

ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS  
15301 Ventura Boulevard, Building E, Sherman Oaks, CA 91403  
Tel: 818.995.3600 • Fax: 818.285.4450 • [www.amptp.org](http://www.amptp.org)

Carol A. Lombardini  
President

Direct: 818.935.5930

Revised as of August 1, 2018

Matthew D. Loeb  
International President  
International Alliance of Theatrical Stage Employees and  
Moving Picture Technicians, Artists and Allied Crafts  
of the United States, its Territories and Canada  
207 West 25<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, New York 10001

**Re: Productions Made for New Media**

Dear Matt:

This Sideletter to the Producer - LATSE Basic Agreement of 2018<sup>1</sup> confirms the understanding of the International Alliance of Theatrical Stage Employees (hereinafter “the LATSE”), on behalf of itself and its West Coast Studio Local Unions, on the one hand, and the Alliance of Motion Picture and Television Producers, on behalf of the Producers it represented in the negotiations for a successor agreement to the 2015 Producer - IATSE Basic Agreement (hereinafter collectively “the parties”), concerning the terms and conditions applicable to the production of entertainment motion pictures of the type that have traditionally been covered under the Producer - IATSE Basic Agreement (hereinafter “the Basic Agreement”)<sup>2</sup> that are made for the Internet, mobile devices, or any other new media platform in existence as of August 1, 2009 (hereinafter

---

<sup>1</sup> For convenience only, and without intending to change the meaning or effect of or alter the interpretation of this Sideletter to the Basic Agreement, the parties agree to reprint this Sideletter in the West Coast Studio Local Agreements.

<sup>2</sup> Such entertainment motion pictures do not include non-dramatic programs and non-prime time dramatic programs which are instead covered under the Producer - LA.T.S.E. Videotape Electronics Supplemental Basic Agreement (hereinafter “the Videotape Agreement”).

collectively referred to as “New Media”).<sup>3</sup> With respect to such productions intended for initial use in new media, the parties agree as follows:

When the parties entered into the 2015 negotiations, they mutually understood that the economics of New Media production were uncertain and that greater flexibility in terms and conditions of employment was therefore mutually beneficial. The parties understood that if one or more business models developed such that New Media production became an economically viable medium, then the parties would mutually recognize that fact in future agreements.

During the 2018 negotiations, in recognition of emerging subscription video-on-demand services exhibiting mid-budget and high budget dramatic productions, the parties agreed to modify the terms and conditions for “mid-budget” dramatic productions made for subscription video-on-demand consumer pay New Media platforms as provided in Paragraph D. below and the terms and conditions for “high budget” dramatic productions made for subscription video-on-demand consumer pay New Media platforms as provided in Paragraph G. below.

**A. Recognition**

The Producer recognizes the IATSE as the exclusive bargaining representative of employees employed in the job classifications covered by the West Coast Studio Local Agreements (hereinafter “the West Coast Studio Local Agreements”) within the geographic scope of the applicable West Coast Studio Local Agreement on entertainment motion pictures of the type traditionally covered under the Basic Agreement, other than those covered under the Videotape Agreement, which are intended for initial exhibition in New Media, but excluding news, sports, documentaries and “Experimental New Media Productions,” as that term is defined below.

**B. Coverage**

Coverage shall be at the Producer’s option with respect to “Experimental New Media Productions.” Should the Producer elect to cover an Experimental New Media Production, the terms and conditions applicable to employment on Original New Media Productions, as set forth in Paragraph D. below, shall apply.

---

<sup>3</sup> This Sideletter applies to the production of certain types of programs intended primarily for use in New Media and does not cover work involved in the selection of content for, design or management of any website or any other New Media platform on which productions made for New Media appear.

An “Experimental New Media Production” is defined as any Original New Media Production: (1) for which the actual cost of production does not exceed: (a) \$15,000 per minute of program material as exhibited, and (b) \$300,000 per single production as exhibited, and (c) \$500,000 per series of programs produced for a single order; and (2) on which fewer than four (4) employees as hereinafter described are working in job classifications covered by, and within the geographic scope of, an industry-wide agreement between Employers and the IATSE, or a Local thereof, which agreement covers television productions as well as productions made for new media. With respect to any employee working within the geographic scope of the Basic or Videotape Agreement, such employees shall include any person listed on the Industry Experience Roster established by the Basic Agreement, or in the case of employees working in classifications with no Roster, any person who has thirty (30) or more days of work experience within the last three (3) years, either alone or in combination, under the West Coast Studio Local Agreement covering that classification, the Videotape Agreement, or on New Media productions covered under this Sideletter or the corresponding Sideletter in the Videotape Agreement.<sup>4</sup> With respect to any employee working in the respective classifications and geographic scope of any other industry-wide Agreement described in the first sentence of this paragraph, such employees shall include any person who has thirty (30) or more days of work experience within the last three (3) years under any such Agreement and/or on New Media productions covered under any such Agreement.<sup>5</sup> Notwithstanding the preceding two sentences, in determining whether fewer than four (4) such employees are employed on the production, the following employees shall not be counted: employees not specifically charged to the production or who are included in general overhead; script coordinators and writers’ room assistants; projectionists and in-house publicists (but not unit publicists); and employees engaged in post-production or distribution functions, including, but not limited to, editing and looping, regardless of where or when those functions are performed, but excluding the editor, provided that such editor is working in conjunction with the shooting company.

The actual cost of the Experimental New Media Production shall consist of all direct costs actually incurred in connection with the Production. The only costs excluded in determining the actual cost of production shall be development costs, overhead charges, financing costs (z.e.; loan origination fees, gap fees, legal fees and interest), contingency of up to ten percent (10%), essential elements insurance costs, the cost of the completion bond, marketing expenses, contingent payments

---

<sup>4> 5</sup> The Producer shall be entitled to rely on the representation of the employee as to whether he or she meets the “thirty (30) or more days of work experience within the last three (3) years” requirement.

to talent or other parties which are based on the proceeds derived from the exploitation of the Production and received after recoupment of the negative cost, and delivery items required by sales agents, distributors or sub-distributors (*i.e.*, delivery materials beyond the answer print, NTSC Video Master if the Production is delivered on videotape, or the digital equivalent if the Production is delivered in a digital format).

If the Producer began production of an “Experimental New Media Production” which the Producer elected not to cover under the terms of this Sideletter, but subsequently employs four (4) or more employees on the production in job classifications covered by, and within the geographic scope of, an industry-wide collective bargaining agreement which meets the description in the first sentence of the second paragraph of this Paragraph B., and such employees meet the description in either the second or third sentence of the second paragraph of this Paragraph B., and are not excluded pursuant to the fourth sentence of said paragraph, then said production shall automatically be deemed covered hereunder, starting from the first day on which at least four (4) or more such employees are so employed on the production and continuing until the production is finished.

Producer shall use reasonable efforts to notify the IATSE that it intends to cover an “Experimental New Media Production” by the start of principal photography.

**C. Terms and Conditions of Employment on Derivative New Media Productions (Other than a Derivative High Budget New Media Production Made Primarily for Exhibition on a Subscription Video-On-Demand Consumer Pay Platform (“High Budget SVOD Program”))**

A “Derivative New Media Production” is a production made for New Media based on an existing television motion picture covered by the Basic Agreement, other than a non-dramatic or non-prime time dramatic program covered under the Videotape Agreement, that was produced for “traditional” media - *e.g.*, a free television, basic cable or pay television motion picture (“the source production”) - and is otherwise included among the types of motion pictures traditionally covered by the Basic Agreement, but is not a non-dramatic program or non-prime time dramatic program covered under the Videotape Agreement.

Employees may be employed by a Producer and assigned to a Derivative New Media Production as part of their regular workday on the source production. The work for the Derivative Production shall be considered part of the workday for the employees on the source production and shall trigger overtime if work on the Derivative Production extends the workday on the source production past the point at which overtime would normally be triggered on the source production.

All other terms and conditions, including benefits, shall continue as if the employee were continuing to work on the source production.

In all other situations, terms and conditions of employment for a Derivative New Media Production (other than a derivative High Budget SVOD Program, the terms and conditions of employment for which are provided in Paragraph G.) are freely negotiable between the employee and the Producer, except for those provisions identified in Paragraph E. below which shall be automatically applicable to employees.

**D. Terms and Conditions of Employment on Original New Media Productions (Other than an Original “High Budget SVOD Program”)**

- (1) Terms and conditions of employment on Original New Media Productions (other than a “Mid-Budget SVOD Program” as defined in Paragraph D.(2) below and other than an Original “High Budget SVOD Program” as defined in Paragraph G. below) are freely negotiable between the employee and the Producer, except for those provisions identified in Paragraph E. below which shall be automatically applicable to employees.
- (2) (a) The terms and conditions set forth in this Paragraph D.(2) shall be applicable prospectively only. They shall not apply to:
  - (i) any program or series that would otherwise qualify as a “Mid-Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program, in the case of a one-time program, or the principal photography of the first episode, in the case of a series, commenced prior to August 1, 2019; or
  - (ii) any program or series that would otherwise qualify as a “Mid-Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program or the first episode of the series commenced after August 1, 2019, if such 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 August 1, 2019.

However, if such license agreement is entered into subject to conditions precedent, then all such conditions must be satisfied prior to August 1, 2019.

Any program or series described in subparagraphs (i) or (ii) above shall be subject to Paragraph D.(1) of this Sideletter. However, with respect to any such program or series described in subparagraphs (i) or (ii) above, if the licensee orders additional programs or episodes pursuant to the terms of the license agreement after August 1, 2019 and the Producer has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then such additional programs or episodes shall be subject to this Paragraph D.(2).<sup>6</sup>

Notwithstanding the foregoing, the Producer shall not reduce the terms and conditions of employment previously provided to IATSE-represented employees on programs or series covered by subparagraphs (i) or (ii) above.

(b) Mid-Budget SVOD Programs Defined

The terms and conditions set forth in Paragraph D.(2)(c) of this Sideletter shall be applicable only to original, live action dramatic new media productions made for initial exhibition on a subscription video-on-demand consumer pay platform which meet the following criteria (hereinafter “**Mid-Budget SVOD Programs**”):

**Length of Program “Mid-Budget” Threshold  
as Initially Exhibited\***

20-35 Minutes	\$900,000 or more but less than \$1,300,000
36-65 Minutes	\$1,750,000 or more but less than \$2,500,000

---

<sup>6</sup> In the event that Producer asserts that a program or series is grandfathered under the provisions of the second paragraph of Paragraph D.(2)(a) above, a limited number of representatives of the IATSE, subject to the execution of a confidentiality agreement satisfactory in form to Producer, may inspect those portions of the license agreement that are relevant to determine whether the Producer had the right to renegotiate with respect to the material terms and conditions of the license for the additional programs or episodes. All information received or reviewed by representatives of the IATSE shall be kept confidential, and neither the IATSE nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

66 Minutes or more \$2,100,000 or more but less than  
\$3,000,000

\* Original, live action dramatic new media productions which are less than 20 minutes in length and made for initial exhibition on a subscription video-on-demand consumer pay platform are not subject to this Paragraph D.(2), and, instead, are subject to Paragraph D.(1) of this Sideletter, regardless of their budgets.

(c) Terms and Conditions

The terms and conditions applicable to a Mid-Budget SVOD Program shall be as provided in the Sideletter re Special Conditions for Long-Form Television Motion Pictures (Including Movies-of-the-Week, Mini-Series and Two (2) Hour Pilots for Which No Commitment for a Series Exists at the Time of the Pilot Order) (hereinafter, the “Long-Form Sideletter”), regardless of where such Mid-Budget SVOD Program is produced, except that:

- (i) Employees employed on a Mid-Budget SVOD Program, other than post-production employees, shall be paid at the wage rates set forth in the “Made for Television Long-Form Agreement Rate Schedules” for the period two periods prior to the period in question (e.g., during the period August 2, 2020 to July 31, 2021, the wage rates for the period July 29, 2018 to August 3, 2019 shall apply);
- (ii) Paragraph 3 of the Long-Form Sideletter shall not apply. Post-production employees employed on a Mid-Budget SVOD Program shall be paid at the wage rates set forth in Exhibit 1 to this Sideletter for the period two periods prior to the period in question (e.g., during the period August 2, 2020 to July 31, 2021, the wage rates for the period July 29, 2018 to August 3, 2019 shall apply);
- (iii) In lieu of Paragraph 4 of the Long-Form Sideletter, Paragraph E.(3) of this Sideletter shall apply;
- (iv) In lieu of Paragraph 5.(ii) of the Long-Form Sideletter, Paragraph E.(5) of this Sideletter shall apply; and
- (v) Paragraph 5.(viii) of the Long-Form Sideletter shall not apply.

**E. Other Provisions for New Media Productions (Other than a “High Budget SVOD Program”)**

(1) Union Security

The provisions of Article II, “Union Security,” of the Basic Agreement shall apply to New Media Productions, except that the requirement to become a member in good standing of the Union shall not apply until an individual has been employed for at least thirty (30) workdays on New Media Productions covered under this Sideletter, or for a combined total of thirty (30) workdays on New Media Productions covered under this Sideletter and on motion pictures of the type traditionally covered under the Basic Agreement.

The Union acknowledges and agrees that the obligations set forth in subparagraph (c) of Article II apply only to newly-hired employees who are not members of the IATSE or the applicable Local Union hereunder.

(2) Pension, Health and Individual Account Plans

On covered New Media Productions budgeted at \$25,000 or less per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), Producer’s only obligation hereunder shall be to make contributions to the Active Health Fund, as required by Article XII of the Basic Agreement, and to the Retired Employees Fund, as required by Article XIV of the Basic Agreement, on behalf of each employee employed under the terms of this Sideletter.

On New Media Productions budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), or when employees are assigned by the Producer to a Derivative New Media Production as part of their regular workday on the source production, Producer shall be obligated to make pension, health and Individual Account Plan contributions in accordance with the provisions of Articles XII, XIII, XIII.A. and XIV of the Basic Agreement.

(3) Preference of Employment/Industry Experience Roster

There shall be no preference of employment of any kind or nature in the employment of employees on New Media Productions hereunder. The provisions of the Basic Agreement relating to Preference of Employment shall not be applicable to New Media Productions, except to the extent



provided below. An employee need not be on the Industry Experience Roster in order to be employed on a New Media Production.

Work under this Agreement on a covered New Media Production twenty (20) minutes or more in length in a job classification covered by and within the geographic scope of a West Coast Studio Local Agreement for which the same work, if performed in connection with a theatrical or television motion picture, would qualify for placement on the Local's Industry Experience Roster, shall be counted for purposes of placement on such Industry Experience Roster, subject to the eligibility requirements set forth in the applicable Local Agreement. If an individual has worked under this Agreement in more than one classification on a single covered New Media Production, the Producer of such covered New Media Production shall identify the employee's primary skill for purposes of determining the classification to which such person's workdays shall be credited for purposes of placement on the Industry Experience Roster.

Notwithstanding the foregoing, any individual on the New Media Roster as of July 31, 2018 shall be transferred to the Industry Experience Roster on August 1, 2018, provided that he has satisfied any licensing, testing and training requirements for the roster classification(s) in which he is to be placed.

(4) Grievance and Arbitration

Any dispute with regard to wages, hours of employment or working conditions concerning an employee employed by Producer under the terms of this Sideletter shall be resolved in accordance with the grievance and arbitration procedure set forth in Article XXXII of the Basic Agreement, except that references therein to "the Local Union" shall be replaced with "the IATSE" and the provisions with respect to the Step Two Conciliation Committee shall be deleted.

(5) Staffing

It is expressly understood and agreed that there shall be no staffing requirements on productions made for New Media and that there will be full interchange of job functions among employees, so that a single employee may be required to perform the functions of multiple job classifications covered hereunder.

(6) No Strike, No Lockout

During the term of this Agreement, the Union agrees not to engage in any strike, sympathy strike or work stoppage against the Producer. The Producer agrees not to engage in any lockout of its employees employed hereunder during the term of this Agreement.

(7) Sick Leave

The provisions of Articles XLV (“California Sick Leave”) and XLVI (“Waiver of New York City Earned Safe and Sick Time Act and Similar Laws”) of the Basic Agreement shall apply to New Media Productions covered under this Sideletter.

(8) No Other Terms Applicable

Except as expressly provided in this Sideletter, no other terms and conditions shall be applicable to employees employed on New Media Productions.

**F. Reuse of New Media Programs (Other than a “High Budget SVOD Program”)**

Only those covered New Media Productions (other than High Budget SVOD Programs) on which two (2) or more “employees employed by the Producer under the Basic Agreement,” as that term is used in Article XIX(a) and in Article XXVIII(a)(2) of the Basic Agreement,<sup>7</sup> shall generate residual payments and then only in accordance with the following:

(1) Reuse in New Media

- (a) The Producer shall have the right to use an Original New Media Production budgeted at \$25,000 or less per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) on any new media platform without limitation as to time, and without payment of residuals.

---

<sup>7</sup> It is understood and agreed that any employee employed under the terms of the corresponding “Productions Made for New Media” Sideletter in either the Local #52 Agreement or in the Local #161 Agreement shall not be considered an “employee employed by Producer under the Basic Agreement” for purposes of Paragraph F. of this Sideletter.

- (b) The Producer shall have the right to use an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production without the payment of residuals under the following circumstances:
  - (i) When such New Media Production is used on any free-to-the-consumer, advertiser-supported platform; and
  - (ii) When such New Media Production is first released on a consumer pay platform (*i.e.*, download-to-rent, download-to-own or paid streaming), even if it is subsequently released on a free-to-the-consumer advertiser-supported platform.
- (c) If an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production is initially released on a free-to-the-consumer, advertiser-supported platform and is subsequently released on consumer pay platforms (*i.e.*, download-to-own, download to rent or paid streaming), then Producer shall have a twenty-six (26) consecutive week period of use on consumer pay platforms, commencing with the first day of use on consumer pay platforms, without the payment of residuals. If the Producer uses the New Media Production on consumer pay platforms beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of “Producer’s gross,” as that term is defined in Paragraph 3 of the “Sideletter re Exhibition of Motion Pictures Transmitted via New Media,” attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period.
- (d) If an Original New Media Production budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above) or a Derivative New Media Production is initially released simultaneously on free-to-the-consumer, advertiser-supported platforms and to consumer pay platforms (*i.e.*, download-to-own, download-to-rent or paid streaming), then Producer shall have a twenty-six (26) consecutive week period of use on consumer pay platforms, commencing with the first day of use on consumer pay platforms, without the

payment of residuals. If the Producer uses the New Media Production on consumer pay platforms beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of the “Producer’s gross,” as that term is defined in Paragraph 3 of the “Sideletter re Exhibition of Motion Pictures Transmitted via New Media,” realized from any subsequent license which includes use on consumer pay platforms, which “gross” is attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period, measured from the first day of use on consumer pay platforms under the first license.

(2) Reuse in Traditional Media

The applicable provisions of Article XXVIII with respect to exhibition on “pay television,” as that term is defined in Article XXVIII(a)(3)(ii) of the Basic Agreement, shall apply when a covered New Media Production is exhibited on pay television. The applicable provisions of Article XXVIII with respect to exhibition on “cassettes,” as that term is defined in Article XXVIII(a)(3)(i), shall apply when a covered New Media Production is exhibited on videocassettes or DVDs.

(3) General

It is understood that the tests for triggering Post ‘60s and Supplemental Markets payments set forth in Article XIX and XXVIII of the Basic Agreement, including the understandings set forth in subparagraph (g) of those Articles, and the proration provisions in those Articles, shall also apply to residual payments due under the terms of this Sideletter. Residual payments due under this Sideletter shall be prorated in the same manner as are Supplemental Market monies under Article XXVIII of the Basic Agreement.

**G. High Budget Derivative and Original Dramatic New Media Productions Made for Initial Exhibition on a Subscription Video-on-Demand Consumer Pay Platform**

(1) Prospective Application

The terms and conditions set forth in this Paragraph G. shall not apply to any program or series that continues in production on or after August 1, 2018 and was grandfathered, and remains grandfathered, pursuant to

Paragraph G.(l)(a) or (b) of the Sideletter re Productions Made for New Media to the 2015 Basic Agreement.

In addition, the terms and conditions set forth in this Paragraph G. shall not apply to a High Budget SVOD Program or episodes of a High Budget SVOD series, the principal photography of which commences on or after August 1, 2018 pursuant to a license agreement entered into prior to August 1, 2018.<sup>8</sup> Paragraph G. of the Sideletter re Productions Made for New Media to the 2015 Basic Agreement shall apply instead, except that minimum wage and fringe rates shall be subject to the increases negotiated during the 2018 negotiations.

(2) **High Budget SVOD Programs Defined**

The terms and conditions set forth in Paragraph G. of this Sideletter shall be applicable only to original and derivative dramatic new media productions made for initial exhibition on a subscription video-on-demand consumer pay platform which meet the following “high budget” criteria (hereinafter “**High Budget SVOD Programs**”):

**Length of Program “High Budget” Threshold as Initially Exhibited\***

20-35 Minutes	\$1,300,000 and above
36-65 Minutes	\$2,500,000 and above
66 Minutes or more	\$3,000,000 and above

---

<sup>8</sup> If the licensee orders additional High Budget SVOD Programs or episodes of a High Budget SVOD series, the principal photography of which will commence on or after August 1, 2018, pursuant to a license agreement entered into prior to August 1, 2018, and the Producer has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then the High Budget SVOD Program or episodes of the High Budget SVOD series shall be subject to the terms of the Sideletter re Productions Made for New Media to the 2018 Basic Agreement. In the event that Producer asserts that a High Budget SVOD Program is grandfathered under the provisions of the second paragraph of Paragraph G.(l) above, a limited number of representatives of the IATSE, subject to the execution of a confidentiality agreement satisfactory in form to Producer, may inspect those portions of the license agreement that are relevant to determine whether the Producer had the right to renegotiate with respect to the material terms and conditions of the license for the additional programs or episodes. All information received or reviewed by representatives of the IATSE shall be kept confidential, and neither the IATSE nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

\* Programs less than 20 minutes are not considered “high budget” for the purpose of this Sideletter, regardless of their budgets.

**(3) Tier 1 and Tier 2 Defined**

For purposes of Paragraph G.(4) below, Tier 1 and Tier 2 shall be defined as follows:

<b>Program Length</b>	<b>Budget Tier</b>
20-35 Minutes	Tier 1: \$2,100,000 or more
	Tier 2: \$1,300,000 or more but less than \$2,100,000
36-65 Minutes	Tier 1: \$3,800,000 or more
	Tier 2: \$2,500,000 or more but less than \$3,800,000
66-95 Minutes	Tier 1: \$4,000,000 or more
	Tier 2: \$3,000,000 or more but less than \$4,000,000
96 Minutes or more	Tier 1: \$4,500,000 (plus \$2,250,000 for each additional 35 minutes or portion thereof) or more
	Tier 2: \$3,000,000 or more but less than \$4,500,000 (plus \$2,250,000 for each additional 35 minutes or portion thereof)

**(4) Terms and Conditions**

- (a) The terms and conditions applicable to a High Budget SVOD Program in Tier 1, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 20 million or more subscribers in the United States and Canada, regardless of where such High Budget SVOD Program is produced, shall be as provided in the 2018 IATSE Basic Agreement and the West Coast Studio Local Agreements, for a program produced for free television, except that:
  - (i) The Sideletter re Special Conditions for One-Half Hour and One-Hour Pilots and One-Hour Episodic Television Series shall apply to a High Budget SVOD pilot or series that is

fewer than 66 minutes in length, as if it were a “one-hour pilot” or a “one-hour episodic television series” and regardless of where such High Budget SVOD Programs are produced.

- (ii) For High Budget SVOD Programs that are 66 minutes or more in length, the Sideletter re Special Conditions for Long-Form Television Motion Pictures (Including Movies-of-the-Week, Mini-Series and Two (2) Hour Pilots for Which No Commitment for a Series Exists at the Time of the Pilot Order) to the Basic Agreement shall apply as if such High Budget SVOD Program were a “long-form television motion picture” or a “made-for-television long-form project,” regardless of where such High Budget SVOD Programs are produced. References to a “two hour pilot” in the Sideletter shall mean a High Budget SVOD pilot that is 96 minutes or more in length.
- (iii) Post-production employees employed on a one-time High Budget SVOD Program, High Budget SVOD pilot and the first and second season of a High Budget SVOD series shall be paid at the wage rates set forth in the Local #700 (Majors) Agreement, including the Amendment Agreement if applicable, for the period immediately preceding the period in question (e.g. during the period August 4, 2019 to August 1, 2020, the wage rates for the period July 29, 2018 to August 3, 2019 shall apply).
- (iv) Daily overtime for hours worked shall be paid at the rate of time-and-one-half for each hour worked after eight (8) work hours, except as otherwise provided in a Local Agreement; golden hours, when applicable, shall be paid for each hour worked after twelve (12) work hours, except that on “bus to” and distant locations, golden hours shall be paid after fourteen (14) elapsed hours.
- (v) The wage rates and working conditions applicable to theatrical motion pictures, as set forth in this Agreement and in the West Coast Studio Local Agreements, shall apply to a live action High Budget SVOD Program that is 96 minutes or more in length and budgeted at over \$30 million *[to be increased by the wage increases in each year]*

*of the Agreement*]<sup>9</sup> (other than a pilot, episode of a series or part of a mini-series) and that is intended primarily for use on a subscription consumer pay video-on-demand new media service with 20,000,000 or more subscribers in the United States and Canada.<sup>10</sup> It is understood that the only residual obligations applicable to any such Program shall be as provided in Paragraph G.(5) of this Sideletter.

The foregoing applies only to a High Budget SVOD Program that is subject to a license agreement entered into on or after January 1, 2019 (or, in the absence of a license agreement, the principal photography of which commences on or after January 1, 2019).

- (b) The terms and conditions applicable to High Budget SVOD Programs in Tier 2, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 20 million or more subscribers in the United States and Canada, or for High Budget SVOD Programs that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with fewer than 20 million subscribers in the United States and Canada, regardless of where such High Budget SVOD Programs are produced, shall be as set forth in the Sideletter re Productions Made for Basic Cable as if such High Budget SVOD Program were a pilot or episode of a series produced for basic cable, subject to the following modifications:

---

<sup>9</sup> The budget threshold increases to over \$30,900,000 effective August 4, 2019 and to over \$31,827,000 effective August 2, 2020.

<sup>10</sup> The budget shall be determined by the production costs, including the “above” and “below the line” costs and “pre-production” and “post-production” costs. Production costs shall not include: (a) the costs of the premium for a completion bond; (b) a contingency fund not to exceed ten percent (10%) of the budget; (c) costs reimbursed by insurance; and (d) overages caused by a *force majeure* event or governmental action. Employer shall provide the IATSE, upon request, with a report of the actual expenditures of the production (“Final Expenditure Report”) and such other relevant materials as the IATSE may require which show the actual cost of the production. All information received or reviewed by professionals shall be confidential and neither the IATSE nor its representatives or retained professionals shall disclose any such information except as necessary to enforce their rights under the Agreement.



- (i) Post-production employees employed on a High Budget SVOD Program, High Budget SVOD pilot and the first season of a High Budget SVOD series shall be paid at the rates set forth in Exhibit 1 to this Sideletter; post-production employees employed on the second and third seasons of a High Budget SVOD series shall be paid at the rates set forth in the Local #700 (Majors) Agreement, including the Amendment Agreement, if applicable, for the period immediately preceding the period in question (e.g., during the period August 4, 2019 to August 1, 2020, the wage rates for the period July 29, 2018 to August 3, 2019 shall apply).
- (ii) Daily overtime for hours worked shall be paid at the rate of time-and-one-half for each hour worked after eight (8) work hours, except as otherwise provided in a Local Agreement; golden hours, when applicable, shall be paid for each hour worked after twelve (12) work hours, except that on “bus to” and distant locations, golden hours shall be paid after fourteen (14) elapsed hours.
- (c) Preference of employment under the provisions of Paragraph 68 of the West Coast Studio Local Agreements shall apply on a High Budget SVOD Program to the same extent required on a free television motion picture. Days worked on a High Budget SVOD Program shall count towards placement on the Industry Experience Roster.
- (d) Paragraph E.(6) of this Sideletter shall apply.
- (e) The second paragraph of Paragraph C. shall apply to any High Budget SVOD Program that is a Derivative New Media Production.

(5) Reuse

Only those covered High Budget SVOD Programs on which two (2) or more “employees employed by the Producer under the Basic Agreement,” as that term is used in Article XIX(a) and in Article XXVIII(a)(2) of the

Basic Agreement,<sup>11</sup> shall generate residual payments and then only in accordance with the following:

- (a) Except as provided in subparagraph (c) below, the Producer shall have the right to use a High Budget SVOD Program on any consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited) without payment of residuals.
- (b) Except as provided in subparagraph (c) below, Producer shall have the right to use a High Budget SVOD Program on any free-to-the-consumer, advertiser-supported platform without payment of residuals.
- (c) If a High Budget SVOD Program is initially exhibited simultaneously on a free-to-the-consumer, advertiser-supported platform and the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited), then Producer shall have a twenty-six (26) consecutive week period of use on the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited), commencing with the first day of use on the subscription video-on-demand consumer pay platform, without the payment of residuals.

If the Producer uses the High Budget SVOD Program on a consumer pay platform beyond such twenty-six (26) consecutive week period, then Producer shall pay to the Motion Picture Industry Pension and/or Health Plans 5.4% of the “Producer’s

---

<sup>11</sup> It is understood and agreed that any employee employed under the terms of the corresponding “Productions Made for New Media” Sideletter in either the Local #52 Agreement or in the Local #161 Agreement shall not be considered an “employee employed under the Basic Agreement” for purposes of Paragraph G.(5) of this Sideletter.

gross,” as that term is defined in Paragraph 3 of the “Sideletter re Exhibition of Motion Pictures Transmitted Via New Media,” realized from any subsequent license which includes use on consumer pay platforms, which “gross” is attributable to use on consumer pay platforms beyond the twenty-six (26) consecutive week period, measured from the first day of use on the subscription video-on-demand consumer pay platform under the first license.

Notwithstanding the foregoing, Producer shall have the right to exhibit a High Budget SVOD Program (including any one-time program or the first three (3) episodes of a new series) simultaneously on a free-to-the-consumer, advertiser-supported platform and the subscription video-on-demand consumer pay platform (including any domestic or foreign subscription video-on-demand consumer pay platform that is related to or affiliated with the subscription video-on-demand consumer pay platform on which the High Budget SVOD Program was initially exhibited) for a period of seven (7) consecutive days for the purpose of promoting the High Budget SVOD Program, without triggering payment of residuals as provided in the preceding paragraph.

- (d) Paragraph F.(2) of this Sideletter regarding reuse of New Media productions in traditional media shall apply to High Budget SVOD Programs.
- (e) Paragraph F.(3) of this Sideletter regarding the tests for triggering Supplemental Markets payments and the proration provisions in XXVIII of the Basic Agreement shall apply to residual payments due under this Paragraph G.(5).
- (f) (i) The folio wing shall apply to a High Budget SVOD Program (other than a pilot, episode of a series or part of a mini-series) produced during the term of, and subject to, this Agreement that is:
  - (A) 96 minutes or longer with a budget in excess of \$30 million (in excess of \$45 million for an animated High Budget SVOD Program) *[budget thresholds to be increased by the wage increases in each year of*

*the Agreement<sup>11</sup>]]<sup>1</sup>*

- (B) intended primarily for use on a subscription consumer pay video-on-demand new media service;
  - (C) subject to a license agreement with an SVOD service with more than 1,000,000 domestic subscribers, which license agreement was entered into on or after January 1, 2019 (or, in the absence of a license agreement, the principal photography of which commences on or after January 1, 2019); and
  - (D) produced with employees employed by Producer under this Agreement, as defined in Article XXVIII.(c)(1)(iii) of this Agreement and as further clarified in subparagraph (g) of Article XXVIII. of this Agreement.
- (ii) If such Program is released in theaters in the United States or Canada and an admission fee is charged to view the Program,<sup>14</sup> Producer shall make a payment to the Motion

---

<sup>12</sup> The budget threshold for such a live action High Budget SVOD Program increases to more than \$30,900,000 effective August 4, 2019 and to more than \$31,827,000 effective August 2, 2020; the budget threshold for such an animated High Budget SVOD Program increases to more than \$46,350,000 effective August 4, 2019 and to more than \$47,740,500 effective August 2, 2020.

<sup>13</sup> The budget shall be determined by the production costs, including the “above” and “below the line” costs and “pre-production” and “post-production” costs. Production costs shall not include: (a) the costs of the premium for a completion bond; (b) a contingency fund not to exceed ten percent (10%) of the budget; (c) costs reimbursed by insurance; and (d) overages caused by a *force majeure* event or governmental action. Employer shall provide the IATSE, upon request, with a report of the actual expenditures of the production (“Final Expenditure Report”) and such other relevant materials as the IATSE may require which show the actual cost of the production. All information received or reviewed by representatives of the IATSE or retained professionals shall be confidential and neither the IA TSE nor its representatives or retained professionals shall disclose any such information except as necessary to enforce their rights under the Agreement.

<sup>14</sup> It is understood that when the Program is exhibited at a film festival or charitable event, no payment shall be due hereunder if (a) an admission fee is charged only for the festival or the event (but not for the Program itself) or (b) an admission fee is charged for the Program, but no monies are paid to the Employer or the Employer’s licensee in consideration for the use of the Program. In addition, the IATSE shall not unreasonably deny waivers of this provision for exhibition at an educational institution or similar circumstances.

Picture Industry Pension Plan<sup>15</sup> in the amount of:

- (A) five and four-tenths percent (5.4%) of the straight time scale earnings of all employees employed on the live action High Budget SVOD Program under the Basic Agreement; or
- (B) three and six-tenths percent (3.6%) of the straight time scale earnings of all employees employed on the animated High Budget SVOD Program under the Basic Agreement.

Such payment shall be due in equal installments over eight (8) consecutive calendar quarters commencing sixty (60) calendar days following the close of the calendar or fiscal quarter in which the initial domestic theatrical release occurred. Payment of the foregoing amounts covers all theatrical exhibitions of the Program in perpetuity.

It is understood that a theatrical motion picture that is exhibited on a subscription video-on-demand consumer pay new media platform is not subject to the foregoing residual; instead, the Sideletter re Exhibition of Traditional Motion Pictures Via New Media applies.

- (iii) This Paragraph G.(5)(f) shall expire upon termination of the 2018 IATSE Basic Agreement.
- (6) The number of subscribers in the United States and Canada shall be determined as of July 1st of each year of the Agreement. For a High Budget SVOD series, the number of subscribers that applies to the first episode of the season shall apply to the entire season in perpetuity.

---

<sup>15</sup> The bargaining parties agree that this payment shall not reduce the minimum funding otherwise required for the Pension Plan (in other words, when determining whether the minimum funding requirement of the Pension Plan has been met, no reduction shall be made in the amount of Supplemental Markets monies that would otherwise be allocated to the Pension Plan by reason of amounts payable under this provision).

**H.** Representatives of the IATSE shall have the right to review the budget of a covered new media production solely for the purpose of determining whether the covered new media production falls within the definition of a Mid-Budget SVOD Program as set forth in Paragraph D.(2) above or a High Budget SVOD Program as set forth in Paragraph G. above, and, if so, whether the production meets the budget break in Tier 1 or Tier 2 as set forth in Paragraph G.(3) above. Producer agrees to cooperate and provide requested relevant additional information about the budget that is reasonably available to it. All information received or reviewed by representatives of the IATSE shall be kept confidential, and neither the IATSE nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

**I. “Sunset” Clause**

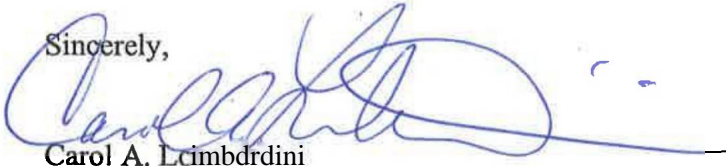
The parties recognize that these provisions are being negotiated at a time when the business models and patterns of usage of productions in New Media are in the process of exploration, experimentation and innovation. Therefore, except as provided in the next paragraph, the provisions of this Sideletter shall expire on the termination date of the Basic Agreement and will be of no force and effect thereafter. No later than sixty (60) days before that expiration date, the parties will meet to negotiate new terms and conditions for reuse of productions made for New Media.

The terms and conditions herein applicable to High Budget SVOD Programs, other than the provisions of Paragraph G.(5)(f) herein, shall apply and remain in full force and effect, and without change, to High Budget SVOD Programs produced by the Producer hereunder, regardless of the terms or provisions of any agreement which is a modification, extension or renewal of, or substitution for, this Sideletter.

Matthew D. Loeb  
Productions Made for New Media  
Revised as of August 1,2018  
Page 23

The parties further acknowledge that conditions in this area are changing rapidly and that the negotiation for the successor agreement will be based on the conditions that exist and reasonably can be forecast at that time.

Sincerely,



Carol A. Lcimbrdini

**ACCEPTED AND AGREED:**



Matthew D. Loeb  
International President

**EXHIBIT 1**  
**LOCAL #700 RATE SCHEDULE**  
**HIGH BUDGET SVOD PROGRAMS**

**1. Local #700 (Editors) Agreements (Majors and Independents)**

<b>Effective July 29, 2018 - August 3, 2019</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,943.35	\$52.07 (\$416.56/day)
Sound Effects Editor Z-5cc	1,775.60 (\$44.39/hr.)	44.40 (355.20/day)**
Foley Artist Z-1lcc	1,775.60 (44.39/hr.)	44.40 (355.20/day)**
Music Film Editor Z-5ff	1,775.60 (44.39/hr.)	44.40 (355.20/day)**
Asst. Editor Z-6c	1,459.60 (36.49/hr.)	36.51 (292.08/day)
Apprentice Z-7	1,294.40 (32.36/hr.)	32.34 (258.72/day)

<b>Effective August 4, 2019 - August 1, 2020</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$3,031.65	\$53.63 (\$429.04/day)
Sound Effects Editor Z-5cc	1,828.80 (\$45.72/hr.)	45.73 (365.84/day)**
Foley Artist Z-1lcc	1,828.80 (45.72/hr.)	45.73 (365.84/day)**
Music Film Editor Z-5ff	1,828.80 (45.72/hr.)	45.73 (365.84/day)**
Asst. Editor Z-6c	1,503.20 (37.58/hr.)	37.61 (300.88/day)
Apprentice Z-7	1,333.20 (33.33/hr.)	33.31 (266.48/day)



<b>Effective August 2, 2020 - July 31,2021</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$3,122.60	\$55.24 (\$441.92/day)
Sound Effects Editor Z-5cc	1,883.60 (\$47.09/hr.)	47.10 (376.80/day)**
Foley Artist Z-1lcc	1,883.60 (47.09/hr.)	47.10 (376.80/day)**
Music Film Editor Z-5ff	1,883.60 (47.09/hr.)	47.10 (376.80/day)**
Asst. Editor Z-6c	1,548.40 (38.71/hr.)	38.74 (309.92/day)
Apprentice Z-7	1,373.20 (34.33/hr.)	34.31 (274.48/day)

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the employee's rate may be individually negotiated.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.

\*\* Employees may be employed on a daily basis as a Sound Effects Editor, Foley Artist or Music Film Editor under the Local #700 (Editors) Agreements (Majors and Independents) in the following circumstances: for the purpose of replacing employees who are given time off pursuant to Paragraph 7.1, for the purpose of replacing, for up to five (5) consecutive scheduled work days, employees who are absent for personal reasons (except that replacements for employees taking paid California sick leave shall be governed by Article 13), for work on screen tests or for additional work to be performed after the final dub. In the latter case, employment shall first be offered to the individual(s) who performed work during the regular post-production period in the job classification(s) in which the additional work is to be performed. If such individual(s) accepts the offer of employment, he (they) shall be paid at the rate under which he (they) was (were) formerly employed. Such employees may also be employed on a daily basis for electronic sound editing on motion pictures other than theatrical motion pictures, but such daily schedule employment shall not be used for the purpose of avoiding premium pay for the sixth or seventh day worked in an employee's workweek. In addition, Assistant Editors and Librarians may be employed on a daily basis due to temporary increases in workload (including temp dubs).

Except as provided above, employment on a daily basis shall be on an emergency basis only. The Producer shall immediately notify the Union of its intention to employ such employees on a daily basis in an emergency and state the emergency purpose for which the employee will be employed on a daily basis.

2. Local #700 (Editors) Amendment Agreement (New York-Based Productions Within 250 Miles of Columbus Circle, New York)

<b>Effective July 29, 2018 - August 3, 2019</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,655.20 (\$66.38/hr.)	\$82.98 (\$663.84/day)
Sound Effects Editor	2,429.20 (60.73/hr.)	75.90 (607.20/day)
Foley Artist	2,429.20 (60.73/hr.)	75.90 (607.20/day)
Music Film Editor	2,429.20 (60.73/hr.)	75.90 (607.20/day)
Asst. Editor	1,558.00 (38.95/hr.)	48.71 (389.68/day)
Editing Room Assistant	868.80 (21.72/hr.)	27.16 (217.28/day)

<b>Effective August 4, 2019 - August 1, 2020</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,734.80 (\$68.37/hr.)	\$85.47 (\$683.76/day)
Sound Effects Editor	2,502.00 (62.55/hr.)	78.18 (625.44/day)
Foley Artist	2,502.00 (62.55/hr.)	78.18 (625.44/day)
Music Film Editor	2,502.00 (62.55/hr.)	78.18 (625.44/day)
Asst. Editor	1,604.80 (40.12/hr.)	50.17 (401.36/day)
Editing Room Assistant	894.80 (22.37/hr.)	27.97 (223.76/day)

<b>Effective August 2, 2020 - July 31,2021</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor	\$2,816.80 (\$70.42/hr.)	\$88.03 (\$704.24/day)
Sound Effects Editor	2,577.20 (64.43/hr.)	80.53 (644.24/day)
Foley Artist	2,577.20 (64.43/hr.)	80.53 ( 644.24/day)
Music Film Editor	2,577.20 ( 64.43/hr.)	80.53 ( 644.24/day)
Asst. Editor	1,652.80 (41.32/hr.)	51.68 (413.44/day)
Editing Room Assistant	921.60 (23.04/hr.)	28.81 (230.48/day)

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the employee's rate may be individually negotiated.

\*Weekly rates are for 40 hours of work. Daily rates are for 8 hours of work.

3. **Local #700 (Editors) Amendment Agreement (Third Area)**

<b>Effective July 29, 2018 - August 3,2019</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,840.34	N/A
Sound Effects Editor Z-5cc	1,531.60 (\$38.29/hr.)	\$44.65 (\$357.20/day)
Foley Artist Z-1lcc	1,531.60 (38.29/hr.)	44.65 ( 357.20/day)
Music Film Editor Z-5ff	1,531.60 (38.29/hr.)	44.65 ( 357.20/day)
Asst. Editor Z-6c	1,414.80 (35.37/hr.)	36.80 (294.40/day)
Apprentice Z-7	1,189.20 (29.73/hr.)	30.87 (246.96/day)

<b>Effective August 4, 2019 - August 1, 2020</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$2,925.55	N/A
Sound Effects Editor Z-5cc	1,577.60 (\$39.44/hr.)	\$45.99 (\$367.92/day)
Foley Artist Z-1lcc	1,577.60 (39.44/hr.)	45.99 ( 367.92/day)
Music Film Editor Z-5ff	1,577.60 (39.44/hr.)	45.99 ( 367.92/day)
Asst. Editor Z-6c	1,457.20 (36.43/hr.)	37.90 (303.20/day)
Apprentice Z-7	1,224.80 (30.62/hr.)	31.80 (254.40/day)

<b>Effective August 2, 2020 - July 31,2021</b>		
<b>High Budget SVOD Program Rates</b>	<b>Weekly*</b>	<b>Hourly Rate Daily*</b>
Motion Picture Editor - on call Z-1	\$3,013.22	N/A
Sound Effects Editor Z-5cc	1,624.80 (\$40.62/hr.)	\$47.37 (\$378.96/day)
Foley Artist Z-1lcc	1,624.80 (40.62/hr.)	47.37 ( 378.96/day)
Music Film Editor Z-5ff	1,624.80 (40.62/hr.)	47.37 ( 378.96/day)
Asst. Editor Z-6c	1,500.80 (37.52/hr.)	39.04 (312.32/day)
Apprentice Z-7	1,261.60 (31.54/hr.)	32.75 (262.00/day)

In the event IA classifications are utilized that may not be reflected in the above Rate Schedule, the employee's rate may be individually negotiated.

\*Weekly rates are for 40 hours of work (except for "on call"). Daily rates are for 8 hours of work.