

WAG PICTURES, INC.

2013 - 2016



MEMORANDUM OF AGREEMENT BETWEEN WAG PICTURES, INC. AND THE I.A.T.S.E.

IATSE West Coast Office (818) 980-3499
Animation Guild (IATSE Local 839) (818) 845-7500

Effective July 1, 2014

**AGREEMENT OF MAY 1, 2013
BETWEEN**

**WAG PICTURES INC.
AND
THE I.A.T.S.E.**

THIS AGREEMENT is executed as of May 1, 2013, between WAG Pictures Inc. (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, last four digits of his or her 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. 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.

C. 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 5.B., below.

D. 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.

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 ½) times the hourly rate provided herein for such employee's classification in one-tenth (0.1) hour increments. Any partial work week at the beginning or end of engagement may be pro-rated.

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 ½) 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 or one-half (1/2) day for on-call personnel. 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.

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 sixty (60) hours of contributions for pension and health benefits for a five (5) day work week; sixty-seven (67) hours of such contributions for a six (6) day work week; and seventy-one (75) hours of such contributions for a seven (7) day work week.

C. Daily Employment

1. Employees employed pursuant to this Paragraph C shall be guaranteed a minimum of eight (8) hours in any one day. All time worked in excess of eight (8) hours per day shall be paid at one and one-half (1 1/2) times the applicable hourly rate.

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.

D. Overtime

Overtime premiums payable under any provision of this Agreement shall not be compounded. When practicable, overtime shall be distributed equally between all employees in the bargaining unit.

E. 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.

F. 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, the Friday following Thanksgiving Day, Christmas Day and one (1) additional date to be designated by the Employer not later than November 1st of the preceding year. Every weekly 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 by daily employees, 3.719% of the employee's straight time earnings shall be paid each week on the employee's pay check.

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. Employees required to work on a holiday shall be paid two times (2X) their hourly or pro-rata daily rate.

H. Procedure for Payment of Holiday Pay

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

1. Holiday pay will accrue at the rate of 3.719% of a weekly employee's straight-time earnings and will be held in escrow by the Employer. Weekly employees will be paid for each holiday that is not worked at their pro-rata daily rate for the week each holiday falls. No later than March 15th in the calendar year following the year in which holiday pay was accrued in escrow the remaining balance of the accrued holiday pay less the total amount for each day of holiday pay previously paid to the employee will be paid to the employee.

2. Holiday pay at the rate of 3.719% of a daily employee's straight-time earnings will be paid on the Daily employee's paycheck each week. Daily employees will not receive an additional day's pay for any holiday that is not worked.

ARTICLE 7. VACATIONS

All employees covered by this Agreement shall receive an additional 4% of their straight time minimum on their weekly paycheck in lieu of paid vacation days. All employees that work 1200 straight time days in a six year period of employment will receive an additional 2% of their straight time earnings for a total of 6% vacation pay on their weekly paycheck in lieu of paid vacation days.

ARTICLE 8. NON-DISCRIMINATION

The parties agree to continue to comply with all applicable federal and state laws relating to non-discriminatory employment practices. Claims arising out of this article shall not be subject to grievance and arbitration.

ARTICLE 9. 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 ¼) 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.

G. The foregoing provisions of this Article 9 do not apply to Employees guaranteed in writing employment in excess of 90 days.

ARTICLE 10. 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 10.

Failure to settle the dispute within ten (10) business days after the invocation of Step One entitles either party to proceed to Step Two; failure to settle the dispute within ten (10) business days after 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 Stephen Carroll 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 11.
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 ninety (90) days of employment ("Probation Period"). Employees who have completed the applicable Probation Period shall only be disciplined or discharged for cause. The Probation Period for daily call employees shall commence on the day she/he is reclassified to weekly status.

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 12.

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 2009, (including Article XII, Article XIII, Article XIII A and Article XXXIV (d).

ARTICLE 13.

EMPLOYER’S RIGHT

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 14.

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 15.

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.

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 16.
CONTRACT SERVICES ADMINISTRATION TRUST FUND**

The Employer shall pay to the Contract Services Administration Trust Fund ("CSATF") four cents (\$.04) per hour for each hour worked or guaranteed hereunder.

**ARTICLE 17.
THE PRODUCER-IATSE BASIC AGREEMENT OF 2012
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 2012 ("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 18.

TERM OF AGREEMENT

A. Except as noted in this Article, the term of the Agreement shall be for a period commencing May 1, 2013, and continuing to and including April 30, 2016.

B. Either party may, by written notice to the other, served between January 31 and February 29, 2016, 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 19.
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 20.
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

WAG Pictures Inc.

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

Dated: _____

ATTACHMENT “A”

WAGE SCHEDULE 5/1/2013 – 4/30/14

Category I. \$ 41.528

(Including but not limited to Journey level: Animator, Story Person, Animation Writer¹, CG Modeler, Compositor, Lighting Artist, Technical Director, Texture Map Painter, Visual Development, Matt Painter)

Category II.

A.	(Asst. to Category I.)	\$ 35.541
B.	(Other Key Categories I.)	\$ 38.534

Category III. \$ 30.045

(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)

Category IV²

(Trainee)	First 6 months	\$ 22.664
	Second 6 months	\$ 25.312
	Third 6 months	\$ 27.966

(Trainee – Animation Story/Animation Writing)	First 6 months	\$ 26.895
	Second 6 months	\$ 28.178
	Third 6 months	\$ 29.467

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.

¹See Sideletter #4 with respect to employment of writers on a flat-deal basis.

²After 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

ATTACHMENT “B”

WAGE SCHEDULE

5/1/2014 – 4/30/15

Category I. \$ 42.774

(Including but not limited to Journey level: Animator, Story Person, Animation Writer¹, CG Modeler, Compositor, Lighting Artist, Technical Director, Texture Map Painter, Visual Development, Matt Painter)

Category II.

A.	(Asst. to Category I.)	\$ 36.607
B.	(Other Key Categories I.)	\$ 39.690

Category III. \$ 30.946

(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)

Category IV²

(Trainee)	First 6 months	\$ 23.344
	Second 6 months	\$ 26.072
	Third 6 months	\$ 28.805

(Trainee – Animation Story/Animation Writing)	First 6 months	\$ 27.702
	Second 6 months	\$ 29.023
	Third 6 months	\$ 30.351

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.

¹See Sideletter #4 with respect to employment of writers on a flat-deal basis.

²After 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

ATTACHMENT “C”

WAGE SCHEDULE 5/1/2015 – 4/30/16

Category I. \$ 43.630

(Including but not limited to Journey level: Animator, Story Person, Animation Writer¹, CG Modeler, Compositor, Lighting Artist, Technical Director, Texture Map Painter, Visual Development, Matt Painter)

Category II.

A.	(Asst. to Category I.)	\$ 37.339
B.	(Other Key Categories I.)	\$ 40.484

Category III. \$ 31.565

(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)

Category IV²

(Trainee)	First 6 months	\$ 23.811
	Second 6 months	\$ 26.593
	Third 6 months	\$ 29.381

(Trainee – Animation Story/Animation Writing)	First 6 months	\$ 28.256
	Second 6 months	\$ 29.603
	Third 6 months	\$ 30.958

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.

¹See Sideletter #4 with respect to employment of writers on a flat-deal basis.

²After 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

Letter of Understanding #1

May 1, 2013

Mr. Michael F. Miller
Vice President-in-Charge of the West Coast Office
I.A.T.S.E. West Coast
10045 Riverside Drive
Toluca Lake, CA 91602

Re: WAG Pictures Inc. "Seniority"

Dear Mike:

This letter sets forth the understanding regarding the above subject.

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

Specifically, it is WAG'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 WAG's intention to exercise its discretion reasonably and without any illegal discrimination of any kind.

Sincerely,

For WAG:

Stephen C. Carroll
Vice President

For IATSE

Michael F. Miller
Vice President-in-Charge of the
West Coast Office
I.A.T.S.E. West Coast

Letter of Understanding #2

May 1, 2013

Mr. Michael F. Miller
Vice President-in-Charge of the West Coast Office
I.A.T.S.E. West Coast
10045 Riverside Drive
Toluca Lake, CA 91602

Dear Mike:

During the course of negotiations for this 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 WAG Agreement shall remain in full force and effect

Sincerely,

For WAG:

Stephen C. Carroll
Vice President

For IATSE

Michael F. Miller
Vice President-in-Charge of the
West Coast Office
I.A.T.S.E. West Coast

Letter of Understanding #3

May 1, 2013

Mr. Michael F. Miller
Vice President-in-Charge of the West Coast Office
I.A.T.S.E. West Coast
10045 Riverside Drive
Toluca Lake, CA 91602

Re: Technological Change

Dear Mike:

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.

In the event that any employee engaged under this agreement is displaced due to the introduction of any new or modified devices or equipment for the purpose of performing any work by employees covered by this Agreement or with respect to the performance of work in any classification hereunder or in materially changing the job description thereof, if any, provided within the WAG Pictures Inc. agreement or in requiring substantially different training, qualification or skills therefore then Employer agrees to endeavor to train such person for such available job at Employer's expense. 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 sideletter shall have the right to reject the same which will relieve the employer of its obligations under the following paragraph unless the rate for the retrained position is less than the employees previous rate.

If any such technological change permanently displaces any person in the performance of her/his job classification for Employer and such person makes written application to Employer within thirty (30) days after such displacement, 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 Displacement Pay Table
1 or 2	1
3	1 ½
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 9 of the WAG Agreement (“DISMISSAL PAY”). Anything in this Letter of Understanding to the contrary notwithstanding, no such displaced person shall be eligible for Displacement Pay if:

- 1) Employer offers the training referred to, 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.

“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:

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.

Sincerely,

For WAG:

Stephen C. Carroll
Vice President

For IATSE

Michael F. Miller
Vice President-in-Charge of the
West Coast Office
I.A.T.S.E. West Coast

Letter of Understanding #4

May 1, 2013

Mr. Michael F. Miller
Vice President-in-Charge of the West Coast Office
I.A.T.S.E. West Coast
10045 Riverside Drive
Toluca Lake, CA 91602

Re: Engagement of Writers on an On-Call Basis

Dear Mike:

During negotiation of the 2013 WAG Pictures Inc. – I.A.T.S.E. Agreement, the parties discussed the independent manner in which writers of animated motion pictures render services. It was agreed that Writers and Employer may negotiate rates in excess of \$2,000 per week for services on an “On-Call” basis pursuant to Article 5.B. of the 2013 WAG Pictures Inc. – I.A.T.S.E. Agreement.

For WAG:

Stephen C. Carroll
Vice President

For IATSE

Michael F. Miller
Vice President-in-Charge of the
West Coast Office
I.A.T.S.E. West Coast