

EXHIBIT 7

ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS

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As of October 1, 2012
Revised as of October 1, 2015
Revised as of October 1, 2018
Revised as of October 1, 2021

United Scenic Artists, Local USA 829
29 West 38th Street
New York, New York 10018

Attention: Carl Mulert, National Business Agent

Re: Productions Made for New Media

This Exhibit confirms the understanding of United Scenic Artists, Local USA 829 (hereinafter “Local USA 829”), on the one hand, and the Alliance of Motion Picture and Television Producers, on behalf of the Employers which it represented in negotiations for a successor agreement to the 2018 United Scenic Artists, Local USA 829 Motion Picture Production Agreement with Major Producers (hereinafter “the Local USA 829 Agreement”) listed in Exhibit “A” (hereinafter referred to individually as “the Employer” and collectively as “the Employers”), on the other hand, (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 Local USA 829 Agreement that are made for the Internet, mobile devices, or any other new media platform in existence as of October 1, 2009 (hereinafter collectively referred to as “New Media”).¹

¹ This Exhibit applies to the production of certain types of programs intended for initial 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.

With respect to such productions intended for initial use in New Media, the parties agree as follows:

The parties mutually recognize that the economics of New Media production are presently uncertain and that greater flexibility in terms and conditions of employment is therefore mutually beneficial. If one or more business models develop such that New Media production becomes an economically viable medium, then the parties mutually recognize that future agreements should reflect that fact.

A. Recognition

The Employer recognizes Local USA 829 as the exclusive bargaining representative of employees employed within the classifications covered by the Local USA 829 Agreement on entertainment motion pictures of the type traditionally covered under the Local USA 829 Agreement which are intended for initial exhibition in New Media, but excluding news, sports, documentaries² and “Experimental New Media Productions,” as that term is defined below, within the geographic scope covered by the Local USA 829 Agreement.

B. Coverage

Coverage shall be at the Employer’s option with respect to “Experimental New Media Productions.” Should the Employer elect

² The exclusion of news, sports and documentary productions made for new media tracks language in the Sideletter re Productions Made for New Media in the 2015 Producer – IATSE Basic Agreement and is included here for the sake of uniformity and completeness, notwithstanding the fact that news, sports and documentaries may not be motion pictures of the type traditionally covered under the Local USA 829 Agreement. The parties agree that no inference should be drawn from this language as to whether the Local USA 829 Agreement has traditionally covered these types of productions.

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.

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 any combination totaling 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 production as well as productions made for new media. With respect to any employee working within the geographic scope of the Producer – IATSE Basic Agreement (hereinafter “the Basic Agreement”) or the Producer – IATSE Videotape Electronics Supplemental Agreement (hereinafter “the 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 the corresponding Sideletter in either the Basic Agreement or the Videotape Agreement.³ With respect to any employee working in the respective classification(s) and geographic scope of any other industry-wide Agreement described in the first

³ 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.

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.⁴ 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 (*i.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 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).

⁴ 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.

If the Employer began production of an “Experimental New Media Production” which the Employer elected not to cover under the terms of this Exhibit, but subsequently employs four (4) or more employees on the production who meet the description in the second and/or third sentences of the second paragraph of this Paragraph B., and are not excluded pursuant to the fourth sentence of said paragraph (including at least one employee covered under this Exhibit), 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.

Employer shall use reasonable efforts to notify Local USA 829 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 “High Budget” New Media Production Made for Initial Exhibition on a Subscription Video-on-Demand Consumer Pay Platform (“High Budget SVOD Program”))

A “Derivative New Media Production” is a production for New Media (other than a “High Budget SVOD Program” as defined in Paragraph F. below) based on an existing television motion picture covered by the Local USA 829 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 Local USA 829 Agreement. It is understood and agreed that a production for New Media that is based on an existing videotape program covered by the Local USA 829 Agreement shall not be considered a “Derivative New Media Production.”

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 full benefits, shall continue as if the employee were continuing to work on the source productions.

In all other situations, terms and conditions of employment are freely negotiable between the Employee and the Producer, except for those provisions identified in Paragraph E. below.

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

Terms and conditions of employment on Original New Media Productions (other than a “High Budget SVOD Program”) are freely negotiable between the Employee and the Employer, except for those provisions identified in Paragraph E. below.

E. Other Provisions (For Other Than a “High Budget SVOD Program”)

(1) Union Security

The provisions of Article 2, “Recognition and Union Security,” of the Local USA 829 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 Exhibit, or for a combined total of thirty (30) workdays on New Media Productions covered

under this Exhibit and on motion pictures of the type traditionally covered under the Local USA 829 Agreement.

(2) Pension, Welfare and Annuity Plans

(a) 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), Employer's only obligation hereunder with regard to fringe benefit contributions shall be to make, on behalf of each Employee covered hereunder, that portion of the aggregate contribution in Article 9.B. and Article 23 of the Local USA 829 Agreement that is due to the IATSE National Health and Welfare Fund, as specified in Appendix A.

(b) 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 Employer to a Derivative New Media Production as part of their regular workday on the source production, Employer shall be obligated to make, on behalf of each Employee covered hereunder, pension, welfare and Annuity Fund contributions to the United Scenic Artists Local 829 Pension Plan, the IATSE National Health and Welfare Fund and the IATSE Annuity Fund in accordance with Article 9.B. and Article 23 of the Local USA 829 Agreement.

(3) Preference of Employment

There shall be no preference of employment of any kind or nature in the employment of Employees on New Media Productions hereunder.

(4) Grievance and Arbitration

Any dispute with regard to wages, hours of employment or working conditions concerning an Employee employed by Employer under the terms of this Exhibit shall be resolved in accordance with the grievance and arbitration procedure set forth in Article 17.B. of the Local USA 829 Agreement.

(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.

(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 Employer. The Employer agrees not to engage in any lockout of its Employees employed hereunder during the term of this Agreement.

(7) No Other Terms Applicable

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

F. “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 F. shall be applicable prospectively only. They shall not apply to:

- (a) any program or series that would otherwise qualify as a “High Budget SVOD Program” within the meaning of this Exhibit, 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 November 1, 2015; or
- (b) any program or series that would otherwise qualify as a “High Budget SVOD Program” within the meaning of this Exhibit for which the principal photography of the program or the first episode of the series commenced after November 1, 2015, 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 November 1, 2015. However, if such license agreement is entered into subject to conditions precedent, then all such conditions must be satisfied prior to November 1, 2015.

Any program or series described in subparagraphs (a) or (b) above shall continue to be subject to the terms of Exhibit 7 Re: Productions Made for New Media under the 2012 Local USA 829 Agreement. However, with respect to any such program or series described in subparagraphs (a) or (b) above, if the licensee orders additional programs or episodes pursuant to the terms of the

license agreement after November 1, 2015 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 the terms of this Exhibit.

Notwithstanding the foregoing, the Producer shall not reduce the terms and conditions of employment previously provided to Local USA 829 – represented employees on programs or series covered by subparagraphs (a) or (b) above.

(2) “High Budget SVOD Programs” Defined

The terms and conditions set forth in Paragraph F. of this Exhibit 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”):

<u>Length of Program as Initially Exhibited*</u>	<u>“High Budget” Threshold</u>
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

* 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 F.(4) below, Tier 1 and Tier 2 shall be defined as follows:

Program Length	Budget Tier
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 for employees employed on High Budget SVOD Programs 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 shall be as set forth in the 2021 Local USA 829 Agreement for a television motion picture (other than a television motion picture covered by Exhibit 6), subject to the following:

(i) Pilots

The rates for pilots set forth in Article 4.D. of the Local USA 829 Agreement shall apply to High Budget SVOD pilots.

(ii) Series

- (A) The rates for one-hour series set forth in Article 4.C. of the Local USA 829 Agreement shall apply to any High Budget SVOD series consisting of episodes 36 minutes or more in length.
- (B) The rates for one-half hour series set forth in Article 4.A. of the Local USA 829 Agreement shall apply to any multi-camera High Budget SVOD series consisting of episodes between 20 and 35 minutes in length.
- (C) The terms and conditions of Exhibit 6 of the Local USA 829 Agreement, including the

rates, shall apply to any single camera High Budget SVOD series consisting of episodes between 20 and 35 minutes in length.

(See charts in Appendix B for a summary of rates applicable to High Budget SVOD Series.)

(iii) One-Time High Budget SVOD Programs

Except as provided otherwise in subparagraphs (A) and (B) below, the rates for long-form television motion pictures set forth in Article 4.D. of the Local USA 829 Agreement shall apply to one-time High Budget SVOD Programs.

(A) The rates in Article 4.C. of the Local USA 829 Agreement shall apply to a one-time High Budget SVOD Program that is:

subject to a license agreement entered into on or after October 2, 2022 (or, in the absence of a license agreement, the principal photography of which commences on or after October 2, 2022);

85 minutes or more in length; and

budgeted at \$20,000,000 or more (to be increased by the general wage increases in each year of the Agreement starting on October 3, 2023).⁵

⁵ The budget threshold increases to \$20,600,000 effective October 1, 2023.

- (B) The wage and fringe rates and the working conditions applicable to theatrical motion pictures, as set forth in the Local USA 829

Agreement, shall apply to a live action High Budget SVOD Program (other than a pilot, episode of a series or part of a mini-series) 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);

96 minutes or more in length;

budgeted at over \$32,781,810 (to be increased by the wage increases in each year of the Agreement)^{6, 7}; and

⁶ The budget threshold increases to over \$33,765,264 effective October 2, 2022 and to over \$34,778,222 effective October 1, 2023.

⁷ 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. The IATSE has been granted the right under the Producer-IATSE Basic Agreement to review 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. Local USA 829 may request that the IATSE conduct such review and make a determination whether the budget is over the budget threshold provided in Paragraph F.(4)(a). In the event that the IATSE refuses to do so, Local USA 829 reserves its right to conduct such review. All information received or reviewed by representatives of the IATSE or retained professionals shall be confidential and neither Local USA 829 nor its representatives or retained

intended primarily for use on a subscription consumer pay video-on-demand new media service with 20,000,000 or more domestic subscribers.

(See charts in Appendix B for a summary of rates applicable to one-time High Budget SVOD Programs.)

- (b) The terms and conditions for employees employed on 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, shall be as set forth in the 2021 Local USA 829 Agreement for a television motion picture (other than a television motion picture covered by Exhibit 6), subject to the following modifications:

- (i) Pilots

The rates for pilots set forth in Article 4.D. of the Local USA 829 Agreement shall apply to High Budget SVOD pilots.

professionals shall disclose any such information except as necessary to enforce their rights under this Agreement.

(ii) Series

(A) First season: The rates set forth in Article 4.D. of the Local USA 829 Agreement shall apply to the first season.

(B) Second season:

1) Except as provided in subparagraph 2) below, the rates for series set forth in Article 4.C. of the Local USA 829 Agreement for the previous period shall apply.

2) The rates for series set forth in Article 4.C. of the Local USA 829 Agreement shall apply to the second season of a High Budget SVOD series that is:

subject to a license agreement entered into on or after October 2, 2022 (or, in the absence of a license agreement, the principal photography of which commences on or after October 2, 2022);

36 to 65 minutes in length per episode;

budgeted at \$8,000,000 or more per episode (to be increased by the general wage increases in each year of the Agreement starting on October 1, 2023)⁸; and

⁸ The budget threshold increases to \$8,240,000 effective October 1, 2023.

intended primarily for use on a subscription consumer pay video-on-demand new media service with fewer than 20,000,000 domestic subscribers.

- (C) Third and subsequent seasons: The rates for series set forth in Article 4.C. of the Local USA 829 Agreement shall apply.
- (D) The working conditions set forth in Exhibit 6 of the Local USA 829 Agreement shall apply to single camera High Budget SVOD series consisting of episodes between 20 and 35 minutes in length.

(See charts in Appendix B for a summary of rates applicable to High Budget SVOD Series.)

(iii) One-Time High Budget SVOD Programs

Except as provided otherwise below, the rates for long-form television motion pictures set forth in Article 4.D. of the Local USA 829 Agreement shall apply to one-time High Budget SVOD Programs.

The rates in Article 4.C. of the Local USA 829 Agreement shall apply to a one-time High Budget SVOD Program that is:

subject to a license agreement entered into on or after October 2, 2022 (or, in the absence of a license agreement, the principal photography of which commences on or after October 2, 2022);

85 minutes or more in length; and

budgeted at \$20,000,000 or more (to be increased by the general wage increases in each year of the Agreement starting on October 1, 2023).⁹

(See charts in Appendix B for a summary of rates applicable to one-time High Budget SVOD Programs.)

- (c) The second paragraph of Paragraph C. of this Exhibit shall apply to a Derivative New Media Production that falls within the definition of a High Budget SVOD Program as provided in this Paragraph F.
- (5) 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.
- G.** The International Alliance of Theatrical Stage Employees (“IATSE”) has been granted the right under the Producer-IATSE Basic Agreement of 2021 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 High Budget SVOD Program, and, if so, whether the production meets the budget break in Tier 1 or Tier 2 as set forth in Paragraph F.(3) above. Local USA 829 may request that the IATSE conduct such review and make such determination. In the event that the IATSE refuses to do so, Local USA 829 reserves its right to conduct such review. All information received or reviewed by representatives of the IATSE or Local USA 829 shall be kept confidential, and neither the IATSE, Local USA 829 nor their representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

⁹ The budget threshold increases to \$20,600,000 effective October 1, 2023.

H. "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, the provisions of this Exhibit shall expire on the termination date of the Local USA 829 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 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.

Very truly yours,



Carol A. Lombardini

**ACCEPTED AND AGREED:
UNITED SCENIC ARTISTS, LOCAL USA 829**

By: 

Carl Mulert, National Business Agent