

AICP SIDELETTER TO THE
DIRECTORS GUILD OF AMERICA, INC.
NATIONAL COMMERCIAL AGREEMENT OF 2009

This Sideletter (herein called the "AICP Sideletter") is made and entered into in the City of New York, State of New York between the Association of Independent Commercial Producers, Inc. (herein called the "AICP") on behalf of those AICP member Producers who have authorized the AICP to be their representative for the purposes of collective bargaining and the Directors Guild of America, Inc. (herein called the "Guild"). This AICP Sideletter will supplement and be part of the Directors Guild of America, Inc. National Commercial Agreement of 2009 (herein called the "Agreement"). The AICP Sideletter and the Agreement together constitute the Directors Guild of America, Inc.-AICP National Commercial Agreement of 2009 (herein called the "DGA-AICP Agreement").

The terms of this AICP Sideletter are exclusively for the benefit of, and are applicable to, only those Producers who are now, and remain for the term of the Agreement, members in good standing of the AICP. The terms of this Sideletter which are exclusive to AICP members shall apply only so long as the Producer remains a member in good standing. In the event a Producer's AICP membership is terminated for any reason, such Producer shall be subject to the terms of the DGA National Commercial Agreement excluding this AICP Sideletter effective the first day of the month following the AICP's written notification to the Guild and the Pension and Health Plans that such termination of AICP membership has occurred.

This AICP Sideletter and the Agreement together represent the entire agreement between the parties. The terms of the AICP Sideletter shall prevail over any provision of the Agreement which is inconsistent with this AICP Sideletter.

1) Pension and Health

Articles 3-103 and 3-104 of the Directors Guild of America, Inc. National Commercial Agreement of 2009 are deleted and replaced with the following:

AICP 3-103 LOAN-OUTS

- (A) When a Producer borrows the services of an Employee from a loan-out company, as defined in paragraph (C) below, and such Employee renders services covered by this Agreement, the Producer shall make pension and health contributions directly to the Directors Guild of America-Producer Pension and Health Plans ("Plans") on behalf of the loan-out company.
- (B) Contributions shall be based on the presumed salaries defined in AICP Article 3-104 below.
- (C) The term "loan-out" means a company which is controlled by the Employee and

loans the Employee's services to the Producer.

AICP 3-104 DEFINITION OF SALARY FOR PENSION AND HEALTH CONTRIBUTIONS

(A) **Principal/Director**

- i. For the period December 1, 2009 through October 31, 2010, Producer shall make contributions to the Plans for a Principal Director based on presumed annual earnings of \$154,500. Effective November 1, 2010, Producer shall make contributions to the Plans for a Principal Director based on presumed annual earnings of \$159,135. A Principal Director is an individual who, either alone or in combination with his or her spouse, parents, siblings and/or lineal descendants (collectively "Family") owns, directly or indirectly through other entities, 10 percent (10%) or more of the equity of the Producer. However, the individual shall not be a Principal Director if the Plans determine that all of the following conditions are met during the calendar year in question: (i) the individual does not own, directly or indirectly through other entities, any equity in the Producer, and (ii) another Family member owns, directly or indirectly through other entities, equity of the Producer, is performing DGA covered work for the Producer and is subject to contributions as set forth in this paragraph.
- ii. Any Principal Director who believes he or she will earn less than the presumed annual earnings set forth in paragraph (i) above from all income derived from directing commercials may exercise an option, upon written notice to the Plans and the Guild served not later than January 20 of each calendar year, to pay contributions on actual gross earnings (including but not limited to initial compensation, profit participation or other production contingent compensation). If ten percent (10%) or more of the Principal Directors having companies represented by the AICP exercise such option, the Guild may terminate the option for the following calendar year.

(B) **Directors other than Principal/Directors**

For the period from December 1, 2009 through October 31, 2010, the Producer shall make contributions for any Director other than Principal Directors based a presumed salary of \$7,210. Effective November 1, 2010, the Producer shall make contributions for any Director other than Principal Directors based a presumed salary of \$7,426.

(C) **Principal Unit Production Managers, Principal Assistant Directors and Staff Unit Production Managers, and Staff First Assistant Directors**

- i. For the period from December 1, 2009 through October 31, 2010, Producer shall make contributions to the Plans for Principal UPMs (UPMs), Principal ADs (both 1st AD and 2nd ADs), Staff UPMs, and Staff 1st ADs based on presumed annual earnings of \$123,600. Effective November 1, 2010, Producer shall make contributions to the Plans for Principal UPMs (UPMs), Principal ADs (both 1st AD and 2nd ADs), Staff UPMs, and Staff 1st ADs based on presumed annual earnings of \$127,308.
- ii. A Principal UPM or Principal Assistant Director is an individual who, either alone or in combination with his or her spouse, parents, siblings and/or lineal descendants (collectively “Family”) owns, directly or indirectly through other entities, 10 percent (10%) or more of the equity of the Producer. However, an individual shall not be a Principal UPM or Principal Assistant Director if the Plans determine that all of the following conditions are met during the calendar year in question: (i) the individual does not own, directly or indirectly through other entities, any equity in the Producer, and (ii) another Family member owns, directly or indirectly through other entities, equity of the Producer, is performing DGA covered work for the Producer and is subject to the provisions of Article 3-104 (C) (i).
- iii. A Staff UPM or Staff 1st AD is one who performs work as a UPM or 1st AD who may also perform other non-Guild covered services for a Producer under a guarantee of no less than twenty-six (26) weeks.

(D) Staff Second Assistant Director

- i. For the period from December 1, 2009 through October 31, 2010, Producer shall make contributions to the Plans for the Staff 2nd AD on a presumed annual salary of \$72,100. Effective November 1, 2010, Producer shall make contributions to the Plans for the Staff 2nd AD on a presumed annual salary of \$74,263.
- ii. A Staff 2nd AD is one who performs as a 2nd AD who may also perform other non-Guild covered services for a Producer under a guarantee of no less than twenty six (26) weeks.

(E) All Other Assistant Directors

The Producer shall make contributions for any UPM or AD, other than a Principal UPM or Principal AD or Staff AD based upon the individual’s actual gross earnings (including but not limited to initial compensation, profit participation or other production related compensation).

2) **Audit Limitations**

Notwithstanding the provisions of Article 3-108, the following shall apply with respect to Pension and Health Plan audits of the Producer:

- (A) Any Producer which makes contributions for an Employee based on presumed earnings, according to and in strict compliance with the provisions above, shall not be subject to an audit by the Plans with respect to the Employees' actual earnings during the relevant period.
- (B) The Plans reserve the right to audit any Producer which makes contributions based on the presumed shoot day rate for Directors other than Principal Directors as set forth in the above AICP Article 3-104 (B).
- (C) The above paragraphs (A)-(B) are not intended to and do not modify any of the terms of the Directors Guild of America-Producer Pension and Health Trust Agreements.

3) **Staffing**

Notwithstanding the terms of Articles 1-303 and 1-304, and Article 5-100 of the Directors Guild of America, Inc. National Commercial Agreement of 2009, the Agreement shall be deemed modified for members of the AICP in the following respects:

- (A) Members of the AICP shall not be required to employ a 1st AD on any particular production unit unless there are more than six (6) persons (of whom not more than one (1) may be a member of the cast), exclusive of the Director, employed by the AICP member for said production unit.
- (B) The AICP member shall not be required to hire a 1st AD for one (1) day's preparation on jobs for which the shooting takes less than five (5) hours. In the event that the shooting on such job exceeds five (5) hours in duration, the 1st AD shall be paid for the preparation time as though the same had been performed on a separate day from the shooting and shall be paid the applicable flat daily rate for each preparation and shooting day.
- (C) Notwithstanding the provisions of (B) above, the AICP member shall not be required:
 - i. to employ a 1st AD for preparation on a one-day shoot of any of the following jobs:
 - 1. Limbo Product shots, where no cast is involved.

- 2. Minor re-shooting.
- 3. Stop motion photography.
- ii. to employ a 1st AD for pick up shots (“winging” as generally understood in the Industry).
- (D) With regard to Article 5-103 (D) concerning location scouting, this provision shall be operative with regard to AICP members to the extent and upon condition that it is uniformly applied and enforced with respect to other DGA signatory producers in the television commercial industry who are not AICP members.
- (E) The staffing provisions of the Agreement relating to 2nd ADs under Article 1-304 and Article 5-103 (A) shall not apply to “table top” productions.
- (F) With regard to the assignment of a 2nd AD on one day of shooting on each commercial production as provided in Article 5-103 (A) such day of assignment can be the same day on which the 2nd AD performs any other work, such as work described in sub-paragraphs (i), (ii) or (iii) of Article 5-103 (A).

4) Training Program and Qualification Lists

Notwithstanding the terms of Articles 6-100, 6-200 and 6-300 of the Directors Guild of America, Inc. National Commercial Agreement of 2009, the Agreement shall be deemed modified with respect to members of the AICP in the following respects:

- (A) The parties agree to study any problems arising under Article 6-300 of the Agreement.
- (B) In unusual circumstances, the AICP may, on no more than ten (10) occasions over the life of the Agreement, and with prior notice to the Guild, designate a competent 1st AD, 2nd AD or UPM as eligible to work on commercials in the New York, Southern California and Third Areas. Notwithstanding the criteria set forth in Article 6-300 of the Agreement, such individuals shall be eligible to be employed on commercials in the category or any lesser category with any Producer signatory to the National Commercial Agreement of 2009.

5) Most Favored Nations Clause

The Guild agrees that if, during the term of this Agreement, it enters into a contract with any Producer whose business is comparable to and in competition with the Producer herein, granting to such other Producer more favorable rates, terms or conditions of employment than those provided for in this Agreement, the Guild will notify the AICP,

and the AICP shall have the option to adopt such more favorable rates, terms or conditions.

The above terms in this paragraph 5 do not apply to the DGA Midwestern Commercial Agreement.

6) Non-Commercial Productions

- (A) Music videos are not covered by this AICP Sideletter or the Agreement. Pension and health contributions are not to be made for music videos unless an individual Producer has entered into a separate written agreement with the Guild covering music videos which requires the payment of such contributions.
- (B) The provisions of Article 7-111 (B) of the Agreement are not covered by this AICP Sideletter or the Agreement. Pension and health contributions are not to be made for productions as defined in Article 7-111 (B) unless an individual Producer has entered into a separate written agreement (See Exhibit D) with the Guild covering such productions which requires the payment of such contributions.

7) Safety Bulletins

The AICP has been provided with copies of the CSATF Industry Safety Bulletins. To the degree possible the AICP will promote utilization of such Bulletins as guidelines for safe practices in the commercial industry.

8) Diversity

The parties agree to establish a joint AICP/DGA Diversity Committee to promote the employment of women and ethnic minorities in DGA-represented categories on television commercials.

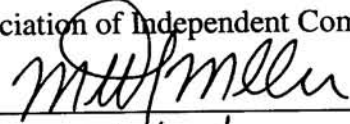
9) Non-Traditional Commercials

The Guild will give good faith consideration to requests for waivers, which shall not be unreasonably denied, to extend the terms of Section 8-200 to non-traditional commercials whose total production costs exceed \$500,000 but are less than or equal to \$750,000, provided that the budget for any single shoot day does not exceed \$50,000. The Guild shall also give good faith consideration to requests for waivers, which shall not be unreasonably denied, of minimum staffing under Sections 8-100 and 8-200 where the Director or First Assistant Director can perform all covered duties without assistance.

10) Applicable Term

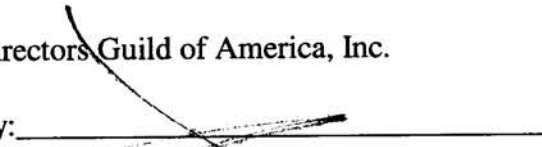
Except as otherwise provided in this AICP Sideletter, all terms of the Directors Guild of America National Commercial Agreement of 2009 shall apply. The term of this AICP Sideletter is December 1, 2009 to November 30, 2011.

Association of Independent Commercial Producers, Inc.

By: 

Dated: 6/15/2010

Directors Guild of America, Inc.

By: 

Dated:

AICP SIDELETTER

Sideletter #1

Matt Miller
President
Association of Independent Commercial Producers, Inc.
11 East 22nd Street, 4th Floor
New York, New York 10010

Dear Matt,

This will confirm the following agreements and understandings with respect Article 1-102 reached during negotiation of the DGA-AICP National Commercial Agreement of 2001 (herein called the Agreement) and which we have agreed to continue and include as part of the National Commercial Agreement of 2009.

Notwithstanding the Guild Shop provisions set forth in Article 1-102 of the Agreement, Directors engaged to direct commercials may elect to defer becoming a member of the Directors Guild to not later than ten (10) shoot days or one (1) year from the Directors first shoot day, whichever is earlier. The ten (10) day, one (1) year period applies per Director regardless of the number of companies for which the Director works. The above provisions apply only to Directors who are not, and have not previously been, members of the Guild.

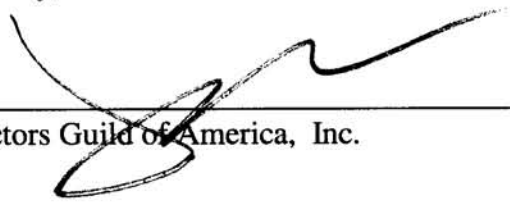
A Producer shall notify the Guild in writing within forty-eight (48) hours of entering into an agreement to engage or represent a new Director. The Guild will provide written notice to the AICP of problems relating to the above provisions and the AICP will meet with the Guild to resolve such problems.

Except as specifically modified above, all terms and conditions of the Agreement will apply.

In addition to any other remedies available to the Guild under the DGA-AICP Commercial Agreement, the Guild may revoke this Sideletter #1 prospectively with respect to individual Employers who on two or more occasions fail to comply with the forty-eight (48) hours notice requirement or fail to file Commercial Project Listing Forms, or fail to comply with the Guild Shop provisions set forth in Article 1-102 of the Agreement, as modified herein with respect to jobs performed under this Sideletter #1. The Guild will give an Employer written notice of the Employer's failure to comply with these provisions prior to revoking this Sideletter #1.

In addition to the above Sideletter #1, the AICP has agreed to send a letter to AICP Companies concerning the problem of "double breasting" and the Guild's intent to enforce Article 7-105.

Sincerely,



Directors Guild of America, Inc.

Agreed:



Association of Independent Commercial Producers, Inc.

AICP SIDELETTER

Sideletter #2

Jay D. Roth
National Executive Director
Directors Guild of America, Inc.
7920 Sunset Boulevard
Los Angeles, California 90046

Dear Jay:

During the negotiations for the 2005 National Commercial Agreement the Association of Independent Commercial Producers expressed its concern that on many occasions there is insufficient time to apply for a work permit or visa in connection with commercials shot entirely outside North America. The AICP asserted that its member companies cannot employ an American First Assistant Director outside North America absent a valid work permit or visa. In many instances, the Producer does not have sufficient lead time to apply for and/or receive a response to a work permit or visa application before the first day of production. To address this concern, the parties agree as follows:

1. Notwithstanding the Geographical Scope provisions set forth in Article 1-202 of the Agreement, an Employer shall not be required to transport a First Assistant Director from the United States on a commercial shot entirely outside North America where the commercial involves three or fewer shoot days and is awarded less than ten (10) business days prior to the first shoot day.
2. In such situations, the Employer shall give preference of employment to DGA First Assistant Directors (i) who reside in the country where production is taking place; or (ii) who hold a work permit or are otherwise eligible to work in said country and are eligible for employment as a local hire (i.e., the assignment does not require that the Employee be transported to that country for employment). The Guild will maintain a list of First Assistant Directors who satisfy these requirements.
3. The Employer shall comply with its obligation under Article 1-202 of the Agreement to provide the Guild with prompt written notice when a First Assistant Director is not transported pursuant to this Sideletter, and shall also file a Commercial Project Listing Form as required by Article 1-102 (C) of the Agreement.
4. In addition to any other remedies available to the Guild under this Agreement, the Guild

may revoke the terms of this Sideletter on written notice to the Employer and the AICP prospectively for the balance of the term of this Agreement with respect to individual Employers who on two occasions fail to file a Commercial Project Listing Form for commercials produced outside the United States. The Guild will give written notice of the Employer's failure to comply prior to revoking the terms of this Sideletter.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Miller". The signature is written in a cursive, flowing style.

Matt Miller
President and Chief Executive Officer

Agreed:

A handwritten signature in black ink, appearing to read "Jay D. Roth". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Jay D. Roth

AICP SIDELETTER

Sideletter #3

Matt Miller
President and Chief Executive Officer
Association of Independent Commercial Producers, Inc.
3 West 18th Street, 5th Floor
New York, New York 10011

Re: Commercial Unit Production Managers

Dear Matt:

This is to confirm our understanding reached during negotiation of the National Commercial Agreement of 2005 concerning responsibilities and duties of Unit Production Managers on television commercial productions.

1. The Guild continues to believe that the UPM responsibilities and duties set forth in Articles 1-302 (A) and (B) respectively may be performed only by persons covered by the Agreement as required by Article 1-305. We expect that any person who performs the duties of a UPM, as commonly utilized and understood in the motion picture industry, will be designated and employed as a UPM under the terms and conditions set forth in the Agreement.
2. Notwithstanding Paragraph 1, we acknowledge that a long standing practice exists within the television commercial industry where some Employers assign these duties and responsibilities to a person or a number of different persons so that there is no one person designated as a Unit Production Manager as that position is commonly utilized and understood in the motion picture industry. In these situations, we agree that the determination of whether an individual should be covered as UPM should as an initial matter be discussed in good faith and determined by the Employee and Employer involved, inasmuch as they are in the best position to determine the precise duties and responsibilities to be performed by the Employee on a particular commercial.
3. Consistent with the foregoing, each Employer will continue to cover as UPMs those Employees who have in the past been designated by that Company as a UPM on commercials when the Employee performs UPM duties and has overall responsibility as a UPM.

4. Any request by a qualified Employee to be covered as a UPM to an Employer that has not regularly designated that Employee as a UPM in the past will be discussed in good faith between the Employee and Employer involved. The Guild and AICP agree and expect those individual discussions will result in Employees being covered as UPMs when they are hired to perform the duties set forth in Article 1-302 (B) and have overall responsibility as a UPM as commonly utilized and understood in the motion picture industry. Similarly, the Guild and AICP expect that employees who do not perform the duties set forth in Article 1-302 (B) and do not have overall responsibility as a UPM as commonly utilized and understood in the motion picture industry will not be covered as UPMs.

Sincerely,



Jay D. Roth

National Executive Director

Agreed.



Matt Miller