

AGREEMENT OF _____, 1999

BETWEEN

TSL

AND

The I.A.T.S.E.

THIS AGREEMENT is executed as of November 1, 1999 between TSL, previously known as "DreamQuest" (hereinafter referred to as the "Employer") and the International Alliance of Theatrical Stage Employees (hereinafter referred to as the "Union") . In consideration of the mutual agreements hereinafter contained, it is agreed as follows:



The basic purposes of this Agreement are:

1. To assist each other in every fair and constructive way to secure uninterrupted work in the Employer's place or places of business and the general stabilization of working conditions therein.
2. To provide methods for the fair and peaceful adjustment of all disputes between the Employer and the Union and for the mutual benefit of the Employer and its employees.
3. Both parties hereto agree that these fundamental purposes shall serve as the guiding influence in the settlement of all problems, disputes, grievances and differences between them during the term of this Agreement.

AUTHORITY OF UNION AND EMPLOYER

The Union and the Employer agree that it will neither maintain nor adopt any Articles or By-Laws or any rules or orders which will be in conflict with this Agreement. Each party agrees that it will not take any action that will impede or prevent the full and complete performance of every term and condition.

ARTICLE 1.
SCOPE OF AGREEMENT
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This Agreement shall be applicable to all persons employed by the Employer to perform services in Los Angeles County and areas contiguous thereto, or employed by the Employer in the County of Los Angeles to perform services outside said County, in any of the job classifications hereinafter set forth.

ARTICLE 2.
RECOGNITION
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The Employer recognizes the Union as the exclusive collective bargaining representative of all employees in the classifications listed in this Agreement, employed by the Employer.

The Union represents that the terms of this Agreement have been explained and reviewed by the employees in the bargaining unit.

This Agreement shall not be applicable to persons employed by the Employer in Research and Development.

ARTICLE 3.
UNION SECURITY
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A. Each and every employee subject to this Agreement engaged in a staff capacity shall become a member in good standing and tender the dues and initiation fees uniformly required of all persons employed under this Agreement on and after the thirtieth (30th) day following the beginning of her/his first employment, or the effective date of this Agreement, whichever is the later. The same shall apply to each and every employee subject to this Agreement engaged in a freelance or a training/orientation capacity except that the applicable period shall be ninety (90) days. The foregoing requirements to tender dues and initiation fees as a condition of employment shall be subject to the obligations of the parties under law. "Member in good standing" shall]De defined, interpreted and implemented by the parties as

an employee who meets the financial obligations only in accordance with the provisions of the National Relations Act.

B. The Employer may employ or continue to employ any such employee who does not become or is not a member or has not paid the financial obligation to the Union as required under Paragraph

A. above until:

(1) The Union first gives the employee and Employer written notice that such employee has failed to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining such membership, and

(2) The employee is informed of the amount of the delinquent dues or fees with a reasonable time to become in good standing.

(3) Such employee fails to tender to the Union such required periodic dues or initiation fees or payment plan, as the case may be, within ten (10) working days after Employer receives such notice in which event Employer, upon receipt of written notice by the Union requesting the discharge of such employee, shall discharge said employee at the close of the shift on which such employee is working at the time Employer receives such notice.

C. Employer agrees to inform the Union in writing within seven (7) days (Sundays and holidays excluded) from the date of employment 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.

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

D. The Union agrees to indemnify the Employer and hold it harmless against any and all suits, claims, demands or other liabilities arising out of, or resulting from the application of the provisions of this Article 3.

ARTICLE 4.

WAGE SCALES, HOURS OF EMPLOYMENT AND WORKING CONDITIONS

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Wage scales, hours of employment and working conditions shall be as set forth in this Agreement. Wage scales are set forth in Attachment A.

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 110 percent (110%) of the applicable Journey rate may, at t'h-e Employer's option, be considered on an "On-Call" basis if negotiated and mutually agreed 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 s/he shall be paid one and one-half (1 1/2) times one-fifth (1/5) of the employee's weekly rate for each day so worked. Such employees) shall receive 56 hours of contributions for pension and health benefits for a five day work week; 63 hours of such contributions for a six day work week; and 71 hours of such contributions for a seven day work week.

C. Nothing in this Agreement shall prevent any individual from negotiating and obtaining from the Employer better conditions and terms of employment than those herein provided. Further, the Union and the Employer agree that the Employer shall have the right to adjust compensation, conditions and benefits at the sole discretion of the Employer, 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. Supervisors engaged by the Employer may be covered by this Agreement for Pension and Health contributions. Such contributions shall be on the same basis as set forth in paragraph B. above.

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

F. 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. Employer's Right to Institute Technological Changes: The parties hereto agree that Employer has the unrestricted right to make technological changes and that such right shall not be subject to grievance or arbitration or any other proceeding.

3. Notice of Technological Change: If Employer intends to make any substantial technological change it shall give written notice thereof to Union. Such notice shall be given as soon as practicable.

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

1) such person, as of the date of such displacement, is entitled under the provisions of Subparagraph 6. hereof to be credited with at least one (1) "qualified year" arising out of her/his employment by Employer and

2) such person is qualified in the Employer's judgement to be retrained for an available job resulting from such technological change or for other jobs which Employer has available within Union's jurisdiction,

Employer agrees to endeavor to train such person for such available job at Employer's expense in which event the provisions of Subparagraph 5. below shall not apply. Anything in this Agreement to the contrary notwithstanding, The Union agrees to permit such retraining and to cooperate with Employer with @ respect thereto. Any such persons offered retraining pursuant to this Subparagraph 4. shall have the right to reject the same, but any such rejection shall discharge Employer's obligations under this Article 4, Paragraph I, unless the job opportunity for which Employer 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 her/his job classification for Employer, and

1) such person, as of the date of such displacement, is entitled under the provisions of Subparagraph 6. hereof to be credited with at least one (1) "qualified year,, arising out of her/his employment by Employer and

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

Employer shall pay her/him the amount of compensation set forth in the following table and upon such payment Employer shall be deemed to have discharged all obligations under this Agreement.

Qualified Years As of the
Date of Displacement
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Number of Weeks of Dis-
placement Pay Payable
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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 Employer may have to pay Dismissal Pay to such displaced person under the provisions of Article 14 hereof ("DISMISSAL PAY"). Anything in this Subparagraph S. to the contrary notwithstanding, no such displaced person shall be eligible for Displacement Pay if

- 1) Employer 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 Employer at an equal or better rate of pay, or
- 3) such person accepts any job with Employer even though such job is at a lower rate of pay.

6. "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 Employer 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 Employer, 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 such "bridged" year in which employee was employed by Employer 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.

ARTICLE 5.

HOURS

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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 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.

Except as otherwise herein provided, 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

Except as otherwise herein provided:

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. In the event the actual time worked by such employee exceeds the four (4) hour minimum, s/he shall be paid for all time actually worked in 1/10th -hour increments.

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 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.

4. Employer 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 her/his regular weekly schedule requests that Employer delay the implementation of such schedule change-due to the

employee's unusual or emergency circumstances, the Employer shall not unreasonably or arbitrarily deny such request.

B. Daily Employment

Employees employed pursuant to this Paragraph B shall be guaranteed a minimum of four (4) hours in any one day. In the event the actual time worked by such employee exceeds the four (4) hour minimum, s/he shall be paid for all time actually worked in 1/10th -hour increments. All time worked up to eight (8) hours per day shall be paid at 107.719% (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 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 Employer 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 Employer and Union for a waiver.

ARTICLE 6.

HOLIDAYS

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A. There shall be nine (9) paid holidays during the year: New Year's Day, Presidents' Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day and two (2) dates to be designated by the Employer not later than November 1st of the preceding year. 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. The 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 by the Employer 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 Employer 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 Employer and the Union. If an employee has not worked forty (40) hours in any such workweek, 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 Employer, 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) On or about March 15 of the year following the calendar year in which vacation and/or holiday pay was earned, employees and the Union 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.

(2) 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 the 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 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's pension plan account.

ARTICLE 7.

VACATIONS

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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 Employer shall be entitled to two (2) weeks paid vacation.

B - Employees who have been with the Employer 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 Employer 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 Employer. As much notice as possible will be given to employee.

E. An employee's sixth (6th) and seventh (7th) workdays 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 Employer and the employee, the Employer may grant leave of absence without pay for the remaining fractional portion of the payroll week.

G. The Employer, 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 Employer 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 Employer 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 Employer, 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 Employer; the term "Straight time days" shall be deemed to include the five (5) days of employment specified under the normal work week.

Any tax year in which employee actually works less than one hundred (100) "straight time days" for Employer 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 Employer 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 Employer 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 Employer due to either or both of the following:

(a) The period of recorded leaves of absence granted by the Employer;

(b) The period during which the employee was absent and physically unable to work for Employer solely as a result of an "Industrial Accident" occurring to such employee while employed by the Employer.

(2) Vacation Days and Pay

such employees who become eligible as above provided shall, beginning with the date they so become eligible, earn with Employer 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 Employer 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 (%) 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 Employer or fail to work for Employer 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 Employer for the purpose of subsequently establishing the above eligibility requirements.

In determining whether any employee loses his eligibility for failure to work for Employer more than one hundred and fifty (150) straight time days in a tax year as 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 Employer due -to either or both of the following:

- (a) The period of recorded leaves of absence granted such employee by the Employer;
- (b) The period during which such employee was absent and physically unable to work for Employer solely as a result of an "Industrial Accident" occurring to him while employed by Employer.

(4) Eligibility Credit

For the purposes of determining "eligible" years and "loss of eligibility" only, as above provided, employees who leave the employ of Employer 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 Employer the number of applicable days the employee would normally have been employed by Employer for straight time days in each workweek 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 8.
NON-DISCRIMINATION
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The parties agree to continue to comply with all applicable federal and state laws relating to non-discriminatory employment practices.

ARTICLE 9.
DISMISSAL PAY
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A. Whenever an employee has been laid off by the Employer for more than ninety (90) days and has not been offered employment by the Employer during that time and is eligible for Dismissal Pay, upon written application of the employee to the Employer he or she shall be paid dismissal pay according to the provisions of this Article.

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

E. 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 Employer 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 Employer, whether of the same or any other nature, shall not be entitled to the above Dismissal Pay.

F. 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 Employer 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.

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.

ARTICLE 10.
GRIEVANCE PROCEDURE
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In the event of any dispute between the Union or any of the persons subject to this Agreement and the Employer 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 10.

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 that 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 Union and the Employer'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 violations), the specific facts and details or a summary of the alleged violations) on which the grievance is based, the name of the production (if any), the remedy sought and the name(s) of the individuals) aggrieved, except for group claims for which the classifications) 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.

The representative of the Union and the Labor Representative of the Employer 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 -- Prior to proceeding to arbitration, either regular or expedited, the President of the IATSE or his designee and Robert W. Johnson or his designee shall meet and attempt to resolve and determine the dispute. Their decision shall be final and binding upon the Union, the Employer and the employees) involved in the dispute.

STEP FOUR --

A. REGULAR ARBITRATION: In the event of a failure to settle the dispute under Step 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, the parties to the dispute shall mutually agree upon an Arbitrator from the list of arbitrators for a regular arbitration maintained by Contract Services Administration Trust Fund (CSATF) for the

IATSE and the AMPTP. Such Arbitrator shall promptly proceed to hear the matter and settle the dispute.

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 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: An expedited arbitration shall be held under the procedure of the Contract Services Administration Trust Fund as set forth in the Producer-IATSE 1996 and 2000 Basic Agreement.

CLAIMS -- Any grievance for the payment of wages not presented under Step One within ten (10) business 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 One 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 One within thirty (30) calendar days after the occurrence of the subject matter of the grievance shall be deemed to be waived.

Both parties agree that the powers hereby granted to the Arbitrator shall be deemed to include, among the other powers specifically granted by the terms hereof, such other and additional powers as may, in any event, be granted to an Arbitrator pursuant to the provisions of Sections 1280 to 1292, inclusive, of the Code of Civil Procedure 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 11.

DISCIPLINE AND DISCHARGE (STAFF EMPLOYEES)

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A. The Employer 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 Employer for the first time or rehired may be discharged or disciplined for any reason during her/his first sixty (60) days of employment ("Probation Period"). Employer 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 Employer shall so notify the Business Representative of the 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 Union 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.

ARTICLE 12.

LEAVE OF ABSENCE

=====

A. The Employer may grant leaves of absence with or without pay to any employee. Based on the operational needs of Employer, such leave may be extended by Employer in increments of up to thirty (30) days for periods not to exceed six (6) months.

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 Employer will notify the Union of any leave of absence in excess of thirty (30) days. Inadvertent failure to notify the Union shall not be considered a breach of this Agreement.

ARTICLE 13.
EMPLOYEE BENEFITS
=====

A. The Employer shall make contributions to the Motion Picture Industry Pension and Health Plans, Retirees Health Plan and the Individual Account Plan as provided for in the IATSE Basic Agreement of 1996 and 2000, (including Article XII, Article XIII, Article XIII A and Article XXXIV(d)) as of the effective dates set forth below.

B. Pension Plan

Commencing January 1, 2000, the Employer shall pay to the Motion Picture Industry Pension Plan and Individual Account Plan through its Administrator the contributions specified in accordance with the provisions of the AMPTP/I.A.T.S.E. and M.P.M.O. Basic Agreements of 1996 and 2000.

C. Health Plan

Commencing July 1, 1999, contributions to the Motion Picture Industry Health Plan Fund shall be paid as provided in the AMPTP/I.A.T.S.E. & M.P.M.O. Basic Agreement of 1996 and 2000.

ARTICLE 14.
EMPLOYER'S RIGHTS
=====

Except as expressly limited by the specific provisions of this Agreement, the Employer 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, promote,

discharge or discipline for cause, including unsatisfactory work standards, qualitative or quantitative, to increase wages above the rates set forth in this Agreement, 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 Employer 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, Employer. Such rights shall not be used directly or indirectly to illegally discriminate against any employee.

ARTICLE 15.

ACCESS TO FACILITY

=====

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

ARTICLE 16.

GENERAL PROVISIONS

=====

A. Staffing and Interchange

There shall be no minimum or mandatory staffing requirements under this Agreement. However, staffing practices shall be in accordance with the nature of the work to be performed.

Consistent with the Employer's past practice there shall be interchangeability within and between the crafts employed hereunder. An employee assigned by the Employer to work in a classification with a higher scale wage rate for four (4) or more hours in a single day shall get the higher rate for the entire day. No employee shall be deemed to be working in such higher classification absent specific advance authorization.

B. Posting of Notices

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

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 Union and the Employer and shall thereupon become a part of this Agreement.

D. Safety

1. The parties agree 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 Employer 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 processes 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, Employer shall not require or permit any employee to go or be in any employment or place of employment that is not safe and healthful. In addition, Employer 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 Employer 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 Employers and CSATF-administered Labor Management Safety Committee for review, investigation, interpretation and advisory recommendations to the Employer. It is understood that it is not the responsibility of the Safety Committee, or any member of the Committee, the IATSE or its 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 Employer reaffirms its commitment to regularly inspect the studio working areas and to establish preventive maintenance procedures to assure safe working conditions.

b. The Employer will promptly investigate complaints of unsafe conditions and appropriate action will be taken if the Employer finds that an unsafe condition does exist.

c. Each Employer 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 that may require correction.

d. The Employer will provide access to all working areas to the Safety Director of CSATF so that s/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.

E. Stewards

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

F. Quarterly Reports

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

G. Personal Service Contracts

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

H. No Strike -- No Lockout

The Union agrees during the existence of this Agreement, unless the Employer fails to comply with an arbitration award, not to strike against, picket or boycott the Employer for any reason whatsoever, and to order its members to perform their obligations to the Employer hereunder and to use its best efforts to get the

employees to perform such obligations. The Employer agrees not to engage in any lockout unless the Union fails to comply with an arbitration award. However, the Employer'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.

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

ARTICLE 17.

CONTRACT SERVICES ADMINISTRATION TRUST FUND
=====

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

ARTICLE 18.

THE PRODUCER-IATSE BASIC AGREEMENT OF 1996 AND 2000 AND THE
MULTI-EMPLOYER UNIT
=====

A. The Employer agrees to execute the Agreement of Consent and Trust Acceptance Agreement and to be bound to the Producer-IATSE Basic Agreement of 1996 and 2000 ("BAII).

D. The BA shall cover all employees employed in the classifications traditionally represented by the IATSE and listed in the BA and engaged in traditional physical motion picture production work and not covered by the scope and terms of this Computer Graphic Agreement.

C. Employees engaged in electronic production work in the classifications of this Computer Graphic Agreement shall be covered by the wages, terms and conditions of this Computer Graphic Agreement.

D. Employees engaged in traditional physical production categories described in the BA who are working in conjunction with the employees working in electronic productions under this Computer Graphic Agreement shall be covered by the terms and conditions of the Computer Graphic Agreement, except that the wage rates shall not be less than the wage rates set forth in the BA for the applicable classifications of employees. However, if such employee is employed under the terms of a personal services agreement/deal memo providing at least a six month term of employment, then such scale rate may be discounted by fifteen percent (15%).

E. Employees engaged in the classifications of this Agreement who are working in traditional physical productions covered by the BA in conjunction with employees engaged under the BA shall receive no less than the wage rates set forth herein; provided such employees shall receive comparable working conditions (e.g. meals, rest periods, living accommodations, etc.) as the employees working under the BA whether the physical productions work takes place on a first or second unit.

ARTICLE 19.
TERM OF AGREEMENT
=====

A. Except as noted in this Article, the term of the Agreement shall be for a period commencing November 1, 1999 and continuing to and including October 31, 2003.

B. Either party may, by written notice to the other, served between June 30 and July 31, 2003, 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 receipt of such notice 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.

ARTICLE 20.
TALENT DEVELOPMENT PROGRAM
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The Parties shall establish a joint Union/Employer committee to adapt a talent development program shall be incorporated into this Agreement.

ARTICLE 21.
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 Employer 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 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 that may be imposed by the Government of the United States and/or the State of California.

INTERNATIONAL ALLIANCE OF
THEATRICAL STAGE EMPLOYEES

TSL

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

ATTACHMENT "A"

WAGE SCHEDULE

Level I.	\$28.00
(Including but not limited to: Animator, CG Visual Effects Editor, CG Modeler, Compositor, Lighting Artist, Technical Director, Texture Map Painter, Visual Development, Matte Painter)	
Level II.	\$24.00
(Asst. to Level I.)	
Level III.	\$21.00
(Including but not limited to: Digital Image Technician, Color Corrector, Roto Artist, Physical Model Maker, Survey/Tracker, 3D Tracker (i.e. Digital Image Planner], Effects Playback)	
Level IV.	
(Trainee) First 6 months)	\$16.00
Second 6 months	\$18.00
Third 6 months	\$20.00

An employee designated as a "Lead" by the Employer to be responsible for and to direct the work of others in her/his classification shall be paid at a rate of not less than 15% above the minimum scale rate for her/his classification during such an assignment.