

February 19, 2009

**PRODUCERS' LAST, BEST AND FINAL OFFER TO SCREEN ACTORS GUILD**

The following constitutes the Producers' Last, Best and Final Offer on all issues and is submitted to the Screen Actors Guild (hereinafter "SAG" or "the Union") by the Producers represented by the Alliance of Motion Picture and Television Producers (hereinafter "the AMPTP"), as reflected on the authorization list dated June 20, 2008 given by the AMPTP to the SAG. The items listed below represent changes to the 2005 Producer - Screen Actors Guild Codified Basic Agreement (hereinafter the "Codified Basic Agreement") and to the 2005 Screen Actors Guild Television Agreement (hereinafter "the Television Agreement"). Except when another date is specified, the provisions of this offer shall become effective upon notice by the Union to the AMPTP of ratification. The date of such notice is referred to herein as "the date of ratification."

The provisions of the 2005 Producer-Screen Actors Guild Codified Basic Agreement and the 2005 Screen Actors Guild Television Agreement, other than Section 2 of the General Provisions of the Codified Basic Agreement, "*Union Security*," Section 9 of the General Provisions of the Codified Basic Agreement, "*Arbitration*," and Section 50 of the Television Agreement, "*Arbitration*," shall apply, respectively, to performers employed on theatrical and television motion pictures produced by each of the aforementioned Producers between July 1, 2008 and the date of ratification.

**SCREEN ACTORS GUILD PROPOSALS** (Numbering corresponds to numbers of SAG's proposals)

**1. Background Actors**

A. Covered Background Actors

Increase the number of covered background actors on television programs in the zones covered by Schedule X, Part I from nineteen (19) with one stand-in excluded from the count to twenty (20) with one stand-in excluded from the count.

Increase the number of covered background actors on theatrical motion pictures in the zones covered by Schedule X, Part I from fifty (50) (including stand-ins) to:

- (1) fifty-two (52) (including stand-ins) effective on the date of ratification;
- (2) fifty-three (53) (including stand-ins) effective one (1) year after the date of ratification; and
- (3) fifty-five (55) (including stand-ins) effective two (2) years after the date of ratification.

Background actors covered by Schedule X, Part I shall be given ten (10) minutes of rest for each four (4) hour work period.

B. Background Actor Zones

Redefine the Las Vegas Zone to cover the area within a fifteen (15) mile radius of the Clark County Courthouse.

**3. Dancers**

Increase the compensation payable to a dancer for hazardous activity under Section 6.B. of Schedule J from \$85 per day (up from \$80 per day), with a minimum of \$110 (up from \$100 ) if only one (1) day's services is rendered.

~~Refer the proposed list of "hazards" to the same committee appointed to develop standards for determining when a floor will be considered "slippery." The committee shall meet within six (6) months after ratification of this Agreement.~~

Add a new subsection (6) to Section 6.B. of Schedule J of the Codified Basic Agreement to read as follows:

“dancing on stony and hard surfaces, such as, but not limited to, concrete, asphalt, gravel, marble, tile or sand, as well as dancing on raked stages, elevated platforms and staircases.”

**6. International Standard Audiovisual Number (“ISAN”)**

Add a provision to the Codified Basic Agreement and the Television Agreement as follows:

“Producer shall submit to the Guild, for motion pictures produced under this Agreement, the International Standard Audiovisual Number (“ISAN”), if any, when known by the Producer.”

**7. Major Role Performers**

A. ~~Effective July 1, 2008~~ Revise Section 2(c) of the Television Agreement to provide that a performer employed under a freelance contract to perform a “major role” in an episode of a television series shall be paid no less than an amount equal to the daily minimum rate increased by ten percent (10%), multiplied by the number of days for which the performer is entitled to compensation pursuant to the Agreement.

**9. Minimums**

A. Increase all minimums by three and one-half percent (3.5%) effective ~~July 1, 2008~~ on the date of ratification, by an additional three percent (3%) effective ~~July 1, 2009~~ one (1) year after the date of ratification and by an additional three and one-half percent (3.5%) effective ~~July 1, 2010~~ two (2) years after the date of ratification.

B. Increase the network prime time ceilings by two and one-half percent (2.5%) effective ~~July 1, 2008~~ on the date of ratification and by an additional two and one-half percent (2.5%) effective ~~July 1, 2010~~ two (2) years after the date of ratification.

**10. Money Breaks**

Increase the trailer money break figure in Section 35(d) of the Television Agreement from \$2,500 or more per week to \$3,000 or more per week with respect to contracts with performers entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification.

Increase the overtime money break for three-day performers from \$2,700 per day to \$3,000 per day with respect to contracts with performers entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification.

**11. New Media**

A and B. **Programs Made For New Media**

Revise the Sideletter re “Programs Made for the Internet” to read as follows

**SIDELETTER ON PROGRAMS MADE FOR NEW MEDIA**

As of July 1, 2001

Revised as of July 1, 2005

Revised as of ~~July 1, 2008~~ [insert the date of ratification]

~~Doug Allen~~ David White  
Interim National Executive Director  
Screen Actors Guild  
5757 Wilshire Boulevard  
Los Angeles, California 90036

Re: **Programs Made for New Media**

This Sideletter confirms the understanding of the Screen Actors Guild ("the Guild") and the Producers (collectively "the parties") concerning the application of the ~~2008~~ 2009 Producer – Screen Actors Guild Codified Basic Agreement (hereinafter “the Codified Basic Agreement”) and Screen Actors Guild Television Agreement (hereinafter “the Television Agreement”) to audio-visual entertainment programs that are made for the Internet, mobile devices or any other “new media” platform known as of ~~July 1, 2008~~ the date on which notice of ratification of the Codified Basic Agreement and Television Agreement is given by the Guild to the Alliance of Motion Picture and Television Producers (hereinafter referred to as “the date of ratification”) (hereinafter collectively referred to as “New Media”). With respect to programs intended for initial use in New Media, the parties agree as follows:

**A. Coverage and Scope**

The provisions of this Sideletter shall be applicable to performers and background actors employed on programs made for “New Media,” as that term is defined above, to the extent that such programs are covered by the Codified Basic Agreement or Television Agreement.<sup>1</sup> The

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<sup>1</sup>During negotiations, the parties expressed their disagreement as to the proper interpretation of the recognition and scope provisions of the Codified Basic and Television Agreements, the jurisdiction of SAG and AFTRA with respect to New Media Productions and the applicability of the SAG Codified Basic Agreement and Television Agreement to such New Media Productions. Pursuant to Paragraph H. below, the parties reserve all of their respective positions on these issues. Nothing in this provision is intended to expand or contract the scope of SAG’s jurisdiction over New Media Productions. Rather, this provision establishes terms and conditions of employment applicable to those New Media Productions to which the Codified Basic and Television Agreements otherwise apply.

term “performers” shall include performers, singers, stunt performers, stunt coordinators, airplane and helicopter pilots, professional dancers (as distinguished from dancers who would properly be treated as background actors), professional puppeteers and body doubles.

It is understood that, except as provided in the following sentence, Producer shall be obligated to cover only the first ten (10) background actors employed each day in the Background Actor Zones specified in Schedule X, Part I and in the Background Actor Zones specified in Schedule X, Part II on any New Media Production covered hereunder. Producer shall not be required to cover background actors under the terms of this Sideletter who are employed on those Original New Media Productions which meet the budget test for an “Experimental New Media Production,” as that term is defined in Paragraph C. below, but which employ a “covered performer,” as defined in Paragraph C. below, or who are employed on any Experimental New Media Production which the Producer elects to cover under the terms of this Sideletter.

The provisions of this Sideletter shall apply within the same geographical scope as is applicable to motion pictures covered by the Codified Basic Agreement.

## **B. Derivative New Media Productions**

A “Derivative New Media Production” (“DNMP”) is a production for New Media based on an existing motion picture that was produced for “traditional” media (other than one produced for basic cable) (the “Original Production”), to the extent that such production is covered under the terms of the Codified Basic Agreement or Television Agreement.

### **1. Compensation**

All terms and conditions of employment, including initial compensation and deferred compensation, if any, will be subject to negotiation between the Producer and the individual performer, except for those provisions of the Codified Basic Agreement and Television Agreement incorporated herein by reference below. The Guild agrees that it will not interfere in any such negotiations between the performer and the Producer. For those contracts with performers entered into after the date of ratification of the ~~2008~~ 2009 Codified Basic Agreement and the ~~2008~~ 2009 Television Agreement, all such terms shall be set forth in a stand-alone agreement or separately stated in the performer’s contract for the Original Production.

It is understood that Producer and performer may have negotiated about such terms and conditions in contracts of employment entered into prior to ~~July 1, 2008~~ the date of ratification; if so, the terms and conditions of such contract shall control, except that to the extent any such contract provides lesser terms and conditions than those set forth herein, the performer’s contract shall be deemed amended to include the minimum terms set forth herein.

## 2. Applicable Provisions of the SAG Agreements

Only the following specific provisions of the Codified Basic Agreement and Television Agreement are incorporated herein. To the extent the provisions herein are inconsistent with the Agreement, the provisions of this sideletter control.

- (a) The following provisions shall apply to performers employed on Derivative New Media Productions:

General Provisions, Codified Basic Agreement, Section 1,  
“*Recognition and Scope of Agreement*”

General Provisions, Codified Basic Agreement, Section 2, “*Union Security*,” but excluding subsection F.

~~Notwithstanding this provision, a performer engaged to work on a Derivative New Media Production shall not be required to become a member of the Guild in good standing until he or she has worked on Derivative New Media Productions for at least ninety (90) days. The foregoing shall apply only to performers who are not and have not previously been members of the Union and only to covered work on New Media Productions.~~

~~Further, Section 2.C. of the General Provisions of the Codified Basic Agreement shall be amended by adding the following language as a new second paragraph:~~

~~“The Union shall advise the Producer and the performer in writing if a performer employed on a covered Derivative or Original New Media Production is not a member in good standing by virtue of the performer’s failure to tender the periodic dues and initiation fees uniformly required as a condition of attaining or retaining membership in the Union and the amount by which the performer is delinquent. In that event, Producer shall have an opportunity to cure the alleged violation of the “*Union Security*” clause by electing one of the following options:~~

~~“(1) Ensuring that the performer pays to the Union, within five (5) business days after notice from the Union to the Producer and the performer as described in the preceding paragraph, the aforementioned delinquent amount;~~

~~“(2) Terminating the performer at the end of the last day on which the performer may cure his or her default by paying delinquent fees or dues as provided in subparagraph (1) above; or~~

~~“(3) Payment by the Producer to the Union of the liquidated damages amount specified in subsection F. below.”~~

General Provisions, Codified Basic Agreement, Section 3, “*Strikes*”

General Provisions, Codified Basic Agreement, Section 26A. and D. only, “*Policy of Non-Discrimination and Diversity*”

General Provisions, Codified Basic Agreement, Section 37, “*Union’s Articles and By-Laws*”

General Provisions, Codified Basic Agreement, Section 41.C., “*Rules of Construction*”

General Provisions, Codified Basic Agreement, Section 43, “*Nudity*”

Section 22, Television Agreement, “*Pension and Health Plans*”

Section 27(b), Television Agreement, “*Late Payments*”

Section 27(c), Television Agreement, “*Overwithholding*”

Section 27(d), Television Agreement, “*Payroll and Unemployment Insurance Information*”

Section 50, Television Agreement, “*Arbitration*”

(b) The following provisions shall apply to covered background actors employed on Derivative New Media Productions:

Schedule X, Part I, Section 1(a), (b),(d), (e) and (f), “*Scope of Schedule and Recognition*” and Schedule X, Part II, Section 1.A., B., C., E. and F., “*Scope of Schedule*”

Schedule X, Part I, Section 2, “*Union Security*” and Schedule X, Part II, Section 2. “*Union Security,*” but excluding the penultimate paragraph of each Section

~~Notwithstanding this provision, a background actor engaged to work on a Derivative New Media Production shall not be required to become a member of the Guild in good standing until he or she has worked on Derivative New Media Productions for at least ninety (90) days. The foregoing shall apply only to background actors who are not and have not previously been members of the Union and only to covered work on New Media Productions.~~

~~Further, the foregoing “*Union Security*” clauses shall be amended by adding the following language as a new seventh paragraph:~~

~~“The Union shall advise the Producer and the background actor in writing if a background actor employed on a covered Derivative or Original New Media Production is not a member in good standing by virtue of the background actor’s failure to tender the periodic dues and initiation fees uniformly required as a condition of attaining or retaining membership in the Union and the amount by which the background actor is delinquent. In that event, Producer shall have an opportunity to cure the alleged violation of the “*Union Security*” clause by electing one of the following options:~~

~~“(1) Ensuring that the background actor pays to the Union, within five (5) business days after notice from the Union to the Producer and the background actor as described in the preceding paragraph, the aforementioned delinquent amount;~~

~~“(2) Terminating the background actor at the end of the last day on which the background actor may cure his or her default by paying delinquent fees or dues as provided in subparagraph (1) above; or~~

~~“(3) Payment by the Producer to the Union of the liquidated damages amount specified in the penultimate paragraph below.”~~

General Provisions, Codified Basic Agreement, Section 3, “*Strikes*”

Section 22, Television Agreement, “*Pension and Health Plans*”

Schedule X, Part I, and Schedule X, Part II, Section 17, “*Nudity*”

Schedule X, Part I, Section 44(a) and (i) only, “*Policy of Non-Discrimination and Diversity*” and Schedule X, Part II, Section 45. A. and I. only, “*Policy of Non-Discrimination and Diversity*”

Schedule X, Part I, Section 46, “Payment Requirements” and  
Schedule X, Part II, Section 47, “Payment Requirements”

Schedule X, Part I, Section 54, “*Statute of Limitations*,” (but excluding the parenthetical in the second sentence of subparagraph (a) and the last two sentences of that subparagraph); and Schedule X, Part I, Section 55, “*Grievance Procedure*” and Schedule X, Part II, Section 55, “*Grievance Procedure*” (but excluding the parenthetical in the second sentence of subparagraph (a) and the last two sentences of that subparagraph).

**3. Reuse**

Reuse of Derivative New Media Productions shall be governed by the following:

- (a) Initial compensation for a Derivative New Media Production shall constitute payment for thirteen (13) consecutive weeks of use on all free to the consumer advertiser-supported platforms transmitted via New Media (hereinafter “advertiser-supported platforms”), commencing with the first day that the Derivative New Media Production is available for exhibition on any advertiser-supported platform, and for a separate twenty-six (26) consecutive week period of use on any consumer pay new media platform (hereinafter “consumer pay platform”), commencing with the first day that the Derivative New Media Production is available for exhibition on any consumer pay platform.
- (b) Use on Advertiser-Supported Platforms Within One Year Following Expiration of the Thirteen Week Period
  - (i) If the Producer desires to use the Derivative New Media Production on advertiser-supported platforms beyond the thirteen (13) consecutive week period, but within one (1) year of the expiration of the thirteen (13) consecutive week period, then the Producer shall make a residual payment to each performer of \$20.00 for Derivative New Media Productions that are ten (10) minutes or less in length (\$25.00 for Derivative New Media Productions that exceed ten (10) minutes in length) as consideration for a twenty-six (26) consecutive week period of use, commencing with the first day that the Derivative New Media Production is available for use on any advertiser-supported platform following the expiration of the thirteen (13) consecutive week period.
  - (ii) If the Producer desires to use the Derivative New Media Production on advertiser-supported platforms for all or any part of the twenty-six (26)

consecutive week period immediately following the twenty-six (26) consecutive week period described in Paragraph B.3.(b)(1) above, but within one (1) year after expiration of the thirteen (13) consecutive week period, then the Producer shall make a residual payment equal to the applicable amount payable under Paragraph B.3.(b)(1) above, as consideration for a twenty-six (26) consecutive week period of use, commencing with the first day that the Derivative New Media Production is available for use during such twenty-six (26) consecutive week period.

- (iii) Neither of the aforementioned twenty-six (26) consecutive week periods shall cover a period that is more than one (1) year after the expiration of the thirteen (13) consecutive week period. In the event that use of the television motion picture on advertiser-supported platforms is commenced on a date that does not allow for the full twenty-six (26) consecutive week period of use within one (1) year of the expiration of the thirteen (13) consecutive week period, then the payment for that period shall be prorated in weekly units to cover the shorter use period.

For example, suppose that the Producer uses a television motion picture on advertiser-supported platforms during the thirteen (13) consecutive week period and then does not use the television motion picture on advertiser-supported platforms again until thirty-nine (39) weeks after the expiration of the thirteen (13) consecutive week period. Since only thirteen (13) weeks remain within the one (1) year period, a payment of one-half of the payment that would otherwise be due for the twenty-six (26) consecutive week use period would be payable for use during the remaining thirteen (13) consecutive week period.

- (c) Use on Advertiser-Supported Platforms More Than One Year Following Expiration of the Thirteen Week Period

Upon expiration of the one (1) year period following expiration of the thirteen (13) consecutive week period, if the Producer desires to use the Derivative New Media Production on advertiser-supported platforms, then it shall pay residuals at the rate of six percent (6%) of “Distributor’s gross,” as that term is defined in Paragraph 4 of the “Sideletter re Exhibition of Motion Pictures Transmitted Via New Media.”

- (d) Use on Consumer Pay Platforms

For use of a Derivative New Media Production on new media platforms for which the consumer pays (*e.g.*, download-to-own, download-to-rent, paid

streaming), the Producer shall pay a residual equal to 3.6% of the “Distributor’s gross,” as that term is defined in Paragraph 4 of the “Sideletter re Exhibition of Motion Pictures Transmitted Via New Media,” attributable to the period beyond the twenty-six (26) consecutive week period of use.

(e) Use in Traditional Media

The Producer shall pay residuals for the use of a Derivative New Media Production in “traditional media” (e.g., free television, basic cable, pay television, home video) as a use under existing Television Agreement formulas.

(i) Free Television Exhibition

Residual payments for free television exhibition of Derivative New Media Productions shall be computed as follows:

The new media exhibition of the Derivative New Media Production shall constitute the first run for purposes of calculating residual payments in free television. The residual payment for each performer shall be based upon the network prime time rerun ceiling applicable to the source program on which the Derivative New Media Production is based. However, if the Derivative New Media Production is shorter than the source program, then the applicable network prime time rerun ceiling shall be prorated in five (5) minute increments to determine the appropriate base for such shorter Derivative New Media Production. The base figure will then be multiplied by the percentage applicable to the rerun in question to arrive at the residual amount.

(A) As an example, suppose that a five (5) minute Derivative New Media Production which is based upon a one-hour series is exhibited for the first time in network prime time. The applicable residual is the network prime time rerun ceiling for a one-hour show, or ~~\$3,290.00~~ \$3,372.00 as of ~~June 30, 2008~~ the date of ratification, prorated to a five minute rate, (i.e., one-twelfth of ~~\$3,290.00~~ \$3,372.00), and then multiplied by 100%, the percentage applicable to a second run in network prime time, for a total residual payment of ~~\$274.00~~ \$281.00.

(B) As another example, if the same five (5) minute Derivative New Media Production were exhibited in syndication after its run in network prime time, the residual payment due for the run in syndication would be the network prime time rerun ceiling for a one-hour show (~~\$3,290.00~~ \$3,372.00 as of ~~June 30, 2008~~ the

date of ratification), prorated to a five minute rate (*i.e.*, one-twelfth of ~~\$3,290.00~~ \$3,372.00), and then multiplied by the percentage applicable to a third run in syndication (thirty percent (30%)), for a total residual payment of ~~\$82.00~~ \$84.30.

(ii) Exhibition on Pay Television, on Home Video and on Basic Cable

For exhibition on pay television, the Producer shall pay residuals equal to 3.6% of “Distributor’s gross” pursuant to Section 20.1 of the Television Agreement. For home video exploitation, the Producer shall pay residuals pursuant to Section 20.1 of the Television Agreement. For exhibition on basic cable, Producer shall pay pursuant to Section 18.1 of the Television Agreement.

**4. Credit**

Performers shall be accorded credit if any other person receives credit on the New Media Production. Credits may appear in the corner of the screen. “Click-through” credits may be used. This provision shall not be subject to grievance and arbitration.

**5. Additional Terms**

When a performer or background actor works on both an “Original Production,” as that term is defined above in this Paragraph B., and on one or more Derivative New Media Productions based on the Original Production on the same day, then the performer’s or background actor’s meal periods shall be calculated based on the earliest start time of the productions and the performer’s or background actor’s rest period shall be deemed to begin at the latest dismissal time on the productions.

Should a background actor work for the same Producer on both an “Original Production,” as that term is defined above in this Paragraph B., and on one or more Derivative New Media Productions based on the Original Production on the same day, the background actor’s status shall not change from being covered on the Original Production to not covered on the Derivative New Media Production.

A background actor who works for the same Producer on both an “Original Production,” as that term is defined above in this Paragraph B., and on one or more Derivative New Media Productions based on the Original Production on the same day and completes work on all such productions within the eight (8) hour guarantee period provided under Section 20 of Schedule X, Part I, or under Section 21 of Schedule X, Part II shall nevertheless be paid for the guaranteed period as provided under Section 20 of Schedule X, Part I or under Section 21 of Schedule X, Part II, as applicable, and,

in addition, be paid any amounts due as negotiated pursuant to Paragraph B.1. of this Sideletter.

A background actor who works for the same Producer on both an “Original Production,” as that term is defined above in this Paragraph B., and on one or more Derivative New Media Productions based on the Original Production on the same day shall have his work time on the Original Production and on the Derivative New Media Production aggregated for the purpose of calculating dismissal time, payment of overtime and application of the sixteen (16) hour rule. Overtime shall be paid at the rate of time-and-one-half the background actor’s regular basic hourly rate of pay for time worked in excess of eight (8) hours in a day or forty (40) hours in a week, and at the rate of double time for work time in excess of twelve (12) hours per day for background actors employed in the Background Actor Zones specified in Section 1(d) of Schedule X, Part I, and at the rate of double time for work time in excess of ten (10) hours per day for background actors employed in the Background Actor Zones specified in Section 1.A., B. and C. of Schedule X, Part II. Overtime payments shall not be compounded.

**C. “Experimental New Media Productions” (Original Productions Only)**

Coverage shall be at the Producer’s option with respect to “Experimental New Media Productions.” An “Experimental New Media Production” (“ENMP”) is defined as any Original New Media Production (1) for which the actual cost of production ~~is either~~ does not exceed: (a) \$15,000 ~~or less~~ per minute of program material as exhibited, ~~or~~ and (b) \$300,000 ~~or less~~ per single production as exhibited, ~~or~~ and (c) \$500,000 ~~or less~~ per series of programs produced for a single order; and (2) does not utilize a covered performer.

A “covered performer” is an individual who has been employed pursuant to the terms of a collective bargaining agreement covering his or her employment as a performer and who meets any of the following criteria:

- has at least two (2) television (including free television, pay television, basic cable or direct-to-video) or theatrical credits;
- has at least two (2) credits in a professional stage play presented on Broadway, off Broadway (as that term is understood in the live theater industry), under the LORT, COST or CORST contracts or as part of an Equity national tour;
- has been employed as a performer on an audio book; or
- has been employed as a principal performer, announcer, singer or dancer in a national television or radio commercial, interactive game or non-broadcast/ industrial production.

The Producer shall be entitled to rely on the representation of the performer as to whether he or she meets the definition of a “covered performer.”

The actual cost of the ENMP 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, gaps 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).

The terms of Paragraph D. shall apply to any “Experimental New Media Production” which the Producer elects to cover.

**D. Original Programs Made for New Media**

**1. Compensation**

All terms and conditions of employment, including initial compensation and deferred compensation, if any, for original programs made for New Media will be subject to negotiation between the Producer and the individual performer, except for those provisions of the Codified Basic Agreement or Television Agreement incorporated herein by reference below. The Guild agrees that it will not interfere in any such negotiations between the performer and the Producer.

**2. Applicable Provisions of the SAG Codified Basic and Television Agreements**

Only the following specific provisions of the Codified Basic and Television Agreements are incorporated herein. To the extent the provisions herein are inconsistent with the Agreement(s), the provisions of this sideletter control.

- (a) The following provisions shall apply to performers employed on Original New Media Productions:

General Provisions, Codified Basic Agreement, Section 1,  
“*Recognition and Scope of Agreement*”

General Provisions, Codified Basic Agreement, Section 2, “*Union Security*,” but excluding subsection F.

~~Notwithstanding this provision, a performer engaged to work on a Derivative New Media Production shall not be required to become a member of the Guild in good standing until he or she has worked on Derivative New Media Productions for at least ninety (90) days. The foregoing shall apply only to performers who are not and have not previously been members of the Union and only to covered work on New Media Productions.~~

~~Further, Section 2.C. of the General Provisions of the Codified Basic Agreement shall be amended by adding the following language as a new second paragraph:~~

~~“The Union shall advise the Producer and the performer in writing if a performer employed on a covered Derivative or Original New Media Production is not a member in good standing by virtue of the performer’s failure to tender the periodic dues and initiation fees uniformly required as a condition of attaining or retaining membership in the Union and the amount by which the performer is delinquent. In that event, Producer shall have an opportunity to cure the alleged violation of the “*Union Security*” clause by electing one of the following options:~~

~~“(1) Ensuring that the performer pays to the Union, within five (5) business days after notice from the Union to the Producer and the performer as described in the preceding paragraph, the aforementioned delinquent amount;~~

~~“(2) Terminating the performer at the end of the last day on which the performer may cure his or her default by paying delinquent fees or dues as provided in subparagraph (1) above; or~~

~~“(3) Payment by the Producer to the Union of the liquidated damages amount specified in subsection F. below.”~~

General Provisions, Codified Basic Agreement, Section 3, “*Strikes*”

General Provisions, Codified Basic Agreement, Section 26A. and D. only, “*Policy of Non-Discrimination and Diversity*”

General Provisions, Codified Basic Agreement, Section 37, “*Union’s Articles and By-Laws*”

General Provisions, Codified Basic Agreement, Section 41.C., “*Rules of Construction*”

General Provisions, Codified Basic Agreement, Section 43, “Nudity”

Section 22, Television Agreement, “*Pension and Health Plans*”

Section 27(b), Television Agreement, “Late Payments”

Section 27(c), Television Agreement, “Overwithholding”

Section 27(d), Television Agreement, “Payroll and Unemployment Insurance Information”

Section 50, Television Agreement, “*Arbitration*”

- (b) The following provisions shall apply to covered background actors employed on Original New Media Productions:

Schedule X, Part I, Section 1(a), (b),(d), (e) and (f), “*Scope of Schedule and Recognition*” and Schedule X, Part II, Section 1.A., B., C., E. and F., “*Scope of Schedule*”

Schedule X, Part I, Section 2, “*Union Security*” and Schedule X, Part II, Section 2. “*Union Security,*” but excluding the penultimate paragraph of each Section

~~Notwithstanding this provision, a background actor engaged to work on a Derivative New Media Production shall not be required to become a member of the Guild in good standing until he or she has worked on Derivative New Media Productions for at least ninety (90) days. The foregoing shall apply only to background actors who are not and have not previously been members of the Union and only to covered work on New Media Productions.~~

~~Further, the foregoing “*Union Security*” clauses shall be amended by adding the following language as a new seventh paragraph:~~

~~“The Union shall advise the Producer and the background actor in writing if a background actor employed on a covered Derivative or Original New Media Production is not a member in good standing by virtue of the background actor’s failure to tender the periodic dues and initiation fees uniformly required as a condition of attaining or retaining membership in the Union and the amount by which the background actor is delinquent. In that event, Producer shall have an opportunity to cure~~

the alleged violation of the “*Union Security*” clause by electing one of the following options:

- “(1) — Ensuring that the background actor pays to the Union, within five (5) business days after notice from the Union to the Producer and the background actor as described in the preceding paragraph, the aforementioned delinquent amount;
- “(2) — Terminating the background actor at the end of the last day on which the background actor may cure his or her default by paying delinquent fees or dues as provided in subparagraph (1) above; or
- “(3) — Payment by the Producer to the Union of the liquidated damages amount specified in the penultimate paragraph below.”

General Provisions, Codified Basic Agreement, Section 3, “*Strikes*”

Section 22, Television Agreement, “*Pension and Health Plans*”

Schedule X, Part I, Section 44(a) and (i) only, “*Policy of Non-Discrimination and Diversity*” and Schedule X, Part II, Section 45.A, and I. only, “*Policy of Non-Discrimination and Diversity*”

Schedule X, Part I, Section 46, “*Payment Requirements*” and Schedule X, Part II, Section 47, “*Payment Requirements*”

Schedule X, Part I, Section 54, “*Statute of Limitations*,” (but excluding the parenthetical in the second sentence of subparagraph (a) and the last two sentences of that subparagraph); and Schedule X, Part I, Section 55, “*Grievance Procedure*” and Schedule X, Part II, Section 55, “*Grievance Procedure*” (but excluding the parenthetical in the second sentence of subparagraph (a) and the last two sentences of that subparagraph).

### 3. Reuse

Reuse of Original New Media Productions shall be governed by the following:

(a) What Initial Compensation Covers

Initial compensation for an Original New Media Production shall constitute payment for a twenty-six (26) consecutive week period of use on any consumer pay new media platform (hereinafter “consumer pay platform”), commencing with the first day that the Original New Media Production is available on any consumer pay platform, and all uses on free to the consumer advertiser-supported platforms transmitted via New Media (hereinafter “advertiser-supported platforms”).

(b) Use on Consumer Pay Platforms

- (i) No payment shall be due for any use on consumer pay platforms for an Original New Media Production budgeted below \$25,000 per minute of actual program material as exhibited.
- (ii) For all uses of an Original New Media Production budgeted at or above \$25,000 per minute of actual program material as exhibited on consumer pay platforms (*e.g.*, download-to-own, download-to-rent, paid streaming) beyond the twenty-six (26) consecutive week period, the Producer shall pay a residual equal to 3.6% of the “Distributor’s gross,” as that term is defined in Paragraph 4 of the “Sideletter re Exhibition of Motion Pictures Transmitted Via New Media,” attributable to the period beyond the twenty-six (26) consecutive week use period.
- (iii) Paragraph D.3.(a) above shall apply to an Original New Media Production initially released on a consumer pay platform which is subsequently released on an advertiser-supported platform or vice versa.

(c) Use in Traditional Media

The Producer shall pay residuals for the use of an Original New Media Production in “traditional media” (*e.g.*, free television, basic cable, pay television, home video) as a use under existing Television Agreement formulas.

(i) Free Television Exhibition

Residual payments for free television exhibition of Original New Media Productions shall be computed as follows:

The new media exhibition of the Original New Media Production shall constitute the first run for purposes of calculating residual payments in free television. The residual payment for each performer shall be based upon the network prime time rerun ceiling applicable to a one-half hour program unless the Original New Media Production is longer than thirty (30) minutes, in which case the network prime time rerun ceiling closest to, but not exceeding, the length of the Original New Media Production shall be used and adjusted in accordance with the fourth paragraph of Sideletter L, "Supersized Episodes," of the Television Agreement. If the Original New Media Production is shorter than one-half hour, then the one-half hour network prime time rerun ceiling shall be prorated in five (5) minute increments to determine the appropriate base for such shorter Original New Media Production. The base figure will then be multiplied by the percentage applicable to the rerun in question to arrive at the residual amount.

(A) As an example, suppose that a five (5) minute Original New Media Production is exhibited for the first time in network prime time. The applicable residual is the network prime time rerun ceiling for a one-half hour show, or ~~\$2,311.00~~ \$2,369.00 as of ~~June 30, 2008~~ the date of ratification, prorated to a five minute rate, (*i.e.*, one-sixth of ~~\$2,311.00~~ \$2,369.00), and then multiplied by 100%, the percentage applicable to a second run in network prime time, for a total residual payment of ~~\$385.00~~ \$394.83.

(B) As another example, if the same five (5) minute Original New Media Production were exhibited in syndication after its run in network prime time, the residual payment due for the run in syndication would be the network prime time rerun ceiling for a one-half hour show (~~\$2,311.00~~ \$2,369.00 as of ~~June 30, 2008~~ the date of ratification), prorated to a five minute rate (*i.e.*, one-sixth of ~~\$2,311.00~~ \$2,369.00), and then multiplied by the percentage applicable to a third run in syndication (thirty percent (30%)), for a total residual payment of ~~\$116.00~~ \$118.45.

(ii) For exhibition on pay television, the Producer shall pay residuals equal to 3.6% of "Distributor's gross" pursuant to Section 20.1 of the Television Agreement.

For home video exploitation, the Producer shall pay residuals pursuant to Section 20.1 of the Television Agreement. For exhibition on basic cable, Producer shall pay pursuant to Section 18.1 of the Television Agreement.

#### **4. Credit**

Performers shall be accorded credit if any other person receives credit on the New Media Production. Credits may appear in the corner of the screen. "Click-through" credits may be used. This provision shall not be subject to grievance and arbitration.

- E.** If a New Media Production is never released in New Media and is instead exhibited in traditional media, the performers and background actors employed in the New Media Production shall be paid the difference, if any, between what was paid for the New Media Production and the rates in the Codified Basic Agreement or the Television Agreement, as applicable.
- F.** All payments hereunder made as a percentage of "Distributor's gross" are aggregate payments for all performers who have traditionally been entitled to residuals under the Codified Basic Agreement or the Television Agreement, as applicable.

#### **G. Sunset Clause**

The parties recognize that this Sideletter is 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, all of the provisions of this Sideletter shall expire on the termination date of the ~~2008~~ 2009 SAG Codified Basic Agreement and the ~~2008~~ 2009 SAG Television 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 Made for New Media Productions to be in effect thereafter.

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.

#### **H. Mutual Reservation of Rights**

Nothing contained in this Sideletter shall be deemed a waiver of any party's legal position with respect to the jurisdictional scope of this or any prior Codified Basic Agreement or Television Agreement as applied to programs made for new media. The parties reserve all of their legal positions with respect to that issue.

C. **Sideletter re New Media Reuse**

I. Amend the “Sideletter re Exhibition of Motion Pictures Transmitted via the Internet” to read as follows:

**SIDELETTER RE NEW MEDIA REUSE**

As of July 1, 2001

Revised as of July 1, 2005

Revised as of ~~July 1, 2008~~ [insert the date of ratification]

~~Doug Allen~~ David White  
Interim National Executive Director  
Screen Actors Guild  
5757 Wilshire Boulevard  
Los Angeles, California 90036

Re: **Exhibition of Motion Pictures Transmitted Via New Media**

This Sideletter confirms the understanding of the Screen Actors Guild (“the Guild”) and the Producers (collectively “the parties”) concerning the exhibition of covered theatrical motion pictures, the principal photography of which commenced on or after July 1, 1971, and covered television motion pictures, the principal photography of which commenced on or after July 20, 1952, on or by means of the Internet, mobile devices and any other new media platform known as of ~~July 1, 2008~~ the date on which notice of ratification is given by the Guild to the Alliance of Motion Picture and Television Producers (hereinafter referred to as “the date of ratification”) (hereinafter collectively referred to as “New Media”).

1. **If the Consumer Pays.**

A. **License for Limited Period or Fixed Number of Exhibitions.**

When the subscriber pays for the motion picture either on a subscription or per-picture basis, and when the payment is in exchange for the right to view the motion picture for a fixed and limited period of time or a fixed number of exhibitions, the Producer shall pay to the performer(s) an aggregate sum equal to three and six-tenths percent (3.6%) of ~~the license fee paid by the licensee~~ “Distributor’s gross,” as defined in Paragraph 4 below, for the right to exhibit such motion picture in New Media.<sup>2</sup>

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<sup>2</sup> As bargaining history, this language is based upon the following model: studio licenses to Moviefly the right to transmit the motion picture on the Internet to the viewer who pays Moviefly on a subscription or per-picture basis. Such payment would enable the viewer to view the motion picture for a fixed and limited period of time or

B. **Paid Permanent Downloads (aka “Download-to-Own” or “Electronic Sell Through” (“EST”)).**

The following shall apply to motion pictures released on or after ~~July 1, 2008~~ the date of ratification:

When the consumer pays for an EST copy of a theatrical motion picture, the Producer shall pay residuals at the rate of 5.4% of 20% of “Distributor’s gross,” as defined in Paragraph 4 below, on the first 50,000 units and, thereafter, at the rate of 9.75% of 20% of “Distributor’s gross,” as defined in Paragraph 4 below.

When the consumer pays for an EST copy of a television motion picture, the Producer shall pay residuals at the rate of 5.4% of 20% of “Distributor’s gross,” as defined in Paragraph 4 below, on the first 100,000 units and, thereafter, at the rate of 10.5% of 20% of “Distributor’s gross,” as defined in Paragraph 4 below.

Such payments shall be for the benefit of all performers on the motion picture. For theatrical motion pictures, such payments shall be distributed to the performers on the basis of the formula set forth in Section 5.2B. of the General Provisions of the Producer - Screen Actors Guild Codified Basic Agreement (hereinafter “the Codified Basic Agreement”); for television motion pictures, such payments shall be distributed on the basis of the formula set forth in Section 18.2 of the SAG Television Agreement (hereinafter “the Television Agreement”).

2. **If the Consumer Does Not Pay.**

The following shall apply to the streaming of television motion pictures on a free-to-the-consumer basis on advertiser-supported services transmitted via New Media.

A. With respect to television motion pictures, the principal photography of which commences on or after ~~July 1, 2008~~ the date of ratification:

- (1) The Producer shall be entitled to a “streaming window” for a twenty-four (24) consecutive day period for the first season of a television series or for any one-time television motion picture and a seventeen (17) consecutive day period for the second and all subsequent seasons of a television series. During the streaming window, the Producer may make a television motion picture available for streaming without payment for such use. The streaming window may be divided between the period

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limited number of exhibitions. For example, if Columbia Pictures, through Columbia-TriStar Home Entertainment, licenses to Moviefly the right to exhibit a Columbia Pictures film, the residuals shall be based upon 100% of the license fee paid by Moviefly to Columbia-TriStar Home Entertainment for such picture.

immediately prior to and immediately following the initial exhibition of the motion picture on television in any ratio determined by the Producer.

- (2) If the Producer desires to stream the television motion picture outside the streaming window, but within one (1) year of the expiration of the streaming window, then the Producer shall make a residual payment equal to three percent (3%) (three and one-half percent (3.5%) effective ~~July 1, 2010~~ two (2) years after the date of ratification) of the “total applicable minimum,” as defined in Section 18(b)(4)b) of the Television Agreement, as consideration for a twenty-six (26) consecutive week period beginning on the first day that the television motion picture is available for streaming following the expiration of the streaming window.

If the Producer desires to stream the television motion picture for all or any part of the twenty-six (26) consecutive week period immediately following the twenty-six (26) consecutive week period described in the preceding paragraph, but within one (1) year of the expiration of the streaming window, then the Producer shall make a residual payment equal to three percent (3%) (three and one-half percent (3.5%) effective ~~July 1, 2010~~ two (2) years after the date of ratification) of the “total applicable minimum,” as defined in Section 18(b)(4)b) of the Television Agreement.

- (3) Neither of the aforementioned twenty-six (26) consecutive week periods shall cover a period that is more than one (1) year after the expiration of the streaming window. In the event that streaming of the television motion picture is commenced on a date that does not allow for the full twenty-six (26) consecutive week period of use within one (1) year of the expiration of the streaming window, then the payment for that period shall be prorated in weekly units to cover the shorter use period.

For example, suppose that the Producer streams a television motion picture during the window and then does not stream the program again until thirty-nine (39) weeks after the expiration of the window period. Since only thirteen (13) weeks remain within the one (1) year period, a payment of one-half of the payment that would otherwise be due for the twenty-six (26) consecutive week streaming period would be payable for streaming during the thirteen (13) consecutive week period.

- (4) During the streaming window, or during either of the twenty-six (26) consecutive week periods described in Paragraph 2.A.(2) above, the Producer may allow excerpts of those television motion pictures that are being streamed to be used on free-to-the-consumer, advertiser-

supported services transmitted via New Media without any additional payment therefor.

- (5) Upon expiration of the one (1) year period following expiration of the streaming window, if the Producer desires to stream the television motion picture, then it shall pay residuals at the rate of six percent (6%) of “Distributor’s gross,” as that term is defined in Paragraph 4 below.
- B. If the Producer should desire to stream any television program, the production of which commenced prior to ~~July 1, 2008~~ the date of ratification, as to which free television residuals are still payable, then the Producer shall pay residuals at the rate of six percent (6%) of “Distributor’s gross,” as that term is defined in Paragraph 4 below.
- C. Revenues derived from foreign streaming shall be included in “Distributor’s Foreign Gross,” as provided in Section 18(c) of the Television Agreement.
- D. If the Producer should desire to stream a theatrical motion picture, the principal photography of which commenced on or after July 1, 1971, then the Producer shall pay residuals at the rate of 3.6% of “Distributor’s Gross,” as defined in Section 4 of this Sideletter.

### **3. Sideletter re Reuse of Photography or Sound Track in New Media**

The following shall govern the use in new media of photography or sound track of a performer from any theatrical or television motion picture, or motion picture made for the home video market, regardless of when such picture was produced:

- A. Producer may use photography or sound track from a television motion picture (other than a television motion picture ninety (90) minutes or more in length) in new media for the purpose of promoting the picture or series, provided that such photography or sound track does not exceed five (5) minutes in length. Producer may use photography or sound track in new media from a theatrical motion picture, from a television motion picture ninety (90) minutes or more in length or from a motion picture made for the home video market in new media for the purpose of promoting the picture or series, provided that such photography or sound track does not exceed ten (10) minutes in length.

- B. The following reuses of photography or sound track in new media shall be considered to promote the picture and shall require no payment, whether or not the Company receives revenue in connection therewith:<sup>3</sup>
- (1) The photography or sound track promotes the exhibition of a theatrical or television motion picture or series on free television, basic cable or pay television and includes “tune-in’ information.” “Tune-in’ information” for promotional purposes is sufficient when it informs the consumer where he or she can view the picture or series from which the excerpt is taken. The tune-in information may appear on-screen or in a “click-through” format – *i.e.*, accessible through links. It is agreed that the network channel or station “bug” alone does not suffice. It is also understood that the Producer is not required to provide the same level of “tune-in’ information” as is commonly provided in traditional network television promotional announcements.
  - (2) The photography or sound track promotes the traditional home video release or any “special edition” home video release of a theatrical or television motion picture or series or a motion picture made for the home video market and references the availability of the picture or series in home video.
  - (3) The photography or sound track promotes the exhibition of a picture in theatrical markets and includes reference to the theatrical release. Reference to the theatrical release shall be unnecessary if the photography or sound track is used as part of a “teaser” advertising campaign.
  - (4) The photography or sound track promotes the new media exhibition of a theatrical or television motion picture or series or a motion picture made for the home video market and includes instructions for renting, purchasing, or streaming an electronic copy of the picture or series from the website or other new media platform on which the photography or sound track appears or is heard, or a direct link to another website or new media platform where an electronic copy of the motion picture or series can be rented, purchased, or streamed, and occurs in conjunction with the availability of an electronic copy of the motion picture or series

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<sup>3</sup> The parties agree that the uses of photography or sound track in new media described in Section B.(1) through (6) below are examples of “exploitation,” as that term is used in Section 22 of the General Provisions of the Producer – Screen Actors Guild Codified Basic Agreement and in Section 36 of the Screen Actors Guild Television Agreement. It is understood and agreed that no inference shall be drawn from the parties’ agreement on these examples as to whether any or all of the described uses of photography or sound track in traditional media constitute “exploitation” or whether uses not mentioned in Section B.(1) through (6) constitute “exploitation.”

for rental, purchase, or ad-supported streaming via the Internet or other new media platform.

- (5) The photography or sound track is used for “viral” promotion in new media of a theatrical or television motion picture or series or a motion picture made for the home video market and is circulated non-commercially to multiple websites or made available for individuals to circulate. The fact that the photography or sound track used in the “viral” promotion is exhibited on a revenue-generating site owned by or affiliated with the Producer shall not render this exception inapplicable, provided that the photography or sound track is released without payment to other sites.
- (6) The photography or sound track is made available for consumer-generated viral promotion of theatrical or television motion pictures or series or a motion picture made for the home video market to new media sites where end users have the ability to share such photography or sound track with other end users (such as Facebook, YouTube, My Space or Crackle).

C. If the use of photography or sound track in new media is not within any of the provisions in Section B. above, or the use is within the provisions of Section B. above, but exceeds the length limitations set forth in Section A. above, then the following shall apply:

(1) Current Product

Photography or sound track from a theatrical or television motion picture, the principal photography of which commenced on or after ~~July 1, 2008~~ the date of ratification (“current product”), shall be governed by the following:

- (a) Except as provided in subsection (c) below, Producer shall obtain the consent of the performer prior to using photography or sound track in new media. Except as provided in subsection (b) below, such consent may be obtained at the time of employment.

Such consent shall not in any manner waive the performer’s rights (including rights of the performer’s estate) to pursue claims

against third parties arising from the use of excerpts that are outside the scope of the authorization given by the Producer.<sup>4</sup>

- (b) Consent for the following uses must be obtained separately from the performer's employment contract:
  - (i) for the reuse of nude photography;
  - (ii) for the reuse of a "bloopers" excerpt which was not included in the theatrical or television motion picture as originally exhibited; except that consent for use of deleted or alternative scenes that cannot be characterized as a "bloopers" may be obtained at the time of employment; and
  - (iii) for the reuse of photography or sound track in a commercial (*i.e.*, an advertisement for goods or services), except that consent for use of excerpts for promotional purposes (*e.g.*, commercial or promotional tie-ins and cross-promotions) in new media or for the purpose of advertising or promoting the service on which the excerpts are available or the service on which the theatrical or television motion picture or series from which the excerpt was taken appears, may be obtained at the time of employment. It is understood that the reuse of photography or sound track on a website with a single commercial sponsor does not constitute use in a commercial.
- (c) Notwithstanding the foregoing, the Producer shall not be required to obtain consent of a performer for the use of an excerpt(s) in new media under the following circumstances:
  - (i) When there would be no such obligation if the Producer used the excerpt in traditional media; however, the Producer shall be obligated to comply with the provisions of Section C.(1)(a) above as to any use of stunt footage, other than a use which would not require consent if it were of non-stunt footage;

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<sup>4</sup> It is understood by the parties that such rights of the performer may include, for example, an action for violation of right of publicity, right of privacy, defamation, false light, etc.

- (ii) If the Producer had previously bargained for such excerpt uses in a manner permitted under the “Reuse of Photography or Sound Track” provisions of the Codified Basic Agreement or the Television Agreement, as applicable; or
  - (iii) For use of excerpts during the streaming window, or during either of the twenty-six (26) week periods described in Paragraph 2.A.(2) above for which the Producer makes payment as provided therein.
- (d) Producer shall make payment for the use of photography or sound track from current product in new media in accordance with the provisions set forth below.
- (i) For Reuse of Photography or Sound Track From Television Motion Pictures on Free to the Consumer, Advertiser-Supported Platforms
    - (A) No payment shall be required for the use of photography or sound track from a television motion picture on free to the consumer, advertiser-supported platforms during the streaming window. Further, if the Producer pays the “new media program fee” for the use of the entire television motion picture in new media, such payment shall also constitute payment for the free to the consumer, advertiser-supported use of any portion thereof in new media during the corresponding time period.
    - (B) If the photography or sound track is from a television motion picture and is used outside the streaming window, but within one year following expiration of the streaming window, and the use is not otherwise covered by the payment referred to in the second sentence of subsection C.(1)(d)(i)(A) above, the Producer shall pay for such use as follows:
      - (1) For photography or sound track up to two (2) minutes in length, the lesser of

\$30 or the applicable “new media program fee;”

- (2) For photography or sound track in excess of two (2) minutes in length, but not more than four (4) minutes in length, the lesser of \$80 or the applicable “new media program fee;”
- (3) For photography or sound track in excess of four (4) minutes in length, the applicable “new media program fee.”

The “new media program fee” for reuse of photography or sound track from television motion pictures on free-to-the-consumer, advertiser-supported platforms is three percent (3%) (three and one-half percent (3.5%) effective ~~July 1, 2010~~ two (2) years after the date of ratification) of “total applicable minimum salary,” as defined in Section 18(b)(4)b) of the Television Agreement.

- (C) For any other use of photography or sound track from a television motion picture on a free to the consumer, advertiser-supported platform, including the reuse of photography or sound track from a television motion picture produced prior to ~~July 1, 2008~~ the date of ratification, the Producer shall pay six percent (6%) of “Distributor’s gross.”
- (D) If photography or sound track from the current season of a series is used together with photography or sound track from past seasons of the series on an ad-supported, free-to-the-consumer basis, and payment would otherwise be due for such uses, then the percentage of “Distributor’s gross” payment set forth in subsection C.(1)(d)(i)(C) above shall apply to all such excerpts.

(ii) For Reuse of Photography or Sound Track From Theatrical Motion Pictures on Free-to-the-Consumer, Advertiser-Supported Platforms

For any use of photography or sound track from a theatrical motion picture on a free-to-the-consumer, advertiser-supported platform, including the reuse of photography or sound track from a theatrical motion picture produced prior to ~~July 1, 2008~~ the date of ratification, the Producer shall pay three and six-tenths percent (3.6%) of “Distributor’s gross.”

(iii) For Reuse on “Consumer Pay” Platforms

If photography or sound track from a theatrical or television motion picture is used on a “consumer pay” platform, whether to “promote” the picture or series or not, the Producer shall pay 3.6% of “Distributor’s gross” for such use. This formula shall apply to a “hybrid” use where the consumer pays for the photography or sound track and advertising revenues are also derived by the Producer from such use. Such revenues shall be incorporated in “Distributor’s gross.”

(e) (i) If Producer neither seeks nor obtains the consent of the performer for use of photography or sound track as required in this Section C.(1), the performer shall be entitled to damages for such unauthorized use, equivalent to three (3) times the amount originally paid the performer for the number of days of work covered by the material used. If the Producer is unable to find the performer, it shall notify SAG, and if SAG is unable to find the performer within a reasonable time, the Producer may use the photography or sound track without penalty.

(ii) If Producer seeks, but fails to obtain, the consent of the performer as required in this Section C.(1), Producer shall be prohibited from making such reuse of the material, and in case of violation, the performer shall be entitled, at his option, to either accept damages as provided in subsection (e)(i) above, or to arbitrate his claim hereunder, or to take legal proceedings in a court of competent jurisdiction.

(2) Library Product

Photography or sound track from a theatrical or television motion picture, the principal photography of which commenced prior to ~~July 1, 2008~~ the date of ratification (“library product”), shall be governed by the following:

- (a) In those instances in which the Codified Basic Agreement or Television Agreement, as applicable, requires that the Producer bargain with the performer and reach agreement before using photography or sound track, the Producer shall either:
  - (i) bargain and reach agreement as required under the aforementioned Agreements: or
  - (ii) obtain consent in accordance with the procedure developed under subsection (b) below and make the payments required under subsection (c) below.
- (b) The Producers and Guild commit to develop jointly a streamlined and expedited process for obtaining general consent of performers to the non-promotional use of photography or sound track in new media. The parties agree that they shall complete this process within ninety (90) days after ratification.

The parties agree that the following restrictions shall apply in connection with any consent obtained through the procedure described in the preceding paragraph:

- (i) Such consent shall be subject to any different restrictions on the use of excerpts contained in the performer’s individual employment contract with Producer;
- (ii) Such consent shall not in any manner waive the performer’s rights (including rights of the performer’s estate) to pursue claims against third parties arising from the use of excerpts that are outside the scope of the authorization given by the Producer;<sup>5</sup>
- (iii) Such consent shall expire ~~June 30, 2011~~ three (3) years after date of ratification, provided that any license of the

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<sup>5</sup> It is understood by the parties that such rights of the performer may include, for example, an action for violation of right of publicity, right of privacy, defamation, false light, etc.

material by Producer entered into on or after ~~January 1, 2011~~ a date that is six (6) months prior to the expiration date of this Agreement shall expire not later than ~~June 30, 2012~~ one (1) year after expiration of this Agreement. Further, with respect to use of an excerpt from ~~July 1, 2011~~ the first day after expiration of this Agreement through ~~June 30, 2012~~ one (1) year after expiration of this Agreement, Producer shall be obligated to pay the performer the reuse compensation which may be negotiated by the Guild in the collective bargaining agreement with Producer which commences ~~July 1, 2011~~ the first day after expiration of this Agreement.

- (iv) Unless the specific written consent of the performer is obtained separately from the procedure developed under this subsection (b), the Producer may not authorize:
  - (A) reuse of excerpts containing nude photography;
  - (B) reuse of an excerpt in conjunction with other material that would constitute an endorsement by performer or a commercial tie-in for such other material, except that performer's consent shall not be required for use of excerpts for promotional purposes (*e.g.*, commercial or promotional tie-ins and cross-promotions) in new media where the performer's individual employment contract specifically permits such use in traditional media or for the purpose of advertising or promoting the service on which the excerpts are available or the service on which the theatrical or television motion picture or series from which the excerpt was taken appears;
  - (C) reuse of an excerpt in a manner which would defame the performer;
  - (D) reuse of a "bloop" excerpt which was not included in the theatrical or television motion picture as originally exhibited; provided that it is not necessary to obtain consent in accordance with the procedure set forth in Section C.(2)(b)(iv) above for the use of deleted or

alternative scenes that cannot be characterized as a “blooper;” or

- (E) reuse of an excerpt which, together with other material, constitutes an episodic length derivative program which is exploited by Producer to generate revenue.
- (v) The Producer shall not be relieved of its obligations under the “Reuse of Photography or Sound Track” provisions of the Codified Basic Agreement or Television Agreement, as applicable, in connection with the use of excerpts in other than new media, even when the excerpt was first used in new media.
- (vi) Notwithstanding the foregoing, the Producer shall not be required to bargain and reach agreement with a performer for the use of an excerpt(s) in new media under the following circumstances:
  - (A) When there would be no such obligation if the Producer used the excerpt in traditional media, except that the Producer shall be obligated to comply with the provisions of Section C.(2)(a) above as to any use of stunt footage, other than a use which would not require bargaining and reaching agreement if it were of non-stunt footage; or
  - (B) If the Producer had previously bargained for such excerpt uses in a manner permitted under the “Reuse of Photography or Sound Track” provisions of the Codified Basic Agreement or Television Agreement, as applicable.
- (c) Payment shall be due for the use of photography or sound track in new media in accordance with the provisions set forth below.
  - (i) For Reuse on Free-to-the-Consumer, Advertiser-Supported Platforms
    - (A) For use of photography or sound track from a television motion picture on a free-to-the-

consumer, advertiser-supported platform, the Producer shall pay six percent (6%) of “Distributor’s gross.”

(B) If photography or sound track from the current season of a series is used together with photography or sound track from past seasons of the series on an ad-supported, free-to-the-consumer basis, and payment would otherwise be due for such uses, then the percentage of “Distributor’s gross” payment set forth in Section C.(2)(c)(i)(A) above shall apply to all such excerpts.

(C) For use of photography or sound track from a theatrical motion picture on a free-to-the-consumer, advertiser-supported platform, the Producer shall pay three and six-tenths percent (3.6%) of “Distributor’s Gross.”

(ii) For Reuse on “Consumer Pay” Platforms

If photography or sound track from a theatrical or television motion picture is used on a “consumer pay” platform, whether to “promote” the picture or series or not, the Producer shall pay 3.6% of “Distributor’s gross” for such use. This formula shall apply to a “hybrid” use where the consumer pays for the photography or sound track and advertising revenues are also derived by the Producer from such use. Such revenues shall be incorporated in “Distributor’s gross.”

(d) (i) If Producer has neither bargained and reached agreement with the performer for reuse of photography or sound track as required under the Codified Basic Agreement or the Television Agreement, as applicable, nor sought the consent of the performer for use of photography or sound track as required in Section C.(2)(a)(ii) above, the performer shall be entitled to damages for such unauthorized use, equivalent to three (3) times the amount originally paid the performer for the number of days of work covered by the material used. If the Producer is unable to find the performer, it shall notify SAG, and if

SAG is unable to find the performer within a reasonable time, the Producer may use the photography or sound track without penalty.

- (ii) If Producer has not bargained and reached agreement with the performer for reuse of photography or sound track as required under the Codified Basic Agreement or the Television Agreement, as applicable, but has sought and failed to obtain the consent of the performer as required in this Section C.(2)(a)(ii), Producer shall be prohibited from making such reuse of the material, and in case of violation, the performer shall be entitled, at his option, to either accept damages as provided in subsection (d)(i) above, or to arbitrate his claim hereunder, or to take legal proceedings in a court of competent jurisdiction.

D. Notwithstanding the foregoing:

- (1) No payment shall be required for the free-to-the-consumer “non-commercial” promotional use of photography or sound track more than five (5) minutes in length from television motion pictures less than ninety (90) minutes in length or more than ten (10) minutes in length from theatrical motion pictures, from television motion pictures ninety (90) minutes or more in length or from motion pictures made for the home video market containing one (1) or more scenes. A “non-commercial” use is a use from which the Producer and its related and affiliated entities, including, but not limited to, distributors and exhibitors, receive no revenues, including, but not limited to, advertising revenues.
- (2) It is understood that the reuse of photography or sound track from any theatrical or television motion picture shall not require any payment hereunder if the use would not require a payment under the “Reuse of Photography or Sound Track” provisions of the Codified Basic Agreement or the Television Agreement.
- (3) If photography or sound track is used to promote the sale or rental of a theatrical or television motion picture or series in home video, other than in connection with the traditional home video release or any “special edition” home video release as described in Section B.(2) above, and references the availability of the picture or series in home video, then the Producer’s only obligation shall be to pay six percent (6%) of

“Distributor’s gross” for such use if the Producer receives revenue in connection therewith.

- (4) If the Producer receives revenue in connection with the use of photography or sound track under Section B.(6) above, Producer shall pay six percent (6%) of “Distributor’s gross” for such use.
- E.
- (1) The obligations specified herein shall apply only if the performer is recognizable and, as to stunts, only if the stunt is identifiable.
  - (2) Payments for reuse of stunts shall only apply to stunt performers whom the Union can identify and establish as having performed the stunt in question. The Producer may rely upon the Union’s designation of any stunt performer as the person who performed such stunt and payment by the Producer to such stunt performer shall be final and conclusive and shall relieve the Producer of any further obligations for the reuse of such stunt as herein provided.
  - (3) Nothing herein shall limit the Producer’s right to use photography or sound track in exploiting the picture.

F. New Media Committee: Moratorium on Grievances and Arbitration Claims

Given the novelty and complexity of the issues regarding the promotional versus non-promotional and commercial versus non-commercial use of photography or sound track in New Media, the parties agree to establish a Committee to review, discuss and categorize instances of such use in New Media to assist them in refining their mutual understanding of such uses and the Guild agrees not to file any grievances or arbitration claims arising out of or relating to a dispute over the use of photography or sound track in New Media that occurs during the first six months after the terms and conditions of this Sideletter become effective, provided that all payments as to which there is no *bona fide* dispute are timely made.

**4. “Distributor’s Gross”**

A. Definition

The term “Distributor’s gross,” for purposes of all re-uses in new media of theatrical and television motion pictures made for traditional media and of Original and Derivative New Media Productions (each hereinafter referred to as “such

Picture”), shall be as defined in Section 5.2.E. of the General Provisions of the SAG Codified Basic Agreement.<sup>6</sup>

When the “Distributor’s gross” derived from new media exploitation is received from a related or affiliated entity that acts as the exhibitor/retailer of such Picture, then the “Distributor’s gross” received by the Producer from the licensing of such rights shall be measured by the exhibitor/retailer’s payments to unrelated and unaffiliated entities in arms’ length transactions for comparable pictures, or, if none, then the amounts received by the Producer from unrelated and unaffiliated exhibitors/retailers in arms’ length transactions for comparable pictures, or, if none, a comparable exhibitor/retailer’s payments to comparable unrelated and unaffiliated entities in arms’ length transactions for comparable pictures.

The parties agree that the residuals due to performers under Paragraph 1 of this Sideletter shall be payable in the same manner and to the same extent as applicable to pay television and pay-per-view as provided in the following provisions in the Codified Basic Agreement or Television Agreement, as applicable (subject to conforming changes as necessary):

- Section 5.2.E.(4)(d), 5.2.E.(5) and 5.2.E.(7) of the Codified Basic Agreement and Sections 20(b)(3)d) and 20(b)(5) of the Television Agreement (with respect to supplemental markets exhibition of motion pictures, the principal photography of which commenced after 7/1/52, but prior to 7/21/80) (foreign receipts and non-returnable advances);
- Section 5.2.B. of the Codified Basic Agreement (allocation among performers);
- Sections 5.2.G. and 5.2.I. of the Codified Basic Agreement (time of payment, payment requirements and reporting);
- Section 5.2.H. of the Codified Basic Agreement (gross participation);
- Sections 6.A., 6.E., 6.C., 6.H. and 6.I. of the Codified Basic Agreement and Section 21 of the Television Agreement (financial responsibility); and
- Section 5.1 of the Codified Basic Agreement (supplemental markets distribution of motion pictures, the principal photography of which commenced after 6/30/71 but prior to 7/21/80), to the extent it refers to 5.2.E.(4)(d), 5.2.E.(5), and 5.2.E.(7) of the Codified Basic Agreement

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<sup>6</sup> For sake of clarity, “Distributor’s gross” specifically includes advertising revenues when the license, distribution, or other agreement provides for sharing in such revenues.

and Section 20.1 of the Television Agreement (supplemental markets distribution of programs produced on or after 10/6/80), to the extent it refers to the provisions of Section 5.2 of the Codified Basic Agreement set forth above.

B. Agreements and Data

On a quarterly basis commencing ~~September 30, 2008~~ three (3) months after ratification, within ten (10) business days after such request, the Producer shall provide for inspection by the Guild's designated employee(s) or auditor(s), at Producer's premises where such data is kept, full access<sup>7</sup> to all unredacted license, distribution, and other agreements pertaining to new media exploitation of covered pictures that were entered into during the immediately preceding quarter.<sup>8</sup> In any subsequent quarterly inspection, the Guild's designated employee(s) or auditor(s) may re-inspect any agreements previously inspected and inspect any agreements not previously inspected.

Upon request, in a manner to be mutually agreed upon in good faith, the Producer shall expeditiously provide, or make available, to the Guild data in its possession or control, or the possession or control of its related distribution entities, regarding the new media exploitation of covered pictures, such as number of downloads or streams by source and ad rates.

C. Recordkeeping and Reporting

Payment for exploitation of covered pictures in new media shall be due sixty (60) days after the end of the quarter in which the "Distributor's gross" from such exploitation is received. The Producer shall accompany such payments with reports regarding the "Distributor's gross" derived from such exploitation, which shall be specified by medium and source whenever reasonably possible and will be separated from revenues derived from exploitation of such Pictures in traditional media. Along with such payments, the Producer shall provide the Guild with unredacted copies of all corollary distributor's, subdistributor's, and exhibitor's statements relating to the reported "Distributor's gross."

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<sup>7</sup> Full access includes access to all agreements, notwithstanding any confidentiality clause contained therein, and access to all sideletters, exhibits, addenda, and other ancillary documents.

<sup>8</sup> In the initial quarter, the Producer shall also provide the Guild with access to all said agreements that were entered into between January 1, 2006 and ~~June 30, 2008~~ the quarter preceding the date of ratification.

Where the Producer allocates revenues between new media rights and other rights in any such Picture, among new media rights in multiple such Pictures, or otherwise, it shall specify such allocation.

D. Confidentiality

The information provided to the Guild by the Producer will be treated as confidential and appropriate arrangements will be made to safeguard the confidentiality of that information.

E. Reservation of Rights

With respect to theatrical and television motion pictures, the Producer has agreed to a separate payment for these uses in new media because new media exhibition is at this time outside the primary market. The Producer reserves the right in future negotiations to contend that the pattern of release has changed so that these uses constitute or are a part of the primary market of distribution of theatrical or television motion pictures and that, therefore, no additional payment should be made with respect to the exhibition of theatrical or television motion pictures (including those covered by this Agreement) in new media. The Guild reserves the right in future negotiations to contend to the contrary, and further to assert that regardless of whether other exhibitions are or have become part of the primary market, residual provisions for theatrical or television motion pictures so exhibited should be improved.

F. Other Terms and Conditions

Except as expressly provided herein, all other terms and conditions of the Codified Basic Agreement or Television Agreement, as applicable, including but not limited to Section 50 of the Television Agreement, shall apply; in the event of a conflict, the terms and condition of this Sideletter shall control.

5. Sunset Clause

The parties recognize that this Sideletter is being negotiated at a time when the business models and patterns of usage of theatrical and television motion pictures in new media are in the process of exploration, experimentation and innovation. Therefore, all provisions of this Sideletter expire on the termination date of the ~~2008~~ 2009 SAG Codified Basic Agreement and the ~~2008~~ 2009 SAG Television 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 theatrical motion pictures and television programs in new media to be in effect thereafter.

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. For example, the parties acknowledge that with respect to the formula in Paragraph 1 for the electronic sell-through of theatrical and television motion pictures, the growth of electronic sell-through could adversely impact traditional home video sales. In future negotiations, the parties agree that the criteria to be considered in good faith in determining whether the electronic sell-through residual should be increased or decreased include patterns of cannibalization of the home video market and changes in the wholesale price.

6. All payments hereunder made as a percentage of “Distributor’s gross” are aggregate payments for all performers who have traditionally been entitled to residuals under the Codified Basic Agreement or the Television Agreement, as applicable.

## **II. Exhibitor/Distributor Sideletter**

*Add an unpublished Sideletter to read as follows:*

“During the negotiation of the ~~2008~~ 2009 SAG Codified Basic Agreement and the ~~2008~~ 2009 SAG Television Agreement, the Guild and the Producers discussed the nature of distribution via new media. In particular, the Producers compared new media to basic cable distribution. The Producers stressed that a new media exhibitor might work with a third party in the same way that a cable network, such as FX, works with MSOs to exhibit programs. The Guild acknowledged that it considers new media exhibitors such as hulu.com to be exhibitors, and not distributors, and that situations analogous to the one in basic cable would be treated the same – namely, that the third party would be considered an exhibitor and would not make the initial exhibitor a distributor.

“In addition, the parties agree the language in Paragraph 1.A. of the Sideletter re Exhibition of Motion Pictures Transmitted via New Media, which was changed in the 2008-9 negotiations, is not a substantive change from the corresponding language that appeared in the same sideletter in the 2005 and 2002 Agreements.”

## **III. Committee on Alternative Digital Broadcast Channels**

*Add a Sideletter to read as follows:*

“During the negotiation of the ~~2008~~ 2009 SAG Codified Basic Agreement and ~~2008~~ 2009 SAG Television Agreement, the parties discussed their concerns regarding the reuse of television motion pictures on alternative digital broadcast and cable channels. Following negotiations, the parties will establish an Alternative Digital Broadcast and Cable Channel Committee to address issues related to the reuse of television motion pictures on alternative digital broadcast and cable channels.”

**12. Pension and Health**

- A. Increase the contribution rate to the ~~Health~~ or Pension Plan by one-half percent (.5%) effective ~~July 1, 2009~~ one (1) year after the date of ratification.

**13. Casting Performers with Disabilities**

- A. Add a new Sideletter to the Agreements as follows:

"The parties agree that, in an effort to increase the visibility and employment opportunities for all types of roles for performers with disabilities, they will meet within 90 days after ratification to create an industry-wide biennial showcase designed specifically for performers with disabilities. The initial meeting to discuss these showcases will include labor relations executives or their designees.

"The parties to this Agreement further agree to commit senior level executives who are directly responsible for hiring to attend and participate in the development and implementation of each showcase. The cost of the showcases shall be shared equally by the parties.

"The showcases will include an educational component consisting of communication skills, auditioning, and other issues unique to these performers as well as discussions regarding employment opportunities.

"The parties shall conduct such showcases jointly with representatives of the American Federation of Television and Radio Artists. The parties agree to recommend funding for same from the AFTRA AICF and the SAG IACF.

"Should a Producer fail to have a representative present at such showcase, the Union may require a meeting with representatives of such Producer to discuss employment opportunities for performers with disabilities."

- B. Add a new Sideletter to the Codified Basic Agreement and Television Agreement as follows:

"In accordance with the agreement reached in 2005, the parties met to formulate a letter seeking an opinion from the General Counsel of the Equal Employment Opportunity Commission and from those agencies responsible for administering disability discrimination laws in major production centers with regard to the legality of compiling employment data on performers with obvious physical impairments. Due to the inability to reach agreement on language for said letter, each party now reserves its right to seek independently an opinion from the aforementioned agencies, if it so chooses. In the event that either party elects to seek an opinion from any of the aforementioned agencies, it shall

simultaneously transmit to the other party a copy of the letter(s) sent to said agency or agencies.”

**18. Schedule Breaks**

Increase the guaranteed weekly salary figure for Schedule B performers employed on theatrical motion pictures from \$5,500 or less per week to \$6,000 or less per week for contracts entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification. (Make a conforming change in Schedule C so that it covers performers employed on theatrical motion pictures guaranteed more than \$6,000 per week for contracts entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification.)

Increase the guaranteed weekly salary figure for Schedule B performers employed on television motion pictures from \$4,400 or less per week to \$4,650 or less per week for contracts entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification. (Make a conforming change in Schedule C so that it covers performers employed on television motion pictures guaranteed more than \$4,650 per week for contracts entered into on or after ~~July 1, 2009~~ one (1) year after the date of ratification.)

**19. Singers**

Referred to CAC.

**20. Stunt Coordinators**

**A. Residual Payments**

Stunt coordinators employed on television motion pictures shall participate in revenue-based residual payments with respect to television motion pictures, the principal photography of which commences on or after the date of ratification.

**B. Rest Period**

The rest period for Stunt Coordinators under Schedule K, Parts I, II and III shall remain at nine (9) hours and the sunset clauses applicable to these provisions shall be eliminated.

**23. Term**

“Except as hereinafter provided in this item 23, the term of the Agreement shall be for three (3) years, commencing on date of notice by the Union Screen Actors Guild (“the Guild”) to the AMPTP of ratification (“the date of ratification”) and terminating three (3) years later.

“Should the Guild and the American Federation of Television and Radio Artists (“AFTRA”) bargain jointly with the Producers, as they have in the past, for successor agreements to the 2009 Producer - Screen Actors Guild Codified Basic Agreement, the 2009 Screen Actors Guild Television Agreement (“the 2009 SAG Agreements”) and Exhibit A (2008-2011) of the 2007 AFTRA National Code of Fair Practice for Network Television Broadcasting, and should the parties reach agreement which is ratified by the membership on or before June 30, 2011, then the term of the 2009 SAG Agreements shall be changed to reflect an expiration date of June 30, 2011. In that event, the terms and conditions of the 2011 successor agreements shall apply in lieu of the expired terms in the 2009 SAG Agreements after June 30, 2011. However, if the foregoing conditions are not met, then the 2009 Agreements shall remain in effect for the full three-year period specified in the preceding paragraph. The Producers agree to commence negotiations for such successor agreements no later than November of 2010. It is understood and agreed that the terms and conditions of such successor agreements shall be freely bargainable.”

**24. Warm-up Performers**

The parties agree to recommend to the Trustees of the Pension and Health Plans that, if a warm-up performer and the Producer reach agreement upon the terms of a contract which provides for the submission of pension and health contributions to the SAG Plans on behalf of the warm-up performer, the Plans shall accept said contributions, provided that the contributions are based on the compensation paid for services as a warm-up performer and are subject to the applicable cap provided in the Agreement, and provided, further, that contributions are not being made to another plan on behalf of such warm-up performer based on employment on the same project.

**27. Promotional Launch**

Renew the third paragraph of Section 18(b)(3) of the Television Agreement.

**PRODUCERS’ PROPOSALS** (Numbering corresponds to numbers of Producers’ proposals.)

**2. Force Majeure**

Eliminate the “Emergency Suspension and Termination”/“Resumed Production After Termination” provisions in Schedules B, C, D and E of the Codified Basic Agreement and the “Force Majeure and Illness” provision in Section 61 of the Television Agreement and provide instead that the subject matters covered under these provisions shall be subject to individual negotiation between the Producer and the performer.

“The parties have previously agreed that any documents exchanged and statements made during the 2008-9 negotiations between the Screen Actors Guild and the Producers with regard to Section 61(c) of the Television Agreement shall not be admitted into evidence nor

considered in any proceeding when offered for the purpose of interpreting the “Force Majeure and Illness” provisions in the 2005 Screen Actors Guild Television Agreement, or in any predecessor agreement thereto, or for the purpose of interpreting the “Emergency Suspension or Termination” and “Resumed Production After Termination” provisions in the 2005 Producer-Screen Actors Guild Codified Basic Agreement, or in any predecessor or successor agreement thereto. In specific reliance on such agreement, the Producers offer the following clarifying proposal.

“The parties further agree that any such documents and statements made during the 2008-9 negotiations between the Screen Actors Guild and the Producers may be admitted into evidence and considered in any proceeding with regard to the interpretation or application of Section 61(c) of the 2009 Screen Actors Guild Television Agreement.”

Revise subsection (c) of Section 61 of the 2005 Screen Actors Guild Television Agreement (the “Force Majeure and Illness” Clause) to read as follows:

“(c) Series Contracts

“Except as otherwise hereinafter provided in subsection (d) of this Section, if the production of the series is prevented, suspended or postponed, the Producer may elect to suspend the performer’s services. The suspension may commence at any time after the force majeure event causes production of the series to be prevented, suspended or postponed. The Producer may exercise its right to suspend on a performer-by-performer basis (i.e., the Producer can elect to suspend certain performers on a particular production and not suspend others).

“(1) (i) Should the Producer elect to suspend a series contract performer, the performer shall be paid at half-salary, on a weekly basis, for a period of up to five (5) weeks (assuming the prevention, suspension or postponement of production lasts that long) or for a period ending not later than performer’s then-current guaranteed employment period, whichever is shorter. Said amount shall not be creditable against compensation due for services rendered after production resumes. The term “then-current guaranteed employment period” means the number of weeks of work that would be required to complete the episodes remaining on the performer’s minimum episodic guarantee. For purposes of this Section 61(c), a week’s pay for one-hour shows is calculated at five-sixths (5/6) of the episodic rate and for half-hour shows is calculated at the episodic rate (as specified in the series contract performer provisions of the Television Agreement).

“For example, if a performer is guaranteed thirteen (13) episodes of a half-hour series and the performer is suspended because of a force majeure event after ten (10) episodes have been produced, the suspension would be for five (5) weeks or the number of weeks of work it would take to complete the three (3) remaining episodes, whichever is shorter. (In this case, the suspension would be for three (3) weeks since production of the three (3) remaining half-hour episodes would take three (3) weeks.) This is true even if the performer’s

guarantee is for all episodes produced with a minimum of thirteen (13) episodes. During the three (3) week period, the performer shall be paid half-salary on a weekly basis, which amount shall not be creditable against compensation due for services rendered after production resumes.

“(ii) Performer shall have the right to terminate the employment effective at the end of the fifth week of suspension unless the Producer, upon receipt of the performer’s written notice of termination, commences and continues thereafter to pay performer his full compensation, on a weekly basis, for the remainder, if any, of the then-current guaranteed employment period. The term “then-current guaranteed employment period” means the same as set forth in subparagraph (c)(1)(i) above.

“Should production of the series resume, performer shall be obligated to provide the services required under his personal service contract on the same terms as agreed upon therein. Any payments made to the performer under this subparagraph (c)(1)(ii) shall constitute an advance against compensation due for services rendered on episodes produced after the suspension period ends and/or for any amounts remaining on the performer’s minimum episodic guarantee.

“For example, Performer Alpha is guaranteed employment on thirteen (13) episodes of a half-hour series at the rate of \$10,000 per episode. Ten (10) episodes are produced prior to the postponement of production by reason of a force majeure event, which lasts for ten (10) weeks. Producer XYZ opts to suspend Alpha immediately following the occurrence of the force majeure event. Producer must pay Alpha for the first three (3) weeks of suspension (the amount of time needed to complete production of the three (3) episodes remaining on Alpha’s episodic guarantee) at half-salary (\$5,000 per week for three (3) weeks); no payment is required for the next two (2) weeks. At the end of the fifth week, Alpha sends a written notice of intent to terminate to the Producer, at which time the Producer elects to continue Alpha’s employment in effect by paying his full weekly salary (\$10,000 per week in this case). Producer is obligated to pay Alpha \$30,000 (\$10,000 per week for the three (3) remaining weeks). After the suspension period ends, Alpha shall be obligated to provide the services required under his personal service contract on the same terms as agreed upon therein. The \$30,000 paid following Alpha’s notice of intent to terminate is creditable against compensation due for services rendered when production resumes and/or for any amounts remaining on the performer’s minimum episodic guarantee.

“Notwithstanding anything to the contrary in this Section 61(c), a performer shall have no right to terminate his or her personal service contract if he or she has already worked and been paid, or has otherwise been paid, for his or her minimum episodic guarantee at the time the suspension of production commences. Such performer shall not be entitled to payment under subparagraph (c)(1) nor to his or her episodic compensation during the force majeure period. For example, if a performer is guaranteed all episodes produced with a minimum of thirteen (13) episodes and the performer’s suspension commences after the performer has worked in fourteen (14) episodes, the performer is not entitled to terminate his or

her employment nor to the half-salary payments under subparagraph (c)(1) nor to his or her episodic compensation during the force majeure period.

“(2) Should the Producer elect not to suspend a series contract performer, but pays the performer’s compensation (in full or on a weekly basis) for any episodes remaining on the performer’s minimum episodic guarantee, such payments shall constitute advances so that if such episodes are ultimately produced within the agreed-upon span period, the performer must perform and is not entitled to further compensation for working on such episodes. Notwithstanding the preceding sentence, the Producer retains any and all rights that it has under the performer’s personal service contract and this Agreement.

“(3) In no event shall the Producer be obligated to pay a performer who has been suspended as a result of a force majeure event more than the sum of the applicable half-salary payments provided under subparagraph (c)(1)(i), plus the full salary payments, if any, provided under subparagraph (c)(1)(ii).

“(4) At any time after the commencement of such prevention, suspension or postponement, and prior to any resumption by the performer of his services in such employment, Producer may terminate the services of the performer without further liability, except for compensation for services previously rendered (including compensation for reruns, foreign telecasts, theatrical exhibition and use in Supplemental Markets and on basic cable) and except as provided in the next sentence. If the Producer elects to terminate said employment by reason of the illness of any other member of the cast or of the director, then the Producer shall also be obligated to pay the performer one (1) week’s compensation. In the event of such termination, Producer shall have the right to recall the performer, without compensation for intervening time, in the event of the resumption of production as and when the Producer may request and at the same rate as previously applicable, unless the performer is otherwise employed, but if otherwise employed, the performer will cooperate to the fullest extent in trying to make his services available to Producer. In the event of the resumption of production, the Producer will not use force majeure or illness as an excuse for not recalling the performer in the absence of supervening circumstances or conditions which make the continuation of his role impracticable.”

**3. Reuse of Photography or Sound Track** Sections 18 and 22, General Provisions, Codified Basic Agreement; Sections 35 and 36, SAG Television Agreement)

- A. See Section 3 of item 11.C. above.
- B. Revise Sections 18.A.(5) and Section 22.J. of the General Provisions of the Codified Basic Agreement by replacing the references to “four hundred (400) feet of 35mm film containing not less than two (2) scenes or two hundred (200) feet of 35mm film containing one (1) scene or the equivalent in running time if another recording medium is used” with “ten (10) minutes containing one (1) or more scenes” for theatrical motion pictures.

Revise Sections 35(i) and 36(i) of the Television Agreement by replacing the references to “four hundred (400) feet of 35mm film containing not less than two (2) scenes or two hundred (200) feet of 35mm film containing one (1) scene or the equivalent in running time if another recording medium [or 16mm film] is used” with “five (5) minutes containing one (1) or more scenes” for television motion pictures less than ninety (90) minutes in length and with “ten (10) minutes containing one (1) or more scenes” for television motion pictures 90 minutes or more in length and for motion pictures made for the home video market.

- C. Revise the penultimate sentence in the third paragraph of Section 36(a) of the Television Agreement to read as follows:

“In addition, Producer shall have the right to use photography or sound track for the purpose of recapping the story to date upon payment of the day performer rate to each performer appearing or heard in such photography or sound track who would otherwise be entitled to negotiate or to payment under the provisions of this Section 36, provided that the photography or sound track is used in the same season in which the performer is employed or in the season immediately following the season in which the performer was employed and, provided further, that the recap shall not exceed ninety (90) seconds in length when used in a program sixty (60) minutes, or exceed three (3) minutes in length when used in a program sixty (60) minutes or more in total length.”

## 5. Meal Periods and Meals

~~Revise the Agreements to allow “French hours” to be instituted on theatrical motion pictures and on long-form television motion pictures based on a vote of approval from a majority of performers working on the production on the first day of principal photography. When “French hours” are in effect, in lieu of having a designated meal break(s) at specified intervals during the workday, food shall be available to performers and background actors at all times so they may eat when they are free to do so.~~

The Producers withdraw their proposal regarding “French hours” in light of the Union’s confirmation that it will continue to grant waivers for use of “French hours” consistent with its past practice.

## 6. Late Payments

Revise the late payment provisions in the Agreements to provide that late payments are not required if the performer or background actor fails to provide the Producer with completed forms and documentation required for employment and/or payment (*i.e.*, I-9s, vouchers, W-4s or start paperwork indicating the correct name, address, Social Security Number or tax identification number (for loan-outs) of the performer or background actor), provided that the Producer

supplies the forms to the performer and makes reasonable efforts to collect those forms by notifying the performer that forms are incomplete or missing.

**7. Promotional Launch Provision**

Clarify that the promotional launch provision in Section 18(b)(3) of the Television Agreement applies to the CW and MyNetwork TV.

Change the reference to “the UPN or the WB Television Network” and the references to “UPN and The WB Television Network” in Section 2(c) of the Television Agreement, the reference to “The WB or UPN” in Section 18(b)(3) of the Television Agreement, the reference to “the WB or UPN” in Section 18(b)(5) of the Television Agreement and the reference to “The WB or UPN” in Sideletter L of the Television Agreement to “The CW.”

**9. Renewal of Expiring Clauses**

A. Renew the following provisions in the 2005 SAG Codified Basic Agreement:

- |    |  |  |
|----|--|--|
| 1) | Schedule A, Section 32.F.(2)             | Travel Time – Rules and Definitions,<br>Studio Zone (New York) |
| 2) | Schedule B, Section 44.B.(2)             | Travel Time, Studio Zone (New York)                            |
| 3) | Schedule C, Section 41.B.(2)             | Travel Time, Studio Zone (New York)                            |
| 4) | Schedule E, Section 32.B.(2)             | Travel Time, Studio Zone (New York)                            |
| 5) | Schedule K, Part I, Section<br>22.E.(2)  | Travel Time – Rules and<br>Definitions, Studio Zone (New York) |
| 6) | Schedule K, Part II, Section<br>27.B.(2) | Travel Time, Studio Zone (New<br>York)                         |

B. Renew the following provisions in the SAG Television Agreement so that they will sunset ~~on June 30, 2011~~ upon expiration of the 2009 Agreement:

- |    |                  |  |
|----|------------------|--|
| 1) | Section 19(c)(5) | Additional Compensation For Theatrical Rights - Special<br>Residual Provisions for Long-Form Television Motion<br>Pictures |
| 2) | Sideletter B-1   | Waiver re Domestic Free Television Residuals for Long-<br>Form Television Motion Pictures                                  |

- 3) Sideletter B-2 Sideletter to Section 18(b)(2)c) - Experiment in Syndication of Half-Hour Series in Markets Representing 50% or Fewer of U.S. Television Households
- 4) Sideletter K Special Conditions for Pilots, Presentations and New Series

**ANY PROPOSAL NOT MENTIONED HEREIN IS REJECTED OR WITHDRAWN.**