

XII. Health Plan

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

(b) In accordance with Article V, Sections 1 and 2 of such Health Plan, and subject to the provisions for changes hereinafter set forth, Producer shall make contributions to the Health Plan as follows:

(1) Basic Rate. A Producer which qualifies as a "\$15 Million Contributor" (as defined below) shall contribute to the Health Plan:

(i) four dollars thirty-one and three-tenths cents (\$4.313) for each hour worked by or guaranteed an employee by such Producer on or after July 29, 2018 to and including August 3, 2019 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked;

(ii) four dollars forty-one and three-tenths cents (\$4.413) for each hour worked by or guaranteed an employee by such Producer on or after August 4, 2019 to and including August 1, 2020 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked; and

(iii) four dollars fifty-one and three-tenths cents (\$4.513) for each hour worked by or guaranteed an employee by such Producer on or after August 2, 2020 to and including July 31, 2021 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked.

It is understood that any Producer which has been recognized or is hereafter recognized by the Motion Picture Industry Pension and Health Plans as a "\$15 Million Contributor," and any entity related to or affiliated with such Producer that exists now or may exist in the future, qualifies as a "\$15 Million Contributor."

(2) Premium Rate. A Producer which does not qualify as a "\$15 Million Contributor" shall contribute to the Health Plan:

(i) four dollars eighty-six and three-tenths cents (\$4.863) for each hour worked by or guaranteed an employee by such Producer on or after July 29, 2018 to and including August 3, 2019 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked;

(ii) five dollars sixty-one and three-tenths cents (\$5.613) for each hour worked by or guaranteed an employee by such Producer on or after August 4, 2019 to and including August 1, 2020 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked; and

(iii) six dollars thirty-six and three-tenths cents (\$6.363) for each hour worked by or guaranteed an employee by such

Producer on or after August 2, 2020 to and including July 31, 2021 under the terms of this Agreement, including "straight time" and "overtime" hours on any day worked.

(3) Commencing with the quarter ending September 30, 2018 and at the end of every subsequent calendar quarter during the term of this Agreement, the consultants for the Health and Pension Plans shall project the level of reserves in the Active Employees Fund for the term of the Agreement.

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

(c) In the event additional crafts and classifications of work shall, as herein provided, become subject to this Agreement subsequent to July 31, 2018, then and in such event, this Article XII shall only be effective and applicable to employees thereafter employed hereunder by Producer in such crafts and classifications of work, commencing as of a date thereafter upon which the Producer and IATSE shall mutually agree.

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

(e) For purposes of this provision, studio, nearby and distant location employment under "on call" weekly schedules⁴ shall be considered as follows:

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

- (1) Partial week - twelve (12) hours per day;
- (2) Five day week - sixty (60) hours;
- (3) Six day week - seventy-two (72) hours; and
- (4) Seven day week - eighty-four (84) hours.

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

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

(f) During the period August 1, 2018 to and including July 31, 2021:

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

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

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

(2) Thereafter, if the consultants project, taking into account a reasonable amount of Supplemental Markets income, that: (i)

the reallocation of wages and/or contributions from the Individual Account Plan above will not restore the level of reserves in the Active Employees Fund to six (6) months during the term of this Agreement; and (ii) the level of reserves will drop below four (4) months during the term of this Agreement, then employer contributions will be increased to the amount and for such time as is necessary to create a four (4) month reserve level for the maintained benefits.

(g) The Affordable Care Act added a provision to the Internal Revenue Code to require a non-deductible excise tax (also known as the "Cadillac" tax) on certain employer-sponsored health coverage for tax years beginning in 2022. Many details about the tax, including its calculation and assessment, remain unknown.

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

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

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

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

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

An employee who became a member of the Retirement Plan on or before March 1, 1961 shall not be considered to be subject to

a "union welfare contract" effective as to such employee, within the meaning of Paragraph 36 of the Retirement Plan, during such time as he is a member of the Retirement Plan. An employee who withdrew from the Retirement Plan on or before March 1, 1961 shall be considered to be subject to a "union welfare contract" effective as to such employee, within the meaning of Paragraph 36 of the Retirement Plan.

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

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

(i) On an annual basis during the term of this Agreement, the AMPTP, the IATSE and the Chairman of the Basic Crafts (on behalf of the Basic Crafts Group) shall jointly review the allocation to the Motion Picture Industry Pension and Health Plans from Supplemental Markets in conjunction with the allocation of Post '60s monies. Any agreement mutually agreed upon by them shall become a part of this Agreement.

(j) Effective August 1, 2018, for a dental plan, the Producer shall contribute to the Health Plan eighteen and seven-tenths cents (18.7¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2018 under the terms of this Agreement, including "straight time" or "overtime" hours on any day worked. The provisions of subparagraphs (c), (d) and (e) shall apply to the provisions of this subsection.

(k) Effective August 1, 2018, for a vision care plan, the Producer shall contribute to the Health Plan five cents (5¢) for each hour worked by or guaranteed an employee by such Producer on or after August 1, 2018 under the terms of this Agreement, including "straight

time" and "overtime" hours for any day worked. The provisions of subparagraphs (c), (d) and (e) shall apply to this subsection.

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