

ARTICLE 1
RECOGNITION AND GUILD SHOP

1-100 **RECOGNITION AND GUILD SHOP**

1-101 **RECOGNITION**

The Producer recognizes the Guild as the sole bargaining representative of all Directors, Unit Production Managers, First Assistant Directors, and Second Assistant Directors (hereinafter referred to as “Employees”) working in the production of television commercials now or hereinafter employed by the Producer.

1-102 **GUILD SHOP**

- (A) The Producer shall employ in all positions covered by this Agreement and maintain in its employ in such positions members of the Guild or persons as shall make applications for membership in the Guild within thirty (30) days after the date of hiring, unless a shorter period is permitted by applicable law. Notwithstanding anything contained herein to the contrary any Director or any person performing the duties of a Director employed by the Producer during the term of this Agreement shall be a member of the Directors Guild of America or shall make application for membership within forty-eight (48) hours of employment by the Producer. Provided, however, that nothing in this Article shall be construed to require the Producer to cease employing or refrain from employing any such person if the Producer has reasonable grounds for believing that:
- i. Membership in the Guild was not available to him/her on the same terms and conditions generally applicable to other members or applicants; or
 - ii. Membership in the Guild was denied or terminated for reasons other than his/her failure to tender the periodic dues and the initiation fees uniformly required by the Guild as a condition of acquiring or retaining membership.

The term ‘member of the Guild’ means a person who offers to pay (and if the Guild accepts the offer, pays) union initiation fees and dues as financial obligations in accordance with the requirements of applicable law.

- (B) The parties agree that whenever a Producer engages any person not a member of the Guild, it shall be the duty of the Producer to notify the Guild in writing within forty-eight (48) hours of the Producer's intention to engage such person. In the event that the Guild shall in writing inform the Producer that such person had previously been engaged for at least thirty (30) days (unless a shorter period is permitted by applicable law) as a Director, Unit Production Manager or Assistant Director, then the Producer thereupon shall agree that such person shall immediately become a member of the Guild. Such statement from the Guild shall be deemed final with respect to such person.
- (C) An individual written employment report (see attached Exhibit A, "Deal Reporting Memorandum") must be filed by the Producer with the Guild within twenty-four (24) hours of the hiring on staff of any Unit Production Manager, First or Second Assistant Director. Such report shall contain the following information: name, address, social security number, date of hiring, gross wages and guaranteed period. Said report will be signed by a responsible executive of the Producer and by the bargaining unit member. In the alternative, the above report may be supplied by the Producer by telephone to the appropriate Guild office prior to the start of employment, to be confirmed in writing within twenty-four (24) hours, or in extreme cases, upon return to home base.

In addition, for all commercial productions, a Commercial Project Listing Form (CPLF) shall be submitted to the Guild. See Article 1-303 (B) (viii) and Exhibit B, attached.

- (D) An inquiry by the Guild to any Producer as to the "date of first employment" of a Director shall be answered promptly by the Producer.
- (E) In hiring persons other than Directors to perform services covered by this Agreement, preference shall be given by signatory companies to persons who have acquired the necessary skills through prior experience as Unit Production Managers, and First and Second Assistant Directors of the Producer or of other employers engaged in making motion pictures. The preference of employment of all such qualified persons having such prior experience shall be equal, and the Producer shall have complete freedom of selection among all such persons. The procedure for hiring Unit Production Managers and Assistant Directors is set forth in Article 6-300. It is agreed that membership in the Guild shall not be a condition of hiring, that the Producer shall administer its hiring practices without discrimination by reason of membership or non-membership in the Guild,

and that the ultimate right to accept or reject any Employee is retained by the Producer.

- (F) In case of repeal or amendment of the Labor Management Relations Act of 1947, or in case of new legislation rendering permissible any union-security to the Guild greater than that specified in the foregoing Article 1-102, then such greater union security provision shall automatically be deemed substituted in lieu hereof. In such event, and if permissible under law, the Guild agrees to supply adequate, competent and qualified Unit Production Managers and First and Second Assistant Directors for the job requirements of the Producer in the classifications covered by this Agreement. If the Guild fails to do so, the Producer may secure such Unit Production Managers, First and Second Assistant Directors from any source.
- (G) Nothing herein shall be interpreted as requiring either party to take any action or to refrain from taking any action in violation or contravention of any applicable federal or applicable state law.

1-200 DEFINITIONS

1-201 COMMERCIAL or TELEVISION COMMERCIAL

- (A) The word "commercial" or phrase "television commercial," as used in this Agreement, shall mean the traditional production of motion picture advertising made on film, tape or otherwise, whether by means of motion picture cameras, electronic cameras or devices not yet known, without regard to their manner of distribution which production involves the performance of job duties defined in the Agreement. Any commercial as defined above is covered by the terms of this Agreement.
- (B) Tests, talent tests, test commercials, auditions or any other productions included for use or in connection with use as advertising or advertising testing without regard to their manner of distribution, shall be included in the definitions of "commercial" and "television commercial" contained in Article 1-201(A).
- (C) The word "Camera," for the purpose of this Agreement, shall mean any device used to take and/or record motion pictures.

1-202

GEOGRAPHIC SCOPE OF AGREEMENT

- (A) The provisions of this Agreement shall apply only to work on television commercials based in the United States and performed in the United States (including its territories and dependencies) and Canada; provided, however, that the provisions of this Agreement shall also apply to work performed by any person employed by the Employer in the United States to direct or to be a Unit Production Manager or an Assistant Director on a television commercial based outside the United States (including its territories and dependencies). If the Director is so employed in the United States and is sent, by the Employer, outside the United States, as defined, for photographing of principal photography on a television commercial produced by Employer, then a First Assistant Director need not be sent to any foreign production where an applicable foreign labor restriction, quota or law prohibits such an assignment or where such an assignment would result in the loss of a foreign production subsidy. The Employer shall give the Guild prompt written notice when a First Assistant Director cannot be taken due to any of the foregoing conditions.
- (B) In those situations where an applicable foreign labor restriction, quota or law prohibits the assignment of a First Assistant Director from the United States or where such an assignment would result in the loss of a foreign production subsidy, the Employer shall give preference of employment to DGA-represented First Assistant Directors (i) who reside in the country where production is taking place; or (ii) who hold a work permit or are otherwise eligible to work in said country and are eligible for employment as a local hire (i.e., the assignment does not require that the Employee be transported to that country for employment).

1-300

DEFINITIONS OF EMPLOYEES RECOGNIZED

1-301

DIRECTOR

- (A) It is understood that the term "Director" or "directing" includes directing all related functions and activities required for translating and transferring the premise, idea and/or concept to the audio-visual images. These directorial functions shall include, but are not limited to:
- i. Surveying and approving all locations and their use as they pertain to the directorial concept and need.
 - ii. Directorial planning and breakdown of the shooting script.

- iii. Plotting the camera angle and compositions within the frame.
- iv. Participation in determining the requirements of the set, costumes, make-up, props, etc., for their proper directorial perspective and mechanical functioning.
- v. Participation in the final casting of all performers.
- vi. Rehearsing actors, extras, and any of the visual and audio devices necessary for the completion of the production.
- vii. Directing the action of all actors, extras.
- viii. Directing the dialogue as well as pre-recording and post-recording of dialogue.
- ix. Directorial supervision of the duties of the entire crew during the rehearsal and shooting periods.
- x. Making such script changes as necessary, within his/her jurisdiction, for the proper audio-visual presentation of the production.
- xi. The right to the first cut.

The Director's function is to contribute creatively to all the above elements, to guide, mold and integrate them into one cohesive, dramatic and aesthetic whole, and to direct whatever is seen and heard in the finished product.

- (B) It is the understanding and agreement of the parties hereto that the rights, functions and responsibilities of Directors will be preserved and protected against erosion. To that end, the parties agree that the provisions as specified herein shall be so construed as to foreclose and prevent practices which invade the rights, functions and responsibilities of Directors and threaten the stability and security of the industry.
- (C) No one but a Director member of the bargaining unit shall direct all, or a part of production, such as, but not limited to pre-recording, final casting, approval of location, sets, costumes, etc., as well as principal photography, first cut, post-recording.

- (D) In order to preserve the work which has been traditionally performed by Directors in the bargaining unit, it is agreed that, unless required to do so by his/her client, no signatory to this Agreement will demand or require the inclusion in the finished commercial production of any component part or parts not created under the direction of a member of the bargaining unit, unless said component or components constitute what is customarily known in the industry as "stock material," defined as material created for general usage and not for utilization in the particular finished production to be directed by the bargaining unit member.
- (E) Violation of any part of this Article 1-301 (A-D) shall, after reasonable notice to the Producer, be deemed a breach of contract sufficient for the Guild to withhold services until the Producer complies herewith. Further, this is in no way intended to infringe upon the rights and functions of any recognized crafts within the industry or participation of the Producer as set forth in Article 7-110.
- (F) A Director shall be engaged and assigned by the Producer for each production and further, every Director so engaged and assigned must be an Employee of, and paid by the Producer with regard to such employment. The Director, once engaged by the Producer and assigned to direct a specific television commercial (or self-contained segment thereof) shall continue to direct such commercial or self-contained segment, regardless of any change in the geographical location of the production thereof.
- (G) The Director shall be present on the set whenever shooting is in progress.
- (H) A Director shall always be afforded proper Guild staffing as required by this Agreement.
- (I) The services of the Director as a producer or writer, or in any other capacity, shall not serve to remove the Director from the classification of Director, with reference to directorial work performed by him/her during the period of such work.
- (J) Notwithstanding the fact that he/she may be a Director and member of the Guild, no employee or principal of an advertising agency may serve as a Director of any commercial for which his agency represents the sponsor, unless such agency is a signatory to an agreement with the Guild.
- (K) The Producer shall use its best efforts to obtain Director cuts. The parties acknowledge, however, that there are questions of ownership rights and other legal issues which must be discussed and resolved.

1-302

UNIT PRODUCTION MANAGERS

- (A) The Unit Production Manager (“UPM”) specifically coordinates, facilitates and oversees the pre-production of the production unit or units assigned to him/her, and, in addition, manages all off-set logistics, has executive authority to make day-to-day production decisions, determine locations, establish and control budget, lay out schedules and supervise personnel, all under the supervision of the Producer. The prime responsibility of the UPM is to conduct the business of the unit or units assigned to him/her.
- (B) Among the duties of the UPM are the following:
- i. Prepares script breakdown and preliminary shooting schedule.
 - ii. Prepares budget.
 - iii. Preliminary search and survey of locations and the completion of business arrangements for the same.
 - iv. Works ahead of Director in the preparation of the production to ensure continuing efficiency.
 - v. Completes Production Report for each day’s work, showing work covered and the status of production, and arranges for the distribution of that report in line with the Producer’s requirements.
 - vi. Arranges for transportation and housing of cast and crew and staff.
 - vii. Secures the release for all locations and personnel.
 - viii. Maintains a liaison with local authorities regarding locations and the operation of the Producer.

AICP Companies: see Paragraph 15 of the AICP Sideletter.

1-303

FIRST ASSISTANT DIRECTORS

- (A) The First Assistant Director (“1st AD”) is the one who is assigned by the Employer as 1st AD. The 1st AD specifically organizes the entire spectrum of pre-production preparation, including organizing the crew, securing equipment and cast, and breaking down the script (or story board) into a shooting schedule. During production, he/she relieves the Director of all

on-set production details, coordinates and supervises crew and cast activities, and facilitates an organized flow of production activity. The 1st AD can assume the responsibilities of the UPM. His/her prime responsibility is to service and assist the Director.

- (B) Among the duties of the 1st AD are the following:
- i. Prepares final shooting schedule, keeping within time limitations imposed by budget, cast availability and complete coverage of the script.
 - ii. Searches and surveys all locations, except when done by the Director of the project, to obtain the Director's approval and to ascertain the specific requirements of those locations as they might affect the production.
 - iii. Checks weather reports.
 - iv. Determines cast and crew calls.
 - v. Supervises the preparation of the Call Sheet for the cast and crew to advise them of each day's work.
 - vi. Directs background action and supervises crowd control.
 - vii. Secures all cast contracts and extras releases, and is responsible for securing the signature of talent employed, verifying their categories, provided that the talent contracts and names and designations have been delivered to the AD prior to the first call for such talent.
 - viii. Completes the **DGA Commercial Project Listing Form** (see Exhibit B, attached) on every project covered by this Agreement involving the assignment of a Director for one (1) or more shoot days. Such form shall be signed by an authorized Producer representative and submitted by fax or email/PDF to the Guild prior to the first day of shooting. In the event a DGA 1st AD is not assigned to a project, the completion of the **DGA Commercial Project Listing Form** and submission to the Guild shall be assigned to a different employee by the Producer.

1-304 SECOND ASSISTANT DIRECTORS

The Second Assistant Director (“2nd AD”) is the one who is assigned by the Producer as an assistant to the 1st AD in conducting the business of the set or the location site. As such, the 2nd AD shall perform such duties as may be reasonably required of him/her by the 1st AD, UPM or the Producer.

1-305 EXCLUSIVE JURISDICTION

The duties of the Director, UPM, 1st AD and 2nd AD shall be within the exclusive jurisdiction of the Guild. The work of each category shall be performed exclusively by Employees in such categories and no one other than an Employee employed in a DGA category may assist the AD or UPM. However, this language shall not be construed as prohibiting the delegation by the Producer of routine ministerial functions to other persons.

ARTICLE 2
DISPUTES

2-101 DISPUTES

In the event of any dispute concerning the interpretation, application, or breach of any aspect of the Agreement that relates to Guild-represented Employees which may arise between the Guild and the Producer, or between a Guild-represented Employee and the Producer, the parties agree to meet within a reasonable period to discuss the dispute and to attempt to reach, in good faith, a mutually satisfactory resolution. If the parties cannot reach agreement, or if any party refuses to meet within a reasonable period of time, not to exceed fifteen (15) days from the date of written notice of the dispute to the Producer, either party may proceed to arbitration under the voluntary arbitration rules of the American Arbitration Association.

Notwithstanding the foregoing, the Producer or Guild may refer any dispute to the designated representatives of the Guild and the AICP for resolution within fifteen (15) days from the date of the written notice of the dispute to the Producer. The Guild and AICP will meet within twenty (20) days of referral of such dispute. If the Guild and AICP mutually agree on the resolution of the dispute, such decision will be final and binding upon the Guild, the AICP and the Producer. If the Guild and AICP fail to reach a mutually satisfactory resolution of the dispute within thirty (30) days of the referral, the matter may be submitted to arbitration in accordance with the preceding paragraph.

2-102 LIQUIDATED DAMAGES

In the event an Employer fails to comply with the staffing requirements of this Agreement, the Employer shall be liable to the Guild for liquidated damages. Recognizing the difficulty of ascertaining amounts properly payable for failure to adhere to said staffing requirements, liquidated damages for any breach thereof shall be equal to triple the amount that proper staffing would have actually cost the Employer (i.e., Pension, Health, Trainee Trust, Travel, etc.). In addition to the foregoing, the Guild reserves all other legal and equitable remedies.

2-103 NON-PAYMENT

- (A) Notwithstanding any other provision of this Agreement to the contrary, if the Producer fails for five (5) days, after notice to the Producer, to pay in full any wages due to the Employees covered by this Agreement, any monies due to the Guild, or any payments due to the DGA-Producer Pension and Health Plans (collectively “the Plans”) as provided, the Guild may immediately direct the Employees to discontinue work until all sums due have been paid in full and/or may immediately institute action at law or equity, or before an administrative tribunal, to obtain payment of such sums. In any action brought either for arbitration or in a court of law, the claims arising out of non-payment shall include all costs and expenses of the proceedings, including reasonable counsel fees. These rights shall be in addition to all other remedies available to the Guild.
- (B) In the event of any breach of this Agreement by the Producer (including any non-payment by the Producer of sums due any Employee for wages, holiday or vacation pay, or otherwise) the Guild in its own name shall be a proper party in interest to enforce compliance by the Producer with this Agreement on the Guild's own behalf and on behalf of any affected Employees without further assignments or authorizations from them.

2-104 ACCESS AND EXAMINATION OF BOOKS AND RECORDS

- (A) The Employer shall assure that duly authorized Guild representatives have reasonable access to the Employer's premises, whether rented, leased or owned to assure compliance with this Agreement.
- (B) The Producer shall make available copies of all payroll records pertaining to the bargaining unit, such as canceled payroll checks, stubs, job reports, crew sheets, time cards, tax forms filed by the Producer, records of cash disbursements and all other related pertinent records. The Producer’s

auditors may, at the request of the Producer, be present during such examination.

ARTICLE 3
PENSION AND HEALTH PLANS

3-101 EMPLOYER PENSION CONTRIBUTIONS

The Producer agrees to become and remain a party to the Directors Guild of America-Producer Pension Plan (herein called the "Pension Plan"), and the Producer shall contribute to the Pension Plan with respect to each employment of a Director, UPM or AD an amount equal to five and one-half percent (5-1/2%) of their base salary amounts as defined in Article 3-104 (A-D) below. Each such Director, UPM or AD shall likewise pay into said Pension Plan an amount equal to two and one-half percent (2-1/2%) of such base salary, as computed below for the Producer's contributions, and such amount shall be deducted by the Producer from the salary of such Director, UPM or AD and paid directly to the Pension Plan on behalf of such Director, UPM or AD.

3-102 EMPLOYER HEALTH CONTRIBUTIONS

The Producer agrees to become and remain a party to the Directors Guild of America-Producer Health Plan (herein called the "Health Plan"), and the Producer shall contribute for each Director, UPM and AD employed by the Producer ten and one-half percent (10.5%) of their base salary amounts as defined in Article 3-104 (A-D) below. The Producer shall contribute an additional amount equal to fourteen and one-half percent (14.5%) of the vacation pay paid to UPMs and ADs on their base salary amounts as defined in Article 3-104 (A-D) below.

3-103 LOAN-OUTS

- (A) When a Producer borrows the services of an Employee from a loan-out company, as defined in paragraph (C) below, and such Employee renders services covered by this Agreement, the Producer shall make pension and health contributions directly to the Plans on behalf of the loan-out company.

- (B) In its agreement with the loan-out company, the Producer shall separately state the compensation applicable to services covered by this Agreement. Contributions shall be based on the amount the Producer pays the loan-out company for lending the Employee's covered services.

- (C) The term “loan-out” means a company which is controlled by the Employee and loans the Employee’s services to the Producer.

AICP Companies: see Paragraph 1 of the AICP Sideletter.

3-104

DEFINITION OF SALARY FOR PENSION AND HEALTH CONTRIBUTIONS

The following shall apply with respect to payment of pension and health contributions:

- (A) Contributions to the Plans shall be made on total gross compensation, as defined in this Article 3-104, on behalf of all Employees covered by the Agreement.
- (B) With respect to Directors, UPMs and ADs (who are not Principals) who are engaged to work solely in a DGA-covered capacity, total gross compensation includes, but is not limited to, all salary, wages, fees, profit participation and expenses, except those expenses which are incurred solely and exclusively in connection with a specific production.
- (C) With respect to Directors, UPMs and ADs (who are not Principals) who are engaged to work in multiple capacities (e.g., Producer/Director, Director/Cameraman, Producer/AD), total gross compensation includes, but is not limited to, all salary, wages, fees, profit participation and expenses (except those expenses which are incurred solely and exclusively in connection with a specific production), paid for services rendered in a DGA-covered capacity. A reasonable allocation between DGA-covered work and non-DGA work will be allowed provided that sufficient documentation (e.g., time sheets for each capacity, daily production reports, call sheets, deal memos, contracts, etc.) is maintained by the Employer to support the allocation.
- (D) With respect to Principals (Directors, UPMs and ADs), without regard to whether or not they perform work solely in DGA-covered capacities or in multiple capacities, total gross compensation includes, but is not limited to, all salary, wages, fees, profit participation and expenses, except those expenses which are incurred solely and exclusively in connection with a specific production. Such contributions shall be made on such salaries up to a maximum of two hundred fifty thousand dollars (\$250,000.00) in a calendar year.

- (E) A Principal Director, Principal UPM or Principal AD is an individual who, either alone or in combination with his or her spouse, parents, siblings and/or lineal descendants (collectively "Family") owns, directly or indirectly through other entities, 10 percent (10%) or more of the equity of the Producer. However, the individual shall not be a Principal Director if the Plans determine that all of the following conditions are met during the calendar year in question: (i) the individual does not own, directly or indirectly through other entities, any equity in the Producer, and (ii) another Family member owns, directly or indirectly through other entities, equity of the Producer, is performing DGA-covered work for the Producer and makes contributions subject to the provisions of Article 3-104 (D).

AICP Companies: see Paragraph 1 of the AICP Sideletter.

3-105

REPORTING CONTRIBUTIONS

- (A) Simultaneously with such remittances, the Employer shall forward to the Plans, statements specifying the names of the Employees for whom the contributions are being made, the dates of their employment and the total amount allocable to each Employee. On such form, the Producer shall identify Principal Directors, Principal UPMs, Principal Assistant Directors, Staff UPMs and Staff ADs by placing the following initials next to the Employee's name:
- i. "PD" for Principal Director;
 - ii. "PU" for Principal UPM;
 - iii. "PAD" for Principal Assistant Director;
 - iv. "SU" for Staff UPM;
 - v. "S1A" for Staff First Assistant Director; or
 - vi. "S2A" for Staff Second Assistant Director.
- (B) Payments of contributions as herein required are to be made on a monthly basis, no later than the last day of each month for accruals during the preceding month. If so required by the Trustees of such Plans, the statements accompanying the remittance shall be on forms supplied by the Plan. On such form, if a loan-out company is used, the Producer will indicate "LO" next to the names of all Guild personnel employed through the loan-out company.
- (C) If an Employer fails to make payments on the date set forth above, and is given ten (10) days' written notice thereof by certified mail, the following liquidated damages shall be added to the amount due: ten percent (10%)

for any portion of the first sixty (60) days and 10% additional for each succeeding sixty (60) day period or portion thereof, up to 25%.

- (D) A copy of the monthly remittance form shall be mailed to the DGA regional office (i.e., either east coast or west coast) closest to where the Producer maintains its office.

3-106

TRUST AGREEMENTS

- (A) The Producer and Guild agree to accept, assume and be bound by the Trust Agreements establishing the “Directors Guild of America-Producer Pension Plan” and “Directors Guild of America-Producer Health Plan” and all modifications, alterations, and amendments made thereto. The Plan office shall, upon request, furnish to the Producer a copy of said Trust Agreements.
- (B) The right of the Trustees of such Plans to enforce collections and contributions due hereunder shall in no way affect or diminish the rights of the Guild to enforce the terms of this Agreement.
- (C) The Directors Guild of America-Producer Pension and Health Plans may include the Guild as an Employer in respect to its full-time paid employees upon the Guild's agreeing to make the same contributions on their account.
- (D) Should it become necessary to institute a suit or other proceeding against the Producer by reasons of its default or delinquency in the payment of contributions hereunder, reasonable legal fees and any accounting or other expenses incurred shall constitute an additional liability of the Producer, recoverable in such suit or other proceeding.
- (E) The Producer specifically agrees to be bound by the provisions of the Trust Agreements relating to payment of attorneys’ fees, court costs, interest, liquidated damages and auditing costs in connection with delinquent contributions to the Plans, as they now exist and as they may be modified in the future.

3-107

NON-PAYMENT OF PENSION AND HEALTH CONTRIBUTIONS

Notwithstanding any other provision of this Agreement to the contrary, should a Producer fail to pay contributions to the Directors Guild of America-Producer Pension and Health Plans or fail to transmit the deducted Employee contributions as required by this Agreement, and such failure results in an Employee losing his/her pension and/or health rights, then such Producer agrees, in addition to

paying and transmitting the proper contributions, to be liable for all costs and losses to that Employee which occurred due to bodily injuries and all medical costs that would have otherwise been reimbursed by or paid for by the Directors Guild of America-Producer Pension and Health Plans during the period in question, and all retirement benefits which the Employee might otherwise have received during that period from the Pension Plan, provided that the Guild notifies such Producer in writing by certified mail at least ten (10) days prior to the expiration of any grace period set forth in the Directors Guild of America-Producer Pension and Health Plans.

3-108

ACCESS AND EXAMINATION OF BOOKS AND RECORDS

- (A) The Producer shall make available copies of all payroll records pertaining to the bargaining unit, such as canceled payroll checks, stubs, job reports, crew sheets, time cards, tax forms filed by the Producer, records of cash disbursements and all other related pertinent records. The Producer's auditors may, at the request of the Producer, be present during such examination.
- (B) If the Plan's auditors, after examining the records herein described, reasonably conclude that such records do not accurately reflect contractually required payments to Guild personnel by the Producer for work covered by the Collective Bargaining Agreement (and with respect to which contributions should have been made), then the auditors shall discuss with the Producer's accountants what additional records or information are relevant and necessary to conclude the audit, provided, however, that such discussion does not unreasonably delay the audit.
- (C) If such discussions (and/or review of additional records or information submitted by the Producer) do not resolve the Plan's auditors' reasonable concerns, the Producer shall permit access to its general ledger, it being understood, however, that the parties and the Plans recognize that information concerning salaries, dividends and profits paid to Principals, shareholders and owners of the Producer and related matters are confidential, and that the auditor shall be obligated to keep such information confidential. The statute of limitations governing such audits shall be as set forth by applicable law.

AICP Companies: see Paragraph 2 of the AICP Sideletter.

ARTICLE 4
MINIMUM SALARIES AND WORKING CONDITIONS OF DIRECTORS

4-101 MINIMUM SALARIES

(A) The minimum rates of pay for Directors shall be as follows:

	<u>11/30/14</u>	<u>11/29/15</u>	<u>12/4/16</u>
Daily	\$1,337	\$1,377	\$1,418
Weekly	\$5,347	\$5,507	\$5,672

(B) The parties agree that a Director hired for a specific period of time shall receive not less than the salary rate provided for herein. A Director who is laid off as a consequence of emergencies, acts of God, strikes of other crafts, and other like causes beyond the control of the Producer, shall, nevertheless, be compensated on the basis of the weekly rate provided for herein and not the daily rate.

(C) In the event that the Producer agrees to employ a Director for a fixed period of time, such employment shall be deemed to be on a consecutive basis.

4-102 PREPARATION TIME - DIRECTOR

If a Director is employed to do work in television commercials, he shall receive a minimum of one day of preparation time. If, however, the Director is called for a single day's employment, and the time period between the start of camera rehearsal and the completion of shooting is five (5) hours or less, then the preparation requirement may be included in the same day, and only one day's compensation shall be paid.

4-103 SIXTH AND SEVENTH DAY, HOLIDAY AND LAYOVER TIME

When a Director is required to lay over at a location away from home on a sixth or seventh day when no directorial functions are performed, he/she is to be paid straight time for each such sixth or seventh day at the applicable minimum rate. For a Director employed on staff, a Producer may, at its option, give a compensatory day off in lieu of the payment described above. If a Producer requires a Director hired on a weekly basis to perform any directorial function on a sixth day, seventh day or holiday, the Producer shall pay such Director compensation at a rate equal to one-fifth (1/5) of the weekly earnings for each agreed-upon day so worked, or the higher daily rate agreed upon between the parties.

HOLIDAYS

- (A) The following holidays shall be recognized in this Agreement for Directors: New Year's Day; Martin Luther King's Birthday; President's Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day; Christmas.
- (B)
 - i. If any of the above holidays falls on a Sunday, the following Monday shall be considered the holiday.
 - ii. If any of the above holidays falls on a Saturday, the preceding Friday shall be considered the holiday.
- (C) When any such holiday not worked falls within the guaranteed period of employment, no deduction shall be made from the guaranteed compensation.
- (D) If a holiday is worked within the guaranteed workweek, the Director shall be paid an additional one-fifth (1/5) of his/her weekly salary, provided that:
 - i. This provision does not apply to holidays worked outside of the United States; and
 - ii. Days worked for this purpose shall be deemed to mean only shooting or preparation days at the direction of the Employer.
- (E) If any unworked holiday falls within a full work week of employment following the guaranteed period of employment, the Director shall be paid his/her full weekly compensation. When such a holiday occurs within a partial work week following the guaranteed period of employment and the Director works the day before and the day after such a holiday, the Director shall be paid in the same manner as if he had worked such day.
- (F) Holidays shall apply against the guaranteed period of employment, whether worked or not worked.
- (G) If the Employer in a national collective bargaining agreement with any other Guild or Union grants any additional holiday not listed above, the additional holiday shall be deemed included hereunder.

4-105 SEVERANCE PAY FOR DIRECTORS

Any Director whose services are to be terminated by the Producer at the completion of a 26-week or 52-week guaranteed period, shall receive from the Producer either two weeks prior written notice thereof, or two weeks severance pay at the Director's prevailing wage rate at the time of severance of employment. In the event a Director in the second or subsequent cycle of a 26-week or 52-week term is given notice of termination, then the last week of said 26-week or 52-week cycle shall be unassigned. The Producer shall have the right to make all deductions required by a governmental authority from such severance pay.

4-106 DIRECTOR'S PREPARATION, COMPLETION AND TRAVEL TIME

- (A) The parties recognize that the Director's work requires advance preparation which must include, but is not limited to, all the functions as set forth in Article 1-301, above.
- (B) When, on the request of the Producer, a Director is called into conference regarding any aspect of production, he/she shall receive a day's pay for each such day. It is, however, understood that there shall be no compensation for the employment interview prior to the Director's engagement for a particular assignment.
- (C) The parties recognize that the Director's work requires completion time which must include, but shall not be limited to, all the functions as set forth in Article 1-301 above.
- (D) Travel time is recognized as work time and will be compensated accordingly.
- (E) First-class transportation, first-class lodging accommodations, and all regular meals on, to and from the Director's assignments shall be furnished by the Producer. The Producer shall provide for full insurance coverage of all Directors while traveling to and from any location. Minimum travel insurance shall be \$100,000.00 coverage; beneficiary is the Director's choice.
- (F) The Director shall travel First Class (unless Business Class is available) when travel either originates or terminates outside the forty-eight (48) Continental United States and the scheduled arrival time at the ultimate destination is five (5) hours or more after the scheduled departure time.

4-107 STARTING DATE

All arrangements entered into for the employment of Directors shall provide for an "on or about" starting date as follows:

- i. In all arrangements calling for a period of employment of up to and including two weeks, the phrase "on or about" shall allow a latitude of two days either prior to or after the starting date specified in such arrangement.

- ii. In all arrangements calling for a period of employment of over two weeks, the phrase "on or about" shall allow a latitude of one week either prior to or after the starting date specified in such arrangement.

4-108 DIRECTOR-CAMERAPERSON

A Director-Cameraperson shall receive for each assignment no less than the applicable minimum under this Agreement for his/her services as a Director. In addition, for his/her services as a cameraperson he/she shall receive no less than the prevailing minimum scale for a television commercial cameraperson where such services are rendered, as negotiated by the Association of Independent Commercial Producers (hereinafter called AICP) Chapter. Wages paid for services as a cameraperson shall not be considered salaries for any purposes under this Agreement, including but not limited to pension contributions and health contributions pursuant to Articles 3-101 and 3-102 above.

4-109 COPY OF SPOT

Provided it has the right to do so, the Producer will provide the Director with a broadcast quality copy of the spots he or she directs.

4-110 WORK IN EXCESS OF 18 HOURS

On any day where a Director works in excess of eighteen (18) hours, the Producer, at its expense, shall offer the Director either:

- i. first class nearby hotel accommodations, or

- ii. transportation provided by a reputable third party car service to the Director's home or hotel if on distant location.

Under either (i) or (ii) the Producer shall not be responsible or liable for any loss, damage, casualty or theft in connection with any property of the Director.

4-111 PRODUCTION CENTERS

Notwithstanding anything to the contrary in this Agreement, the following shall apply to Directors for the purposes of establishing where Directors may be employed as a "local hire." The Director shall designate the Production Center in which he/she wishes to be employed as a "local hire" in accordance with the rules and procedures currently followed by the Guild.

ARTICLE 5
STAFFING, MINIMUM SALARIES AND WORKING CONDITIONS
OF UNIT PRODUCTION MANAGERS, FIRST
AND SECOND ASSISTANT DIRECTORS

5-100 STAFFING

5-101 UPM STAFFING

A UPM shall be employed when the duties of a UPM, as commonly understood in the motion picture industry, are to be performed. A UPM may not perform the functions of a 1st AD unless such UPM is a 1st AD. A 1st AD may perform, with the consent of the Guild, the functions of a UPM interchangeably or in conjunction with the performance of his/her 1st AD duties. An AD is the only person who may assist the UPM in the performance of his/her duties.

AICP Companies: see Paragraph 15 of the AICP Sideletter.

5-102 FIRST ASSISTANT DIRECTOR STAFFING

(A) A 1st AD shall be employed whenever a production uses a Director. On each commercial, educational, industrial, documentary, institutional and every other non-theatrical motion picture, at least one 1st AD shall be employed.

AICP Companies: see Paragraph 3 (A) and 3 (C) (ii) of the AICP Sideletter.

(B) The 1st AD shall be advised of the hiring of crews with which he/she shall have to work. This advice and consultation is a courtesy and unless extensive, does not require additional payment.

- (C) The 1st AD shall be on the set when the shooting of talent and/or the recording of sound is in progress.
- (D) Screen Tests - On screen tests where there is a directed scene with cast, a minimum of one 1st AD shall be employed, subject to the provisions of this Article 5-100, Article 5-301 (B and C) and Article 5-300.
- (E) With respect to commercial projects that begin production in one geographical production area and continue production in another distinct geographical production area, the Producer may, at the Director's discretion, hire a qualified 1st AD who resides in the area where production is continued. For purposes of this paragraph, a distinct geographical production area is defined as being 200 or more miles from the previous geographical production area.

5-103

SECOND ASSISTANT DIRECTOR STAFFING

- (A) The Producer shall assign a 2nd AD:
 - i. When control of background action or crowd control cannot be accomplished by the 1st AD without assistance, or
 - ii. When 12 or more persons are to be photographed, or
 - iii. On all projects shooting outside a studio for four (4) or more consecutive days in which the complement of crew and cast, including the Director and 1st AD, shall total 10 or more.
 - iv. Notwithstanding the absence of (i), (ii), or (iii), above, not less than one day of shooting on each commercial production.

A 2nd 2nd AD or additional 2nd ADs may be employed on any day when an initial 2nd AD is employed, at fifteen percent (15%) less than the scale for the initial 2nd AD. See 2nd 2nd AD rate in Article 5-200.

AICP Companies: see Paragraph 3 (E) and (F) of the AICP Sideletter.

- (B) The 2nd AD shall not be permitted to substitute for or replace or perform the duties of the 1st AD or the UPM.
- (C) The assignment of a 2nd AD shall be made upon the effective recommendation of the 1st AD, subject to the approval of the Producer, which shall not unreasonably be withheld.

- (D) Where the Producer employs a person who is a DGA 2nd AD to perform location scouting, the Producer shall treat that person as being covered by this Agreement for all purposes. Notwithstanding the foregoing, except in the Chicago metropolitan area (i.e., 75 mile radius of the intersection of State and Madison), the Producer shall not be required to treat such persons as covered by this Agreement if such treatment conflicts with its obligations under its agreement with Teamsters Local 817, Teamsters Local 399 or an affiliated local of the International Alliance of Theatrical Stage Employees.

See also Exhibit “I”.

AICP Companies: see Paragraph 3 (D) of the AICP Sideletter.

- (E) With respect to commercial projects that begin production in one geographical production area and continue production in another distinct geographical production area, the Producer may, at the Director’s discretion, hire a qualified 2nd AD who resides in the area where production is continued. For purposes of this paragraph, a distinct geographical area is defined as being 200 or more miles from the previous geographical production area.

5-200 MINIMUM SALARIES

- 5-201 (A) The minimum salary scales for UPMs and 1st and 2nd ADs shall be as follows:

Unit Production Managers

	11/30/14	11/29/15	12/4/16
Daily	\$764	\$787	\$811
Weekly	\$3,054	\$3,146	\$3,240

First Assistant Directors

	<u>11/30/14</u>	<u>11/29/15</u>	<u>12/4/16</u>
Daily	\$927	\$955	\$983
Weekly	\$3,711	\$3,822	\$3,937

Second Assistant Directors

	<u>11/30/14</u>	<u>11/29/15</u>	<u>12/4/16</u>
Daily	\$506	\$521	\$537
Weekly	\$2,027	\$2,088	\$2,150

Second Second Assistant Directors

	<u>11/30/14</u>	<u>11/29/15</u>	<u>12/4/16</u>
Daily	\$431	\$443	\$457
Weekly	\$1,723	\$1,775	\$1,828

Note: The weekly rate for UPMs, 1st and 2nd ADs is four (4) times the daily rate for such category.

- (B) Any Employee receiving salaries over and above the minimum scale cannot have his or her salary reduced during the term of an agreement. Notwithstanding the foregoing, the Producer and Employee may negotiate a separate rate of pay for (i) days spent on distant location when no work is performed, and (ii) travel days home at the conclusion of the job when no work is performed; provided, however, that the separate rate of pay may not be less than the minimum daily rate of pay set forth in Article 5-201 (A).
- (C) Salaries to weekly Employees shall be paid weekly by check during working hours, except where other arrangements have been made between the Producer and the Guild.
- (D) Employees shall be notified at the time of employment as to the nature of their employment and salary rate (i.e., daily or weekly), which thereafter cannot be changed.
- (E) No wages need be paid for one (1) “idle” day per work week on distant location when no work is performed by the Employee on such day. Pension and health contributions will be paid on scale for that day. An Employee will be notified at or before the time of booking, of a specified or unspecified “idle” day.

5-300 WORKING CONDITIONS

5-301 WORK DAY

- (A) A flat work day shall consist of no more than twelve (12) consecutive hours; in no event, however, shall the call of a 1st AD or 2nd AD be later than the earliest call of the cast or crew. A minimum of a day's pay shall be paid for any work performed during the day at the applicable rate for that day.
- (B) The 1st AD shall not be dismissed prior to his/her crew.
- (C) The 2nd AD shall not be dismissed before 2nd AD duties as defined in Articles 1-303 and 1-304, and Article 5-103 (A) are completed, notwithstanding that such completion may require overtime. This provision shall not apply to 2nd 2nd ADs provided the 2nd AD can complete the 2nd AD duties without assistance.

5-302 WORK WEEK

The work week shall consist of any five (5) consecutive days, commencing with the first of such five (5) days. If work is performed on a holiday which falls during the work week, the Employee shall receive an additional one-fifth (1/5) of his/her weekly wage. For sixth (6th) and seventh (7th) days spent on overnight locations see Article 5-306 (D).

OVERTIME*

- (A) The thirteenth (13th) and fourteenth (14th) consecutive work hours shall each be paid at the rate of one-eighth (1/8th) of the Employee's daily rate. The fifteenth (15th) consecutive work hour shall be paid at the rate of one-sixth (1/6th) of the Employee's daily rate.
- (B) On any day in which such Employee continues on the job beyond fifteen (15) hours from the time of his or her call, he/she shall receive a premium of one day's pay (crediting the Employer toward such premium with the sums payable under the preceding paragraph 5-303 (A)) for each five (5) hour segment or portion thereof. Where an Employee works beyond the fifteenth (15th) hour, such five (5) hour segment shall be deemed to have commenced after the twelfth (12th) hour.
- (C) All premium pay shall be paid simultaneously with the regular salary for the payroll week in which it was earned.
- (D) Examples: An Employee who works 13 hours shall receive his/her day rate plus 1/8th of the day rate. An Employee who works 14 hours shall receive his/her day rate plus 1/4 (1/8th plus 1/8th) of the day rate. An Employee who works 15 hours shall receive his/her day rate plus 5/12^{ths} of the day rate (1/8th plus 1/8th plus 1/6th) of the day rate. An Employee who works 16 or 17 hours shall receive his/her day rate plus an additional day's pay. An Employee who works 18, 19, 20, 21 or 22 hours shall receive his/her day rate plus two additional day's pay.

* Daily rates of pay for Assistant Directors and Unit Production Managers are based upon a guaranteed 12-hour work day. For purposes of any applicable wage and hour provisions, an Employee's hourly rate of pay shall equal 1/14th of the Employee's daily rate for the first eight hours of work, 1.5 times the Employee's hourly rate for the ninth through twelfth hours of work, and the following multipliers for hours worked beyond the twelfth hour:

Hour	Multiplier
13	1.750
14	1.750
15	2.333
16	8.168
17	0.000
18	14.00

For purposes of any applicable wage and hour provisions, any payment in excess of the Employee's hourly rate for any consecutive work hour after the 8th consecutive work hour shall be considered a daily overtime premium.

5-304 WORK IN EXCESS OF 18 HOURS

On any day where DGA-represented Employees work in excess of eighteen (18) hours, the Producer, at its expense, shall offer the DGA-represented Employees' either:

- i. first class nearby hotel accommodations, or
- ii. transportation provided by a reputable third party car service to the Employees' homes or hotel if on distant location.

Under either (i) or (ii) the Producer shall not be responsible or liable for any loss, damage, casualty or theft in connection with any property of the Employee.

5-305 REST PERIOD

An eight (8) hour rest period shall be provided between calls. If such rest period is not provided, Employees shall receive an additional one (1) day's pay for each period of five (5) hours or portion thereof worked until an eight (8) hour rest period is provided.

5-306 SIXTH AND SEVENTH DAYS

- (A) For each sixth (6th) day worked in an Employee's work week, the Employee shall be paid one hundred fifty percent (150%) of his/her actual gross daily salary in the case of a daily Employee; or one-fifth (1/5) of his/her actual gross weekly salary in the case of a weekly Employee.
- (B) For each seventh (7th) day worked in an Employee's work week, the Employee shall be paid two hundred percent (200%) of his/her actual gross daily salary in the case of a daily Employee; or one-fifth (1/5) of his/her actual gross weekly salary in the case of a weekly Employee.
- (C) On overnight locations, if the assignment has not been completed but no work is performed on the sixth (6th) or seventh (7th) day, the Employee shall receive for each day the Employee's daily rate of pay. If work is performed on the sixth (6th) day, the Employee shall receive 150% of the Employee's daily rate of pay. If work is performed on the seventh (7th) day, the Employee shall receive 200% of the Employee's daily rate of pay.

5-307 WORK IN HIGHER CLASSIFICATION

Whenever an Employee is required to do work in a higher classification for any part of a day, or days, he/she shall be paid at the higher rate for such day or days.

5-308 PREPARATION AND COMPLETION TIME

- (A) It is herewith understood and agreed that the most effective use of UPMs and 1st ADs and 2nd ADs requires that they be allowed adequate preparation time before shooting and adequate completion time after shooting. The individual requirements for each production shall be decided mutually between the Producer and the Guild.
- (B) The 1st AD shall be given a minimum of one (1) day's preparation for each assignment. In addition, a second mandatory day of preparation will be granted to the 1st AD in the event of three or more consecutive days of photography or two or more substantially different or significantly distant locations, unless circumstances would reasonably warrant a waiver from the Guild.

AICP Companies: see Paragraph 3 (B) and 3 (C) (i) of the AICP Sideletter.

- (C) Moreover, such additional preparation days as are necessary will be granted to the 1st AD in preparation. If no more than two days of preparation are actually necessitated by the requirements of this Agreement and on the production, no more than two shall be mandated hereunder.
- (D) The Producer shall make a reasonable effort to schedule tech scouts so that they do not conflict with the 1st AD's time to prep the job in a timely manner.
- (E) When the 1st AD resigns voluntarily from an assignment, the replacement 1st AD will be paid only for prep days actually worked. The Employer will give the Guild prompt written notice when a 1st AD is replaced and submit a revised CPLF.

5-309 MEALS

Reasonable time for appropriate meals shall be allowed all Employees hereunder.

TRAVEL TIME

- (A) Where Employees are assigned to start their day at any studio or location outside Los Angeles County, California, or outside the five (5) boroughs of New York City, the Employees' travel time shall be included in the work day.
- (B) Work at a location requiring an overnight stay shall be considered a distant location.
- (C) An Employee who travels to a distant location shall have all travel time counted as time worked and paid for as such, except that travel on the sixth (6th) or seventh (7th) day or a holiday to a distant location shall be paid at one-fifth (1/5) the weekly rate, or one (1) day's pay at the daily rate for each travel day, providing no work has been performed on such sixth (6th), seventh (7th) day or holiday.
- (D) ADs and UPMs shall travel Business Class when travel either originates or terminates outside the forty-eight (48) Continental United States and the scheduled arrival time at the ultimate destination is five (5) hours or more after the scheduled departure time. In all other cases, ADs and UPMs shall travel in the same class of service as the Director.
- (E) The Producer shall provide first-class meals and first-class accommodations and reasonable and necessary expenses for all Employees on, to and from location. Separate rooms shall be provided for each Guild member employed where reasonably possible.
- (F) Employees shall not be required to drive transportation vehicles.
- (G) The Producer shall provide for full insurance coverage of all Employees while traveling to and from any location. Minimum travel insurance shall be \$100,000.00 coverage. Beneficiary is to be of Employee's choice. Prior to undertaking such travel, the Employee shall be shown proof of such insurance unless a copy thereof shall have been placed on file with the Guild.
- (H) When the 1st AD is required by the Employer to drive their own vehicle to scout locations then such employee shall receive mileage reimbursement at the then current I.R.S. rate.

5-311

HOLIDAYS

- (A) The following holidays shall be recognized in this Agreement: New Year's Day; Martin Luther King's Birthday; President's Day; Memorial Day; Independence Day; Labor Day; Veteran's Day; Thanksgiving Day; and Christmas.
- i. For holidays worked, an Employee shall receive an additional day at the Employee's daily rate (or one-fifth of the Employee's weekly rate).
 - ii. As compensation for unworked holidays, an Employee shall receive, upon layoff or dismissal or any other termination of his/her employment, 3.292% of his/her salary.
 - iii. If any of the above holidays falls on Sunday, the following Monday shall be considered the holiday.
 - iv. If any of the above holidays falls on Saturday, the preceding Friday shall be considered the holiday.
- (B) If the Employer in a national collective bargaining agreement with any other Guild or Union grants any additional holiday not listed above, the holiday shall be deemed included hereunder.

5-312

VACATIONS

- (A) All Employees employed by a Producer for 115 work days out of 130 in a 26-week period shall receive one week's vacation with pay and one additional day for each twenty-five days subsequently worked, up to two (2) weeks for 230 work days out of 260. All Employees employed by a Producer for 230 out of 260 work days shall receive two (2) weeks' vacation with pay annually. All Employees who have been employed by the Producer for five (5) years or more shall receive three (3) weeks' vacation with pay annually. All Employees who have been employed for ten (10) years or more shall receive four (4) weeks' vacation with pay annually.
- (B) All freelance UPMs and ADs employed by the Producer shall, upon layoff or dismissal or any other termination of employment prior to 115 days of consecutive employment, receive four percent (4%) of their gross salary as vacation pay.

- (C) Producer shall make contributions to the DGA Health Plan on vacation pay as set forth in Articles 3-102 and 3-104.

5-313

CONCLUSION/TERMINATION OF SERVICES

- (A) When an Employee is hired at the daily rate, he/she shall be notified by the Producer prior to 2:00 P.M. if his/her work is to conclude at the end of that particular day. In the event that such notice is not given, the Employee shall be deemed hired for the following day.
- (B) When services of a daily Employee are terminated, he/she shall be paid by check the same day all monies due him/her under the Agreement. The Employee shall be given a separate form itemizing gross salary, all deductions made from the salary and net payment unless such information is contained on the check stub.
- (C) Employees employed by the Producer for more than two (2) months shall be entitled to two (2) weeks' notice of conclusion or termination or two (2) weeks' pay in lieu thereof. The same notice shall be required from such Employees leaving their job position. To assure enforcement of the foregoing provision, the Guild agrees to take immediate disciplinary action against any Employee failing to give the required notice of resignation.
- (D) No Employee hereunder shall be dismissed prior to the conclusion of his/her assignment except for just cause.
- (E) The Producer agrees to comply with all applicable federal and state labor laws (e.g., California Labor Code Section 201.5).

5-314

CANCELLATION FEE

- (A) The Producer shall pay a cancellation fee of one day's pay at the Employee's daily rate (or one-fifth of the Employee's weekly rate) to each Assistant Director whom the Producer has employed for a commercial and who has reserved the time exclusively for the Producer, provided all the following conditions are established:
 - i. The commercial is canceled or postponed by the Agency less than forty-eight (48) hours before the Assistant Director is scheduled to begin work. If cancellation occurs 48 hours or more hours prior thereto, no cancellation fee shall be payable.

- ii. The Assistant Director has immediately used his/her best efforts to obtain other employment for substantially the time reserved for the Producer and has been unsuccessful.
- (B) The cancellation fee shall not apply to situations when production or shooting is curtailed or the Assistant Director's work schedule is reduced by an accelerated production schedule or other situations where cancellation or postponement occurs after production has commenced.
- (C) When consecutive engagements for the same Producer on different commercials are canceled or postponed, the cancellation fee shall not exceed one day.
- (D) Cancellation fees shall not be subject to Pension or Health Plan contributions and shall apply only to freelance Assistant Directors.

5-315

SEVERANCE PAY

- (A) An Employee employed for 115 out of 130 work days in a 26-week period, whose services are terminated by the Producer for a reason except for just cause, shall receive from the Producer severance pay in a lump sum as follows: two and one-half (2 ½) days of pay after six (6) months of employment; four (4) days of pay after nine (9) months of employment; five (5) days of pay after a years employment. After one (1) year, severance pay shall be computed at one-half (½) days pay per month for the first ten (10) months of each subsequent year to achieve a total of at least one (1) week's pay for each year up to fifteen (15) years. Payment shall be made at the Employee's prevailing wage rate at the time of severance of employment. The Producer shall have the right to make all deductions required by any governmental authority from such severance pay. For the purposes hereof, all of an Employee's credited employment shall be accumulated except such employment as preceded any thirty (30) consecutive days during which the Employee was not on the Producer's payroll by reason of a layoff. In no event shall severance pay be paid to an Employee twice in respect to the same period of employment.
- (B) In case there was, or may be, any change of corporate name or organization by the Producer, or if there was or may be a sale or transfer of the assets to another company, then and in such event all employment, either under the Producer's original or changed corporate name, or with such other company, shall be included in the computation of the severance pay required to be paid as herein provided by the Producer at the time of discharge. Time spent by an Employee in any branch of the Armed Forces

of the United States shall also be included in the computation for purposes of Article 5-315 (A) above.

- (C) In the event of the death of an Employee, the Producer shall pay to whomever the Employee may have designated in writing to the Producer, or, if no such designation has been made, to the Employee's beneficiary under the life insurance provided by the Health Plan Article 3-102 of this Agreement, an amount equal to the amount of severance pay such Employee would have received had he/she been discharged on the date of his/her death; provided, however, that from such amount there may be deducted by the Producer so much of life insurance, if any, that may be payable in the life of such Employee at the time of his/her death as may have been purchased by the Producer (not by any Plan herein) for him/her at the sole expense of the Producer.

5-316 **PRODUCTION CENTERS**

Notwithstanding anything to the contrary in this Agreement, the following shall apply to Unit Production Managers and Assistant Directors for the purposes of establishing where Unit Production Managers and Assistant Directors may be employed as a "local hire." The Unit Production Manager and Assistant Director shall designate the Production Center in which he/she wishes to be employed as a "local hire" in accordance with the rules and procedures currently followed by the Guild.

ARTICLE 6
TRAINING PROGRAMS, QUALIFICATION LISTS AND INTERCHANGE

6-100 TRAINING PROGRAM - ASSISTANT DIRECTORS

6-101 TRAINING PROGRAM

- (A) A Directors Guild of America-Producer Training Program Trust Fund (herein called the "Training Program Trust Fund") has been established for the purpose of funding and conducting an AD Training Program. Said Training Program is administered by a Board of Trustees composed of an equal number of Guild Trustees (and alternates) and Producer and AICP Trustees (and alternates), who have the authority to adopt such trust agreements, by-laws and rules and regulations as are necessary to effectuate said program.
- (B) Each Producer shall contribute an amount equal to one-quarter of one percent (0.25%) of salary as defined in Article 3-104 for each Director,

UPM and 1st and 2nd AD to finance the AD Training Program and Contract Qualification Administration. The aforementioned contribution shall be remitted monthly to the Administrator of the Directors Guild of America – Producer Pension and Health Plans who, as the Producers’ agent for collection of said contributions, shall remit seventy percent (70%) of such contribution to the Training Program Trust Fund in New York and shall remit thirty percent (30%) of such contribution to the Contract Qualification Administrator under Article 6-300 of this Agreement. The aforementioned contribution of one-quarter percent may be increased up to one-half percent (1/2%) in the event the Guild and the AICP mutually agree that such increase is necessary to continue the efficient administration and maintenance of the AD Training Program or Contract Qualification Administration as herein established.

- (C) The Training Program shall administer the formal training program through a Board consisting of twelve (12) Trustees. Six (6) Trustees shall be appointed by the DGA. Six (6) Trustees shall be appointed by the Producers, of which four (4) shall be appointed by the AICP and two (2) shall be appointed by the Alliance of Motion Picture and Television Producers, Inc. Such Training Program shall be established and administered in accordance with all applicable laws and regulations.
- (D) Any money paid by Employer as a contribution hereunder shall not constitute or be deemed to be wages to the individual Employees, nor shall said money so paid be in any manner liable for or subject to the debts, contracts, liabilities or torts of such Employees.
- (E) Trainees selected to participate in the New York Assistant Director Training Program shall be trained for one of two career paths. One-half of the Trainees admitted into the Program shall be trained on television commercials for a career as a Second Assistant Director in the commercial industry and one-half shall be trained on feature films and television programs for a career as a Second Assistant Director in the film and television industry.

6-200 TRAINEE’S’ TERMS AND CONDITIONS OF EMPLOYMENT

6-201 TRAINEE’S’ TERMS AND CONDITIONS OF EMPLOYMENT

- (A) The Board of Trustees shall set all terms and conditions of the Trainee’s employment, including but not limited to compensation. Trainees assigned to projects under the DGA Basic Agreement shall be governed by Section 14-100 of the DGA Basic Agreement.

- (B) Producers will be notified whenever the Board of Trustees modifies, deletes or adds to the wage requirements and working conditions.

6-202 **ASSIGNMENTS**

- (A) The assignments of Trainees shall be by rotation. Each Producer agrees to be bound by and adhere to all terms and conditions established by the Trustees. The daily rate is based on a twelve (12) hour work day.
- (B) A Trainee may seek employment from any signatory to a DGA Commercial Agreement where a 1st AD is employed, and such employed days must be reported to the Administrative Trustee. A Trainee must work under the supervision of a 2nd AD on sets and locations where a 2nd AD is required by the Agreement.

6-300 COMMERCIAL QUALIFICATION LISTS

6-301 **NUMBER OF LISTS AND CATEGORIES**

- (A) In order to provide Employers with qualified and available persons for employment in the New York Area, Southern California Area and Third Area for categories indicated, there shall be nine (9) separate qualification lists for the categories described below which shall be established and maintained by the Contract Qualification Administrator (“CQA”).

<u>New York Area</u>	<u>Southern California Area</u>	<u>Third Area</u>
UPM List	UPM List	UPM List
1 st AD List	1 st AD List	1 st AD List
2 nd AD List	2 nd AD List	2 nd AD List

- (B) The Television Commercial Qualification Lists for the above categories in the above Areas (herein collectively “Lists”) shall be composed of persons placed on said Lists pursuant to prior Agreements and who meet the requirements hereinafter set forth, who apply for placement on the Lists and whom the CQA places on the Lists, in accordance with the requirements hereinafter set forth. Applicants for placement on the Lists created under this Article 6-300 shall prove that they possess the qualifications hereinafter set forth, to the satisfaction of the CQA.
- (C) For purposes of this Article 6-300, the Southern California Area means all of California from San Luis Obispo south to the California-Mexico border, the New York Area means the New York metropolitan area and the Third

Area means those areas within the geographic coverage of Agreement outside the Southern California and New York Areas.

6-302

PREFERENCE OF EMPLOYMENT

- (A) An Employer who is signatory to this Agreement shall give preference of employment of 1st ADs, 2nd ADs and UPMs for work performed in the New York Area to persons on the New York or Southern California Lists (and to such persons who may be added to the Lists as provided herein) and may hire any person on the appropriate Lists without regard to whether such person is or is not a member of the DGA at the time of such employment, subject to the Guild Shop provisions of this Agreement. If there is no “qualified” person on the New York Area List available for work, the Employer may employ any individual. Provided, however, in employing 2nd ADs, the Employer must give preference to New York DGA-Producer Trainees available for work.

- (B) An Employer who is signatory to this Agreement shall give preference of employment of 1st ADs, 2nd ADs and UPMs for work performed in the Southern California Area to persons on the Southern California or New York Lists (and to such persons who may be added to the Lists as provided herein) and may hire any person on the appropriate Lists without regard to whether such person is or is not a member of the DGA at the time of such employment, subject to the Guild Shop provisions of this Agreement. If there is no “qualified” person on the Southern California List available for work, the Employer may employ any individual. Provided, however, in employing 2nd ADs, the Employer must give preference to Southern California DGA-Producer Trainees available for work and further provided that if there is no qualified person on the Southern California List available for work, the Employer can hire any individual.

- (C) An Employer who is signatory to this Agreement shall give preference of employment of 1st ADs and UPMs for work performed in the Third Area to persons on the New York, Southern California or Third Area Lists (and to such persons who may be added to the Lists as provided herein) and may hire any person on the appropriate Lists without regard to whether such person is or is not a member of the DGA at the time of such employment, subject to the Guild Shop provisions of this Agreement. If there is no “qualified” person available for work, the Employer may employ any individual. With respect to 2nd ADs employed in the Third Area the Producer shall consider qualified 2nd ADs who reside within 75 miles of the shoot location. The Producer shall be deemed to have given

“consideration” if it determines the identity, qualifications and availability of qualified ADs who reside within said radius. The Guild will provide a list of qualified ADs upon the request of the Producer.

- (D) With respect to a commercial that begins production outside the New York or Southern California Areas and completes production in either the New York or Southern California Area, the Producer may continue to employ the 1st AD, 2nd AD or UPM who was employed outside the New York or Southern California Areas provided the Employee is on the New York, Southern California or Third Area Qualification List in the appropriate category.

6-303 SELECTION AND FUNDING OF THE CQA

- (A) The CQA shall be chosen by the AICP Board of Directors and one Employer not a member of the AICP. The CQA shall not be or become a member of the Directors Guild during his or her tenure as CQA. The Southern California Area and Third Area CQA shall be the same person chosen to be the New York Area CQA and that person shall be bound by the by-laws, rules and regulations already or hereafter established for the New York Area CQA. The AICP may remove the CQA with or without cause.
- (B) The cost of administering and maintaining the New York Area, Southern California and Third Area Qualification Lists by the CQA shall be paid out of the Producer contribution of one-quarter of one percent (1/4%), payable under Article 6-101 (B) of this Agreement.

6-304 REQUIREMENTS FOR PLACEMENT ON THE LISTS

- (A) 1st AD Lists (New York and Southern California Areas)

A person will qualify for listing on the New York and Southern California 1st AD Lists if he/she:

- i. has had no less than 520 days (of which 300 must have been physically spent on set or location) of work as a 1st AD or as an Associate Director or Stage Manager on commercials or any other professional motion picture media including, but not limited to, music videos and documentaries. Of such 520 days it is understood that 52 days must have been spent working on commercials; or

- ii. is a Director who has completed two hundred and sixty (260) days of actual shooting on commercials or any other professional motion picture media including, but not limited to, music videos and documentaries;
- iii. is a person on either the 2nd AD or UPM List who:
 - (1) has been employed for five hundred and twenty (520) days as a weekly staff UPM or 2nd AD; or
 - (2) has been employed in a non-Guild capacity and functioned for the Producer as a 2nd AD on a part-time basis for three hundred and fifty (350) days; or
 - (3) has completed one hundred and fifty (150) freelance days of actual work as a 2nd AD or a UPM, of which no less than 75 were spent on commercials.

(B) 1st AD List (Third Area)

A person will qualify for listing on the Third Area 1st AD List if he/she:

- i. has had no less than 130 days (of which 75 must have been physically spent on set or location) of work as a 1st AD or as an Associate Director or Stage Manager on commercials or any other professional motion picture media including, but not limited to, music videos and documentaries. Of such 130 days it is understood that 13 days must have been spent working on commercials; or
- ii. is a Director who has completed two hundred and sixty (260) days of actual shooting on commercials or any other professional motion picture media including, but not limited to, music videos and documentaries;
- iii. is a person on either the 2nd AD or UPM List who:
 - (1) has been employed for one hundred and thirty (130) days as a weekly staff UPM or 2nd AD; or
 - (2) has been employed in a non-Guild capacity and functioned for the Producer as a 2nd AD on a part-time basis for eighty-eight (88) days; or

- (3) has completed thirty-eight (38) freelance days of actual work as a 2nd AD or a UPM, of which no less than 19 were spent on commercials.

(C) Second AD Lists (New York and Southern California Areas)

A person will qualify for listing on the New York and Southern California 2nd AD List if he/she has:

- i. graduated from the DGA Producer Assistant Director Training Program established hereunder; or
- ii. completed 600 days of direct production experience of which at least 300 days must have been spent doing the work of either an AD on the set of commercials or any other professional motion picture media including but not limited to music videos and documentaries, or an Associate Director/Stage Manager on television programs or commercials. Of such 300 days it is understood that days spent performing duties not customarily performed by ADs or Associate Directors/Stage Managers, or days spent as a DGA Trainee shall not be used in computing “days” for purposes of placement on such lists.

(D) Second AD List (Third Area)

A person will qualify for listing on the Third Area 2nd AD List if he/she has:

- i. graduated from the DGA Producer Assistant Director Training Program established hereunder; or
- ii. completed 150 days of direct production experience of which at least 75 days must have been spent doing the work of either an AD on the set of commercials or any other professional motion picture media including but not limited to music videos and documentaries, or an Associate Director/Stage Manager on television programs or commercials. Of such 75 days it is understood that days spent performing duties not customarily performed by ADs or Associate Directors/Stage Managers, or days spent as a DGA Trainee shall not be used in computing “days” for purposes of placement on such lists.

(E) UPM LIST (NEW YORK AND SOUTHERN CALIFORNIA AREAS)

A person will qualify for listing on the New York and Southern California UPM Lists if he/she:

- i. has had no less than 500 days (of which 100 must have been physically spent on set or location) of work as a UPM, or performing substantially all of the duties of a UPM under the direct supervision of an Executive Producer, on commercials or any other professional motion picture media, including, but not limited to, music videos; or
- ii. is a 1st AD who has two hundred and fifty (250) days as a 1st AD since being placed on the Qualifications List, of which seventy (70) percent have been shooting days.

(F) UPM LIST (THIRD AREA)

A person will qualify for listing on the Third Area UPM List if he/she:

- i. has had no less than 125 days (of which 25 must have been physically spent on set or location) of work as a UPM, or performing substantially all of the duties of a UPM under the direct supervision of an Executive Producer, on commercials or any other professional motion picture media including, but not limited to, music videos; or
- ii. is a 1st AD who has seventy-five (75) days as a 1st AD since being placed on the Qualifications List, of which seventy (70) percent have been shooting days.

6-305

CROSS-LISTING

(A) From Area to Area

Persons on one of the Area Commercial Qualification Lists indicated may, upon application, be added to the indicated List in the other Area.

From New York
Area List
1st AD
UPM
2nd AD

To Southern California
Area Commercial List
1st AD
UPM
2nd AD

From Southern California
Area List
1st AD
UPM
2nd AD

To New York
Area List
1st AD
UPM
2nd AD

There is no cross listing from the Third Area List to the New York or Southern California lists.

(B) Basic Agreement Lists to Commercial Qualification Lists

From Basic Agreement
Lists (NY or S. Cal.)
1st AD
UPM
2nd AD (Pre-January 1, 1986)*
2nd AD (Since January 1, 1986)*

To Commercial Lists
(NY or S. Cal.)
1st AD
UPM or 1st AD
1st AD
2nd AD

From Basic Agreement
List (Third Area)
1st AD
UPM
2nd AD

To Third Area
Commercial List
1st AD
UPM or 1st AD
2nd AD

* Persons placed on the New York or Southern California Basic Agreement Qualification List as 2nd ADs prior to January 1, 1986 shall be placed upon application on the 1st AD Southern California Area Commercial Qualification List.

(C) Persons who have qualified for and are listed on the Basic Agreement New York or Southern California Qualification Lists for UPMs, 1st ADs or 2nd ADs (“Basic Lists”) may upon written application to the Commercials CQA, be listed on the New York or Southern California Commercial Qualifications List for the same category, as they are listed on the Basic Lists.

CQA APPLICATION PROCEDURE

- (A) The required employment referred to in this Article 6-300 must have been performed no earlier than twenty (20) years immediately preceding the date of the application.
- (B) The working days referred to above, for purposes of fulfilling the work requirements referred to in this Article 6-300, shall be considered without regard to whether such work was performed in the New York Area, Southern California Area or Third Area.
- (C) Any required employment under this Article 6-300 shall be considered by the CQA without regard to whether or not such employment was for an Employer who is or was a signatory to any agreement with the Guild.
- (D) An applicant for placement on the Qualification Lists shall have the burden of proving his/her eligibility. The application shall be in writing on a form approved by the CQA, and shall specify the Qualification List or Lists for which the applicant is applying. CQA may require such applicant to produce documentation to verify the information contained in the application. CQA may adopt other procedures for the processing of applicants not inconsistent with the requirements and procedures set forth in this Article 6-300.
- (E) The CQA shall determine, from the application and supporting documentation, if the applicant meets the requirements. If the CQA determines that the applicant satisfies the requirements, the CQA shall comply with paragraphs (G) (i) through (iv) below.
- (F) If the CQA determines that the applicant does not fulfill the requirements, he/she shall so notify the applicant and the Guild in writing, stating briefly the reasons therefore. In the New York Area only, if the applicant fails to fulfill a category's requirements by reason of insufficient employment experience of one year or less, CQA shall also specify the number of days, weeks or months of employment lacking.
- (G) Applications which the CQA has determined satisfy the requirements set forth in this Agreement for placement on a Commercial Qualification Lists shall be processed as follows:
 - i. The Administrator shall prepare and submit to the Guild a "Notice of Intended Placement" with respect to any applicant deemed qualified reflecting the factual basis on which the eligibility

determination has been made including the number of qualifying days, employer(s), dates of employment and job classification.

- ii. The Guild shall have thirty (30) days following issuance of the Notice of Intended Placement within which to challenge the determination of the Administrator. Such challenge shall be in writing to the Administrator with a copy to the applicant and shall specify the basis of the challenge. The Guild shall have the right upon request to review the applicant's entire working file. Said review shall occur within five (5) working days of the Guild's request.
- iii. If no challenge is made within the period provided, the Administrator shall proceed with the placement and advise both the Guild and the applicant. The eligibility for placement of a person whose application has been challenged shall be resolved by the CQA, whose decision shall be final and binding.
- iv. The Guild acknowledges that the CQA has no administrative responsibility under Article 14-601 of the Basic Agreement.

6-307

NEW YORK AREA GUARANTEE PROVISION FOR UNQUALIFIED APPLICANTS

- (A) Notwithstanding the provisions of 6-304 and 6-306 above, an Employer in the New York Area only may employ an "unqualified" applicant as a 1st AD, 2nd AD or UPM, provided that, with respect to the category for which such person is employed:
 - i. CQA determines that the applicant failed to qualify because he/she lacks experience of one year or less; and
 - ii. The Employer makes a written guarantee promising to employ the applicant continuously for a period of no less than the additional time he/she needs to become qualified. Such guarantee is subject to termination only by reasons of (1) the Employee's misconduct or (2) an unexpected or unavoidable major change in business circumstances (such as severe financial difficulty, substantial client loss, termination of, or major change in the nature of, the Employer's business) which necessitates the termination of the guarantee. Any dispute regarding the termination of such guarantee under the preceding sentence shall be taken up between representatives of the Guild, the Producer and the AICP, and if not

resolved, may be submitted by any of them to arbitration (as the exclusive method of resolving such dispute) before an arbitrator selected in accordance with the voluntary labor arbitration procedures of the American Arbitration Association.

- (B) The Employer shall offer the Employee resumed employment for the remainder of the guarantee before hiring another person in that category, if the reasons for the termination of the guarantee (under clause (ii) above) have been removed, during one term of this Agreement.
- (C) If the applicant is so employed pursuant to the guarantee, works for such additional time and submits proof thereof as required by the CQA, the CQA will place the applicant's name on the appropriate Qualification List.
- (D) Any Employer who has made a written guarantee to an "unqualified" 1st AD, and who has wrongfully (as determined in an arbitration) breached such guarantee, shall not be entitled to avail itself again of the guarantee provisions for the rest of the term of this Agreement.
- (E) The Southern California Area Qualification List shall include those persons on the Directors Guild of America Contract Administration Trust Qualification Lists on or before the date of execution of this Agreement.

ARTICLE 7

MISCELLANEOUS PROVISIONS

7-101 HAZARDOUS WORK ALLOWANCE

- (A) Members of the bargaining unit will not be required to jeopardize their working opportunities by having to perform work that is considered hazardous. However, should a bargaining unit member elect to perform work that is considered hazardous, adequate insurance and extra compensation will be provided, as outlined in Paragraph (C) of this Article 7-101. If a difference of opinion arises as to whether an assignment is hazardous, the same shall be settled between the Producer and the Guild.
- (B) The Producer shall provide suitable wearing apparel for abnormally cold or wet work.
- (C) The following allowances shall be paid if bargaining unit members agree to perform services on aerial flights, whether in an established commercial airline or private plane: \$150.00 per flight, but a maximum of \$300.00 per day. When flying in "combat zones," or submarine diving or other underwater diving, or shooting on any high speed camera platform on land

or on water, the same allowances shall be paid. In the event any of the above services are performed, the Producer shall cover the Employee for the duration of the assignment by a personal accident insurance policy, insuring against death and/or dismemberment in the amount of \$500,000.00 payable to the beneficiary designated by the Employee and providing for a weekly indemnity of \$500.00 in the event of total disability, as such term is commonly understood in the insurance field, for a period of fifty two (52) weeks. A copy of a document evidencing such insurance shall be filed with the DGA.

- (D) It is understood that the allowances herein provided shall not be payable where the Employee is merely traveling by plane for purpose of being transported from one place to another even though he/she may, during the course of flight, perform work such as checking, reading, transcribing notes or the like.
- (E) When a Director, UPM, 1st AD or 2nd AD requires hospitalization while employed by the Employer, the nature and place of hospitalization shall be reported to the Guild as soon as possible.
- (F) It shall be the responsibility of the Employer to insure that optimum safety standards are maintained and that no unsafe equipment, procedures or practices are allowed on the set or work site. Guild Employees shall cooperate with the Employer to maintain optimum safety procedures at all times.

7-102

STRIKES AND PICKET LINES

- (A) Notwithstanding anything to the contrary contained herein, in the event of any strike by any other union or by the Guild concerning members or matters not covered by this Agreement, the bargaining unit members covered by this Agreement shall not be required to perform duties not ordinarily performed by them prior to said strike.
- (B) The Producer will not discipline any bargaining unit member because of his/her refusal as an individual to cross any duly authorized picket line not in violation of this Agreement against the Producer.
- (C) The Guild agrees that during the term of this Agreement, it will not call or engage in or assist in any strike, slowdown or stoppage against the Producer by the Employees, provided, however, that if a valid and enforceable award in an arbitration is rendered and the Producer fails to challenge same by judicial procedure reasonably promptly, but not later

than ten (10) days after mailing of the award by registered mail, and fails to comply therewith, then the Guild shall be free to withhold the services of its members, and the prohibition against strikes, slowdown or a stoppage herein set forth shall be of no further force and effect; provided further that the parties hereto agree to support the right of the Guild to withhold service pursuant to Article 1-301 (E) of this Agreement. The Guild agrees that it will use its best efforts in good faith to require Employees to perform their services for the Producer hereunder. Should any such strike, slowdown or stoppage occur, the Guild's sole obligation shall be, within twenty-four (24) hours after receipt of written notice thereof from the Producer, to use its best efforts to terminate the strike, slowdown or stoppage.

- (D) The Producer agrees that it will not order, authorize or ratify a lockout against the Employees during the life of this Agreement. Should any lockout occur, the Producer's sole obligation shall be, within twenty-four (24) hours after receipt of written notice thereof from the Guild, to terminate the lockout and re-employ the Employees. Upon failure of the Producer to do so within said twenty-four (24) hour period, the Guild, at its option, may treat the matter as a dispute under Article 2.
- (E) Notwithstanding any "No Strike" clause herein, failure on the part of the Producer to file the employment reports referred to herein shall be deemed, after reasonable notice by certified mail to the Producer, a breach of the contract sufficient for the Guild to withhold the services of the person or persons for whom reports have not been filed until this procedure is fully complied with.

7-103

HOLD HARMLESS

The Employer shall save the Director, UPM, 1st AD or 2nd AD, as the case may be, harmless from liability and necessary costs, including reasonable attorney's fees resulting from any injury to, or loss or damage suffered by any person, including any member of the cast or crew or any bystander, occurring in the photographing of a motion picture he/she directs or assists in directing, or in connection with which he/she renders services as a Director, UPM 1st AD or 2nd AD, as the case may be, provided, however, and subject to the conditions that:

- (A) This Article shall not apply in any instance in which such injury, loss or damage is the result of or caused by, in whole or in part, the gross negligence or willful misconduct of such Director, UPM, 1st AD or 2nd AD, as the case may be;

- (B) Immediately upon such Director's, UPM's, 1st AD's or 2nd AD's, as the case may be, or his/her representative's being informed of any claim or litigation, he/she shall notify the Employer of every demand, notice, summons, complaint or other process received by him/her or his/her representative; and
- (C) The Director, UPM, 1st AD or 2nd AD, as the case may be, shall cooperate fully in the defense of the claim or action, including the attending of hearings and trials, securing and giving evidence, and obtaining the attendance of witnesses.

7-104

SUBCONTRACTING

- (A) The Producer shall not subcontract any of the work or services over which the Guild has jurisdiction hereunder to anyone during the term of this Agreement, except to an Employer who employs Employees in categories covered by this Agreement under wages and economic benefits comparable to this Agreement or other DGA Agreements.
- (B) In the event a Producer (hereinafter "Primary Producer") subcontracts to any signatory Producer (hereinafter "Secondary Producer") any of the work or services over which the Guild has jurisdiction hereunder, all monies received by the Secondary Producer for the performance of Guild work or services shall be subject to the contributions called for in this Agreement regarding Pension and Health Plans and Training Trust Funds. The Primary Producer shall submit directly to the respective Plans the above mentioned Pension, Health and Training Trust contributions.
- (C) In no event shall subcontracting release the Primary Producer from the responsibility to provide and maintain the minimum terms and conditions called for in this Agreement.
- (D) When formal negotiations following a commitment for employment are conducted in the United States under the auspices of the Producer for the employment of a Director, UPM, 1st AD or 2nd AD by a non-signatory producer, then Producer shall promptly notify the Guild of such negotiations.

7-105

PRODUCERS BOUND BY THIS AGREEMENT

- (A) This Agreement shall be binding upon the Producer signatory hereto, upon its non-signatory subsidiaries and affiliates engaged in the production of television commercials and upon all parties who, by reason of mergers,

consolidation, reorganization, sale, assignment or the like, or by operation of law, shall succeed to become entitled to a substantial part of the business of the signatory Producer.

- (B) When a non-signatory producer contracts with a signatory Producer to finance or produce a television commercial and the signatory Producer fails to give notice to the Guild within ten (10) days, excluding Saturdays, Sundays or holidays, after the opening of the production account for such television commercial, that it is not to be covered by this Agreement, then the signatory Producer shall be obligated hereunder with respect to that commercial.

7-106 LATE PAYMENTS/BOND

To secure payment in full of wages and pension and health contributions, The Guild may, in its reasonable discretion, whenever it considers that a signatory Producer has not adequately established its ability to meet its financial obligations, require that a performance bond be posted in an amount sufficient for that purpose. If required, such performance bond shall cover not only obligations for wages and pension and health contributions, but also a reasonable amount for counsel fees and other litigation expenses which might be incurred in the event the default of the signatory makes it necessary to institute suit for recovery. In the alternative, the Guild may, in its reasonable discretion, require a signatory Producer to provide a payroll guarantee for the scheduled number of shoot days to a recognized payroll company.

7-107 CONFORMITY TO LAW-SAVING CLAUSE

- (A) If any provision or the enforcement or performance of any provision of this Agreement is or shall at any time be contrary to law, then such provision shall not be applicable or enforced, or performed except to the extent permitted by law. If at any time thereafter such provision, or its enforcement, or performance, shall no longer conflict with the law, then it shall be deemed restored in full force and effect as if it had never been in conflict with the law.
- (B) If any provision of this Agreement or the application of such provision to any person or circumstances shall be held invalid, the remainder of this Agreement or the application of such provisions to other persons or circumstances shall not be affected thereby.

NO DISCRIMINATION

- (A) In accordance with applicable federal, state and local law, neither the Producer nor the Guild will discriminate on the basis of race, sex, sexual orientation, religion, color, national origin, physical handicap or Guild membership against any Employee or person qualified for employment under the term of this Agreement.
- (B) The Producers shall work diligently and make good faith efforts and the Guild shall cooperate with the Producers to increase the number of working racial and ethnic minority and women Directors, Unit Production Managers and Assistant Directors; provided, however, no Producer shall be required to employ any individual.
- (C) To further the goals and objectives of Paragraph (B), on or before July 1, 2016, the AICP will establish and maintain a Diversity Program designed to expand employment opportunities for racial and ethnic minority and women Directors. Effective November 30, 2014, each Producer will contribute an amount equal to one-quarter of one-percent (0.25%) of salary as defined in Article 3-104 for each Director, Unit Production Manager, and Assistant Director to finance the Diversity Program. Effective November 29, 2015, the contribution rate will be 0.15% of salary. The parties agree that the Producer contributions required under this Paragraph (C) shall be remitted to the DGA Commercial Contract Administration Trust ("Trust"), the entity that employs the Commercial Qualifications Administrator ("CQA") described in Article 6-300 of the Agreement, in the same manner as contributions to the CQA under Articles 6-303(B) and 6-101(B) are remitted. The Trust will hold the amounts in a segregated, interest bearing account for uses and the benefit of the Diversity Program.
- (D) Recognizing that the commercial production industry has a unique creative culture, the Diversity Program will establish minimum criteria. The Diversity Program will give good faith consideration to following criteria:
 - (i) Outreach to under-represented minorities and women with potential for success in the Diversity Program;
 - (ii) Foster relationships between program participants, Executive Producers at commercial production companies and where appropriate other production related executives in the commercial production industry;

and

- (iii) Shadowing, mentoring and other directorial opportunities (which may include “Spec Spots”) for program participants.
- (E) The parties further agree that the Diversity Program is intended to supplement the development of the program participants and is not required to provide full-time training or employment to program participants during their participation in the Diversity Program.
- (F) High level production executives at AICP production companies, representatives of the AICP and representatives of the DGA shall meet to discuss efforts to promote diversity in the hiring of DGA-represented classifications. Initially, the main purpose of each meeting will be to ensure regular communication which will enable development, support and improvement of the Diversity Program. The parties will also establish criteria to evaluate the success of the Diversity Program. During the first year of the Agreement, a meeting will be held once every six months. Thereafter, a meeting will be held at least once per year. Additional meetings may be scheduled by mutual agreement of the AICP and the Guild.
- (G) Should an Arbitrator determine the Producers failed to comply with the provisions of Article 7-108(B), the AICP failed to comply with the provisions of Article 7-108(D) or (F), or the Guild failed to comply with the provisions of Article 7-108(B) or (F), the Arbitrator’s remedy shall be limited to ordering compliance with the applicable provision. In the event of subsequent failures to comply with Article 7-108 (D) or (F), the Arbitrator may order further remedies which may include the assessment of damages.

7-109 MINIMUM TERMS AND CONDITIONS

Nothing in this Agreement shall prevent any member of the bargaining unit from negotiating with and obtaining from the Producer better conditions and/or terms of employment than those provided for in this Agreement. The terms herein provided are minimum and not maximum.

7-110 MANAGEMENT RIGHTS

- (A) The supervision of the working force, the right to employ, hire, suspend, discharge, layoff, etc. is vested exclusively in the Producer provided,

however, that such authority will not be used to derogate from or impair the rights of Directors as set forth in this Agreement.

- (B) Subject to the limitations contained herein, the Guild recognizes that the Producer has the responsibility to control the operations of his/her company, to determine the number of Directors required, the locations of production, the sources, materials and supplies and the dispositions of its productions, and that all rights of management are reserved to and retained by the Producer.

7-111

NON-COMMERCIAL PRODUCTIONS

- (A) The terms and conditions of employment for paragraphs (i) and (ii) below shall be governed by the DGA Basic Agreement and when productions in these categories are made, the Producer, with respect thereto shall be bound in all respects by said Basic Agreement.
 - i. The direction of feature motion pictures, or TV motion pictures, or other motion pictures expressly made or used for entertainment purposes shall herein be referred to as "theatrical or television motion pictures."
 - ii. The direction of any non-fiction motion picture or motion picture segment of a news or informational nature (i.e., not intended primarily as entertainment), which has a narrative sequence, whether planned or photographed at random - whether sound or silent - whether or not scripted - whether containing stock footage or footage shot by others, so long as it is assembled for telecast, shall herein be known and referred to as "Non-Fiction Television Production."
- (B) The terms and conditions of employment for paragraphs (i) and (ii) below, shall be governed by the DGA Industrial and Government Supplement of 2009 (see Exhibit D) When a production in these categories is made, the Producer, with respect to such production, may elect to be bound in all respects by said Supplement by signing and providing a copy of Exhibit D to the Guild prior to the start of production.
 - i. The direction of all plotted and/or scripted, staged or dramatic situations, sound or silent, but not intended for theatrical or TV release, and known in the industry as industrial, sales or any other sponsored motion picture shall herein be referred to as "Non-Theatrical Production."

- ii. Government, Non-scripted, Documentary and Classroom Productions. This category shall include:
 - (1) The direction of material which requires no staging of scripted and/or plotted situations, but recording existing actions or processes which are normally in progress, known in the motion picture industry as “nuts and bolts.”
 - (2) Any motion picture which is produced for any government agency or any branch of the Armed Services.
 - (3) Any production of a non-theatrical nature for use in schools and not intended for TV or theatrical release and not carrying any trademark, logo or any sponsor’s message or identification whatsoever.

AICP Companies: see Paragraph 6 (B) of the AICP Sideletter.

7-112 EMPLOYMENT OF ASSOCIATE DIRECTORS

In the event a Producer employs an Associate Director on a commercial, such Employee shall receive the applicable minimum salary for a twelve hour day as set forth in Article 10, Part 2, Article A of the DGA Freelance Live and Tape Television Agreement. All other terms and conditions of employment shall be the terms and conditions applicable to ADs hereunder.

7-113 STUDY COMMITTEE

The parties shall form a study committee composed of an equal number of representatives of the AICP and the DGA (not to exceed 8) to study criteria and guidelines in light of industry and OSHA safety standards for use in the television commercial production industry.

7-114 PRODUCTION SERVICES

The Guild shall give good faith consideration to an Employer’s request to provide production services, as that term is commonly understood in the commercial industry, to non-signatory foreign production companies producing commercials intended solely for foreign markets outside the United States and Canada. In such situations, the Employer shall employ First and Second Assistant Directors as set forth in this Agreement.

7-115 NON-DISCLOSURE STATEMENTS

Employees may be required to sign a Non-Disclosure Agreement which may require the Employee to keep in confidence the substance and content of the production and may include a limitation on the use of cell phones and cameras on set. Such Agreements shall be for the exclusive purpose of ensuring confidentiality, and shall neither limit an Employee's ability to perform covered duties, nor grant any party the right to utilize the Employees voice, likeness, actions and statements in any audio, video, or photographic display or other recording.

Nothing herein shall preclude any party from contracting separately with an Employee for the right to utilize his or her voice, likeness, actions and statements in audio, video, or photographic displays or other recordings.

7-116 WAIVER OF NEW YORK CITY EARNED SICK TIME ACT

In consideration of the fact Employees employed under this Agreement are entitled to contributions for pension and health plan coverage, vacation pay, and premium pay, including for work on holidays and on Employees' sixth and seventh day of work in a workweek, the Guild expressly waives the application of the New York City Earned Sick Time Act of 2013 to all Employees employed under this Agreement.

ARTICLE 8
LOW BUDGET COMMERCIALS

8-100 LOW BUDGET COMMERCIALS

On a Low Budget commercial, salaries for Directors and other DGA-represented Employees shall be individually negotiated. Pension and Health contributions for Directors shall be paid on total gross compensation as defined in Article 3-104 or the minimum rates of pay set forth in Article 4 of this Agreement, whichever is greater. Pension and Health contributions for UPMs and Assistant Directors shall be paid on the minimum rates of pay set forth in Article 5 of this Agreement.

A Low Budget commercial is defined as a commercial whose total costs as set forth on the AICP Film Production Cost Summary do not exceed \$75,000 for a one-day shoot, or \$150,000 for a two-day shoot or \$225,000 for a three-day shoot. No single day's costs may exceed \$75,000.

Producer shall submit to the Guild, no later than thirty (30) days after the last shoot day, the AICP Film Production Cost Summary. Upon request, the Producer

will submit verification of the final budget for such commercial. The Guild shall have the right to audit records relating to the cost of the commercial.

AICP Companies: See Paragraph 9 of the AICP Sideletter.

8-200

LOW BUDGET NON-TRADITIONAL COMMERCIALS

In addition to the provisions contained in Article 8-100, the following additional provisions shall apply to low budget commercials that do not use traditional production methods.

- A. A low budget non-traditional commercial, as defined in this Article 8-200, is a commercial that does not use traditional production methods and whose costs do not exceed \$50,000 on any single shoot day and whose total production costs do not exceed \$500,000 for an advertising campaign.
- B. Not less than forty-eight (48) hours before the first day of production, the Producer shall provide, if available, the Guild with a copy of (i) the budget as awarded by the agency or client, (ii) production schedule, and (iii) agency or client contract. In the event a document is not available at such time, the Producer will provide a copy of the document as soon as it becomes available.
- C. In consideration of the nascent nature of low budget non-traditional commercial production, the parties agree to revisit these provisions in the negotiations for a successor agreement and to make appropriate adjustments to reflect changes in production that occur during the term of this Agreement.

AICP Companies: see Paragraph 8 of the AICP Sideletter.

ARTICLE 9 **SPEC SPOTS AND PSAs**

9-101

SPEC SPOTS

For Directors and all other DGA-represented Employees, salaries shall be individually negotiated and shall be subject to pension and health contributions on the actual negotiated salaries. "Specs Spots" are defined as commercials self-funded by the Producer which are produced without an agency production contract. Salaries shall revert to scale if the "Spec Spot" is sold pursuant to a contract with the agency or client.

9-102 PSAs

On a PSA, as that term is commonly understood in the industry, Directors shall be exempt from minimum salaries and shall be subject to pension and health contributions on the actual negotiated salaries. All other DGA-represented Employees shall be employed under the Agreement. The Guild shall give good faith consideration to a Producer's request for a waiver of all other DGA-represented Employees' minimum salaries.

ARTICLE 10
DURATION OF AGREEMENT

10-100 DURATION OF AGREEMENT

This Agreement shall be effective as of December 1, 2014 and shall terminate at midnight on November 30, 2017, unless sooner terminated as herein provided. The parties agree that sixty (60) days prior to November 30, 2017, they shall in good faith negotiate with respect to a new agreement to take place upon termination hereof.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

Association of Independent Commercial Producers, Inc.

By:_____

Dated:_____

Directors Guild of America, Inc.

By:_____

Dated:_____