

AGREEMENT OF AUGUST 1, 2003

BETWEEN

AND

I.A.T.S.E. & M.P.T.A.A.C., LOCAL #839

THIS AGREEMENT is executed as of this first day of August, 2003 between the following producers: Adelaide Productions, Inc.; Cartoon Network Studios, Inc.; Columbia Pictures Industries, Inc.; DreamWorks Animation LLC; DreamWorks Television Animation LLC; Fox Animation Los Angeles; Fox TV Animation, Inc.; Metro-Goldwyn-Mayer Animation Inc.; RichCrest Animation; Touchstone Television Productions, LLC; Universal Cartoon Studios LLC; Walt Disney Pictures and Television; Warner Bros. Animation, Inc.; as well as others who subsequently become signatory hereto (hereinafter collectively referred to as the “Producer”), on the one hand, and the International Alliance of Theatrical Stage Employes and Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada, and The Animation Guild and Affiliated Optical Electronic and Graphic Arts, Local #839 of the International Alliance of Theatrical Stage Employes and Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada (both hereinafter referred to as the “Union”), on the other hand. In consideration of the mutual agreements hereinafter contained, it is agreed as follows:

WITNESSETH

The basic purposes of this Agreement are:

1. To assist each other in every fair and constructive way to secure uninterrupted work in the Producer’s place or places of business and the general

Basic Purposes of Agreement

stabilization of working conditions therein. To that end, Producer agrees to discuss its annual production schedules and its personnel requirements with the Union.

2. To provide methods for the fair and peaceful adjustment of all disputes between the Producer and the Union or members of the Union for the mutual benefit of the Producer and its employees.

3. Both parties hereto agree that these fundamental purposes shall serve as guiding influence in the settlement of all problems, disputes, grievances and differences between them during the term of this Agreement.

4. The Union hereby warrants and agrees that it is not under any disability of any kind, either arising out of the provisions of its Articles of Incorporation, Constitution, By-laws or otherwise, that will prevent it from fully carrying out and performing each and all of the terms and conditions of the Agreement, and the Producer hereby warrants and agrees that it is not under any disability of any kind, either contractual or otherwise, that will prevent it from fully carrying out and performing all of the terms and conditions hereof.

AUTHORITY OF UNION AND PRODUCER

The Union and the Producer each agrees that it will not maintain or adopt any Articles or By-Laws or any rules or orders which will be in conflict with this Agreement.

Each party hereto agrees that it will not take any action that will impede or prevent the full and complete performance of every term and condition hereof.

Nothing herein contained shall be deemed to vest in Local 839 (hereinafter sometimes referred to as the “Local Union”) any rights, powers or privileges not granted to it by the provisions of the Constitution and By-laws of the I.A.T.S.E. in effect during the life of this Agreement, or which may be inconsistent with said provisions.

As Local #839 is a member of the I.A.T.S.E., nothing in this Agreement shall ever be construed to interfere with any obligation Local #839 owes to the I.A.T.S.E. by reason of a prior obligation.

NOW, THEREFORE, in consideration of the mutual understandings contained, the parties covenant and agree as follows:

ARTICLE 1.
SCOPE OF AGREEMENT

This Agreement shall be applicable to all persons employed by the Producer to perform services in this County of Los Angeles, or employed by the Producer in the County of Los Angeles to perform services outside said County, in any of the job classifications hereinafter set forth except where the employee is required to work under the jurisdiction of another union contract.

ARTICLE 2.
RECOGNITION

The Producer recognizes the International Alliance of Theatrical Stage Employes and Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada as the exclusive collective bargaining representative of all classifications listed in this Agreement, em-

Recognition

ployed by the Producer. The Union makes this Agreement on behalf of such employees employed by the Producer, the majority of whom the Union warrants are members of the Union in good standing.

The Local Union represents that the terms of this Agreement have been submitted to its membership and have been duly approved thereby.

ARTICLE 3. ***SHOP REQUIREMENTS***

A. Each and every employee subject to this Agreement hired by the Producer to perform services in the County of Los Angeles, or hired by the Producer in the County of Los Angeles to perform services outside said County, except where he is required to work under another union's jurisdiction, shall be and remain a member in good standing of the Union on and after the thirtieth (30th) day following the beginning of his first employment, as hereinafter defined, or the effective date of this Agreement, whichever is the later. The foregoing requirements of Union membership as a condition of employment shall be subject to the obligations of the parties under law.

B. The Producer may employ or continue to employ any such employee who does not become or is not a member of the Union as required under Paragraph A. above until

(1) the Union first gives the Producer a written notice that such employee has not become or is not then a member of the Union as above required, because of such

employee's failure to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining such membership, and

(2) such employee fails to tender to the Union such required periodic dues or initiation fees, as the case may be, within three (3) working days after Producer receives such notice in which event Producer upon receipt of written notice by the Union requesting the discharge of such employee for non-membership, as herein provided, shall discharge said employee at the close of shift on which such employee is working at the time Producer receives such notice.

C. Producer agrees to inform the Local Union in writing within seven (7) days (Sundays and holidays excluded) from the date of employment hereafter of any employee subject to this Agreement, of such employee's name, residential address, social security number, classification, applicable scale wage, and date of employment.

Producer agrees to inform the Local Union in writing within seven (7) days (Sundays and holidays excluded) of severance of employment and of permanent promotions.

D. "First employment" as referred to in Paragraph A. of this Article shall (unless determined otherwise by the N.L.R.B., its General Counsel, or a court of competent jurisdiction) mean, in the case of all employees, the first such employment in any of the classifications covered hereunder by any Producer in the animated film cartoon industry in Los Angeles County.

Shop Requirements

E. The parties hereto agree that the above Union security provisions shall be interpreted and enforced in accordance with and subject to the provisions of the National Labor Relations Act, as amended in 1947, or subsequent amendments thereto, or any other applicable law. When and if such National Labor Relations Act, as amended in 1947, is amended to provide more favorable conditions for the Union than those provided herein with respect to said Union security, or if the respective portions of the National Labor Relations Act, as amended in 1947, relating to said Union security are held to be unconstitutional by the Supreme Court of the United States, then in either of such events, the Union may, within sixty (60) days thereafter by written notice to Producer, signify its intention to negotiate a modification of such Union security provisions only.

Such notice shall set forth in detail the proposals and recommendations of the Union. The parties agree to commence negotiations concerning the proposals or recommendations set forth in such notice, within ten (10) days after receipt of such notice by the Producer, and to continue such negotiations diligently and in good faith until agreement is reached on such proposals and recommendations. In the event that no agreement to modify said Union security provision is reached within sixty (60) days after commencement of such negotiations, then within thirty (30) days thereafter, either party hereto may, by not less than sixty (60) days advance written notice to the other party hereto, terminate this Agreement. If no such sixty (60) day notice to terminate is so served, then the terms and conditions of the existing Agreement shall continue in full force and effect.

Wage Scales, Hours of Employment and Working Conditions

ARTICLE 4.
WAGE SCALES, HOURS OF EMPLOYMENT
AND WORKING CONDITIONS

Wage scales, hours of employment and working conditions shall be as set forth in the Wage Scales, Hours of Employment and Working Conditions attached hereto.

A. The rates of pay now being received by any employee shall not be decreased by reason of the execution of this Agreement.

B. It is recognized that weekly employees in classifications covered by this Agreement who are exempt under the Fair Labor Standards Act of 1938, as amended, and whose rate is higher than one hundred ten percent (110%) of the applicable Journey rate may, at the Producer's option, be considered on an "On-Call" basis if mutually agreeable with the employee. An employee placed in such category shall not be subject to the provisions set forth in Article 5 ("HOURS") of this Agreement for work performed on a regularly-scheduled workday as provided in Article 5 hereof and may be required to work additional hours as required during those days. If an employee employed pursuant to Article 5, Paragraph A., below shall be required to work a sixth (6th) or seventh (7th) workday as defined in this Agreement, then he shall be paid one and one-half (1 1/2) times one-fifth (1/5) of the minimum basic weekly rate provided herein for such employee's classification for each day so worked.

C. Nothing in this Agreement shall prevent any individual from negotiating and obtaining from the Producer better conditions and terms of employment than those herein provided. Further, the Union and the Producer agree that the Producer shall have the right to adjust compensation, conditions

Wage Scales, Hours of Employment and Working Conditions

and benefits at the sole discretion of the Producer, but in no event less than the applicable minimum compensation, conditions and benefits provided herein for such employee's classification.

For any employee whose salary is in excess of one hundred and ten percent (110%) of the minimum scale required hereunder, any premium time payments required under this Agreement may be credited, to the extent legally permissible, to all overtime payments required under this Agreement.

D. If an employee shall be engaged in more than one (1) classification of work during any workweek, he shall be paid on a pro rata basis for time spent in each classification.

E. Homework Assignment for Weekly Employees

1. Homework for employees currently employed on a weekly basis shall be voluntary. Overtime, where applicable, shall be paid in accordance with Article 5 ("HOURS") of this Agreement.

2. Contributions to the Pension Plan, Health & Welfare Fund and Retiree Health & Welfare Fund shall include hours worked or guaranteed on homework assignments.

F. Deductions for Time Off

Whether due to tardiness or other causes, deductions shall not be in excess of time lost.

Wage Scales, Hours of Employment and Working Conditions

G. Documentaries and Industrials

The Producer and Union agree to negotiate separate agreements for the production of documentaries, commercials, educational or industrial films when and as needed.

H. Materials: Tools and Equipment

If, because of lack of facilities, the Producer requires an employee to work away from the studio, the Producer will furnish material and tools of the trade customarily furnished by the Producer. Necessary equipment shall likewise be furnished unless the employee has such equipment available.

I. Technological Change

1. Definition of Technological Change: As used herein, the term “technological change” means the introduction of any new or modified devices or equipment for the purpose of performing any work by employees covered by this Agreement, which work directly results in a change in the number of employees employed under this Agreement or which results, with respect to the performance of work in any classification hereunder, in materially changing the job description thereof, if any, provided herein, or in requiring substantially different training, qualification or skills therefor.

2. Producer’s Right to Institute Technological Changes: The parties hereto agree that Producer has the unrestricted right to make technological changes and that

Technological Change

such right shall not be subject to grievance or arbitration or any other proceeding. However, Producer's right to make technological changes shall be subject to the provisions of Subparagraphs 3., 4., 5. and 6. of this Article 4, Paragraph I.

3. *Notice of Technological Change:* If Producer proposes to make any technological change it shall give written notice thereof to Union and to any other union affected by such change. Such notice shall be given as soon as possible but no less than thirty (30) days prior to instituting such change.

4. *Retraining:* If any technological change permanently displaces any person in the performance of his job classification for Producer, and

1) such person, as of the date of such displacement, is entitled under the provisions of Subparagraph 9. hereof to be credited with at least one (1) "qualified year" arising out of his employment by Producer and

2) such person is qualified to be retrained for an available job resulting from such technological change or for other jobs which Producer has available within Union's jurisdiction, or within the jurisdiction of any other union which is a party to the Memorandum of Agreement of 1965, or for any other available job opportunity with Producer,

Producer agrees to endeavor to retrain such person for such available job at Producer's expense in which event the provisions of Subparagraph 5. below shall not apply.

Union agrees, anything in this Agreement to the contrary notwithstanding, to permit such retraining and to cooperate with Producer with respect thereto. Union further agrees for the benefit of other union parties to the Memorandum of Agreement of 1965, in consideration of the inclusion in their respective contracts of a clause identical with this Article 4, Paragraph I, to permit retraining within this Union's jurisdiction of employees displaced from jobs within the jurisdiction of such other union parties, provided, however, that such other union parties' displaced employees are qualified for retraining in this Union's jurisdiction and provided, further, that such permission shall be on condition (applicable to this Article 4, Paragraph I only) that this Union has been notified of such available job and within forty-eight (48) hours thereafter (excluding Saturdays, Sundays and holidays) is unable to furnish competent available persons on the Studio Seniority Roster, if any, applicable to this Union, to fill such available job. Any such persons offered retraining pursuant to this Subparagraph 4. shall, of course, have the right to reject the same, but any such rejection shall discharge Producer's obligations under this Article 4, Paragraph I, unless the job opportunity for which Producer offered retraining was at a lower rate of pay than the job from which employee is being displaced.

5. *Displacement Pay:* If any such technological change permanently displaces any person in the performance of his job classification for Producer, and

Technological Change

1) such person, as of the date of such displacement, is entitled under the provisions of Subparagraph 9. hereof to be credited with at least one (1) “qualified year” arising out of his employment by Producer and

2) such person makes written application to Producer within thirty (30) days after such displacement, to receive Displacement Pay (as herein defined),

Producer shall pay him the amount of compensation set forth in the following table and upon such payment he shall be removed from the Studio Seniority Roster, if any.

<u>Qualified Years As of the Date of Displacement</u>	<u>Number of Weeks of Dis- placement Pay Payable</u>
1 or 2	1
3	1 1/2
4	2
5 to 9 (inclusive)	3
10 or 11	5
12 or 13	6
14 or 15	7
16 or 17	8
18 or 19	9
20 or more	10

The payment of Displacement Pay as above provided shall be separate and apart from any obligation Producer may have to pay Dismissal Pay to such displaced person under the provisions of Article 14 hereof (“DIS-

MISSAL PAY”). Anything in this Subparagraph 5. to the contrary notwithstanding, no such displaced person shall be eligible for Displacement Pay if

1) Producer offers the training referred to in Subparagraph 4. above and such person rejects it, unless the training rejected is for a job at a lower rate of pay, or

2) such person is offered a job by Producer at an equal or better rate of pay, or

3) such person accepts any job with Producer even though such job is at a lower rate of pay.

6. Negotiation of New Rates: If any technological change results, with respect to the performance of work in any classification hereunder, in materially changing the job description thereof, if any, provided herein, or in requiring substantially different training, qualification or skills therefor, and either the Producer or the Union desires to negotiate a new rate or classification for such job, the party desiring such negotiation shall give written notice to such effect to the other party within thirty (30) days following the date upon which any such job is so affected. Upon receipt of such notice the parties shall immediately endeavor to agree upon the proper classification or rate for such job. Any such agreement shall be final and binding upon the parties concerned. If no such agreement is reached within thirty (30) days after such written notice is received, either party to this

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Agreement may within thirty (30) days thereafter invoke Step Three of the grievance procedure provided in Article 15 hereof, or, if they mutually agree to waive Step Three, may proceed immediately to Step Four of the grievance procedure so provided. The rate or classification determined by such agreement or by any arbitration pursuant to Step Four of the grievance procedure shall be effective retroactively to the date upon which any employee commenced performing services in any such affected job, but no reduction in rate shall be retroactive.

7. Experimental Technological Changes: The provisions of Subparagraphs 3., 4., 5. and 6. above shall not apply to any experimental technological change except that, if any such change becomes other than experimental and any increased rate for a job affected thereby is negotiated pursuant to Subparagraph 6. above, such increased rate shall be retroactive to the date upon which an employee commenced performing the changed services in such affected job. As used herein the term “experimental” technological change shall mean a technological change which is instituted by Producer for the primary purpose of determining, under operating conditions, the feasibility and adequacy of performance of any new or modified device or equipment, provided, however, that the change shall no longer be considered experimental after the date upon which its operation by persons under the jurisdiction of this Agreement is no longer subject to supervision by the technicians or engineers con-

cerned with its development. Nothing in this Subparagraph 7. shall be construed to deprive Union of jurisdiction over any job over which it otherwise has jurisdiction hereunder.

8. *Disputes Concerning Retraining, Displacement Pay and Negotiation of New Rates*: If a dispute arises between Union and Producer with respect to any determination required by Subparagraphs 4., 5., 6. or 7. of this Article 4, Paragraph I., such dispute shall be subject to the grievance procedure set forth in Article 15 of this Agreement, but any award arising out of such grievance or arbitration shall be limited to the enforcement of the provisions of said Subparagraphs hereof and shall not affect Producer's right to make technological changes.

9. *"Qualified Years"*: As used herein, the term "qualified years", with respect to any employee, shall refer to the number of consecutive periods, of three hundred sixty-five (365) consecutive days each, calculated backward from the date of his severance, in each of which the employee has been employed by Producer for two hundred (200) or more work days (including paid vacation days as work days), it being understood and agreed that if in any such three hundred sixty-five (365) day period such employee was employed for less than two hundred (200) work days by Producer, such three hundred sixty-five (365) day period shall not be counted as a qualified year but shall be "bridged" for displacement pay purposes, with the result that any such three hundred sixty-five (365) day period or periods prior to

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such “bridged” year in which employee was employed by Producer for two hundred (200) or more work days shall be counted as qualified years, provided, however, that any three hundred sixty-five (365) day period in which employee received any authorized leave of absence without pay shall be extended by the length of such leave, and provided, further, that the computation of qualified years shall be subject to the following exceptions:

a. If an employee is determined to have less than two (2) qualified years, the employee shall be credited with a qualified year only if, in addition to having been employed for at least two hundred (200) or more days in the three hundred sixty-five (365) days immediately preceding the date of displacement, the employee shall have been employed for at least one (1) day during the first six (6) months of the eighteen (18) month period immediately preceding the date of displacement, in which case the employee shall be credited with one (1) qualified year.

b. Any period of two hundred and seventy (270) consecutive days commencing prior to January 31, 1961 in which such employee was not actually employed by Producer will be deemed to have broken the employment record of such employee and no period prior to the completion of such two hundred and seventy (270) days shall be considered in determining qualified years of such employee.

c. With respect to any severance of employment of an employee which occurred between February 1, 1961 and January 31, 1965, both dates inclusive, the passage of two hundred and seventy (270) days following such severance in which such employee was not employed and did not receive an

offer of comparable employment under the terms and conditions specified in the predecessor collective bargaining agreement or this Agreement shall result in his being a new employee for displacement pay purposes upon the completion of such two hundred and seventy (270) day period.

d. If an employee on the date of the displacement from employment under this Agreement after January 31, 1961, with Producer, would otherwise have had one (1), two (2), three (3), or four (4) consecutive “qualified years” with Producer but had received full dismissal pay or displacement pay prior to February 1, 1965, then the employee shall be deemed to be a new employee for displacement pay purposes after being rehired and the applicable consecutive qualified years shall be based and computed only upon employment with Producer after the employee so became such a new employee.

ARTICLE 5.

HOURS

Employees may be employed on a weekly or a daily basis as herein prescribed. The full payroll week shall be midnight Saturday through midnight Saturday.

A. Weekly Employment

1. Employees employed pursuant to this Paragraph A. shall be guaranteed a minimum of forty (40) hours in any five (5) workdays out of seven (7) consecutive days, with two (2) consecutive days off and shall be guaranteed a minimum of one (1) week’s employment. A day off at the end of any workweek immediately followed by another day

Hours

off at the beginning of the next workweek shall satisfy the two (2) consecutive days off requirement. A workday starting on one calendar day and running into the next calendar day shall be credited to the first (1st) calendar day.

All time worked in excess of eight (8) hours per day or forty (40) hours per week shall be paid at one and one-half (1 1/2) times the hourly rate provided herein for such employee's classification.

2. 6th and 7th Days

a. Time worked on the employee's sixth (6th) workday of the workweek shall be paid at one and one-half (1 1/2) times the hourly rate provided herein for such employee's classification. Time worked on the employee's seventh (7th) workday of the workweek shall be paid at two (2) times the hourly rate provided herein for such employee's classification.

b. Minimum call for the sixth (6th) and seventh (7th) days shall be four (4) hours.

3. Absences not to exceed eight (8) hours in any one regularly scheduled workday occasioned by the following shall be included in determining whether or not overtime shall be paid under the applicable clause.

a. Where absence is occasioned by the occurrence of a holiday on which no work is scheduled for the employee concerned.

b. Where absence is occasioned by a certified illness for which the employee is paid sick leave, or by an accident on the job.

c. Where the employee reported to work or was ready and willing to report for work but was laid off for the full day or part thereof due to lack of available work.

d. Where the employee has been granted a leave of absence during his normal working hours in order to conduct Union business.

4. Producer shall give notice of at least five (5) working days to employee of any change in that employee's regular weekly schedule, except when exigencies of production make such notice impractical or impossible. If an employee so notified of such change in his regular weekly schedule requests that Producer delay the implementation of such schedule change due to the employee's unusual or emergency circumstances, the Producer shall not unreasonably or arbitrarily deny such request.

B. Daily Employment

1. Employees employed pursuant to this Paragraph B shall be guaranteed a minimum of four (4) hours in any one day. All time worked up to eight (8) hours per day shall be paid at 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification. All time worked

Hours

in excess of eight (8) hours per day shall be paid at one and one-half (1 1/2) times the applicable hourly rate provided herein for such employee's classification.

2. Employees employed on a daily basis shall receive written confirmation from Producer prior to commencement of employment that employment is on a daily basis.

3. In the event that an employee's employment status is changed from daily to weekly or weekly to daily, written notice of such change shall be furnished to the affected employee at least seven (7) calendar days prior to the effect of such change, except when exigencies of production make such notice impractical or impossible.

4. A weekly employee shall not be changed to daily employment for the purpose of avoiding holiday pay pursuant to Article 6 ("HOLIDAYS") below.

C. Overtime premiums payable under any provision of this Agreement shall not be compounded. When practicable, overtime shall be distributed equally.

D. Golden Hours Provision

All time worked in excess of fourteen (14) consecutive hours (including meal periods) from the time of reporting to work shall be Golden Hours and shall be paid at two (2) times the applicable hourly rate provided herein for such employee's classification.

E. Short Workweek

Weekly employees who are unable to work a full workweek, either at the studio or at home, shall apply to the Union for a waiver.

ARTICLE 6.
HOLIDAYS

A. There shall be nine (9) paid holidays during the year: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day. Every employee shall receive straight time pay for each unworked holiday; double time shall be paid for all work done on said holidays.

B. For holidays not worked, 3.719% of the employee's annual straight time earnings shall be payable upon request of the employee after March 15 in the calendar year subsequent to the calendar year in which such earnings are accumulated. The total amount of salary paid in the period of a calendar year hereunder for recognized holidays not worked shall be offset against an amount equal to 3.719% of such employee's accumulated earnings within the same period. The employee shall be paid the amount by which such 3.719% computation exceeds the amount of holiday pay such employee has received for such period.

C. Said holidays shall be counted as eight (8) hours of work in computing the forty (40) hour week.

D. If any such holiday falls on the sixth (6th) day of an employee's workweek, then the fifth (5th) workday of such employee's workweek shall be considered as the paid holiday, unless another day off is mutually agreed upon

Holidays

by the Producer and the employee.

E. If any such holiday falls on the seventh (7th) day of an employee's workweek, then the first (1st) workday of the following workweek shall be considered as the paid holiday, unless another day off is mutually agreed upon by the Producer and the employee.

F. To make it possible for the employees to enjoy an extended holiday, the sixth (6th) day may be worked in any week in which a holiday falls in place of a regularly scheduled work day, provided it is mutually agreeable between the Producer and the Union. If an employee has not worked forty (40) hours in any such work week, the time worked on the sixth (6th) day shall be paid for at straight time.

G. In the event a holiday should occur during the vacation period on a day the employee is normally scheduled to work, an additional day's vacation shall be allowed an employee, or the Producer, at its discretion, may pay for such extra day in lieu thereof.

H. Procedure for Payment of Vacation and Holiday Pay

The following system shall be implemented regarding the payment of vacation and holiday pay:

1. Producers which currently pay for vacations and holidays on a weekly basis shall continue to adhere to their existing practice.

2. Producers which currently pay for vacations and holidays at the end of the calendar year shall comply with the following procedure:

a. On or about March 15 of the year following the calendar year in which vacation and/or holiday pay was earned, employees and their Local Unions will be notified as to the amount of vacation and holiday pay earned in the preceding year. Employees on payroll may request vacation and holiday pay and schedule their vacations according to the Agreement. Employees on layoff may claim vacation and holiday pay pursuant to the provisions of the existing Agreement.

b. In or about February of the second calendar year following the year in which vacation and/or holiday pay was earned (“the second calendar year”), employees who have not taken or claimed vacation or holiday pay, and their Local Union, will be notified that they must claim such pay by June 1 of that year. On or about May 15 of the second calendar year, the Local Union will be notified that, unless claimed by June 15, unclaimed vacation and holiday pay will be paid to the Motion Picture Industry Pension Plan. On or about June 15 of the second calendar year, unclaimed vacation and holiday pay will be contributed to the Motion Picture Industry Pension Plan and credited to the appropriate employee pension plan account.

ARTICLE 7.
SICK LEAVE

If the Producer has a present policy of granting sick leave, said policy will be continued for the duration of the Agreement.

Vacations

ARTICLE 8.
VACATIONS

All weekly employees covered by this Agreement shall be given vacations as follows:

A. Employees who have had one (1) year of continuous employment with the Producer shall be entitled to two (2) weeks paid vacation.

B. Employees who have been with the Producer more than one (1) continuous year shall accumulate vacation at the rate of one (1) week for each six (6) months of employment.

C. Employees who have less than one (1) year of continuous employment with the Producer whose services are terminated shall be paid vacation pay at the rate of four percent (4%) of straight time earnings.

D. Vacation shall not be cumulative between calendar years and shall be taken at times approved by the Producer. As much notice as possible will be given to employee.

E. An employee's sixth (6th) and seventh (7th) work days occurring during vacation periods are excluded as days granted.

F. When any portion of the vacation period is less than a full payroll week, by mutual agreement between the Producer and the employee, the Producer may grant leave of absence without pay for the remaining fractional portion of the payroll week.

G. The Producer, at its election, may compute any payment of vacation pay on the employee's personal income tax earnings year, or the employee's anniversary year, or the studio's established fiscal vacation year. The Producer will notify the Union accordingly.

H. Additional Vacation Provisions

The following vacation provisions shall apply to employees who meet the necessary eligibility qualifications:

1. Eligibility Requirements

Eligible employees shall be entitled to one hundred twenty (120) hours of vacation after eight (8) years. Eligible employees are those who actually worked for Producer for eight (8) consecutive "eligible" years.

As used in this provision, the term "year" shall mean the employee's personal income tax earnings year (also hereinafter referred to as "tax year"). The Producer, at its election, may substitute for the tax year the employee's anniversary year or the studio's established fiscal vacation year; the term "eligible year" shall mean a tax year in which the employee worked one hundred (100) or more straight time days for Producer; the term "straight time days" shall be deemed to include the five (5) days of employment specified under the normal work week.

Vacations

Any tax year in which employee actually works less than one hundred (100) “straight time days” for Producer shall be excluded in computing the required eight (8) eligible tax years.

Employees who fail to work more than one hundred (100) straight time days for such Producer in each of any two (2) consecutive tax years shall, at the end of such second (2nd) year, be considered a new employee hereunder with no previous employment credit with the Producer for the purpose of establishing the above eligibility requirements; provided, however, that in determining such two (2) consecutive years, no year shall be included (and the straight time days worked in such year shall not be counted for any eligibility purposes hereunder) in which the employee could not work one hundred (100) straight time days for Producer due to either or both of the following:

- a.* The period of recorded leaves of absence granted by the Producer;
- b.* The period during which the employee was absent and physically unable to work for Producer solely as a result of an “Industrial Accident” occurring to such employee while employed by the Producer.

2. Vacation Days and Pay

Such employees who become eligible as above provided shall, beginning with the date they so become eligible, earn with Producer fifty percent (50%) more in

vacation time and money based upon the vacation schedule set forth above. Any such employee shall be limited to earning a maximum of one hundred twenty (120) hours vacation per year; provided that, for the remainder of any such tax year in which such an employee becomes eligible, he shall only earn additional vacation time and money, as above provided, based solely on the straight time days he worked for Producer after he so became eligible and within the remaining portion of such year; to be computed separate and apart at the rate of one-half (1/2) of the vacation benefit specified under the above vacation schedule.

3. Loss of Eligibility

Employees who become eligible, as above provided, but who thereafter either resign from employment with Producer or fail to work for Producer more than one hundred fifty (150) straight time days in any one (1) tax year shall, as of the last day of such tax year or, in the case of resignation, the date of such resignation, lose such eligibility and right to earn the additional vacation days and pay above provided; in such event they shall thereupon be considered new employees hereunder with no previous employment credit with Producer for the purpose of subsequently establishing the above eligibility requirements.

In determining whether any employee loses his eligibility for failure to work for Producer more than one hundred and fifty (150) straight time days in a tax year as

Vacations

above provided, no such year shall be counted for this purpose in which the employee could not work at least one hundred fifty-one (151) straight time days for Producer due to either or both of the following:

a. The period of recorded leaves of absence granted such employee by the Producer;

b. The period during which such employee was absent and physically unable to work for Producer solely as a result of an “Industrial Accident” occurring to him while employed by Producer.

4. Eligibility Credit

For the purposes of determining “eligible” years and “loss of eligibility” only, as above provided, employees who leave the employ of Producer to perform military service and who remain in the Armed Forces of the United States in accordance with the applicable National Selective Service Act (or other subsequently enacted comparable national legislation then in effect pertaining to such service) shall be credited as having worked for Producer the number of applicable days the employee would normally have been employed by Producer for straight time days in each work-week of the period of such service.

5. The method of payment of vacation and holiday pay shall be as set forth in Article 6 (“HOLIDAYS”), Paragraph H.

ARTICLE 9.
NON-DISCRIMINATION

The parties agree to continue to comply with all applicable federal and state laws relating to non-discriminatory employment practices.

ARTICLE 10.
MILITARY SERVICE PROVISIONS

In addition to abiding by all Federal laws in regard to employees serving in the Armed Forces of the United States, the Producer agrees not to deduct any monies from the salary of any employee for time spent in being interviewed or examined by the Draft Board or any Medical Board prior to rejection from or induction into the Armed Forces. The Producer may require evidence of the necessity of such an interview from the Draft Board.

ARTICLE 11.
LOAN OUTS

Employees loaned out by Producer shall continue to retain and to accumulate their seniority and shall receive at least the hourly rate provided herein for such employee's classification. Whenever an employee so loaned out by Producer is actually subjected to any additional expense because of such loan out, then he shall be compensated therefor by the borrowing Producer.

Seniority

ARTICLE 12.

SENIORITY

Seniority shall be cumulative from the first (1st) day of employment with the Producer. Seniority shall be broken by discharge for cause, voluntary resignation (including refusal to accept any job assignment commensurate with the employee's experience at an hourly rate not less than such employee's then-current hourly rate; however, in no instance shall the rate exceed one hundred ten percent (110%) of the average hourly rate for bargaining unit work performed by such employee for Producer over the preceding one (1) year period), unauthorized leave of absence, layoff in excess of twelve (12) months, or an absence in excess of twelve (12) months due to illness or injury. In no event may the above conditions be combined to extend the applicable period.

In hiring, layoffs and recalls, the principle of seniority shall apply as set forth below; except that, where the merit and ability of one individual is, in the sole discretion of the Producer, superior to that of another individual, Producer's judgement shall prevail unless the Union can demonstrate that Producer did not reach its decision fairly and reasonably and without illegal discrimination of any kind. The concept of merit and ability includes an employee's work performance in relationship to the Producer's reasonable production standards, qualitative or quantitative. The principle of promotions from within the organization is hereby acknowledged, but this principle or the seniority principle shall not prevent the Producer from obtaining new talent.

A. Hiring, Layoffs and Recalls

1. If additional personnel are required by the Producer in any classification covered by this Agreement, the Producer agrees to give first preference of employment to persons on layoff with seniority provided merit and ability are relatively equal in the sole discretion of the Producer pursuant to the above.

2. If Producer determines that there are no qualified available persons eligible for recall under Paragraph A.1. above, the Producer agrees to give preference of employment to all qualified available persons having six (6) months or more experience in the animated cartoon industry in any job classification set forth in this Agreement, provided the merit and ability of these applicants are equal to or greater than the merits and abilities of other applicants in the sole discretion of the Producer. The Producer shall in all events exercise said discretion fairly and reasonably and without illegal discrimination of any kind.

In the event that Producer shall employ an individual pursuant to this Paragraph A.2. which individual has not had at least six (6) months experience within Los Angeles County at the time of hire, then Producer shall furnish the Union with a summary of such employee's experience within ten (10) business days of such employee's

Seniority

commencement of employment. The Producer's decision in this regard shall be upheld unless the Union can demonstrate that such decision was arbitrary.

3. In the event there are insufficient available qualified persons under Paragraphs A.1. and A.2. above to meet the employment needs of the Producer in said classifications, the Producer may secure employees from any source.

4. If layoffs in personnel are effected, such layoffs shall be made in conformity with the principle of seniority provided merit and ability are relatively equal in the sole discretion of the Producer pursuant to the preamble of this Article 12. The Producer shall in all events exercise said discretion fairly and reasonably and without illegal discrimination of any kind.

5. Layoffs or reclassifications of personnel shall not result in placing unreasonable or abnormal duties or work upon any of the remaining employees.

6. If an employee is laid off, the Producer shall provide either five (5) days' notice or five (5) days' pay, provided that the layoff was not occasioned by an act of God or other occurrence beyond the Producer's control. Any weekly employee given notice as prescribed above may be laid off prior to the end of such employee's scheduled five (5) day workweek; in such event, such employee shall be paid on a pro rata basis for those days required to complete

his assigned work, but in no event less than the number of days required to comply with the five (5) day notice requirement. Such notice may be given orally but must be confirmed in writing and given to the individual employee.

Without need for additional notice, Producer shall orally advise employee in the event such dismissal date is extended in order to complete an assignment. The foregoing does not affect the Producer's right to prorate payment for a partial workweek.

B. Any alleged violation of any provision contained in this Article 12 shall be arbitrable only by Expedited Arbitration as provided herein, except where the parties shall mutually agree otherwise in writing, in which event such alleged violation may be submitted to Regular Arbitration as provided herein. However, if such alleged violation is submitted to Regular Arbitration, the authority of the Arbitrator to award any damages or remedies to the parties shall nonetheless be governed by the provisions of Expedited Arbitration below.

ARTICLE 13 (none)

ARTICLE 14. DISMISSAL PAY

A. Whenever an employee has been laid off by the Producer for more than one hundred ten (110) days and has not been offered employment by the Producer during that time and is eligible for Dismissal Pay, he or she shall be paid Dismissal Pay according to the provisions of this Article.

Dismissal Pay

B. Employees with three (3) months but less than six (6) months continuous employment shall receive one and one-fourth (1-1/4) day's pay.

C. Employees with six (6) months but less than one (1) year of continuous employment shall receive one (1) week's pay.

D. Employees with one (1) or more years of continuous employment shall receive two (2) weeks'.

E. Employees earning between one hundred percent (100%) and one hundred fifty percent (150%) of the applicable minimum hourly rate on the date of layoff and otherwise entitled to Dismissal pay, shall receive Dismissal Pay calculated at the employee's contracted rate of pay in effect on the date of lay-off. Employees earning more than one hundred fifty percent (150%) of the applicable minimum hourly rate on the date of layoff and otherwise entitled to Dismissal Pay, shall receive Dismissal Pay calculated at one hundred fifty percent (150%) of the applicable minimum rate in effect on the date of lay off, unless a higher rate has been previously negotiated and agreed upon between the employee and the Producer.

Neither interest, penalty or additional payment of any kind shall be applicable in the event of non-timely payment of Dismissal Pay.

F. Employees who are discharged for cause or who voluntarily resign (including failure to accept any job assignment commensurate with the employee's experience at an hourly rate not less than such employee's then-current hourly rate; however, in no instance shall the rate exceed one hundred ten percent (110%) of the average hourly rate for bargaining unit work performed by such employee for Producer over the preceding one (1) year

period) or who are laid off as a result of physical incapacity, epidemic, fire, action of the elements, strikes, walk-outs, labor disputes, governmental order, court order or order of any other legally constituted body, act of God, public enemy, war, riot, civil commotion, or for any other cause or causes beyond the control of the Producer, whether of the same or any other nature, shall not be entitled to the above Dismissal Pay.

G. For purposes of this Article only, continuous employment shall begin from the employee's starting date. Continuous employment shall be broken by:

1. Voluntary resignation (including failure to accept any job assignment commensurate with the employee's experience at an hourly rate not less than such employee's then-current hourly rate; however, in no instance shall the rate exceed one hundred ten percent (110%) of the average hourly rate for bargaining unit work performed by such employee for Producer over the preceding one (1) year period);
2. Discharge for cause;
3. Layoff for more than ninety (90) days;
4. Absence due to illness or injury in excess of twelve (12) months; or
5. Unauthorized leave of absence.

Dismissal Pay

An employee re-employed after his continuous employment has been broken as stated above in Paragraph F.3. shall be considered a new employee with respect to Dismissal Pay, but this shall not affect his seniority.

ARTICLE 15. GRIEVANCE PROCEDURE

In the event of any dispute between the Local Union or any of the persons subject to this Agreement and the Producer with regard to discipline (up to and including discharge), wages, hours or other conditions of employment or with regard to the interpretation of this Agreement, the procedure, unless otherwise specifically provided herein, shall be as set forth in this Article 15.

Failure to settle the dispute within ten (10) business days after the invocation of Step One entitles either party to proceed to Step Two; failure to settle the dispute within ten (10) business days after the invocation of Step Two entitles either party to proceed to Step Three, or to Regular Arbitration in the event of a written mutual agreement between the parties to waive the Step Three procedure, or to Expedited Arbitration in cases requiring such; failure to settle the dispute within ten (10) business days after the invocation of Step Three, or the written mutual agreement to proceed to Step Three in cases requiring Expedited Arbitration, entitles either party to proceed to Regular Arbitration, or to Expedited Arbitration in cases requiring such.

In the event the grieving party does not exercise its option to proceed to the next step by serving notice upon the other party as required hereunder within ten (10) business days of entitlement to do so as provided herein, then such grieving party shall be deemed to have waived such grievance unless the parties mutually stipulate otherwise in writing.

Each party agrees to provide, upon written request by the other party, non-proprietary information which is relevant and necessary to the processing of any grievance hereunder. Such information shall be provided to the requesting party in a timely manner.

STEP ONE—The representative of the Local Union and the Producer’s representative shall immediately discuss the matter and the dispute shall be settled if at all possible. The decision, if any, of these representatives shall be final and binding upon the parties to the dispute.

STEP TWO— In the event of a failure to settle the dispute under Step One above, the grieving party shall present the grievance in written form to the Representative of the other party. Such written notice shall contain the specific contract section(s) which are alleged to have been violated, the date(s) or approximate date(s) of the alleged violation(s), the specific facts and details or a summary of the alleged violation(s) on which the grievance is based, the name of the production (if any), the remedy sought and the name(s) of the individual(s) aggrieved, except for group claims for which the classification(s) of the individuals aggrieved shall be listed.

In the event the party receiving the Step Two notice does not feel that the written notice complies with the preceding, then the party receiving the Step Two notice shall notify the grieving party within five (5) working days of receipt of such Step Two notice. This response shall indicate those areas in which more specific information is required. The grieving party shall then have five (5) working days to provide such additional information. This procedure tolls the running of the time limitations otherwise applicable.

Grievance Procedure

The Business Agent of the Local Union and the Labor Representative of the Producer will then meet in an attempt to settle the same; their decision, if any, shall be final and binding upon the parties to the dispute.

STEP THREE — In the event of a failure to settle the dispute under Steps One or Two above, the aggrieved party shall deliver to the other party a written notice of intent to proceed to Step Three. The grievance shall thereupon be presented to a Grievance Committee. Such Committee shall consist of an International Representative of the IATSE and a representative of the CSATF. Such Grievance Committee shall immediately discuss the matter and the dispute shall be settled if at all possible.

Upon written mutual agreement of the parties, this Step Three procedure may be waived and the aggrieved party may proceed directly to Step Four.

In any case where Expedited Arbitration is required pursuant to Article 12 (“SENIORITY”) or Article 16 (“DISCIPLINE AND DISCHARGE”) hereof, this Step Three process shall not apply unless the parties mutually agree otherwise in writing.

STEP FOUR

A. REGULAR ARBITRATION: In the event of a failure to settle the dispute under Steps One, Two or Three above, the aggrieved party may elect to proceed to Regular Arbitration by delivering or mailing to the other party a written demand for arbitration. In such event, an Arbitrator shall be mutually agreed upon by the parties to the dispute and such Arbitrator shall promptly proceed to hear the matter and settle the dispute. In the event the parties to the

dispute cannot mutually agree upon said Arbitrator as aforesaid, then the aggrieved party may immediately request the Federal Mediation and Conciliation Service (“FMCS”) to submit a list of five (5) names of Arbitrators to the parties to the dispute for the purpose of selection of an Arbitrator; each party shall be entitled to strike two (2) names from the list of five (5) names submitted by the FMCS and the remaining name shall be the sole Arbitrator to hear and determine the matter. The selection of such Arbitrator shall be made within five (5) workdays, excluding Saturdays, Sundays and holidays, after receipt by the parties to the dispute of the names of the Arbitrators submitted by the FMCS. The Arbitrator selected shall notify the parties as to the time and place of the arbitration hearing if the parties cannot agree.

The subject of the arbitration shall be limited to the specific issues and facts set forth in the written notice required under Step Two above. The decision of the Arbitrator shall be binding upon the parties hereto and upon the persons subject to this Agreement. The Arbitrator shall have the power to interpret and apply the provisions of this Agreement, but shall not have power to amend or modify any of its provisions, nor shall he have power to effect a change in any of its provisions. The Arbitrator shall not have power to determine jurisdictional disputes between the Local Union and any other labor organization.

Fees and expenses of the arbitration shall be borne equally by the parties to the dispute.

B. EXPEDITED ARBITRATION: In cases involving any alleged violation of any provision of Article 12 (“SENIORITY”) or Article 16 (“DISCIPLINE AND DISCHARGE”), in the event of a failure to settle the

Grievance Procedure

dispute under Steps One or Two or, if applicable, Step Three above, the aggrieved party may elect to proceed to Expedited Arbitration by delivering or mailing to the other party a written demand for Expedited Arbitration.

Cases that are submitted to Expedited Arbitration shall be heard within ten (10) business days after the party served receives the demand for Expedited Arbitration if the selected Arbitrator is available. If the Arbitrator is not available, he may hear the case as soon as mutually agreed by the parties. The method of selection of the Arbitrator shall be as prescribed under Paragraph A. Regular Arbitration above. The parties, who may be represented by outside counsel, will not file post-hearing briefs nor will a stenographic record be made, but the parties may, prior to or during the hearing, present a written statement of the facts. The Arbitrator shall have authority to rule on all motions and decide the case. The writing of an opinion will be at the discretion of the Arbitrator. The decision of the Arbitrator, which shall be issued orally at the conclusion of the hearing and confirmed in writing to both parties within three (3) days, or which shall be issued in writing within three (3) days from the conclusion of the hearing (the choice being at the sole discretion of the Arbitrator), shall be final and binding upon the parties and any employees concerned. The Arbitrator shall have the power to determine only the specific grievance or dispute and, where applicable, award wage payments, adjustments and/or damages consistent with this Agreement, but in no event shall the amount of any such award exceed fifteen thousand dollars (\$15,000.00). The Arbitrator shall not have power to amend, modify or effect a change in any of the provisions of this Agreement. The Arbitrator shall not have power to determine jurisdictional disputes between the Local Union and any other labor organization. The decision of the Arbitrator shall be non-precedential and his decision and/or opinion, if any, shall not be offered or admitted into evidence

in any proceeding other than 1) a judicial act seeking confirmation, correction or vacation of such decision, or 2) a grievance or arbitration proceeding involving the Producer and Local Union.

Fees and expenses of the arbitration shall be borne equally by the parties to the dispute.

CLAIMS — Any grievance for the payment of wages not presented under Step Two within three hundred and sixty-five (365) calendar days after the employee is entitled to such wages shall be deemed to be waived. Any grievance for the payment of Dismissal Pay not presented under Step Two within one hundred and twenty (120) calendar days after the date the employee is eligible under Article 14 for such Dismissal Pay shall be deemed to be waived. Any grievance arising from an alleged breach of any provision contained in Article 12 (“SENIORITY”) or Article 16 (“DISCIPLINE AND DISCHARGE”) hereof not presented under Step One within ten (10) business days after the occurrence of the subject matter of the grievance shall be deemed to be waived. Any other grievance not presented under Step Two within sixty (60) calendar days after the occurrence of the subject matter of the grievance shall be deemed to be waived.

Upon mutual agreement of the parties, the powers hereby granted to the Arbitrator may be deemed to include, among the other powers specifically granted by the terms hereof, such other and additional powers granted to an Arbitrator pursuant to the provision of Sections 1280 to 1292, inclusive, of the Code of Civil Procedures of the State of California; the parties hereto hereby agree that the Superior Court of the State of California in and for the County of Los Angeles, may, upon notice to both parties hereto, specifically enforce any decision or award made by said Arbitrator.

ARTICLE 16.
DISCIPLINE AND DISCHARGE

A. The Producer shall have full rights to discipline or discharge for cause any employee subject to this Agreement, provided that the rules set forth in this Article have been followed; provided that an employee, when hired by the Producer for the first time or rehired after a break in seniority, may be discharged or disciplined for any reason during his first sixty (60) days of employment (“Probation Period”). Producer may be granted an additional thirty (30) day extension of the Probation Period upon request to the Union, which request shall not be unreasonably denied. Employees who have completed the applicable Probation Period shall only be disciplined or discharged for cause.

B. Before any employee subject to this Agreement shall be discharged for unsatisfactory work performance, including qualitative and quantitative work performance, at least two (2) written notices shall have been served upon the employee. If the employee cannot be contacted, the Producer shall so notify the Business Representative of the Local Union.

C. The first (1st) notice shall clearly state in what manner the employee’s work performance is considered to be unacceptable, and shall clearly warn the employee of the possibility of discipline including discharge if his work performance does not improve.

The second (2nd) notice may be served upon the employee no sooner than five (5) working days after the service of the first (1st) notice. The second (2nd) notice, if final, shall set the date and time of termination of employment, which may be contemporaneous with such notice.

D. Copies of all notices provided for in this Article shall be mailed or delivered to the Business Representative not more than two (2) working days after service of the notice to the employee.

E. Failure of an employee to challenge a disciplinary warning notice shall not constitute an admission of guilt under that warning notice. Disciplinary memos issued to an employee are admissible evidence in a grievance and/or arbitration proceeding. However, such disciplinary memoranda issued more than one (1) year prior to the incident or event giving rise to said grievance shall not be admissible. The employee shall have the right to challenge such disciplinary memo under the grievance and arbitration procedure of this Agreement.

F. An employee need not be warned prior to any possible disciplinary action based on dishonesty, alcohol or drug use, fighting, gross insubordination, recklessness resulting in serious accident while on duty, gambling, or other offenses of a similar nature. The foregoing is not intended to affect the meaning of “cause”.

G. Any alleged violation of any provision contained in this Article 16 shall be arbitrable only by Expedited Arbitration as provided herein, except where the parties shall mutually agree otherwise in writing, in which event such alleged violation may be submitted to Regular Arbitration as provided herein. However, if such alleged violation is submitted to Regular Arbitration, the authority of the Arbitrator to award any damages or remedies to the parties shall nonetheless be governed by the provisions of Expedited Arbitration.

Leave of Absence

ARTICLE 17. LEAVE OF ABSENCE

A. The Producer may grant a leave of absence with or without pay to any employee for a period of up to six (6) months. Based on the operational needs of Producer, such leave may be extended by Producer in increments of up to thirty (30) days.

B. An initial leave of absence of thirty (30) consecutive days or less shall not be deducted from the continuous employment record of employee.

C. In a leave of absence of more than thirty (30) consecutive days, the number of days in excess of such thirty (30) days shall be deducted from the continuous employment record of the employee, except in case of jury duty. The Producer will notify the Local Union of any leave of absence in excess of thirty (30) days. Inadvertent failure to notify the Local Union shall not be considered a breach of this Agreement

ARTICLE 18. EMPLOYEE BENEFITS

A. Pension Plan

The Producer shall, for the period commencing August 1, 2003 to and including July 31, 2006, pay to the Motion Picture Industry Pension Plan through its Administrator in accordance with the provisions of the I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement, except as modified in the unit rates of the Animation Guild CBA Wage Minimums, 8/1/2003-7/31/2006 on pages 76-77 of this agreement. The on-call weekly schedules contribution rates shall remain unchanged from the 2000 Agreement.

B. Health & Welfare Fund

Provisions of the Motion Picture Health & Welfare Fund shall be as provided in the I.A.T.S.E. & M.P.T.A.A.C. Basic Agreement of 2003, except as modified in the unit rates of the Animation Guild CBA Wage Minimums, 8/1/2003-7/31/2006 on pages 76-77 of this agreement. The on-call weekly schedules contribution rates shall remain unchanged from the 2000 Agreement.

C. Retirees' Health & Welfare Fund

Provisions of the Retiree Health & Welfare Fund shall be as provided in the I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2003. The on-call weekly schedules contribution rates shall remain unchanged from the 2000 Agreement.

D. Supplemental Markets

Provisions of the supplemental markets shall apply to animated features as provided in the 2003 I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement.

ARTICLE 19.
PRODUCER'S RIGHTS

Except as expressly limited by the specific provisions of this Agreement, the Producer retains, among other rights, the sole and exclusive prerogative to determine the types of production to be made, locations, schedules of productions, methods, processes and means of production, the size of its workforce and facilities and workshifts, starting and stopping times, to hire,

Producer's Rights

promote, discharge or discipline for cause, including unsatisfactory work standards, qualitative or quantitative, to increase wages above the rates set forth in this Agreement for excellent work performance, qualitative or quantitative, to maintain discipline and efficiency of employees, to subcontract out work, to assign personnel special work requirements and overtime, and to do all things necessary and lawful to run its business. The foregoing list of rights reserved to Producer shall not be construed as complete or exhaustive. Accordingly, any rights not expressly limited by the specific provisions of this Agreement are reserved by, and shall be exclusive to, Producer. Such rights shall not be used directly or indirectly to illegally discriminate against any employee.

ARTICLE 20. ***STUDIO PASS***

The duly authorized Business Representative of the Local Union shall be furnished a pass to the studio. He shall be permitted to visit any portion of the Studio necessary for the proper conduct of the business of the Local Union during working hours provided that any such visits shall not unreasonably interrupt production.

ARTICLE 21. ***GENERAL PROVISIONS***

A. Posting of Notices

The Union shall be accorded the privilege of posting official bulletins or Union notices on the regular bulletin boards on the premises in which its members are employed. It shall not post notices of a political nature.

B. Screen Credit

Screen credit shall be required to be given only to the classifications of animation, story, background and layout in theatrical pictures and in television pictures of one-half (1/2) hour or longer network shows which are now non-segments. Credits shall be given on a per picture or show basis for work performed.

In any screen credit dispute under this section., the parties will refer any unresolved disputes to the President of the I.A.T.S.E. (or his designee) and the Head of the Labor Relations Department of the affected studio for adjudication. The decision of the adjudicators is final and is not subject to grievance and arbitration procedures.

C. New Classifications

In the event any classifications of employment are created during the life of this Agreement, the wage scale for employees in such new or additional classifications shall be negotiated by the Local Union and the Producer and shall thereupon become a part of this Agreement.

D. Safety

1. It is agreed by the parties that too great an emphasis cannot be placed on the need to provide a safe working environment. In that context, it shall be incumbent on Producer to furnish employment and a place of employment which are safe and healthful for the employees therein; to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations, and pro-

cesses which are reasonably adequate to render such employment and place of employment safe and healthful; to do every other thing reasonably necessary to protect the life, safety and health of employees. Correspondingly, Producer shall not require or permit any employee to go or be in any employment or place of employment which is not safe and healthful. In addition, Producer and every employee shall comply with occupational safety and health standards and all rules, regulations and orders pursuant to applicable laws which are applicable to his own actions and conduct; no person (employer or employee) shall remove, displace, damage, destroy or carry off any safety device, safeguard or notice of warning furnished for the use in any employment or place of employment; no person shall interfere with the use of any method or process adopted for the protection of any employee, including himself, in such employment or place of employment.

2. Rigid observance of safety regulations must be adhered to and willful failure of any employee to follow safety rules and regulations can lead to disciplinary action including discharge; however, no employee shall be discharged or otherwise disciplined for refusing to work on a job that exposes the individual to a clear and present danger to life or limb. No set of safety regulations, however, can comprehensively cover all possible unsafe practices of working. The Producer and the Union therefore undertake to promote in every way possible the realization of the responsibility of the individual employee with regard to preventing accidents to himself or his fellow employees.

3. It is also agreed that, when unresolved or continuing disputes exist regarding Safety and Health compliance, non-compliance or interpretation therein of Title 8, Chapter 4, Subchapter 7, General Industry Safety Orders, said disputes shall be referred to the Alliance of Motion Picture and Television Producers and CSATF-administered Labor Management Safety Committee for review, investigation, interpretation and advisory recommendations to the Producer. It is understood that it is not the responsibility of the Safety Committee, or any member of the Committee, the IATSE or its Local Unions, the Basic Crafts, CSATF or the AMPTP to implement or comply with any such recommendations.

4. The Labor Management Safety Committee shall meet at least once a month.

5. The cost of the Labor Management Safety Committee will be borne by the Contract Services Administration Trust Fund.

6. A separate bulletin shall be issued by the AMPTP to provide the following:

a. The Producer reaffirms its commitment to regularly inspect the studio working areas and to establish preventive maintenance procedures to assure safe working conditions.

Safety

b. Complaints of unsafe conditions will be promptly investigated by the Producer and appropriate action will be taken if the Producer finds that an unsafe condition does exist.

c. Each Producer will designate an individual as the responsible safety officer for its respective studio, facility, laboratory or location site. Except on location, each safety officer will have a well-publicized “hot-line” phone number which employees can anonymously call to alert management to any existing safety problems which may require correction.

d. The Producer will provide access to all working areas to the Safety Director of CSATF so that he will periodically inspect same.

e. Communications regarding safety policy will be made available to all affected employees directly or by posting on bulletin boards.

7. An employee’s failure to successfully complete required safety training courses shall be grounds for disciplinary action.

E. Subcontracting

1. Within Los Angeles County

The Producer retains the right to purchase or rent stock art work and/or stock film of any kind or nature.

The Producer shall not, by independent contract or subletting, utilize the services of any individual, firm, partnership or corporation to perform work in Los Angeles County, California which would otherwise be performed by

available and qualified persons subject to this Agreement unless such work is performed at wages and conditions no less favorable than those provided herein.

However, before any such work is subcontracted or sublet, the Producer agrees to discuss the matter with the Business Representative of the Union.

2. Outside Los Angeles County

Producer agrees that, fourteen (14) days prior to the commencement of a production outside the County of Los Angeles, Producer shall give written notice to the Local Union of the name of the production and the general nature and approximate length of production work to be performed. Notwithstanding the foregoing, if Producer itself has less than twenty-one (21) days advance notice, it shall provide such written notice to the Local Union as soon as reasonably possible. All information shall be held by the Local Union in strictest confidence.

F. Stewards

The Business Representative of the Union may appoint a reasonable number of stewards to inspect all working conditions affecting the term of this Agreement. Any member so appointed shall be permitted to perform these duties provided that such duties do not interfere with his work or with production activities. The Union shall discuss the matter with the Producer before making such an appointment.

Supervisory Employees

G. Supervisory Employees

Notwithstanding anything contained in the Constitution and By-laws of the Union, or in the obligation taken by a person upon becoming a member of the Union, or otherwise, which directly, indirectly or by implication places upon a supervisory employee within the meaning of that term as set forth in the Labor Management Relations Act of 1947, as amended, the duty or obligation to accord an unlawful employment preference to members of the Union, such supervisory employee shall not give or recommend any unlawful employment preference, and the Union shall not in any manner discipline or threaten with discipline any such supervisory employee for failing or refusing to give or recommend any such unlawful employment preference.

H. Quarterly Reports

Producer agrees to provide the Union with a quarterly report of the name, earnings and hours worked of each employee subject to this Agreement.

I. Personal Service Contracts

1. The Producer agrees that any Personal Service Contract entered into between the Producer and the employee for work performed under the jurisdiction of the Local Union shall provide that all of the applicable provisions of this Agreement between the Producer and the Local Union shall be deemed by reference to be incorporated and made a part of the Personal Service Contract.

2. If any such work at the Producer's discretion is to be performed away from the studio premises, such agreement shall be reduced to writing and a copy furnished to the Local Union within seven (7) working days.

J. No Strike — No Lockout

The Union agrees during the existence of this Agreement, unless the Producer fails to comply with an arbitration award, not to strike against, picket or boycott the Producer for any reason whatsoever, and to order its members to perform their obligations to the Producer hereunder and to use its best efforts to get the employees to perform such obligations. The Producer agrees not to engage in any lockout unless the Union fails to comply with an arbitration award. However, the Producer's or Union's properly-served notice to the other party of its intention to attempt to set aside an arbitration award in a court of competent jurisdiction (including continuation through the appropriate appeals procedure) shall not constitute failure to comply with said award.

The Producer will not discipline any employee covered by this Agreement because of his refusal as an individual to cross an I.A.T.S.E. picket line, provided that such picket line has been sanctioned by the I.A.T.S.E.

No employee covered by this Agreement shall be required by the Producer to go through any picket line where there is an actual and imminent danger of bodily harm to the employee.

K. Gender — Included Meanings

Words used in this Agreement in the masculine gender include the feminine and the neuter.

Computer As A Tool

L. Computer As A Tool

The parties to this agreement recognize that the computer can be one of the many tools utilized by artists performing animation duties traditionally covered under this Agreement. The sole fact that an artist performs such traditional animation duties on a computer will not serve to remove such artist from coverage under this Agreement.

M. Co-Operative Committee

A Co-Operative Committee will meet on an ad hoc basis to explore mechanisms to increase employment opportunities under the Collective Bargaining Agreement.

ARTICLE 22.

CONTRACT SERVICES ADMINISTRATION TRUST FUND

A. The Producer shall pay to the Contract Services Administration Trust Fund ("CSATF") three cents (\$0.03) per hour for each hour worked or guaranteed hereunder.

Effective August 3, 2003, increase by one cent (\$.01) per hour the contribution rate to CSATF for those Employers currently paying three cents (\$.03) per hour for so long as is necessary to fund the Safety Passport Program. Thereafter, the one cent (\$.01) per hour increase shall revert to such lesser amount as is required to fund the ongoing needs of the Safety Passport Program.

B. The Producer will establish a procedure whereby any interested party may contact CSATF to obtain information relative to the past employment of an individual on a specific motion picture. In response to such an

inquiry, CSATF will make a good faith effort to contact the involved Producer and secure such information on behalf of the interested party. The Producer on its part will make a good faith effort to respond to such inquiries by CSATF.

ARTICLE 23.
TERM OF AGREEMENT

A. Except as noted in this Article, the term of the Agreement shall be for a period of thirty-six (36) months commencing August 1, 2003 and continuing to and including July 31, 2006.

B. Without affecting the status of the International Union as bargaining agent for the employees covered hereby, this Agreement authorizes Local Union 839 to conduct the bargaining for such employees on matters relating to wages, hours, conditions and the term of the Local Agreement, except that the International Union will do the bargaining relating to pension, health and welfare and CSATF.

C. Either party may, by written notice to the other, served on or before May 1, 2006, request renegotiations of the “Wage Scales, Hours of Employment and Working Conditions” of this Agreement. Such notice shall set forth in detail the proposals or recommendations of the party serving said notice of request for renegotiations. If such notice is served, the parties agree to commence negotiations within thirty (30) days after May 1, 2006 concerning the proposals or recommendations set forth in such notice and to continue negotiations diligently and in good faith on such proposals and on counter proposals relating to the above said subject matter which are submitted in such negotiations.

Term of Agreement

D. Retroactive Terms and Effective Dates

The terms and conditions of this Agreement relating to wages, pension contributions, health and welfare contributions, retiree health and welfare contributions, supplemental markets contributions and CSATF contributions shall be effective commencing with August 3, 2003. All other terms and conditions of this Agreement shall be effective commencing the day after the ratification of this Agreement.

ARTICLE 24. TALENT DEVELOPMENT PROGRAM

A Talent Development Program has been established by Producer. Trainees shall be added to or deleted from the Talent Development Program, at the discretion of Producer, on a nondiscriminatory basis. Producer shall notify the Local Union of the name and date of hire of each Trainee.

The normal period of enrollment in the Talent Development Program shall be eighteen (18) months. At the discretion of Producer, a Trainee may be placed in an appropriate classification and paid as set forth in the current Agreement between Producer and the Local Union before the end of the eighteen (18) months or allowed additional time to complete the program where extenuating circumstances exist.

Trainees who have not completed the Talent Development Program shall not receive Seniority and the dismissal of a Trainee from the Program and/or employment shall not be subject to the Grievance procedure.

Each and every Trainee shall be and remain a member in good standing of the Union on and after the ninetieth (90th) day following the beginning of his employment with Producer. Any Trainee who is a member of the Union at the time of entry into the Program will be required to remain a member in good standing. It is not the intent of Producer to utilize this Program to perform work which would otherwise be performed by available and qualified persons subject to this Agreement. After the initial thirty (30) days of training, Trainees may perform production services within the scope of this Agreement as long as a full complement of non-Trainees is maintained in accordance with Producer's past practice of staffing.

The wage scales and hours of employment shall be as set forth on page 50 of this Agreement.

The provisions of this Agreement shall be applicable except where modified by this Article or where it may not be practical to apply certain provisions of this Agreement to the Talent Development Program.

ARTICLE 25.
MISCELLANEOUS

The parties acknowledge that, during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties, after the exercise of that right and opportunity, are set forth in this Agreement. Therefore, the Producer and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right and each agrees that the other shall not be obligated to bargain

Miscellaneous

collectively with respect to any subject or matter referred to or covered in this Agreement or with respect to any subject or matter not specifically referred to or covered by this Agreement.

All provisions of this Agreement shall be subject to and superseded by the laws, rules, regulations, requirements and orders which may be imposed by the Government of the United States and/or the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective on the day and year first herein written.

AGREED TO:

ADELAIDE PRODUCTIONS, INC.

By: _____

Print name _____

Title: _____ Date: _____

.....
CARTOON NETWORK STUDIOS, INC.

By: _____

Print name _____

Title: _____ Date: _____

.....

COLUMBIA PICTURES INDUSTRIES, INC.

By: _____

Print name _____

Title: _____ Date: _____

.....

DREAMWORKS ANIMATION LLC

By: _____

Print name _____

Title: _____ Date: _____

.....

DREAMWORKS TELEVISION ANIMATION LLC

By: _____

Print name _____

Title: _____ Date: _____

.....

FOX ANIMATION LOS ANGELES

By: _____

Print name _____

Title: _____ Date: _____

.....

FOX TV ANIMATION, INC.

By: _____

Print name _____

Title: _____ Date: _____

.....

METRO-GOLDWYN-MAYER ANIMATION INC.

By: _____

Print name _____

Title: _____ Date: _____

.....

RICHCREST ANIMATION

By: _____

Print name _____

Title: _____ Date: _____

.....

TOUCHSTONE TELEVISION PRODUCTIONS, LLC

By: _____

Print name _____

Title: _____ Date: _____

.....

UNIVERSAL CARTOON STUDIOS LLC

By: _____

Print name _____

Title: _____ Date: _____

.....

WARNER BROS. ANIMATION, INC.

By: _____

Print name _____

Title: _____ Date: _____

.....

WALT DISNEY PICTURES AND TELEVISION

By: _____

Print name _____

Title: _____ Date: _____

.....

By: _____

Print name _____

Title: _____ Date: _____

.....

THE ANIMATION GUILD AND AFFILIATED OPTICAL
ELECTRONIC AND GRAPHIC ARTS, LOCAL #839 I.A.T.S.E.

By: _____
Steven R. Hulett

Title: Business Representative Date: _____

.....

THE INTERNATIONAL ALLIANCE OF THEATRICAL STAGE
EMPLOYES AND MOVING PICTURE TECHNICIANS, ARTISTS AND
ALLIED CRAFTS OF THE UNITED STATES, ITS TERRITORIES AND
CANADA

By: _____

Print name _____

Title: _____ Date: _____

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 <u>HOURLY WEEKLY</u>	Second period 8/1/2004-7/30/2005 <u>HOURLY WEEKLY</u>	Third period 7/31/2005-7/31/2006 <u>HOURLY WEEKLY</u>
<u>ANIMATION</u>			
21-012 Animator**			
21-032 Background**			
21-042 Layout**			
21-052 Model Designer**			
21-022 Animation Story Person/Animation Writer**			
Production Board***			
Staff Comic Strip Story Person and/or Artist			
1st 6 months	31.576	1,263.04	33.336 1,333.44
2nd 6 months	32.311	1,292.44	34.113 1,364.52
Journey	33.544	1,341.76	35.414 1,416.56

(Subject to right of Producer to request extension - limited to one six-month extension)

21-112 Key Assistant Animator	32.116	1,284.64	33.907 1,356.28
-------------------------------	--------	----------	-----------------

21-102	Assistant Animator								
21-122	Assistant Background Assistant Layout								
21-132	Assistant Model Designer								
21-802	Assistant Staff Comic Strip Story Person and/or Artist								
	1st 6 months	26.638	1,065.52	27.304	1,092.16	28.123	1,124.92		
	2nd 6 months	27.316	1,092.64	27.999	1,119.96	28.839	1,153.56		
	Journey	28.604	1,144.16	29.319	1,172.76	30.199	1,207.96		
	(Subject to right of Producer to request extension - limited to one six-month extension)								
21-142	Breakdown								
	1st year	24.347	973.88	24.956	998.24	25.705	1,028.20		
	Journey	25.041	1,001.64	25.667	1,026.68	26.437	1,057.48		

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

** An Animator, Background or Layout person designated by the Producer to be responsible for and supervise the work of others in his classification shall be paid the key rate of 15% above the minimum Journey rate for his classification during such an assignment.

*** Producer agrees to pay to the Production Board classification the key rate of 15% above minimum at all times as provided.

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	Weekly employment*		
	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
21-152	Inbetweener		
	1st 6 months	23.089	23.782
	2nd 6 months	23.778	24.491
	Journey	24.674	25.414
21-202	Apprentice Layout, Model Designer, Background and Production Board		
	6 months	24.928	25.676
21-232	(Subject to right of Producer to request one six-month extension)		
	Blue Sketch		
	1st year	24.438	25.171
	Journey	25.160	25.915
21-312	Story Sketch		
	1st year	30.346	31.256
	Journey	30.823	31.748

21-322	Apprentice Animation Story Person and/or Apprentice Story Sketch	1st 6 months	24,385	975.40	24,995	999.80	25,745	1,029.80
		2nd 6 months	28,175	1,127.00	28,879	1,155.16	29,745	1,189.80
(Subject to right of Producer to request extension - limited to one six-month extension)								
21-332	Assistant Director	1st 6 months	25,371	1,014.84	26,005	1,040.20	26,785	1,071.40
		2nd 6 months	27,737	1,109.48	28,430	1,137.20	29,283	1,171.32
		3rd 6 months	30,107	1,204.28	30,860	1,234.40	31,786	1,271.44
		Journey	31,483	1,259.32	32,270	1,290.80	33,238	1,329.52
21-335	Sheet Timer	1st 6 months	25,371	1,014.84	26,005	1,040.20	26,785	1,071.40
		2nd 6 months	27,737	1,109.48	28,430	1,137.20	29,283	1,171.32
		3rd 6 months	30,107	1,204.28	30,860	1,234.40	31,786	1,271.44
		Journey	31,483	1,259.32	32,270	1,290.80	33,238	1,329.52
21-242	Scene Planner	1st year	28,529	1,141.16	29,242	1,169.68	30,119	1,204.76
		Journey	29,743	1,189.72	30,487	1,219.48	31,402	1,256.08

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

21-422	Inker	19,483	779.32	20,067	802.68	20,669	826.76
	1st month	22,359	894.36	22,918	916.72	23,606	944.24
	Next 6 months	22,990	919.60	23,565	942.60	24,272	970.88
	Journey	23,821	952.84	24,417	976.68	25,150	1,006.00
21-442	Ink Checker	24,202	968.08	24,807	992.28	25,551	1,022.04
	1st year	24,657	986.28	25,273	1,010.92	26,031	1,041.24
21-452	Special Effects	24,202	968.08	24,807	992.28	25,551	1,022.04
	1st year	24,657	986.28	25,273	1,010.92	26,031	1,041.24
21-453	Head Special Effects	25,371	1,014.84	26,005	1,040.20	26,785	1,071.40
21-500	Color Modelist	23,236	929.44	23,817	952.68	24,532	981.28
	1st 6 months	23,875	955.00	24,472	978.88	25,206	1,008.24
	2nd 6 months	24,783	991.32	25,403	1,016.12	26,165	1,046.60
	Journey						

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	Weekly employment*		
	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
21-501	Color Stylist		
	1st 3 months	23.842	953.68
	Next 9 months	24.546	981.84
	Next 6 months	26.638	1,065.52
	Next 6 months	27.371	1,094.84
	Journey	28.604	1,144.16
21-522	Painter		
	1st month	21.169	846.76
	Next 6 months	22.032	881.28
	Next 6 months	22.689	907.56
	Journey	23.642	945.68
		24.438	977.52
		25.160	1,006.40
		27.304	1,092.16
		28.055	1,122.20
		29.319	1,172.76
		25.171	1,006.84
		25.915	1,036.60
		28.123	1,124.92
		28.897	1,155.88
		30.199	1,207.96
		21.698	867.92
		22.583	903.32
		23.256	930.24
		24.233	969.32
		22.349	893.96
		23.260	930.40
		23.954	958.16
		24.960	998.40

21-542	Xerox Processor								
	1st 3 mos	21.169	846.76	21.698	867.92	22.349	893.96		
	2nd 12 mos	23.091	923.64	23.668	946.72	24.378	975.12		
	Journey	23.642	945.68	24.233	969.32	24.960	998.40		
21-552	Key Xerox Processor	23.950	958.00	24.549	981.96	25.285	1,011.40		
<u>CHECKERS</u>									
21-562	Xerox Checker								
	1st year	24.202	968.08	24.807	992.28	25.551	1,022.04		
	Journey	24.657	986.28	25.273	1,010.92	26.031	1,041.24		
21-572	Animation Stock Librarian								
	1st 6 months	23.117	924.68	23.695	947.80	24.406	976.24		
	2nd 6 months	23.719	948.76	24.312	972.48	25.041	1,001.64		
	Journey	24.657	986.28	25.273	1,010.92	26.031	1,041.24		
21-632	Production Final Checker/Mark-Up								
	1st 6 months	23.117	924.68	23.695	947.80	24.406	976.24		
	2nd 6 months	23.719	948.76	24.312	972.48	25.041	1,001.64		
	Journey	24.657	986.28	25.273	1,010.92	26.031	1,041.24		

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY	
21-633	Head Final Checker	25.371 1,014.84	26.005 1,040.20	26.785 1,071.40
21-652	Paint Checker	22.526 901.04	23.089 923.56	23.782 951.28
	1st 6 months	23.198 927.92	23.778 951.12	24.491 979.64
	2nd 6 months	24.072 962.88	24.674 986.96	25.414 1,016.56
	Journey			
21-672	Picture Set-Up	23.842 953.68	24.438 977.52	25.171 1,006.84
	1st year	24.622 984.88	25.238 1,009.52	25.995 1,039.80
	Journey			
21-682	Scan Checker	21.924 876.96	22.472 898.88	23.146 925.84
	1st 6 months	22.547 901.88	23.111 924.44	23.804 952.16
	2nd 6 months	23.391 935.64	23.976 959.04	24.695 987.80
	Journey			

21-692	Cel Service	1st 6 months	21.817	872.68	22.362	894.48	23.033	921.32
		2nd 6 months	22.404	896.16	22.964	918.56	23.653	946.12
		Journey	23.142	925.68	23.721	948.84	24.433	977.32
21-722	Mix and Match	1st year	22.801	912.04	23.371	934.84	24.072	962.88
		Journey	23.734	949.36	24.327	973.08	25.057	1,002.28
21-742	Paint Technician	1st year	24.682	987.28	25.299	1,011.96	26.058	1,042.32
		Journey	25.564	1,022.56	26.203	1,048.12	26.989	1,079.56
21-792	Letter Artist	1st 6 months	26.638	1,065.52	27.304	1,092.16	28.123	1,124.92
		2nd 6 months	27.371	1,094.84	28.055	1,122.20	28.897	1,155.88
		Journey	28.604	1,144.16	29.319	1,172.76	30.199	1,207.96
21-222	Trainee	1st 6 months	21.473	858.92	22.010	880.40	22.670	906.80
		2nd 6 months	22.532	901.28	23.095	923.80	23.788	951.52
		3rd 6 months	23.594	943.76	24.184	967.36	24.910	996.40

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 <u>HOURLY WEEKLY</u>	Second period 8/1/2004-7/30/2005 <u>HOURLY WEEKLY</u>	Third period 7/31/2005-7/31/2006 <u>HOURLY WEEKLY</u>
<u>COMIC STRIP</u> (Work presently assigned)			
21-812	Class I (Story Person or Artist doing two Sunday pages or six daily strips per week)		
	1st year 30.821 1,232.84	31.592 1,263.68	32.540 1,301.60
	After 1 year in classification 32.267 1,290.68	33.074 1,322.96	34.066 1,362.64
21-822	Class II (Writes or draws one Sunday page per week)		
	1st year 27.813 1,112.52	28.508 1,140.32	29.363 1,174.52
	After 1 year in classification 28.956 1,158.24	29.680 1,187.20	30.570 1,222.80
21-832	Staff Assistant		
	1st year 21.362 854.48	21.896 875.84	22.553 902.12
	2nd year 22.312 892.48	22.870 914.80	23.556 942.24
	3rd year 23.567 942.68	24.156 966.24	24.881 995.24
	Journey 24.014 960.56	24.614 984.56	25.352 1,014.08

COMIC STRIP (New work)

21-842	Six Panels (Writes and draws)	24.964	998.56	25.588	1,023.52	26.356	1,054.24
	1st year						
	After 1 year in classification	26.076	1,043.04	26.728	1,069.12	27.530	1,101.20
21-852	Six Strips (Writes and draws)	27.813	1,112.52	28.508	1,140.32	29.363	1,174.52
	1st year						
	After 1 year in classification	28.956	1,158.24	29.680	1,187.20	30.570	1,222.80
21-862	One Sunday Page (Writes and draws)	24.964	998.56	25.588	1,023.52	26.356	1,054.24
	1st year						
	After 1 year in classification	26.076	1,043.04	26.728	1,069.12	27.530	1,101.20

PROMOTION AND PUBLICITY ARTISTS

21-872	Class I (Responsible)	30.821	1,232.84	31.592	1,263.68	32.540	1,301.60
	1st year						
	After 1 year in classification	32.267	1,290.68	33.074	1,322.96	34.066	1,362.64
21-882	Class II (Assistant)	27.813	1,112.52	28.508	1,140.32	29.363	1,174.52
	1st year						
	After 1 year in classification	28.956	1,158.24	29.680	1,187.20	30.570	1,222.80

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

THE ANIMATION GUILD, LOCAL 839 I. A. T. S. E.

Wage Scales, August 3, 2003-July 31, 2006

WRITER & STORYBOARD CLASSIFICATION §	First period 8/3/2003- 7/31/2004	Second period 8/1/2004- 7/30/2005	Third period 7/31/2005- 7/31/2006	H. & W. & Pension Hours
<u>SHORT SUBJECTS - 4 to 7 Minutes (TV or Theatrical)</u>				
Synopsis and Outline	727.38	745.56	767.93	22
Storyboard Only	1,008.68	1,033.90	1,064.92	30
Teleplay or Screenplay	1,737.67	1,781.11	1,834.54	50
<u>SHORT SUBJECTS - 7 to 11 Minutes (TV or Theatrical)</u>				
Synopsis and Outline	737.58	756.02	778.70	23
Storyboard Only	1,221.48	1,252.02	1,289.58	38
Teleplay or Screenplay	2,405.70	2,465.84	2,539.82	77
<u>HALF-HOUR SUBJECTS (TV or Theatrical)</u>				
Synopsis and Outline	1,312.10	1,344.90	1,385.25	45
Storyboard Only	2,319.54	2,377.53	2,448.86	75
Teleplay or Screenplay	4,610.86	4,726.13	4,867.91	155

HALF-HOUR SUBJECTS (TV or Theatrical) — "New Animation Writers" §

Synopsis and Outline	1,203.24	1,233.32	1,270.32	45
Teleplay or Screenplay	4,228.26	4,333.97	4,463.99	155

ONE HOUR OR MORE SUBJECTS (TV or Theatrical)

Synopsis and Outline	1,943.13	1,991.71	2,051.46	70
Storyboard Only	3,459.75	3,546.24	3,652.63	113
Teleplay or Screenplay	6,902.25	7,074.81	7,287.05	230

ONE HOUR OR MORE SUBJECTS (TV or Theatrical) — "New Animation Writers" §

Synopsis and Outline	1,781.89	1,826.44	1,881.23	70
Teleplay or Screenplay	6,329.53	6,487.77	6,682.40	230

In reference to the above Unit rates, the Employer may require two re-writes or re-works after the presentation by the Story Person/Animation Writer without additional compensation. If an additional re-write or re-work is required by the Employer, an additional 20% of the original Unit maximum shall be paid for each re-write or re-work. Any amount negotiated in excess of the above minimums may be applied against any additional compensation for re-write or rework when due.

§ During the term of the Collective Bargaining Agreement, the applicable minimum for all new animation writers (i.e. those persons not previously employed in the Unit Writer and Storyboard Classification or Animation Story Person/Animation Writer Classification) shall be the 8/29/99-7/31/00 half-hour or one-hour or more minimum rate, whichever is applicable (the "Novice Rate"). In the event a script written by such a writer is produced, said Animation Story Person/Animation Writer shall be paid the difference between the Novice and the Journey-person rates.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER A

[Walt Disney Pictures and Television — Composer]

Wage Scales, August 3, 2003–July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
Composer ^D			
1st month	21.169	21.698	22.349
Next 6 months	22.032	22.583	23.260
Next 6 months	22.689	23.256	23.954
Journey	23.642	24.233	24.960

SIDELETTER B
[Warner Bros. Animation — Visual Development]

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 <u>HOURLY WEEKLY</u>	Second period 8/1/2004-7/30/2005 <u>HOURLY WEEKLY</u>	Third period 7/31/2005-7/31/2006 <u>HOURLY WEEKLY</u>
Visual Development ^{WF}			
1st 6 months	31.576	32.365	33.336
2nd 6 months	32.311	33.119	34.113
Journey	33.544	34.383	35.414

^D Walt Disney Pictures and Television only.

^{WF} Warner Bros. Feature Animation only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER C

[Walt Disney Pictures and Television — CGI Animator/Modeler]

Wage Scales, August 3, 2003–July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
CGI Animator/Modeler ^D			
1st 6 months	31.576	32.365	33.336
2nd 6 months	32.311	33.119	34.113
Journey	33.544	34.383	35.414
Key Assistant CGI Animator/Modeler ^D	32.116	32.919	33.907

Assistant CGI Animator/Modeler I ^p						
1st 6 months	26.638	1,065.52	27.304	1,092.16	28.123	1,124.92
2nd 6 months	27.316	1,092.64	27.999	1,119.96	28.839	1,153.56
Journey	28.604	1,144.16	29.319	1,172.76	30.199	1,207.96
Assistant CGI Animator/Modeler II ^p						
1st year	24.347	973.88	24.956	998.24	25.705	1,028.20
Journey	25.041	1,001.64	25.667	1,026.68	26.437	1,057.48
Assistant CGI Animator/Modeler III ^p						
1st 6 months	22.526	901.04	23.089	923.56	23.782	951.28
2nd 6 months	23.198	927.92	23.778	951.12	24.491	979.64
Journey	24.072	962.88	24.674	986.96	25.414	1,016.56
Assistant CGI Animator/Modeler III ^p						
1st 6 months	22.526	901.04	23.089	923.56	23.782	951.28
2nd 6 months	23.198	927.92	23.778	951.12	24.491	979.64
Journey	24.072	962.88	24.674	986.96	25.414	1,016.56

^p Walt Disney Pictures and Television only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER D

[Walt Disney Pictures and Television — Production Technical Director]

Wage Scales, August 3, 2003–July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
Production Technical Director I ^P			
1st 6 months	31.576	32.365	33.336
2nd 6 months	32.311	33.119	34.113
Journey	33.544	34.383	35.414
Production Technical Director II ^P	32.116	32.919	33.907
Production Technical Director III ^P			
1st 6 months	26.638	27.304	28.123
2nd 6 months	27.316	27.999	28.839
Journey	28.604	29.319	30.199

Production Technical Director IV^D

1st year	24,347	973.88	24,956	998.24	25,705	1,028.20
Journey	25,041	1,001.64	25,667	1,026.68	26,437	1,057.48

Production Technical Director V^D

1st 6 months	22,526	901.04	23,089	923.56	23,782	951.28
2nd 6 months	23,198	927.92	23,778	951.12	24,491	979.64
Journey	24,072	962.88	24,674	986.96	25,414	1,016.56

^D Walt Disney Pictures and Television only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER E

[DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C.]

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
CGI Animator/Modeler ^s			
1st 6 months	31.576	32.365	33.336
2nd 6 months	32.311	33.119	34.113
Journey	33.544	34.383	35.414
Key Assistant CGI Animator/Modeler ^s	32.116	32.919	33.907
Assistant CGI Animator/Modeler I ^s			
1st 6 months	26.638	27.304	28.123
2nd 6 months	27.316	27.999	28.839
Journey	28.604	29.319	30.199

Assistant CGI Animator/Modeler II ^s									
1st year	24,347	973.88	24,956	998.24	25,705	1,028.20			
Journey	25,041	1,001.64	25,667	1,026.68	26,437	1,057.48			
Assistant CGI Animator/Modeler III ^s									
1st 6 months	22,526	901.04	23,089	923.56	23,782	951.28			
2nd 6 months	23,198	927.92	23,778	951.12	24,491	979.64			
Journey	24,072	962.88	24,674	986.96	25,414	1,016.56			
Digital Scene Planning ^s									
1st year	28,529	1,141.16	29,242	1,169.68	30,119	1,204.76			
Journey	29,743	1,189.72	30,487	1,219.48	31,402	1,256.08			
Scan Checkers ^s									
1st 6 months	21,924	876.96	22,472	898.88	23,146	925.84			
2nd 6 months	22,547	901.88	23,111	924.44	23,804	952.16			
Journey	23,759	950.36	24,353	974.12	25,084	1,003.36			

^s DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C. only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER E — CONTINUED

[DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C.]

Wage Scales, August 3, 2003–July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
Digital Check ^s			
1st 3 months	23.842	24.438	25.171
Next 9 months	24.546	25.160	25.915
Next 6 months	26.638	27.304	28.123
Next 6 months	27.371	28.055	28.897
Journey	28.604	29.319	30.199
Technical Director ^s			
<i>Proficient in one or more job areas** . Responsibility for supervising Asst. Technical Directors below.</i>			
1st 6 months	31.576	32.365	33.336
2nd 6 months	32.311	33.119	34.113
Journey	33.544	34.383	35.414

Key Assistant Technical Director ^s <i>Proficient in one or more job areas of technical direction. May be responsible for supervising Assistant Technical Directors or below.</i>	32.116	1,284.64	32.919	1,316.76	33.907	1,356.28
Assistant Technical Director ^s <i>Works in one or more areas of technical direction, assisting the Technical Director.</i>						
1st 6 months	26.638	1,065.52	27.304	1,092.16	28.123	1,124.92
2nd 6 months	27.316	1,092.64	27.999	1,119.96	28.839	1,153.56
Journey	28.604	1,144.16	29.319	1,172.76	30.199	1,207.96
Junior Assistant Technical Director ^s <i>Minimum of one year experience.</i>						
1st year	24.347	973.88	24.956	998.24	25.705	1,028.20
Journey	25.041	1,001.64	25.667	1,026.68	26.437	1,057.48

^s DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C. only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

** A Technical Director designated by the Producer to be responsible for and supervise the work of others in his classification shall be paid the key rate of 15% above the minimum Journey rate for his classification during such an assignment.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER E — CONTINUED
[DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C.]

Wage Scales, August 3, 2003–July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
Apprentice Technical Director ^s			
<i>No technical director experience.</i>			
1st 6 months	22,526	23,089	23,782
2nd 6 months	23,198	23,778	24,491
Journey	24,072	24,674	25,414
Digital Painter ^s			
1st month	21,169	21,698	22,349
Next 6 months	22,032	22,583	23,260
Next 6 months	22,689	23,256	23,954
Journey	23,642	24,233	24,960

SIDELETTER F
[Walt Disney Pictures and Television — Animation/Timing Directors]

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 <u>HOURLY WEEKLY</u>	Second period 8/1/2004-7/30/2005 <u>HOURLY WEEKLY</u>	Third period 7/31/2005-7/31/2006 <u>HOURLY WEEKLY</u>
Animation Director ^D			
1st 6 months	37.015	37.940	39.078
2nd 6 months	37.877	38.824	39.989
Journey	39.330	40.313	41.522
Timing Director ^D			
1st 6 months	35.462	36.349	37.439
2nd 6 months	36.288	37.195	38.311
Journey	37.676	38.618	39.777

^D Walt Disney Pictures and Television only.

^S DreamWorks Animation L.L.C. and DreamWorks Television Animation L.L.C. only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

The following minimum wage scales are in effect between Local 839 IATSE and the indicated signator employers only. All sideletters were extended through July 31, 2006 with wage scales increased as shown.

SIDELETTER G
[Walt Disney Pictures and Television — 3D Compositors]

Wage Scales, August 3, 2003-July 31, 2006

Weekly employment*

	First period 8/3/2003-7/31/2004 HOURLY WEEKLY	Second period 8/1/2004-7/30/2005 HOURLY WEEKLY	Third period 7/31/2005-7/31/2006 HOURLY WEEKLY
CGI 3D Compositor I ^D	29.801	1,192.04	30.695 1,227.80
CGI 3D Compositor II ^D	23.842	953.68	24.438 977.52
First 3 months	24.546	981.84	25.160 1,006.40
Next 9 months	26.638	1,065.52	27.304 1,092.16
Next 6 months	27.371	1,094.84	28.055 1,122.20
Next 6 months	28.604	1,144.16	29.319 1,172.76
Journey			31.616 1,264.64

^D Walt Disney Pictures and Television only.

* Minimum scale for daily employees shall be 117.719% (which rate is inclusive of vacation and holiday pay) of the minimum basic hourly rate provided herein for such employee's classification.

SIDELETTER H
SKILL EVALUATIONS

During the negotiations between the Producers and IATSE Local 839, the bargaining parties discussed the concern raised by IATSE Local 839 that skill evaluations or “tests” administered by the Producers in making hiring, promotion, and/or assignment decisions were excessive. The bargaining parties agreed that such evaluations should require only a reasonable amount of work to complete and should be related to the hiring, promotion, and/or assignment decision. Evaluations which do not meet this criteria should be discontinued or redesigned. Concerns or questions about the propriety of such tests should be directed to Labor Relations.

The parties further agree to form an abuse review committee, which shall meet upon request for the purpose of addressing alleged abuses of this sideletter.

SIDELETTER I
CLASSIFICATION STUDY

During the course of negotiations the parties agreed to form a joint committee to review job classifications covered under the collective bargaining agreement.

The study will initially be conducted on a Producer by Producer basis to identify obsolete classifications and identify working titles unique to each Producer. The Committee will then attempt to standardize such classifications for inclusion in the Codified Basic Agreement. The Union shall designate an individual to meet with representatives from each Producer. The Committee shall commence meeting within ninety (90) days from ratification.

SIDELETTER J
JURY DUTY

During the course of negotiations the parties agreed that each of the Producers would provide the Union with a copy of its written Jury Duty reimbursement policies, if any, applicable to Local 839 represented employees. Those Producers without a written policy shall respond in writing to the Union's request setting forth their Jury Duty policy/practice.

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