

TSL/IATSE
AGREEMENT OF NOVEMBER 1, 2003

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SONY PICTURES ANIMATION, INC.,
AND I. A. T. S. E.**

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AGREEMENT OF NOVEMBER 1, 2003
BETWEEN

TSL
AND
THE I.A.T.S.E.

THIS AGREEMENT is executed as of November 1, 2003 between TSL (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 work 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
=====

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
=====

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
=====

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 be defined, interpreted and implemented by the parties as an employee who meets the financial obligations only in accordance with the provisions of the National Labor 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 the 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

=====

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, whose rate is higher than one hundred ten percent (110%) of the applicable Journey rate may, at the 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 she/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 employee(s) shall receive shall receive fifty-six (56) hours of contributions for pension and health benefits for a five (5) day work week; sixty-three (63) hours of such contributions for a six (6) day work week; and seventy-one (71) hours of such contributions for a seven (7) 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 she/he shall be compensated therefore 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 therefore.

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

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

b) Such person is qualified in the Employer's judgment 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

a) 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

b) 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 =====	Number of Weeks of Dis- placement Pay Payable =====
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 5. 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) 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
=====

Employees may be employed on a weekly or 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) 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) 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, she/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

1. 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, she/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 ½) 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 purposes of avoiding holiday pay pursuant to Article 6 ("HOLIDAYS") below.

C. Overtime

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

=====

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 un-worked 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.
SICK LEAVE
=====

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

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 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 provision 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 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 (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 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 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
DISMISSAL PAY
=====

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, he or she shall, upon written application of employee to the Employer, be paid dismissal pay according to the provisions of this Article.

B. Employees with three (3) months but less than six (6) months continuous employment shall receive one and one-fourth (1 $\frac{1}{4}$) 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 any 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 11
GRIEVANCE PROCEDURE
=====

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 11.

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 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 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.

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 employee(s) 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 a list of arbitrators for a regular arbitration maintained by Contract Services Administration Trust Fund (CSATF) for the IATSE AND 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/she 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 2003 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 10 for such Dismissal Pay shall be deemed to be waived. Any grievance arising from an alleged breach of any provision contained in Side Letter of Understanding #1 ("SENIORITY") or Article 12 ("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.

Upon mutual agreement of the parties, 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 12
DISCIPLINE AND DISCHARGE (STAFF EMPLOYEES)
=====

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 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.

ARTICLE 13
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 14
EMPLOYEE BENEFITS
=====

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 2003, (including Article XII, Article XIII, Article XIII A and Article XXXIV (d)). Notwithstanding the on-call weekly schedules contribution rates for both the Pension and Health Plans shall remain unchanged from the 2000 Agreement.

ARTICLE 15
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 work shifts, starting and stopping times, to hire, promote, discharge, 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 16
ACCESS TO FACILITY
=====

The duly authorized Business Representative of the Union shall be furnished a pass to the facility. She/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 reasonably interrupt production.

ARTICLE 17
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 she/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

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 18.
CONTRACT SERVICES ADMINISTRATION TRUST FUND
=====

The Employer shall pay to the Contract Services Administration Trust Fund ("CSATF") three cents (\$.03) per hour for each hour worked or guaranteed hereunder.

Effective November 1, 2003 increase by one cent (\$.01) per hour the contribution rate to CSATF 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.

ARTICLE 19
THE PRODUCER-IATSE BASIC AGREEMENT OF 2003
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 2003 ("BA").

B. 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 20
TERM OF AGREEMENT
=====

A. Except as noted in this Article, the term of the Agreement shall be for a period commencing November 1, 2003 and continuing to and including October 31, 2006

B. Either party may, by written notice to the other, served between June 30 and July 31, 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 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 21.
TALENT DEVELOPMENT PROGRAM
=====

The Parties shall establish a joint Union/Employer committee to adapt a talent development program which shall be incorporated into this Agreement.

ARTICLE 22
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 EMPLOYES

TSL

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

ATTACHMENT "A"

WAGE SCHEDULE

	Effective 11/1/03 – 7/31/04	Effective 8/1/04 – 7/30/05	Effective 7/31/05 – 10/31/06
Category I. (Including but not limited to: Animator, CG Visual Effects Editor, CG Modeler, Compositor, Lighting Artist, Technical Director, Texture Map Painter, Visual Development, Matt Painter)	\$33.544	\$34.483	\$35.414
Category II. (Asst. to Category I.)	\$28.604	\$29.319	\$30.199
Category III. (Including but not limited to: Digital Image Technician, Color Corrector, Roto artist, Physical Model Maker, Survey/Tracker, Matchmover, 3D Tracker [i.e. Digital Image Planner], Effects Playback)	_\$24.072	\$24.674	\$25.414
Category IV. (Trainee)			
First 6 months	\$17.983	\$18.433	\$18.986
Second 6 months	\$20.169	\$20.673	\$21.293
Third 6 months	\$22.355	\$22.914	\$23.604

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

_ – This rate only is effective beginning 3/01/04 through 7/31/04

January 1, 2000

Tom L. Short
International President
IATSE
1515 Broadway, Suite 601
New York, NY 10036-5741

Letter of Understanding #1

Re: TSL "Seniority"

Dear Tom:

This letter sets forth the understanding reflected in our conversations regarding the above subject.

While it is the case that the collective bargaining agreement between TSL (a.k.a. "Dream Quest") does not and was not intended to contain provisions relating to relative seniority for persons covered by the agreement, TSL has made certain representations to the IATSE regarding this subject.

Specifically, it is TSL's intention to include an individual's length of service in its considerations in the event of layoffs. Amongst other criteria to be weighed and considered will be factors such as merit, ability, experience vis-à-vis the task to be performed, work performance, and production. While the final determination rests with the employer, it is TSL's intention to exercise its discretion reasonably and without any illegal discrimination of any kind.

Sincerely,

For TSL:

For IATSE

Robert W. Johnson
Senior Vice President, Labor Relations

Thomas L. Short
President, IATSE

cc: Joe Aredas
Marge Randolph

January 1, 2000

Tom L. Short
International President
IATSE
1515 Broadway, Suite 601
New York, NY 10036-5741

Letter of Understanding #2

Dear Tom:

Certain questions have arisen regarding the application of the TSL agreement vis-à-vis certain projects.

It is not the intention of TSL, nor the purpose of our agreement, to either displace or preclude the inclusion of IATSE Local #839 covered personnel from any animation project being produced by Walt Disney Pictures and Television. To the contrary, it has always been the intent to create an environment permitting the free flow of personnel, in either direction, to maximize the applications of all artists' talent as well as to maximally enhance the in-house preservation of work opportunities for persons covered under our various agreements. To that extent while persons from various units may work together on a particular project, they will remain covered under the agreement of their origin. No agreement will be subordinated or voided by the existence or application of another.

Please signify your concurrence with this expression of intent by signing in the space provided below.

Sincerely,

For TSL:

For IATSE:

Robert W. Johnson
Senior Vice President, Labor Relations

Thomas L. Short
President, IATSE

cc: Joe Aredas
Marge Randolph

September 19, 2000

VIA U.S. MAIL AND FACSIMILE TO (818) 980-3496

Mr. Joseph A. Aredas
International Representative-In-Charge
I.A.T.S.E. West Coast
10045 Riverside Drive
Toluca Lake, CA 91602

Re: **Letter of Understanding #3**

Dear Joe:

During the course of negotiations for the TSL 2003 successor agreement the following understandings were reconfirmed:

1. Both parties confirmed that affiliations shall be limited to the local under which the represented employee's primary accountabilities and assignments are generally performed, i.e., there is no requirement for an employee to hold "dual cards".
2. Both parties confirmed that it is within the Producer's right to assess an individual employee's skill and performance, and place him or her at the level determined by the Producer.

It is my understanding that the foregoing has captured the points of our understanding, and all other provisions of TSL Agreement shall remain in full force and effect

If, after reviewing this document you agree, please indicate the Union's acceptance by signing in the space provided below, and returning a fully executed copy to me.

Sincerely,

Robert W. Johnson
On behalf of TSL

ACCEPTED AND AGREED TO
I.A.T.S.E. WEST COAST

By: _____ Date: _____
Joseph A. Aredas

RWJ/dm

cc: David Adelstein, Esq.
Andrew Millstein
Ann Le Cam

TSL2003AgrmntDrft1

October 12, 2004

VIA U.S. MAIL AND FACSIMILE TO (818) 980-3496

Joseph A. Aredas
International Rep-In-Charge
I.A.T.S.E. International, West Coast
10045 Riverside
Toluca Lake, CA 91602

Re: **TSL Agreement – Category IV Trainees ***

Dear Joe:

This letter sets forth the understanding reflected in our conversation regarding the above subject. Category IV Trainee shall be as follows:

	Effective 11/1/03 – 7/31/04	Effective 8/1/04 – 7/30/05	Effective 7/31/05 – 10/31/06
Category IV * (Trainee)			
First 6 months	\$17.983	\$18.433	\$18.986
Second 6 months	\$20.169	\$20.673	\$21.293
Third 6 months	\$22.355	\$22.914	\$23.604
 (Trainee - Animation Story/ Animation Writing *)			
First 6 months	\$21.473	\$22.010	\$22.670
Second 6 months	\$22.532	\$23.095	\$23.788
Third 6 months	\$23.594	\$24.184	\$24.910

If, after receiving the documents you agree, please indicate the Union's acceptance by signing in the space provided below, and returning a fully executed copy to me.

Sincerely,

M. Wayne Metcalf
On behalf of TSL

I.A.T.S.E. INTERNATIONAL, WEST COAST
ACCEPTED AND AGREED TO:

By: _____ Dated: _____
Joseph A. Aredas
International Rep-In-Charge

* After completion of the training program, the successful artist trainee shall be placed in Category III. However, nothing shall preclude an artist training at a higher category should his or her skills, in the opinion of the Producer, warrant advance placement.

MWM/dm
Enclosure

IATSE-TSLSideLtr10-04.doc

**AGREEMENT BETWEEN SONY PICTURES
ANIMATION, INC. AND I.A.T.S.E.**

This Agreement is made and entered into between Sony Pictures Animation, Inc. (“Employer”) and the INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS and ALLIED CRAFTS OF THE UNITED STATES AND CANADA, AFL-CIO, CLC (“Union”).

**ARTICLE 1
SCOPE OF AGREEMENT**

This Agreement shall be applicable to all persons employed by the Employer to perform services in the County of Los Angeles, 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**

The Employer recognizes the International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada as the exclusive collective bargaining representative of all classifications listed in this Agreement, employed by the Employer to perform services in Los Angeles County, or employed by the Employer in Los Angeles County to work outside said County and in the United States. The Union makes this Agreement on behalf of such employees employed by the Employer.

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

**ARTICLE 3
UNION SECURITY**

A. Each and every employee subject to this Agreement engaged in a staff capacity and employed after the effective date of this Agreement shall become a member in good standing of the Union on and after the thirtieth (30th) day of employment or the effective date of this Agreement, whichever is later. The same shall apply to each and every employee subject to this Agreement engaged as a Production Hire except that the applicable period shall be ninety (90) days, whenever employed. The foregoing requirements to tender dues and initiation fees as a condition of employment shall be subject to the obligations of the parties under the law. "Member in good standing" shall be defined, interpreted and implemented by the parties as an employee who meets the financial obligations only in accordance with the National Labor 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 the Employer written notice that such employee has failed to tender the periodic dues and the initiation fee uniformly required as a condition of acquiring or retaining membership, and

(2) 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 employee 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 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.

ARTICLE 4

WAGE SCALES, HOURS OF EMPLOYMENT AND WORKING CONDITIONS

Wage scales, hours of employment and working conditions shall be as set forth herein and in Job Classifications and Wage Rates Schedule 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 be considered on an "On-Call" basis if agreed in writing with the employee. An employee placed in such category shall not be subject to the provisions set forth in Article 14 ("Work Schedules and Overtime") of this Agreement for work performed on a regularly-scheduled workday and may be required to work additional hours as required during those days. If an employee employed on an On-Call basis pursuant to Article 4, shall be required to work a sixth (6th) or seventh (7th) workday as defined in this Agreement,

then he shall be paid a premium of one and one-half (1 1/2) times one-fifth (1/5) of the minimum basic weekly rate (one-tenth of such rate if called in for four (4) or less hours on such day) provided herein for such employee's classification for each day so worked. Contributions for such On-Call employees to the Motion Picture Industry Pension, Individual Account and Health Plans shall be made on the basis of 56 hours per week for a five day workweek, 63 hours per week for a six day workweek and 72 hours per week for a seven day workweek.

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. No such granting to any individual of better terms and conditions, if any, shall in any manner affect the terms and conditions herein provided, nor shall it be considered in any manner as precedent for granting better conditions and terms than those herein provided to any other individuals or job.

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

D. Deductions for Time Off

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

E. 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 therefore.

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. The Employer agrees that where, in the sole, non-reviewable discretion of the Employer, it is both practical and feasible to do so, it will provide retraining to employees affected by a technological change.

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.

ARTICLE 5 NON-DISCRIMINATION

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

ARTICLE 6 GRIEVANCE AND ARBITRATION

In the event of any dispute between the Union or any employee covered by this Agreement and the Employer with regard to the interpretation or application of any of the terms of this Agreement, the following grievance and arbitration procedure shall, unless otherwise expressly provided herein, be the exclusive means of resolution of such dispute.

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. Failure to settle the dispute within ten (10) business days after the invocation of Step Three entitles either party to proceed to arbitration. In the event the grieving party does not exercise its option to proceed to the next step by serving written 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 -- A grievance shall be filed in writing within thirty (30) days of the date on which the grieving party knew or reasonably should have known of the event(s) giving rise to the grievance, but in no event later than one (1) year from the date such event(s) occurred. 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 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 for such five (5) day period.

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 -- In the event of a failure to settle the dispute under Steps One or Two, prior to proceeding to arbitration, the President of the IATSE or his designee and the head of Labor Relations for the Employer or his designee will meet in an attempt to settle the grievance. Their decision, if any, shall be final and binding upon the parties to the dispute, including any employees affected thereby.

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 arbitration by delivering or mailing to the other party a written demand for arbitration. Such demand shall be submitted within ten (10) days of the Step Three meeting or, if no such meeting is held, within ten (10) days of the last date for such meeting to be held. 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 nine (9) names of Arbitrators to the parties to the dispute for the purpose of selection of an Arbitrator. The parties will then alternately strike names from the list until one name is left and that person shall be the Arbitrator who hears the dispute. 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, add to, delete from or modify 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.

ARTICLE 7 EMPLOYER'S RIGHTS

Except as expressly limited by the specific provisions of this Agreement, the Employer retains all of the rights which it held prior to the negotiation of any agreement with the Union, including, but not limited to, the sole and exclusive right to determine the types of productions 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 and lay off employees, 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 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 belong exclusively to, the Employer. Such rights shall not be used directly or indirectly to illegally discriminate against any employee.

ARTICLE 8 BUSINESS REPRESENTATIVE ACCESS

The duly authorized Business Representative of the Union shall be permitted to visit any portion of the Employer's facilities necessary for the proper conduct of the business of the Union during working hours, provided that any such visits shall not unreasonably interrupt business operations and provided further that notice be given to the Employer at least one (1) business day prior to the visit unless such notice is not practicable due to exigent circumstances. It is understood that due to the secure nature of the Employer's workplace, the Business Representative shall be escorted by a representative of management during any such visit; provided, however, that he or she shall be permitted to consult privately with employees outside of the hearing of any escort.

ARTICLE 9 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. Safety

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 the employees to obey all safety and health rules and regulations and on the 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 which 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.

C. Stewards

The Business Representative of 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 his work or with production activities. The Union shall discuss the matter with the Employer before making such an appointment.

D. Supervisory Employees

1. 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.

2. 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 Articles 18 and 19.

E. Personal Service Contracts

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

F. No Strike -- No Lockout

The Union and the employees it represents agree 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 the Union agrees 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.

Notwithstanding the earlier termination of this Agreement, this No Strike No Lockout clause and all of its terms shall continue to apply to any project committed to by the Employer for a third party (including Columbia Pictures, TriStar and other Sony related entities) until the completion of such project.

G. Loanouts

1. Employees loaned out by the Employer shall receive at least the hourly rate or salary provided herein for such employee's classification. If the employee works in a higher classification for a full day or longer, the Employee will receive the wage rate for that classification. The Employer agrees that it will not abuse this provision by assigning an employee on a regular basis to work part of each day in a higher classification.

2. It is understood and agreed that there will be transfers and interchange of employees between the Employer and Sony Pictures Imageworks. In the event of such transfer or interchange, the Employer shall have the right to apply the provisions of sub-paragraph

G. 1, above, or to have the employee transferred to the Sony Pictures Imageworks payroll and receive the wages, hours and working conditions applicable to Sony Pictures Imageworks' employees.

H. Gender -- Included Meanings

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

ARTICLE 10 SEVERANCE PAY

Employees who have been laid off by the Employer for a period in excess of ninety (90) calendar days and have not been offered re-employment by the Employer during such period shall be entitled to severance pay at their rate of pay in effect at the time of the layoff for the number of weeks set forth below, provided that they meet the length of employment eligibility requirements set forth below.

Employees who have completed two years of consecutive employment: one (1) week

Employees who have completed five years of consecutive employment: two (2) weeks

Employees who have completed seven years of consecutive employment: three (3) weeks.

Employees who have completed ten years of consecutive employment: five (5) weeks.

ARTICLE 11 STAFFING

There shall be no minimum or mandatory staffing requirements under this Agreement.

ARTICLE 12 INTERCHANGE

There shall be interchangeability within and between crafts employed hereunder.

ARTICLE 13 FORMS OF EMPLOYMENT

Employees may be employed on a daily, weekly, or, in the case of exempt employees, weekly On-Call basis. Employees employed on a weekly basis shall be guaranteed forty hours; employees employed on a daily basis shall be guaranteed at least four hours of work on any day they are called in. Weekly On-Call employees shall work the number of hours required of them during the regular workweek. A weekly employee or weekly On-Call employee called in to work on a sixth or seventh consecutive day shall be guaranteed

a minimum of four hours of work. There is no guarantee of employment in excess of one week for weekly and weekly On-Call employees or one day for daily employees, unless agreed to in writing as a better condition by the Employer. The employee's deal memo will specify whether the employee is employed on a daily, weekly or weekly On-Call basis. Unless otherwise expressly stated in an employee's written contract or deal memo, all employees are employed on an at will basis.

**ARTICLE 14
WORK SCHEDULES AND OVERTIME**

A. Employees employed on a weekly basis 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. 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. The Employer will give notice of at least five (5) working days prior to a change in the employee's regular work schedule except where exigencies of production make such notice impractical or impossible.

B. Overtime shall be paid as follows for employees other than Weekly On-Call employees:

- (1) Time and one-half the employee's regular hourly rate of pay for hours worked over eight (8) in a day or over forty (40) within a workweek, except as otherwise provided herein.
- (2) Time and one-half the employee's regular hourly rate of pay for all hours worked on a sixth consecutive day worked within a workweek and for the first eight (8) hours worked on the seventh consecutive day worked within a workweek.
- (3) Two (2) times the employee's regular hourly rate of pay for all hours worked in excess of twelve (12) in a workday or in excess of eight (8) on a seventh consecutive day worked within a workweek.
- (4) Weekly On-Call employees shall not be entitled to daily overtime and premium pay for work on a sixth or seventh consecutive day worked shall be paid in accordance with Article 4, above.
- (5) There shall be no pyramiding or compounding of overtime premiums.

**ARTICLE 15
HOLIDAYS**

A. There shall be nine (9) holidays during the year: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, 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. 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 week 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 workday, 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.

ARTICLE 16 VACATION

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 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.

C. 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.

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

E. 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.

F. 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 Employer's established fiscal vacation year. The Employer will notify the Union Accordingly.

G. Additional Vacation Provisions

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

(1) Eligibility Requirements.

Eligible employee 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; 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 workweek.

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 (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 resigned 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 requirements.

In determining whether any employee loses eligibility for failure to work for Employer more than one hundred 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 (150) 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.

(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 17, below.

**ARTICLE 17
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) On 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 1, unclaimed vacation and holiday pay will be paid to the Motion Picture Industry Pension Plan and credited to the appropriate employee's pension plan account.

**ARTICLE 18
HEALTH AND WELFARE**

The parties hereby agree to incorporate by reference the terms of Article XII (Health Plan) and Article XIV (Motion Picture Industry Health Plan-Retired Employees Fund) of the 2003 IATSE Basic Agreement as though set forth in full. Employer contributions to the Motion Picture Industry Health Plan and the Retired Employees Fund on behalf of employees covered by this Agreement shall commence on the effective date of this Agreement. Eligibility for benefits under said Plans shall be governed by the eligibility

provisions established by the Directors of said Plans. Notwithstanding anything to the contrary contained in the Basic Agreement, contributions for On-Call employees shall be made on the basis set forth in Article 4.B. of this Agreement and contributions for Freelance Animation Writers and Story Board Artists shall be made on the basis set forth in the Job Classifications and Wage Rates schedule attached hereto.

With respect to those employees covered by this Agreement who are, as of the effective date of this Agreement, enrolled in the Sony Pictures Entertainment Group Benefit Plan (“SPE Group Benefit Plan”), the Employer shall, at its option, either:

(1) Continue to make such coverage available to the employee on the same terms and conditions in effect on the effective date of this Agreement until the earlier of the commencement of the employee's eligibility for benefits under the Motion Picture Industry Health Plan or the date on which the employee would have become ineligible to participate in the SPE Group Benefit Plan; provided, however that the right to modify any or all of the terms and conditions of the SPE Group Benefit Plan before or after the effective date of this Agreement, as may be required by law and/or as may be modified for all other employees eligible for the SPE Group Benefit Plan, is specifically reserved by the Employer or

(2) In cooperation with the Union, which cooperation the Union agrees to provide, petition the Motion Picture Industry Health Plan to permit such employees to become immediately eligible for benefits under that Plan on such terms and conditions as are acceptable to the Plan, the Employer and the Union.

ARTICLE 19 MOTION PICTURE INDUSTRY PENSION AND INDIVIDUAL ACCOUNT PLANS

(A) The parties hereby agree to incorporate by reference the terms of Article XIII (Pension Plan) and Article XIII A (Motion Picture Industry Individual Account Plan) of the 2003 IATSE Basic Agreement as though set forth in full. Except as provided in subparagraph (b), below, Employer contributions to the Motion Picture Industry Pension Plan and the Motion Picture Industry Individual Account Plan on behalf of employees covered by this Agreement shall commence on the effective date of this Agreement. Eligibility for benefits under said Plans shall be governed by the eligibility provisions established by the Directors of said Plans. Notwithstanding anything to the contrary contained in the Basic Agreement, contributions for On-Call employees shall be made on the basis set forth in paragraph 4.B. of this Agreement and contributions for Freelance Animation Writers and Story Board Artists shall be made on the basis set forth in the Job Classifications and Wage Rates schedule attached hereto.

(B) Notwithstanding the provisions of subsection (a) of this Article 19, the following shall apply to those employees covered by this agreement who, as of the effective date of this Agreement, are active participants in the Sony Pictures Entertainment Savings and

Profit Sharing Plan (“SPE Savings Plan”). Such employees shall have a one (1) time election, to be made in writing no later than _____, to either:

(1) Cease any further participation in the SPE Savings Plan as of the effective date of this Agreement and have contributions made on their behalf to the Motion Picture Industry Pension and Individual Account Plans as provided in subparagraph (a) of this Article 19. Employees so electing shall continue to be entitled to any vested benefits which they may have under the SPE Savings Plan, but shall not be entitled to make further contributions to said SPE Savings Plan, or have any contributions of any kind made to said SPE Savings Plan on their behalf, and shall not accrue any further benefits under said Plan; or

(2) Continue to participate in the SPE Savings Plan in accordance with the terms of that Plan, as such terms may be modified or amended in whole or in part and from time to time for any reason, during the period of their eligible employment with the Company, in which case they shall not be entitled to have any contributions made on their behalf to the Motion Picture Industry Pension or Individual Account Plans and shall not become participants in said plans.

(3) It is understood that once employees have made the election to continue in the SPE Savings Plan, the Employer will be required to engage in non-discrimination testing under the Internal Revenue Code of 1986, as amended (the “Code”) and Employee Retirement Income Security Act of 1974, as amended (“ERISA”), to determine whether such participation is in compliance with the Code, ERISA and the regulations promulgated thereunder and other applicable laws. If, under the Code, ERISA or other applicable law, any employee or group of employees is or becomes ineligible to continue to participate, in whole or part, in the SPE Savings Plan or such participation would adversely affect the SPE Savings Plan by requiring an amendment or affecting the SPE Savings Plan's tax-qualified status under the Code, then the following shall occur:

- a. Contributions made previously by employee(s) pursuant to an election to continue to participate in the SPE Savings Plan while employed as a member of the union may be reduced and amounts refunded to the employee(s), as necessary, if applicable law requires such action; and
- b. any election to continue participation in the SPE Savings Plan shall be of no further force or effect and the employee or group of employees will cease any future participation in the SPE Savings Plan and, instead, beginning as of the earliest date possible following cessation of continued participation under the SPE Savings Plan, such employee or group of employees will have contributions made on their behalf to the Motion Picture Industry Pension and Individual Account Plans in accordance with subparagraph (a) of this Article 19.

- c. Employees so affected shall continue to be entitled to any vested benefits which they may have under the SPE Savings Plan but shall not be entitled to make further contributions to said Plan, or have any contributions of any kind made to said Plan on their behalf, and shall not accrue any further benefits under said Plan.

**ARTICLE 20
MPSC 401(k) PLAN**

The Employer will remit employee deductions to the MPSC 401(k) Pension Savings Plan. It is agreed that such participation shall be predicated upon the Plan maintaining qualified status. It is understood that the Plan requires no Employer contributions and employee deductions will not exceed the yearly IRS cap on such deductions. There shall be no more than one "open window" period per calendar year, and such window shall be at a time determined by the Employer.

**ARTICLE 21
NEW CLASSIFICATIONS**

In the event any classifications of employment which fall within the bargaining unit covered by this Agreement 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.

**ARTICLE 22
QUARTERLY REPORTS**

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

**ARTICLE 23
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 the 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 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.

ARTICLE 24

TERM

The term of this Agreement shall commence on the date that the Agreement is ratified by the employees and shall extend for four (4) years from that date. Each one (1) year period commencing with the ratification date shall be referred to as a "Contract Year." Either party may terminate this Agreement by giving notice to the other party no more than ninety (90) days and no less than sixty (60) days prior to the expiration of the fourth Contract Year. If no such notice is given, this Agreement shall continue in full force and effect on a month-to-month basis, terminable by either party on sixty (60) days notice.

**ARTICLE 25
WAGES**

The wage rates for employees covered by this Agreement shall be those set forth in the Wage and Classification Schedule attached hereto. Those wage rates shall be increased by three percent (3%) effective with the payroll period that commences closest to the commencement of the second, third and fourth Contract Years of this Agreement, respectively.

THE INTERNATIONAL ALLIANCE OF
THEATRICAL STAGE EMPLOYEES,
MOVING PICTURE TECHNICIANS,
ARTISTS AND ALLIED CRAFTS OF THE
UNITED STATES AND CANADA,
AFL-CIO, CLC

SONY PICTURES ANIMATION, INC.

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

**SONY PICTURES ANIMATION
WAGE AND CLASSIFICATION SCHEDULE**

LEVEL I

\$33.54

Animation Story Board (Sr.)
Animation Writer
Animator (Sr.)
Art Director/Production Designer
Character Designer (Sr.)
Editor
Illustrator/Designer (Sr.)
Layout Artist (Sr.)
Music Editor
Production Designer
Sound Editor
Sound Effects Editor
Story Artist (Sr.)
Visual Development Artist (Sr.)
Animator Specialist

LEVEL II

\$28.60

Animation Story Board (Int.)
Animator (Int.)
Art Director (Int.)
Editor (Asst.)
Music Editor (Asst.)
Sound Editor (Asst.)
Character Designer (Int.)
Illustrator/Designer (Int.)
Sculptor
Story Artist (Int.)
Visual Development Artist (Int.)

LEVEL III

\$23.45

Animation Story Board (Asst.)
Animator (Asst.)
Editor (Assoc.)
Character Designer (Asst.)
Illustrator/Designer (Assoc.)
Story Artist (Asst.)
Story Cleanup
Art Director (Asst.)
Visual Development Artist (Asst.)

LEVEL IV

Animation Story Board Trainee	First 6 months - \$17.98
Animator Trainee	Second 6 months - \$20.17
Apprentice Editor	Third 6 months - \$22.35
Character Designer Trainee	
Illustrator/Designer Trainee	
Editorial Trainee	
Story Artist Trainee	
Visual Development Artist Trainee	

Leadworkers shall be paid the key rate of 15% above the minimum Level one rate for their classification during such assignment.

Freelance Animation Writer and Storyboard

SHORT SUBJECTS - (4 to 7 minutes) **Pension & Health Hours**

Synopsis and Outline	\$727.38	22
Storyboard Only	\$1,008.68	30
Screenplay	\$1,898.80	50

SHORT SUBJECTS – (7 to 15 minutes)

Synopsis and Outline	\$737.58	23
Storyboard Only	\$1,221.48	38
Screenplay	\$2,405.70	77

HALF-HOUR SUBJECTS

Synopsis and Outline	\$1,312.10	45
Storyboard Only	\$2,319.54	75
Screenplay	\$4,610.26	155

ONE HOUR OR MORE SUBJECTS

Synopsis and Outline	\$1,943.13	70
Storyboard Only	\$3,459.75	113
Screenplay	\$6,329.53	230

In reference to the above Freelance Animation Writer and Storyboard rates, the Employer may require two-rewrites or re-works without additional compensation. If the Employer requires an additional re-write or re-work, an additional 20% of the original unit rate shall be paid for each re-write or re-works. Any amount negotiated in excess of the above minimums may be applied against any additional compensation for re-write or rework when due.

Sideletter No. 1

September 22, 2003

Mr. Thomas C. Short
President
IATSE
1430 Broadway
New York, NY 10018

Re: 2003 Agreement Between IATSE and Sony Pictures Animation

Dear Mr. Short:

During the negotiations leading up to the above-referenced collective bargaining agreement ("the Agreement"), the parties agreed to certain accommodations with respect to employees who, as of the effective date of the Agreement, were receiving certain benefits under the Company's benefit plans in excess of those that will be provided to the bargaining unit generally under the Agreement. The purpose of this Sideletter is to memorialize the understanding reached with respect to those issues.

1. ASPIRE.: Certain members of the bargaining unit covered by the Agreement have been eligible to participate in the discretionary bonus plan maintained by the Company known as ASPIRE. The parties have agreed that those members of the bargaining unit who have participated in the ASPIRE plan shall continue to be eligible to participate in that Plan for the period that they continue to be employed by Sony Pictures Animation, Inc. ("SPA") under the same terms and conditions applicable to other non-union employees of SPA. It is expressly understood and agreed that the ASPIRE plan is a discretionary plan and that whether or not bonuses are paid to any employee covered by the Agreement and the amount of any such bonus is in the sole discretion of the Company. It is further understood and agreed that the Company retains the right to amend, modify or terminate the ASPIRE plan and in the event it elects to do so, the amendment, modification or termination of the plan shall apply to employees covered by the Agreement in the same manner as like employees employed by the Company outside of the bargaining unit. Finally, it is understood and agreed that the Union expressly waives and shall have no right to bargain regarding any such amendment, modification or termination of the ASPIRE plan, nor shall it have a right to bargain, grieve or arbitrate regarding the amount of bonus provided to any employee covered hereunder or the fact that such employee received no bonus.

2. Vacation: Notwithstanding anything to the contrary contained in the Vacation provisions contained in the Agreement, with respect to any employee in the bargaining unit who, on the effective date of the Agreement, is employed under a written personal services agreement and is receiving vacation days under the Company's vacation policy in excess of those to which he or she would be entitled under the Agreement, such employee shall continue to accrue vacation at the rate he or she is receiving under the

Company's policy as of the effective date of the Agreement up to and including the earlier of the date of the expiration of his or her personal services agreement or such time as the rate under the Agreement would exceed the rate at which the employee is accruing vacation. Thereafter, the employee shall accrue vacation at the rate provided in the Agreement unless he or she has negotiated a higher rate of accrual as a better condition as part of any personal services agreement negotiated to replace the personal services agreement that has expired.

3. Sick Leave: The Agreement does not provide for paid sick leave for bargaining unit employees. Notwithstanding this fact, any employee in the bargaining unit who, on the effective date of the Agreement, is employed under a written personal services agreement and is receiving paid sick leave under the Company's sick leave policy shall continue to accrue and be permitted to use sick leave at the rate and under the same terms as are in effect under the Company's policy as of the effective date of the Agreement up to and including the date of the expiration of his or her personal services agreement. Thereafter, the employee shall cease to be entitled to paid sick leave unless he or she has negotiated the right to paid sick leave as a better condition as part of any personal services agreement negotiated to replace the personal services agreement that has expired.

4. Paid Personal Days Off: The Holiday pay provisions of the Agreement do not provide for paid personal days off. Notwithstanding this fact, any employee in the bargaining unit who, on the effective date of the Agreement, is employed under a written personal services agreement and is receiving paid personal days off under the Company's holiday policy, shall continue to accrue and be permitted to use such paid personal days off at the rate and under the same terms as are in effect under the Company's holiday policy as of the effective date of the Agreement up to and including the date of the expiration of his or her personal services agreement. Thereafter, the employee shall cease to be entitled to paid personal days off unless he or she has negotiated the right to such paid personal days off as a better condition as part of any personal services agreement negotiated to replace the personal services agreement that has expired.

5. It is understood and agreed that the IATSE will not be a party to any negotiation between the Company and any affected employee with respect to continuation of such better conditions with respect to vacation pay, sick leave or personal days off beyond the expiration of the employee's personal services agreement and the IATSE waives any right to bargain with respect thereto. Any agreement reached between the Company and any employee to extend such better conditions shall be non-precedential and the IATSE shall have no right to grieve nor arbitrate the fact that the Company has refused to continue to provide an employee such better term or condition beyond the term of his or her personal services agreement.

6. It is understood and agreed that employees presently employed by Company who are exempt under the Fair Labor Standards Act and paid a rate more than 110% of the applicable journey minimum rate for their classification shall be deemed to have agreed to be treated as "On-Call" under the Agreement.

If the foregoing meets with your understanding, would you please execute this letter in the space provided below and return one signed copy for our files.

Sincerely,

Accepted and Agreed:
IATSE

By _____
Thomas C. Short

Its _____
President