply to any motion picture subject to any security instrument in existence on January 31, 1965.

(10) If, after January 31, 1976, the Producer enters into a contract with a so-called "independent producer" for the production and financing of a theatrical motion picture and the distribution thereof by the Producer or for the furnishing of all the employees covered

hereunder who are to be used in such theatrical motion picture (such contract being hereinafter referred to as an "independent contract"), Producer will include in such independent contract an agreement on the part of the independent producer, expressly for the benefit of the Motion Picture Industry Pension and Health Plans, that the independent producer will pay, on behalf of Producer, in the manner herein provided, the amounts, if any, required to be paid under the provisions of this Article XIX with respect to such motion picture. If such agreement on the part of the independent producer be not included in any independent contract prior to the exhibition of the motion picture on free television, the Producer shall be liable and responsible for the payments, if any, required to be made under the provisions of this Article XIX with respect to such motion picture. If such agreement on the part of the independent producer is included in the independent contract prior to exhibition of the motion picture on free television, then the Producer shall not be liable or responsible in any manner or to any extent with respect to the motion picture under the provisions of this Article XIX. The Producer will notify the Motion Picture Industry Pension and Health Plans of any and all such independent contracts entered into by the Producer.

(c) Notwithstanding any provision in subparagraph (b) above to the contrary, the following shall govern the computation and remittance of the "percentage payment" as that term is defined in subparagraph (b) above:

(1) Definitions. For purposes of this subparagraph (c) and for no other purpose, the following terms shall have the meanings set forth below:

(i) "Production" or "produce" shall include both production and pre-production functions, but not post-production or distribution functions.

(ii) "Prorate" or "proration" shall mean the computation of the percentage payment by multiplying nine percent (9%) of accountable receipts by a fraction whose numerator consists of the total below-the-line labor cost of individuals subject to the Basic Agreement<sup>7</sup> or hired from the jurisdiction of the union locals referred to

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<sup>7</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered "individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement" for purposes of subparagraph (c) and subparagraphs (f)(2)(v)(B)(1) and (2) of this Article XIX only and for no other purpose. Accordingly, when Producer is entitled to prorate hereunder, the salaries of all individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be included in both the numerator and the denominator of the fraction referred to in subparagraphs (c)(1)(ii) and (f)(2)(v)(B)(1) of this Article XIX.

in subparagraph (e) below working on the picture (whether in production or post-production but excluding distribution -- distribution, for the purposes of this Article, shall include all laboratory work other than that performed by employees charged directly to a picture) and whose denominator consists of the total below-the-line labor cost of all individuals working on the picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below (whether in production or post-production but excluding distribution -- distribution, for the purposes of this Article, shall include all laboratory work other than that performed by employees charged directly to a picture).

(iii) "Individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement"<sup>8</sup> include all persons working on the motion picture under the terms of the Basic Agreement or hired from the jurisdiction of union locals referred to in subparagraph (e) below who are hired to perform services in Los Angeles or hired in Los Angeles to perform services at a distant location whether hired by a Producer itself or employed indirectly by a Producer through loan-outs, payroll companies or comparable employing agents; provided, however, that individuals not specifically charged to the motion picture or who are included in general overhead and individuals such as projectionists, drivers and publicists engaged primarily in off-location services during the production of the motion picture are not included in the terms "made with two or more individuals subject to the Basic Agreement" or "Los Angeles production crew" as those terms are used in subparagraph (c)(3) below and are not included in either the numerator or denominator of the proration fraction described above.

(iv) "Foreign" means any theatrical motion picture for which twenty percent (20%) or more of the shooting days of principal photography takes place in a country other than the United States, its territories or Canada.

(v) "Domestic" means any theatrical motion picture which is not foreign.

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<sup>8</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered "individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement" for purposes of subparagraph (c) and subparagraphs (f)(2)(v)(B)(1) and (2) of this Article XIX only and for no other purpose. Accordingly, when Producer is entitled to prorate hereunder, the salaries of all individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be included in both the numerator and the denominator of the fraction referred to in subparagraphs (c)(1)(ii) and (f)(2)(v)(B)(1) of this Article XIX.

(vi) "Los Angeles production crew," for purposes of determining whether percentage payments on domestic pictures may be prorated, shall mean persons hired from the jurisdiction of the IATSE West Coast Studio Locals<sup>9</sup> or hired from the jurisdiction of the union locals referred to in subparagraph (e) below, employed by the Producer in production.

(vii) "Entire production crew," as such term is used herein, shall mean all individuals in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below employed by the Producer on the production of the motion picture in question.

(viii) "Other collective bargaining agreements between Producer and the West Coast Studio Locals" means only those Local Agreements subject to this Basic Agreement.

(2) Foreign Pictures. Percentage payments shall be made on a prorated basis for any foreign picture made with two or more individuals subject to the Basic Agreement.

(3) Domestic Pictures.

(i) If two or more individuals subject to the Basic Agreement are employed on a domestic picture, it will be subject to liability for percentage payments to the extent hereinafter provided.

(ii) Except as provided in subparagraph (c)(3)(iii) below, percentage payments on domestic pictures will be nine percent (9%) of accountable receipts.

(iii) (A) Percentage payments on a domestic picture shall be made on a prorated basis if a majority of the shooting days of principal photography on the motion picture occurred outside of the following states - Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming. In the event that the IATSE determines that the proration formula set forth in this subsection (A) adversely affects Post '60s revenues, it shall have the right to terminate same, in which case proration on domestic pictures shall be governed by the provisions of subsection (B) below.

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<sup>9</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered part of the "Los Angeles production crew" for purposes of this subparagraph (c) only and not for any other purpose.

(B) Percentage payments on domestic pictures not covered by subsection (A) above or which commence principal photography more than one hundred twenty (120) days after the IATSE terminates the provisions of subsection (A) above shall be made on a prorated basis if all of the following conditions are satisfied:

(1) The Los Angeles production crew, as defined above, consists of twenty-nine (29) or fewer individuals (no more than twenty-two (22) of whom may be hired from the jurisdiction of the IATSE West Coast Studio Locals), and the salaries paid to those twenty-nine (29) or fewer individuals constitute less than fifty percent (50%) of the salaries of the entire production crew. In determining whether twenty-nine (29) or fewer individuals are employed on the picture, the following shall be excluded: make-up artists, hairdressers and costumers who are specifically required to be furnished by the Producer in accordance with the personal service contract of an actor and those individuals engaged in post-production or distribution functions, including, but not limited to, editing and looping regardless of where or when those functions are performed; and

(2) A majority of the shooting days of principal photography on the motion picture occurred outside of the following states -- Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming.

(iv) As to any domestic picture on which the Producer intends to make percentage payments on a prorated basis, an Application to Prorate shall be delivered by the Producer to the Administrator of the Pension and Health Plans on or before the date that the first percentage payment is due to the Plans from Producer. Said Application shall contain the following information: If the right to prorate is based upon the provisions of subparagraph (c)(3)(iii)(A) above, the aggregate salaries paid to the Los Angeles production crew and the aggregate salaries paid to the entire production crew; the number of shooting days of principal photography occurring in the states listed in subparagraph (c)(3)(iii)(A) above; the total other shooting days and the states in which said other shooting days occurred. If the right to prorate is based upon the provisions of subparagraph (c)(3)(iii)(B) above, the number of individuals on the Los Angeles production crew; the number of such individuals who were hired from the jurisdiction of the IATSE West Coast Studio Locals; the number and job classifications of those individuals excluded pursuant to the provisions of subparagraph (c)(3)(iii)(B)(1) above; the aggregate salaries paid to the Los Angeles production crew and the aggregate salaries paid to the entire production crew; the number of shooting days of principal photography occurring in

the states listed in subparagraph (c)(3)(iii)(B)(2) above; the total other shooting days and the states in which said other shooting days occurred. If an Application to Prorate is submitted later than the dates specified above, it will nonetheless be deemed granted if the identified picture meets said criteria; provided, however, that, if he deems it necessary, the Administrator of the Pension and Health Plans may require a Producer submitting a late Application to Prorate to allow a special audit of the percentage payments due and the Motion Picture Industry Pension and Health Plans shall be reimbursed by the Producer for all reasonable fees and expenses incurred by the Motion Picture Industry Pension and Health Plans in performing said audit.

(d) (1) Producer will furnish to the Motion Picture Industry Pension and Health Plans written reports showing the Producer's gross received from the sale, lease, license and distribution (whether by Producer or a distributor) on free television of each motion picture subject to the provisions of this Article. In the written reports filed with the Motion Picture Industry Pension and Health Plans, the Producer shall indicate whether it is prorating on each picture being reported and, if so, what proration percentage is being applied and the basis for the Producer's right to prorate -- *i.e.*, whether proration is being applied pursuant to subparagraph (c)(2) or pursuant to subparagraph (c)(3)(iii)(A) or pursuant to subparagraph (c)(3)(iii)(B) above. Such reports shall be furnished quarterly during each fiscal or calendar quarter of the Producer. Concurrently with the furnishing of each such report, the Producer will make the payments shown to be due by such report. All required payments shall be made by check payable to the order of and delivered to the Motion Picture Industry Pension and Health Plans. Each such quarterly statement shall designate the title of the motion picture involved. On request, the Producer shall make available to the Motion Picture Industry Pension and Health Plans all accounting statements delivered by a distributor to the Producer, but only insofar as such statements relate to the Producer's gross. The Motion Picture Industry Pension and Health Plans shall have the right, at reasonable times, to examine the books and records of Producer insofar as they relate to the Producer's gross and -- as to any motion picture for which Producer assumes as Buyer the obligation to make percentage payments pursuant to subparagraph (b)(8) above -- the documents reflecting or effectuating the purchase; provided that, with respect to these latter documents, the Producer may require the persons examining them to execute reasonable agreements to respect their confidentiality. Producer shall not be required to furnish any quarterly statement hereunder with respect to the motion picture prior to Producer's receipt of any Producer's gross with respect to the motion picture, or for any quarterly period during which no Producer's gross from the motion picture is received by the Producer.

(2) For each motion picture produced by Producer which the Producer plans to prorate (whether proration is being applied pursuant to subparagraph (c)(2) or pursuant to subparagraph (c)(3) above) for three (3) years after either the date of the first quarterly report showing a percentage payment on such motion picture or the receipt by the Motion Picture Industry Pension and Health Plans of the Producer's written request for audit of the percentage payments due, Producer shall maintain and make available to the Motion Picture Industry Pension and Health Plans and their auditors the following information: the names of the employees on the Los Angeles production crew; the names of the employees on the entire production crew; the names of all individuals subject to the Basic Agreement working on the motion picture (whether in pre-production, production or post-production functions); the names of all individuals who were not subject to the Basic Agreement but who worked on the motion picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below; the total below-the-line labor costs of individuals subject to the Basic Agreement (whether in pre-production, production or post-production functions); and the total below-the-line labor costs of all individuals working on the motion picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below.

(3) As to any motion picture subject to subparagraph (c) above for which Producer assumes the obligation to make percentage payments pursuant to subparagraph (b)(8) above, if Producer wishes to prorate its percentage payments for such motion picture, it shall obtain the records provided for in subparagraph (d)(2) above from the producer of such motion picture.

(e) The provisions of this Article XIX were negotiated by the following unions for the benefit of the Motion Picture Industry Pension and Health Plans:

International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada; Studio Transportation Drivers, Local 399 of the International Brotherhood of Teamsters; Local 40 of the International Brotherhood of Electrical Workers; Local 724 of the International Hod Carriers, Building and Common Laborers Union; Local 755 of the Operative Plasterers and Cement Masons International Association of United States and

Canada; and United Association of Journeymen and Apprentices of the Plumbing and Piping Industry of United States and Canada, Local 78.

Any reference in any other collective bargaining agreement (whether with one of the above unions or any other union or guild) to a "percentage payment" to the Motion Picture Industry Pension and Health Plans for the exhibition on free television of Post '60 Theatrical Motion Pictures is, and shall be deemed to be, a reference to the "percentage payment" as set forth in this Article XIX, which amount is the only amount, in the aggregate, which the Producer and all such unions have agreed upon for the benefit of the Motion Picture Industry Pension and Health Plans.

The compliance by Producer with the conditions set forth in this Article XIX likewise constitutes compliance as to all the unions.

(f) The following provisions shall apply to "feature length primarily animated motion pictures," as defined herein, produced by Producer with employees employed by Producer under this Agreement,<sup>10</sup> which motion pictures for the first time are, either during the term hereof or at any time thereafter, released to free television.

(1) Definition

A "feature length primarily animated motion picture" refers to any motion picture produced for theatrical exhibition which consists primarily or exclusively of animated footage and has a continuous running time of more than thirty (30) minutes. Animated motion pictures which include live action essential to the storyline (e.g., "*Who Framed Roger Rabbit?*") are not primarily animated motion pictures (but are instead covered under subparagraphs (a) through (e) above and subparagraph (g) below if produced subject to an IATSE Basic Agreement).

(2) Contributions Required

The contributions required to be made for release of feature length primarily animated motion pictures to free television are as follows:

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<sup>10</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for purposes of subparagraph (f) of this Article XIX, except as indicated in the footnote to subparagraphs (f)(2)(v)(B)(1) and (f)(2)(v)(B)(2) below.

(i) No contributions are required to be made for any feature length primarily animated motion picture produced and/or released prior to November 1, 1992.

(ii) (A) With respect to those feature length primarily animated motion pictures designated in subparagraph (B) below, Producer shall make contributions based upon two percent (2%) of "Producer's gross," as that term is defined in subparagraph (b)(2) above. (The provisions of subparagraph (b)(3) are not applicable.)

(B) Subparagraph (ii)(A) above shall apply only to the following feature length primarily animated motion pictures:

*"Pagemaster;"*  
*"Once Upon a Forest" aka "The Endangered;"*  
*"Puff the Magic Dragon;"*  
*"We're Back;"*  
*"Cats;" and*  
*"Snowballs."*

(iii) With respect to any feature length primarily animated motion picture not covered under subparagraph (i) or (ii) above, which has its initial theatrical release on or after November 1, 1992, and which is thereafter released on free television, Producer shall make contributions based upon three and six-tenths percent (3.6%) of "Producer's gross," as that term is defined in subparagraph (b)(2) above. (The provisions of subparagraph (b)(3) are not applicable.)

(iv) The contributions required under subparagraph (f)(2)(ii) and (iii) above shall be paid to the Motion Picture Industry Pension and Health Plans, as provided in subparagraph (b)(1) above. The parties shall have the right to reallocate such contributions as provided in subparagraph (b)(1) above.

(v) The following provisions of subparagraphs (a) through (e) and subparagraph (g) of Article XIX are applicable to feature length primarily animated motion pictures covered under this subparagraph (f):

(A) subparagraphs (b)(2), (4), (5), (6), (7), (8) and (9);

(B) The proration provision set forth in subparagraph (c) shall be modified to read as follows:

Notwithstanding any provision in subparagraph (f)(2) above, the following shall govern the computation and remittance of the payment due for the release of feature length primarily animated motion pictures to free television:

(1) If a feature length primarily animated motion picture is produced partially with employees employed by Producer under this Agreement<sup>11</sup> and partially with persons working in job categories referred to in this Basic Agreement who are not covered under this Agreement, the percentage payment required under subparagraphs (f)(2)(ii) and (iii) above shall be prorated by multiplying such percentage payment by a fraction whose numerator consists of the sum of the total below-the-line labor costs of individuals subject to the Basic Agreement working on the picture and the total below-the-line labor costs of individuals subject to The Animation Guild, Local #839 Agreement, if any, (whether such individuals are employed in production or post-production, but excluding distribution--distribution, for the purposes of this provision, shall include all laboratory work other than that performed by employees charged directly to a picture) and whose denominator consists of the sum of the total below-the-line labor costs of all individuals working on the picture in job categories referred to in this Basic Agreement and the total below-the-line labor costs of all individuals working on the picture in job categories referred to in The Animation Guild, Local #839 Agreement (whether in production or post-production but excluding distribution--distribution, for the purposes of this provision, shall include all laboratory work other than that performed by employees charged directly to a picture).

(2) "Individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement"<sup>12</sup> include all persons working on the motion picture under the terms of the Basic Agreement who are hired to perform services in Los Angeles or hired in Los Angeles to perform services at a distant location, whether hired by a Producer itself or employed indirectly by a Producer through loan-outs, payroll companies or comparable employing agents; provided, however, that individuals not specifically

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<sup>11, 12</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered "individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement" for purposes of subparagraph (c) and subparagraphs (f)(2)(v)(B)(1) and (2) of this Article XIX only and for no other purpose. Accordingly, when Producer is entitled to prorate hereunder, the salaries of all individuals employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be included in both the numerator and the denominator of the fraction referred to in subparagraphs (c)(1)(ii) and (f)(2)(v)(B)(1) of this Article XIX.

charged to the motion picture or who are included in general overhead and individuals such as projectionists and publicists engaged primarily in off-location services during the production of the motion picture are not included in either the numerator or denominator of the proration fraction described above.

(3) As to any feature length primarily animated motion picture on which the Producer intends to make percentage payments on a prorated basis, an Application to Prorate shall be delivered by the Producer to the Administrator of the Pension and Health Plans on or before the date that the first percentage payment is due to the Plans from Producer. Said Application shall contain the following information: the aggregate salaries paid to those employees employed by Producer under the Basic Agreement; if applicable, the aggregate salaries paid to those employees employed by Producer subject to The Animation Guild, Local #839 Agreement; the total salaries paid to the entire production crew, including the salaries of employees working in job categories referred to in the Local #839 Agreement; and the job classifications of those individuals excluded because they perform distribution functions or because they are not specifically charged to the motion picture or are not included in general overhead or are engaged primarily in off-location services. If an Application to Prorate is submitted later than the date specified above, it will nonetheless be deemed granted if the identified picture meets said criteria; provided, however, that if he deems it necessary, the Administrator of the Pension and Health Plans may require a Producer submitting a late Application to Prorate to allow a special audit of the percentage payments due and the Motion Picture Industry Pension and Health Plans shall be reimbursed by the Producer for all reasonable fees and expenses incurred by the Motion Picture Industry Pension and Health Plans in performing said audit.

(4) The provisions of subparagraph (d) shall apply, except that conforming changes shall be made to eliminate the references to the basis for the Producer's right to prorate and in the language relating to the nature of the information to be maintained and made available to the Motion Picture Industry Pension and Health Plans and their auditors.

(5) The provisions of subparagraph (e) shall apply.

(6) The provisions of subparagraph (g) shall apply.

(7) The parties hereto acknowledge that a resolution of the obligations of Walt Disney Pictures & Television to make Post '60s and Supplemental Markets payments on primarily animated feature length motion pictures was reached with the IATSE and the Motion Picture Industry Pension and Health Plans in June of 1992. The terms of that resolution are set forth in a Memorandum Agreement executed in June of 1992. The terms of that Memorandum Agreement supplement the provisions of this subparagraph (f); in the event of any inconsistency between said provisions, the terms of the Disney Memorandum Agreement shall control.

(g) Notwithstanding anything herein to the contrary, the parties hereby confirm the following understanding and practices of the Producers with respect to the Post '60s provisions:

(1) Article XIX does not require a percentage payment to be made with respect to motion pictures on which the only employees employed under the Basic Agreement performed post-production (including editorial) work; and

(2) Article XIX does not require percentage payments to be made with respect to motion pictures which are produced by a producer which is not signatory to the Basic Agreement (and the Basic Crafts Agreements).

(3) The Post '60s provisions apply only to theatrical motion pictures "produced by Producer with employees employed under this Agreement."<sup>13</sup> The parties have agreed that the quoted language is satisfied only if two (2) or more employees are employed on the production under either the IATSE Agreement or the Basic Crafts Agreements. This requirement is not satisfied if there is only one employee covered under the Basic Agreement and one employee covered under the Basic Crafts Agreements.

(i) The "Domestic Pictures" proration provisions of the Post '60s clause provide that certain domestic pictures are eligible for proration of Post '60s payments if, among other requirements, the Los Angeles production crew consists of twenty-nine (29) or fewer individuals (no more than twenty-two (22) of whom may be hired from the jurisdiction of the IATSE West Coast Studio Locals). In determining whether either the "29 or fewer" or "22 or fewer" requirement has been met, employees who replace other employees are not counted. For example, suppose there are seven (7) persons on the

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<sup>13</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed under this Agreement" for purposes of subparagraph (g)(3) of this Article XIX.

crew who fall within the Los Angeles production crew definition, including the Director of Photography. Suppose further that the Director of Photography is replaced with another person hired from the jurisdiction of Local #600. The replacement Director of Photography would not be counted in figuring whether the "29 or fewer" or "22 or fewer" standards were met.

However, the salary paid to any replacement employee under these circumstances shall be included in both the numerator and denominator.

(ii) Similarly, individuals hired from either the jurisdiction of the IATSE West Coast Studio Local Unions or from the jurisdiction of the Basic Crafts Unions who are replaced with another individual employed under the same West Coast Studio Local Agreement or Basic Crafts Agreement, respectively, shall not be counted in determining whether a motion picture has been produced by a Producer with "employees" employed under this Agreement.<sup>14</sup>

For example, if the only individual hired from the jurisdiction of the West Coast Studio Local Unions and the Basic Crafts Unions on a particular production is an Art Director, and the Art Director is replaced on that production by another Art Director hired from the jurisdiction of Local #800, there will still be only one (1) employee hired from the jurisdiction of the IATSE on the production, with the result that the Post '60s clause is not applicable to that production.

## **XX. Policy, Applicability of Agreement and Subcontracting**

(a) The purposes of this Article are to protect and preserve the work opportunities available to employees covered by this Agreement who have traditionally and historically performed the work covered by the classifications and job duties set forth in this Agreement, the Videotape Agreement, and the West Coast Studio Local Agreements.

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<sup>14</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed under this Agreement" for purposes of subparagraph (g)(3) of this Article XIX.

These purposes are accomplished as follows:

(b) Policy

It is the policy of the Producer not to evade intentionally the provisions of this Agreement, the Videotape Agreement, and the West Coast Studio Local and Basic Crafts Agreements by participating in the production of a motion picture, by providing financing or the guarantee thereof for the production of said motion picture, which picture has direct labor costs for bargaining unit work (other than a minimal amount) less favorable than those provided for under this Agreement, the Videotape Agreement, and the West Coast Studio Local Agreements or other applicable collective bargaining agreements.

Nothing in this Article shall be deemed to extend the scope or jurisdiction of this Agreement, the Videotape Agreement or the West Coast Studio Local Agreements.

Negative pick-up transactions, distribution transactions, and production-distribution transactions which are *bona fide* are not covered by this Article XX, except that in the event the Producer enters into a production-distribution transaction, by providing financing or the guarantee thereof for the production of a motion picture under this Section, then the Producer shall notify the IATSE and Basic Crafts in writing at least thirty (30) days prior to the commencement of principal photography, providing the name of such motion picture, the name of the Producer and corporate entity and/or principals. If there are unusual circumstances in which the Producer cannot give such thirty (30) days notice, the Producer shall give at least ten (10) days notice prior to the commencement of principal photography.

(c) Applicability of Agreement

This Agreement shall be binding on the signatories hereto and all parties who by reason of mergers, consolidations, reorganizations, sale, assignment or the like shall succeed to, or become entitled to, a substantial part of the production business of any signatory, in and limited to Los Angeles County, California.

(d) Subcontracting

The parties recognize the existence of past subcontracting practices within the multi-employer bargaining unit. The parties agree that the rights, limitations and restrictions upon

subcontracting practices set forth in the West Coast Studio Local Agreements shall remain in effect.

The Producer, as a matter of preservation of work for employees who have historically and traditionally performed work under the crafts and classifications as set forth in this Agreement, the Videotape Agreement or the West Coast Studio Local Agreements, agrees that as to bargaining unit work of a type which has not heretofore been subcontracted in the multi-employer bargaining unit, the Producer will subcontract such bargaining unit work to any other person, corporation, joint venture or entity only: (1) if the Producer first notifies the IATSE in writing of its intention to subcontract, and (2) the direct labor costs of the person, corporation, joint venture or entity who will perform such work under said subcontract are not less than the direct labor costs set forth in this Agreement, the Videotape Agreement, the West Coast Studio Local Agreements or other applicable collective bargaining agreements; or (3) if the Producer lacks the requisite technology, facilities or equipment to perform the work.

(e) In order to effectively enforce the provisions of this Article, the Producer agrees that records in its possession or those to which the Producer has access pertaining to direct labor costs will be made available for inspection within twenty (20) days after a written request therefor by the IATSE.

(f) A complaint by the IATSE of a violation of this Article shall be submitted within fifteen (15) days after a written request to a special Producer-IATSE Committee for a resolution. The Producer's representation on the Committee shall consist of the AMPTP and the Producer involved in the complaint. Upon agreement by the AMPTP, the Producer involved and the IATSE, the decision of the Committee shall be final and binding on the Producer involved and the IATSE. If no resolution is reached by the Committee, the IATSE shall have the right to submit the dispute to a final and binding regular arbitration procedure as set forth in Article XXXII(b) of this Agreement.

## **XXI. Charitable Contributions**

Deductions made by Producer from the employee's pay check for charitable institutions shall be paid by Producer to such institutions within two (2) weeks after such deductions are made from the pay check. The IATSE shall give the Producer notice of any such failure to pay the institution and if the Producer fails to make such required payment within seven (7) days after such notice, such failure shall be deemed to be a breach of this Agreement by such delinquent Producer.

As to those Producers who, by prior arrangement with the respective institution or institutions, make such payments on a quarterly or other basis, then such above-mentioned two (2) week period shall be extended to the quarterly or other time basis as so arranged.

**XXII. Annual Meetings**

During the term of this Agreement, the IATSE and AMPTP shall jointly sponsor meetings to be held not less frequently than once per calendar year, on a day or days to be mutually agreed upon at least one month in advance. The meetings shall focus on appropriate subjects mutually agreed upon by the parties. As the parties reach agreements on subjects, the Basic Agreement and/or the applicable Local Agreements shall be modified accordingly.

Each Producer agrees to provide the IATSE with a copy of its policies regarding hotel accommodations for employees who work long hours.

**XXIII. Documentaries, Industrial and Educational**

The Producers, the IATSE and the Basic Crafts will continue to negotiate in order to arrive at a separate agreement regarding the making of documentaries, educationals and industrials.

**XXIV. Non-Discrimination**

The parties agree to continue to comply with all applicable federal and state laws relating to non-discriminatory employment practices.

Claims alleging a violation of this "Non-Discrimination" provision are not subject to arbitration, but are instead subject to non-binding mediation.

**XXV. Contract Services Administration Trust Fund**

(a) Producer shall pay to the Industry Pension Plan through its Administrator, as agent for transmittal to the Contract Services Administration Trust Fund ("CSATF"), for employees who are subject to the Retired Employees Fund (on the same weekly and daily formula as the contributions paid under the Retired Employees Fund) for the period

commencing August 1, 2015 to and including July 31, 2018: (i) twenty-six cents (\$0.26) per hour for each hour worked by or guaranteed such employee by such Producer on August 1, 2015; (ii) thirty-six cents (\$0.36) per hour for each hour worked by or guaranteed an employee by such Producer on or after August 2, 2015 to and including July 29, 2017; and (iii) forty-six cents (\$0.46) per hour for each hour worked by or guaranteed such employee by such Producer on or after July 30, 2017 to and including July 31, 2018; provided, however, that in place and stead of the above cents per hour payments, such payments:

(1) with respect to employees of laboratories, shall be at the rate of three-quarters of one cent (\$0.0075) per hour on August 1, 2015 (one and four-hundredths cents (\$0.0104) per hour on or after August 2, 2015 to and including July 29, 2017 and one and thirty-three hundredths cents (\$0.0133) per hour on or after July 30, 2017 to and including July 31, 2018); and

(2) with respect to Production Office Coordinators, Assistant Production Office Coordinators and Art Department Coordinators employed under the Local #871 Amendment Agreement, shall be at the rate of four cents (\$0.04) per hour on August 1, 2015 (five and fifty-four hundredths cents (\$0.0554) per hour for the period beginning August 2, 2015 to and including July 29, 2017 and seven and eight hundredths cents (\$0.0708) per hour for the period beginning July 30, 2017 to and including July 31, 2018).

The Producers have established CSATF for the purpose of providing a Fund to be used for the administration of apprenticeship and other training programs within the motion picture industry; maintenance of appropriately classified and delineated seniority rosters within the motion picture industry; administration of safety programs and studies within the motion picture industry; administering and financing physical examinations in connection with any uniform industry retirement programs; and, generally, for the carrying on of similar such programs for the administration of other industry-wide services, studies or education. To this end, the parties have agreed, effective August 1, 2015, to renew the Industry Experience Roster Safety Requirement Training for the term of this Agreement. Such Trust Fund shall be administered by a Board of Trustees who shall be appointed by the Alliance of Motion Picture and Television Producers.

(b) CSATF shall provide Second Step grievance services.

(c) The money received by the Administrator of the Industry Pension Plan from such payments, as above provided, shall be

kept separate and apart from any funds of the Industry Pension Plan and shall forthwith be paid to CSATF.

Such money so paid by Producer shall not constitute nor be deemed to be wages due to the individual employees nor shall said money so paid be in any manner liable for or subject to the debts, contracts, liabilities or torts of such employees.

The Producers shall provide the IATSE with the CSATF certified annual financial statements and its quarterly activity statement.

A CSATF advisory committee, composed of representatives from the IATSE, has been established. The Advisory Committee shall assist in establishing electronic communications (e-mail) with all Local Unions.

(d) All Industry Experience Rosters of those employees subject to CSATF are to be administered under CSATF.

The Special Effects Qualification Committee, as provided for in Paragraph 68 of the Local #44 Agreement, shall be reconstituted to provide for the use of qualifications tests designed to measure whether the individual tested possesses the necessary knowledge and skills required to meet the minimum requirements of the classification for which the test is designed.

If, at any time, it appears to CSATF that the test(s) has (have) a disparate impact under federal and state laws and regulations pertaining thereto, CSATF shall review such test(s). If, after reviewing the test(s), CSATF determines that such disparate impact cannot be eliminated, CSATF shall cease the use of such test(s) and shall immediately attempt to revise the method of testing.

(e) The Producers will establish a procedure whereby any interested party may contact CSATF to obtain information relative to the past employment of an individual on a specific motion picture. In response to such an inquiry, CSATF will make a good faith effort to contact the involved Producer and secure such information on behalf of the interested party. The Producer, on its part, will make a good faith effort to respond to such inquiries by CSATF.

The provisions of this Article are made expressly for the benefit of CSATF.

**XXVI. Implementation of Work Training and Apprenticeship Programs**

The Producers and the IATSE agree to cooperate in the establishment of work training and/or apprenticeship programs with respect to appropriately agreed-upon work classifications subject to this Agreement, in conformance with all applicable affirmative action programs, and specifically including the classifications of work covered under the Agreement of the IATSE and its West Coast Locals. A committee shall be convened for the purpose of formulating and implementing training programs.

The parties recognize that deductions from hourly contributions (in the amount of one cent (1¢) from contributions made at the rate of two and one-quarter cents (2¼¢) per hour and in the amount of one-third cent (1/3¢) from contributions made at the rate of three-quarters cents (¾¢) per hour) have been made under previous collective bargaining agreements for the purpose of providing training or other agreed-upon programs for the benefit of persons who suffer displacement as a result of the introduction and utilization of electronic technology. The parties agree that any CSATF monies which were earmarked for exclusive use in providing training or other programs to persons who suffered displacement as a result of the introduction and utilization of electronic technology may be released to cover expenditures required for any other agreed-upon training programs for IATSE classifications in addition to covering expenditures for continuing videotape retraining programs. Any person who successfully completes an approved, *bona fide* training program offered through CSATF shall be entitled to placement on the appropriate roster for which trained.

**XXVII. Rental Facilities Notice**

The Producers shall provide the IATSE timely advance written notice of a rental facility deal for use of its Los Angeles studio production facilities when it has no financial interest in the picture. The Producer shall give telephonic notice prior to the written notice.

**XXVIII. Supplemental Markets**

(a) The provisions of this Article relate and apply only to motion pictures produced by Producer during the term hereof and subject to this Agreement:

(1) The principal photography of which commenced on or after August 1, 2015, which motion pictures are, either during the term hereof or at any time thereafter, released in Supplemental Markets (as defined below); and

(2) Produced with employees employed by Producer under this Agreement.<sup>15</sup>

(3) Definition

The term "Supplemental Markets," as used in this Agreement, means only: The exhibition of motion pictures by means of cassettes (to the limited extent provided in subparagraph (i) of this paragraph (3)), or pay television, as those terms are hereafter defined in this paragraph (3), and the exhibition of television motion pictures on any commercial carrier such as commercial airlines, trains, ships and buses (referred to herein as "in-flight").

(i) Cassettes:

For the purposes of this Article, a cassette is any audio-visual device, including without limitation, cassette, cartridge, phonogram or other similar audio-visual device now known or hereafter devised, containing a motion picture (recorded on film, disc, tapes or other material) and designed for replay through a television receiver or comparable device. The sale or rental of cassettes for replay through a television receiver or comparable device in the home or in closed-circuit use, such as in hotel rooms, constitutes "Supplemental Markets."

(ii) Pay Television

The term "Pay Television," as used in this Article, shall mean exhibition on a home-type television screen by means of telecast, cable, closed circuit, satellite to home or CATV when a majority of licensed systems meet the following tests:

(a) a separate channel is provided for which the subscriber pays a separate fee (which fee is a substantial charge relative to other charges made to the subscriber) for that channel; and/or

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<sup>15</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for purposes of subparagraph (a) of this Article XXVIII. Employees employed under the Local #700 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for any purpose under this Article XXVIII.

(b) the subscriber pays for the motion picture or motion pictures selected (except that a motion picture or motion pictures selected for which only a token charge is made shall not be considered pay television); and/or

(c) the subscriber pays a fee for an encoded telecast, which fee is a substantial charge relative to other fees paid for encoded telecasts.

The foregoing tests cover those types of services and systems which exist in the industry today and are commonly understood in the industry today to be pay television services or systems.

The term "pay television," as used in this Article, shall also include the exhibition of motion pictures through a television receiver or comparable device by means of telecast, cable, closed circuit, satellite or CATV for which the viewing audience (whether by the individual viewer or by the hotel, motel, hospital or other accommodation where the viewer is) pays to receive the program by making a separate payment for such specific program. Exhibition in theaters or comparable places by such means is theatrical exhibition and shall not be considered pay television.

The term "Supplemental Markets" does not include the exhibition of a motion picture by cassette or otherwise over a television broadcast station or in theatrical exhibition, and for this purpose "theatrical exhibition" includes the educational market, the exhibition of theatrical motion pictures on any commercial carrier (referred to herein as "in-flight"), such as commercial airlines, trains, ships and buses, and other uses which have been traditionally considered theatrical exhibition of theatrical motion pictures, other than the specific home use hereinabove defined as the "Supplemental Markets" for cassettes.

Whenever reference is made in this Agreement to pay television, such reference shall be deemed to include only those uses of motion pictures as to which a charge is actually made to the subscriber for the program viewed, or for which the subscriber has the option, by additional payment, to receive special programming over one or more special channels. When no program charge or special channel charge is made to the subscriber in addition to the general charge, the transmission of motion pictures by telecast, cable, closed circuit, satellite or CATV is free television exhibition for the purposes of this Agreement, and such exhibition shall not be considered Supplemental Markets exhibition.

The Producers have agreed to the inclusion of "pay television" in the "Supplemental Markets" because, under the present pattern of distribution of motion pictures, "pay television" is supplemental to the primary market. The Producers reserve the right in future negotiations to contend that the pattern of release has changed so that "pay television" is no longer a Supplemental Market but constitutes or is a part of the primary market of distribution of motion pictures, and that, therefore, no additional payment pursuant to this Article XXVIII should be made with respect to the release of motion pictures (including those covered by this Agreement) in said market. Nothing herein shall limit the scope of negotiations on said subject. Furthermore, if the Producers in their collective bargaining agreement with the Directors Guild of America, Writers Guild of America or Screen Actors Guild-American Federation of Television and Radio Artists negotiate a provision treating pay-per-view exhibitions as part of the primary market, rather than supplemental markets, then such provision shall automatically be deemed included hereunder, based on a comparable formula as may have been applied in such DGA, WGA or SAG-AFTRA Agreement.

(b) (1) As to such motion pictures distributed in Supplemental Markets other than by means of cassettes (other than a motion picture included in a "qualifying transaction" described in Article XXVIII A.), the following shall apply:

(i) The Producer will pay five and four-tenths percent (5.4%) (hereinafter referred to as the "percentage payment") of the "Producer's gross" received therefrom, computed as hereinafter provided.

(ii) The term "Producer's gross," as used herein, means the worldwide total gross receipts derived by the distributor of the motion picture (who may be the Producer or a distributor licensed by the Producer) from licensing the right to exhibit the motion picture in Supplemental Markets other than by means of cassettes and including, in the case of a "foreign territorial sale" by the Producer, the income received from such sale by Producer but not the income received by "purchaser" or the "licensee."

(2) As to such motion pictures distributed in Supplemental Markets by means of cassettes (other than a motion picture included in a "qualifying transaction" described in Article XXVIII A.), the following shall apply:

(i) The Producer will pay six and seventy-five hundredths percent (6.75%) of the "Producer's gross," as defined below,

until the Producer's gross equals one million dollars (\$1,000,000). Thereafter, Producer shall pay eight and one-tenth percent (8.1%) of "Producer's gross" in excess of one million dollars (\$1,000,000).

(ii) If the Producer is the Distributor or the Distributor is owned by or affiliated with the Producer, the "Producer's gross" derived from the distribution of such motion pictures by cassettes shall be twenty percent (20%) of the worldwide wholesale receipts derived by the Distributor. In such cases, if the Distributor is also the retailer, a reasonable allocation of the retail gross receipts shall be made as between the Distributor as distributor and the Distributor as retailer, and twenty percent (20%) of the former only shall be deemed to be "Producer's gross." The reasonableness of such allocation shall be subject to arbitration and, in such arbitration, generally prevailing trade practices in the cassette industry with respect to dealings between non-related companies shall be relevant evidence.

If the Distributor is not the Producer and is not owned by or affiliated with the Producer, the "Producer's gross" shall be one hundred percent (100%) of the fees received by the Producer from licensing the right to distribute such motion picture by cassettes.

(3) The Producer's gross shall not include:

(i) Sums realized or held by way of deposit, as security, until and unless earned, other than such sums as are non-returnable;

(ii) Rebates, credits or repayments for cassettes returned (and, in this connection, the Producer shall have the right to set up a reasonable reserve for returns);

(iii) Sums required to be paid or withheld as taxes, in the nature of turnover taxes, sales taxes or similar taxes based on the actual receipts of such motion picture or on any monies to be remitted to or by the Producer, but there shall not be excluded from Producer's gross any net income tax, franchise tax or excess profit tax or similar tax payable by the Producer or such distributor on its net income or for the privilege of doing business;

(iv) Frozen foreign currency until the Producer shall either have the right to freely use such foreign currency, or Producer has the right to transmit to the United States such foreign currency from the country or territory where it is frozen. If such currency may be utilized or transmitted as aforesaid, it shall be deemed to have been converted to United States dollars at the rate of exchange at

which said currency was actually transmitted to the United States as aforesaid, or, if not actually transmitted, then at the prevailing free market rate of exchange at the time such right to use or to transmit occurs. Frozen foreign currency shall be deemed to be unblocked on the basis of "first-in, first-out" unless otherwise allocated by local foreign fiscal authorities. Allocation of such unblocked funds as between revenue which serves as the basis of determining payments hereunder and other revenue shall be on a proportional basis, subject to different earmarking by local foreign fiscal authorities.

(v) Sums paid to any advertising agency in connection with any exhibition of a motion picture in Supplemental Markets.

(4) Such monies shall be paid to the Motion Picture Industry Pension and Health Plans and shall be allocated as follows:

(i) First, to the Pension Plan to fund the difference between (A) the "actuarially-required" contributions for the year, taking into account benefit increases and five (5) year vesting, and (B) the expected contributions for the Pension Plan year, subject to specified actuarial methods, provided that there are sufficient funds in the Active Employees Fund of the Health Plan to maintain benefits and a six (6) month reserve;

(ii) Then, next, to the Retired Employees Fund of the Health Plan to the extent needed to fund an eight (8) month reserve;

(iii) Then, next, to the Pension Plan to the extent that Post '60s monies (as provided in Article XIX.(b)(1)(iii) of this Agreement) are insufficient to fund the cost of the two additional checks (*i.e.*, a 13<sup>th</sup> and 14<sup>th</sup> check), or one additional check (a 13<sup>th</sup> check), granted to all employees who retired on or before August 1, 2009 pursuant to the provisions of Article XIII.(f)(2) of the 2015 Producer-I.A.T.S.E. Basic Agreement;

(iv) Then, next, to fund the Active Employees Fund of the Health Plan;

(v) Then, next, to the extent that the level of reserves in the Retired Employees Fund exceeds twenty (20) months, and to the extent that the level of reserves in the Active Employees Fund exceeds twelve (12) months, reserves in excess of such amounts shall be reallocated eighty percent (80%) to the Individual Account Plan, with the remaining twenty percent (20%) designated as a credit against future

Post '60s and Supplemental Markets payments by certain companies, as more specifically provided in Article XIII.A.(c)(2).

Notwithstanding anything to the contrary in subparagraph (a) above, such allocation shall apply to monies payable on and after August 1, 2015 for the distribution of motion pictures in Supplemental Markets, regardless of which Basic Agreement applies.

On an annual basis during the term of this Agreement, the Alliance of Motion Picture and Television Producers, the IATSE and the Chairman of the Basic Crafts (on behalf of the Basic Crafts Group) shall jointly review this allocation in conjunction with a review of the allocation of Post '60s monies. Any agreement on any reallocation of such monies mutually agreed upon shall become a part of this Agreement. The term "Basic Crafts Group," as used herein, refers to those unions noted in this Article XXVIII.(e).

Exhibit A of each of the Pension Plan, Individual Account Plan and Health Plan (and the mechanical issues addressed therein) shall be amended to express the agreements of the bargaining parties with respect to the foregoing allocation.

(5) Such gross income realized in foreign currency in any reporting period required hereunder shall be deemed to be converted to United States dollars at the prevailing market rate of exchange at the close of such reporting period, except that when such gross income has actually been transmitted to the United States, it shall be deemed converted to United States dollars at the rate of exchange at which such foreign currency was actually so transmitted.

(6) Allocation of Producer's Gross

If any agreement for distribution in the Supplemental Market includes more than one motion picture, or includes both Supplemental Market rights and other rights, the Producer shall make a reasonable allocation for the purpose of determining payments due hereunder. If the Motion Picture Industry Pension and Health Plans contend that such allocation is not reasonable, then such claim shall be submitted to arbitration.

(7) Producer's obligation shall accrue hereunder only after "Producer's gross" is received by the Producer. Payments of amounts accruing hereunder shall be made quarterly on the basis of quarterly statements, as hereinafter provided. Should any discounts, taxes, duties or charges be imposed in connection with the receipt or remittance of foreign funds, only so much of such funds as remain

thereafter shall be included in "Producer's gross." Producer shall not be responsible for loss or diminution of foreign receipts as a result of any matter or thing not reasonably within the control of the Producer. The Motion Picture Industry Pension and Health Plans shall be bound by any arrangement made in good faith by the Producer, or for its account, with respect to the deposit or remittance of foreign revenue. Frozen foreign receipts shall not be considered trust funds and the Producer may freely commingle the same with other funds of the Producer.

(8) If any license or outright sale of exhibition rights to the motion picture in Supplemental Markets includes as a part thereof any filmed commercial or advertising material, the Producer shall be permitted to allocate a reasonable amount (in accordance with then current standard charges in the industry) to such commercial or advertising material, and the amount so allocated shall not be included in Producer's gross hereunder.

(9) Such payments made hereunder to the Motion Picture Industry Pension and Health Plans are not and shall not in any manner be construed to be wages due to any individual employee, nor in any manner be liable for or subject to the debts, contracts, liabilities or torts of any employee.

(10) Within a reasonable time after the close of the calendar or fiscal quarter, but not exceeding sixty (60) calendar days, Producer will furnish to the Motion Picture Industry Pension and Health Plans written reports showing the Producer's gross received from the sale, lease, license and distribution (whether by Producer or a distributor) of each such motion picture in such Supplemental Markets. Such reports shall be furnished quarterly for each fiscal or calendar quarter of the Producer. Concurrently with the furnishing of each such report, the Producer will make the payments shown to be due by such report. All payments shall be made by check payable to the order of and delivered to the Motion Picture Industry Pension and Health Plans. Each such quarterly statement shall designate the title of the motion picture involved. On request, the Producer shall make available to the Health Plan all accounting statements delivered by a distributor to the Producer, but only insofar as such statements relate to the Producer's gross. The Motion Picture Industry Pension and Health Plans shall have the right, at reasonable times, to examine the books and records of Producer insofar as they relate to the Producer's gross. Producer shall not be required to furnish any quarterly statement hereunder with respect to the motion picture prior to Producer's receipt of any Producer's gross with respect to the motion picture, or for any quarterly period during which no Producer's gross from the motion picture is received by the Producer.

The parties agree that they will work through the auspices of the Motion Picture Industry Pension and Health Plans to implement reporting of Supplemental Markets income by medium, as soon as it is feasible to do so.

If the Producer shall fail to make any payment provided for in this Article when and as the same becomes due and payable, it shall bear interest at the rate of one percent (1%) per month on the unpaid balance thereof commencing to accrue ten (10) business days after notice in writing to Producer from the Motion Picture Industry Pension and Health Plans of such delinquency.

(11) If the Producer shall sell, assign, transfer or otherwise dispose of the distribution rights to such motion picture in such Supplemental Markets, or shall license the distribution rights to the motion picture in such Supplemental Markets, Producer shall obtain from the buyer, licensee or distributor a separate agreement, made expressly for the benefit of the Motion Picture Industry Pension and Health Plans, requiring such buyer, licensee or distributor to comply with the provisions of this Article XXVIII. Such agreement shall be in substantially the following form:

"The undersigned, \_\_\_\_\_  
(insert name of buyer, licensee or distributor)  
herein for convenience referred to as the 'Buyer,'  
hereby agrees with \_\_\_\_\_  
(insert name of Producer)

that all motion pictures covered by this Agreement are subject to the provisions of Article XXVIII of the 'Producer-I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2015' relating to payments to the Motion Picture Industry Pension and Health Plans on release of a motion picture to Supplemental Markets and the said Buyer hereby agrees, expressly for the benefit of the Motion Picture Industry Pension and Health Plans to abide by and perform the provisions of said Basic Agreement and make said payments required thereby. It is expressly understood and agreed that the rights of Buyer to exhibit or license the exhibition of such motion picture in such Supplemental Markets shall be subject to and conditioned upon the payment to the Motion Picture Industry Pension and Health Plans, as provided in Article XXVIII of said Basic Agreement, and it is agreed that said Motion Picture Industry Pension and Health Plans

shall be entitled to injunctive relief and damages against Buyer in the event such payments are not made.

"The undersigned agrees to keep or have access to complete records showing the income derived from the distribution of such motion pictures in such Supplemental Markets within the entire territory for which Buyer is granted such rights and the Motion Picture Industry Pension and Health Plans shall have the right at all reasonable times to inspect such records. The undersigned shall give the Motion Picture Industry Pension and Health Plans prompt written notice of the date on which each motion picture covered hereby is first released in such Supplemental Markets. An inadvertent failure to comply with said requirement of notice shall not constitute a default by the undersigned hereunder, provided such default is cured promptly after notice thereof from the Motion Picture Industry Pension and Health Plans."

Producer agrees to give notice to the Motion Picture Industry Pension and Health Plans within thirty (30) days of each sale, transfer or license of the distribution rights to such a motion picture for Supplemental Markets, with the name and address of the Buyer, assignee or distributor, and to deliver to the Motion Picture Industry Pension and Health Plans an executed copy of each assumption agreement entered into by the Producer. An inadvertent failure on the part of the Producer to comply with any of the provisions of this subparagraph (11) shall in no event constitute a default by the Producer hereunder or a breach of this Agreement, provided that such failure is cured promptly after notice thereof from the Motion Picture Industry Pension and Health Plans.

Upon delivery of such assumption agreement, and on condition that the Motion Picture Industry Pension and Health Plans approve in writing the financial responsibility of the Buyer, Producer, or any subsequent owner obtaining the execution of such an assumption agreement, shall not be further liable to the Motion Picture Industry Pension and Health Plans for the keeping of any such records or the payment required hereunder insofar as they relate to the exhibition of the motion picture in Supplemental Markets, and the Motion Picture Industry Pension and Health Plans agree to look exclusively to the party

last executing such an assumption agreement for the keeping of such records, payment and compliance with credit obligations.

(12) With respect to such motion picture, Producer agrees either to:

(i) include in any chattel mortgage, pledge or other lien or security agreement covering the motion picture a provision, made expressly for the benefit of the Motion Picture Industry Pension and Health Plans, to the effect that the chattel mortgagee, pledgee, lien or security holder agrees that if such mortgage, pledge, lien or security agreement is foreclosed, and such mortgagee, pledgee, lien or security holder thereby obtains title to the motion picture and subsequently exhibits the motion picture in Supplemental Markets, then in such event, after such mortgagee, pledgee, lien or security holder has recouped its loan so secured, plus interest and all costs and expenses incident to foreclosure, such mortgagee, pledgee, lien or security holder will be bound by the provisions of this Article XXVIII with respect to payments to the Motion Picture Industry Pension and Health Plans thereafter becoming due and payable thereunder; provided, however, that nothing herein contained shall prevent such mortgagee, pledgee, lien or security holder who has acquired title to the photoplay from thereafter making a sale of the motion picture to a third party free and clear of any limitations or obligations whatsoever. Except as otherwise provided in this subsection (i), the rights of the Motion Picture Industry Pension and Health Plans hereunder shall be subordinate to the rights of such mortgagee, pledgee, lien or security holder; or

(ii) in the alternative, be bound by the provisions of this Article XXVIII with respect to payments to the Motion Picture Industry Pension and Health Plans, if any, due after such foreclosure shall have been made. In the event Producer elects this alternative, the provisions of subsection (i) above shall be inapplicable, and if the provisions referred to in subsection (i) above are not included in any such chattel mortgage, pledge, lien or security agreement, Producer shall be deemed to have elected the alternative provided for in this subsection (ii).

In the event of a foreclosure referred to in subsection (i) above, should the Producer distribute the motion picture for such mortgagee, pledgee, lien or security holder, Producer shall be bound during the period of such distribution by the provisions of this Article XXVIII with respect to payments due hereunder, to the same extent as the mortgagee, pledgee, lien or security holder under subsection (i) above. Any such payments made by the Producer as the distributor shall be credited against any obligation of the mortgagee,

pledgee, lien or security holder that may be due or become due to the Motion Picture Industry Pension and Health Plans under subsection (i) above; it being understood that the Motion Picture Industry Pension and Health Plans shall be entitled to such payments but once.

The foregoing provisions of this subparagraph (12) shall not apply to any motion picture subject to any security instrument in existence on the effective date of this Agreement.

(13) If, after the effective date of this Agreement, the Producer enters into a contract with a so-called "independent producer" for the production and financing of a theatrical motion picture and the distribution thereof by the Producer (such contract being hereinafter referred to as an "independent contract"), Producer will include in such independent contract an agreement on the part of the independent producer expressly for the benefit of the Motion Picture Industry Pension and Health Plans that the independent producer will pay, in the manner herein provided, the amounts, if any, required to be paid under the provisions of this Article XXVIII with respect to such motion picture. If such agreement on the part of the independent producer be not included in any independent contract prior to the exhibition of the motion picture in the Supplemental Markets, the Producer shall be liable and responsible for the payments, if any, required to be made under the provisions of this Article XXVIII with respect to such motion picture. If such agreement on the part of the independent producer is included in the independent contract prior to exhibition of the motion picture in the Supplemental Markets, then the Producer shall not be liable or responsible in any manner or to any extent with respect to the motion picture under the provisions of this Article XXVIII. The Producer will notify the Motion Picture Industry Pension and Health Plans of any and all such independent contracts entered into by the Producer.

(14) If Producer increases the present Supplemental Markets "percentage payments" amount of "Schedule of Payments" in any other collective bargaining agreement to which the Producer is or becomes a party (*e.g.*, actors), then the five and four-tenths percent (5.4%) percentage payment, the six and seventy-five hundredths percent (6.75%) percentage payment and the eight and one-tenth percent (8.1%) percentage payment provided above in this Supplemental Markets provision shall be correspondingly increased.

(c) Notwithstanding any provision in subparagraph (b) above to the contrary, the following shall govern the computation and remittance of the "percentage payment" as that term is defined in subparagraph (b) above:

(1) Definitions. For purposes of this subparagraph (c) and for no other purpose, the following terms shall have the meanings set forth below:

(i) "Production" or "produce" shall include both production and pre-production functions, but not post-production or distribution functions.

(ii) "Prorate" or "proration" shall mean the computation of the percentage payment by multiplying five and four-tenths percent (5.4%) or six and seventy-five hundredths percent (6.75%) or eight and one-tenth percent (8.1%), whichever is applicable, of "Producer's gross" by a fraction whose numerator consists of the total below-the-line labor cost of individuals subject to the Basic Agreement<sup>16</sup> or hired from the jurisdiction of the union locals referred to in subparagraph (e) below working on the picture (whether in production or post-production but excluding distribution -- distribution, for the purposes of this Article, shall include all laboratory work other than that performed by employees charged directly to a picture) and whose denominator consists of the total below-the-line labor cost of all individuals working on the picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below (whether in production or post-production but excluding distribution -- distribution, for the purposes of this Article, shall include all laboratory work other than that performed by employees charged directly to a picture).

(iii) "Individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement"<sup>17</sup> include all persons working on the motion picture under the terms of the Basic Agreement or hired from the jurisdiction of union locals referred to in subparagraph (e) below who are hired to perform services in Los Angeles or hired in Los Angeles to perform services at a distant location whether hired by a Producer itself or employed indirectly by a Producer through loan-outs, payroll companies or comparable employing agents; provided, however, that individuals not specifically charged to the motion picture or who are included in general

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<sup>16, 17</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered "individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement" for purposes of subparagraph (c) and subparagraphs (f)(2)(v)(C)(1) and (2) of this Article XXVIII only and for no other purpose. Accordingly, when Producer is entitled to prorate hereunder, the salaries of all individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be included in both the numerator and the denominator of the fraction referred to in subparagraphs (c)(1)(ii) and (f)(2)(v)(C)(1) of this Article XXVIII.

overhead and individuals such as projectionists, drivers and publicists engaged primarily in off-location services during the production of the motion picture are not included in the terms "made with two or more individuals subject to the Basic Agreement" or "Los Angeles production crew," as those terms are used in subparagraph (c)(3) below and are not included in either the numerator or denominator of the proration fraction described above.

(iv) "Foreign" means any theatrical motion picture for which twenty percent (20%) or more of the shooting days of principal photography takes place in a country other than the United States, its territories or Canada.

(v) "Domestic" means any theatrical motion picture which is not foreign.

(vi) "Los Angeles production crew," for purposes of determining whether percentage payments on domestic pictures may be prorated, shall mean persons hired from the jurisdiction of the IATSE West Coast Studio Locals<sup>18</sup> or hired from the jurisdiction of the union locals referred to in subparagraph (e) below, employed by the Producer in production.

(vii) "Entire production crew," as such term is used herein, shall mean all individuals in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below employed by the Producer on the production of the motion picture in question.

(viii) "Other collective bargaining agreements between Producer and the West Coast Studio Locals" means only those Local Agreements subject to this Basic Agreement.

(2) Foreign Pictures. Percentage payments shall be made on a prorated basis for any foreign picture made with two or more individuals subject to the Basic Agreement.

(3) Domestic Pictures.

(i) If two or more individuals subject to the Basic Agreement are employed on a domestic picture, it will be subject to liability for percentage payments to the extent hereinafter provided.

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<sup>18</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered part of the "Los Angeles production crew" for purposes of this subparagraph (c) only and not for any other purpose.

(ii) Except as provided in subparagraph (c)(3)(iii) below: (A) percentage payments on domestic pictures distributed in Supplemental Markets other than by means of cassettes will be five and four-tenths percent (5.4%) of "Producer's gross;" and (B) percentage payments on domestic pictures distributed in Supplemental Markets by means of cassettes will be six and seventy-five hundredths percent (6.75%) on the first one million dollars of "Producer's gross," as that term is defined in subparagraph (b)(2)(ii) of this Article XXVIII, and eight and one-tenth percent (8.1%) of "Producer's gross" in excess of one million dollars.

(iii) (A) Percentage payments on a domestic picture shall be made on a prorated basis if a majority of the shooting days of principal photography on the motion picture occurred outside of the following states – Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming. In the event that the IATSE determines that the proration formula set forth in this subsection (A) adversely affects Supplemental Markets revenues, it shall have the right to terminate same, in which case proration on domestic pictures shall be governed by the provisions of subsection (B) below.

(B) Percentage payments on domestic pictures not covered by subsection (A) above or which commence principal photography more than one hundred twenty (120) days after the IATSE terminates the provisions of subparagraph (A) above shall be made on a prorated basis if all of the following conditions are satisfied:

(1) The Los Angeles production crew, as defined above, consists of twenty-nine (29) or fewer individuals (no more than twenty-two (22) of whom may be hired from the jurisdiction of the IATSE West Coast Studio Locals), and the salaries paid to those twenty-nine (29) or fewer individuals constitute less than fifty percent (50%) of the salaries of the entire production crew. In determining whether twenty-nine (29) or fewer individuals are employed on the picture, the following shall be excluded: make-up artists, hairdressers and costumers who are specifically required to be furnished by the Producer in accordance with the personal service contract of an actor and those individuals engaged in post-production or distribution functions, including, but not limited to, editing and looping regardless of where or when those functions are performed; and

(2) A majority of the shooting days of principal photography on the motion picture occurred outside of the following states – Alaska, Arizona, California, Colorado, Idaho,

Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming.

(iv) As to any domestic picture on which the Producer intends to make percentage payments on a prorated basis, an Application to Prorate shall be delivered by the Producer to the Administrator of the Pension and Health Plans on or before the date that the first percentage payment is due to the Plans from Producer. Said Application shall contain the following information: If the right to prorate is based upon the provisions of subparagraph (c)(3)(iii)(A) above, the aggregate salaries paid to the Los Angeles production crew and the aggregate salaries paid to the entire production crew; the number of shooting days of principal photography occurring in the states listed in subparagraph (c)(3)(iii)(A) above; the total other shooting days and the states in which said other shooting days occurred. If the right to prorate is based upon the provisions of subparagraph (c)(3)(iii)(B) above, the number of individuals on the Los Angeles production crew; the number of such individuals who were hired from the jurisdiction of the IATSE West Coast Studio Locals; the number and job classifications of those individuals excluded pursuant to the provisions of subparagraph (c)(3)(iii)(B)(1) above; the aggregate salaries paid to the Los Angeles production crew; the aggregate salaries paid to the entire production crew; the number of shooting days of principal photography occurring in the states listed in subparagraph (c)(3)(iii)(B)(2) above; the total other shooting days and the states in which said other shooting days occurred. If an Application to Prorate is submitted later than the dates specified above, it will nonetheless be deemed granted if the identified picture meets said criteria; provided, however, that, if he deems it necessary, the Administrator of the Pension and Health Plans may require a Producer submitting a late Application to Prorate to allow a special audit of the percentage payments due and the Motion Picture Industry Pension and Health Plans shall be reimbursed by the Producer for all reasonable fees and expenses incurred by the Motion Picture Industry Pension and Health Plans in performing said audit.

(d) (1) Producer will furnish to the Motion Picture Industry Pension and Health Plans written reports showing the Producer's gross received from the sale, lease, license and distribution (whether by Producer or a distributor) in Supplemental Markets of each motion picture subject to the provisions of this Article. In the written reports filed with the Motion Picture Industry Pension and Health Plans, the Producer shall indicate whether it is prorating on each picture being reported and, if so, what proration percentage is being applied and the basis for the Producer's right to prorate -- *i.e.*, whether proration is being applied pursuant to subparagraph (c)(2) or pursuant to subparagraph (c)(3)(iii)(A) or pursuant to subparagraph (c)(3)(iii)(B) above. Such

reports shall be furnished quarterly during each fiscal or calendar quarter of the Producer. Concurrently with the furnishing of each such report, the Producer will make the payments shown to be due by such report. All required payments shall be made by check payable to the order of and delivered to the Motion Picture Industry Pension and Health Plans. Each such quarterly statement shall designate the title of the motion picture involved. On request, the Producer shall make available to the Motion Picture Industry Pension and Health Plans all accounting statements delivered by a distributor to the Producer, but only insofar as such statements relate to the Producer's gross. The Motion Picture Industry Pension and Health Plans shall have the right, at reasonable times, to examine the books and records of Producer insofar as they relate to the Producer's gross and -- as to any motion picture for which Producer assumes as Buyer the obligation to make percentage payments pursuant to subparagraph (b)(11) above -- the documents reflecting or effectuating the purchase; provided that, with respect to these latter documents, the Producer may require the persons examining them to execute reasonable agreements to respect their confidentiality. Producer shall not be required to furnish any quarterly statement hereunder with respect to the motion picture prior to Producer's receipt of any Producer's gross with respect to the motion picture, or for any annual period during which no Producer's gross from the motion picture is received by the Producer.

(2) For each motion picture produced by Producer on which the Producer plans to prorate (whether proration is being applied pursuant to subparagraph (c)(2) or pursuant to subparagraph (c)(3) above) for three (3) years after either the date of the first annual report showing a percentage payment on such motion picture or the receipt by the Motion Picture Industry Pension and Health Plans of the Producer's written request for audit of the percentage payments due, Producer shall maintain and make available to the Motion Picture Industry Pension and Health Plans and their auditors the following information: the names of the employees on the Los Angeles production crew; the names of the employees on the entire production crew; the names of all individuals subject to the Basic Agreement working on the motion picture (whether in pre-production, production or post-production functions); the names of all individuals who were not subject to the Basic Agreement but who worked on the motion picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below; the total below-the-line labor costs of individuals subject to the Basic Agreement (whether in pre-production, production or post-production functions); and, the total below-the-line labor costs of all individuals working on the

motion picture in job categories referred to either in this Basic Agreement or in the other collective bargaining agreements between Producer and the West Coast Studio Locals or between Producer and the unions referred to in subparagraph (e) below.

(3) As to any motion picture subject to subparagraph (c) above for which Producer assumes the obligation to make percentage payments pursuant to subparagraph (b)(11) above, if Producer wishes to prorate its percentage payments for such motion picture, it shall obtain the records provided for in subparagraph (d)(2) above from the producer of such motion picture.

(e) The provisions of this Article XXVIII were negotiated by the following unions for the benefit of the Motion Picture Industry Pension and Health Plans:

International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada; Studio Transportation Drivers, Local 399 of the International Brotherhood of Teamsters; Local 40 of the International Brotherhood of Electrical Workers; Local 724 of the International Hod Carriers, Building and Common Laborers Union; Local 755 of the Operative Plasterers and Cement Masons International Association of United States and Canada; and United Association of Journeymen and Apprentices of the Plumbing and Piping Industry of United States and Canada, Local 78.

Any reference in any other collective bargaining agreement (whether with one of the above unions or any other union or guild) to a "percentage payment to the Motion Picture Industry Pension Plan and/or Motion Picture Industry Health Plan with respect to the exhibition of motion pictures in Supplemental Markets" is and shall be deemed to be a reference to the "percentage payment" as set forth in this Article XXVIII, which amount is the only amount, in the aggregate, which the Producer and all such unions have agreed upon for the benefit of the Motion Picture Industry Pension and Health Plans with respect to the exhibition of motion pictures in Supplemental Markets.

The compliance by Producer with the conditions set forth in this Article XXVIII likewise constitutes compliance as to all the unions.

(f) The following provisions shall apply to "feature length primarily animated motion pictures," as defined herein, produced by

Producer with employees employed by Producer under this Agreement,<sup>19</sup> which motion pictures for the first time are, either during the term hereof or at any time thereafter, released in Supplemental Markets, as defined in subparagraph (a)(3) above.

(1) Definition

A "feature length primarily animated motion picture" refers to any motion picture produced for theatrical exhibition which consists primarily or exclusively of animated footage and has a continuous running time of more than thirty (30) minutes. Animated motion pictures which include live action essential to the storyline (e.g., "*Who Framed Roger Rabbit?*") are not primarily animated motion pictures (but are instead covered under subparagraphs (a) through (e) above and subparagraph (g) below if produced subject to an IATSE Basic Agreement).

(2) Contributions Required

The contributions required to be made for release of feature length primarily animated motion pictures in Supplemental Markets are as follows:

(i) No contributions are required to be made on any feature length primarily animated motion picture produced and/or released prior to November 1, 1992.

(ii) (A) With respect to those feature length primarily animated motion pictures designated in subparagraph (B) below, Producer shall make contributions based upon the following:

(1) for distribution in Supplemental Markets other than by means of cassettes, two percent (2%) of "Producer's gross," as that term is defined in subparagraphs (b)(1)(ii) and (b)(3) above; and

(2) for distribution in Supplemental Markets by means of cassettes, 2.25% of "Producer's gross," as that term is defined in subparagraphs (b)(2)(ii) and (b)(3) above, until the Producer's gross equals one million dollars (\$1,000,000) and, thereafter, upon 2.75% of "Producer's gross."

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<sup>19</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed by Producer under this Agreement" for purposes of subparagraph (f) of this Article XXVIII, except as indicated in the footnote to subparagraphs (f)(2)(v)(C)(1) and (f)(2)(v)(C)(2) below.

(B) Subparagraph (ii)(A) above shall apply only to the following feature length primarily animated motion pictures:

*"Pagemaster;"*  
*"Once Upon a Forest" aka "The Endangered;"*  
*"Puff the Magic Dragon;"*  
*"We're Back;"*  
*"Cats;"* and  
*"Snowballs."*

(iii) With respect to any feature length primarily animated motion picture not covered under subparagraph (i) or (ii) above, which has its initial theatrical release on or after November 1, 1992, and which is thereafter released in Supplemental Markets, Producer shall make contributions based upon:

(A) for distribution in Supplemental Markets other by means of cassettes, three and six-tenths percent (3.6%) of "Producer's gross," as that term is defined in subparagraphs (b)(1)(ii) and (b)(3) above; and

(B) for distribution in Supplemental Markets by means of cassettes, four and five-tenths percent (4.5%) of "Producer's gross," as that term is defined in subparagraphs (b)(2)(ii) and (b)(3) above, until the Producer's gross equals one million dollars (\$1,000,000) and, thereafter, upon five and four-tenths percent (5.4%) of "Producer's gross."

(iv) The contributions required under subparagraph (f)(2)(ii) and (iii) above shall be paid to the Motion Picture Industry Pension and Health Plans. The parties shall have the right to reallocate such contributions as provided in subparagraph (b)(4) above.

(v) The following provisions of subparagraphs (a) through (e) and subparagraph (g) of Article XXVIII are applicable to feature length primarily animated motion pictures covered under this subparagraph (f):

(A) subparagraph (a)(3);

(B) subparagraphs (b)(1)(ii), (b)(2)(ii), (b)(3), (b)(4), (b)(5), (b)(6), (b)(7), (b)(8), (b)(9), (b)(10), (b)(11) and (b)(12);

(C) The proration provision set forth in subparagraph (c) shall be modified to read as follows:

Notwithstanding any provision in subparagraph (f)(2) above, the following shall govern the computation and remittance of payment due for release of feature length primarily animated motion pictures in Supplemental Markets:

(1) If a feature length primarily animated motion picture is produced partially with employees employed by Producer under this Agreement<sup>20</sup> and partially with persons working in job categories referred to in this Basic Agreement who are not covered under this Agreement, the percentage payment required under subparagraphs (f)(2)(ii) and (iii) above shall be prorated by multiplying such percentage payment by a fraction whose numerator consists of the sum of the total below-the-line labor costs of individuals subject to the Basic Agreement working on the picture and the total below-the-line labor costs of individuals subject to The Animation Guild, Local #839 Agreement, if any, (whether such individuals are employed in production or post-production, but excluding distribution -- distribution, for the purposes of this provision, shall include all laboratory work other than that performed by employees charged directly to a picture) and whose denominator consists of the sum of the total below-the-line labor costs of all individuals working on the picture in job categories referred to in this Basic Agreement and the total below-the-line labor costs of all individuals working on the picture in job categories referred to in The Animation Guild, Local #839 Agreement (whether in production or post-production but excluding distribution -- distribution, for the purposes of this provision, shall include all laboratory work other than that performed by employees charged directly to a picture).

(2) "Individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement"<sup>21</sup> include all persons working on the motion picture under the terms of the Basic Agreement who are hired to perform services in Los Angeles or hired in Los Angeles to perform services at a distant location, whether hired by a Producer itself or employed indirectly by a Producer through loan-outs, payroll companies or comparable employing agents; provided, however, that individuals not specifically

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<sup>20, 21</sup> Individuals employed under the terms of the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be considered "individuals subject to the Basic Agreement" and "employees employed by Producer under this Agreement" for purposes of subparagraph (c) and subparagraphs (f)(2)(v)(C)(1) and (2) of this Article XXVIII only and for no other purpose. Accordingly, when Producer is entitled to prorate hereunder, the salaries of all individuals employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall be included in both the numerator and the denominator of the fraction referred to in subparagraphs (c)(1)(ii) and (f)(2)(v)(C)(1) of this Article XXVIII.

charged to the motion picture or who are included in general overhead and individuals such as projectionists and publicists engaged primarily in off-location services during the production of the motion picture are not included in either the numerator or denominator of the proration fraction described above.

(3) As to any feature length primarily animated motion picture on which the Producer intends to make percentage payments on a prorated basis, an Application to Prorate shall be delivered by the Producer to the Administrator of the Pension and Health Plans on or before the date that the first percentage payment is due to the Plans from Producer. Said Application shall contain the following information: the aggregate salaries paid to those employees employed by Producer under the Basic Agreement; if applicable, the aggregate salaries paid to those employees employed by Producer subject to The Animation Guild, Local #839 Agreement; the total salaries paid to the entire production crew, including the salaries of employees working in job categories referred to in the Local #839 Agreement; and the job classifications of those individuals excluded because they perform distribution functions or because they are not specifically charged to the motion picture or are not included in general overhead or are engaged primarily in off-location services. If an Application to Prorate is submitted later than the dates specified above, it will nonetheless be deemed granted if the identified picture meets said criteria; provided, however, that if he deems it necessary, the Administrator of the Motion Picture and Industry Pension and Health Plans may require a Producer submitting a late Application to Prorate to allow a special audit of the percentage payments due and the Motion Picture and Industry Pension and Health Plans shall be reimbursed by the Producer for all reasonable fees and expenses incurred in performing said audit.

(4) The provisions of subparagraph (d) shall apply, except that conforming changes shall be made to eliminate the references to the basis for the Producer's right to prorate and in the language relating to the nature of the information to be maintained and made available to the Motion Picture and Industry Pension and Health Plans and their auditors.

(5) The provisions of subparagraph (e) shall apply.

(D) The provisions of subparagraph (g) shall apply.

(3) The parties acknowledge and agree that no Supplemental Markets payments are due for the release in Supplemental Markets of primarily animated motion pictures which do not meet the definition of a "feature length primarily animated motion picture" in subparagraph (f)(1) above. For example, no payments are due for the release in Supplemental Markets of primarily animated motion pictures produced for free television, pay television/videocassettes or basic cable.

(4) The parties hereto acknowledge that a resolution of the obligations of Walt Disney Pictures & Television to make Post '60s and Supplemental Markets payments on primarily animated feature length motion pictures was reached with the IATSE and the Motion Picture Industry Pension and Health Plans in June of 1992. The terms of that resolution are set forth in a Memorandum Agreement executed in June of 1992. The terms of that Memorandum Agreement supplement the provisions of this subparagraph (f); in the event of any inconsistency between said provisions, the terms of the Disney Memorandum Agreement shall control.

(g) Notwithstanding anything herein to the contrary, the parties hereby confirm the following understanding and practices of the Producers with respect to the Supplemental Markets provisions:

(1) Article XXVIII does not require a percentage payment to be made with respect to motion pictures on which the only employees employed under the Basic Agreement performed post-production (including editorial) work; and

(2) Article XXVIII does not require percentage payments to be made with respect to motion pictures which are produced by a producer which is not signatory to the Basic Agreement (and the Basic Crafts Agreements).

(3) The Supplemental Markets provisions apply only to motion pictures "produced by Producer with employees employed under this Agreement."<sup>22</sup> The parties have agreed that the quoted language is satisfied only if two (2) or more employees are employed on the production under either the IATSE Agreement or the Basic Crafts Agreements. This requirement is not satisfied if there is only one employee covered under the Basic Agreement and one employee covered under the Basic Crafts Agreements.

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<sup>22</sup> Employees employed under the Local #600 Amendment Agreement or the Local #871 Amendment Agreement shall not be considered "employees employed under this Agreement" for purposes of subparagraph (g)(3) of this Article XXVIII.

(4) (i) The "Domestic Pictures" proration provision of the Supplemental Markets clause provides that certain domestic pictures are eligible for proration of Supplemental Markets payments if, among other requirements, the Los Angeles production crew consists of twenty-nine (29) or fewer individuals (no more than twenty-two (22) of whom may be hired from the jurisdiction of the IATSE West Coast Studio Locals). In determining whether either the "29 or fewer" or "22 or fewer" requirement has been met, employees who replace other employees are not counted. For example, suppose there are seven (7) persons on the crew who fall within the Los Angeles production crew definition, including the Director of Photography. Suppose further that the Director of Photography is replaced with another person hired from the jurisdiction of Local #600. The replacement Director of Photography would not be counted in figuring whether the "29 or fewer" or "22 or fewer" standards were met.

However, the salary paid to any replacement employee under these circumstances shall be included in both the numerator and denominator.

(ii) Similarly, individuals hired from either the jurisdiction of the IATSE West Coast Studio Local Unions or from the jurisdiction of the Basic Crafts Unions who are replaced with another individual employed under the same West Coast Studio Local Agreement or Basic Crafts Agreement, respectively, shall not be counted in determining whether a motion picture has been produced by a Producer with "employees" employed under this Agreement.

For example, if the only individual hired from the jurisdiction of the West Coast Studio Local Unions and the Basic Crafts Unions on a particular production is an Art Director, and the Art Director is replaced on that production by another Art Director hired from the jurisdiction of Local #800, there will still be only one (1) employee hired from the jurisdiction of the IATSE on the production, with the result that the Supplemental Markets clause is not applicable to that production.

(h) If any other Union or Guild negotiates, as part of its collective bargaining agreement with the AMPTP, residuals on product for iPods or similar devices, the Producers will meet with the IATSE to negotiate an appropriate residual formula.

**XXVIII.A. Special Residual Formula for Theatrical Motion Pictures Licensed to Free Television, Supplemental Markets and/or New Media for which a Minimum Guarantee or Non-Returnable Advance is Payable**

Should a Producer enter into a license agreement on or after August 1, 2015 with respect to theatrical motion pictures covered under this Basic Agreement or under any prior Basic Agreement that requires Post '60s or Supplemental Market payments, which license agreement provides a minimum guarantee or non-returnable advance to the Producer in exchange for theatrical distribution rights as well as distribution rights of the theatrical motion picture in free television, Supplemental Markets and/or New Media (hereinafter referred to as a "qualifying transaction"), the provisions of Articles XIX and XXVIII and the Sideletter re Exhibition of Motion Pictures Transmitted Via New Media to this Agreement shall apply, except as provided below:

(a) The percentage payment to the Motion Picture Industry Pension and Health Plans shall be four and one-half percent (4.5%) of "Producer's gross" which, as used herein, means the total license fees (including overage payments) received by the Producer in connection with the qualifying transaction described above. (Subparagraph (3) of Article XIX(b) shall not apply to such percentage payment.) Such amount shall be in lieu of any percentage payment otherwise due to the Plans under the Post '60s and Supplemental Markets provisions of this Agreement (Articles XIX and XXVIII), or of any prior Basic Agreement, and under the Sideletter re Exhibition of Motion Pictures Transmitted Via New Media to this Agreement or any prior Basic Agreement with respect to the market(s) included in such transaction (*i.e.*, it shall satisfy all residual payment obligations in connection with all residual-bearing markets covered by the transaction).

(b) Of the total contribution due to the Plans under subparagraph (a) above, thirty percent (30%) shall be allocated as provided in subparagraphs (i) through (vii) of Article XIX(b)(1), and seventy (70%) shall be allocated as provided in subparagraphs (i) through (v) of Article XXVIII(b)(4).

(c) Once during the term of each IATSE Basic Agreement that succeeds the 2015 IATSE Basic Agreement, the parties will re-examine the blended contribution rate set forth in subparagraph (a) above.

(d) This Article XXVIII.A. shall not apply to feature length primarily animated motion pictures.

## **XXIX. Studio Zone and Secondary Studio Zone**

### **(a) Studio Zone**

Studio Zone Defined - The studio zone shall be the area within a circle thirty (30) miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, California and includes Agua Dulce, Castaic (including Lake Castaic), Leo Carillo State Beach, Ontario International Airport, Piru and Pomona (including the Los Angeles County Fair Grounds). The Metro-Goldwyn-Mayer, Inc., Conejo Ranch property shall be considered as within the studio zone. (See Exhibit "Z" attached.)

Work Time - Studio rates and working conditions shall prevail for all work performed within the studio zone; however, for newly-called employees and those employees notified on the previous day prior to their departure from the studio (or the zone location) to report at the zone location, work time shall begin and end at the zone location; otherwise, work time shall begin and end at the studio, such work time to include travel time both ways between the studio and the zone location.

Transportation within the Studio Zone - Except as is otherwise provided herein, with respect to work at any studio zone location, Producer shall either furnish transportation to the employee or, at its option, may require employee to report at such location, in which case it will allow mileage of thirty cents (30¢) per mile computed between the studio and zone location and return to be paid on the employee's pay check that covers the payroll week in which the mileage was incurred. Employee shall not be requested to transport other employees or equipment (other than trade tools). The studio shall have the right to require the employee to report (subject to the same mileage allowance between the studio and the pick-up point) at a pick-up point within the studio zone for subsequent transportation furnished by the studio from such pick-up point to nearby location and return to the pick-up point. Work at another studio is not a "zone location." The IATSE will not unreasonably deny a request for waiver of the mileage allowance for employees who report to a "zone location" which is a regular place of employment for a production. As to theatrical motion pictures only, the Producer shall not be required to pay a mileage allowance to any employee reporting to a "zone location" within Los Angeles County which is within a ten (10) mile radius from a point to be designated by the Producer. Commencing outside the ten (10) mile radius, a mileage allowance will be paid as provided above. Secured parking will be provided at such locations as hereinafter required in this provision.

Reporting Within the Zone - As to an employee reporting to a designated site within the studio zone, if there are any moves required in the studio zone from one location to another, or to a nearby location, the employees will be transported to and from such other location.

Parking Facilities - When an employee reports for work within the studio zone other than at a studio, the Producer will pay for parking in a supervised public parking lot. If no such public parking is available, the Producer will provide supervised or secured parking.

Golden Hours - When this provision applies, if an employee reports for work outside a studio and within the studio zone, the "Golden Hour" pay rates will commence after twelve (12) elapsed hours, except that on television productions, "Golden Hour" pay rates for "on production" employees will commence after twelve (12) hours worked.

Material Violations - If the Local Union involved claims that a material violation of this provision is occurring with respect to the employees covered by its Local collective bargaining agreement with Producer, then:

(1) Such Local shall immediately notify the designated representative of Producer, the IATSE, the AMPTP and Contract Services Administration Trust Fund ("CSATF").

(2) Such Local Union and such representative of the Producer shall immediately settle the dispute or determine whether or not there is a material violation of this provision.

(3) In the event the Local Union and the Producer do not settle the dispute or make such a determination as above provided, then the IATSE, the AMPTP and CSATF must, within twenty-four (24) hours after receipt of such notice of the alleged material violation, determine whether or not there is such a material violation. Such a determination shall be final and binding upon the parties and the employees subject to such Local Union collective bargaining agreement involved.

If it is so determined that there is such a material violation, this studio zone provision (i) with respect to television films, shall be suspended in respect to production of the television episode involved; and (ii) with respect to a theatrical motion picture, shall be suspended in respect to production of the theatrical picture involved for a period of fifteen (15) calendar days following the determination that

there is such a material violation. Provided, however, Producer shall not reschedule the shooting from the zone to the studio in order to avoid the application of this provision.

(4) Alleged violations of this studio zone provision shall not be subject to the Grievance and Arbitration Procedure provided in the Local Agreements.

(b) Secondary Studio Zone

(1) The secondary studio zone shall be the area extending ten (10) miles from the perimeter of the studio zone and including John Wayne Airport. It does not include any of the areas that fall within the definition of the studio zone in subparagraph (a) above.

(2) When an employee is directed to report to a location within the secondary studio zone, the following shall apply:

(i) Producer shall notify employees not less than twenty-four (24) hours in advance that it intends to require employees to report to a location within the secondary studio zone. Such notification shall not constitute a work call.

(ii) Mileage shall be paid from the studio or production office to and from the location within the secondary studio zone. In addition, the Producer shall pay a \$4.50 per day allowance to each employee asked to report within the secondary studio zone.

(iii) Courtesy housing shall be offered to those employees who work in excess of twelve (12) hours in the secondary studio zone.

(iv) Rest periods shall be calculated from the perimeter of the thirty (30) mile studio zone. A designated representative of the Producer and a designated representative of the IATSE shall determine the amount of time needed to travel between the secondary studio zone location and the perimeter of the thirty (30) mile studio zone for purposes of calculating rest periods. In the event of a dispute, the matter shall be referred to a representative of the Union and to the Labor Relations representative of the Producer for resolution.

(v) Except as otherwise provided in this subparagraph (b), all of the other provisions applicable to an employee reporting within the studio zone shall apply.

(c) The IATSE agrees to continue to grant waivers on the same basis as it has in the past for locations that are outside the studio zone and the secondary studio zone, such as Lake Hughes, Elizabeth Lake and the Nikken Building in Irvine.

**XXX. Sales Agreements**

Producer will hereafter provide in its licensing agreements that credits of a motion picture, when provided by the collective bargaining agreement, shall not be changed or eliminated on theatrical or television exhibition.

**XXXI. Safety**

(a) It is agreed by the parties that too great an emphasis cannot be placed on the need to provide a safe working environment. In that context, it shall be incumbent on each employer (herein referred to as the Producer) to furnish employment and a place of employment which are safe and healthful for the employees therein; to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations and processes which are reasonably adequate to render such employment and place of employment safe and healthful; to do every other thing reasonably necessary to protect the life, safety and health of employees. Correspondingly, no employer shall require or permit any employee to go or be in any employment or place of employment which is not safe and healthful. In addition, every employer and every employee shall comply with occupational safety and health standards and all rules, regulations and orders pursuant to applicable laws which are applicable to his/her own actions and conduct; no person (employer or employee) shall remove, displace, damage, destroy or carry off any safety device, safeguard, notice or warning, furnished for the use in any employment or place of employment; no person shall interfere with the use of any method or process adopted for the protection of any employee, including his/herself, in such employment or place of employment.

(b) Rigid observance of safety regulations must be adhered to and willful failure of any employee to follow safety rules and regulations can lead to disciplinary action including discharge; however, no employee shall be discharged or otherwise disciplined for refusing to work on a job that exposes the individual to a clear and present danger to life or limb. No set of safety regulations, however, can comprehensively cover all possible unsafe practices of working. The Producer and the

Union therefore undertake to promote in every way possible the realization of the responsibility of the individual employee with regard to preventing accidents to himself or his fellow employees.

(c) It is also agreed that when unresolved or continuing disputes exist regarding Safety and Health compliance, noncompliance or interpretation therein of Title 8, Chapter 4, Subchapter 7, General Industry Safety Orders, said disputes shall be referred to the Alliance of Motion Picture and Television Producers and CSATF-administered Labor Management Safety Committee for review, investigation, interpretation and advisory recommendations to the Employer(s). The CSATF-administered Labor Management Safety Committee is the industry-wide Safety Committee consisting of the IATSE and its West Coast Studio Local Unions, the Basic Crafts Unions, the Screen Actors Guild-American Federation of Television and Radio Artists, the Directors Guild of America and representatives of the Producers. It is understood that it is not the responsibility of the Safety Committee, or any member of the Committee, the IATSE or its Local Unions, the Basic Crafts, CSATF or the AMPTP to implement or comply with any such recommendations.

(d) The Labor Management Safety Committee shall meet at least once a month.

(e) The cost of the Labor Management Committee will be borne by the Contract Services Administration Trust Fund.

(f) A separate bulletin shall be issued by the AMPTP to provide the following:

(1) The Producers reaffirm their commitment to regularly inspect the studio working areas and to establish preventive maintenance procedures to assure safe working conditions.

(2) Complaints of unsafe conditions will be promptly investigated by the Producer and appropriate action will be taken if the Producer finds that an unsafe condition does exist.

(3) Each Producer will designate an individual as the responsible safety officer for its respective studio, facility, laboratory or location site. Except on location, each safety officer will have a well-publicized "hot-line" phone number which employees can anonymously call to alert management to any existing safety problems which may require correction.

(4) The Producers will provide access to all working areas to the Safety Director of CSATF so that he will periodically inspect same.

(5) Communication regarding safety policy will be made available to all affected employees directly or by posting on bulletin boards.

(g) Concerns stemming from the use of smoke on sets shall be referred to the industry-wide Safety Committee for resolution.

(h) The parties agree to submit to the CSATF Safety Action Team, for its consideration during the term of the Agreement, the addition of Automatic External Defibrillator (“A.E.D.”) training to the Safety Pass Program curriculum and to discuss the circumstances under which a medic should be provided with an A.E.D. when working on location.

### **XXXIA. Safety Training**

A four (4) hour minimum call shall apply for any day on which an employee, at the request of an individual Producer, reports for safety training.

### **XXXII. Grievance and Arbitration Procedure**

The grievance and arbitration procedure provisions in Agreements now in effect between the Producers, on the one hand, and the IATSE and its respective West Coast Studio Locals, on the other hand, shall be amended in their entirety as set forth below, effective August 1, 2015:

In the event of any dispute between the Local Union or any of the persons subject to this Agreement and the Producer with regard to wage scales, hours of employment or working conditions or with regard to the interpretation of this Agreement concerning such provisions, the procedure, unless otherwise specifically provided herein, shall be as follows:

Step One - The aggrieved party shall mail or deliver to the other party a written notice of the claim and concurrently furnish a copy of such notice to the International Representative of the IATSE and Contract Services Administration Trust Fund. Such written notice shall contain the specific contract sections which are alleged to have been

violated, the dates(s) or approximate date(s) of the alleged violation(s), the facts on which the grievance is based, the name of the production (if any), the remedy sought and the names of the individuals aggrieved, when known, except for group claims for which the classifications of the individuals aggrieved, when known, shall be listed.

A claim by the Local Union that the confirmation regarding guarantees of employment set forth in Paragraph 6 of the West Coast Studio Local Agreements has been violated by a Producer may be filed only upon the written approval of the West Coast Office of the International Union. Such written approval shall accompany the claim.

The party which has received the grievance shall, within fifteen (15) working days after the grievance has been received, respond in writing to the aggrieved party, setting forth the reasons, if any, for the action(s) taken by it, which action(s) gave rise to the grievance. Copies of such written response shall also be furnished to the same parties served with the grievance. The representative of the Local Union and the designated representative of Producer shall immediately discuss the matter and the grievance shall be settled if at all possible. The decision, if any, of such representatives shall be final and binding upon the parties and any employees concerned.

If the party receiving the grievance fails to serve the written response as required by Step One, then the other party may elect to proceed directly to arbitration or to Step 2 by serving a written demand upon the other party within five (5) working days after the written response was due.

### Conciliation Committee

Step Two - If, within ten (10) working days after the response has been served, the parties fail to meet, or if the grievance is not settled, then the aggrieved party may proceed to Step Two, by delivering or mailing, within five working days thereafter, a written demand, which shall include a statement of the particulars of the claim, upon the other party and upon the International Representative of the IATSE and CSATF. If neither party requests a Step Two conciliation meeting, then the aggrieved party may proceed directly to Step Three regarding expedited or regular arbitration, by serving a written demand upon the other party within the time periods set forth above. Failure of the aggrieved party to so serve such demand for a Step Two conciliation meeting or an arbitration shall constitute a waiver of the claim, unless the parties mutually stipulate otherwise in Step One.

If a demand for Step 2 is so served, the grievance shall be brought before the Conciliation Committee as soon as practicable, but not later than twenty (20) working days following the receipt of such notice. The Conciliation Committee shall consist of an International Representative of the IATSE and a representative of CSATF. In a grievance involving an employer engaged exclusively in the operation of film processing laboratories and Local #700 (formerly Local #683) on behalf of employees of such laboratories, the provisions of the Step Two conciliation meeting shall be as set forth in the Producer - I.A.T.S.E. and M.P.T.A.A.C. Laboratory Film/Video Technicians and Cinetechnicians, Local #700 Agreement.

The parties to the grievance shall be present and shall be responsible for the presentation of their own position at such time and place. If the aggrieved party fails to appear, then the grievance shall be considered as waived. If the responding party fails to appear, then the aggrieved party shall be entitled to proceed with the presentation of its position, and the Conciliation Committee, upon presentation of evidence showing a contract violation, shall have the authority to and shall issue an immediate final and binding award in favor of the aggrieved party, including an appropriate remedy.

If either party intends to appear, but does not intend to present any facts or arguments as to a defense or as to the claim, then such party shall so notify the other party as to such intention at least three (3) days prior to the conciliation meeting. In any event, either party may, at least three (3) days prior to the date of the Conciliation Committee meeting, cancel such Conciliation Committee meeting and the aggrieved party may proceed directly to arbitration under Step Three.

The AMPTP and the IATSE shall adopt written rules and procedures which shall be designed to foster to the maximum extent possible the exploratory and conciliatory nature of Step Two of this procedure.

The Conciliation Committee shall, at the beginning of the meeting, assist the parties in a good faith attempt to resolve the dispute. In the event the parties, identified as the Producer and the Union, are able to resolve the grievance with the assistance of the Conciliation Committee, the Conciliation Committee shall reduce the resolution of the grievance to writing as a binding determination on all parties. Such a determination shall be signed by the parties.

If the dispute is not resolved as provided above, then both parties at that time must declare whether they will be bound by a decision of the Conciliation Committee. If both parties agree to be bound, then the

Conciliation Committee shall hear the evidence and arguments of the parties and shall render a decision, which may include a "no decision" award, which shall be final and binding on all the parties, including any individual grievant. Disputes involving jurisdiction or technological changes shall be specifically excluded from the jurisdiction of the Conciliation Committee.

The Conciliation Committee shall have the right, upon written request of either party, to refer the dispute back to the parties, without prejudice to the merits and without expanding the time limits for the filing of a grievance or a response, if the Conciliation Committee is of the opinion that either the written grievance or response does not meet the requirements set forth in Step One.

Step Three - If the parties do not agree that the Conciliation Committee's recommendation will be final and binding on them or if the parties fail to resolve the grievance, or if the Conciliation Committee has issued a "no decision" award, then the parties may proceed to expedited arbitration or regular arbitration as provided below:

(a) Expedited Arbitration - The aggrieved party may elect to proceed to expedited arbitration within ten (10) working days following the Step Two meeting, or within ten (10) working days following the cancellation of the Step Two meeting, but only in cases wherein the claim arises under Paragraph 68 involving disputes relating to the failure to follow studio seniority or industry seniority, and disputes arising under Paragraph 68 covering the discharge or discipline for cause of an employee subject to Paragraph 68 of the applicable West Coast Studio Local Agreements, or in cases wherein the claim for wage payments, adjustments and/or damages consistent with the contract does not exceed fifteen thousand dollars (\$15,000). The aggrieved party may likewise proceed to expedited arbitration following Step Two over disputes with regard to only "WAGE SCALES, HOURS OF EMPLOYMENT, AND WORKING CONDITIONS" provision of the Agreement subject to this Article and provided the claim for damages does not exceed fifteen thousand dollars (\$15,000). Any other case may be submitted to expedited arbitration only by the mutual agreement of the parties.

In an arbitration involving an employer engaged exclusively in the operation of film processing laboratories and Local #700 (formerly Local #683) on behalf of employees of such laboratories, the expedited arbitration procedure under Step Three will be as set forth in the Producer - I.A.T.S.E. and M.P.T.A.A.C. Laboratory Film/Video Technicians and Cinetechnicians, Local #700 Agreement.

Disputes involving jurisdiction or technological changes shall be specifically excluded from the jurisdiction of expedited arbitration.

Except as time limits are set forth in Paragraph 68, cases that are submitted to expedited arbitration shall be heard within ten (10) working days after the other party received the demand for expedited arbitration or within ten (10) working days after the other party gives notice of its agreement to proceed to expedited arbitration in cases where the mutual agreement of the parties is required.

The Alliance of Motion Picture and Television Producers and the IATSE shall revise the list of arbitrators assigned to hear expedited arbitrations. The list shall consist of four (4) arbitrators and two (2) alternates with recognized experience as professional labor arbitrators.

During the term of this Agreement, the parties may mutually add the names of additional persons to the panel of neutral arbitrators to either supplement the panel or replace persons no longer available to serve.

From the panel of names of the neutral arbitrators set forth above, the arbitrators shall be assigned, depending upon their availability, in rotation, to the cases as they arise. The parties may, by mutual consent, select an arbitrator out of rotation provided that notice of their selection is given to CSATF prior to the appointment of the arbitrator next in rotation.

The expedited arbitration hearing shall be presided over by a neutral arbitrator assigned from the panel of neutral arbitrators. The IATSE and CSATF shall schedule the grievances to be heard in order of receipt. The grievances must be heard by the assigned arbitrator unless that individual becomes unavailable, in which instance the next arbitrator in the rotation shall hear the grievance. If either party intends to be represented by outside counsel at the expedited arbitration hearing, then such party must notify the opposing party within two (2) working days after the hearing date for the expedited arbitration has been determined. The parties, who may be represented by outside counsel, will not file post-hearing briefs, but may, prior to or during the hearing, present a written statement of the facts. If either party so desires, a stenographic record may be made and that party shall pay for the transcript. In such cases, the transcript shall be solely for the use of the party requesting it and shall not be used to delay a decision in the matter. The two preceding sentences shall not apply to roster placement nor roster removal arbitrations, for which no stenographic record shall be

made. The neutral arbitrator shall have sole authority to rule on all motions and decide the case.

The writing of an opinion will be at the discretion of the neutral arbitrator. The decision of the arbitrator, which shall be issued orally and confirmed in writing if requested by either party at the conclusion of the hearing, or in writing within three (3) days from the conclusion of the hearing (the choice being at the sole discretion of the arbitrator) shall be final and binding upon the parties and any employees concerned. The neutral arbitrator shall have the power to determine only the specific grievance or dispute and, when appropriate, award wage adjustments or damages consistent with the contract, in an amount not to exceed fifteen thousand dollars (\$15,000), but shall not have the power to amend, modify or effect a change in any of the provisions of this Agreement, nor to determine jurisdictional or technological change disputes. The decision of the neutral arbitrator shall be non-precedential and his decision and/or opinion, if any, shall not be offered or admitted into evidence in any other proceeding other than: (1) a judicial action seeking confirmation, correction or vacation of said decision; or (2) a grievance or arbitration proceeding involving the same Producer and Local Union.

Fees and expenses of the arbitrator shall be borne equally by the parties to the dispute. All other costs shall be borne by the party incurring the same.

The bills of the arbitrator, together with a completed information form, shall be sent by the arbitrator to the IATSE and the Producer involved in the expedited arbitration with copies to CSATF. The information form shall be jointly prepared by the IATSE and CSATF.

The neutral arbitrator shall proceed to hear a dispute properly before him under this provision of expedited arbitration, notwithstanding the fact that a similar case may be pending in a regular arbitration.

(b) Regular Arbitration - The aggrieved party may elect to proceed to regular arbitration within ten (10) working days following the Step Two meeting or within ten (10) working days following the cancellation of the Step Two meeting.

The IATSE and the Producers agree to establish a panel of individuals with recognized experience as professional labor arbitrators as members of a standing panel of neutral arbitrators. The panel shall comprise an odd number of arbitrators.

If demand is served for regular arbitration, then the parties shall select a sole arbitrator to hear and determine the grievance by mutual agreement. If the parties cannot agree to the arbitrator to be appointed, then each party shall have the right to alternately strike an arbitrator's name from the panel until such time as one arbitrator is left and the remaining arbitrator shall be selected and appointed as the arbitrator in the proceedings.

The parties shall select the arbitrator within five (5) working days after the demand for regular arbitration has been served. The parties may, by mutual agreement, select the arbitrator outside of the panel of neutral arbitrators or utilize the list of arbitrators obtained from the Federal Mediation and Conciliation Service.

Such hearing shall be held within fourteen (14) days after the arbitrator is selected, at such time and place as the arbitrator shall determine. If the arbitrator so selected is unable or unwilling to undertake the arbitration within the time limit herein provided, another arbitrator shall be selected from such list. The decision of the arbitrator shall be rendered in writing, stating his reasons for the award, within thirty (30) days after the submission of the grievance for decision. The arbitrator's decision shall be final and binding upon the parties thereto and upon any employees concerned. The arbitrator shall have the power to determine the specific grievance or dispute, but shall not have the power to amend, modify or effect a change in any of the provisions of the Agreement, nor to determine jurisdictional disputes.

Fees and expenses of the arbitrator and cost of a court reporter and original transcript, when jointly requested, shall be borne equally by the parties to the dispute; otherwise, the party making such request shall pay for it. All other costs shall be borne by the party incurring same.

(c) Claims - Any claims for the payment of wages or severance pay, not presented under Step One within three hundred sixty-five (365) consecutive days after the employee is entitled to such wages or severance pay, shall be deemed to be waived. Any dispute as to the correct amount of payment of holiday or vacation pay, not presented under Step One within three hundred sixty-five (365) consecutive days after March 15 of the calendar year next following the calendar year in which such holiday or vacation pay, as the case may be, was earned, shall be deemed to be waived.

Any other claim or grievance not presented under Step One, within (i) sixty (60) calendar days after the occurrence of the subject matter of the grievance or (ii) within sixty (60) calendar days

after the employee or the Union has had a reasonable opportunity to become aware of the occurrence, whichever of (i) or (ii) is the later (but in any event not to exceed three hundred sixty-five (365) calendar days after the occurrence), shall be deemed to be waived. Time on distant location shall not be included in this period.

For the purpose of this Article, "aggrieved party" shall mean the Producer or the Union acting on its own behalf or on the behalf of an employee covered by this Agreement.

(d) In General - The time periods provided for herein may be extended by mutual written consent of the parties.

(e) Scheduling - In scheduling any grievance in Step Two or Step Three, preference shall be given to any grievance involving the discharge of an employee or a grievance involving the Industry Experience Roster.

(f) Disciplinary Memos - Disciplinary memos issued to an employee are admissible evidence in a grievance and/or arbitration proceeding. However, such disciplinary memoranda, other than those resulting in a suspension or discharge, issued more than two (2) years prior to the incident or events giving rise to said grievance shall not be admissible.

(g) An arbitration award issued in either expedited or regular arbitration proceedings or a final and binding award rendered in Step Two of the grievance procedure which requires the payment of a specific sum of money shall be paid within thirty (30) days of the date of the award. If payment is not made within said period, interest shall accrue on the sum(s) due from the date of the award at the rate of one percent (1%) per month.

If a calculation is required to determine the specific amount(s) due under the award, the Producer shall calculate such amount(s) and shall notify the other party of the specific sum(s) due within sixty (60) days of the date of the award. If such calculation is not made or if notice is not given as required, interest shall accrue on the sum(s) due from the date of the award at a rate of one percent (1%) per month. If, after calculation, the parties disagree on the sum(s) due, or if the amount(s) due and owing under the award cannot be calculated within the sixty-day period as a result of factors beyond the control of the Producer, then no interest shall accrue upon the sum(s) due.

### **XXXIII. Employee Assistance Program for Drug and Alcohol Abuse**

The Producers endorse the concept of the IATSE and Basic Crafts for providing an employee assistance program for drug and alcohol abuse problems. Recognizing that such a program is best administered under the auspices of the Motion Picture Industry Health Plan, the Producers, in conjunction with the IATSE and Basic Crafts, hereby recommend to the Board of Directors of the Motion Picture Industry Health Plan that such an employee assistance program be added to the benefits provided by the Health Plan. The Producers and the Union agree that among the resources to be considered by the Health Fund Directors in implementing this program is the existing program of the Motion Picture and Television Fund, Alcoholics Anonymous and Narcotics Anonymous.

An employee who has an alcohol or drug abuse problem which interferes with job performance or attendance will be disciplined in accordance with normal disciplinary procedures. In such cases, before an employee is discharged or disciplinary action is taken, the Producer will give advance notice to the applicable Local Union and will meet or confer with such Local Union representative. As a part of those procedures or as an alternative thereto, such an employee may be referred to counseling through a qualified employee assistance program. Any employee who refuses to accept treatment through such a program or who is again disciplined or discharged pursuant to this subsection by his/her employer for unsatisfactory job performance or other misconduct arising out of or resulting from drug or alcohol abuse shall not be entitled to have the second or subsequent disciplinary action(s) reviewed pursuant to the grievance and arbitration procedure. Notwithstanding the participation by any employee in an employee assistance program created pursuant to this Agreement, the Producers and the IATSE, its Local Unions and the Basic Crafts recognize that each employee is and remains responsible for his/her own satisfactory job performance.

### **XXXIV. Loan-outs**

The Producer may utilize the services of an employee on a loan-out basis for work covered by the Basic Agreement, the Videotape Agreement and the West Coast Studio Local Agreements (Applicable Agreements) under the following conditions:

(a) All seniority rights and terms of the Industry Experience Roster of the Basic Agreement and Paragraph 68 of the

Local Agreements shall be fully applicable to the use of the services of the employee on loan-out.

(b) With respect to compensation and conditions under the Applicable Agreements, the Producer shall provide at least the minimum compensation and conditions under the Applicable Agreements to the loan-out company, but shall not be responsible for payment by the loan-out company to its employee.

(c) Any claims or disputes between the employee on loan-out and the Producer regarding salaries or terms and conditions of employment that would be covered by the grievance and arbitration provisions of the Applicable Agreements if the employee had been hired directly by the Producer shall be subject to such grievance and arbitration provisions with the right of the IATSE and the Local Unions to file grievances on behalf of employee on loan-out.

(d) With respect to pension and health and contract services administration, during such time as an employee is engaged by a borrowing Producer through the employee's loan-out company, the borrowing Producer shall make pension and health and CSATF contributions directly to the Motion Picture Industry Health Plan and the Motion Picture Industry Pension Plan on behalf of the employee so employed based upon hours worked or guaranteed, whichever is greater. Contributions may not be made by loan-out companies.

(e) A Producer who borrows an employee from a loan-out company under this section, whose employment if directly by the Producer would have been covered by the Applicable Agreements, shall, within ten (10) days after the execution of the agreement covering the loan-out transaction, give the IATSE a written notice of the transaction including the names of the loan-out company and the employee loaned out to the Producer. An inadvertent failure by the Producer to give such notice shall not be deemed to be a breach of the Applicable Agreements.

"Loan-out company" for purposes of this Article is defined as a company controlled by the loaned out employee, who is the only employee of the loan-out company who performs work covered by the Applicable Agreements.

### **XXXV. Employer in Default**

The IATSE, the Basic Crafts and the AMPTP agree to develop procedures designed to preclude employers who are in default

on wage payments and/or trust fund contributions and who cease business from returning to the industry without curing the default(s).

**XXXVI. Principle of Assistance**

The IATSE and its West Coast Studio Locals hereby reaffirm the past practice of assistance in the performance of bargaining unit work among and between the various crafts and classifications of employees in said unit. The IATSE will notify its members that this principle of assistance is so reaffirmed and recognized. This principle is reaffirmed by both parties for the objective of encouraging the continuation and establishment of motion picture production under the IATSE Basic Agreement in Los Angeles County, California.

**XXXVII. Designating Responsible Employer**

The IATSE, the Basic Crafts and the AMPTP agree to develop a procedure to be used whenever more than one employer is involved in the production of a motion picture covered by this Agreement for designating the employer responsible for compliance with the obligations set forth in the various Local Agreements.

**XXXVIII. Parking and Transportation**

Issues relating to parking shall be referred to the IATSE-AMPTP Annual Meetings.

**XXXIX. Cancellation of Calls/Fractional Payroll Weeks Committee**

A committee shall be formulated with the object of standardizing, to the extent possible, the contract provisions in the West Coast Studio Local Agreements governing cancellation of calls and fractional payroll weeks.

**XL. Payroll Companies**

The terms and conditions of the IATSE Payroll Companies' Memorandum Agreement (which are attached hereto as Exhibit "A") shall apply to payroll companies who are bound or signatory to this Basic Agreement.

**XLII. Child Care Centers**

The IATSE and the AMPTP shall address the issue of establishing child care centers with individual employers on a Company-by-Company basis.

**XLIII. Change of Name by Producer**

If the signatory Producer intends to change its name, written notice of the proposed changes shall be promptly given to the IATSE.

**XLIV. Low Budget Features**

The IATSE shall give good faith consideration on a case-by-case basis to requests for special conditions for low budget features committed to be produced in Los Angeles or with a Los Angeles-based crew.

**XLV. Guarantees of Employment**

The parties hereby confirm the following: The guaranteed length of employment shall be daily or weekly. A guarantee for a longer term shall be specifically set forth in writing. An employee may be replaced following completion of the guaranteed period of employment.

**XLVI. Payroll Deposit**

In order to secure performance of the Producer's payroll obligations under the Basic Agreement, the Videotape Agreement and the West Coast Studio Local Agreements, the parties agree as follows:

(a) In the event that a Producer (1) has filed for bankruptcy protection or had a trustee/receiver appointed to handle its affairs within five (5) years prior to the commencement of principal photography on a given production; (2) has no prior history with the IATSE; or (3) fails to make payroll in a given payroll period, the IATSE may require such Producer to deposit with a payroll company of the Producer's choosing an amount equal to two (2) weeks of estimated payroll plus two (2) weeks of pension, health and IAP contributions for covered employees. Such amount shall be used solely for the purpose of satisfying amounts owed to covered employees and/or benefit plan(s), as applicable, under this Basic Agreement, the Videotape Agreement and the West Coast Studio Local Agreements.

(b) The Producer shall provide the IATSE with written verification of the payroll company's consent to hold the deposit, which must be executed by the payroll company.

(c) No later than four (4) weeks after the completion of principal photography for the production, the IATSE shall advise the Producer of any outstanding payroll obligations to the employees employed on the production and/or the respective benefit plan(s). Upon the expiration of such four (4) week period, the payroll company, with the approval of the IATSE, shall remit the amounts due for any undisputed items to the employee(s) to whom and/or benefit plan(s) to which such amounts are due and shall remit the balance of the deposit to the Producer, less (1) an amount sufficient to pay the disputed payroll items, if any, and (2) an amount equal to two (2) weeks of estimated payroll, plus two (2) weeks of pension, health and IAP contributions, for post-production employees who remain on the payroll of the production, which amounts shall remain deposited with the payroll company.

(d) No later than four (4) weeks after delivery of the final answer print, the IATSE shall advise the Producer of any outstanding payroll obligations to the post-production employees employed on the production and/or the respective benefit plan(s). Upon the expiration of such four (4) week period, the payroll company, with the approval of the IATSE, shall remit the amounts due for any undisputed items to the employee(s) to whom and/or benefit plan(s) to which such amounts are due and shall remit the balance of the deposit to the Producer, less an amount sufficient to pay the disputed payroll items, if any.

(e) Any amounts relating to disputed wage claims plus pension, health and IAP contributions thereon shall remain deposited with the payroll company pending the settlement or resolution pursuant to Article 7 of the applicable Local Agreement of claims relating thereto. For purposes of any arbitration hereunder, the arbitrator shall have the power to determine only claims relating to the payment of wages and benefit contributions thereon.

(f) The foregoing shall not apply (1) to a Producer signatory to the Basic Agreement which, together with its related or affiliated entities, has made Supplemental Markets payments to the Motion Picture Industry Pension and Health Plans in an aggregate amount of not less than fifteen million dollars (\$15,000,000) (or has made Post '60s payments of not less than six million dollars (\$6,000,000)) during the three (3) year period beginning January 1, 1994 and ending on December 31, 1996, or in any subsequent three (3) consecutive year period, or (2) to any of its related or affiliated entities.

(g) In lieu of making a deposit as required above, a signatory producer may obtain and provide to the IATSE a letter of guarantee from any commercial financial institution or from a Producer, or its related or affiliated entities, that meets the requirements of subparagraph (f) above, stating that it unconditionally guarantees the fulfillment of payroll obligations and benefit contributions due employees under the Basic Agreement with respect to a particular motion picture.

(h) In the event that an Employer fails to make a required deposit as set forth herein, the IATSE may direct the covered employees to withhold services from that Producer on the production for which the deposit is sought until the deposit is made or a letter of guarantee is provided as set forth in subparagraph (g) above.

## **XLVI. California Sick Leave**

(a) Accrual. Commencing July 1, 2015, eligible employees covered by the IATSE Basic Agreement shall accrue one (1) hour of paid sick leave for every thirty (30) hours worked in California for Producer, up to a maximum of forty-eight (48) hours or six (6) days. (In lieu of the foregoing hourly accrual of paid sick leave, and provided that advance notice is given to the employee, a Producer may elect to provide employees, upon their eligibility to use sick leave as provided below (*i.e.*, upon working thirty (30) days in California for the Producer and after their ninetieth (90th) day of employment in California with the Producer (based on days worked or guaranteed), with a bank of twenty-four (24) hours or three (3) days of sick leave per year, such year to be measured, as designated by the Producer, as either a calendar year or starting from the employee's anniversary date. Under this elected option, such banked sick leave days may not be carried over to the following year.)

(b) To be eligible to accrue paid sick leave, the employee must have worked for the Producer for at least thirty (30) days in California within a one (1) year period, such year to be measured, as designated by the Producer, as either a calendar year or starting from the employee's anniversary date. Sick leave may be used in minimum increments of four (4) hours upon oral or written request after the eligible employee has been employed by the Producer in California for ninety (90) days (based on days worked or guaranteed), such period to be measured, as designated by the Producer, as either a calendar year or starting from the employee's anniversary date. Reasonable advance notification of the need for sick leave is required if the use is foreseeable; otherwise, notice is required as soon as practicable. Sick

days accrued on an hourly basis shall carry over to the following year of employment; however, the Producer may limit the use of such accrued time to no more than twenty-four (24) hours or three (3) days during each year of employment as defined by the Employer in advance.

(c) For employees employed on an hourly or daily basis, a day of sick leave pay shall be equal to eight (8) hours' pay at the employee's straight time hourly rate. If a four (4) hour increment of sick leave is taken, the employee shall be paid four (4) hours of pay at his straight time hourly rate. For weekly employees (including "on call" employees), a day of sick leave pay shall be equal to one-fifth (1/5th) of the employee's weekly rate under the studio minimum wage scales or one-sixth (1/6th) of the employee's weekly rate under the distant location minimum wage scales (or fifty percent (50%) thereof for a four (4) hour increment of sick leave taken). Replacements for weekly employees (including "on call" employees) may be hired on a *pro rata* basis of the weekly rate regardless of any contrary provision in this Agreement. The employee shall not be required to find a replacement as a condition of exercising his right to paid sick leave.

(d) Sick leave may be taken for the diagnosis, care or treatment of an existing health condition of, or preventive care for, the employee or the employee's "family member."<sup>23</sup> Sick leave also may be taken by an employee who is a victim of domestic violence, sexual assault or stalking.

(e) Accrued, unused sick leave is not paid out on termination, resignation or other separation from employment. If an employee is rehired by the Producer within one (1) year of the employee's separation from employment, the employee's accrued and unused sick leave shall be reinstated, and the employee may begin using the accrued sick leave upon rehire if the employee was previously eligible to use the sick leave or once the employee becomes eligible as provided above.

(f) Producer shall include in the employee's start paperwork the contact information for the designated Producer representative whom the employee may contact to confirm eligibility and the amount of accrued sick leave available. Such start paperwork shall also include information with respect to the year period (*i.e.*, calendar year or the employee's anniversary date) that the Producer selected to measure the thirty (30) day and ninety (90) day eligibility periods and

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<sup>23</sup> "Family member" means any of the following: (1) a biological, adopted or foster child, stepchild, legal ward or a child to whom the employee stands *in loco parentis*; (2) a biological, adoptive or foster parent, stepparent or legal guardian of the employee or the employee's spouse or registered domestic partner or a person who stood *in loco parentis* when the employee was a minor child; (3) a spouse; (4) a registered domestic partner; (5) a grandparent; (6) a grandchild; or (7) a sibling.

the cap on accrual set forth in subparagraph (b) above or, alternatively, if the Producer elected to provide employees with a sick leave bank, the year period (*i.e.*, calendar year or the employee's anniversary date) that the Producer selected for the bank of three (3) sick days as provided in subparagraph (a) above. Producer also shall notify the West Coast office of the IATSE of the name and contact information of the designated Producer representative.

(g) Any Producer that has a sick leave policy, or paid leave or paid time off policy that permits the use of paid sick time, as of June 30, 2015, may continue such policy in lieu of the foregoing. Nothing shall prevent a Producer from negotiating a sick leave policy with better terms and conditions. There shall be no discrimination or retaliation against any employee for exercising his or her right to use paid sick leave.

(h) Any dispute with respect to sick leave for employees covered under the West Coast Studio Local Agreements shall be subject to the grievance and arbitration procedures provided therein.

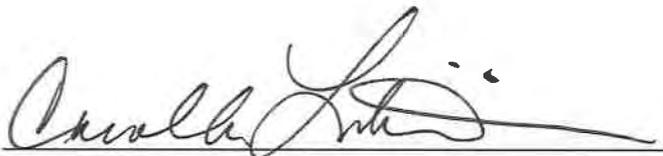
#### **XLVII. Waiver of New York City Earned Sick Time Act and Similar Laws**

The IATSE expressly waives, to the full extent permitted by law, application of the following to all employees employed under this Agreement: the New York City Earned Sick Time Act of 2013; the San Francisco Paid Sick Leave Ordinance (San Francisco Administrative Code Section 12W); all requirements pertaining to “paid sick leave” in Chapter 37 of Title 5 of the Municipal Code of Emeryville, California (including, but not limited to, Chapter 37.0.1.e), 37.03, 37.07.a)1)B.ii. and 37.07.f)); the Oakland Sick Leave Law (Municipal Code Section 5.92.030.); Chapter 4.62.025 of the Santa Monica Municipal Code (enacted by Ordinance No. 2509); the Seattle Paid Sick and Safe Time Ordinance (Ordinance No. 123698); Chapter 18.10 of Title 18 of the Municipal Code of the City of Tacoma, Washington (enacted by Ordinance No. 28275); Chapter 160 of the Ordinances of the Township of Bloomfield, New Jersey (enacted by Ordinance No. 15-10); the Paid Sick Time for Private Employees Ordinance of East Orange, New Jersey (Ordinance No. 21-2014; East Orange Code Chapter 140, Section 1 *et seq.*); the Paid Sick Time Law of Jersey City, New Jersey (Chapter 4 of the Jersey City Municipal Code); the Sick Leave for Private Employees Ordinances of Elizabeth, New Jersey (Ordinance No. 4617); Irvington, New Jersey (Ordinance No. MC-3513); Montclair, New Jersey; Newark, New Jersey (City Ordinance 13-2010); Passaic, New Jersey (Ordinance No. 1998-14); Paterson, New Jersey (Paterson Code Chapter 412); and

Trenton, New Jersey (Ordinance No. 14-45) and any other ordinance, statute or law requiring paid sick leave that is hereafter enacted. It is understood that the IATSE and the AMPTP shall memorialize any such waiver for any newly-enacted law by letter agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

**ALLIANCE OF MOTION PICTURE AND TELEVISION  
PRODUCERS ON BEHALF OF THE COMPANIES LISTED  
HEREIN AND THOSE PRODUCERS WHICH HAVE  
EFFECTIVELY CONSENTED TO BE PART OF THE SAID  
MULTI-EMPLOYER BARGAINING UNIT**

By:   
Carol A. Lombardini  
President, AMPTP

Date: June 28, 2016

**FOR THE INTERNATIONAL ALLIANCE OF THEATRICAL  
STAGE EMPLOYEES AND MOVING PICTURE TECHNICIANS,  
ARTISTS AND ALLIED CRAFTS OF THE UNITED STATES,  
ITS TERRITORIES AND CANADA**

By:   
Matthew D. Loeb  
International President, IATSE

Date: 6/13/16

## PAYROLL COMPANIES' AGREEMENT

This Agreement is made and entered into between \_\_\_\_\_  
\_\_\_\_\_ (herein "The Payroll Company"), and  
the International Alliance of Theatrical Stage Employees (herein  
"IATSE"), an unincorporated association, upon the following terms,  
conditions and recitals:

I. The Payroll Company is a payroll service for the motion picture and television industries and is an employer member of the multi-employer bargaining unit represented by the Alliance of Motion Picture and Television Producers, Inc., described in Article V of the Producer-I.A.T.S.E. & M.P.T.A.A.C. Basic Agreement of 2015 to which The Payroll Company is a signatory.

II. The Payroll Company's employment of persons subject to the Basic Agreement and its responsibility to the IATSE therefor shall be governed by the following:

A. The Payroll Company shall give advance notice to the IATSE of its involvement in connection with any motion picture or television production when services falling within the work jurisdiction of the Basic Agreement are to be performed. Said advance notice shall be given as soon as practicable, but in no event later than the Monday immediately following the issuance of the first payroll covering employees under the Basic Agreement. Said notice may be oral and confirmed in writing within two (2) working days thereafter and shall include the following:

1. Name of production company and producer;
2. Title of production;
3. Nature of production (Theatrical, Television, Commercial, Videotape);
4. Scheduled pre-production, production, and post-production dates;
5. Production locations; and
6. Whether The Payroll Company is the "primary" or "secondary" employer as those terms are herein defined.

The Payroll Company, in addition to the foregoing notice to the IATSE, shall also, on its own behalf as a "primary" employer, comply with any notification provisions contained within any

IATSE Local Union Agreement subject to the Basic Agreement or, when the Payroll Company is the "secondary" employer, require the "primary" employer to comply therewith.

In the event a Payroll Company consistently fails to give notice as required by this Section, then an arbitrator in an arbitration proceeding shall have the authority to issue and fashion an appropriate remedy.

Absent receipt of the aforementioned notice from the Payroll Company, The Payroll Company will not be deemed to have any responsibility for any production merely because someone other than a designated representative of The Payroll Company represents to the IATSE or any of its affiliated Locals that it is utilizing the services of The Payroll Company unless The Payroll Company is in fact providing such services and failed to give the notice called for herein. Notwithstanding any other provision herein, in the event The Payroll Company fails to give the advance notice as above required as to more than one (1) production, the IATSE shall have the right to cancel this Agreement as to such Payroll Company upon fifteen (15) days written notice. The IATSE shall notify The Payroll Company of the first violation, which may be oral and confirmed in writing later.

B. The scope of The Payroll Company's responsibility to the IATSE and to persons performing services subject to the Basic Agreement shall be based on whether The Payroll Company is deemed a "primary" employer or a "secondary" employer insofar as the employees performing such services are concerned.

1. The Payroll Company shall be deemed the "primary" employer when it is providing services to a customer producer/employer which is not a member of the multi-employer bargaining unit described in Article V of the Basic Agreement.

(a) In its position as a "primary" employer, The Payroll Company shall provide services to a customer producer/ employer only on the basis that persons working in the crafts and classifications designated in the IATSE Basic Agreement are employed under the IATSE Basic Agreement to the same extent as would be required of any other Producer signatory to the IATSE Basic Agreement.

Notwithstanding any other provision, in the event a Payroll Company violates the above requirement as a "primary" employer as to more than one (1) production, the IATSE shall have the

right to cancel this Agreement as to such Payroll Company upon fifteen (15) days written notice. The IATSE shall notify The Payroll Company of the first violation, which may be oral and confirmed in writing later.

In the event a Payroll Company fails to provide coverage to employees under the IATSE Basic Agreement as required above, an arbitrator shall have the authority to issue an award as to the full measure of damages.

(b) When a client requests a Payroll Company to act as the primary employer for a theatrical or television motion picture with respect to those employees engaged in IATSE-covered classifications, The Payroll Company shall notify the IATSE of that fact within one (1) business day after the client requests The Payroll Company to so act as the primary employer for that picture. In the event the IATSE is engaged in negotiations with said client, the IATSE shall notify The Payroll Company and the AMPTP of that fact within one (1) business day after receipt of said notice from The Payroll Company. Thereafter, The Payroll Company shall not act as the primary employer under this Agreement without the consent of the IATSE. If The Payroll Company does not receive an objection from the IATSE within said one (1) business day, The Payroll Company may act as the primary employer under this Agreement.

(c) No contributions will be accepted from The Payroll Company on behalf of employees employed by an employer which is not a signatory to a collective bargaining agreement requiring contributions to the Plans if the non-signatory employer employs one or more "controlling employees."

A "controlling employee" is defined as any employee who performs work within any job classification covered by a collective bargaining agreement with a Union party to the Motion Picture Industry Pension and/or Health Plans ("Plans") requiring contributions to be made to the Plans and who is also an officer or controlling shareholder of the non-signatory employer or the spouse of such an officer or controlling shareholder. The term "controlling shareholder" means a person who owns ten percent (10%) or more of the voting power of the corporation.

The Payroll Company shall be required to submit a completed Non-Signatory Employer Data Sheet in the form required by the Plans with respect to each production or other project on which The Payroll Company is to act as the primary employer.

2. The Payroll Company shall be deemed a "secondary" employer when it is providing services to a customer producer/employer which is a member of the multi-employer bargaining unit described in Article V of the Basic Agreement and The Payroll Company's customer producer/employer shall be deemed the "primary" employer in such instances.

C. In those situations in which The Payroll Company is the primary employer, The Payroll Company shall be deemed the producer and shall have full responsibility for compliance with all of the terms and conditions of the Basic Agreement and applicable Local Agreements, including compliance with requirements in the Local Agreements relating to deal memos and personal services contracts, until such time as The Payroll Company gives the IATSE written notice of cancellation of its agreement with its customer producer/employer and notwithstanding said notice of cancellation, The Payroll Company shall remain responsible for all wages (including wages for reasonable time spent by an employee in returning equipment or properties for which he is responsible), fringe benefits and conditions of employment to the effective date of the cancellation and notice to the IATSE and, on distant location, all expenses due and costs of transportation and salaries for such transportation time, and for any residual payments (Post '60 payments or Supplemental Market payments) resulting from the performance of services prior to the notice of said cancellation unless and until The Payroll Company shall be relieved of responsibility for such residual payments pursuant to the procedures set forth in this Exhibit "A." In addition to all other required information, The Payroll Company shall specify in all reports to the Motion Picture Industry Pension Plan and the Motion Picture Industry Health Plan the name of the customer/producer employer, the title of the production and the classification(s) of employees covered by the Trust Fund payments.

When acting as the "primary employer" for a theatrical motion picture, The Payroll Company shall be prohibited from processing and/or issuing any payroll checks for or on behalf of its customer producer/employer until such time as The Payroll Company has secured from its customer producer/employer an executed Assumption Agreement, as provided below, and delivered same to the Administrator of the Motion Picture Industry Pension and Health Plans. The Assumption Agreement shall be substantially in the following form:

"In consideration of the Agreement between the undersigned Producer, \_\_\_\_\_ (herein  
*(insert name of Producer)*  
for convenience referred to as 'Producer'), and

---

*(insert name of Payroll Company)*  
(herein for convenience referred to as 'The Payroll  
Company'), under which The Payroll Company has agreed to  
furnish payroll services for the theatrical motion picture  
presently entitled, ' \_\_\_\_\_ '  
*(insert name of motion picture)*

(hereinafter for convenience referred to as 'the motion  
picture'), the Producer hereby agrees that the motion picture  
is covered by and subject to the following agreements (check  
the box(es) of those that are applicable):

- The Producer - I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2015 ('the IATSE Basic Agreement');
- The Animation Guild, Local #839 Agreement of 2015 ('the Cartoonists Agreement');
- The Producer - Studio Transportation Drivers, Local #399 Agreement of 2015 ('the Teamsters Agreement');
- The Producer - International Brotherhood of Electrical Workers, Local #40 Agreement of 2015 ('the IBEW Agreement');
- The Producer - United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local #78 Agreement of 2015 ('the Plumbers Agreement');
- The Producer - International Hod Carriers, Building and Common Laborers Union, Studio Utility Employees, Local #724 Agreement of 2015 ('the Laborers Agreement');
- The Producer - Operative Plasterers and Cement Masons International Association of the United States and Canada, Local #755 Agreement of 2015 ('the Plasterers Agreement')

"Producer further agrees that the motion picture is covered by and subject to the provisions of Article XIX of the IATSE Basic Agreement, '*Post '60 Theatrical Motion Pictures,*' and/or the corresponding provisions of the other applicable Agreements referred to above (*i.e.*, the applicable provisions of The Animation Guild Agreement, Article 15 of the Teamsters Agreement, Article 15 of the IBEW Agreement, Article 15 of the Plumbers Agreement; Article 15 of the Laborers Agreement and Article 15 of the Plasterers Agreement), pertaining to payments due when theatrical motion pictures, the principal photography of which commenced in the period August 1, 2015 through July 31, 2018, are released to free television and to the provisions of Article XXVIII of the IATSE Basic Agreement, '*Supplemental Markets,*' and/or the corresponding provisions of the other applicable Agreements referred to above (*i.e.*, the applicable provisions of The Animation Guild Agreement, Article 21 of the Teamsters Agreement, Article 21 of the IBEW Agreement, Article 21 of the Plumbers Agreement, Article 21 of the Laborers Agreement and Article 21 of the Plasterers Agreement), pertaining to payments due for the release of theatrical motion pictures in Supplemental Markets.

"Producer hereby agrees, expressly for the benefit of the Motion Picture Industry Pension and Health Plans ('the Plans') to assume the obligations of said provisions and to make the payments to the Plans required thereby. It is expressly understood and agreed that the rights of Producer to exhibit or license the exhibition of such motion pictures on free television and/or in Supplemental Markets shall be subject to and conditioned upon payment to the Plans as provided in the respective applicable provisions referred to hereinabove. It is agreed that such Plans shall be entitled to injunctive relief and damages against Producer in the event such payments are not made.

"The Producer agrees to keep or have access to complete records showing the income derived from the distribution of such motion pictures to free television and/or Supplemental Markets and the Plans shall have the right at all reasonable times to inspect such records. The Producer shall give the Plans prompt written notice of the date on which the motion picture is first telecast

EXHIBIT "A"

on free television and/or is first released in Supplemental Markets. An inadvertent failure to comply with said notice requirements shall not constitute a default by the Producer, provided that such failure is cured promptly after notice thereof from the Plans.

"Producer further agrees that in the event of a sale, transfer, license or assignment of the free television distribution rights or the Supplemental Markets distribution rights to the above-referenced motion picture, Producer will obtain from the buyer, transferee, licensee or assignee an Assumption Agreement substantially in the form set forth above and shall provide an executed copy of such Assumption Agreement to the Plans. In such event, Producer shall give notice to the Plans, within thirty (30) days of each sale, transfer, license or assignment of such distribution rights, with the name and address of the buyer, transferee, licensee or assignee."

Upon the execution and delivery of such Assumption Agreement to the Administrator of the Motion Picture Industry Pension and Health Plans, The Payroll Company shall not be further liable to the Plans for the keeping of any records required under the "*Post '60 Theatrical Motion Pictures*" provisions or the "*Supplemental Markets*" provisions nor for the payments required thereunder for the exhibition of the motion picture in Supplemental Markets and/or on free television, and the Plans shall look exclusively to the Producer or any subsequent party last executing such an Assumption Agreement for the keeping of such records and compliance with such payment obligations.

D. In those situations in which The Payroll Company is a secondary employer, The Payroll Company's responsibility shall be limited to the monies advanced by the primary employer to The Payroll Company for wage payments, allowances, penalties, fringe benefits and payroll taxes for payment to or on behalf of persons who performed services subject to the Basic Agreement. Provided, however, that should the primary employer default in its payment obligations to The Payroll Company and The Payroll Company not promptly cancel its agreement with the primary employer and simultaneously notify the IATSE of said termination, as hereinafter provided, then The Payroll Company shall be responsible for the wage payments, allowances, penalties, fringe benefits and payroll taxes owing to or on behalf of individuals who performed services subject to said Basic Agreement for all hours worked by said

persons through the end of the workday on which said notice or cancellation is given to the IATSE. In such event, The Payroll Company shall also be responsible for the payment of expenses and costs of transportation and salaries for transportation time, but only if The Payroll Company has expressly assumed responsibility therefor. When The Payroll Company acts only as a secondary employer, the IATSE shall deem The Payroll Company an agent of the primary employer and The Payroll Company shall have no responsibility for matters outside of its control such as, but not limited to, staffing requirements, seniority, work rules, jurisdictional problems or residual payments (Post '60 payments or Supplemental Market payments). With reference to such items, the IATSE shall look exclusively to the primary employer for responsibility. Furthermore, nothing contained in this Agreement shall in any way reduce, diminish or prejudice any legal or equitable right or claim that the IATSE could assert directly against any primary employer if this Agreement did not exist.

E. Once having given the notice to the IATSE described in Paragraph A., the scope of The Payroll Company's responsibility as delineated herein shall continue until such time as The Payroll Company serves a notice of contract termination upon its customer producer/employer and simultaneously delivers a copy of said termination notice to the IATSE.

Except as otherwise expressly provided in Paragraph C. above, upon delivery of said notice of termination to the IATSE, The Payroll Company shall forthwith be relieved of all further responsibility for services to be performed in connection with the production therein involved on and after the day immediately following the workday on which said notice of termination is delivered to the IATSE.

On distant location productions, reasonable notice of termination, whenever possible, must be given to the IATSE. and employees covered by the Basic Agreement shall be paid, in addition to their salaries and conditions, all hotel and meal expenses and costs of transportation and salaries for such transportation time.

F. The Payroll Company shall remit vacation and holiday pay payments to the employees either on a weekly basis with their paychecks or by payment in full no later than with their final paycheck at the end of production. Any payments of unworked holiday pay made to an employee on a production shall be credited against the 3.719% accrual. For the purpose of this provision, the "end of production" is defined as: (1) for television series, upon conclusion of the production season for episodes ordered and produced; (2) on television "movies of

the week" and theatrical features, upon conclusion of principal photography; and (3) for post-production, upon conclusion of post-production work.

G. This Agreement is effective for a term coinciding with the term of the Basic Agreement to which The Payroll Company is a party and shall be extended and renewed from time to time to the same extent that said Basic Agreement is hereafter extended or renewed.

**ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS**

15301 Ventura Boulevard, Building E, Sherman Oaks, CA 91403

Tel: 818.995.3600 • Fax: 818.285.4450 • www.amtp.org

Carol A. Lombardini  
President

Direct: 818.935.5930

As of August 1, 2015

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Special Conditions for One-Half Hour and One-Hour Pilots and One-Hour  
Episodic Television Series (Other than Pilots or Series Made for Basic Cable)**

Dear Matt:

This will memorialize the agreement reached in the 2015 negotiations to apply the special conditions set forth herein to pre-production and production of the following dramatic television motion pictures (other than a pilot or series made for basic cable), which are committed to be produced in Los Angeles:

- (1) One-half hour and one-hour pilots; and
- (2) One-hour episodic television series, the production of which commences on or after August 1, 1993.

The special conditions applicable to such programs are:

- a. Wages – For pilots and the first two (2) production seasons of any series, the wage rates set forth in the Local Agreements for the period immediately preceding the period in question shall apply (*e.g.*, during the period August 2, 2015 to July 30, 2016, the wage rates for the period August 3, 2014 to July 31, 2015 shall apply); thereafter, the wage rates in the Local Agreements shall apply.
- b. Vacation - No vacation pay shall be payable for a pilot and the first year of any series; in the second year of the series, vacation will be payable at one-half of the applicable percentage in the Local Agreements; thereafter, the vacation provisions in the Local Agreements shall apply.

- c. Holidays Not Worked - No unworked holiday pay shall be payable for a pilot and the first year of any series; in the second year of the series, unworked holiday pay will be payable at one-half of the applicable percentage in the Local Agreements; thereafter, the unworked holiday provisions in the Local Agreements shall apply.
- d. Holidays Worked - Each employee working on a holiday shall be paid a minimum of eight (8) hours at double time for such holiday.
- e. Overtime - Daily overtime for hours worked shall be paid at the rate of time-and-one-half for each hour worked after eight (8) work hours, except as otherwise provided in a Local Agreement; golden hours, when applicable, shall be paid for each hour worked after twelve (12) work hours.
- f. Transportation Allowance - With respect to employees reporting to a "studio zone location," as described in the Basic Agreement and Local Agreements, Producer shall not be required to pay a transportation allowance to any employee who travels to any location in Los Angeles County within a ten (10) mile radius from a point to be determined by the Producer. Producer shall give prior notice to the IATSE of the point so designated. Such point may be changed by Producer at the beginning of each season. Commencing outside the ten (10) mile radius, a transportation allowance will be paid pursuant to the Basic Agreement and/or Local Agreements. Secured parking will be provided at such locations in accordance with the Basic Agreement and Local Agreements.
- g. Interchange - Producer shall select employees with the applicable primary skill and "on production" IATSE personnel will be interchangeable in performing bargaining unit work within the IATSE crafts based upon the Videotape Agreement concept.

Matthew D. Loeb  
As of August 1, 2015  
Page 3

If the foregoing comports with your understanding of our agreement, please so indicate by executing this sideletter in the space reserved for your signature.

Sincerely,



Carol A. Lombardini

CAL:bel

**ACCEPTED AND AGREED:**



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Matthew D. Loeb  
International President

**ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS**

15301 Ventura Boulevard, Building E, Sherman Oaks, CA 91403

Tel: 818.995.3600 • Fax: 818.285.4450 • www.amtp.org

Carol A. Lombardini  
President

Direct: 818.935.5930

As of August 1, 2015

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Special Conditions for Long-Form Television Motion Pictures (Including Movies-of-the-Week, Mini-Series and Two (2) Hour Pilots for Which No Commitment for a Series Exists at the Time of the Pilot Order)**

Dear Matt:

This will confirm the agreement reached by the ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS, on behalf of the Producers listed in the 2015 Producer-I.A.T.S.E. Basic Agreement (hereinafter referred to individually as "the Producer") and INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES AND MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS OF THE UNITED STATES, ITS TERRITORIES AND CANADA, AFL-CIO ("IATSE").

WHEREAS the Producer is a signatory party to the Producer-I.A.T.S.E. Basic Agreement of 2015 and the West Coast Studio Local Agreements; and

WHEREAS special conditions exist regarding productions of made-for-television long-form programs, and of long-form motion pictures made for the videocassette/DVD market which are budgeted at \$9,000,000 or less, as further described below, concerning whether such programs or motion pictures will be produced by the Producer; and

WHEREAS special conditions exist in order to preserve and maintain employment for IATSE members;

THEREFORE, it is agreed as follows:

1. This sideletter and its special conditions shall apply to those made-for-television long-form projects (movies-of-the-week, mini-series and two (2) hour pilots,

provided that no commitment for a series is attached to the pilot order<sup>\*</sup>), as well as to long-form motion pictures made for the videocassette/DVD market which are budgeted at \$9,000,000 or less, which are produced by the Producer in Los Angeles during the term of the 2015 IATSE Basic Agreement. Additionally, for made-for-home video productions budgeted at no more than \$12,000,000, Producer may elect to use the terms of the Low Budget Theatrical Agreement as provided in the Sideletter re Made-For-Home Video Productions.

2. All of the terms and conditions of the IATSE Basic Agreement of 2015 and the West Coast Studio Local Agreements shall apply, except as provided in the special conditions in this sideletter.
3. These special conditions shall not apply to any post-production work on the productions covered hereunder, and all post-production and lab work shall be performed in accordance with the IATSE Basic Agreement of 2015 and the West Coast Studio Local Agreements.
4. The roster provisions of the IATSE Basic Agreement and the West Coast Local Agreements are fully applicable; however, prospective employees are free to accept or refuse a call to work on any production covered hereunder and any refusal to accept a call will not count as a refusal under the roster provisions of Paragraph 68 of the applicable Local Agreements.
5. The special conditions applicable to the productions covered hereunder are:
  - (i) (A) Notwithstanding any wage rate changes made in the future in the Basic Agreement and the West Coast Local Agreements, wages are as listed on the attached "Made for Television Long-Form Agreement Rate Schedules."
  - (B) It is the good faith intention of Producer that an employee (other than an employee engaged as Local #44 "Construction Labor" or Local #729 "Set Painter") who works in a pay classification for which a weekly wage rate has not been specified in the applicable Local Agreement (*e.g.*, Production Painter in Local #729, Grip in

---

<sup>\*</sup> If there is a firm commitment for a series at the time the two (2) hour pilot is ordered, the Sideletter entitled "Special Conditions for One-Half Hour and One-Hour Pilots and One-Hour Episodic Television Series (other than Pilots or Series Made for Basic Cable)" shall apply.

Local #80, and Lamp Operator and Lighting Technician in Local #728) and who is employed and paid at the weekly wage rate is being engaged to perform the required work within the classification for all the time that particular work is needed on the project (*e.g.*, Producer expects at the time of hiring to utilize a grip for all three (3) weeks on which grip work is needed during a four (4) week shoot). Otherwise, the applicable hourly or daily rate shall be paid for these classifications. This shall not be construed to be a run-of-the-show guarantee.

However, an employee in the "Construction Labor" and "Set Painter" craft and classifications on pre-production, for which the Local Agreement does not provide for a weekly salary, shall be hired only as a daily employee.

Any allegation of improper application of the above shall be promptly reviewed by representatives of the affected Local(s), the IATSE International Office and the Labor Relations Department of Producer before filing any grievances on the matter.

- (ii) Staffing will be fully interchangeable with the following crew:
- |                                     |  |
|-------------------------------------|--|
| - Art Director (1)                  | - Sound (¶106 of the Local #695 Agreement is applicable) |
| - Camera (4)                        | - Greensperson   |
| - Set Construction as needed        | - Electrical Operations (4)                              |
| - Grip Operations (4)               | - Special Effects as needed                              |
| - Craft Services (1)                | - Set Dressing (3)                                       |
| - Production Painter as needed      | - Props (2)  |
| - First Aid as needed               | - Wardrobe (2)   |
| - Make-up and Hair Stylist (1 each) | - Script Supervisor (1)                                  |
|                                     | - Set Designer as needed                                 |
- (iii) Overtime will be paid at the rate of time and one-half after eight (8) hours worked, except that daily overtime for Script Supervisors shall be paid as provided in the Local #871 Agreement (*i.e.*, time and one-half after six (6) hours); double time, when applicable, to be paid after fourteen (14) elapsed hours. Overtime pay for weekly employees shall be based on one-fortieth (1/40) of the weekly rate.

- (iv) Meal periods - The time for breaking for the meal period may be extended by up to one-half hour beyond the time specified in the Local Agreements without penalty at the request of the Director. Notice for such a delayed break must be given no later than one (1) hour before the meal period and the extension may not be scheduled.
  - (v) Producer will not be required to pay the percentage of salaries for the specified contractual holidays; however, any employee working on such holiday will be paid double time. Weekly employees will be paid for any holiday not worked during their period of employment.
  - (vi) Producer will not be required to pay the percentage of salaries as vacation pay.
  - (vii) Producer will not be required to pay any transportation allowance, such as specified in Paragraphs 21(c) and 22(b)(2) of the West Coast Studio Local Agreements.
  - (viii) An employee hired as a weekly employee shall be paid a full week's pay. Producer will not prorate the weekly rate for the purpose of paying the employee on a daily rate or fractional weekly basis, unless the employee elects not to perform the full week's work (*e.g.*, the employee, hired for a week, works three days and quits).
6. Prior to actual employment, Producer shall inform and provide written information to each employee to be hired of the special conditions applicable to the production.
  7. Producer will provide to the appropriate West Coast Studio Locals the name of the project and, upon request, the names and classifications of the employees who will be employed under the special conditions of this sideletter.
  8. The following additional special terms and conditions shall apply only to two (2) hour pilots for which there is no series commitment at the time the pilot is ordered and which are produced under the terms of this sideletter.

- (i) Producer agrees to produce all future episodes resulting from the two (2) hour production under the episodic television provisions of the IATSE Basic Agreement in Los Angeles County or immediate areas, provided that when the series is required to be produced outside Los Angeles County or immediate areas due to creative reasons only, employment of a majority of the crew from Los Angeles County (or if the episodes are made in one of the "IATSE production cities") will satisfy this condition.
  - (ii) When the series is based in Los Angeles County, the Producer may do location work outside of Los Angeles County on isolated episodes and employ portions of the crew from Los Angeles County without the number constituting a majority of the crew from Los Angeles County.
  - (iii) If principal photography of the first episode commences within seventy (70) days of completion of principal photography of the two (2) hour long-form television production, the Producer shall retroactively pay to the IATSE-represented employees who worked on the two-hour television production the wages set forth in the episodic television provisions of the Basic Agreement.
  - (iv) The AMPTP and the IATSE shall appoint a joint committee to review and monitor any issues relating to the above.
9. The following additional special terms and conditions shall apply only to long-form motion pictures made for the videocassette/DVD market which are budgeted at \$9,000,000 or less and which the Producer has elected to cover under the terms of this sideletter, rather than under the terms of the Low Budget Theatrical Agreement:
- (i) The IATSE shall have the right to audit any such production to ensure that its budget falls within the aforementioned limitation. If the budget cap is exceeded, the wages, terms and conditions of the Basic Agreement shall apply.
  - (ii) "Behind-the-scenes" shots, when done by the signatory company for such productions, shall also be covered under the terms of this sideletter.

Matthew D. Loeb  
Long-Form Television Sideletter  
As of August 1, 2015  
Page 6

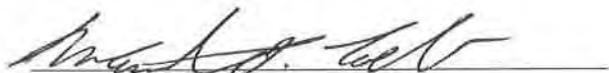
The IATSE agrees to meet and negotiate on a production-by-production basis with respect to new one-hour episodic television series for which the pattern budget does not exceed \$1,300,000 in direct costs of production per episode. This approach will allow the parties to tailor the agreement to the specific needs of the production and, thus, is more likely to achieve the goal of encouraging low budget one-hour series production to be done in Los Angeles.

Sincerely,



Carol A. Lombardini

**ACCEPTED AND AGREED:**



Matthew D. Loeb  
International President

**MADE FOR TELEVISION LONG-FORM AGREEMENT RATE SCHEDULE  
EFFECTIVE ON AUGUST 1, 2015 ONLY**

<b>Long-Form Rates 8/1/15</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1801	Art Director - on call	\$2,621.47			
1802	Director of Photography	As negotiated under Local Agreement		As negotiated under Local Agreement	
1803	Camera Operator	1,677.55	\$41.94	\$387.97	\$48.50
1804	First Assistant Camera	1,534.86	38.37	354.89	44.36
1805	Second Assistant Camera	1,391.64	34.79	321.63	40.20
1806	Still Photographer	1,485.62	37.14	343.49	42.94
1847	Film Loader	1,208.08	30.20	278.93	34.87
1807	Construction Coordinator - on call	2,247.69			
1808	Construction Labor			256.87	32.11
1809	Construction Foreman	1,200.71	30.02	277.25	34.66
1810	Key Grip	1,348.83	33.72	311.59	38.95
1811	Best Boy - Grip	1,225.75	30.64	260.81	32.60
1812	Company Grip	1,199.21	29.98	256.87	32.11
1813	Dolly Grip			256.87	32.11
1814	Crafts Service - on call	1,583.18			
1815	Crafts Service	1,034.36	25.86	238.58	29.82
1816	Production Painter	1,348.83	33.72	311.59	38.95
1817	Set Painter			256.87	32.11
1849	Sign Writer			351.46	43.93
1818	Chief Lighting Technician	1,348.83	33.72	311.59	38.95
1819	Assistant Chief Lighting Technician	1,225.79	30.64	260.81	32.60
1821	Electrical Lighting Technician	1,199.21	29.98	256.87	32.11
1822	Chief Rigging Technician	1,225.79	30.64	260.81	32.60
1823	Special Effects	1,348.83	33.72	311.59	38.95
1824	Assistant Special Effects			256.87	32.11
1825	Set Decorator - on call	2,247.69			
1826	Lead Person	1,199.21	29.98	256.87	32.11
1827	Swing Gang			239.83	29.98
1828	Prop Master	1,348.83	33.72	311.59	38.95
1829	Assistant Prop Master	1,130.32	28.26	260.81	32.60
1830	Costume Designer - on call	2,081.67			
1831	Assistant Costume Designer - on call	1,707.79			
1832	Key Costumer	1,120.00	28.00	258.45	32.31
1833	Costumer	1,024.54	25.61	236.30	29.54
1834	Make-Up Department Head	1,420.18	35.50	328.23	41.03
1835	Assistant Make-Up Department Head	1,248.94	31.22	288.34	36.04
1836	Hair Stylist Department Head	1,248.94	31.22	288.34	36.04
1837	Hair Stylist	1,113.61	27.84	256.87	32.11

<b>Long-Form Rates 8/1/15</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1838	Sound Mixer	\$1,727.25	\$43.18	\$399.76	\$49.97
1839	Boom Operator	1,534.86	38.37	354.89	44.36
1840	Welfare Worker/Teacher	1,379.36	34.48	318.78	39.85
1841	First Aid	1,113.61	27.84	256.87	32.11
1842	Other Technical Person	1,391.64	34.79	321.63	40.20
1843	Other Stagecraft Person	1,113.61	27.84	256.87	32.11
1844	Script Supervisor#	1,141.67	28.54	296.41	32.93
1850	Teleprompter Operator	1,216.95	30.42	259.24	32.41
1845	Set Designer	1,433.47	35.84	331.28	41.41
1846	Scenic Artist	1,491.53	37.29	344.86	43.11
1899	All Other Classifications	Subject to negotiation		Subject to negotiation	

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the parties will meet to determine the appropriate rate.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

# Script Supervisor Preparation Pay:

60 Minute Program - \$ 870.47

90 Minute Program - \$1,740.94

120 Minute Program - \$2,785.50

Script Supervisors hired on a daily basis shall receive time-and-one-half after six (6) hours.

**MADE FOR TELEVISION LONG-FORM AGREEMENT RATE SCHEDULE  
EFFECTIVE AUGUST 2, 2015 THROUGH JULY 30, 2016**

<b>Long-Form Rates 8/2/15 - 7/30/16</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1801	Art Director - on call	\$2,700.11			
1802	Director of Photography	As negotiated under Local Agreement		As negotiated under Local Agreement	
1803	Camera Operator	1,728.00	\$43.20	\$399.68	\$49.96
1804	First Assistant Camera	1,580.80	39.52	365.52	45.69
1805	Second Assistant Camera	1,433.20	35.83	331.28	41.41
1806	Still Photographer	1,530.00	38.25	353.84	44.23
1847	Film Loader	1,244.40	31.11	287.36	35.92
1807	Construction Coordinator - on call	2,315.12			
1808	Construction Labor			264.56	33.07
1809	Construction Foreman	1,236.80	30.92	285.60	35.70
1810	Key Grip	1,389.20	34.73	320.96	40.12
1811	Best Boy - Grip	1,262.40	31.56	268.64	33.58
1812	Company Grip	1,235.20	30.88	264.56	33.07
1813	Dolly Grip			264.56	33.07
1814	Crafts Service - on call	1,630.68			
1815	Crafts Service	1,065.60	26.64	245.68	30.71
1816	Production Painter	1,389.20	34.73	320.96	40.12
1817	Set Painter			264.56	33.07
1849	Sign Painter			362.00	45.25
1818	Chief Lighting Technician	1,389.20	34.73	320.96	40.12
1819	Assistant Chief Lighting Technician	1,262.40	31.56	268.64	33.58
1821	Electrical Lighting Technician	1,235.20	30.88	264.56	33.07
1822	Chief Rigging Technician	1,262.40	31.56	268.64	33.58
1823	Special Effects	1,389.20	34.73	320.96	40.12
1824	Assistant Special Effects			264.56	33.07
1825	Set Decorator - on call	2,315.12			
1826	Lead Person	1,235.20	30.88	264.56	33.07
1827	Swing Gang			247.04	30.88
1828	Prop Master	1,389.20	34.73	320.96	40.12
1829	Assistant Prop Master	1,164.40	29.11	268.64	33.58
1830	Costume Designer - on call	2,144.12			
1831	Assistant Costume Designer - on call	1,759.02			
1832	Key Costumer	1,153.60	28.84	266.24	33.28
1833	Costumer	1,055.20	26.38	243.44	30.43
1834	Make-Up Department Head	1,462.80	36.57	338.08	42.26
1835	Assistant Make-Up Department Head	1,286.40	32.16	296.96	37.12
1836	Hair Stylist Department Head	1,286.40	32.16	296.96	37.12
1837	Hair Stylist	1,147.20	28.68	264.56	33.07

<b>Long-Form Rates 8/2/15 - 7/30/16</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1838	Sound Mixer	\$1,779.20	\$44.48	\$411.76	\$51.47
1839	Boom Operator	1,580.80	39.52	365.52	45.69
1840	Welfare Worker/Teacher	1,420.40	35.51	328.40	41.05
1841	First Aid	1,147.20	28.68	264.56	33.07
1842	Other Technical Person	1,433.20	35.83	331.28	41.41
1843	Other Stagecraft Person	1,147.20	28.68	264.56	33.07
1844	Script Supervisor#	1,176.00	29.40	305.28	33.92
1850	Teleprompter Operator	1,253.20	31.33	267.04	33.38
1845	Set Designer	1,476.80	36.92	341.20	42.65
1846	Scenic Artist	1,536.40	38.41	355.20	44.40
1899	All Other Classifications	Subject to negotiation		Subject to negotiation	

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the parties will meet to determine the appropriate rate.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

# Script Supervisor Preparation Pay:

60 Minute Program - \$ 896.70

90 Minute Program - \$1,793.40

120 Minute Program - \$2,869.44

Script Supervisors hired on a daily basis shall receive time-and-one-half after six (6) hours.

**MADE FOR TELEVISION LONG-FORM AGREEMENT RATE SCHEDULE  
EFFECTIVE JULY 31, 2016 THROUGH JULY 29, 2017**

<b>Long-Form Rates 7/31/16 - 7/29/17</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1801	Art Director - on call	\$2,781.11			
1802	Director of Photography	As negotiated under Local Agreement		As negotiated under Local Agreement	
1803	Camera Operator	1,780.00	\$44.50	\$411.68	\$51.46
1804	First Assistant Camera	1,628.40	40.71	376.48	47.06
1805	Second Assistant Camera	1,476.00	36.90	341.20	42.65
1806	Still Photographer	1,576.00	39.40	364.48	45.56
1847	Film Loader	1,281.60	32.04	296.00	37.00
1807	Construction Coordinator - on call	2,384.57			
1808	Construction Labor			272.48	34.06
1809	Construction Foreman	1,274.00	31.85	294.16	36.77
1810	Key Grip	1,430.80	35.77	330.56	41.32
1811	Best Boy - Grip	1,300.40	32.51	276.72	34.59
1812	Company Grip	1,272.40	31.81	272.48	34.06
1813	Dolly Grip			272.48	34.06
1814	Crafts Service - on call	1,679.60			
1815	Crafts Service	1,097.60	27.44	253.04	31.63
1816	Production Painter	1,430.80	35.77	330.56	41.32
1817	Set Painter			272.48	34.06
1849	Sign Writer			372.88	46.61
1818	Chief Lighting Technician	1,430.80	35.77	330.56	41.32
1819	Assistant Chief Lighting Technician	1,300.40	32.51	276.72	34.59
1821	Electrical Lighting Technician	1,272.40	31.81	272.48	34.06
1822	Chief Rigging Technician	1,300.40	32.51	276.72	34.59
1823	Special Effects	1,430.80	35.77	330.56	41.32
1824	Assistant Special Effects			272.48	34.06
1825	Set Decorator - on call	2,384.57			
1826	Lead Person	1,272.40	31.81	272.48	34.06
1827	Swing Gang			254.48	31.81
1828	Prop Master	1,430.80	35.77	330.56	41.32
1829	Assistant Prop Master	1,199.20	29.98	276.72	34.59
1830	Costume Designer - on call	2,208.44			
1831	Assistant Costume Designer - on call	1,811.79			
1832	Key Costumer	1,188.40	29.71	274.24	34.28
1833	Costumer	1,086.80	27.17	250.72	31.34
1834	Make-Up Department Head	1,506.80	37.67	348.24	43.53
1835	Assistant Make-Up Department Head	1,324.80	33.12	305.84	38.23
1836	Hair Stylist Department Head	1,324.80	33.12	305.84	38.23
1837	Hair Stylist	1,181.60	29.54	272.48	34.06

<b>Long-Form Rates 7/31/16 - 7/29/17</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1838	Sound Mixer	\$1,832.40	\$45.81	\$424.08	\$53.01
1839	Boom Operator	1,628.40	40.71	376.48	47.06
1840	Welfare Worker/Teacher	1,463.20	36.58	338.24	42.28
1841	First Aid	1,181.60	29.54	272.48	34.06
1842	Other Technical Person	1,476.00	36.90	341.20	42.65
1843	Other Stagecraft Person	1,181.60	29.54	272.48	34.06
1844	Script Supervisor#	1,211.20	30.28	314.46	34.94
1850	Teleprompter Operator	1,290.80	32.27	275.04	34.38
1845	Set Designer	1,521.20	38.03	351.44	43.93
1846	Scenic Artist	1,582.40	39.56	365.84	45.73
1899	All Other Classifications	Subject to negotiation		Subject to negotiation	

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the parties will meet to determine the appropriate rate.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

# Script Supervisor Preparation Pay:

60 Minute Program - \$ 923.54

90 Minute Program - \$1,847.08

120 Minute Program - \$2,955.33

Script Supervisors hired on a daily basis shall receive time-and-one-half after six (6) hours.

**MADE FOR TELEVISION LONG-FORM AGREEMENT RATE SCHEDULE  
EFFECTIVE JULY 30, 2017 THROUGH JULY 31, 2018**

<b>Long-Form Rates 7/30/17 - 7/31/18</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1801	Art Director - on call	\$2,864.54			
1802	Director of Photography	As negotiated under Local Agreement		As negotiated under Local Agreement	
1803	Camera Operator	1,833.60	\$45.84	\$424.00	\$53.00
1804	First Assistant Camera	1,677.20	41.93	387.76	48.47
1805	Second Assistant Camera	1,520.40	38.01	351.44	43.93
1806	Still Photographer	1,623.20	40.58	375.44	46.93
1847	Film Loader	1,320.00	33.00	304.88	38.11
1807	Construction Coordinator - on call	2,456.11			
1808	Construction Labor			280.64	35.08
1809	Construction Foreman	1,312.40	32.81	302.96	37.87
1810	Key Grip	1,473.60	36.84	340.48	42.56
1811	Best Boy - Grip	1,339.60	33.49	285.04	35.63
1812	Company Grip	1,310.40	32.76	280.64	35.08
1813	Dolly Grip			280.64	35.08
1814	Crafts Service - on call	1,729.99			
1815	Crafts Service	1,130.40	28.26	260.64	32.58
1816	Production Painter	1,473.60	36.84	340.48	42.56
1817	Set Painter			280.64	35.08
1849	Sign Writer			384.08	48.01
1818	Chief Lighting Technician	1,473.60	36.84	340.48	42.56
1819	Assistant Chief Lighting Technician	1,339.60	33.49	285.04	35.63
1821	Electrical Lighting Technician	1,310.40	32.76	280.64	35.08
1822	Chief Rigging Technician	1,339.60	33.49	285.04	35.63
1823	Special Effects	1,473.60	36.84	340.48	42.56
1824	Assistant Special Effects			280.64	35.08
1825	Set Decorator - on call	2,456.11			
1826	Lead Person	1,310.40	32.76	280.64	35.08
1827	Swing Gang			262.08	32.76
1828	Prop Master	1,473.60	36.84	340.48	42.56
1829	Assistant Prop Master	1,235.20	30.88	285.04	35.63
1830	Costume Designer - on call	2,274.69			
1831	Assistant Costume Designer - on call	1,866.14			
1832	Key Costumer	1,224.00	30.60	282.48	35.31
1833	Costumer	1,119.60	27.99	258.24	32.28
1834	Make-Up Department Head	1,552.00	38.80	358.72	44.84
1835	Assistant Make-Up Department Head	1,364.40	34.11	315.04	39.38
1836	Hair Stylist Department Head	1,364.40	34.11	315.04	39.38
1837	Hair Stylist	1,217.20	30.43	280.64	35.08

<b>Long-Form Rates 7/30/17 - 7/31/18</b>		<b>Weekly*</b>	<b>Hourly</b>	<b>Daily*</b>	<b>Hourly</b>
1838	Sound Mixer	\$1,887.20	\$47.18	\$436.80	\$54.60
1839	Boom Operator	1,677.20	41.93	387.76	48.47
1840	Welfare Worker/Teacher	1,507.20	37.68	348.40	43.55
1841	First Aid	1,217.20	30.43	280.64	35.08
1842	Other Technical Person	1,520.40	38.01	351.44	43.93
1843	Other Stagecraft Person	1,217.20	30.43	280.64	35.08
1844	Script Supervisor#	1,247.60	31.19	323.91	35.99
1850	Teleprompter Operator	1,329.60	33.24	283.28	35.41
1845	Set Designer	1,566.80	39.17	362.00	45.25
1846	Scenic Artist	1,630.00	40.75	376.80	47.10
1899	All Other Classifications	Subject to negotiation		Subject to negotiation	

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the parties will meet to determine the appropriate rate.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

# Script Supervisor Preparation Pay:

60 Minute Program - \$ 951.30

90 Minute Program - \$1,902.59

120 Minute Program - \$3,044.14

Script Supervisors hired on a daily basis shall receive time-and-one-half after six (6) hours.

**ALLIANCE OF MOTION PICTURE & TELEVISION PRODUCERS**

15301 Ventura Boulevard, Building E, Sherman Oaks, CA 91403

Tel: 818.995.3600 • Fax: 818.285.4450 • www.amtp.org

Carol A. Lombardini  
President

Direct: 818.935.5930

As of August 1, 2012

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Made-For-Home Video Productions**

Dear Matt:

This will memorialize the agreement reached in the 2012 negotiations that a Producer may elect, on a production-by-production basis, to use the terms of either the Long-Form Television Sideletter or the Theatrical Low Budget Agreement for employees employed under the Basic Agreement on made-for-home video productions; provided, however, a Producer electing the Theatrical Low Budget Agreement: (1) shall not be entitled to use the Ultra Low Budget provisions thereof, and, instead, Tier One shall apply to all made-for-home video productions budgeted at \$5 million or under; and (2) shall pay the applicable Production Cities rates to employees represented by Locals 600, 700 and 800, even if those employees are employed outside the Production Cities.

Sincerely,



Carol A. Lombardini

**ACCEPTED AND AGREED:**



Matthew D. Loeb  
International President

**ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS**

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Carol A. Lombardini  
President

Direct: 818.935.5930

As of August 1, 2015

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Productions Made for Basic Cable**

Dear Matt:

The following terms and conditions shall apply to productions made for basic cable:

Employees working on the pilot or first season of any series produced for basic cable shall be subject to the terms and conditions of the Sideletter re Special Conditions for Long-Form Television Motion Pictures. Employees working on the second and subsequent seasons of any such series shall be subject to the terms and conditions of the Sideletter re Special Conditions for One-Half Hour and One-Hour Pilots and One-Hour Episodic Television Series to the Agreement (except that the reference in subparagraph a. of that Sideletter to “the first two (2) production seasons” shall be changed to “the second and third production seasons” and the references in subparagraphs b. and c. of that Sideletter to “the first year” and “the second year” shall be changed to “the second year” and “the third year,” respectively).

Sincerely,



Carol A. Lombardini

**ACCEPTED AND AGREED:**



Matthew D. Loeb  
International President

**ALLIANCE OF MOTION PICTURE & TELEVISION PRODUCERS**

15301 Ventura Boulevard, Building E, Sherman Oaks, CA 91403

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Carol A. Lombardini  
President

Direct: 818.935.5930

As of August 1, 2000  
Revised as of August 1, 2003  
Revised as of August 1, 2006  
Revised as of August 1, 2012

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees  
and Moving Picture Technicians, Artists and Allied  
Crafts of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

Dear Matt:

It is anticipated by the parties:

- (a) that the increased benefits for Active Employees under the defined benefit plan, as set forth in Article XIII(f)(1) of the 2000 Producer–I.A.T.S.E. Basic Agreement, will be funded through future Supplemental Markets contributions;
- (b) that the increased benefits for Active Employees under the defined benefit plan, as set forth in Article XIII(f)(1) of the 2003 Producer–I.A.T.S.E. Basic Agreement shall be funded first through the increased contributions to the defined benefit plan as set forth in Article XIII(b) of the 2003 Producer–I.A.T.S.E. Basic Agreement (*i.e.*, \$.25 per hour effective August 3, 2003; \$.15 per hour effective August 1, 2004 and \$.10 per hour effective July 31, 2005); then, next, through Supplemental Markets contributions;
- (c) that the increased benefits for Active Employees under the defined benefit plan as set forth in Article XIII(f)(1) of the 2006 Producer–I.A.T.S.E. Basic Agreement shall be funded first through the increased contribution to the defined benefit plan as set forth in Article XIII(b) of the 2006 Producer–I.A.T.S.E. Basic Agreement (*i.e.*, \$.25 per hour effective July 30, 2006); then, next through Supplemental Markets contributions; increase in each year of the Agreement); then, next through Supplemental Markets contributions.

Matthew D. Loeb

As of August 1, 2000; Revised as of August 1, 2003;

Revised as of August 1, 2006; Revised as of August 1, 2012

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If, in the future, such monies (but as to Supplemental Markets monies, only those in excess of the amounts needed to maintain benefits under the Active Employees Fund and a six (6) month reserve) are not sufficient to fund these benefit increases, then the continued funding of such increases shall be provided by Post '60s monies as set forth in Article XIX(b)(1)(v) of the 2012 Producer-I.A.T.S.E. Basic Agreement.

In any event, it is understood that no additional contributions shall be required of the Producers to fund the increased benefits described in Article XIII(f)(1) of the 2000, 2003 and 2006 Producer-I.A.T.S.E. Basic Agreements.

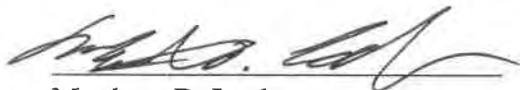
Please signify your concurrence with the foregoing by executing this letter in the space reserved for your signature and returning same to me.

Sincerely,



Carol A. Lombardini

**ACCEPTED AND AGREED:**



Matthew D. Loeb

International President, IATSE

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Revised as of August 1, 2015

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Productions Made for New Media**

Dear Matt:

This Sideletter to the Producer – IATSE Basic Agreement of 2015<sup>1</sup> confirms the understanding of the International Alliance of Theatrical Stage Employees (hereinafter “the IATSE”), on behalf of itself and its West Coast Studio Local Unions, on the one hand, and the Alliance of Motion Picture and Television Producers, on behalf of the Producers it represented in the negotiations for a successor agreement to the 2012 Producer – IATSE Basic Agreement (hereinafter collectively “the parties”), concerning the terms and conditions applicable to the production of entertainment motion pictures of the type that have traditionally been covered under the Producer – IATSE Basic Agreement (hereinafter “the Basic Agreement”)<sup>2</sup> that are made for the Internet, mobile devices, or any other new media platform in existence as of August 1, 2009 (hereinafter collectively referred to as “New Media”).<sup>3</sup> With respect to such productions intended for initial use in new media, the parties agree as follows:

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<sup>1</sup> For convenience only, and without intending to change the meaning or effect of or alter the interpretation of this Sideletter to the Basic Agreement, the parties agree to reprint this Sideletter in the West Coast Studio Local Agreements.

<sup>2</sup> Such entertainment motion pictures do not include non-dramatic programs and non-prime time dramatic programs which are instead covered under the Producer – I.A.T.S.E. Videotape Electronics Supplemental Basic Agreement (hereinafter “the Videotape Agreement”).

<sup>3</sup> This Sideletter applies to the production of certain types of programs intended for initial use in New Media and does not cover work involved in the selection of content for, design or management of any website or any other New Media platform on which productions made for New Media appear.

The parties mutually recognize that the economics of New Media production are presently uncertain and that greater flexibility in terms and conditions of employment is therefore mutually beneficial. If one or more business models develop such that New Media production becomes an economically viable medium, then the parties mutually recognize that future agreements should reflect that fact.

**A. Recognition**

The Producer recognizes the IATSE as the exclusive bargaining representative of employees employed in the job classifications covered by the West Coast Studio Local Agreements (hereinafter “the West Coast Studio Local Agreements”) within the geographic scope of the applicable West Coast Studio Local Agreement on entertainment motion pictures of the type traditionally covered under the Basic Agreement, other than those covered under the Videotape Agreement, which are intended for initial exhibition in New Media, but excluding news, sports, documentaries and “Experimental New Media Productions,” as that term is defined below.

**B. Coverage**

Coverage shall be at the Producer’s option with respect to “Experimental New Media Productions.” Should the Producer elect to cover an Experimental New Media Production, the terms and conditions applicable to employment on Original New Media Productions, as set forth in Paragraph D. below, shall apply.

An “Experimental New Media Production” is defined as any Original New Media Production: (1) for which the actual cost of production does not exceed: (a) \$15,000 per minute of program material as exhibited, and (b) \$300,000 per single production as exhibited, and (c) \$500,000 per series of programs produced for a single order; and (2) on which fewer than four (4) employees as hereinafter described are working in job classifications covered by, and within the geographic scope of, an industry-wide agreement between Employers and the IATSE, or a Local thereof, which agreement covers television productions as well as productions made for new media. With respect to any employee working within the geographic scope of the Basic or Videotape Agreement, such employees shall include any person listed on the Industry Experience Roster established by the Basic Agreement, or on the New Media Roster established pursuant to Paragraph E.(3) below of this Sideletter, or in the case of employees working in classifications with no Roster, any person who has thirty (30) or more days of work experience within the last three (3) years, either alone or in combination, under the West Coast Studio Local Agreement covering that classification, the

Videotape Agreement, or on New Media productions covered under this Sideletter or the corresponding Sideletter in the Videotape Agreement.<sup>4</sup> With respect to any employee working in the respective classifications and geographic scope of any other industry-wide Agreement described in the first sentence of this paragraph, such employees shall include any person who has thirty (30) or more days of work experience within the last three (3) years under any such Agreement and/or on New Media productions covered under any such Agreement.<sup>5</sup> Notwithstanding the preceding two sentences, in determining whether fewer than four (4) such employees are employed on the production, the following employees shall not be counted: employees not specifically charged to the production or who are included in general overhead; projectionists and in-house publicists (but not unit publicists); and employees engaged in post-production or distribution functions, including, but not limited to, editing and looping, regardless of where or when those functions are performed, but excluding the editor, provided that such editor is working in conjunction with the shooting company.

The actual cost of the Experimental New Media Production shall consist of all direct costs actually incurred in connection with the Production. The only costs excluded in determining the actual cost of production shall be development costs, overhead charges, financing costs (*i.e.*, loan origination fees, gap fees, legal fees and interest), contingency of up to ten percent (10%), essential elements insurance costs, the cost of the completion bond, marketing expenses, contingent payments to talent or other parties which are based on the proceeds derived from the exploitation of the Production and received after recoupment of the negative cost, and delivery items required by sales agents, distributors or sub-distributors (*i.e.*, delivery materials beyond the answer print, NTSC Video Master if the Production is delivered on videotape, or the digital equivalent if the Production is delivered in a digital format).

If the Producer began production of an “Experimental New Media Production” which the Producer elected not to cover under the terms of this Sideletter, but subsequently employs four (4) or more employees on the production in job classifications covered by, and within the geographic scope of, an industry-wide collective bargaining agreement which meets the description in the first sentence of the second paragraph of this Paragraph B., and such employees meet the description in either the second or third sentence of the second paragraph of this Paragraph B., and are not excluded pursuant to the fourth sentence of said paragraph, then said production shall automatically be deemed covered hereunder,

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<sup>4,5</sup> The Producer shall be entitled to rely on the representation of the employee as to whether he or she meets the “thirty (30) or more days of work experience within the last three (3) years” requirement.

starting from the first day on which at least four (4) or more such employees are so employed on the production and continuing until the production is finished.

Producer shall use reasonable efforts to notify the IATSE that it intends to cover an “Experimental New Media Production” by the start of principal photography.

**C. Terms and Conditions of Employment on Derivative New Media Productions (Other than a Derivative High Budget New Media Production Made for Initial Exhibition on a Subscription Video-On-Demand Consumer Pay Platform (“High Budget SVOD Program”))**

A “Derivative New Media Production” is a production made for New Media based on an existing television motion picture covered by the Basic Agreement, other than a non-dramatic or non-prime time dramatic program covered under the Videotape Agreement, that was produced for “traditional” media – *e.g.*, a free television, basic cable or pay television motion picture (“the source production”) – and is otherwise included among the types of motion pictures traditionally covered by the Basic Agreement, but is not a non-dramatic program or non-prime time dramatic program covered under the Videotape Agreement.

Employees may be employed by a Producer and assigned to a Derivative New Media Production as part of their regular workday on the source production. The work for the Derivative Production shall be considered part of the workday for the employees on the source production and shall trigger overtime if work on the Derivative Production extends the workday on the source production past the point at which overtime would normally be triggered on the source production. All other terms and conditions, including benefits, shall continue as if the employee were continuing to work on the source production.

In all other situations, terms and conditions of employment for a Derivative New Media Production (other than a derivative High Budget SVOD Program, the terms and conditions of employment for which are provided in Paragraph G.) are freely negotiable between the employee and the Producer, except for those provisions identified in Paragraph E. below which shall be automatically applicable to employees.

**D. Terms and Conditions of Employment on Original New Media Productions (Other than an Original “High Budget SVOD Program”)**

Terms and conditions of employment on Original New Media Productions (other than an Original “High Budget SVOD Program” as defined in Paragraph G. below) are freely negotiable between the employee and the Producer, except for

those provisions identified in Paragraph E. below which shall be automatically applicable to employees.

**E. Other Provisions for New Media Productions (Other than a “High Budget SVOD Program”)**

(1) Union Security

The provisions of Article II, “Union Security,” of the Basic Agreement shall apply to New Media Productions, except that the requirement to become a member in good standing of the Union shall not apply until an individual has been employed for at least thirty (30) workdays on New Media Productions covered under this Sideletter, or for a combined total of thirty (30) workdays on New Media Productions covered under this Sideletter and on motion pictures of the type traditionally covered under the Basic Agreement.

The Union acknowledges and agrees that the obligations set forth in subparagraph (c) of Article II apply only to newly-hired employees who are not members of the IATSE or the applicable Local Union hereunder.

(2) Pension, Health and Individual Account Plans

On covered New Media Productions budgeted at \$25,000 or less per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), Producer’s only obligation hereunder shall be to make contributions to the Active Health Fund, as required by Article XII of the Basic Agreement, and to the Retired Employees Fund, as required by Article XIV of the Basic Agreement, on behalf of each employee employed under the terms of this Sideletter.

On New Media Productions budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), or when employees are assigned by the Producer to a Derivative New Media Production as part of their regular workday on the source production, Producer shall be obligated to make pension, health and Individual Account Plan contributions in accordance with the provisions of Articles XII, XIII, XIII.A. and XIV of the Basic Agreement.

(3) Preference of Employment/Industry Experience Roster/New Media Roster

There shall be no preference of employment of any kind or nature in the employment of employees on New Media Productions hereunder. The provisions of the Basic Agreement relating to Preference of Employment and to the Industry Experience Roster shall not be applicable to New Media Productions, except to the extent provided below. An employee need not be on the Industry Experience Roster, nor on the New Media Roster described below, in order to be employed on a New Media Production.

Work on New Media Productions in job classifications covered by and within the geographic scope of a West Coast Studio Local Agreement for which the same work, if performed in connection with a theatrical or television motion picture, would qualify for placement on the Local's Industry Experience Roster, shall be counted for purposes of placement on a New Media Roster to be established by the parties. Any individual with thirty (30) days of such work experience shall be added to such New Media Roster. If an individual has worked in more than one classification on a single New Media Production, the Producer of such New Media Production shall identify the employee's primary skill for purposes of determining the classification to which such person's workdays shall be credited for purposes of placement on the New Media Roster.

Each applicant for placement on the New Media Roster shall have the burden of establishing his or her eligibility. The applicant must file an application with Contract Services Administration Trust Fund ("CSATF") within six (6) months after the completion of the work experience required for eligibility. Such application must be perfected no later than one (1) year following the date of the last work day to be considered as qualifying experience. Such application shall be subject to appropriate verification by CSATF. The applicant shall provide I-9 information to CSATF as a condition of placement on the New Media Roster.

Notwithstanding the foregoing, any individual on the New Media Roster as of August 1, 2015 shall be transferred to the Industry Experience Roster on that date, provided that he has satisfied any licensing, testing and training requirements for the roster classification(s) in which he is to be placed. Any person placed on the New Media Roster after August 1, 2015 who works an additional one hundred twenty (120) days on New Media Productions covered under this Sideletter, or a combined total of one

hundred twenty (120) days on New Media Productions covered under this Sideletter and on motion pictures of the type traditionally covered under the Basic or Videotape Agreement, in the same classification in which he/she is listed on the New Media Roster following placement thereon shall be entitled to be transferred to the Industry Experience Roster in that classification.

(4) Grievance and Arbitration

Any dispute with regard to wages, hours of employment or working conditions concerning an employee employed by Producer under the terms of this Sideletter shall be resolved in accordance with the grievance and arbitration procedure set forth in Article XXXII of the Basic Agreement, except that references therein to “the Local Union” shall be replaced with “the IATSE” and the provisions with respect to the Step Two Conciliation Committee shall be deleted.

(5) Staffing

It is expressly understood and agreed that there shall be no staffing requirements on productions made for New Media and that there will be full interchange of job functions among employees, so that a single employee may be required to perform the functions of multiple job classifications covered hereunder.

(6) No Strike, No Lockout

During the term of this Agreement, the Union agrees not to engage in any strike, sympathy strike or work stoppage against the Producer. The Producer agrees not to engage in any lockout of its employees employed hereunder during the term of this Agreement.

(7) Sick Leave

The provisions of Articles XLV (“California Sick Leave”) and XLVI (“Waiver of New York City Earned Sick Time Act and Similar Laws”) of the Basic Agreement shall apply to New Media Productions covered under this Sideletter.

(8) No Other Terms Applicable

Except as expressly provided in this Sideletter, no other terms and conditions shall be applicable to employees employed on New Media Productions.

**F. Reuse of New Media Programs (Other than a “High Budget SVOD Program”)**

Only those covered New Media Productions (other than High Budget SVOD Programs) on which two (2) or more “employees employed by the Producer under the Basic Agreement,” as that term is used in Article XIX(a) and in Article XXVIII(a)(2) of the Basic Agreement,<sup>6</sup> shall generate residual payments and then only in accordance with the following:

(1) Reuse in New Media

- (a) The Producer shall have the right to use an Original New Media Production budgeted at \$25,000 or less per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) on any new media platform without limitation as to time, and without payment of residuals.
- (b) The Producer shall have the right to use an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production without the payment of residuals under the following circumstances:
  - (i) When such New Media Production is used on any free-to-the-consumer, advertiser-supported platform; and

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<sup>6</sup> It is understood and agreed that any employee employed under the terms of the corresponding “Productions Made for New Media” Sideletter in either the Local #52 Agreement or in the Local #161 Agreement shall not be considered an “employee employed by Producer under the Basic Agreement” for purposes of Paragraph F. of this Sideletter.

- (ii) When such New Media Production is first released on a consumer pay platform (*i.e.*, download-to-rent, download-to-own or paid streaming), even if it is subsequently released on a free-to-the-consumer advertiser-supported platform.
- (c) If an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production is initially released on a free-to-the-consumer, advertiser-supported platform and is subsequently released on consumer pay platforms (*i.e.*, download-to-own, download to rent or paid streaming), then Producer shall have a twenty-six (26) consecutive week period of use on consumer pay platforms, commencing with the first day of use on consumer pay platforms, without the payment of residuals. If the Producer uses the New Media Production on consumer pay platforms beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of “Producer’s gross,” as that term is defined in Paragraph 3 of the “Sideletter re Exhibition of Motion Pictures Transmitted via New Media,” attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period.
- (d) If an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production is initially released simultaneously on free-to-the-consumer, advertiser-supported platforms and to consumer pay platforms (*i.e.*, download-to-own, download-to-rent or paid streaming), then Producer shall have a twenty-six (26) consecutive week period of use on consumer pay platforms, commencing with the first day of use on consumer pay platforms, without the payment of residuals. If the Producer uses the New Media Production on consumer pay platforms beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of the “Producer’s gross,” as that term is defined in Paragraph 3 of the

“Sideletter re Exhibition of Motion Pictures Transmitted via New Media,” realized from any subsequent license which includes use on consumer pay platforms, which “gross” is attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period, measured from the first day of use on consumer pay platforms under the first license.

(2) Reuse in Traditional Media

The applicable provisions of Article XXVIII with respect to exhibition on “pay television,” as that term is defined in Article XXVIII(a)(3)(ii) of the Basic Agreement, shall apply when a covered New Media Production is exhibited on pay television. The applicable provisions of Article XXVIII with respect to exhibition on “cassettes,” as that term is defined in Article XXVIII(a)(3)(i), shall apply when a covered New Media Production is exhibited on videocassettes or DVDs.

(3) General

It is understood that the tests for triggering Post ‘60s and Supplemental Markets payments set forth in Article XIX and XXVIII of the Basic Agreement, including the understandings set forth in subparagraph (g) of those Articles, and the proration provisions in those Articles, shall also apply to residual payments due under the terms of this Sideletter. Residual payments due under this Sideletter shall be prorated in the same manner as are Supplemental Market monies under Article XXVIII of the Basic Agreement.

**G. High Budget Derivative and Original Dramatic New Media Productions Made for Initial Exhibition on a Subscription Video-on-Demand Consumer Pay Platform**

(1) Prospective Application

The terms and conditions set forth in this Paragraph G. shall be applicable prospectively only. They shall not apply to:

- (a) any program or series that would otherwise qualify as a “High Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program, in the case of a one-time program, or the principal photography of the first episode, in the case of a series, commenced prior to November 1, 2015; or

- (b) any program or series that would otherwise qualify as a “High Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program or the first episode of the series commenced after November 1, 2015, if such program or series was produced pursuant to the terms of a *bona fide* license agreement with fixed and definite terms entered into by the Producer prior to November 1, 2015.

However, if such license agreement is entered into subject to conditions precedent, then all such conditions must be satisfied prior to November 1, 2015.

Any program or series described in subparagraphs (a) or (b) above shall continue to be subject to the terms of Sideletter Re: Productions Made for New Media under the 2012 IATSE Basic Agreement. However, with respect to any such program or series described in subparagraphs (a) or (b) above, if the licensee orders additional programs or episodes pursuant to the terms of the license agreement after November 1, 2015 and the Producer has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then such additional programs or episodes shall be subject to the terms of this Sideletter.

Notwithstanding the foregoing, the Producer shall not reduce the terms and conditions of employment previously provided to IATSE-represented employees on programs or series covered by subparagraphs (a) or (b) above.

(2) **High Budget SVOD Programs Defined**

The terms and conditions set forth in Paragraph G. of this Sideletter shall be applicable only to original and derivative dramatic new media productions made for initial exhibition on a subscription video-on-demand consumer pay platform which meet the following “high budget” criteria (hereinafter “**High Budget SVOD Programs**”):

<b><u>Length of Program as Initially Exhibited*</u></b>	<b><u>“High Budget” Threshold</u></b>
20-35 Minutes	\$1,300,000 and above
36-65 Minutes	\$2,500,000 and above
66 Minutes or more	\$3,000,000 and above

\* Programs less than 20 minutes are not considered “high budget” for the purpose of this Sideletter, regardless of their budgets.

(3) **Tier 1 and Tier 2 Defined**

For purposes of Paragraph G.(4) below, Tier 1 and Tier 2 shall be defined as follows:

<b>Program Length</b>	<b>Budget Tier</b>
20-35 Minutes	Tier 1: \$2,000,000 or more (\$2,100,000 or more effective August 1, 2017)
	Tier 2: \$1,300,000 or more but less than \$2,000,000 (\$2,100,000 effective August 1, 2017)
36-65 Minutes	Tier 1: \$3,700,000 or more (\$3,800,000 or more effective August 1, 2017)
	Tier 2: \$2,500,000 or more but less than \$3,700,000 (\$3,800,000 effective August 1, 2017)
66-95 Minutes	Tier 1: \$4,000,000 or more
	Tier 2: \$3,000,000 or more but less than \$4,000,000

Program Length	Budget Tier
96 Minutes or more	Tier 1: \$4,500,000 (plus \$2,250,000 for each additional 35 minutes or portion thereof) or more
	Tier 2: \$3,000,000 or more but less than \$4,500,000 (plus \$2,250,000 for each additional 35 minutes or portion thereof)

**(4) Terms and Conditions**

- (a) The terms and conditions applicable to a High Budget SVOD Program in Tier 1, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 15 million or more subscribers in the United States and Canada, regardless of where such High Budget SVOD Program is produced, shall be as provided in the 2015 IATSE Basic Agreement and the West Coast Studio Local Agreements, for a program produced for free television, except that:
  - (i) The Sideletter re Special Conditions for One-Half Hour and One-Hour Pilots and One-Hour Episodic Television Series shall apply to a High Budget SVOD pilot or series that is fewer than 66 minutes in length, as if it were a “one-hour pilot” or a “one-hour episodic television series” and regardless of where such High Budget SVOD Programs are produced.
  - (ii) For High Budget SVOD Programs that are 66 minutes or more in length, the Sideletter re Special Conditions for Long-Form Television Motion Pictures (Including Movies-of-the-Week, Mini-Series and Two (2) Hour Pilots for Which No Commitment for a Series Exists at the Time of the Pilot Order) to the Basic Agreement shall apply as if such High Budget SVOD Program were a “long-form television motion picture” or a “made-for-television long-form project,” regardless of where such High Budget SVOD Programs are produced. References to a “two hour pilot” in the Sideletter shall mean a High Budget SVOD pilot that is 96 minutes or more in length.

- (iii) Post-production employees employed on a one-time High Budget SVOD Program, High Budget SVOD pilot and the first and second season of a High Budget SVOD series shall be paid at the wage rates set forth in the Local #700 (Majors) Agreement, including the Amendment Agreement if applicable, for the period immediately preceding the period in question (*e.g.*, during the period July 30, 2017 to July 31, 2018, the wage rates for the period July 31, 2016 to July 29, 2017 shall apply).
  - (iv) Daily overtime for hours worked shall be paid at the rate of time-and-one-half for each hour worked after eight (8) work hours, except as otherwise provided in a Local Agreement; golden hours, when applicable, shall be paid for each hour worked after twelve (12) work hours, except that on “bus to” and distant locations, golden hours shall be paid after fourteen (14) elapsed hours.
- (b) The terms and conditions applicable to High Budget SVOD Programs in Tier 2, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 15 million or more subscribers in the United States and Canada, or for High Budget SVOD Programs that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with fewer than 15 million subscribers in the United States and Canada, regardless of where such High Budget SVOD Programs are produced, shall be as set forth in the Sideletter re Productions Made for Basic Cable as if such High Budget SVOD Program were a pilot or episode of a series produced for basic cable, subject to the following modifications:
- (i) Post-production employees employed on a High Budget SVOD Program, High Budget SVOD pilot and the first season of a High Budget SVOD series shall be paid at the rates set forth in Exhibit 1 to this Sideletter; post-production employees employed on the second and third seasons of a High Budget SVOD series shall be paid at the rates set forth in the Local #700 (Majors) Agreement, including the Amendment Agreement, if applicable, for the period immediately preceding the period in question (*e.g.*, during the period July 30, 2017 to July 31, 2018, the wage

rates for the period July 31, 2016 to July 29, 2017 shall apply).

- (ii) Daily overtime for hours worked shall be paid at the rate of time-and-one-half for each hour worked after eight (8) work hours, except as otherwise provided in a Local Agreement; golden hours, when applicable, shall be paid for each hour worked after twelve (12) work hours, except that on “bus to” and distant locations, golden hours shall be paid after fourteen (14) elapsed hours.
- (c) Preference of employment under the provisions of Paragraph 68 of the West Coast Studio Local Agreements shall apply on a High Budget SVOD Program to the same extent required on a free television motion picture. Persons on the New Media Roster shall have equal preference with those listed in the same classification on the Industry Experience Roster. Days worked on a High Budget SVOD Program shall count towards placement on the Industry Experience Roster and the New Media Roster.
- (d) Paragraph E.(6) of this Sideletter shall apply.
- (e) The second paragraph of Paragraph C. shall apply to any High Budget SVOD Program that is a Derivative New Media Production.

**(5) Reuse**

Only those covered High Budget SVOD Programs on which two (2) or more “employees employed by the Producer under the Basic Agreement,” as that term is used in Article XIX(a) and in Article XXVIII(a)(2) of the Basic Agreement,<sup>7</sup> shall generate residual payments and then only in accordance with the following:

- (a) Except as provided in subparagraph (c) below, the Producer shall have the right to use a High Budget SVOD Program on any consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is

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<sup>7</sup> It is understood and agreed that any employee employed under the terms of the corresponding “Productions Made for New Media” Sideletter in either the Local #52 Agreement or in the Local #161 Agreement shall not be considered an “employee employed under the Basic Agreement” for purposes of Paragraph G.(5) of this Sideletter.

related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited) without payment of residuals.

- (b) Except as provided in subparagraph (c) below, Producer shall have the right to use a High Budget SVOD Program on any free-to-the-consumer, advertiser-supported platform without payment of residuals.
- (c) If a High Budget SVOD Program is initially exhibited simultaneously on a free-to-the-consumer, advertiser-supported platform and the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited), then Producer shall have a twenty-six (26) consecutive week period of use on the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited), commencing with the first day of use on the subscription video-on-demand consumer pay platform, without the payment of residuals.

If the Producer uses the High Budget SVOD Program on a consumer pay platform beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of the "Producer's gross," as that term is defined in Paragraph 3 of the "Sideletter re Exhibition of Motion Pictures Transmitted Via New Media," realized from any subsequent license which includes use on consumer pay platforms, which "gross" is attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period, measured from the first day of use on the subscription video-on-demand consumer pay platform under the first license.

Notwithstanding the foregoing, Producer shall have the right to exhibit a High Budget SVOD Program (including any one-time program or the first three (3) episodes of a new series) simultaneously on a free-to-the-consumer, advertiser-supported platform and the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription

video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited) for a period of seven (7) consecutive days for the purpose of promoting the High Budget SVOD Program, without triggering payment of residuals as provided in the preceding paragraph.

- (d) Paragraph F.(2) of this Sideletter regarding reuse of New Media productions in traditional media shall apply to High Budget SVOD Programs.
- (e) Paragraph F.(3) of this Sideletter regarding the tests for triggering Supplemental Markets payments and the proration provisions in XXVIII of the Basic Agreement shall apply to residual payments due under this Paragraph F.(5).

**H.** Representatives of the IATSE shall have the right to review the budget of a covered new media production solely for the purpose of determining whether the covered new media production falls within the definition of a High Budget SVOD Program, and, if so, whether the production meets the budget break in Tier 1 or Tier 2 as set forth in Paragraph G.(3) above. Producer agrees to cooperate and provide requested relevant additional information about the budget that is reasonably available to it. All information received or reviewed by representatives of the IATSE shall be kept confidential, and neither the IATSE nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

**I. “Sunset” Clause**

The parties recognize that these provisions are being negotiated at a time when the business models and patterns of usage of productions in New Media are in the process of exploration, experimentation and innovation. Therefore, except as provided in the next paragraph, the provisions of this Sideletter shall expire on the termination date of the Basic Agreement and will be of no force and effect thereafter. No later than sixty (60) days before that expiration date, the parties will meet to negotiate new terms and conditions for reuse of productions made for New Media.

The terms and conditions herein applicable to High Budget SVOD Programs shall apply and remain in full force and effect, and without change, to High Budget SVOD Programs produced by the Producer hereunder, regardless of the terms or provisions of any agreement which is a modification, extension or renewal of, or substitution for, this Sideletter.

The parties further acknowledge that conditions in this area are changing rapidly and that the negotiation for the successor agreement will be based on the conditions that exist and reasonably can be forecast at that time.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol A. Lombardini", written over a horizontal line.

Carol A. Lombardini

**ACCEPTED AND AGREED:**

A handwritten signature in black ink, appearing to read "Matthew D. Loeb", written over a horizontal line.

Matthew D. Loeb  
International President

**EXHIBIT 1  
LOCAL #700 RATE SCHEDULE  
HIGH BUDGET SVOD PROGRAMS**

1. Local #700 (Editors) Agreements (Majors and Independents)

<b>Effective on August 1, 2015 only</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,615.13	\$46.26 (\$370.08/day)
Sound Effects Editor Z-5cc	1,577.60 (\$39.44/hr.)	39.45 ( 315.60/day)**
Foley Artist Z-11cc	1,577.60 ( 39.44/hr.)	39.45 ( 315.60/day)**
Music Film Editor Z-5ff	1,577.60 ( 39.44/hr.)	39.45 ( 315.60/day)**
Asst. Editor Z-6c	1,297.20 ( 32.43/hr.)	32.45 ( 259.60/day)
Apprentice Z-7	1,150.00 ( 28.75/hr.)	28.74 ( 229.92/day)

<b>Effective August 2, 2015 - July 30, 2016</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,693.58	\$47.65 (\$381.20/day)
Sound Effects Editor Z-5cc	1,624.80 (\$40.62/hr.)	40.63 ( 325.04/day)**
Foley Artist Z-11cc	1,624.80 ( 40.62/hr.)	40.63 ( 325.04/day)**
Music Film Editor Z-5ff	1,624.80 ( 40.62/hr.)	40.63 ( 325.04/day)**
Asst. Editor Z-6c	1,336.00 ( 33.40/hr.)	33.42 ( 267.36/day)
Apprentice Z-7	1,184.40 ( 29.61/hr.)	29.60 ( 236.60/day)

<b>Effective July 31, 2016 - July 29, 2017</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,774.39	\$49.08 (\$392.64/day)
Sound Effects Editor Z-5cc	1,673.60 (\$41.84/hr.)	41.85 ( 334.80/day)**
Foley Artist Z-11cc	1,673.60 ( 41.84/hr.)	41.85 ( 334.80/day)**
Music Film Editor Z-5ff	1,673.60 ( 41.84/hr.)	41.85 ( 334.80/day)**
Asst. Editor Z-6c	1,376.00 ( 34.40/hr.)	34.42 ( 275.36/day)
Apprentice Z-7	1,220.00 ( 30.50/hr.)	30.49 ( 243.92/day)

<b>Effective July 30, 2017 - July 31, 2018</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,857.62	\$50.55 (\$404.40/day)
Sound Effects Editor Z-5cc	1,724.00 (\$43.10/hr.)	43.11 ( 344.88/day)**
Foley Artist Z-11cc	1,724.00 ( 43.10/hr.)	43.11 ( 344.88/day)**
Music Film Editor Z-5ff	1,724.00 ( 43.10/hr.)	43.11 ( 344.88/day)**
Asst. Editor Z-6c	1,417.20 ( 35.43/hr.)	35.45 ( 283.60/day)
Apprentice Z-7	1,256.80 ( 31.42/hr.)	31.40 ( 251.20/day)

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the employee's rate may be individually negotiated.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

\*\* Employees may be employed on a daily basis as a Sound Effects Editor, Foley Artist or Music Film Editor under the Local #700 (Editors) Agreements (Majors and Independents) in the following circumstances: for the purpose of replacing employees who are given time off pursuant to Paragraph 7.1 of the Agreement, for work on screen tests or for additional work to be performed after the final dub. In the latter case, employment shall first be offered to the individual(s) who performed work during the regular post-production period in the job classification(s) in which the additional work is to be performed. If such individual(s) accepts the offer of employment, he (they) shall be paid at the rate under which he (they) was (were) formerly employed. Such employees may also be employed on a daily basis for electronic sound editing on motion pictures other than theatrical motion pictures, but such daily schedule employment shall not be used for the purpose of avoiding premium pay for the sixth or seventh day worked in an employee's workweek. In addition, Assistant Editors and Librarians may be employed on a daily basis due to temporary increases in workload (including temp dubs).

Except as provided above, employment on a daily basis shall be on an emergency basis only. The Producer shall immediately notify the Union of its intention to employ such employees on a daily basis in an emergency and state the emergency purpose for which the employee will be employed on a daily basis.

2. **Local #700 (Editors) Amendment Agreement (New York-Based Productions Within 250 Miles of Columbus Circle, New York)**

<b>Effective on August 1, 2015 only</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,359.16 ( \$58.98/hr.)	\$73.72 ( \$589.79/day)
Sound Effects Editor	2,158.05 ( 53.95/hr.)	67.44 ( 539.51/day)
Foley Artist	2,158.05 ( 53.95/hr.)	67.44 ( 539.51/day)
Music Film Editor	2,158.05 ( 53.95/hr.)	67.44 ( 539.51/day)
Asst. Editor	1,384.48 ( 34.61/hr.)	43.27 ( 346.12/day)
Editing Room Assistant	771.99 ( 19.30/hr.)	24.13 ( 193.00/day)

<b>Effective August 2, 2015 - July 30, 2016</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,430.00 ( \$60.75/hr.)	\$75.93 ( \$607.44/day)
Sound Effects Editor	2,222.80 ( 55.57/hr.)	69.46 ( 555.68/day)
Foley Artist	2,222.80 ( 55.57/hr.)	69.46 ( 555.68/day)
Music Film Editor	2,222.80 ( 55.57/hr.)	69.46 ( 555.68/day)
Asst. Editor	1,426.00 ( 35.65/hr.)	44.57 ( 356.56/day)
Editing Room Assistant	795.20 ( 19.88/hr.)	24.85 ( 198.80/day)

<b>Effective July 31, 2016 - July 29, 2017</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,502.80 ( \$62.57/hr.)	\$78.21 ( \$625.68/day)
Sound Effects Editor	2,289.60 ( 57.24/hr.)	71.54 ( 572.32/day)
Foley Artist	2,289.60 ( 57.24/hr.)	71.54 ( 572.32/day)
Music Film Editor	2,289.60 ( 57.24/hr.)	71.54 ( 572.32/day)
Asst. Editor	1,468.80 ( 36.72/hr.)	45.91 ( 367.28/day)
Editing Room Assistant	819.20 ( 20.48/hr.)	25.60 ( 204.80/day)

<b>Effective July 30, 2017 - July 31, 2018</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,578.00 (\$64.45/hr.)	\$80.56 (\$644.48/day)
Sound Effects Editor	2,358.40 ( 58.96/hr.)	73.69 ( 589.52/day)
Foley Artist	2,358.40 ( 58.96/hr.)	73.69 ( 589.52/day)
Music Film Editor	2,358.40 ( 58.96/hr.)	73.69 ( 589.52/day)
Asst. Editor	1,512.80 ( 37.82/hr.)	47.29 ( 378.32/day)
Editing Room Assistant	843.60 ( 21.09/hr.)	26.37 ( 210.96/day)

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the employee's rate may be individually negotiated.

\*Weekly rates are for 40 hours of work. Daily rates are for 8 hours of work.

3. **Local #700 (Editors) Amendment Agreement (Third Area)**

<b>Effective on August 1, 2015 only</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,523.60	N/A
Sound Effects Editor Z-5cc	1,360.64 (\$34.02/hr.)	\$39.67 (\$317.36/day)
Foley Artist Z-11cc	1,360.64 ( 34.02/hr.)	39.67 ( 317.36/day)
Music Film Editor Z-5ff	1,360.64 ( 34.02/hr.)	39.67 ( 317.36/day)
Asst. Editor Z-6c	1,257.30 ( 31.43/hr.)	32.70 ( 261.60/day)
Apprentice Z-7	1,056.52 ( 26.41/hr.)	27.43 ( 219.44/day)

<b>Effective August 2, 2015 - July 30, 2016</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,599.31	N/A
Sound Effects Editor Z-5cc	1,401.60 (\$35.04/hr.)	\$40.86 (\$326.88/day)
Foley Artist Z-11cc	1,401.60 ( 35.04/hr.)	40.86 ( 326.88/day)
Music Film Editor Z-5ff	1,401.60 ( 35.04/hr.)	40.86 ( 326.88/day)
Asst. Editor Z-6c	1,294.80 ( 32.37/hr.)	33.68 ( 269.44/day)
Apprentice Z-7	1,088.00 ( 27.20/hr.)	28.25 ( 226.00/day)

<b>Effective July 31, 2016 - July 29, 2017</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,677.29	N/A
Sound Effects Editor Z-5cc	1,443.60 (\$36.09/hr.)	\$42.09 (\$336.72/day)
Foley Artist Z-11cc	1,443.60 ( 36.09/hr.)	42.09 ( 336.72/day)
Music Film Editor Z-5ff	1,443.60 ( 36.09/hr.)	42.09 ( 336.72/day)
Asst. Editor Z-6c	1,333.60 ( 33.34/hr.)	34.69 ( 277.52/day)
Apprentice Z-7	1,120.80 ( 28.02/hr.)	29.10 ( 232.80/day)



**ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS**

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Carol A. Lombardini  
President

Direct: 818.935.5930

Revised as of August 1, 2015

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25th Street, 4th Floor  
New York, New York 10001

**Re: Exhibition of Motion Pictures Transmitted Via New Media**

Dear Matt:

This Sideletter confirms the understanding of the International Alliance of Theatrical Stage Employees (“the Union”) and the Alliance of Motion Picture and Television Producers, on behalf of the Producers it represented in negotiations for a successor agreement to the 2012 Producer – IATSE Basic Agreement (collectively “the parties”), concerning the application of the 2015 Producer – IATSE Basic Agreement (hereinafter “the Basic Agreement”) to the exhibition on the Internet, mobile devices (such as cell phones or PDAs) and any other new media platform known as of August 1, 2009 (hereinafter collectively referred to as “New Media”) of theatrical and television motion pictures, the principal photography of which commenced on or after February 1, 1973.<sup>1, 2</sup>

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<sup>1</sup> The payments provided for under this Sideletter shall only be due in connection with those theatrical and television motion pictures to which the Supplemental Markets provisions of the Basic Agreement apply. It is agreed that the proration provisions, and the understandings set forth in subparagraph (g) of the Supplemental Markets provision, shall apply to any payments due under this Sideletter.

<sup>2</sup> For “feature length primarily animated motion pictures,” as that term is defined in subsection (f)(1) of Article XXVIII of the Basic Agreement, this understanding applies only to those feature length primarily animated motion pictures produced and/or released on or after November 1, 1992, as provided in Article XXVIII(f)(2).

**1. If the Consumer Pays**

**a. License for Limited Period or Fixed Number of Exhibitions**

When the subscriber pays for the program either on a subscription or per-picture basis, and when the payment is in exchange for the right to view the motion picture for a fixed and limited period of time or a fixed number of exhibitions, the Producer shall pay to the Motion Picture Industry Pension and Health Plans five and four-tenths percent (5.4%)<sup>3, 4</sup> of “Producer’s gross,” as defined in Paragraph 3 below,<sup>5</sup> subject to the Producer’s right to prorate on a comparable basis as provided in Article XXVIII of the Basic Agreement.

The parties agree that the residuals due under this Paragraph 1.a. shall be payable in the same manner and to the same extent as applicable to pay television and pay-per-view as provided in the following provisions of the Basic Agreement (subject to conforming changes as necessary):

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<sup>3</sup> In the case of feature length primarily animated motion pictures, the percentage payable shall be two percent (2%) for those titles listed in subparagraph (B) of Article XXVIII(f)(2)(ii) and shall be three and six-tenths percent (3.6%) for any such motion picture which has or had its initial theatrical release on or after November 1, 1992.

<sup>4</sup> Should a Producer enter into a license agreement on or after August 1, 2015 with respect to motion pictures covered under this Basic Agreement and/or under any prior Basic Agreement that requires Post ‘60s and/or Supplemental Market payments and that provides a minimum guarantee or non-returnable advance to the Producer in exchange for theatrical distribution rights as well as distribution rights of the theatrical motion picture in one or more other markets for which payments are due under this Agreement, including under this Sideletter, the percentage payable shall be four and one-half percent (4.5%) of the “Producer’s gross” as set forth in Article XXVIII.A.

<sup>5</sup> As bargaining history, this language is based upon the following model: studio licenses to Movielink (formerly know as Moviefly) the right to transmit the motion picture on the Internet to the viewer who pays Movielink on a subscription or per-picture basis. Such payment would enable the viewer to view the motion picture for a fixed and limited period of time or limited number of exhibitions. For example, if Columbia Pictures, through Columbia-TriStar Home Entertainment, licenses to Movielink the right to exhibit a Columbia Pictures film, the residuals shall be based upon 100% of the license fee paid by Movielink to Columbia-TriStar Home Entertainment for such picture.

- Article XXVIII(b)(3)(iv) (foreign receipts);
- Article XXVIII(b)(7) and (b)(10) (time of payment, payment requirements and reporting);
- Article XXVIII(b)(11) and (12) (transfer and assumption); and
- Article XXVIII(c), (d), (e), (f) and (g).

**b. Paid Permanent Downloads (“Download-to-Own” or “Electronic Sell Through”) (“EST”)**

The following shall apply only to motion pictures released after August 1, 2009:

If the consumer pays for an EST copy of a theatrical motion picture, the Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 8.1% of 20% of “Producer’s gross,” as that term is defined in Paragraph 3 below, for the first 50,000 units and 14.625% thereafter.<sup>6</sup>

If the consumer pays for an EST copy of a television motion picture, the Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 8.1% of 20% of “Producer’s gross,” as that term is defined in Paragraph 3 below, for the first 100,000 units and 15.75% thereafter.<sup>6</sup>

**2. If the Consumer Does Not Pay**

Should the Producer stream a theatrical motion picture on a free-to-the-consumer basis on advertiser-supported services transmitted via the Internet or mobile device, it shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of “Producer’s gross,” as defined in Paragraph 3 below.<sup>6</sup>

**3. “Producer’s Gross”**

**a. Definition**

The term “Producer’s gross,” for purposes of all reuses in new media of theatrical and television motion pictures made for traditional media (each

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<sup>6</sup> See footnote no. 4 above.

hereinafter referred to as “Such Picture”), shall be as defined in Article XXVIII(b)(1)(ii), except as provided in Article XXVIII.A.(a).<sup>7</sup>

When the “Producer’s gross” derived from new media exploitation is received from a related or affiliated entity that acts as the exhibitor/retailer of such Picture, then the “Producer’s gross” received by the Producer from the licensing of such rights shall be measured by the exhibitor/retailer’s payments to unrelated and unaffiliated entities in arms’ length transactions for comparable pictures, or, if none, then the amounts received by the Producer from unrelated and unaffiliated exhibitors/retailers in arms’ length transactions for comparable pictures, or, if none, a comparable exhibitor/retailer’s payments to comparable unrelated and unaffiliated entities in arms’ length transactions for comparable pictures.

b. Agreements and Data

On a quarterly basis commencing January 1, 2010, within ten (10) business days after such request, the Producer shall provide for inspection by IATSE’s designated employee or auditor, at Producer’s premises in Los Angeles, full access<sup>8</sup> to all unredacted license, distribution, and other agreements pertaining to new media exploitation of covered pictures that were entered into during the immediately preceding quarter. In any subsequent quarterly inspection, the IATSE’s designated employee or auditor may re-inspect any agreements previously inspected and inspect any agreements not previously inspected.

Upon request, in a manner to be mutually agreed upon in good faith, the Producer shall expeditiously provide, or make available, to the IATSE data in its possession or control, or the possession or control of its related distribution entities, regarding the new media exploitation of covered pictures, such as number of downloads or streams by source and ad rates, where relevant to the payments required under this Sideletter.

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<sup>7</sup> For sake of clarity, “Producer’s gross” specifically includes advertising revenues when the license, distribution, or other agreement provides for sharing in such revenues.

<sup>8</sup> Full access includes access to all agreements, notwithstanding any confidentiality clause contained therein, and access to all sideletters, exhibits, addenda, and other ancillary documents.

c. Recordkeeping and Reporting

Payment for exploitation of covered pictures in new media shall be due sixty (60) days after the end of the quarter in which the “Producer’s gross” from such exploitation is received. The Producer shall accompany such payments with reports regarding the “Producer’s gross” derived from such exploitation, which shall be specified by medium and source whenever reasonably possible and will be separated from revenues derived from exploitation of Such Pictures in traditional media. Along with such payments, the Producer shall provide the IATSE with unredacted copies of all corollary distributor’s, subdistributor’s, and exhibitor’s statements relating to the reported “Producer’s gross.”

When the Producer allocates revenues between new media rights and other rights in any Such Picture, among new media rights in multiple Such Pictures, or otherwise, it shall specify such allocation.

d. Confidentiality

The information provided to the IATSE by the Producer will be treated as confidential and appropriate arrangements will be made to safeguard the confidentiality of that information.

e. Reservation of Rights

With respect to theatrical and television motion pictures, the Producer has agreed to a separate payment for this use in new media because exhibition in new media is at this time outside the primary market. The Producer reserves the right in future negotiations to contend that the pattern of release has changed so that this use constitutes or is a part of the primary market of distribution of theatrical or television motion pictures and that, therefore, no additional payment should be made with respect to the exhibition of theatrical motion pictures or television programs (including those covered by this Agreement) in new media. The IATSE reserves the right in future negotiations to contend to the contrary, and further to assert that regardless of whether other exhibitions are or have become part of the primary market, residual provisions for theatrical or television motion pictures so exhibited should be improved.

4. **Sunset Clause**

The parties recognize that this sideletter is being negotiated at a time when the business models and patterns of usage of theatrical and television motion pictures in New Media are in the process of exploration, experimentation and innovation. Therefore, all provisions of this sideletter expire on the termination date of the Basic Agreement and will be of no force and effect thereafter. No later than sixty (60) days before that expiration date, the parties will meet to negotiate new terms and conditions for reuse of theatrical and television motion pictures in New Media to be in effect thereafter.

The parties further acknowledge that conditions in this area are changing rapidly and that the negotiation for the successor agreement will be based on the conditions that exist and reasonably can be forecast at that time. For example, the parties acknowledge that with respect to the formula in Paragraph 1.b. for electronic sell-through of theatrical and television motion pictures, the growth of electronic sell-through could adversely impact traditional home video sales. In future negotiations, the parties agree that the criteria to be considered in good faith in determining whether the electronic sell-through residual should be increased or decreased include patterns of cannibalization of the home video market and changes in the wholesale price.

Sincerely,



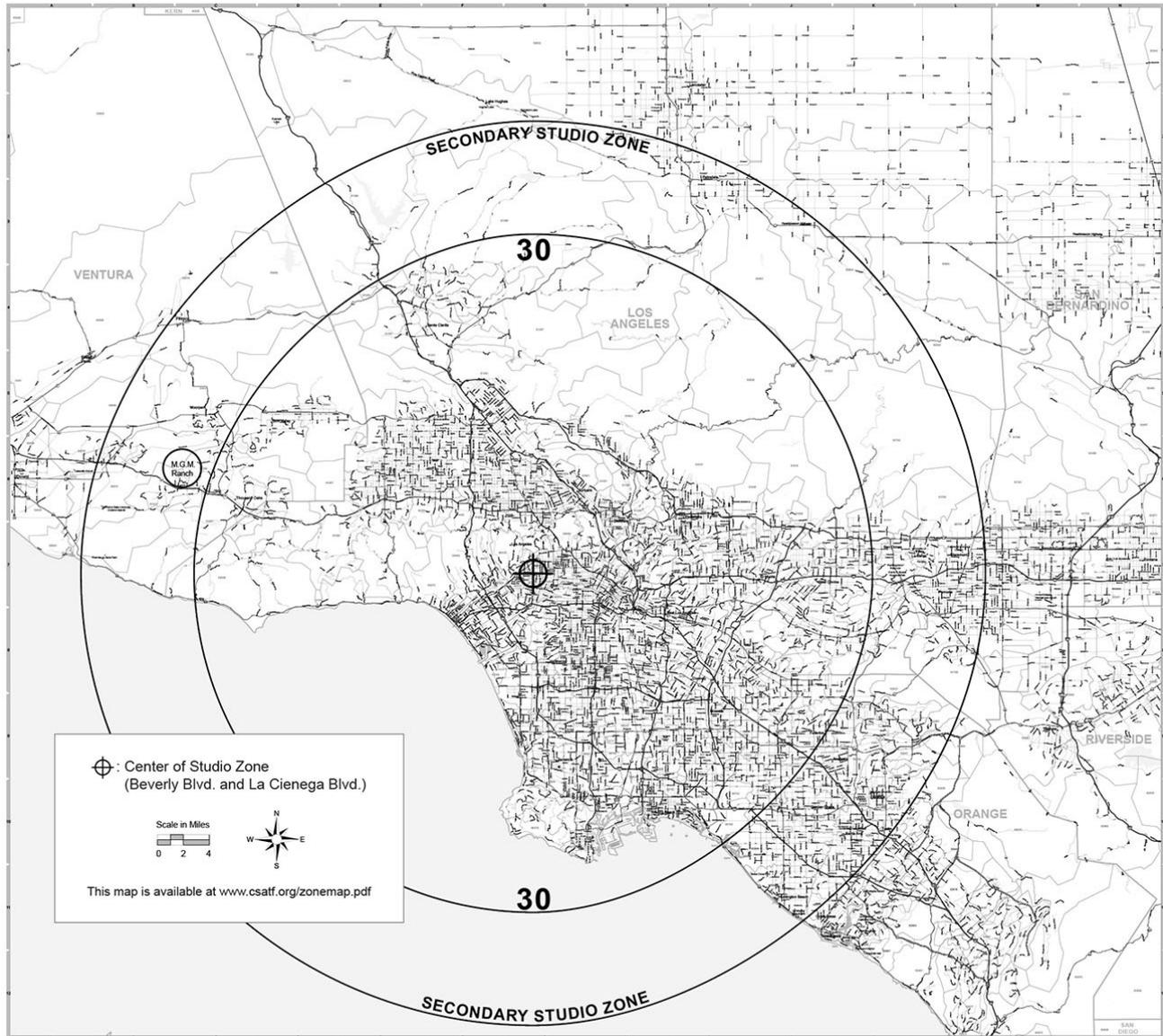
Carol A. Lombardini

**ACCEPTED AND AGREED:**



Matthew D. Loeb  
International President

EXHIBIT "Z"  
STUDIO ZONE AND SECONDARY STUDIO ZONE MAP



Studio Zone Defined - The Studio Zone shall be the area within a circle thirty (30) miles in radius from Beverly Blvd. and La Cienega Blvd., Los Angeles, California and includes Agua Dulce, Castaic (including Lake Castaic), Leo Carillo State Beach, Ontario International Airport, Piru and Pomona (including the Los Angeles County Fair Grounds). The Metro-Goldwyn-Mayer, Inc. Conejo Ranch property shall be considered as within the Studio Zone.

Secondary Studio Zone Defined - The Secondary Studio Zone extends ten (10) miles from the perimeter of the Studio Zone and includes John Wayne Airport.

This map is available at [www.csatf.org/zonemap.pdf](http://www.csatf.org/zonemap.pdf).

EXHIBIT "Z"