LOW BUDGET SIDELETTER TO THE DIRECTORS GUILD OF AMERICA
BASIC AGREEMENT OF 2026
SINGLE PROJECT AGREEMENT

_____ (the "Employer") enters into this sideletter (the "LBSL") with the Directors Guild of America, Inc. (the "DGA" or the "Guild") governing the employment of the Directors, Unit Production Managers, First Assistant Directors, and Second Assistant Directors ("Employees") employed in connection with the production of the theatrical motion picture currently entitled "_____" (the "Picture"), and concurrently agrees to execute and to be bound by the DGA Basic Agreement of 2026 ("BA"). Unless otherwise noted, references to Paragraphs, Articles, Exhibits, Attachments, and Sideletters hereunder will be references to Paragraphs, Articles, Exhibits, Attachments, and Sideletters of the BA. To the extent the provisions herein are inconsistent with the BA, the provisions of this LBSL shall be controlling.

The Picture shall be covered by this LBSL only if the Budget, as defined below, is within the specified levels, as defined herein (each, a "Level"), of production costs and it is intended for initial release theatrically. If the Picture fails to get a domestic (U.S. and Canada) theatrical release and is first released in the video, pay television, free television, or new media market, it shall nevertheless remain classified as a theatrical motion picture for all purposes and shall not be reclassified as a "Made for Pay Television," "Free Television," or "Made for New Media" motion picture, if, upon completion of the Picture, it is not suitable for theatrical release or the Employer is unable to obtain one.

Prior to any employee commencing DGA-covered services on the Picture, the Employer must confirm with the DGA, in writing, that it has established a written safety program to the extent required by applicable law.

Budget

1. Submission for Classification: Before the start of principal photography, Employer shall submit to the DGA the Budget, as defined below, that was approved for purposes of bank or investment financing by a bona fide completion guarantor, or if there is no completion bond, the Budget in effect upon commencement of principal photography signed by the Unit Production Manager and an officer of Employer.

2. Budget Definition: The budget for the Picture shall consist of all direct and indirect production costs actually incurred in connection with the Picture (the "Budget"). The only costs excluded in determining the Level of the Picture (i.e., Level 1-4, as defined herein), for purposes of this LBSL shall be financing costs (e.g., bank fees, gap fees, legal fees and interest); contingency of up to ten percent (10%); essential element insurance costs; the cost of the completion bond; marketing expenses; contingent payments to talent or other parties that are based on the proceeds derived from the exploitation of the Picture and received after recoupment of the negative cost; and delivery items required by sales agents, distributors, or subdistributors (e.g., delivery materials beyond the answer print or the NTSC Video Master if

the Picture is delivered on videotape, or the digital equivalent if the picture is delivered in a digital format). Federal, state, and foreign rebates and tax credits shall not be excluded from the Budget. DGA shall review the Budget, taking into consideration any and all proposed cost exclusions, and shall approve such Budget for level determination, as defined herein.

3. Submission of Final Cost Statement: No later than sixty (60) days after the completion of the answer print or twelve (12) months after wrap of principal photography, whichever comes first, Employer shall submit to the DGA a statement of all actual costs incurred in connection with the production of the Picture (i.e., those costs commonly referred to as the "negative cost") that are not properly excluded from the Budget, as detailed in the first paragraph above (the "Final Cost Statement"). The DGA shall have the right to review and audit records relating to the cost of the Picture. The DGA shall have twelve (12) months from the date of receipt of the Final Cost Statement to notify Employer of a challenge or claim concerning the appropriate Level for the Picture. After said twelve (12) month period, the DGA shall be deemed to have waived the right to challenge the Budget or Level of production cost of the Picture. Costs incurred on account of force majeure events as defined in Article 6 shall not be counted toward the actual costs.

If the actual final production cost of the Picture exceeds the Budget approved by the DGA by more than the budgeted contingency and such actual final production cost causes the Picture to have a Budget higher than its original Level, then the Picture shall be reclassified into such higher Level, the provisions applicable to the higher Level shall apply, and all salaries and other terms shall be adjusted accordingly and paid within thirty (30) days after submission of the Final Cost Statement.

The currency rate in effect on the earlier of the date the bank financing for the Picture closes, or the start of principal photography, will be used for purposes of determining the Budget, and the final cost, of the Picture.

For any Director assigned to the Picture, Employer shall use a deal memorandum in content and form substantially as set forth in Exhibit A attached to this LBSL. For any Unit Production Manager and Assistant Director assigned to the Picture, Employer shall use a deal memorandum in content and form substantially as set forth in Exhibit B attached to this LBSL.

I. Level 1: On a Picture with a Budget equal to or less than $1,100,000, the employment of Employees shall be subject to all terms of the BA, as modified below, along with all relevant Exhibits, Attachments, and Sideletters thereto, including without limitation Sideletter 15 (Reuse via New Media):

A. Level 1a: On a Picture with a Budget equal to or less than $500,000, all terms of the BA shall apply, as modified below:

1. Article 1-Recognition and Guild Shop:

   a. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

   b. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

2. Articles 3 and 4-Directors' Compensation and Related Matters:

   a. The following items are subject to negotiation between the Director and Employer:

      i. Director's initial compensation and daily rate (if any is agreed upon);

      ii. Director's guaranteed period of employment;

      iii. whether, and on what basis, the Director is "pay or play;" and

      iv. whether, and on what basis, the Director is owed any amounts under Paragraph 3-111 ("'Soft Pre-Production' Services").

   b. Second Unit Director: The salary and preparation time for any Second Unit Director shall be subject to negotiation between Employer and the Director.

   c. Paragraph 3-109-Sequel Payments: In the event the Employer produces a theatrical motion picture that is a sequel to the Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

i. that the original Picture and the sequel are produced by the same Employer;

ii. that principal photography of the original Picture commenced on or after July 1, 2023; and

iii. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

3. Article 7-Director's Minimum Conditions - Preparation, Production, Post Production:

a. Paragraph 7-401-Dailies: Employer need only provide dailies on video. Dailies shall be provided as soon as practicable. If Employer provides dailies on video, Employer shall make best efforts to provide them within 24 hours.

Director will be provided with a copy of the dailies simultaneously with the producer and others who need to view the dailies, and Employer will furnish the Director a list of those who receive dailies.

b. Preparation and Preview of Director's Cut: In lieu of the ten (10) week period provided for the accomplishment of the Director's Cut in Paragraph 7-505(b)(1), Employer shall provide the same number of days for the accomplishment of the Director's Cut as were provided for principal photography (but in no event shall the period for the Director's Cut provided pursuant to this LBSL be less than twenty (20) days), followed by a screening of the Director's Cut pursuant to Paragraph 7-505(d).

Employer may view and have access to materials from the editor's assembly for the purpose of preparing trailers and marketing materials provided the Director is present, Employer does not impede the completion of the assembly or the preparation of the Director's Cut, and Employer does not cut behind the Director.

There shall be no mandatory preview of the Director's Cut or of the Picture. The Director will be notified of any preview as per the BA. Employer will

send the Director to any preview conducted by Employer outside of Los Angeles or Orange County as per the BA; the Director need not be flown in first or business class, but will fly in the best class afforded by Employer to anyone else attending the preview. These obligations do not apply to previews conducted by third-party distributors, unless they are signatory to the BA.

4. Article 12-Pension and Health Plans:

a. Paragraph 12-205-UPM/Producer: Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary. This provision shall not apply to a Unit Production Manager who is also a "Principal" of the Employer, as defined below.

b. Principal Employees: A Principal is an individual who owns, or whose spouse, parent, sibling or lineal descendent owns, directly or indirectly, ten percent (10%) or more of the equity of the Employer ("Principal").

i. If a Director is a Principal, the Director's salary for purposes of pension and health contributions shall be 10% of the Budget of the Picture.

ii. If a Unit Production Manager or Assistant Director is a Principal, then any such Unit Production Manager's or Assistant Director's compensation for the purposes of pension and health contributions will be based on the lesser of the actual salary or the applicable salary level at Level 1b, as defined herein. For example, if a Unit Production Manager on a Level 1a film is paid an amount that exceeds the Level 1b salary for a Unit Production Manager, the contributions shall be paid on an amount equivalent to the Level 1b Unit Production Manager salary.

5. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

   a. Initial Compensation: Initial compensation for Assistant Directors and Unit Production Managers shall be subject to negotiation between the individual Employee and Employer.

   b. Minimum Wage: The salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

   c. Exclusions: Paragraphs 13-103 and 13-104 (Completion of Assignment Pay), Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay), Paragraph 13-118 (Wrap Supervision Allowance), and Paragraph 13-601 (Vacation Pay) and shall not apply.

      For Assistant Directors and Unit Production Managers, production fees and preparation periods shall be subject to negotiation between the individual Employee and Employer.

   d. Holiday Work: Assistant Directors and Unit Production Managers who work on a holiday as specified in Paragraph 13-113 shall be paid at 200% of the daily rate. Employer may deduct a day's pay from the weekly salary if an Assistant Director or Unit Production Manager does not work on a holiday that falls within that week.

   e. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

6. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the Screen Actors Guild ("SAG") or the International Alliance of Theatrical Stage Employees ("IATSE") minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

7. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above,

travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

8. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

9. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer may employ one Assistant Director or one Unit Production Manager who is not on the applicable Qualification List (as defined below). With respect to all other classifications covered by Article 14, Employer shall make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List, and must document that effort at DGA's request. Employer may not offer better rates or conditions of employment to non-Qualification List Employees than those offered to Qualification List Employees.

In the event Employer has employed an Assistant Director or Unit Production Manager who is not on the Qualification List before it becomes signatory to the BA, such employment shall be considered as the allowable exception to the applicable Qualification List as delineated in the preceding paragraph.

Applicable Qualification List shall be defined as the Southern California Entertainment Qualification List, the New York Entertainment Qualification List and the Third Area Entertainment Qualification List.

Individuals on any one of the applicable Qualification Lists may be hired to work in any geographic location.

In addition, Employer may hire two individuals on any of the applicable Qualification Lists to work in the next higher Qualification List category than the one on which they are placed.

For example, a Southern California or Third Area Qualified Second Assistant Director may be employed in Southern California or New York as a First Assistant Director.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees-Section 14-100: Initial compensation for DGA Trainees shall be subject to negotiation between the Directors Guild-Producer Training Plan and Employer, provided that the salary for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

10. Articles 18 and 19-Reuse in Supplemental Markets and Free Television

The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

B. <u>Level 1b:</u> On a Picture with a Budget greater than $500,000 and equal to or less than $1,100,000, all terms of the BA shall apply, as modified below:

1. <u>Article 1-Recognition and Guild Shop:</u>

   a. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

   b. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

2. <u>Articles 3 and 4-Director's Compensation and Related Matters:</u>

   a. The following items are subject to negotiation between the Director and Employer:

      i. Director's initial compensation and daily rate (if any is agreed upon);

      ii. Director's guaranteed period of employment;

      iii. whether, and on what basis, the Director is "pay or play;" and

      iv. whether, and on what basis, the Director is owed any amounts under Paragraph 3-111 ("'Soft Pre-Production' Services").

   b. <u>Second Unit Director:</u> The salary and preparation time for any Second Unit Director shall be subject to negotiation between Employer and the Director.

   c. <u>Paragraph 3-109-Sequel Payments</u>: In the event the Employer produces a theatrical motion picture that is a sequel to a Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

      i. that the original Picture and the sequel are produced by the same Employer;

      ii. that principal photography of the original Picture commenced on or after July 1, 2023 and

iii. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

3. Article 7-Director's Minimum Conditions - Preparation, Production, Post Production

a. Paragraph 7-401-Dailies: Employer need only provide dailies on video. Dailies shall be provided as soon as practicable. If Employer provides dailies on video, Employer shall make best efforts to provide them within 24 hours. Director will be provided with a copy of the dailies simultaneously with the producer and others who need to view the dailies, and Employer will furnish the Director a list of those who receive dailies.

b. Preparation and Preview of Director's Cut: In lieu of the ten (10) week period provided for the accomplishment of the Director's Cut in Paragraph 7-505(b)(1), Employer shall provide the same number of days for the accomplishment of the Director's Cut as were provided for principal photography (but in no event shall the period for the Director's Cut provided pursuant to this LBSL be less than twenty (20) days), followed by a screening of the Director's Cut pursuant to Paragraph 7-505(d).

Employer may view and have access to materials from the editor's assembly for the purpose of preparing trailers and marketing materials provided the Director is present, Employer does not impede the completion of the assembly or the preparation of the Director's Cut, and Employer does not cut behind the Director.

There shall be no mandatory preview of the Director's Cut or of the Picture. The Director will be notified of any preview as per the BA. Employer will send the Director to any preview conducted by Employer outside of Los Angeles or Orange County as per the BA; the Director need not be flown in first or business class, but will fly in the best class afforded by Employer to anyone else attending the preview. These obligations do not apply to previews conducted by third-party distributors, unless they are signatory to the BA.

4. Article 12-Pension and Health Plans:

a. Paragraph 12-205-UPM/Producer: Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary. This provision shall not apply to a Unit Production Manager who is also a "Principal" of the Employer, as defined below.

b. Principal Employees: A Principal is an individual who owns, or whose spouse, parent, sibling or lineal descendent owns, directly or indirectly, ten percent (10%) or more of the equity of the Employer ("Principal").

i. If a Director is a Principal, the Director's salary for purposes of pension and health contributions shall be 10% of the Budget of the Picture.

ii. If a Unit Production Manager or Assistant Director is a Principal, then any such Unit Production Manager's or Assistant Director's compensation for the purposes of pension and health contributions will be based on the lesser of the actual salary or the applicable salary level at Level 2, as defined herein. For example, if a Unit Production Manager on a Level 1b film is paid an amount that exceeds the Level 2 salary for a Unit Production Manager, the contributions shall be paid on an amount equivalent to the Level 2 Unit Production Manager salary.

5. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

a. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid no less than a discounted initial minimum salary equal to thirty-three percent (33%) of the minimum weekly salaries in Paragraph 13-101(a). Any Second Assistant Director hired in addition to the Key Second Assistant Director may be paid no less than a discounted initial minimum salary equal to thirty-three percent (33%) of the minimum weekly salaries in Paragraph 13-101(a) for an Additional Second Assistant Director.

Daily salaries shall be computed at one-fourth (1/4) the weekly rate. The salary for distant location shall be the same as the studio rate.

b. Minimum Wage: The salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

c. Exclusions: Paragraphs 13-103 and 13-104 (Completion of Assignment Pay), Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay), Paragraph 13-118 (Wrap Supervision Allowance), and Paragraph 13-601 (Vacation Pay) and shall not apply.

For Assistant Directors and Unit Production Managers, production fees and preparation periods shall be subject to negotiation between the individual Employee and Employer.

d. Holiday Work: Assistant Directors and Unit Production Managers who work on a holiday as specified in Paragraph 13-113 shall be paid at 200% of the daily rate. Employer may deduct a day's pay from the weekly salary if an Assistant Director or Unit Production Manager does not work on a holiday that falls within that week.

e. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

6. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

7. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to

travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

8. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

9. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer may employ one Assistant Director or one Unit Production Manager who is not on the applicable Qualification List (as defined below).

With respect to all other classifications covered by Article 14, Employer shall make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List, and must document that effort at DGA's request. Employer may not offer better rates or conditions of employment to non-Qualification List Employees than those offered to Qualification List Employees.

In the event Employer has employed an Assistant Director or Unit Production Manager who is not on the Qualification List before it becomes signatory to the BA, such employment shall be considered as the allowable exception to the applicable Qualification List as delineated in the preceding paragraph.

Applicable Qualification List shall be defined as the Southern California Entertainment Qualification List, the New York Entertainment Qualification List and the Third Area Entertainment Qualification List.

Individuals on any one of the applicable Qualification Lists may be hired to work in any geographic location.

In addition, Employer may hire two individuals on any of the applicable Qualification Lists to work in the next higher Qualification List category than the one on which they are placed. For example, a Southern California or Third Area Qualified Second Assistant Director may be employed in Southern California or New York as a First Assistant Director.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then

Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees-Section 14-100: DGA Trainees shall be paid no less than a discounted initial minimum salary equal to thirty-three percent (33%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

10. Articles 18 and 19-Reuse in Supplemental Markets and Free Television

The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

II. Level 2: On a Picture with a Budget greater than $1,100,000 but equal to or less than $3,000,000, the employment of Employees shall be subject to all terms of the BA, as modified below, along with all relevant Exhibits, Attachments, and Sideletters thereto, including without limitation Sideletter 15 (Reuse via New Media):

A. Article 1-Recognition and Guild Shop:

1. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

2. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

B. Articles 3 and 4-Directors' Compensation and Related Matters:

1. The following items are subject to negotiation between the Director and Employer:

   a. Director's initial compensation and daily rate (if any is agreed upon);

   b. Director's guaranteed period of employment; and

   c. whether, and on what basis, the Director is owed any amounts under Paragraph 3-111 ("'Soft Pre-Production' Services").

2. Second Unit Director: The salary and preparation time for any Second Unit Director shall be subject to negotiation between Employer and the Director.

3. The Director shall be "pay or play" for the "run of the picture" beginning the earlier of (a) the closing of the financing for the Picture, (b) issuance of a completion bond or guarantee, or (c) the date any cast member becomes "pay or play." The "pay or play" obligation shall be satisfied by payment of the agreed salary owed for the unexpired period of the Director's guarantee. A replacement Director shall receive compensation equal to no less than the remaining amount due to the previous Director.

4. Paragraph 3-109-Sequel Payments: In the event the Employer produces a theatrical motion picture that is a sequel to a Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

a. that the original Picture and the sequel are produced by the same Employer;

b. that principal photography of the original Picture commenced on or after July 1, 2023; and

c. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

C. Article 7-Director's Minimum Conditions - Preparation, Production, Post Production:

1. Paragraph 7-401-Dailies: Employer need only provide dailies on video. Dailies shall be provided as soon as practicable. If Employer provides dailies on video, Employer shall make best efforts to provide them within 24 hours.

Director will be provided with a copy of the dailies simultaneously with the producer and others who need to view the dailies, and Employer will furnish the Director a list of those who receive dailies.

2. Preparation and Preview of Director's Cut: In lieu of the ten (10) week period provided for the accomplishment of the Director's Cut in Paragraph 7-505(b)(1), Employer shall provide the same number of days for the accomplishment of the Director's Cut as were provided for principal photography (but in no event shall the period for the Director's Cut provided pursuant to this agreement be less than twenty (20) days), followed by a screening of the Director's Cut pursuant to Paragraph 7-505(d).

Employer may view and have access to materials from the editor's assembly for the purpose of preparing trailers and marketing materials provided the Director is present, Employer does not impede the completion of the assembly or the preparation of the Director's Cut, and Employer does not cut behind the Director.

There shall be no mandatory preview of the Director's Cut or of the Picture. The Director will be notified of any preview as per the BA. Employer will send the Director to any preview conducted by Employer outside of Los Angeles or Orange County as per the BA; the Director need not be flown in first or business class, but will fly in the best class afforded by Employer to anyone else attending the preview.

These obligations do not apply to previews conducted by third-party distributors, unless they are signatory to the BA.

D. Article 12-Pension and Health Plans:

1. Paragraph 12-205-UPM/Producer: Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary. This provision shall not apply to a Unit Production Manager who is also a "Principal" of the Employer, as defined below.

2. Principal Employees: A Principal is an individual who owns, or whose spouse, parent, sibling or lineal descendent owns, directly or indirectly, ten percent (10%) or more of the equity of the Employer ("Principal").

a. If a Director is a Principal, the Director's salary for purposes of pension and health contributions shall be 10% of the Budget of the Picture.

b. If a Unit Production Manager or Assistant Director is a Principal, then any such Unit Production Manager's or Assistant Director's compensation for the purposes of pension and health contributions will be based on the lesser of the actual salary or the applicable salary level at Level 3, as defined herein. For example, if a Unit Production Manager on a Level 2 film is paid an amount that exceeds the Level 3 salary for a Unit Production Manager, the contributions shall be paid on an amount equivalent to the Level 3 Unit Production Manager salary.

E. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

1. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid initial salary no less than fifty percent (50%) of the minimum weekly salaries in Paragraph 13-101(a). Any Second Assistant Director hired in addition to the Key Second Assistant Director may be paid no less than a discounted initial minimum salary equal to fifty percent (50%) of the minimum weekly salaries in Paragraph 13-101(a) for an Additional Second Assistant Director.

Daily salaries shall be computed at one-fourth (1/4) the weekly rate. The salary for distant location shall be the same as the studio rate.

2. Minimum Wage: The salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

3. Exclusions: Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay) and Paragraph 13-601 (Vacation Pay) and shall not apply.

4. Production Fee: The production fee for Unit Production Managers, First Assistant Directors, and Key Second Assistant Directors shall be $100.00 per week for either a 5-day or 6-day workweek. The daily production fee is $25.00 if employed on a daily basis.

5. Work on 6th and 7th Days: A sixth day worked in a workweek shall be paid at straight time; a seventh day worked in a workweek shall be paid at 150% of straight time.

6. Holiday Work: Assistant Directors and Unit Production Managers who work on a holiday as specified in Paragraph 13-113 shall be paid at 200% of the daily rate. Employer may deduct a day's pay from the weekly salary if an Assistant Director or Unit Production Manager does not work on a holiday that falls within that week.

7. Completion of Assignment Pay: Unit Production Managers and Assistant Directors shall be paid Completion of Assignment Pay based on the salaries set forth herein pursuant to Paragraph 13-101(a) and computed at fifty percent (50%) of the amounts due under Paragraphs 13-103 and 13-104.

8. Preparation Time: The First Assistant Director shall be guaranteed no less than seven (7) days preparation time; the Key Second Assistant Director shall be guaranteed no less than three (3) days preparation time.

9. Wrap Supervision Allowance: Second Assistant Directors shall be entitled to Wrap Supervision Allowances in amounts no less than fifty percent (50%) of the rate in Paragraph 13-118.

10. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

F. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be

paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

G. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

H. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

I. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer may employ one Assistant Director or one Unit Production Manager who is not on the applicable Qualification List (as defined below). With respect to all other classifications covered by Article 14, Employer shall make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List, and must document that effort at DGA's request. Employer may not offer better rates or conditions of employment to non-Qualification List Employees than those offered to Qualification List Employees.

In the event Employer has employed an Assistant Director or Unit Production Manager who is not on the Qualification List before it becomes signatory to the BA, such employment shall be considered as the allowable exception to the applicable Qualification List as delineated in the preceding paragraph.

Applicable Qualification List shall be defined as the Southern California Entertainment Qualification List, the New York Entertainment Qualification List and the Third Area Entertainment Qualification List.

Individuals on any one of the applicable Qualification Lists may be hired to work in any geographic location.

In addition, Employer may hire two individuals on any of the applicable Qualification Lists to work in the next higher Qualification List category than the one on which they are placed. For example, a Southern California or Third Area Qualified Second Assistant Director may be employed in Southern California or New York as a First Assistant Director.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees-Section 14-100: DGA Trainees shall be paid no less than a discounted initial minimum salary equal to fifty percent (50%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

J. Articles 18 and 19-Reuse in Supplemental Markets and Free Television

The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

III. Level 3: On a Picture with a Budget greater than $3,000,000 but equal to or less than $4,000,000, the employment of Employees shall be subject to all terms of the BA, as modified below, along with all relevant Exhibits, Attachments, and Sideletters thereto, including without limitation Sideletter 15 (Reuse via New Media):

A. Article 1-Recognition and Guild Shop

1. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

2. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

B. Articles 3 and 4-Directors' Compensation and Related Matters:

1. Directors, including Second Unit Directors, may be paid a discounted salary no less than thirty-three percent (33%) of the applicable minimum salary in Article 3 for a minimum guaranteed period of thirteen (13) weeks. No deferment shall be required. A replacement Director shall be paid not less than 125% of minimum compensation (as set forth herein) for the work performed.

2. The Director shall be "pay or play" for the "run of the picture" beginning the earlier of (a) the closing of the financing for the picture, (b) issuance of a completion bond or guarantee, or (c) the date any cast member becomes "pay or play." The "pay or play" obligation shall be satisfied by payment of the agreed salary owed for the unexpired period of the Director's guarantee.

3. "Soft-Preproduction" Services: The first paragraph of Paragraph 3-111 shall be replaced in its entirety as follows:

"When a Director commences 'soft pre-production' services on or after January 1, 2026 on a non-exclusive basis at the request of the Employer, the Director shall be paid one thousand six hundred fifty dollars ($1,650) per week (which shall not be subject to fringe contributions) for each week (but not to exceed an aggregate of eight thousand five hundred dollars ($8,250)), provided that at least three (3) of the following individuals are concurrently employed on a weekly basis on the same project during the week:

a. Unit Production Manager engaged on a freelance basis or Line Producer;

b. Production Designer;

c. Casting Agent; and/or

d. Location Manager or Location Scout.

4. Second Unit: The minimum preparation time for a Second Unit Director is one day. However, this preparation time requirement shall not apply to any unplanned units, emergencies or when preparation time is not needed because the Director of the second unit has been working on the production in a different Guild capacity covered by the terms of the BA.

The minimum compensation for a Second Unit Director is $1,500 per day.

5. Paragraph 3-109-Sequel Payments: In the event the Employer produces a theatrical motion picture that is a sequel to a Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

a. that the original Picture and the sequel are produced by the same Employer;

b. that principal photography of the original Picture commenced on or after July 1, 2023; and

c. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

C. Article 7-Director's Minimum Conditions - Preparation, Production, Post Production:

1. Paragraph 7-401-Dailies: Employer need only provide dailies on video. Dailies shall be provided as soon as practicable. If Employer provides dailies on video, Employer shall make best efforts to provide them within 24 hours. Director will be provided with a copy of the dailies simultaneously with the producer and others who need to view the dailies, and Employer will furnish the Director a list of those who receive dailies.

2. Paragraph 7-505-Preparation and Preview of Director's Cut: In lieu of the ten (10) week period provided for the accomplishment of the Director's Cut in Paragraph 7-505(b)(1), Employer shall provide a minimum eight (8) week period for the accomplishment of the Director's Cut followed by a screening of the Director's Cut pursuant to Paragraph 7-505(d).

   Employer may view and have access to materials from the editor's assembly for the purpose of preparing trailers and marketing materials provided the Director is present, Employer does not impede the completion of the assembly or the preparation of the Director's Cut, and Employer does not cut behind the Director.

   The preview of the Director's Cut or of the Picture may be screened on video of not less than digital on-line quality, for no less than 25 people exclusive of Employees and family of Employer. DGA will consider in good faith requests to screen the Director's Cut on broadcast quality resolution video.

   The Director will be notified of any preview as per the BA. Employer will send the Director to any preview conducted by the company outside of Los Angeles or Orange County as per the BA; the Director need not be flown in first class, but will fly in the best class afforded by Employer to anyone else attending the preview. These obligations do not apply to previews conducted by third-party distributors, unless such party is signatory to the BA.

D. Article 12-Pension and Health Plans-Paragraph 12-205 (UPM/Producer): Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary.

E. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

1. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid no less than a discounted initial minimum salary equal to sixty percent (60%) of the minimum weekly salaries in Paragraph 13-101(a). Any Second Assistant Director hired in addition to the Key Second Assistant Director may be paid no less than a discounted initial minimum salary equal to sixty percent (60%) of the minimum weekly salaries in Paragraph 13-101(a) for an Additional Second Assistant Director.

   Daily salaries shall be computed at one-fourth (1/4) the weekly rate. The salary for distant location shall be the same as the studio rate.

2. Minimum Wage: Notwithstanding the foregoing, the salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

3. Exclusions: There shall be no Vacation Pay (4% per Paragraph 13-601), Unworked Holiday Pay (4.583% per Paragraph 13-115), or Distant Location Allowance per Paragraph 13-114.

4. Production Fee: The weekly production fee shall be $200 for Unit Production Managers and First Assistant Directors and $150 for the Key Second Assistant Director for either a 5-day or 6-day workweek.

5. Work on 6th and 7th Days: A sixth day worked in a workweek shall be paid at straight time; a seventh day worked in a workweek shall be paid at 150% of straight time.

6. Wrap Supervision Allowance: Second Assistant Directors shall be entitled to Wrap Supervision Allowances in amounts no less than fifty percent (50%) of the rate in Paragraph 13-118.

7. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

F. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget

agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

G. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

H. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

I. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer may employ one Assistant Director or one Unit Production Manager who is not on the applicable Qualification List (as defined below). With respect to all other classifications covered by Article 14, Employer shall make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List and must document that effort at DGA's request. Employer may not offer better rates or conditions of employment to non-Qualification List Employees than those offered to Qualification List Employees.

In the event Employer has employed an Assistant Director or Unit Production Manager who is not on the Qualification List before it becomes signatory to the BA, such employment shall be considered as the allowable exception to the applicable Qualification List as delineated in the preceding paragraph.

Applicable Qualification List shall be defined as the Southern California Entertainment Qualification List, the New York Entertainment Qualification List and the Third Area Entertainment Qualification List. Individuals on any one of the applicable Qualification Lists may be hired to work in any geographic location.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees: DGA Trainees shall be paid no less than a discounted initial minimum salary equal to sixty percent (60%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

J. Articles 18 and 19-Reuse in Supplemental Markets and Free Television: The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

IV. <u>Level 4:</u> On a Picture with a Budget greater than $4,000,000 but equal to or less than $11,000,000, the employment of Employees shall be subject to all terms of the BA, as modified below, along with all relevant Exhibits, Attachments, and Sideletters thereto, including without limitation Sideletter 15 (Reuse via New Media):

A. <u>Level 4a:</u> On a Picture with a Budget greater than $4,000,000 and equal to or less than $5,500,000, all terms of the BA shall apply as modified below:

1. <u>Article 1-Recognition and Guild Shop</u>

   a. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

   b. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

2. <u>Articles 3 and 4-Directors' Compensation and Related Matters</u>

   a. Directors, including Second Unit Directors, may be paid a discounted salary no less than seventy-five percent (75%) of the applicable minimum salary in Article 3 for a minimum guaranteed period of thirteen (13) weeks. No deferment shall be required. A replacement Director shall be paid not less than 150% of minimum compensation (as set forth herein) for the work performed.

   b. <u>"Soft-Preproduction" Services:</u> The first paragraph of Paragraph 3-111 shall be replaced in its entirety as follows:

   "When a Director commences 'soft pre-production' services on or after January 1, 2026 on a non-exclusive basis at the request of the Employer, the Director shall be paid three thousand seven hundred and fifty dollars ($3,750) per week (which shall not be subject to fringe contributions) for each week (but not to exceed an aggregate of eight thousand five hundred dollars ($18,750)), provided that at least three (3) of the following individuals are concurrently employed on a weekly basis on the same project during the week:

   i. Unit Production Manager engaged on a freelance basis or Line Producer;
   ii. Production Designer;
   iii. Casting Agent; and/or
   iv. Location Manager or Location Scout.

3. Article 7-Director's Minimum Conditions - Preparation, Production, Post Production:

Paragraph 7-401-Dailies: Employer need only provide dailies on video. Dailies shall be provided as soon as practicable. If Employer provides dailies on video, Employer shall make best efforts to provide them within 24 hours. Director will be provided with a copy of the dailies simultaneously with the producer and others who need to view the dailies, and Employer will furnish the Director a list of those who receive dailies.

Employer may view and have access to materials from the editor's assembly for the purpose of preparing trailers and marketing materials provided the Director is present, Employer does not impede the completion of the assembly or the preparation of the Director's Cut, and Employer does not cut behind the Director.

4. Article 12-Pension and Health Plans-Paragraph 12-205 (UPM/Producer): Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary.

5. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

   a. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid initial compensation and production fees no less than seventy percent (70%) of the minimums in Paragraphs 13-101(a) and 13-101(b). The Guild will consider requests for waivers to apply the studio rate for distant location employment when the production is on a five-day per week schedule.

   b. Minimum Wage: Notwithstanding the foregoing, the salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

   c. Exclusions: Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay) and Paragraph 13-601 (Vacation Pay) and shall not apply.

d. Wrap Supervision Allowance: Second Assistant Directors shall be entitled to Wrap Supervision Allowances in amounts no less than 50% of the rate in Paragraph 13-118.

e. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

6. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

7. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

   If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

8. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

9. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer must give preference of employment to Employees as provided in Article 14. However, if Employer is unable to find Assistant Directors and Unit Production Managers on the applicable Qualification Lists who will accept employment at the rates and conditions offered in accordance with this LBSL, Employer may employ, on a Picture based in the Southern California Area or the New York Area, one (1) Unit Production Manager or Assistant Director who is on the Third Area

Qualification List, provided that Employer must make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List and document that effort at DGA's request, and provided Employer may not offer better rates or conditions of employment to non-Qualification List Employees than to Qualification List Employees.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees: For a Level 4a Picture with a Budgets greater than $3,750,000 but equal to or less than $5,500,000, DGA Trainees shall be paid no less than a discounted initial minimum salary equal to seventy percent (70%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

10. Articles 18 and 19-Reuse in Supplemental Markets and Free Television: The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

B. <u>Level 4b:</u> On a Picture with a Budget greater than $5,500,000 and equal to or less than $8,500,000, all terms of the BA shall apply as modified below:

1. <u>Article 1-Recognition and Guild Shop</u>

   a. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

   b. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

2. <u>Articles 3 and 4-Directors' Compensation and Related Matters</u>

   a. Directors, including Second Unit Directors, may be paid a discounted salary no less than seventy-five percent (75%) of the applicable minimum salary in Article 3 for a minimum guaranteed period of thirteen (13) weeks. No deferment shall be required. A replacement Director shall be paid not less than 150% of minimum compensation (as set forth herein) for the work performed.

   b. "Soft-Preproduction" Services: The first paragraph of Paragraph 3-111 shall be replaced in its entirety as follows:

      "When a Director commences 'soft pre-production' services on or after January 1, 2024 on a non-exclusive basis at the request of the Employer, the Director shall be paid three thousand seven hundred and fifty dollars ($3,750) per week (which shall not be subject to fringe contributions) for each week (but not to exceed an aggregate of eighteen thousand seven hundred and fifty dollars ($18,750)), provided that at least three (3) of the following individuals are concurrently employed on a weekly basis on the same project during the week:

      i. Unit Production Manager engaged on a freelance basis or Line Producer;
      ii. Production Designer;
      iii. Casting Agent; and/or
      iv. Location Manager or Location Scout.

   c. <u>Paragraph 3-109-Sequel Payments:</u> In the event the Employer produces a theatrical motion picture that is a sequel to a Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion

picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

i. that the original Picture and the sequel are produced by the same Employer;

ii. that principal photography of the original Picture commenced on or after July 1, 2023; and

iii. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

3. Article 12-Pension and Health Plans-Paragraph 12-205 (UPM/Producer): Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary.

4. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

a. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid initial compensation and production fees no less than eighty percent (80%) of the minimums in Paragraphs 13-101(a) and 13-101(b). The Guild will consider requests for waivers to apply the studio rate for distant location employment when the production is on a five-day per week schedule.

b. Minimum Wage: Notwithstanding the foregoing, the salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

c. Exclusions: Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay) and Paragraph 13-601 (Vacation Pay) and shall not apply.

d. Wrap Supervision Allowance: Second Assistant Directors shall be entitled to Wrap Supervision Allowances in amounts no less than 50% of the rate in Paragraph 13-118.

e. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

5. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

6. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

   If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

7. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

8. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer must give preference of employment to Employees as provided in Article 14. However, if Employer is unable to find Assistant Directors and Unit Production

Managers on the applicable Qualification Lists who will accept employment at the rates and conditions offered in accordance with this LBSL, Employer may employ, on productions based in the Southern California Area or the New York Area, one (1) Unit Production Manager or Assistant Director who is on the Third Area Qualification List, provided that Employer must make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List and document that effort at DGA's request, and provided Employer may not offer better rates or conditions of employment to non-Qualification List Employees than to Qualification List Employees.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees; if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees: DGA Trainees shall be paid no less than a discounted initial minimum salary equal to eighty percent (80%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

9. Articles 18 and 19-Reuse in Supplemental Markets and Free Television: The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

C. <u>Level 4c:</u> On a Picture with a Budget greater than $8,500,000 and equal to or less than $11,000,000, all terms of the BA shall apply as modified below:

1. <u>Article 1-Recognition and Guild Shop</u>

   a. On any Picture on which Employer employs two Second Assistant Directors plus either an Additional Second Assistant Director or a DGA Trainee, persons not covered by the BA may perform Second Assistant Director duties. All other provisions of Article 1 shall apply.

   b. The DGA agrees to make appropriate accommodations in its initiation fees in recognition of the economics of this type of production.

2. <u>Articles 3 and 4-Directors' Compensation and Related Matters</u>

   a. Directors, including Second Unit Directors, may be paid a discounted salary no less than ninety percent (90%) of the applicable minimum salary in Article 3 for a minimum guaranteed period of thirteen (13) weeks. No deferment shall be required. A replacement Director shall be paid not less than 150% of minimum compensation (as set forth herein) for the work performed.

   b. <u>"Soft-Preproduction" Services</u>: The first paragraph of Paragraph 3-111 shall be replaced in its entirety as follows:

   "When a Director commences 'soft pre-production' services on or after January 1, 2024 on a non-exclusive basis at the request of the Employer, the Director shall be paid four thousand five hundred dollars ($4,500) per week (which shall not be subject to fringe contributions) for each week (but not to exceed an aggregate of twenty-two thousand five hundred dollars ($22,500)), provided that at least three (3) of the following individuals are concurrently employed on a weekly basis on the same project during the week:

      i. Unit Production Manager engaged on a freelance basis or Line Producer;
      ii. Production Designer;
      iii. Casting Agent; and/or
      iv. Location Manager or Location Scout.

3. Paragraph 3-109-Sequel Payments: In the event the Employer produces a theatrical motion picture that is a sequel to a Picture covered under this LBSL, the Employer will pay to the Director of the original Picture, upon commencement of principal photography of the sequel theatrical motion picture, an amount equal to $10,000 if the sequel theatrical motion picture is produced at Levels 1, 2, or 3 of the LBSL, or $20,000 if the sequel theatrical motion picture is produced at Level 4 of the LBSL, provided:

   a. that the original Picture and the sequel are produced by the same Employer;

   b. that principal photography of the original Picture commenced on or after July 1, 2023; and

   c. that the sequel is based on an original screenplay that utilizes the leading character or characters of the original Picture in a substantially different story.

   Only one payment shall be due under this provision, irrespective of the number of sequel theatrical motion pictures produced.

   If the Director of the original Picture also directs the sequel, the amount payable pursuant to this paragraph shall be credited against the compensation payable to the Director for the sequel.

4. Article 12-Pension and Health Plans-Paragraph 12-205 (UPM/Producer): Paragraph 12-205-UPM/Producer: Employer shall make pension and health contributions on behalf of any Unit Production Manager who is also employed as a producer based on the salary paid for Unit Production Manager services, but in no event shall contributions be made on an amount less than the total salary paid for all services on the Picture, or $150,000, whichever is less. In the event the salary for Unit Production Manager services only exceeds $150,000, Employer shall pay contributions on the actual Unit Production Manager salary.

5. Article 13-Minimum Salary Schedules and Working Conditions of UPMs and Assistant Directors:

   a. Initial Compensation: Assistant Directors and Unit Production Managers shall be paid initial compensation and production fees no less than ninety percent (90%) of the minimums in Paragraphs 13-101(a) and 13-101(b). The Guild will consider requests for waivers to apply the studio rate for distant location employment when the production is on a five-day per week schedule.

b. Minimum Wage: Notwithstanding the foregoing, the salary paid for any hour of work shall in no event be less than the applicable federal or state minimum wage.

c. Exclusions: Paragraph 13-114 (Distant Location Allowance), Paragraph 13-115 (Unworked Holiday Pay) and Paragraph 13-601 (Vacation Pay) and shall not apply.

d. Paragraph 13-216-Dinner Allowance: If Employer provides meals to the Unit Production Manager and Assistant Directors, including walking meals, no dinner allowance need be paid.

6. Paragraphs 4-104(d) and 13-114-Per Diem: Each Employee employed on distant location will receive a reasonable per diem payment that shall be no less than the greater of the minimum per diem payments set forth in the SAG or IATSE minimum basic agreements, provided that if SAG or IATSE shall provide a lower per diem under a low budget agreement, then the greater of such low budget agreement per diem payments shall be payable to each Employee. However, Employees covered by this provision may not be paid a lower per diem than that payable to SAG or IATSE employees employed on the same Picture pursuant to either union's applicable collective bargaining agreement.

7. Travel: Travel for all Employees will be in coach for (a) non-stop domestic flights of less than 1,000 air miles from departure point to final destination; (b) flights between Los Angeles and Vancouver; or (c) flights of less than 1,000 air miles between the United States and either Toronto or Vancouver. Except as noted above, travel will be business class for non-stop domestic or foreign flights of 1,000 or more miles from departure point to final destination.

   If an Employee is traveling on the same flight as another employee employed on the same production by the same Employer and the other employee is entitled to travel in a higher class of transportation pursuant to the minimum terms of the collective bargaining agreement under which that individual is employed, then the Employee shall be upgraded to the same class of transportation as is afforded to the other employee.

8. Mileage: If Employees furnish their own transportation to or from location within the studio zone as defined in the SAG Basic Agreement, mileage expense need not be paid provided no member of the cast or crew is paid mileage.

9. Article 14-Trainee Program, Intern Program, Qualification Lists, and Interchange: Employer must give preference of employment to Employees as provided in Article 14. However, if Employer is unable to find Assistant Directors and Unit Production

Managers on the applicable Qualification Lists who will accept employment at the rates and conditions offered in accordance with this LBSL, Employer may employ, on productions based in the Southern California Area or the New York Area, one (1) Unit Production Manager or Assistant Director who is on the Third Area Qualification List, provided that Employer must make a reasonably diligent effort to find Unit Production Managers or Assistant Directors (as the case may be) on the applicable Qualification List before employing any person not on the applicable Qualification List and document that effort at DGA's request, and provided Employer may not offer better rates or conditions of employment to non-Qualification List Employees than to Qualification List Employees.

In the event there are no available persons on the applicable Qualification List to perform the work of a Second Assistant Director, the next preference in employment shall be DGA Trainees;

if no such Trainees are available, then Employer may hire Second Assistant Directors from any source. Days so worked by DGA Trainees shall be counted towards fulfillment of their training time only.

DGA Trainees: DGA Trainees shall be paid no less than a discounted initial minimum salary equal to ninety percent (90%) of the minimum salaries in Paragraph 14-103, provided that the salary paid for any hour of work shall in no event be less than the legally applicable federal or state minimum wage.

10. Articles 18 and 19-Reuse in Supplemental Markets and Free Television: The parties acknowledge that there may be no prepayment of residuals except as permitted by Articles 18 and 19.

V. The term of this LBSL shall be from July 1, 2026 to June 30, 2030.

AGREED TO AND ACCEPTED	**AGREED TO AND ACCEPTED**
Directors Guild of America, Inc.	**Employer:** _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____