

ARTICLE 16. Policy, Applicability of Agreement and Subcontracting

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

These purposes are accomplished as follows:

(b) Policy

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

under the IATSE Basic Agreement, the Videotape Agreement, and the West Coast Studio Local and Basic Crafts Agreements or other applicable collective bargaining agreements.

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

Negative pick-up transactions, distribution transactions, and production-distribution transactions which are *bona fide* are not covered by this Article 16, except that in the event the Producer enters into a production-distribution transaction, by providing financing or the guarantee thereof for the production of a motion picture under this Section, then the Producer shall notify the IATSE and Basic Crafts in writing at least thirty (30) days prior to the commencement of principal photography, providing the name of such motion picture, the name of the Producer and corporate entity and/or principals. If there are unusual circumstances in which the Producer cannot give such thirty (30) days notice, the Producer shall give at least ten (10) days notice prior to the commencement of principal photography.

(c) Applicability of Agreement

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

(d) Subcontracting

The parties recognize the existence of past subcontracting practices within the multi-employer bargaining unit. The parties agree that the rights, limitations and restrictions upon subcontracting practices set forth in the West Coast Studio Local Agreements and the Basic Crafts Agreements shall remain in effect.

The Producer, as a matter of preservation of work for employees who have historically and traditionally performed work under the crafts and classifications as set forth in the IATSE Basic Agreement, the Videotape Agreement, the West Coast Studio Local and Basic Crafts Agreements, agrees that as to bargaining unit work of a type which has not heretofore been subcontracted in the multi-employer bargaining unit, the Producer will subcontract such bargaining unit work to any other person, corporation, joint venture or entity only: (1) if the Producer first notifies the IATSE and Chair of the Basic Crafts, when applicable, in writing of its intention to subcontract, and (2) the direct labor costs of the person, corporation, joint venture or entity who will perform such

work under said subcontract are not less than the direct labor costs set forth in the IATSE Basic Agreement, the Videotape Agreement, the West Coast Studio Local and Basic Crafts Agreements or other applicable collective bargaining agreements; or (3) if the Producer lacks the requisite technology, facilities or equipment to perform the work.

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

(f) A complaint by the IATSE or the Basic Crafts of a violation of this Article shall be submitted within fifteen (15) days after a written request to a special Producer-IATSE or Basic Crafts Committee for a resolution. The Producer's representation on the Committee shall consist of the AMPTP and the Producer involved in the complaint. Upon agreement by the AMPTP, the Producer involved and the IATSE or the Basic Crafts, the decision of the Committee shall be final and binding on the Producer involved and the IATSE or the Basic Crafts. If no resolution is reached by the Committee, the IATSE or Basic Crafts shall have the right to submit the dispute to a final and binding regular arbitration procedure as set forth in Article 7(b) of this Agreement.