SAG·AFTRA®

2014 TV/THEATRICAL CONTRACTS

Referendum Booklet

July 22, 2014

Dear SAG-AFTRA Member,

As your President and Chief Negotiator, our most important duty is to protect and strengthen the legacy of contract achievements that have been secured by members in the past and on which future members will rely. The terms of the contracts we negotiate with employers have a very real impact on the day-to-day working lives of professional performers. We're proud to present the enclosed agreement for your ratification. We know firsthand the dedication of the elected leaders and other members who worked tirelessly to secure this contract, which features substantial gains and valuable protections. Your negotiating committee voted unanimously to recommend this contract and we urge you to VOTE YES as well.

If you'll look at the many protections and improvements won in this contract, you'll see:

- Gains of $200 million - a $30 million increase from the 2011 agreement
- A pay raise of 8.7% - compounded over three years
- Historic contract unification, including a first-ever industry-wide basic cable agreement
- A brand-new residual for on-demand viewing
- TV pay rates for high-budget New Media shows such as *House of Cards*
- Outsized 5% annual raises for Stand-Ins and for Background Performers on The CW
- Major increase in Background positions available in High Budget New Media
- Reduction of unpaid online streaming windows from 17 to 7 days for most shows
- A total contribution rate of 17% to our benefits plans and a mechanism to facilitate the merger of the health plans

Please review the Summary of the Tentative Agreement reached for the 2014 TV/Theatrical Contracts carefully. Whether submitted online or by mail, your ballot must be received by 5 p.m. PDT on Friday, August 22, 2014. If you do not wish to vote online, you may request a paper ballot by calling Integrity Voting Systems at 800.961.8287 before 12 noon PDT on Tuesday, August 19 and a paper ballot package will be mailed to you.

If ratified by the membership, these new agreements will become effective retroactive to July 1, 2014 and will remain in force through June 30, 2017.

We understand that members may have additional questions, which is why we've scheduled informational sessions to review the terms of this agreement and answer questions you may have. Members who wish to view the webinar and participate will need to attend in person at their participating locals.

MEMBER INFORMATIONAL MEETINGS

Tuesday, August 5 at 4 p.m. PDT / 7 p.m. EDT

Tuesday, August 5 at 7 p.m. PDT/ 10 p.m. EDT

Please check www.sagaftra.org and watch your email for notices from SAG-AFTRA with information about meetings in your area. If you have questions regarding the Tentative Agreement, please email: **contracts2014@sagaftra.org** or call 800.518.6623.

On behalf of the SAG-AFTRA National Board of Directors and the TV/Theatrical Negotiating Committee, we are pleased to recommend you VOTE YES to ratify the 2014 SAG-AFTRA TV/Theatrical Contracts, covering motion pictures, scripted dramatic television and new media productions.

In unity,

Ken Howard
President
National Chair, TV/Theatrical Negotiating Committee

David White
National Executive Director
Chief Negotiator

SAG·AFTRA

STATEMENT OF SUPPORT
Ratify the Tentative Agreement with AMPTP
SAG-AFTRA National Board of Directors Votes 90% to Approve and Recommend a YES Vote

Dear SAG-AFTRA Member,

The most important reasons to approve any contract are that it provides strong pay increases and solid workplace protections for the members who work under it. As you'll see in detail below, those are two clear reasons to vote YES on the tentative 2014 TV/Theatrical Contracts.

Another important reason to vote YES is that it will create a consolidated television contract for the first time in our history. By covering nearly all scripted dramatic television, including basic cable shows, this vital improvement forever removes the ability of television producers to choose how they access union talent. This historic achievement, made possible by our merger, will benefit SAG-AFTRA members for decades to come.

There is more than one reason, however, why the National Board voted overwhelmingly to approve these tentative agreements and recommend their ratification by the membership. ***Indeed, the improvements offered by these agreements are valued at $200 million—$30 million (18%) more than the improvements achieved in 2011***. Below are some highlights of the gains you have the opportunity to lock in by voting YES:

STRONG PAY INCREASE

A COMPETITIVE WAGE PACKAGE: Your negotiating committee didn't leave a single dollar on the table. By achieving wage gains of 2.5%, 3% and 3% applied to all programs—including the higher-paying Exhibit A programs—your committee maximized the money that members have the opportunity to earn. And by electing to increase the Pension, Health and Retirement contribution rates by one-half percent in the first year of the contract, we not only improved the funding of the benefits plans—a crucial step toward positioning them to be merged—but also extracted the maximum dollar value from the Producers. Additionally, the network prime time rerun ceilings will increase by 2% each year. This is how the power of one union translates into real dollars in your pocket.

The improvements offered by these agreements are valued at $200 million—$30 million (18%) more than the improvements achieved in 2011.

SOLID WORKPLACE PROTECTIONS

A UNIFIED TELEVISION AGREEMENT: From the beginning, there have been two sets of contracts governing scripted dramatic television, one set based on the SAG Television Agreement and another based on Exhibit A to the AFTRA Network Code. This overlap set our two legacy unions on the path toward competition—the very problem we merged to solve. Now, for the first time in the history of television, the 2014 SAG-AFTRA Television Agreement creates a single set of terms and conditions for all new scripted dramatic television programming. In many ways, this represents the culmination of our merger, removing forever the ability of television producers to pick and choose how they access union talent. This achievement simplifies the marketplace so performers always know the terms under which they are working. This unified television agreement is the platform on which we will continue building stronger protections and additional compensation for our members working in television.

AN INDUSTRY-WIDE DEAL IN BASIC CABLE: You know how difficult it's been to figure out what terms you're working under when you show up to work on a basic cable show? That inconsistency has been the direct result of the "patchwork quilt" of contracts that have been used to cover basic cable programming. We've had a multi-employer deal that covered only a small fraction of the industry, the SAG Basic Cable (Live Action) Agreement, a number of deals bargained directly with basic cable networks and a slew of deals bargained individually with each series. What we've never had is an industry-wide set of terms, like the writers and directors have. It hasn't been for lack of trying—the Screen Actors Guild made proposals on a number of occasions to establish industry-wide terms for basic cable, but was always rebuffed by the producers. Our new, merged union was finally able to break through on this critical issue, **creating for the first time an industry-wide set of terms for basic cable as part of the 2014 SAG-AFTRA Television Agreement**, one based on the legacy SAG Basic Cable Agreement. This is yet another example of how this deal simplifies the marketplace and best positions us in the expanding basic cable universe.

TELEVISION TERMS FOR PROGRAMS MADE FOR NETFLIX-TYPE PLATFORMS: The High Budget Subscription Video on Demand (SVOD) terms that we won as part of this deal ensure that the next *House of Cards* or *Orange is the New Black* will be covered under television minimums with television-type terms. Without this achievement, these programs would be covered by the "free bargaining" provisions of our new media sideletters, with only a very limited incorporation of terms from our traditional media contracts. Thanks to this deal, when you land a job on one of these programs, you'll be protected by our contracts in nearly the same way you would be if you were making a show for television.

We also managed to secure <u>100% of initial compensation for all members</u> working on High Budget SVOD programs with more than 15 million subscribers. There are two lower-budget/subscriber levels of SVOD programming that allow producers to partially credit the series regulars' applicable minimums against other payments, <u>but producers are still required to pay ALL performers 100% of their initial compensation</u>. **SAG-AFTRA is the only entertainment union to achieve these terms for its members**.

CREATION OF A NEW RESIDUAL FOR TELEVISION PROGRAMS: It's not every negotiation that you get to establish a whole new source of residual income for members, but we did it this time. When you watch a program through your cable provider's free on-demand service that has commercials in it, you will now be owed residuals for that exhibition, which have never been owed to you before. This new residuals formula is the same as the free-to-the-consumer, ad-supported streaming in New Media residual referenced above, so members will not only receive this residual for the first time, but will immediately enjoy the improvements negotiated for New Media streaming.

IMPROVEMENTS TO THE NEW MEDIA STREAMING PROVISIONS: The residual you are owed for the first year of free-to-the-consumer, ad-supported streaming of a program on New Media—which applies when, for example, a show is available for streaming on a network's website—is about to increase. And not by a little, but by **nearly 43%** over the life of the deal. Not only that, but you're going to collect that residual much sooner because the "free streaming window" that the producer is entitled to before you are owed that residual is about to get shorter. And not by a little, but by **nearly 60%** (from 17 to 7 days for most shows) right in the first year of the deal! These are enormous gains in an important and growing part of our contract.

OUTSIZED INCREASES FOR BACKGROUND PERFORMERS AND STAND-INS

GAINS FOR BACKGROUND ACTORS: We made substantial gains for our members working as background and stand-in performers. Stand-ins working under both Schedule X-I and Schedule X-II will receive outsized wage increases of 5% each year. Background actors working under The CW Supplement will also receive this annual 5% increase. Background actors working in the West Coast zones will have more jobs available to them: By removing two stand-ins from the count for television in the second year of the deal, this agreement creates two more available positions for background actors. A stand-in will be taken out of the count for theatrical motion pictures in the West Coast zones in the second year of the deal as well, resulting in yet another position for background actors. The High Budget SVOD deal arguably benefits background actors most of all: The number of covered positions for background actors on a High Budget SVOD program will go from **10 to 21** in the West Coast zones and from **10 to 25** in the New York zones. That's an increase of over 100%, right in the first year of the deal.

MEANINGFUL IMPROVEMENTS TO BENEFITS PLANS PROVISIONS

A MORE STABLE, PREDICTABLE WAY TO FUND OUR BENEFITS: Over the years, shifts in how the producers have chosen to cover scripted television programming have wreaked havoc on the financial planning of our two benefits plans—the SAG Pension & Health Plans and the AFTRA Health and Retirement Funds. As part of unifying the television contracts, we removed the discretion producers have always enjoyed to choose which plans receive their benefits contributions. Now, our contract controls how those contributions are directed, and we have structured that requirement to protect the finances of both plans, thereby giving our members the best possible opportunity to qualify for and receive benefits.

PAVING THE ROAD TO A HEALTH PLAN MERGER: We all know that merging the health plans is one of our top institutional priorities. While this can only be done by the trustees of the plans—and that process is already well underway—the union was able to ensure that we have a process to modify or eliminate any part of our contract that could hold up a merger of the health plans. This step will further empower our trustees to continue their pursuit of this critical objective.

IMPROVEMENTS IN THE AREA OF ADVANCE PAYMENT OF RESIDUALS: One of the complaints we heard most frequently during W&Ws was frustration over the advance payment of residuals. This happens when a producer negotiates a provision into your personal service agreement that allows them to treat a certain amount of your initial compensation as a pre-payment of your residuals. Per our contract, only amounts in excess of a stated figure can be treated as a pre-payment of your residuals.

For most exhibitions other than on network prime time, we raised that threshold from $8,000 to $9,000 per episode or per week, **guaranteeing you an extra $1,000 of initial compensation before advance payment can occur.** This protection had never previously been available at all for programming made under The CW Supplement, but that problem was fixed in this negotiation, so the $9,000 figure will apply to The CW Supplement as well. The advance crediting of residuals for a day performer is now prohibited altogether for work done under The CW Supplement and basic cable programs.

This new contract will guarantee substantial raises, expanded residuals, new protections and advancements in the rapidly expanding New Media and Basic Cable markets. It builds a strong foundation which will benefit our members in both traditional and New Media platforms. On behalf of the SAG-AFTRA National Board of Directors, we proudly endorse this tentative contract agreement and urge you to VOTE YES.

Ken Howard
President
National Chair, TV/Theatrical Negotiating Committee

David White
National Executive Director
Chief Negotiator

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Summary of the Tentative Agreement Reached for Successor Agreements to the Television and Theatrical Contracts

I. TERM OF THE AGREEMENT: The term of the agreement shall be for three (3) years, commencing on July 1, 2014 and terminating on June 30, 2017.

II. MINIMUM WAGES

A. Except as noted below, all minimum wage rates shall increase by 2.5% retroactive to July 1, 2014, by an additional 3% effective July 1, 2015 and by an additional 3% effective July 1, 2016. These increases shall be compounded.

B. Minimum wage rates for all stand-ins under Schedule X, Parts I and II and for background actors working under The CW Supplement shall increase by 5% retroactive to July 1, 2014, by an additional 5% effective July 1, 2015 and by an additional 5% effective July 1, 2016. These increases shall be compounded.

C. Network Prime time Rerun Ceilings: The network prime time rerun ceilings in Section 18(b)(1) of the 2011 Screen Actors Guild Television Agreement ("SAG TV Agreement") and Exhibit A to the AFTRA National Code of Fair Practice for Network Television Broadcasting ("Exhibit A")(hereafter referred to collectively as "the Television Agreement") shall increase by 2% effective July 1, 2014, by 2% effective July 1, 2015 and by 2% effective July 1, 2016. These increases shall be compounded.

D. The following allowances shall increase as noted effective 30 days after notice of ratification is received by the AMPTP:

1. The dancer's footwear allowance in Section 6(C) of Schedule J of the 2011 Screen Actors Guild Codified Basic Agreement ("CBA") shall increase from $10.80 per day to $11.50 per day for each pair of shoes utilized in the performance.
2. The cleaning allowances in Schedule A, Section 11; Schedule B, Section 16 and Schedule C, Section 16 of the CBA and Section 30 of the Television Agreement shall increase as follows:
    a. From $17.00 to $18.00 for formal wear;
    b. From $11.50 to $12.00 for all other wardrobe.
3. The additional compensation for body make-up, skull cap and hair goods/hair piece in Section 9 of Schedule X, Parts I and II of the CBA shall increase from $18.00 to $19.00.
4. The automobile and motorcycle allowances in Section 19 of Schedule X, Parts I and II of the CBA shall increase from $35.00 to $37.50.

III. PENSION AND HEALTH/HEALTH AND RETIREMENT

A. The total contribution rate to the SAG Pension Plan shall increase by one-half percent (.5%) for motion pictures the principal photography of which commences on or after July 1, 2014, so that the total contribution rate to the pension plan increases from 9.19% to 9.69%. The total pension and health contribution rate shall thereby increase from 16.5% to 17%.

B. The total contribution rate to the AFTRA Health and Retirement Funds shall increase by one-half percent (.5%) for motion pictures the principal photography of which commences on or after July 1, 2014, so that the total contribution rate shall increase from 16.5% to 17%. The allocation of the increase as between the Health Fund and the Retirement Fund shall be left to the discretion of the trustees of the AFTRA Health and Retirement Funds.

C. The contribution rate for pilots and presentations and the first two seasons of one-hour series under Sideletter K to the Television Agreement will increase by .5%, bringing the total contribution rate to 15.5%.

D. There shall be no change to the contribution rate under Section 5(2)(A) of the General Provisions of the CBA solely in connection with Supplemental Market payments for distribution on "cassettes."

E. The parties agreed to recommend to their respective trustees to the SAG Pension & Health Plan and the AFTRA Health and Retirement Funds (hereafter collectively referred to as "the Benefit Plans") to waive liquidated damages and interest for any late payment of the additional .5% contribution due pursuant to this tentative agreement that occurs before October 1, 2014 or the date 60 days after notice of ratification is received by the AMPTP, whichever is later.

F. Potential Health Plans Merger: In the event of a merger of the Screen Actors Guild Health Plan and the AFTRA Health Fund, provided that all AMPTP trustees are present for the vote on the merger plan:

1. The parties shall either eliminate or modify Sections 34(B) and 34(D) of the General Provisions of the CBA as necessary to effectuate the terms of the merger.
2. In the event additional modifications to the CBA or the Television Agreement are necessary to effectuate the merger plan, either party may call for a reopener for the sole purpose of effectuating such changes.
3. The Producers agree to become parties to the successor health plan and make contributions to that plan as required by the CBA and the Television Agreement.

IV. ESTABLISHMENT OF A SINGLE TELEVISION AGREEMENT COMBINING THE SAG TV AGREEMENT AND EXHIBIT A

A. The SAG TV Agreement and Exhibit A shall be combined into a single agreement as follows:

1. All new series or television motion pictures of the type previously covered by the SAG TV Agreement, Exhibit A, The CW Supplement or the SAG Basic Cable (Live Action) Agreement shall now be covered by a new 2014 SAG-AFTRA Television Agreement.
   a. The 2014 SAG-AFTRA Television Agreement shall be based upon the provisions of the 2011 SAG TV Agreement, as modified during this negotiation.
   b. The rates applicable to the 2014 SAG-AFTRA Television Agreement shall be those presently in effect under the 2011 SAG TV Agreement, increased by 2.5% retroactive to July 1, 2014, by an additional 3% effective July 1, 2015 and by an additional 3% effective July 1, 2016.
2. All existing series currently produced under Exhibit A, including The CW Supplement to Exhibit A and series made for pay television of the same type as network prime time scripted dramatic programs ("Legacy Exhibit A Series") shall continue to be produced under Exhibit A for the life of that series. A series that began principal photography only on the pilot or presentation prior to July 1, 2014 shall, however, be permitted to continue under the 2014 SAG-AFTRA Television Agreement.

a. The rates applicable to Legacy Exhibit A Series shall be those presently in effect under Exhibit A, increased by 2.5% retroactive to July 1, 2014, by an additional 3% effective July 1, 2015 and by an additional 3% effective July 1, 2016.
b. The preference of employment provisions from the 2014 SAG-AFTRA Television Agreement shall not apply to Legacy Exhibit A Series.
c. The Union Security provisions of Section 2 of the CBA shall apply to Legacy Exhibit A Series.
d. The contribution rate to the AFTRA Health and Retirement Funds for Legacy Exhibit A Series shall be increased as reflected in Section III(B) above.

B. The jurisdiction of the AFTRA National Code of Fair Practice for Network Television Broadcasting ("AFTRA Network Code") shall be maintained without modification except that "book musicals" produced for pay television may now be produced using AFTRA Network Code terms <u>other</u> than those provided in Exhibit A (hereafter, "front of the book terms"). Companies signed to the SAG TV Agreement, but not the AFTRA Network Code, shall continue to have the option to produce programming within the jurisdiction of the AFTRA Network Code using front of the book terms by signing the AFTRA Network Code or through Sideletter G to the SAG TV Agreement.

V. ESTABLISHMENT OF AN INDUSTRY WIDE BASIC CABLE AGREEMENT

A. The 2014 SAG-AFTRA Television Agreement shall include a new Article incorporating the terms and conditions of the 2011 SAG Basic Cable (Live Action) Agreement as modified during this negotiation. Existing series produced under the terms of the 2011 SAG Basic Cable (Live Action) Agreement and all new series or television motion pictures of the type previously covered by the SAG Basic Cable (Live Action) Agreement that are produced by authorizers to the 2014 SAG-AFTRA Television Agreement shall now be covered under the 2014 SAG-AFTRA Television Agreement, including the applicable rates.

B. If the producer of an existing basic cable series currently produced under an individually negotiated collective bargaining agreement based upon Exhibit A is an AMPTP authorizer, then the applicable rates shall be the same as for Legacy Exhibit A Series (*i.e.*, the current Exhibit A rates increased by 2.5%, 3% and 3%).

1. A series that began principal photography only on the pilot or presentation prior to July 1, 2014 shall, however, be permitted to continue under the 2014 SAG-AFTRA Television Agreement.
2. The terms and conditions applicable to such series shall be as reflected in the 2014 SAG-AFTRA Television Agreement, except that the preference of employment provisions shall not apply.

C. If the producer of an existing basic cable series currently produced under an individually negotiated collective bargaining agreement based upon The CW Supplement to Exhibit A is an authorizer to the 2014 SAG-AFTRA Television Agreement, then the applicable rates shall be the same as for Legacy Exhibit A Series (*i.e.*, the current Exhibit A rates increased by 2.5%, 3% and 3%).

1. A series that began principal photography only on the pilot or presentation prior to July 1, 2014 shall, however, be permitted to continue under the 2014 SAG-AFTRA Television Agreement.
2. The terms and conditions applicable to such series shall be as reflected in the 2014 SAG-AFTRA Television Agreement, except that the terms and conditions of The CW Supplement, as modified during this negotiation, shall continue to apply.

D. The parties negotiated a separate "Understanding Regarding Protocol for Negotiations" that allows AMPTP-affiliated companies to become authorizers to the newly-incorporated basic cable terms and preserves the Union's ability to negotiate different terms with independent producers. It also commits the parties to negotiate basic cable terms simultaneously with the rest of the Television Agreement during the next bargaining cycle and to provide at least ninety (90) days' notice thereafter of any desire to bargain such terms separately.

VI. ESTABLISHMENT OF A MECHANISM FOR DIRECTING BENEFIT PLAN CONTRIBUTIONS

A. In connection with the consolidation of the Television Agreements, the parties established a method for determining whether benefit fund contributions for television motion pictures produced under the 2014 SAG-AFTRA Television Agreement (including television motion pictures made for basic cable or under The CW Supplement) would be directed to the SAG Pension & Health Plan or the AFTRA Health and Retirement Funds.

B. The allocation mechanism is designed to direct 57% of contributions to the SAG Pension & Health Plan and 43% of contributions to the AFTRA Health & Retirement Funds ("the Target Ratio"), which reflects the ratio of contributions for work done under the applicable collective bargaining agreements over the past five (5) years.

C. Except as noted below, the allocation mechanism agreed to by the parties requires producers of television motion pictures to direct benefit fund contributions as reflected in the chart below, effective 60 days after the AMPTP receives notice of ratification.

Contributions shall be directed to the SAG Pension & Health Plans for:	Contributions shall be directed to the AFTRA Health & Retirement Funds for:
1 hour television motion pictures made for network	½ hour television motion pictures made for network
½ hour television motion pictures made for basic cable	1 hour television motion pictures made for basic cable
Television motion pictures made for syndication (other than The CW)	Long form television motion pictures
Television motion pictures made for New Media	Television motion pictures made for The CW
Television motion pictures made for pay television	
Television motion pictures made for home video	

D. Contributions to the SAG Industry Advancement Cooperative Fund ("IACF") and the AFTRA Industry Cooperative Fund ("AICF")(hereafter collectively referred to as "the Cooperative Funds") shall be directed as follows:

1. Producers that make contributions to the SAG Pension & Health Plans shall also make contributions to the IACF, as required by the Television Agreement.
2. Producers that make contributions to the AFTRA Health & Retirement Funds shall also make contributions to the AICF, as required by the Television Agreement.

E. Producers of "Derivative Made for New Media productions" shall make contributions to the same benefit plans to which contributions were made for the original production upon which the Derivative Made for New Media Production was based.

F. The foregoing allocation mechanism is subject to the following exceptions and conditions:

1. For any television motion picture that began production prior to the effective date of the allocation mechanism (*i.e.*, 60 days after notice of ratification to the AMPTP), including commencement of production on a pilot, presentation or episode of a series, contributions shall continue to be made to whichever benefit plan the Producer has already made contributions. This shall continue for the life of the television motion picture or series.
2. The allocation mechanism may not create the basis for the imposition of withdrawal liability on a Producer that has contributed to either or both of the Benefit Plans.
3. Producers who (i) produce primarily theatrical motion pictures, (ii) are parties to the SAG Pension & Health Plans as of June 30, 2014 and (iii) have not made any contributions to the AFTRA Health & Retirement Funds in the period January 1, 2010 to December 31, 2014, shall not be required to contribute to the AFTRA Health & Retirement Funds, but may instead continue to make all contributions to the SAG Pension & Health Plans.
4. The parties shall meet at least twice each year during the term of the 2014 SAG-AFTRA Television Agreement to examine the actual ratio of contributions made to the Benefit Plans under the foregoing allocation mechanism and shall consider adjusting the allocation mechanism if the Target Ratio is not reached. Any costs associated with this review shall be borne by the parties, not the Benefit Plans, and the parties agree to recommend to their respective Cooperative Fund trustees that the Cooperative Funds approve funding for this purpose.

VII. ESTABLISHMENT OF TERMS FOR HIGH BUDGET SUBSCRIPTION VIDEO ON DEMAND PROGRAMMING

A. Sideletter 21 to the CBA shall be modified to create new terms for high-budget motion pictures made for initial exhibition on subscription video-on-demand consumer pay platforms like Netflix and Hulu Plus ("High Budget SVOD").

1. These terms shall apply to High Budget SVOD motion pictures (including the first episode of a series, in the case of a series) that commence principal photography on or after October 1, 2014.
2. These terms shall not apply, however, if the 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 October 1, 2014.

B. The terms and conditions applicable to High Budget SVOD programs shall be determined according to number of subscribers in the initial exhibition platform, the length of the program as initially exhibited and the budget of the program, as set forth below. Programs less than 20 minutes long or with budgets less than those reflected in "Tier 2" below are not considered High Budget SVOD programs.
   1. "Tier 1" programs are those produced for a platform with 15 million or more subscribers in the US and Canada that have budgets as follows:
      a. 20-35 minutes: ≥ $2,000,000 ($2,100,000 effective July 1, 2016)
      b. 36-65 minutes: ≥ $3,700,000 ($3,800,000 effective July 1, 2016)
      c. 66-95 minutes: ≥ $4,000,000
      d. > 96 minutes: ≥ $4,500,000 (Plus $2,250,000 for each additional 35 minutes or portion thereof)
   2. "Tier 2" programs are those produced for a platform with 15 million or more subscribers in the US and Canada that have budgets as follows:
      a. 20-35 minutes: ≥ $1,300,000
      b. 36-65 minutes: ≥ $2,500,000
      c. > 66 minutes: ≥ $3,000,000
   3. "Tier 3" programs are those produced for a platform with fewer than 15 million subscribers in the US and Canada and that have at least the same budget as a "Tier 2" program.

C. Initial Compensation:
   1. Minimum initial compensation for performers employed on a High Budget SVOD program shall be the applicable rates under the Television Agreement, except that for Tier 2 and Tier 3 programs, the Producer may credit 35% of applicable minimum for series or term contract performers against any other compensation due to a series or term contract performer, including, *e.g.*, overtime, penalties and residuals.
   2. This crediting is in addition to any rights of crediting pursuant to Section 18(d) of the Television Agreement.

D. Residuals:
   1. Initial compensation for a High Budget SVOD program shall constitute payment for one year of use on the platform of initial exhibition.
   2. The Producer shall pay residuals for subsequent exhibition of High Budget SVOD programs on platforms other than the platform of initial exhibition as follows:
      a. For exhibition on any traditional media platform, residuals shall be as provided for in Sideletter 21 of the CBA.
      b. For exhibition on a free-to-the-consumer, advertiser-supported streaming platform, the Producer shall pay a residual to the eligible cast of 6% of distributor's gross receipts.
      c. For exhibition on a consumer-pay New Media platform, the Producer shall pay a residual to the eligible cast of 3.6% of distributor's gross receipts.

3. Residuals for continued exhibition of a High Budget SVOD program on its initial exhibition platform shall be paid per year of use commencing with the second year, according to the below schedule:

Exhibition Year*	Percentage of "Total Actual Compensation" up to the Network Prime time Rerun Ceilings
Year 2	30%
Year 3	30%
Year 4	25%
Year 5	20%
Year 6	15%
Year 7	10%
Year 8	8%
Year 9	5%
Year 10	4.5%
Year 11	3%
Year 12	2.5%
Year 13 and thereafter	1.5%
*Each Exhibition Year shall commence with the first day that the High Budget SVOD Program is made available for exhibition on the initial exhibition platform following the conclusion of the prior one-year use period.	

4. Residuals for Tier 3 programs shall be paid pursuant to the above schedule except that the stated percentage shall be applied to 65% of "Total Actual Compensation," not to exceed 65% of the network Prime time rerun ceiling.

E. Other Terms and Conditions:

1. Except as provided further below, the terms and conditions applicable to High Budget SVOD Programs shall be those applicable in the CBA and Television Agreement. For purposes of applying those terms:
   a. High Budget SVOD programs of between 20 and 35 minutes in length shall be treated as a 30-minute program.
   b. High Budget SVOD programs of between 36 and 65 minutes in length shall be treated as a one-hour program.
   c. High Budget SVOD programs of between 66 and 95 minutes in length shall be treated as a 90-minute program.
   d. High Budget SVOD programs of 96 minutes or longer shall be treated as a 120-minute program.
2. Notwithstanding the foregoing, the "major role" performer provisions in the Television Agreement shall not apply.
3. For Tier 2 and Tier 3 programs, travel time may be compensated at straight time on days for which the Television Agreement requires premium pay for travel.
4. Credit for High Budget SVOD Programs shall be subject to Section 54 of the Television Agreement, with the following clarifications:

a. For purposes of the limitations periods set forth in Section 54, the first day a High Budget SVOD program is available on an SVOD platform shall be considered the date of first "broadcast."
b. "Click-through" credits may be used.

5. Reuse of Photography or Soundtrack:
   a. The provisions of Sideletter 21 applicable to television programs reused into New Media shall govern all promotional reuses of photography or soundtrack from a High Budget SVOD program, as well as all reuses of photography or soundtrack from a High Budget SVOD program into a new media program.
   b. With the exception that the producer may bargain for consent at the time of engagement, Section 36 of the Television Agreement shall govern all non-promotional reuses of photography or soundtrack from a High Budget SVOD program into another episode of the same program, as well as all non-promotional reuses into a traditional media program.
6. The terms for High Budget SVOD programs shall not be subject to the "sunset clause" contained in the New Media Sideletters.

VIII. MODIFICATIONS TO NEW MEDIA STREAMING PROVISIONS

A. Modification of the "Free Streaming Windows": Presently, television motion pictures enjoy a "free streaming window" during which they may be exhibited on a free-to-the-consumer, advertiser-supported New Media platform without payment for up to twenty-four (24) consecutive days in the case of a new series or any one-time television motion picture, or up to seventeen (17) consecutive days in all other cases. The streaming window may be divided between the period immediately prior to and immediately following the initial exhibition of the motion picture on television in any ratio determined by the Producer, but must occur surrounding the initial exhibition. The application of the "free streaming window" has been modified as follows:

1. For television motion pictures the principal photography of which commences on or after July 1, 2014, the free streaming window shall be reduced to seven (7) consecutive days, except that the free streaming window shall be twenty-four (24) consecutive days for the first seven (7) episodes of a new series and any one-time motion picture and shall be seventeen (17) consecutive days for children's programming.
2. For episodes the principal photography of which commences on or after July 1, 2014 that are part of the first year of a new television series, the free streaming window may commence up to thirty (30) days prior to the initial exhibition of the episode on television.
3. For any television motion picture made for initial exhibition on broadcast television, including television motion pictures produced under prior collective bargaining agreements, the seven (7) day free streaming window shall now apply to each broadcast exhibition of the television motion picture, with the seven (7) day period measured separately for each city in the United States and Canada. If the program is

broadcast more than once in any seven (7) day period, the free streaming window shall be limited to a single seven (7) consecutive day period surrounding one of the runs.

B. Residuals Payments for the First Year of Streaming: Presently, after the expiration of the free streaming window, the Producer may continue to exhibit a television motion picture on a free-to-the-consumer, advertiser-supported New Media platform by paying a fixed residual equal to 3.5% of "Total Applicable Minimum" to each performer in the television motion picture for twenty-six (26) weeks of continued exhibition. Upon the expiration of the first twenty-six (26) week period, the Producer may continue to exhibit the television motion picture for an additional twenty-six (26) week period for another payment of 3.5% of "Total Applicable Minimum," subject to a one-year limitation, at which point a residual of 6% of distributor's gross receipts is due. These residuals have been modified as follows:
   1. The amount of the fixed residual shall increase to 4% of "Total Applicable Minimum" for any television motion picture the principal photography of which commences on or after July 1, 2014, to 4.5% for any television motion picture the principal photography of which commences on or after July 1, 2015 and to 5% for any television motion picture the principal photography of which commences on or after July 1, 2016.
   2. This fixed residual shall also be due for the exhibition of a television motion picture the principal photography of which commences on or after July 1, 2014 on a free-to-the-consumer, advertiser-supported video-on-demand service of any multichannel video programming distributor.
      a. In other words, for television motion pictures produced on or after the effective date of the new contract, this residual is due when the television motion picture is made available with commercials through your cable provider's video on demand service.
      b. Should that exhibition continue beyond one year, the Producer shall pay a residual of 6% of distributor's gross receipts, which is the residual that is presently due for continued exhibition beyond one year of a television motion picture on an advertiser-supported, free-to-the consumer New Media platform.
      c. Payment of the foregoing residuals shall entitle the Producer to exhibit the television motion picture on <u>both</u> a free-to-the-consumer, advertiser supported New Media platform <u>and</u> a free-to-the-consumer, advertiser-supported platform through your cable box. Only one set of payments shall be due for both types of exhibition.
      d. The free streaming window shall also apply to exhibition on a free-to-the-consumer, advertiser-supported video-on-demand service of any multichannel video programming distributor.

C. Live Linear Streaming: The parties confirmed that the live streaming or other transmission of a television motion picture that occurs simultaneously with its exhibition on television shall not trigger any residual or other payment obligation.

IX. MODIFICATIONS TO TERMS AND CONDITIONS SPECIFIC TO BASIC CABLE

A. Advance Payment of Residuals: Presently, a day performer in a television motion picture made for basic cable may agree to allow initial compensation in excess of double scale to be credited against residuals due for subsequent runs of that television motion picture on basic cable. The advance payment of day performers' residuals shall no longer be permitted. In other words, a day performer on a television motion picture made for basic cable shall receive their full residuals regardless of how much he or she received in initial compensation.

B. License of Basic Cable Programs to a Different Basic Cable Service: Presently, when a television motion picture made for initial exhibition on a basic cable service is licensed to another basic cable service, residuals are due pursuant to the same run-based, fixed residuals formula that applied to runs on the basic cable service for which it was originally produced. In other words, if an episode of a basic cable series produced for "Basic Cable Network A" ran six times on Basic Cable Network A and was subsequently licensed for exhibition on "Basic Cable Network B," the residual due for the first exhibition on Basic Cable Network B would be the same as the residual due for the seventh exhibition on Basic Cable Network A.

1. Pursuant to this tentative agreement, when a television motion picture produced for basic cable, including those produced under prior collective bargaining agreements, is licensed for exhibition to a second or subsequent basic cable service, the cast shall share in a residual equal to 6% of distributor's gross receipts.
2. This new residual shall only apply if the basic cable program or series (i) has not been in production for at least two years and (ii) has not been exhibited under a fixed residual formula on basic cable or free television (except syndication in a non-lead market) for at least eighteen (18) months.
3. There shall be a fair market value test for licenses negotiated between related or affiliated parties and the aggregate minimums due to the cast in such circumstances shall be not less than $300 for a thirty (30) minute program, $600 for a sixty (60) minute program, $900 for a ninety (90) minute program and $1,200 for a one hundred twenty (120) minute program.

C. Sideletter L to the Television Agreement, which describes how the parties handle "supersized episodes," shall now apply to programs made for basic cable.

X. MODIFICATIONS TO TERMS AND CONDITIONS SPECIFIC TO THE CW SUPPLEMENT

A. Advance Payment of Residuals: Presently, The CW Supplement allows performers to agree that all initial compensation they receive in excess of double scale of a program fee (or, for one hour programs, in excess of the total applicable minimum) may be credited against residuals. Pursuant to this tentative agreement, for contracts entered into on or after July 1, 2015:

1. The CW Supplement will now provide that performers may only agree that amounts they are paid in excess of $9,000 per week or per episode may be credited against residuals.

2. A performer may only agree that amounts they are paid in excess of $8,000 per episode or per week for a half-hour program or $11,000 per episode or per week for a one hour program may be credited against residuals due for a rerun of a program produced under The CW Supplement on a network in prime time.
3. The advance payment of residuals for day performers shall be prohibited altogether.

B. Meal Periods: Meal periods for series regulars and background actors working under The CW Supplement shall now be governed by the meal period provisions of the Television Agreement.

C. The minimum wage rate for background actors working under The CW Supplement, presently $118 per day, shall increase by 5% retroactive to July 1, 2014, by an additional 5% effective July 1, 2015 and by an additional 5% effective July 1, 2016. These increases shall be compounded.

D. The "Unpublished Sideletter Re Caps on Background Actors on The CW dated July 1, 2011," shall be renewed and modified to provide for a cap of 45 covered background actors (in lieu of the current 50) who appear in large crowd scenes on programs based in New York and a cap of 35 background actors (in lieu of the current 40) in all other areas.

XI. BACKGROUND ACTORS

A. Stand-ins Out of the Count: Effective July 1, 2015, for half hour and one hour television programs shooting in the Schedule X-I zones, an additional two stand-ins (for a total of three) will not be counted against the maximum number of covered background actor positions (currently 21 per day) that the producer is required to cover under Schedule X-I, resulting in two additional positions for background actors. Effective July 1, 2015 for theatrical motion pictures, one stand-in will not be counted against the maximum number of covered background actor positions (currently 57 per day), resulting in an additional covered position.

B. Temporary Upgrades of Background Actors: Presently, if a background actor is upgraded on set and is subsequently brought back in the same role, he or she is entitled to be paid as a principal performer on the subsequent day(s) and to be paid for the intervening days between when he or she was first upgraded and when he or she was brought back in the same role. Per this tentative agreement, the producer must continue to pay that performer as a day performer when he or she returns in the same role, but is no longer obligated to pay for the intervening days.

C. High Budget SVOD: As a result of the establishment of television-type terms for High Budget SVOD as described in Section VII above, the number of background actors that the producer is obligated to cover for such programs has increased from the current minimum of 10 to the television figures in Schedules X-I (presently 21, excluding one stand-in until June 30, 2015 and excluding 3 stand-ins on or after July 1, 2015) and X-II (presently 25, excluding all stand-ins).

XII. MONEY BREAKS

A. The money break in subparagraphs (A)(2) and(B)(2)(b) of Section 16 ("Fittings, Wardrobe Tests, Make-up Tests") of Schedule A of the CBA shall increase from $1,000 per day to

$1,200 per day with respect to contracts entered into with performers on or after July 1, 2015.

B. The caps on sixth and seventh day premiums in Section 9 of Schedule C and Sections 3, 4 and 5 of Schedule F of the CBA shall increase from $475 to $500, $950 to $1,000 and $1,425 to $1,500 with respect to contracts entered into with performers on or after July 1, 2015.

C. The money break in Section 24 of the Television Agreement shall increase from $8,500 per episode or per week to $9,000 per episode or per week with respect to contracts entered into with performers on or after July 1, 2015.

D. The money break in Section 18(d)(3) of the Television Agreement at which advance payment of "other" residuals such as syndication, non-prime time network, theatrical and foreign is permitted shall increase from $8,000 per week or per episode to $9,000 per week or per episode with respect to contracts entered into with performers on or after July 1, 2015. The foregoing shall apply to High Budget SVOD Programs.

XIII. SCHEDULE BREAKS

A. The schedule breaks in Schedules B and C of the CBA shall increase from $4,800 per week to $5,000 per week for television motion pictures with respect to contracts entered into with performers on or after July 1, 2015.

B. The schedule breaks in Schedules D, E, G, H, I & J of the CBA shall increase from $6,000 per week to $6,200 per week for theatrical motion pictures and from $4,650 per week to $5,000 per week for television motion pictures with respect to contracts entered into with performers on or after July 1, 2015.

XIV. LICENSE OF TELEVISION MOTION PICTURES TO SECONDARY DIGITAL CHANNELS

(*The advent of secondary digital channels was made possible by the nationwide conversion from analog to digital broadcasting that took place in 2009, which enabled broadcasters to use data compression techniques to transmit multiple, independent programs at the same time, from the same television station on the same frequency.*)

A. Presently, the broadcast of a television motion picture on a secondary digital channel is treated as syndication, and residuals are therefore due according to the fixed, per-run formula that applies to syndication.

B. The cast of a television motion picture that is broadcast on a secondary digital channel, including television motion pictures produced under prior collective bargaining agreements, shall now share in a residual of 6% of distributor's gross receipts.

C. This change shall only be applicable if the television motion picture or series (i) has been out of production for at least three (3) years and (ii) has not been exhibited under a fixed residual formula in syndication (except in a non-lead market) or pay television for at least three (3) years in the case of a free television or pay television program or has not been exhibited under a fixed residuals formula in syndication (except in a non-lead market), pay television or basic cable for at least three years in the case of a basic cable program.

D. In the case of a "broken series" (*i.e.*, a free television series consisting of sixty-eight (68) or fewer episodes or any basic cable or pay television series consisting of forty (40) or fewer episodes), the television motion picture or series need only have been out of production for two (2) years and not been exhibited under a fixed residual formula on basic cable, pay or free television (except syndication in a non-lead market) for at least one year.

E. There shall be a fair market value test for licenses negotiated between related or affiliated parties and the aggregate minimums due to the cast in such circumstances shall be not less than $150 for a thirty (30) minute program, $300 for a sixty (60) minute program, $450 for a ninety (90) minute program and $600 for a one hundred twenty (120) minute program.

XV. ADDITIONAL PRODUCER PROPOSALS ACHIEVED

A. Syndication Licenses for Canada Only: If Producer licenses a television motion picture produced under this or any prior collective bargaining agreement (including a program or series made for The CW, but excluding any other program or series made for syndication) for exhibition in syndication in Canada only, and residuals would otherwise be payable for that exhibition, it shall have the option to pay a residual to the cast of that television motion picture of 12% of distributor's gross receipts. Such exhibition and residuals payments shall not count in the run pattern.

B. No Fee for Reuse in a Recap of the Story to a Series Contract Performer: Presently, photography or sound track of series contract performers can be reused in a "recap" of an episode in which he or she does not appear without their consent provided that the recap is for an episode in the same season for which they were engaged or for an episode in the immediately following season. The series contract performer in that instance is owed a payment of not less than the day performer rate. Pursuant to this tentative agreement, the series contract performer shall no longer be entitled to receive any payment in the foregoing circumstance, but will nevertheless be added to the final cast list for the episode that includes the recap with a residual base of the day performer rate.

C. Theatrical Exhibition of Television Motion Pictures Without Admission Fee: No payment shall be due when a pilot or an episode of a series which has not ended its initial run is exhibited theatrically for promotional purposes provided that no admission fee is charged and no remuneration is received by the Producer or the Producer's licensee in consideration for the use of the motion picture. This codifies the union's practice of approving such waivers for promotional purposes.

D. Rehearsal Period in Television: Presently, rehearsal does not start consecutive employment for a day performer engaged for a long-form television motion picture or a theatrical motion picture. Under the new provision, day performers on all motion pictures, except half-hour, multi-camera programs, shall no longer be owed payment for such intervening days, subject to the same conditions presently applicable to long-form and theatrical motion pictures.

E. Workweek Shift: Currently the Producer may shift the workweek once during a production (or once between hiatus periods in the case of episodic television) without paying for consecutive employment by adding one or two days off consecutive with the sixth and/or seventh days in the workweek. The tentative agreement allows the Producer to shift the workweek without incurring additional costs provided that performers receive no fewer than two consecutive days off. In the event the workweek shift results in more than four consecutive days off, the Producer will begin paying for consecutive employment on the fifth day.

F. Expansion of New York Studio Zone: The New York Studio Zone shall be expanded from a 25-mile radius around Columbus Circle (excluding Sandy Hook, New Jersey) to a 30-mile radius around Columbus circle (excluding Sandy Hook, New Jersey). This change does not impact the studio zone for background actors. Special arrangements have been made to resolve claims regarding the Producer's obligation to provide courtesy transportation, which is required when convenient public transportation is not readily available to reporting locations outside an 8-mile radius around Columbus circle, but within the 30-mile studio zone.

G. New York City Earned Sick Time Act: The Union has agreed to waive the application of the New York City Earned Sick Time Act of 2013 and similar ordinances passed in San Francisco, Newark and Seattle, which require employers to provide paid sick leave under certain conditions that would not normally be applicable to freelance performers.

XVI. OTHER ITEMS

A. Cooperative Fund Merger: The parties agreed to recommend to their respective trustees to the Cooperative Funds that they pursue a merger of the two Cooperative Funds during the term of the agreement.

B. Policy on Non-Discrimination and Diversity: As they appear in the Policy of Non-Discrimination and Diversity in Section 26 of the CBA, the term "Black" has been changed to "Black/African American," the term "Hispanic" to "Latino/Hispanic" and the term "Asian" to "Asian/Pacific Islander." The same changes have been made to the Casting Data Report form, to which a field has also been added for email addresses and a redundant Section deleted.

C. Tri-Guild Audit: The Tri-Guild Audit program has been renewed with additional funding.

D. Network Test Options: The AMPTP has agreed to facilitate meetings with network executives to discuss the problem of prolonged holds resulting from Network Test Option Agreements.

E. Arbitrators: Howard Block, Wayne Estes, Tom Roberts and Myron Slobodien have been removed from the Los Angeles arbitration panel. Maurice Benewitz and Lois A. Rappaport have been removed from the New York arbitration panel. Joel Grossman and Mark Burstein have been added to the Los Angeles arbitration panel.

F. Renewal of Expiring Clauses:

1. Renew the following provisions in the CBA: Schedule A, Section 32(F)(2) (Travel Time – Rules and Definitions, Studio Zone (New York)), except as otherwise modified above; Schedule B, Section 44(B)(2) (Travel Time, Studio Zone (New York)), except as otherwise modified above; Schedule C, Section 41(B)(2) (Travel Time, Studio Zone (New York)), except as otherwise modified above; Schedule E, Section 32(B)(2) (Travel Time, Studio Zone (New York)), except as otherwise modified above; Schedule K, Part I, Section 22(E)(2) (Travel Time – Rules and Definitions, Studio Zone (New York)), except

as otherwise modified above; Schedule K, Part II, Section 27(B)(2) (Travel Time, Studio Zone (New York)), except as otherwise modified above; Sideletter Re Exhibition of Motion Pictures Transmitted Via New Media, except as otherwise modified above; Sideletter Re Programs Made For New Media, except as otherwise modified above.

2. Renew the following provisions in the Television Agreement: Section 19(c)(5) (Additional Compensation For Theatrical Rights -Special Residual Provisions for Long-Form Television Motion Pictures); Sideletter B (Sideletter Re Waiver Re Domestic Free Television Residuals for One-Hour Dramatic Series); Sideletter B-1 (Sideletter Re Waiver Re Domestic Free Television Residuals for Long-Form Television Motion Pictures); Sideletter B-2 (Sideletter to Section 18(b)(2)(c) - Experiment in Syndication of Half-Hour Series in Markets Representing 50% or Fewer of U.S. Television Households); Sideletter Re Exhibition of Motion Pictures Transmitted Via New Media, except as otherwise modified above; Sideletter Re Programs Made For New Media, except as otherwise modified above.
3. Renew the unpublished “Sideletter to The CW Supplement Re Caps on Background Actors on The CW,” except as otherwise modified above.

G. Discussion Items: The parties have agreed to meet on several discussion items during the first year of this agreement, including issues related to minors, affirmative action/diversity, electronic reporting of performers work times and compensation and casting.