

ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS

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Sideletter No. 5

As of March 1, 2010
Revised as of March 1, 2013
Revised as of March 1, 2016
Revised as of March 1, 2019

Make-up Artists and Hair Stylists
I.A.T.S.E., Local #798
70 W. 36th Street, 4A
New York, New York 10018

Attention: Rose Chatterton, President
Rosemarie Levy, Business Representative

Re: Productions Made for New Media

Dear Rose and Rosemarie:

This Sideletter confirms the understanding of Make-up Artists and Hair Stylists, Local #798 (hereinafter "Local #798"), on the one hand, and the Alliance of Motion Picture and Television Producers, on behalf of the Companies listed in Exhibit "A" to the 2019 Local #798 Supplemental Digital Production Agreement (hereinafter referred to individually as "the Employer" and collectively as "the Employers"), on the other hand (collectively "the parties"), concerning the terms and conditions applicable to the production of digital electronic recordings of entertainment motion pictures of the type that have traditionally been covered under the Make-up Artists and Hair Stylists, Local #798, Supplemental Digital Production Agreement (hereinafter "the Local #798 Supplemental Digital Production Agreement") that are made for the Internet, mobile devices, or any other new media platform in existence as of March 1, 2010 (hereinafter collectively referred to as "New Media").¹ With respect to such productions intended for initial use in New Media, the parties agree as follows:

When the parties entered into the 2016 negotiations, they mutually understood that the economics of New Media production were uncertain and that greater flexibility in terms and conditions of employment was therefore mutually beneficial. The parties understood that if one or more business models developed such that New Media production became an economically viable medium, then the parties would mutually recognize that fact in future agreements.

¹ This Sideletter applies to the production of certain types of programs intended for initial use in New Media and does not cover work involved in the selection of content for, design or management of any website or any other New Media platform on which productions made for New Media appear.

During the 2019 negotiations, in recognition of emerging subscription video-on-demand services exhibiting mid-budget and high budget dramatic productions, the parties agreed to modify the terms and conditions for “mid-budget” dramatic productions made for subscription video-on-demand consumer pay New Media platforms as provided in Paragraph D. below and the terms and conditions for “high budget” dramatic productions made for subscription video-on-demand consumer pay New Media platforms as provided in Paragraph F. below.

A. Recognition

The Employer recognizes Local #798 as the exclusive bargaining representative of employees employed within the classifications covered by the Make-up Artists and Hair Stylists, Local #798, Major Film Theatrical and Television Series Agreement with Major Producers (hereinafter “the Local #798 Agreement”) on entertainment motion pictures of the type traditionally covered under the Local #798 Agreement or the Local #798 Supplemental Digital Production Agreement which are intended for initial exhibition in New Media, but excluding news, sports, documentaries² and “Experimental New Media Productions,” as that term is defined below, within the geographic scope covered by the Local #798 Agreement.

B. Coverage

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

An "Experimental New Media Production" is defined as any Original New Media Production: (1) for which the actual cost of production does not exceed: (a) \$15,000 per minute of program material as exhibited, and (b) \$300,000 per single production as exhibited, and (c) \$500,000 per series of programs produced for a single order; and (2) on which any combination totaling fewer than four (4) employees as hereinafter described are working in job classifications covered by, and within the geographic scope of, an industry-wide agreement between Employers and the IATSE, or a Local thereof, which agreement covers television production as well as productions made for New Media. With respect to any employee working within the geographic scope of the Producer – IATSE Basic Agreement (hereinafter "the Basic Agreement") or the Producer – IATSE Videotape Electronics Supplemental Basic Agreement (hereinafter "the Videotape Agreement"), such employees shall include any person listed on the Industry Experience Roster established by the Basic Agreement, or in the case of

² The exclusion of news, sports and documentary productions made for new media tracks language in the Sideletter re Productions Made for New Media in the 2015 Producer – IATSE Basic Agreement and is included here for the sake of uniformity and completeness, notwithstanding the fact that news, sports and documentaries may not be motion pictures of the type traditionally covered under the Local #798 Agreement. The parties agree that no inference should be drawn from this language as to whether the Local #798 Agreement has traditionally covered these types of productions.

employees working in classifications with no Roster, any person who has thirty (30) or more days of work experience within the last three (3) years, either alone or in combination, under the West Coast Studio Local Agreement covering that classification, the Videotape Agreement or on New Media Productions covered under this Sideletter or the corresponding Sideletter in the Basic or Videotape Agreements.³ With respect to any employee working in the respective classifications and geographic scope of any other industry-wide Agreement described in the first sentence of this paragraph, such employees shall include any person who has thirty (30) or more days of work experience within the last three (3) years under any such Agreement and/or on New Media Productions covered under any such Agreement.⁴ Notwithstanding the preceding two sentences, in determining whether fewer than four (4) such employees are employed on the production, the following employees shall not be counted: employees not specifically charged to the production or who are included in general overhead; script coordinators and writers' room assistants; projectionists and in-house publicists (but not unit publicists); and employees engaged in post-production or distribution functions, including, but not limited to, editing and looping regardless of where or when those functions are performed, but excluding the editor, provided that such editor is working in conjunction with the shooting company.

The actual cost of the Experimental New Media Production shall consist of all direct costs actually incurred in connection with the Production. The only costs excluded in determining the actual cost of production shall be development costs, overhead charges, financing costs (*i.e.*, loan origination fees, gap fees, legal fees and interest), contingency of up to ten percent (10%), essential elements insurance costs, the cost of the completion bond, marketing expenses, contingent payments to talent or other parties which are based on the proceeds derived from the exploitation of the Production and received after recoupment of the negative cost, and delivery items required by sales agents, distributors or sub-distributors (*i.e.*, delivery materials beyond the answer print, NTSC Video Master if the Production is delivered on videotape, or the digital equivalent if the Production is delivered in a digital format).

If the Employer began production of an "Experimental New Media Production" which the Employer elected not to cover under the terms of this Sideletter, but subsequently employs four (4) or more employees on the production in classifications covered by, and within the geographic scope of, an industry-wide collective bargaining agreement which meets the description in the first sentence of the second paragraph of this Paragraph B., and such employees meet the description in the second and/or third sentences of the second paragraph of this Paragraph B., and are not excluded pursuant to the fourth sentence of said paragraph (but including at least one (1) employee covered under this Sideletter), then said production shall automatically be deemed covered hereunder, starting

³ The Employer shall be entitled to rely on the representation of the employee as to whether he or she meets the "thirty (30) or more days of work experience within the last three (3) years" requirement.

⁴ The Employer shall be entitled to rely on the representation of the employee as to whether he or she meets the "thirty (30) or more days of work experience within the last three (3) years" requirement.

from the first day on which at least four (4) or more such employees are so employed on the production and continuing until the production is finished.

Employer shall use reasonable efforts to notify Local #798 that it intends to cover an "Experimental New Media Production" by the start of principal photography.

C. Terms and Conditions of Employment on Derivative New Media Productions (Other Than a "High Budget" Derivative New Media Production Made for Initial Exhibition on a Subscription Video-on-Demand Consumer Pay Platform ("High Budget SVOD Program"))

A "Derivative New Media Production" is a production for New Media based on an existing television motion picture covered by the Local #798 Agreement that was produced for "traditional" media – *e.g.*, a free television, basic cable or pay television motion picture ("the source production") – and is otherwise included among the types of motion pictures traditionally covered by the Local #798 Agreement. It is understood and agreed that a production for New Media that is based on an existing videotape program covered by the Local #798 Agreement or an existing non-dramatic entertainment television motion picture covered by the Local #798 Supplemental Digital Production Agreement shall not be considered a "Derivative New Media Production."

Employees may be employed by an Employer and assigned to a Derivative New Media Production as part of their regular workday on the source production. The work for the Derivative New Media Production shall be considered part of the workday for the employees on the source production and shall trigger overtime if work on the Derivative New Media Production extends the workday on the source production past the point at which overtime would normally be triggered on the source production. All other terms and conditions, including full benefits, shall continue as if the employee were continuing to work on the source productions.

In all other situations, terms and conditions of employment on a Derivative New Media Production (other than a "High Budget SVOD Program" as defined in Paragraph F. below) are freely negotiable between the employee and the Employer, except for those provisions identified in Paragraph E. below.

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

(1) Terms and conditions of employment on Original New Media Productions (other than a "Mid-Budget SVOD Program" as defined in Paragraph D.(2) below and other than an Original "High Budget SVOD Program" as defined in Paragraph F. below) are freely negotiable between the employee and the Employer, except for those provisions identified in Paragraph E. below.

(2) (a) The terms and conditions set forth in this Paragraph D.(2) shall be applicable prospectively only. They shall not apply to:

(i) any program or series that would otherwise qualify as a “Mid-Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program, in the case of a one-time program, or the principal photography of the first episode, in the case of a series, commenced prior to March 1, 2020; or

(ii) any program or series that would otherwise qualify as a “Mid-Budget SVOD Program” within the meaning of this Sideletter, for which the principal photography of the program or the first episode of the series commenced after March 1, 2020, if such program or series was produced pursuant to the terms of a *bona fide* license agreement with fixed and definite terms entered into by the Employer prior to March 1, 2020.

However, if such license agreement is entered into subject to conditions precedent, then all such conditions must be satisfied prior to March 1, 2020.

Any program or series described in subparagraphs (i) or (ii) above shall be subject to Paragraph D.(1) of this Sideletter. However, with respect to any such program or series described in subparagraphs (i) or (ii) above, if the licensee orders additional programs or episodes pursuant to the terms of the license agreement after March 1, 2020 and the Employer has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then such additional programs or episodes shall be subject to this Paragraph D.(2).⁵

Notwithstanding the foregoing, the Employer shall not reduce the terms and conditions of employment previously provided to Local #798-represented employees on programs or series covered by subparagraphs (i) or (ii) above.

(b) Mid-Budget SVOD Programs Defined

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

⁵ In the event that the Employer asserts that a program or series is grandfathered under the provisions of the second paragraph of Paragraph D.(2)(a) above, a limited number of representatives of the IATSE, subject to the execution of a confidentiality agreement satisfactory in form to the Employer, may inspect those portions of the license agreement that are relevant to determine whether the Employer had the right to renegotiate with respect to the material terms and conditions of the license for the additional programs or episodes. All information received or reviewed by representatives of the IATSE shall be kept confidential, and neither the IATSE nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

<u>Length of Program as Initially Exhibited*</u>	<u>"Mid-Budget" Threshold</u>
20-35 Minutes	\$900,000 or more but less than \$1,300,000
36-65 Minutes	\$1,750,000 or more but less than \$2,500,000
66 Minutes or more	\$2,100,000 or more but less than \$3,000,000

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

(c) Terms and Conditions

The terms and conditions for employees employed on a Mid-Budget SVOD Program shall be those set forth in the 2019 Local #798 Major Film Theatrical and Television Series Agreement for a long-form television motion picture, except that:

(i) Employees employed on a Mid-Budget SVOD Program shall be paid at the wage rates set forth in Article 11(a)(3) for the period two periods prior to the period in question (*e.g.*, during the period March 1, 2020 to February 28, 2021, the wage rates for the period March 4, 2018 to March 2, 2019 shall apply);

(ii) Paragraph E.(5) of this Sideletter shall apply; and

(iii) Rest periods shall be as provided in Article 15(b) or Article 38(b), as applicable.

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

(1) Union Security

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

(30) workdays on New Media Productions covered under this Sideletter and on motion pictures of the type traditionally covered under the Local #798 Agreement.

Local #798 acknowledges and agrees that the obligations set forth in subparagraph (c) of Article II apply only to newly-hired employees who are not members of Local #798.

(2) Pension, Health and Welfare and Annuity Funds

(a) On covered New Media Productions budgeted at \$25,000 or less per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), Employer's only obligation hereunder with regard to fringe benefit contributions shall be to make, on behalf of each employee covered hereunder:

(i) For employees working in New York, New Jersey and Connecticut, that portion of the aggregate contribution specified in Article 20(c)(2)(iii) of the Local #798 Agreement that is due to the IATSE National Health and Welfare Fund;

(ii) For employees working in Delaware, Maine, Massachusetts, New Hampshire, Pennsylvania, Rhode Island, Vermont and the District of Columbia, the amounts set forth in Article 20(c)(2)(i)(A) of the Local #798 Agreement;

(iii) For employees working in Florida, the amounts set forth in Article 20(c)(2)(ii)(A) of the Local #798 Agreement; and

(iv) For employees working in Georgia, Louisiana, Maryland, North Carolina, South Carolina, Virginia and West Virginia, the amounts set forth in Article 37(b)(1) of the Local #798 Agreement.

(b) On New Media Productions budgeted at more than \$25,000 per minute (using the same cost elements as described in the third paragraph of Paragraph B. above), or when employees are assigned by the Employer to a Derivative New Media Production as part of their regular workday on the source production, Employer shall be obligated to make, on behalf of each employee covered hereunder, pension and health and welfare contributions to the Local #798 Pension Fund and the IATSE National Health and Welfare Fund and the IATSE Annuity Fund in accordance with the following:

(i) For employees working in New York, New Jersey or Connecticut, the aggregate amount set forth in Article 20(c)(2)(iii) of the Local #798 Agreement;

(ii) For employees working in Delaware, Maine, Massachusetts, New Hampshire, Pennsylvania, Rhode Island, Vermont and the District of Columbia, the amounts set forth in Article 20(c)(2)(i)(A) and in Article 20(c)(2)(i)(B) of the Local #798 Agreement;

(iii) For employees working in Florida, the amount set forth in Article 20(c)(2)(ii)(A) and in Article 20(c)(1)(ii)(B) of the Local #798 Agreement; and

(iv) For employees working in Georgia, Louisiana, Maryland, North Carolina, South Carolina, Virginia and West Virginia, the amounts set forth in Article 37(b)(1) and in Article 37(b)(2) of the Local #798 Agreement.

(3) Preference of Employment

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

(4) Grievance and Arbitration

Any dispute with regard to wages, hours of employment or working conditions concerning an employee employed by Employer under the terms of this Sideletter shall be resolved in accordance with the grievance and arbitration procedure set forth in Article 2 of the Local #798 Major Film Theatrical and Television Series Agreement.

(5) Staffing

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

(6) No Strike, No Lockout

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

(7) Call Sheet

Employer shall use best efforts to indicate on the call sheet that the production is a covered New Media Production produced under the Sideletter Re: Productions Made for New Media. In the event that the Employer fails to do so, the Union shall notify the Employer. This provision shall not be subject to grievance and arbitration.

(8) No Other Terms Applicable

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

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

(1) Prospective Application

The terms and conditions set forth in this Paragraph F. shall be applicable prospectively only. They shall not apply to:

(a) any program or series that would otherwise qualify as a "High Budget SVOD Program" within the meaning of this Sideletter, for which the principal photography of the program, in the case of a one-time program, or the principal photography of the first episode, in the case of a series, commenced prior to June 1, 2016; or

(b) any program or series that would otherwise qualify as a "High Budget SVOD Program" within the meaning of this Sideletter for which the principal photography of the program or the first episode of the series commenced after June 1, 2016, if such program or series was produced pursuant to the terms of a *bona fide* license agreement with fixed and definite terms entered into by the Employer prior to June 1, 2016. However, if such license agreement is entered into subject to conditions precedent, then all such conditions must be satisfied prior to June 1, 2016.

Any program or series described in subparagraphs (a) or (b) above shall continue to be subject to the terms of the Sideletter Re: Productions Made for New Media under the 2013 Local #798 Major Film Theatrical and Television Series Agreement or the 2013 Local #798 Supplemental Digital Production Agreement. However, with respect to any such program or series described in subparagraphs (a) or (b) above, if the licensee orders additional programs or episodes pursuant to the terms of the license agreement after June 1, 2016 and the Employer has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then such additional programs or episodes shall be subject to the terms of this Sideletter.

Notwithstanding the foregoing, the Employer shall not reduce the terms and conditions of employment previously provided to Local #798-represented employees on programs or series covered by subparagraphs (a) or (b) above.

(2) "High Budget SVOD Programs" Defined

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

<u>Length of Program as Initially Exhibited*</u>	<u>"High Budget" Threshold**</u>
20-35 Minutes	\$1,300,000 and above
36-65 Minutes	\$2,500,000 and above
66 Minutes or more	\$3,000,000 and above

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

** The "high budget" thresholds set forth above shall automatically increase upon the effective date of any increase in the "high budget" thresholds for "High Budget SVOD Programs" that the AMPTP may negotiate with Motion Picture Studio Mechanics, Local #52, I.A.T.S.E. and M.P.T.A.A.C.

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

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

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

*** The budget tiers set forth above shall automatically increase upon the effective date of any increase in the budget tiers for "High Budget SVOD Programs" that the AMPTP may negotiate with Motion Picture Studio Mechanics, Local #52, I.A.T.S.E. and M.P.T.A.A.C.

(4) Terms and Conditions

(a) The terms and conditions for employees employed on High Budget SVOD Programs in Tier 1, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 20 million or more subscribers in the United States and Canada shall be as set forth in the 2019 Local #798 Major Film Theatrical and Television Series Agreement or the 2019 Local #798 Supplemental Digital Production Agreement, as applicable, including all Sideletters, for a television motion picture, subject to the following:

(i) The minimum rates set forth in the 2019 Local #798 Major Film Theatrical and Television Series Agreement shall apply to High Budget SVOD Programs, except that rates in the Supplemental Digital Production Agreement shall apply to digitally-recorded High Budget SVOD Programs of the type which, if produced for television, would be considered “non-prime time,” such as *iCarly* and *Saved by the Bell*.

(ii) A High Budget SVOD Program between 20 and 35 minutes in length or a High Budget SVOD series consisting of episodes between 20 and 35 minutes in length shall be treated as a half-hour program or series; a High Budget SVOD Program between 36 and 65 minutes in length or a High Budget SVOD series consisting of episodes between 36 and 65 minutes in length shall be treated as a one-hour program or series; and a High Budget SVOD Program that is 66 minutes or more in length (other than a High Budget SVOD Program described in subparagraph (iii) below) shall be treated as a long-form television motion picture.

(iii) The wage rates, fringe rates and working conditions applicable to theatrical motion pictures, as set forth in the Local #798 Major Film Theatrical and Television Series Agreement, shall apply to a live action High Budget SVOD Program that is 96 minutes or more in length and budgeted at over \$30 million (to be increased by the wage increases in each year of the Agreement)⁶ (other than a pilot, episode of a series or part of a mini-series) and that is intended primarily for use on a subscription consumer pay video-on-demand new media service with 20 million or more subscribers in the United States and Canada.⁷

⁶ The budget for such a live action High Budget SVOD Program increases to over \$30,900,000 effective March 1, 2020 and to over \$31,827,000 effective February 28, 2021.

⁷ The budget shall be determined by the production costs, including the “above” and “below the line” costs and “pre-production” and “post-production” costs. Production costs shall not include: (a) the costs of the premium for a completion bond; (b) a contingency fund not to exceed ten percent (10%) of the budget; (c) costs reimbursed by insurance; and (d) overages caused by a *force majeure* event or governmental action. The IATSE has been granted the right under the Producer-IATSE Basic Agreement to review a report of the actual expenditures of the production (“Final Expenditure Report”) and such other relevant materials as the IATSE may require which show the actual cost of the production. Local #798 may request that the IATSE conduct such review and make a determination of whether the budget is over the budget threshold set forth in Paragraph F.(4)(a)(iii). In the event that the IATSE refuses to do so, Local #798 reserves its right to conduct such review. All information received or reviewed by representatives of Local #798 or retained professionals shall be confidential and neither Local #798 nor its representatives or retained professionals shall disclose any such information except as necessary to enforce their rights under this Agreement.

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

(b) The terms and conditions for employees employed on High Budget SVOD Programs in Tier 2, as defined in subparagraph (3) above, that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with 20 million or more subscribers in the United States and Canada, or on High Budget SVOD Programs that are intended for initial exhibition on a subscription video-on-demand consumer pay platform with fewer than 20 million subscribers in the United States and Canada, shall be as provided in the 2019 Local #798 Major Film Theatrical and Television Series Agreement or the 2019 Local #798 Supplemental Digital Production Agreement, as applicable, including all Sideletters, for a television motion picture, subject to the following:

(i) Minimum Rates⁸

(A) The minimum rates for employees employed in New York, New Jersey and/or Connecticut on any one-time High Budget SVOD Program, High Budget SVOD pilot and during the first season of any High Budget SVOD series shall be as provided in Article 11(a)(3) of the 2019 Local #798 Major Film Theatrical and Television Series Agreement. During the second season and subsequent production seasons of any High Budget SVOD series, the minimum rates set forth in Article 11(a)(2) of the 2019 Local #798 Major Film Theatrical and Television Series Agreement shall apply.

(B) The minimum rates for employees employed in Delaware, the District of Columbia, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, New Hampshire, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and/or West Virginia on any one-time High Budget SVOD Program, High Budget SVOD pilot and during the first season of any High Budget SVOD series shall be the rates set forth in Article 11(a)(3) of the 2019 Local #798 Major Film Theatrical and Television Series Agreement, reduced by 10%. During the second and third season of any High Budget SVOD series, the minimum rates for such employees shall lag the rates set forth in Article 11(a)(2) by one year. Thereafter, the minimum rates shall be as set forth in Article 11(a)(2) of the 2019 Local #798 Major Film Theatrical and Television Series Agreement.

⁸ Rates in the Supplemental Digital Production Agreement shall apply to digitally-recorded High Budget SVOD Programs of the type which, if produced for television, would be considered “non-prime time,” such as *iCarly* and *Saved by the Bell*.

(ii) Working Conditions

(A) High Budget SVOD Programs Between 20 and 35 Minutes in Length - The working conditions applicable to High Budget SVOD Programs that are between 20 and 35 minutes in length shall be as provided in the Local #798 Supplemental Digital Production Agreement, except:

(1) The following shall apply to employees employed in New York, New Jersey and/or Connecticut:

(a) No unworked holiday pay shall be payable on a one-time High Budget SVOD Program, a High Budget SVOD pilot and during the first season of a High Budget SVOD series. During the second season of a High Budget SVOD series, unworked holiday pay shall be payable at one-half of the applicable percentage set forth in the Local #798 Supplemental Digital Production Agreement. Thereafter, unworked holiday pay shall be as set forth in the Local #798 Supplemental Digital Production Agreement.

(b) No vacation pay shall be payable on a one-time High Budget SVOD Program, a High Budget SVOD pilot and during the first season of a High Budget SVOD series. During the second season of a High Budget SVOD series, vacation pay shall be payable at one-half of the applicable percentage set forth in the Local #798 Supplemental Digital Production Agreement. Thereafter, vacation pay shall be as set forth in the Local #798 Supplemental Digital Production Agreement.

(2) The following shall apply to employees employed in Delaware, the District of Columbia, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, New Hampshire, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and/or West Virginia:

(a) No unworked holiday pay shall be payable on a one-time High Budget SVOD Program, a High Budget SVOD pilot and during the first and second seasons of a High Budget SVOD series. During the third season of a High Budget SVOD series, unworked holiday pay shall be payable at one-half of the applicable percentage set forth in the Local #798 Supplemental Digital Production Agreement. Thereafter, unworked holiday pay shall be as set forth in the Local #798 Supplemental Digital Production Agreement.

(b) No vacation pay shall be payable on a one-time High Budget SVOD Program, a High Budget SVOD pilot and during the first and second seasons of a High Budget SVOD series. During the third season of a High Budget SVOD series, vacation pay shall be payable at one-half of the applicable percentage set forth in the Local #798 Supplemental Digital Production Agreement. Thereafter, vacation pay shall be as set forth in the Local #798 Supplemental Digital Production Agreement.

(B) High Budget SVOD Programs 36 Minutes or More in Length - The working conditions applicable to High Budget SVOD Programs that are 36 minutes or more in length shall be as provided in Part III of the 2019 Local #798 Major Film Theatrical and Television Series Agreement for employees employed in Connecticut, Delaware, Florida, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and the District of Columbia or as provided in Part IV of the 2019 Local #798 Major Film Theatrical and Television Series Agreement for employees employed in Georgia, Louisiana, Maryland, North Carolina, South Carolina, Virginia and West Virginia, except:

(1) For employees employed in Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia, no unworked holiday pay shall be payable on a one-time High Budget SVOD Program, a High Budget SVOD pilot and during the first and second seasons of a High Budget SVOD series. During the third season of a High Budget SVOD series, there shall be a 50% reduction in unworked holiday pay for such employees. Thereafter, unworked holiday pay shall be as set forth in the Local #798 Major Film Theatrical and Television Series Agreement.

(2) Employer may interchange employees based upon the concept set forth in the Supplemental Videotape Electronics Agreement.

(c) The second paragraph of Paragraph C. of this Sideletter shall apply to a Derivative New Media Production that falls within the definition of a High Budget SVOD Program as provided in this Paragraph F.

(5) The number of subscribers in the United States and Canada shall be determined as of July 1st of each year of the Agreement. For a High Budget SVOD series, the number of subscribers that applies to the first episode of the season shall apply to the entire season.

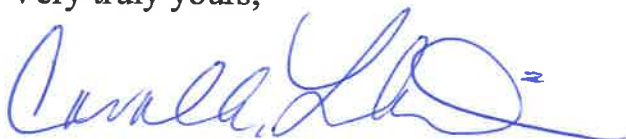
G. The International Alliance of Theatrical Stage Employees ("IATSE") has been granted the right under the Producer-IATSE Basic Agreement to review the budget of a covered new media production solely for the purpose of determining whether the covered new media production falls within the definition of a Mid-Budget SVOD Program as set forth in Paragraph D.(2) above or a High Budget SVOD Program, and, if so, whether the production meets the budget break in Tier 1 or Tier 2 as set forth in Paragraph F.(3) above. Local #798 may request that the IATSE conduct such review and make such determination. In the event that the IATSE refuses to do so, Local #798 reserves its right to conduct such review. All information received or reviewed by representatives of Local #798 shall be kept confidential, and neither Local #798 nor its representatives shall disclose any such information, except as necessary to enforce its rights under this Agreement.

H. "Sunset" Clause

The parties recognize that these provisions are being negotiated at a time when the business models and patterns of usage of productions in New Media are in the process of exploration, experimentation and innovation. Therefore, the provisions of this Sideletter shall expire on the termination date of the Local #798 Agreement and will be of no force and effect thereafter. No later than sixty (60) days before that expiration date, the parties will meet to negotiate new terms and conditions for reuse of productions made for New Media.

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

Very truly yours,

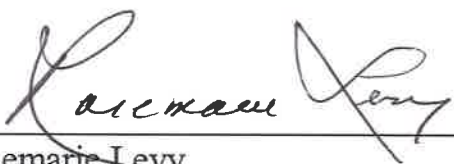


Carol A. Lombardini

ACCEPTED AND AGREED:

MAKE-UP ARTISTS AND HAIR STYLISTS, LOCAL #798, I.A.T.S.E.

By: 
Rose Chatterton

By: 
Rosemarie Levy