

XLV. Payroll Deposit

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

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

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

(c) No later than four (4) weeks after the completion of principal photography for the production, the IATSE shall advise the Producer of any outstanding payroll obligations to the employees employed on the production and/or the respective benefit plan(s). Upon the expiration of such four (4) week period, the payroll company, with the approval of the IATSE, shall remit the amounts due for any undisputed items to the employee(s) to whom and/or benefit plan(s) to

which such amounts are due and shall remit the balance of the deposit to the Producer, less (1) an amount sufficient to pay the disputed payroll items, if any, and (2) an amount equal to two (2) weeks of estimated payroll, plus two (2) weeks of pension, health and IAP contributions, for post-production employees who remain on the payroll of the production, which amounts shall remain deposited with the payroll company.

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

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

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

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

(h) In the event that an Employer fails to make a required deposit as set forth herein, the IATSE may direct the covered employees

to withhold services from that Producer on the production for which the deposit is sought until the deposit is made or a letter of guarantee is provided as set forth in subparagraph (g) above.