

SUMMARY OF TENTATIVE AGREEMENT

2020 SAG-AFTRA TV/THEATRICAL CONTRACTS

I. SCOPE, TERM AND WAGES

- A. Scope:** The following terms describe the tentative agreement reached for successor agreements to the 2017 Producer-SAG-AFTRA Codified Basic Agreement (“Codified Basic Agreement”) and 2017 SAG-AFTRA Television Agreement (“Television Agreement”) (hereafter, collectively “the Agreements”). The Agreements cover theatrical motion pictures and scripted dramatic content produced for television, basic cable and new media platforms.
- B. Term:** The successor agreements go into effect on July 1, 2020 and continue through June 30, 2023. Except as otherwise provided, wages and economic terms go into effect on July 1 and working conditions terms go into effect the Sunday after notice of ratification to the Alliance of Motion Picture and Television Producers (“AMPTP”), which is the multi-employer bargaining association that represents the major studios in negotiations with SAG-AFTRA.
- C. Wages:** Minimums shall increase by 2.5% effective July 1, 2020, by another 3% effective July 1, 2021 and by another 3% effective July 1, 2022. These increases shall be compounded. Per item III.B below, the National Board shall have the option to redirect .5% of the second and/or third year wage increases to the benefit fund contribution rates, in which case minimums shall increase by 2.5% in the second and/or third years. There are no increases to penalties or allowances or to the Network Primetime Rerun Ceiling.

II. IMPROVEMENTS FOR “HIGH-BUDGET” PROGRAMS MADE FOR SUBSCRIPTION STREAMING PLATFORMS

[See Exhibit A – High-Budget SVOD Residuals Comparison of Payments under 2017 and 2020 Terms]

- A. Scope:** These changes apply to “high-budget” programs that are 20 minutes or longer and made for initial exhibition on subscription-based streaming services like Amazon, Hulu, HBOMax, etc.
- B. Reduced Budget Thresholds:** The budget thresholds that must be met to trigger “high-budget” terms (which are very similar to traditional television terms) have been reduced as set forth below. This has the effect of reducing the number of programs that do not benefit from scale and other traditional terms of the television agreement.
1. For a ½ hour program (20-35 minutes), from \$1,300,000 to \$1,000,000 effective July 1, 2020 and from \$1,000,000 to \$1,030,000 effective July 1, 2022.
 2. For a 1 hour program (35-65 minutes), from \$2,500,000 to \$1,700,000 effective July 1, 2020 and from \$1,700,000 to \$1,750,000 effective July 1, 2022.
 3. These improvements shall not apply to programs that commence principal photography prior to July 1, 2020, or to a series if the first episode commences principal photography prior to July 1, 2020, pursuant to a license agreement entered into prior to July 1, 2020, or to programs and series commencing on or after July 1, 2020 pursuant to a license agreement entered into prior to July 1, 2020 unless the Producer has the right to negotiate the material terms of the license for the additional programs or episodes.

C. Improved Residuals: The residuals that apply for continued exhibition of a high-budget program made for a subscription-based streaming service increased by 26% for the first three years of exhibition. The improvements and new terms apply to every element of the residual formula as follows:

1. Increased Ceilings: Residuals for these programs are based upon a percentage of the compensation that the performer received for their work on the program, subject to a ceiling. Those ceilings will increase by 7.5% in the first year of the agreement and by another 7.5% in the second year of the agreement. These improvements translate into more money for performers whose compensation meets or exceeds the ceilings.

2. Increased Percentages: The percentage of capped performer compensation that the residual is based upon will increase for the first three domestic residuals payments as follows:

- a) From 35% to 45% for the first residual, which covers exhibition for the year immediately following the first 90 days of exhibition.
- b) From 30% to 40% for the second residual, which covers exhibition for the year after the one-year period covered by the first residual.
- c) From 30% to 35% for the third residual, which covers exhibition for the year after the period covered by the second residual.

3. Additional Clarity Around Subscriber Counts: To calculate the yearly residual due for domestic exhibition, the applicable percentage of the performer's capped compensation is adjusted based on the platform. Each platform is placed into one of five "tiers" based on the number of domestic subscribers as of July 1 of each year and the residual is adjusted based on the corresponding percentage: 20%, 40%, 65%, 100% and 150%. The parties clarified two items with respect to determining which tier a platform is placed in:

- a) For a newly-launched platform, if the union and the platform do not otherwise bargain to agreement on the appropriate subscriber tier, the tier shall be set based on the number of domestic subscribers on the 91st day after launch. Any episode that commences principal photography prior to the 91st day after launch will be treated as having fewer than 20 million domestic subscribers (tier 3 at 65%). The "special crediting" applicable to series regulars on programs made for subscription-based streaming platforms that have fewer than 20 million domestic subscribers cannot be applied to residuals if the platform has more than 20 million domestic subscribers on the 91st day after launch.
- b) The parties agreed that for the first year of the agreement, Amazon shall be deemed to be in the 20 to 45 million subscriber ("100%") tier, Apple TV+ and HBOMax shall all be deemed to be in the over 5 to under 20 million subscriber ("65%") tier, and Peacock shall be in the 1 to 5 million subscriber ("40%") tier.

4. Increased Foreign Residuals: Subject to certain exceptions, the residual for exhibition of these programs on a related foreign subscription-based streaming platform (e.g., AmazonUK) is calculated as a percentage of the domestic residual and presently commences at 35%, but then declines to 10% by the thirteenth year of exhibition. As a result of this tentative agreement, that percentage will remain at 35% for all years of exhibition.

5. Residual for Exhibition on a Related Advertiser-Supported Platform: Where a platform offers both subscription-based access to the consumer and advertiser-supported access that is free to the consumer (for example, Peacock and HBOMax), exhibition of a program made for the subscription-based portion of that platform on the related, advertiser-supported, free-to-the-consumer portion of the platform shall be paid under the same percentage-of-scale residual formula for the first year that would apply to free streaming of a television program. Thereafter, residuals are paid under the same formula that is applicable to free streaming of high-budget, subscription-based streaming television programs on an unrelated platform.

6. Grandfathering Eliminated in the Second Year of the Agreement: The improvements to the subscription-based streaming residuals negotiated in 2014 and 2017 applied almost exclusively to new series and not to new episodes of existing series. Except as provided in paragraph 1(b)(iii) above with respect to budget thresholds, the foregoing improvements shall become applicable to new seasons of existing series that commence principal photography on or after July 1, 2021, except that series that commenced prior to July 1, 2017 or that were grandfathered to the 2014 terms shall remain grandfathered and the foregoing improvements will not apply to new episodes of such series. * See note on page 13.

III. IMPROVEMENTS TO BENEFIT FUND CONTRIBUTIONS

A. 1% Increase to Health Plan: The contribution rate to the SAG-AFTRA Health Plan shall increase by 1% effective July 1, 2020, increasing the total benefit fund contribution rate (exclusive of contributions to the Industry Advancement and Cooperative Fund, which have not changed) from 18.5% to 19.5% as follows:

1. For pictures and programs that contribute to the SAG-Producers Pension Plan, the contribution rate to the SAG-AFTRA Health Plan shall increase from 7.31% to 8.31%.
2. For programs that contribute to the AFTRA Retirement Fund, the contribution rate to the SAG-AFTRA Health Plan shall increase from 8.415% to 9.415%.

B. Optional Wage Diversions in Years 2 and 3: The National Board may elect to redirect up to .5% of the second and/or third year wage increases to the contribution rate for the SAG-AFTRA Health Plan and/or SAG-Producers Pension Plan/AFTRA Retirement Fund, in which case the 3% increase to minimums shall be correspondingly reduced for that year or years. In the event that the National Board elects to increase the contribution rate to the AFTRA Retirement Fund, those increases shall be subject to “decoupling,” meaning that the increased contributions will not increase participant accruals, but will go entirely to improving the financial condition of the AFTRA Retirement Fund.

C. Home Video Rate Unchanged: The total benefit fund contribution rate on residuals paid for the exhibition of programs and motion pictures through home video, DVD and Electronic Sell Through shall remain at 13.5%. Benefit fund contributions on these residuals are paid using dollars that would otherwise be distributed to performers, so keeping the contribution rate low is in performers’ interest.

D. Sideletter K Rate Increased: The Sideletter K contribution rate to the SAG-AFTRA Health Plan, which applies to pilots and the first two seasons of one-hour dramas, shall also increase by 1% effective July 1, 2020. The increased

Sideletter K contribution rate shall apply only to new series that commence principal photography on or after July 1, 2020. Any contribution rate increase resulting from the elective wage diversions described above in section III.B shall not apply to the Sideletter K contribution rate.

- E. 57/43 Split Retained.** The procedures developed in 2014 for assigning television pictures and series to either the SAG-Producers Pension Plan or the AFTRA Retirement Fund in order to retain the historic 57% to 43% split of television contribution revenue to these two plans have been continued.

IV. IMPROVEMENTS FOR PERFORMANCES INVOLVING NUILITY OR SIMULATED SEX

A. Clarifications Regarding “Sex Acts”

1. The parties clarified that the Agreements do not permit and have never permitted a Producer to request that performers engage in real sex acts. While this has always been broadly understood, from time to time productions have expressed a contrary interpretation because that clarification has not previously been stated explicitly in the contract.
2. Section 43 of the Codified Basic Agreement has been retitled from “Nudity” to “Nudity and Sex Acts” and references to “sex acts” have been added in various places throughout section 43 where performer rights were tied to “nudity.” This clarification ensures that performers who are not nude while performing simulated sex acts will nevertheless retain the protections of section 43.

B. Improved Protections at Auditions and Interviews

1. **Earlier Notice:** The requirement to provide notice prior to the first interview or audition of nudity or sex acts expected of a role or in the audition/interview has now been attached to the casting notice itself if known by Producer at the time of issuance; otherwise, such notice must be provided “as soon as practicable.”
2. **No Simulated Sex at Auditions/Interviews:** Simulated sex at auditions/interviews is now prohibited.
3. **Nude Auditions Limited to One Final Callback:** Nudity is prohibited at any audition except for a single, final callback audition. This prohibition addresses the practice of “nude cattle calls” where Producers bring in large numbers of performers, sometimes multiple times, to audition in the nude. (Note that “nudity” for this purpose is not total nudity; the performer must wear a “modesty garment,” e.g., “a G-string and pasties.”)
4. **No Recording or Still Photography Without Written Consent:** There may be no still photography or recording of the single, final callback audition requiring nudity without the written consent of the performer.
5. **Only the Fewest Number of Essential Personnel May Be Present:** Only “those essential to the casting process” may be present for the single, final callback audition requiring nudity and shall be limited in number to “the fewest necessary for the casting of the role.” Any person present for the audition or viewing the audition remotely must identify themselves by name and title and be visible to the performer.
6. **Recording with Personal Devices Prohibited:** This includes personal cell phones and cameras.

C. Improvements Regarding “Nudity Riders”

1. **48-Hour Notice Period:** The Producer must submit the proposed written consent (i.e., “nudity rider”) for nudity and/or sex acts at least 48 hours in advance of the performer’s call time. If the role is cast less than 48 hours in advance, or if the Producer is replacing a performer who withdrew previously-granted consent, then the proposed written consent must be provided at the earliest practicable time.

This is a particularly important achievement because many of the problems and abuses related to performances involving nudity and/or simulated sex are “last-minute rider” problems where the production attempts to renegotiate the performer’s rider right at the time of performance to include more nudity and/or more graphic sex acts. This has resulted in conflict and regret when performers disadvantaged by an unequal power dynamic on set agree to these last minute demands.

2. **More Information:** The “general description of the extent of nudity and the type of physical contact” required by section 43 now also requires that the relevant script pages be attached, if available, and that the performer be provided with the name and phone number of a designated Producer representative who can address questions about the interpretation or application of the proposed written consent.
3. **Doubling Limited to Original Consent:** In the event that a performer exercises their right to revoke their consent at any time and a producer exercises their corresponding right to double that performer, the nudity and/or simulated sex portrayed through doubling shall be limited to the nudity and/or simulated sex to which the performer originally agreed. This applies whether the doubling is achieved digitally or through use of a body double.

D. Improvements During Production

1. **Better “Closed Set” Definition:** The requirement that the set be closed to “all persons having no business purposes in connection with the production” during performances involving nudity and/or simulated sex has been tightened to exclude “all persons who are not essential to the filming or rehearsal of the scene” and expanded to apply explicitly to anyone observing by means of monitors.
2. **Recording with Personal Devices Prohibited:** As with auditions/interviews involving nudity and/or simulated sex, this includes personal cell phones and cameras.
3. **“Cover-Up” Requirement:** The producer is now obligated to provide a cover-up, such as a bathrobe, to a performer who is nude or wearing only modesty garments when the performer is not actually engaged in rehearsing or shooting the scene and, if practicable, whenever there is a pause in rehearsing or shooting.
4. **Written Consent for Still Photography:** Prior written consent is required for still photography during performances involving nudity and/or simulated sex and unused still photographs must be securely stored.
5. **Written Consent for Promotional Use:** Prior written consent is required for use of footage or still photographs of nudity in any promotional material, publicity or trailers.
6. **Director Must Be Advised of Consent:** Producer must advise the director and line producer or UPM of the parameters of the performer’s consent to appear nude or engaging in simulated sex acts.

E. Improvements for Background Actors

1. **Incorporation of Principal Actor Improvements:** Many of the foregoing production-related improvements applicable to principal actors have also been incorporated into the provisions regarding background actors, including:
 - a) The clarifications that producer may not request background actors to engage in real sex acts and that the protections applicable to nudity also apply when the background actor is not nude but is performing simulated sex (IV.A). Additionally, the right of a background actor to refuse to engage in a performance requiring nudity if they are not notified in advance and still be paid for the day now includes “sex acts.” This ensures that a background actor who is not notified in advance that the performance requires a simulated sex act may refuse and still be paid for the day even if the simulated sex act is to be performed while clothed.
 - b) The limitation of nudity and/or sex acts to the original consent when a background actor revokes consent and the producer doubles them (IV.C.3).
 - c) The improved definition of closed set (IV.D.1).
 - d) The prohibition on recording with personal devices (IV.D.2).
 - e) The requirement of a cover-up (IV.D.3).
 - f) The requirement of written consent for still photography (IV.D.4).
 - g) The requirement of written consent for use of nude photography in promotional materials (IV.D.5).
2. **“As Much Information as Possible” Prior to Booking:** The principal performer requirements related to auditions/ interviews and the 48-hour notice requirement were not incorporated into the background actor schedules. The AMPTP, however, will send a bulletin to background casting agencies, who often function as the employer of record for background actors, directing them to obtain as much information as possible from the producer regarding any required nudity and/or simulated sex acts and provide that information to the background actor prior to booking.

V. HARASSMENT PREVENTION POLICY

The Agreements have always prohibited unlawful harassment, including sexual harassment, indirectly as a form of discrimination. The Agreements now contain a new provision that addresses harassment prevention explicitly, as set forth below. It is similar to language that has been bargained into the Commercials Contracts and Network Code.

- A. Producer Responsibility:** The new provision articulates the Producer’s responsibility to maintain a workplace free from unlawful harassment in compliance with applicable laws.
- B. Duty to Investigate and Take Action:** Performers who believe that there has been unlawful harassment are encouraged to bring information forward, at which point the producer shall investigate promptly and take appropriate action.
- C. Confidentiality:** Producer will make a reasonable effort to maintain the confidentiality of the complaint and the investigation.

D. Retaliation Prohibited: Producer shall refrain from unlawfully retaliating against any performer who, in good faith, raises a bona fide complaint or participates in an investigation.

VI. INTERVIEWS/AUDITIONS IN HOTEL ROOMS

The union achieved the addition of language prohibiting interviews or auditions in hotel rooms and private residences unless there is no other alternative, in which case the performer shall be entitled to bring a support peer into the audition with them. This is similar to language that the union has negotiated into the Commercials Contracts and the Network Code.

VII. DERIVATIVE NEW MEDIA RESIDUAL IMPROVEMENT

A “Derivative New Media Production” is a production made for initial exhibition on new media that is based on an existing traditional media production and does not qualify as high-budget, subscription-based streaming. The residuals due for the first year of ad-supported (free to the consumer) streaming of Derivative New Media Productions commence with up to two payments, each of which pay for 26 weeks of exhibition. Under the terms of the tentative agreement, those two payments will increase as follows:

- A. For programs 10 minutes or less, from \$22 to \$25 effective July 1, 2020.
- B. For programs longer than 10 minutes, from \$27 to \$30 effective July 1, 2020.

VIII. NEW OVERTIME PROTECTION FOR WEEKLY STUNT PERFORMERS

[See Exhibit B – Stunt Performers]

For episodic productions, “adjustments” will no longer be considered in determining whether a weekly stunt performer is subject to the terms of Schedule H-II, which includes weekly overtime provisions, or Schedule H-III, which does not. This remedies a circumstance faced by weekly stunt performers who are engaged under Schedule H-II but receive a stunt adjustment that increases their compensation over the “schedule break” (\$5,150, if this tentative agreement is ratified) and thereby lose the benefit of weekly overtime, which can cost them more in the end than they gained from the adjustment.

IX. ADDITIONAL COVERED POSITION FOR BACKGROUND ACTORS

The number of background actors required to be covered on an episodic production in the “West Coast zones” that are subject to Schedule X-I will increase from 21 to 22 effective July 1, 2021.

X. INCREASED WEEKLY SCHEDULE BREAKS

The minimum weekly salary that Producers must pay to access the terms of the “higher” weekly schedules (that confer fewer benefits upon performers, e.g., no weekly overtime) will increase from \$5,000 per week to \$5,150 per week effective July 1, 2020 for singers working under Schedule G, stunt

performers working under Schedule H and contract and multiple-picture performers engaged under Schedule F, with the exception of performers engaged under Schedule F to work on multi-part, closed-end pictures (better known as “mini-series”).

XI. INCREASED FITTINGS MONEY BREAK

The minimum salary that Producer must pay a day performer in order to avoid the obligation to pay that performer for time spent at fittings on a day prior to work will increase from \$1,200 per day to \$1,400 per day.

XII. DISTRIBUTOR’S GROSS RECEIPTS BASED RESIDUAL FOR BROADCAST SYNDICATION:

[See Exhibit C – Scripted Dramatic Live Action Residuals Payment Analysis]

In order to achieve the improvements to the residual for high-budget, subscription-based streaming — the fastest growing platform for scripted dramatic content — SAG-AFTRA conformed to the Industry pattern and agreed to a 6% “distributor’s gross receipts”-based residual for exhibition of scripted, dramatic content in broadcast syndication. No changes were made for programs licensed into syndication on basic cable.

- A. Background:** Presently, the residual that applies when a program is exhibited in broadcast syndication is a “run based” residual that is calculated as a percentage of “total applicable minimum,” i.e., what the performer would have earned for their work on the episode had they been paid at scale, regardless of their actual salary. That amount is then adjusted based on the license fee achieved by the Producer for most types of programs (e.g., one-hour dramas and all basic cable programs). As a result of significant declines in the syndication market, the total residual obligation due under the current formulas can often exceed the revenue a distributor can achieve, rendering the syndication market largely inaccessible for scripted dramatic content. Indeed, only about 17 scripted dramatic live action series presently remain in broadcast syndication, with more than half of syndication residuals generated by a single exhibitor. Under the current formula, additional series may not receive any broadcast syndication exhibition at all, which represents a loss of residual income to performers.
- B. New Formula:** The new formula is based upon “distributor’s gross receipts,” i.e., the revenue achieved by the Producer. Six percent (6%) of that revenue is distributed pro rata to the cast based on each performer’s form of engagement (series/weekly/daily). For programs that commenced principal photography prior to July 1, 1998, the 6% will be inclusive of Pension, Health & Retirement contributions. For programs that commenced principal photography after July 1, 1998, the Pension, Health & Retirement contributions will be paid in addition to the 6%.
- C. Exceptions and Protections:** The union negotiated various protections and exceptions to the application of the new formula in order to minimize the impact on performers:
- 1. No Application to Existing Licenses:** Programs exhibited in syndication under a license entered into on or before July 1, 2020 must continue to pay under the existing syndication formula for the duration of the license,

including any extensions. This protects all performers presently receiving a syndication residual. Based on the decline of the syndication market, there is a significant risk that with no change in the residuals formula, the 17 scripted, dramatic live action series that are presently in syndication will not be able to continue in syndication upon the expiration of their current licenses, in which case not only would the new residual formula not represent a loss for those performers, it might indeed represent a gain over the zero dollar syndication residual that would result from the series falling out of syndication altogether.

- 2. No Application to Programs Made for Syndication:** For any program that is made for initial exhibition in broadcast syndication, the fixed residual formula will continue to be applicable to any reruns in syndication.
 - 3. No Application to Primetime Runs on The CW:** Because The CW does not meet the definition of a “network,” exhibition on The CW is treated as syndication. Primetime exhibition on The CW, however, represents a different, more valuable market than the typical syndication platform and that has been recognized and protected by retaining the existing syndication residual for primetime exhibition on The CW, regardless of whether the show was made for The CW or is “moving over” from another platform for exhibition on The CW.
 - 4. No Deduction for Promotional Runs:** In order to encourage the success of new dramatic series, the Television Agreement allows a “free run” for the first three episodes of the first season of such series provided that the reruns occur within two months of the initial exhibition of the episode, which means only the weekly and day performers (not series regulars) get residuals for that rerun. Because it never counted in the run pattern, if a promotional rerun takes place in syndication, the fixed residuals will be paid for that exhibition. Subsequently, the full value of the license is paid upon, regardless of whether any “free runs” were included in the license.
 - 5. Stunt Coordinators Included:** The tentative agreement makes explicit that stunt coordinators will be included in the new residual for programs that commenced principal photography on or after June 10, 2009, (July 1, 2011 for any Exhibit A programs) which was the effective date of the inclusion of stunt coordinators in distributor’s gross receipt-based residuals.
 - 6. Access to Information:** In order to facilitate enforcement, the tentative agreement requires Producers to prepare an annual statement of distributor’s gross receipts for programs licensed under the new formula. It also gives the union broad rights to audit unredacted license agreements and ancillary documents twice each year.
- D. No Advance Payment:** A particularly significant limitation achieved by the union with respect to this residual is the prohibition of advance payment of the new residual for performer contracts entered into on or after July 1, 2020, for all types of programs. This ensures that performers will actually “receive a check” for this residual instead of simply having it credited against a prepayment negotiated into their individual contract. The parties have reserved their respective positions on whether advance payment provisions negotiated into older contracts may be claimed as a prepayment of the new residual, since advance pay rules and language in performer’s individual contracts vary greatly depending on the type of program and date of principal photography.

XIII. AIR TRAVEL

The union conformed to the pattern extending the rule that allows coach class air travel for domestic flights under 1,000 air miles to international travel as well.

- A. New Rule:** Flights that are under 1,000 air miles and that are non-stop from the departure point to the final destination may now be booked in coach even if the departure point and/or destination is outside of the United States. Previously, flights under 1,000 air miles to or from Vancouver and Toronto were the only international flights that could permissibly be booked in coach.
- B. Access to Lounges and Priority Boarding:** In recognition of the unique safety concerns that can apply to performers whose work often makes them recognizable around the world, the union negotiated that, when available, access to first-class lounges and priority boarding will be provided for coach-class air travel outside of North America.

XIV. PLATFORM SWITCH

The union conformed to a pattern provision designed to help producers find the best platform for programs made for television or subscription-based streaming platforms by giving them certainty that they can pay residuals as though the program was always going to be made for the platform on which it in fact initially exhibits.

- A. Background:** In an environment where exhibition platforms are evolving and becoming more numerous, there is growing uncertainty surrounding what platform a program will be initially exhibited on. The originally intended platform may “pass” on the series and decide not to exhibit it, requiring the Producer to find another exhibition platform in order to save the series. Alternatively, the commissioning studio may decide that the program is better suited for one of their other platforms rather than the one they originally thought was best.
- B. New Rule:** In order to address this uncertainty, the union agreed that in these circumstances, residuals for a program made for television or for a subscription-based streaming platform will be paid as though the program was always intended to be made for the platform on which it initially exhibits. For a program that “switches” to a free-to-the-consumer, advertiser-supported platform, the residuals formula applicable to a Derivative New Media Production exhibiting on that type of platform will apply (because there is no residual for the continued exhibition of Original New Media Production on such platforms.)
- C. Additional Protections:** In order to protect performers against some of the potential for lost compensation caused by a platform switch, there are several additional protections that apply to platform switches:
- 1. Minimums Protected:** If the program that is switching platforms was made without the benefit of scale minimums (because it was made for a subscription-based streaming platform and is less than 20 minutes long and/or below the budget thresholds for triggering “high-budget” terms) and it is switching to a platform where scale does apply, the Producer must pay the additional initial compensation necessary to meet the minimums that apply to the platform of initial exhibition within 30 days. Additionally, if a performer is engaged under the major role minimum provisions and the program switches to a platform to which the major role minimum provisions do not apply, the performer would still be paid in compliance with the major role minimum provisions.

- 2. “Special Crediting” Prohibited:** There are “special crediting” provisions that apply to series regulars on programs made for subscription-based streaming platforms with fewer than 20 million domestic subscribers. Under these provisions, the Producer may utilize a credit equal to 35% of scale to pay for overtime, penalties, residuals and other compensation otherwise due to a series regular. If a program that is eligible for this special crediting switches to a platform where the special crediting does not apply, then the Producer will not apply the crediting. Conversely, if the program is originally produced for a platform that does not allow for that form of crediting and then switches to a platform that would allow for such crediting, the Producer shall not apply the crediting in that instance either.
- 3. Sunset:** These provisions are deemed experimental and will expire on termination date of the Agreements.

XV. HBO MAX SIDELETTER

The parties agreed to a sideletter clarifying the residuals treatment of content available on the new HBO Max platform, which will house content made for initial exhibition on the HBO pay television service, original content made for HBO Max and non-HBO library content licensed for exhibition on HBO Max.

- A. Background:** In 2017, the parties agreed to Sideletter 30, which provides that when a linear pay television service (e.g., HBO) delivers the same content through the Internet (e.g., HBO Go and HBO Now), that exhibition will be treated as pay television regardless of whether the content appears on only one or on all of those platforms. The only possible exception is where content is available exclusively on an Internet-delivered platform that consumers can subscribe to without subscribing to the linear pay television service (e.g., HBO Now), in which case the union reserved the right to argue that the “HBO Now”-type service should be treated as a subscription-based streaming platform, not as pay television. The parties expanded on this approach to address the treatment of programs on HBO Max.
- B. New Rules:** Consistently with the 2017 sideletter described above, the parties agreed to treat HBO Max content as follows:
 1. Programs made for initial exhibition on HBO, HBO Go or HBO Now that are also made available on HBO Max will be treated as pay television under Sideletter 30.
 2. Programs made for initial exhibition on HBO Max will be treated as programs made for a subscription-based streaming service (like Amazon, Hulu, Disney+, etc.) For this purpose, anyone who is offered the ability to access HBO Max because of their status as a subscriber to another service (e.g., HBO, DIRECTV, AT&T TV or AT&T U-Verse) will count as a subscriber to HBO Max as long as they actually take advantage of the offer by creating the log-in credentials necessary to access HBO Max. Individuals who access HBO Max at no charge on a promotional basis will not be counted as a subscriber for up to 30 days.
 3. Programs and pictures other than those set forth above that are licensed for exhibition on HBO Max will be treated as having been licensed to a subscription-based, consumer-pay new media platform. The performers shall therefore be owed a residual of 3.6% of distributor’s gross receipts distributed to the cast.

XVI. MISCELLANEOUS PROVISIONS

- A. Arbitrator Replacement:** Arbitrator Michael Rappaport has retired and will be replaced by Arbitrator Gail Title.
- B. Safety Training for Stunt Performers:** The parties agreed that stunt performers will participate in mandatory safety training provided by the Contract Services Administration Trust Fund (“CSATF”). The content of the training and the implementation of the requirement are to be discussed by the parties. This is similar to the mandatory safety training agreed to for stunt coordinators in 2017.
- C. Harassment Prevention Training:** The harassment prevention training requirement that was negotiated for stunt coordinators in 2017 has been expanded to include performers and background actors. The training shall continue to be provided through CSATF with implementation to be discussed by the parties. This operates as a convenience to members as the training is mandated by law in several states and would otherwise have to be completed on a production-by-production basis instead of completing it once through a centralized program.
- D. Updating Sick Leave Waivers:** Many jurisdictions across the country have adopted laws requiring employers to provide paid sick leave to employees who work regularly enough to trigger the requirements of the law. Some of these laws allow for the requirement of paid sick leave to be waived in a collective bargaining agreement. Since 2014, the union has agreed, as have the other Industry unions, to waive the application of these laws where such waivers are possible. The list of waived ordinances was updated in this cycle to include paid sick leave ordinances that have been enacted in the past three years.
- E. Renewal of Expiring Clauses:** Several clauses and sideletters that would otherwise expire under their own terms have been renewed as followed:
1. The following provisions of the Codified Basic Agreement have been renewed: Schedule A, Section 32.F.(2); Schedule B, Section 44.B.(2); Schedule C, Section 41.B.(2); Schedule E, Section 32.B.(2); Schedule K, Part I, Section 22.E.(2); Schedule K, Part II, Section 27.B.(2); Sideletter 21 and Sideletter 22.
 2. The following provisions of the Television Agreement have been renewed: Section 19(c)(5); Sideletter K; Sideletter H; Sideletter I and Sideletter Q.
- F. Discussion Items:** The parties agreed to meet not later than December 31, 2021 to review and discuss the following subjects:
1. Alternative animal safety monitoring services
 2. Appropriately qualified hair and make-up professionals and adequate products and equipment for all performers, in particular for those performers from marginalized communities such as performers of color, women and senior performers
 3. Translation and cultural consultant services
 4. Performance Capture
 5. Engaging a performer as either an individual or a business entity

6. Self-taping of interviews/auditions
7. Stunt Coordinators working long hours under a flat deal
8. Travel per diem requirements
9. Scanning and digital doubles
10. Signatory treatment of entities that are related to or affiliated with AMPTP signatories.

* II.C.6 There may be instances where application of the improved terms to new seasons of existing shows is limited or prevented by existing license agreements where the exhibitor has no obligation to reimburse the increased residual or where that obligation is capped.

Exhibit A

HIGH-BUDGET SVOD RESIDUALS

Comparison of Payments under 2017 (2019 Domestic Example) and 2020 (2020/2021 Domestic Examples) Terms

Residuals for a Performer at the CEILING on a HALF-HOUR AMAZON SHOW (100% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$947.45	\$1,309.50	\$1,407.60
Year 2	812.10	1,164.00	1,251.20
Year 3	812.10	1,018.50	1,094.80
3-YEAR TOTAL	\$2,571.65	\$3,492.00	\$3,753.60

Residuals for a Performer at the CEILING on a ONE-HOUR AMAZON SHOW (100% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$1,347.85	\$1,863.00	\$2,002.95
Year 2	1,155.30	1,656.00	1,780.40
Year 3	1,155.30	1,449.00	1,557.85
3-YEAR TOTAL	\$3,658.45	\$4,968.00	\$5,341.20

Residuals for a SCALE ONE-DAY PERFORMER* on an AMAZON SHOW (100% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$351.75	\$463.50	\$477.45
Year 2	301.50	412.00	424.40
Year 3	301.50	360.50	371.35
3-YEAR TOTAL	\$954.75	\$1,236.00	\$1,273.20

* Rates used are \$1005 for 2019, \$1030 for 2020, and \$1061 for 2021

Residuals for a Performer at the CEILING on a HALF-HOUR APPLE TV+ SHOW (65% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$616.00	\$851.40	\$914.85
Year 2	528.00	756.80	813.20
Year 3	528.00	662.20	711.55
3-YEAR TOTAL	\$1,672.00	\$2,270.40	\$2,439.60

Residuals for a Performer at the CEILING on a ONE-HOUR APPLE TV+ SHOW (65% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$876.05	\$1,210.95	\$1,301.85
Year 2	750.90	1,076.40	1,157.20
Year 3	750.90	941.85	1,012.55
3-YEAR TOTAL	\$2,377.85	\$3,229.20	\$3,471.60

Residuals for a SCALE ONE-DAY PERFORMER* on an APPLE TV+ SHOW (65% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$228.64	\$301.28	\$310.34
Year 2	195.98	267.80	275.86
Year 3	195.98	234.33	241.38
3-YEAR TOTAL	\$620.60	\$803.41	\$827.58

* Rates used are \$1005 for 2019, \$1030 for 2020, and \$1061 for 2021

Residuals for a Performer at the CEILING on a HALF-HOUR NETFLIX SHOW (150% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$1,421.35	\$1,964.25	\$2,111.40
Year 2	1,218.30	1,746.00	1,876.80
Year 3	1,218.30	1,527.75	1,642.20
3-YEAR TOTAL	\$3,857.95	\$5,238.00	\$5,630.40

Residuals for a Performer at the CEILING on a ONE-HOUR NETFLIX SHOW (150% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$2,021.95	\$2,794.50	\$3,004.65
Year 2	1,733.10	2,484.00	2,670.80
Year 3	1,733.10	2,173.50	2,336.95
3-YEAR TOTAL	\$5,488.15	\$7,452.00	\$8,012.40

Residuals for a SCALE ONE-DAY PERFORMER* on a NETFLIX SHOW (150% subscriber factor):

	<u>2019 Domestic</u>	<u>2020 Domestic</u>	<u>2021 Domestic</u>
Year 1	\$527.63	\$695.25	\$716.18
Year 2	452.25	618.00	636.60
Year 3	452.25	540.75	557.03
3-YEAR TOTAL	\$1,432.13	\$1,854.00	\$1,909.81

* Rates used are \$1005 for 2019, \$1030 for 2020, and \$1061 for 2021

Exhibit B

STUNT PERFORMERS

- For Stunt Performers engaged on episodic series under Schedule H-II, stunt adjustments will no longer cause OT terms to shift to H-III
- Total salary, including stunt adjustments, will be used to determine the OT rate, subject to the applicable money breaks (caps)

Studio Workweek (assume five 12-hr days)

	2017 FORMULA (Schedule C)	2020 TENTATIVE FORMULA (Schedule B)
Base Rate (scale)	\$3,840.00	\$3,840.00
Stunt Adjustment	1,311.00	1,311.00
Sub-Total	5,151.00	5,151.00
1.5X OT (caps at \$150/hour)	0.00	900.00
Location Allowance	N/A	N/A
2X OT (caps at \$200/hour)	2,000.00	2,000.00
Weekly OT (1.5X)	N/A	N/A
TOTAL:	\$7,151.00	\$8,051.00
DIFFERENCE		+900.00

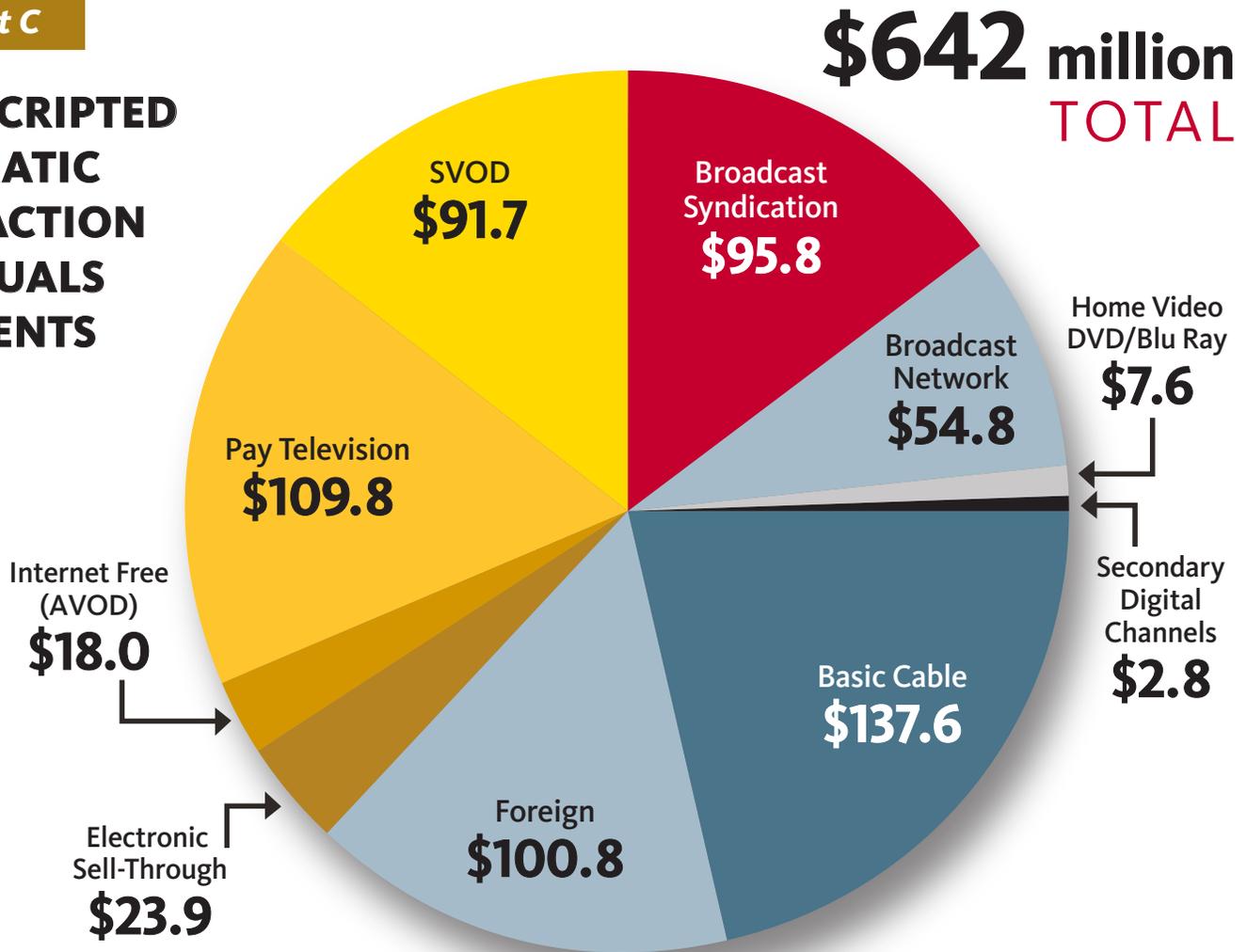
Overnight Location (assume six 12-hr days)

	2017 FORMULA (Schedule C)	2020 TENTATIVE FORMULA (Schedule B)
Base Rate (scale)	\$3,840.00	\$3,840.00
Stunt Adjustment	1,311.00	1,311.00
Sub-Total	5,151.00	5,151.00
1.5X OT (caps at \$150/hour)	0.00	1,200.00
Location Allowance	0.00	400.00
2X OT (caps at \$200/hour)	2,400.00	2,400.00
Weekly OT (1.5X)	0.00	600.00
TOTAL:	\$7,551.00	\$9,751.00
DIFFERENCE		+2,200.00

Exhibit C

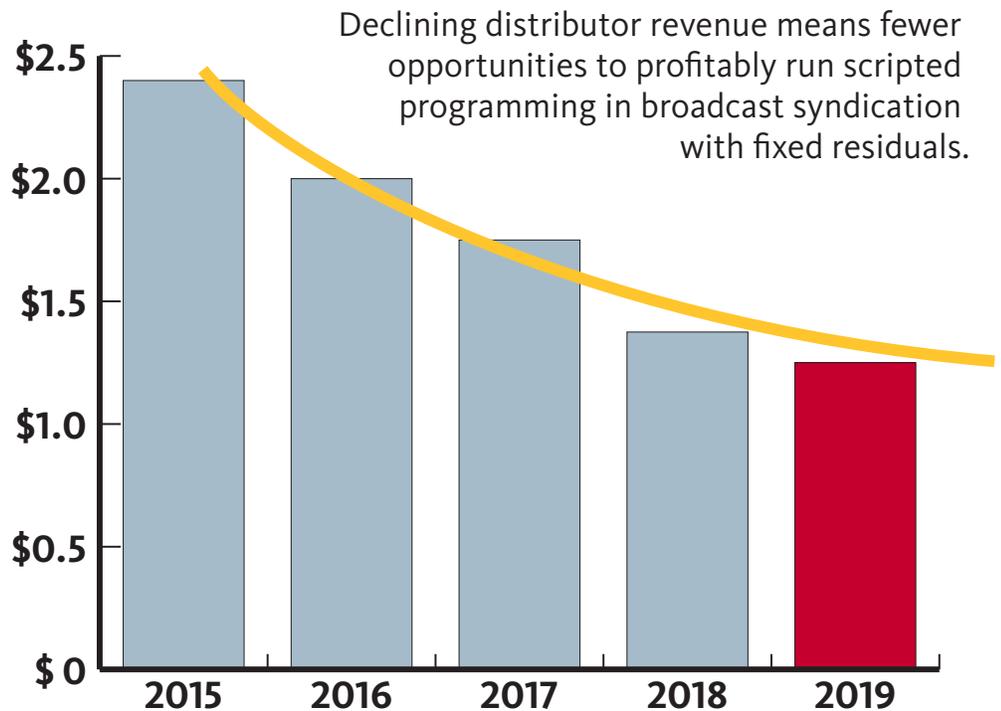
**2019 SCRIPTED
DRAMATIC
LIVE-ACTION
RESIDUALS
PAYMENTS**

\$ in millions



**GROSS
ADVERTISING
REVENUE FOR
SCRIPTED
DRAMATIC
LIVE-ACTION
PROGRAMMING
IN BROADCAST
SYNDICATION**

\$ in billions



Data Source: Kantar Media Intelligence

TAKEAWAYS \$ in millions

- *Additional earnings from HBSVOD will likely outweigh foregone syndication earnings by the end of the contract term.*
- *Depending on market conditions, they may outweigh the loss by the end of year 2 or by end of year 3.*

