

Facts about the New Basic Agreement

- Why did the IATSE negotiate early?
 - There are several reasons for this strategy. First and foremost is the fact that early negotiations promote industry stability and prevent work slowdowns and stoppages.
 - There is value to the producers in being able to plan and budget past July and we use that value to our benefit.
 - As the economy continued to weaken, the pressures on the economics of the agreement continued to change to the unions' detriment (company financial losses, layoffs, cutting production slates etc...). The financial packages that we were able to achieve based upon negotiations that started in April and concluded in November 2008 are unlikely to be achievable in July 2009.
- Who negotiated this contract on behalf of the Union?
 - The bargaining committee was led by International President Matt Loeb and consisted of International officers and representatives, Local Union officers and committee members from each of the 15 West Coast Studio Local Unions. There were roughly 75 people on the bargaining committee. This committee was supported by staff and hired professionals including actuaries, lawyers, health care consultants, and pension consultants.
- What are some of the gains achieved in this contract?
 - There are many. We were able to prevent the employers from attacking any of the conditions of the Local Union agreements. This means no changes to staffing, no reductions to overtime or meal penalties **or any other conditions** in the Local contracts.
 - There was much more to be lost in Local negotiations than there was to be gained.
 - A three year contract (through July of 2012) at a time when the economy is in free fall and no one knows when it will stop falling and begin to recover.
 - Wage increases of 3% per year which far exceed the current cost of living and inflation figures. Inflation for the last year was .1% (yes, 1/10th of 1%) according to the LA Times and the Bureau of Labor Statistics. This contract puts real money in member's pockets at a time when the credit collapse and economic downturn are hitting everyone.

- Retirees will continue to receive their 13th and 14th checks for the duration of this agreement. These are checks that retirees have come to count on and for the first time, in this agreement, the payment of these checks is not tied to the reserves in the health plan. These checks are negotiated AND WILL BE PAID
 - New employer contributions to the health plan that will equal \$200 million dollars. (This is over and above the wage increases.)
 - A pension funding plan that continues to insure the safety of the pensions and complies with stringent new government imposed regulations.
 - Jurisdiction in New Media consistent with the contracts with the DGA, AFTRA and the WGA, who went on strike for well over 3 months.
- What about the Health plan?
 - NEW and additional employer payments to the plan of approximately \$200 million. This includes an increase of 35 cents per hour (roughly 1% of avg. wage) in each year and other additional employer contributions during the contract.
 - There are no employee co-pays for premiums. The MPIPHP is one of very few plans with no premium co-pays and the only one of the Hollywood entertainment unions with no premium co-pays.
 - There are changes to the health plan that are designed to cut costs and make better consumers of all plan participants. These include things like staying in network, utilizing the M.P.T.F. clinics and doctors and the MEDCO prescription drug plan. These changes do not discount or offset the \$200 million in negotiated gains. They reduce the shortfall to maintain meaningful benefits.
 - Over the next contract, the MPIPHP will spend down its reserves by over 50%. The plan reserves are basically its savings, a rainy day fund. We are spending this money to insure that all options are expended before the participants are impacted. None of this money goes to the producers. It is spent to reduce the shortfall.
 - The health plan eligibility will remain unchanged until August 1, 2011. After that a participant will need 400 hours in any 6 month qualifying period to maintain their eligibility. The “bank of hours” may still be used.
 - Why 400 hours and why now?
 - The 400 hours issue was one of the most difficult and debated issues of these negotiations. As other health plans have increased eligibility requirements over the last several contracts, the IATSE has resisted this and been successful in fending this off.

- This was done now, **to go in effect in August of 2011** in order to allow for plenty of time and notice to the impacted participants.
 - As health care costs in the U.S. continue to climb at a rate of 9-11% annually, the cost of benefits increase at a compounded rate. The MPIPHP spends roughly \$500 million per year on health care today.
- What does this really mean for our work hours?
 - 400 hours per 6 month period is less than 16 hours per week.
 - 400 hours per period is less than 7 work weeks at 60 hours per week.
 - 400 hours at \$35.00 per hour is roughly \$14,000 in earnings, assuming no overtime or premium pay. The health plan spends up to \$19,100 per year for family coverage.
 - The vast majority of current participants will not be impacted by this.
- So do we need a third more work to keep healthcare?
 - No. Over 90% of the participants will not need to increase their work hours at all because they work over 400 hours each period. The percentage of new work decreases the closer you get to 400. For example, a person that works 350 hours (and has no bank) will need less than 15% new work to maintain their healthcare. For those working less than 400 hours after Aug.1, 2011, they are able to use their bank of hours to make up the difference until they can increase their work hours.
- Do those affected have a bank of hours?
 - Yes. The average participant that will be impacted in 2011 will have a bank of over 400 hours to help them through.
- Why didn't the bank of hours increase?
 - Remember that in the 2000 agreement the bank of hours was increased from 300 to 450 without any changes to the eligibility. In addition, increasing the bank would increase the costs to the plans.
- What happens to the "extra" hours over 400?

- Once a participant exceeds the number of hours to qualify and their bank of hours is full, that money goes into the plan to subsidize all of the participants. Obviously, the producers pay more money into the plan for those that work more and that helps to subsidize those that work less.
- Why is there no “self pay” provision to the plan?
 - There is. It is called COBRA and is available for 18 months after a person has exhausted their eligibility and bank of hours.
- Why can't we “buy hours” to get to 400?
 - Because the actual costs of the health plan (up to \$19,000 for a family) are subsidized by those that work the most and by residuals. Buying hours at this subsidy would place a larger burden on the plan and possibly require an even higher eligibility threshold.
- Is this because of bad investments?
 - No. The professionals that manage the MPIPHP investments are some of the best in the business. While our plans took a hit in 2008 they still outperformed almost all other plans and are in the top 1% of plans for the last 3, 5 and 10 year period. The pension plan over the last 20 years has returned over 8% and this investment income is necessary to keep up with the increasing costs of funding our health and pension benefits.
- How bad was the hit?
 - The pension was down roughly 21%, the IAP was down 15 ½ % and the health plans lost about 6% on their investments. The major markets were down 40 %. Our investments are very conservatively invested and MPI plan actuaries and advisors tell us that over time we will continue to earn 8%.
 - This investment environment does have an impact on our plans today and recent pension legislation requires the MPIPHP to fund the pension differently than in the past. Because of the way our benefits are funded this causes a greater shortfall in the health plan.

- What can we do to help those that need it?
 - We are in a unique industry. IATSE members often find themselves in a position to influence hiring decisions. If we call our jobs into the local and encourage all members to call in their jobs, union and non-union we will be in a better position to help our brothers and sisters find that extra days work to help them qualify.
 - The International and Local Unions are developing methods to identify and help members that are in need of hours to qualify.
 - We can also help everyone in the plans by becoming the best and most efficient users of the health plan. By staying in network, using MEDCO and watching our health plan dollars we can keep costs down.

- What did we get in “New Media”?
 - We got the most important part of “New Media” – jurisdiction. We were able to secure the jurisdiction of “New Media” as part of this agreement.
 - The other essential gain is the right to audit employer records (unedited), to determine the extent and means to which money is flowing in the emerging new media business. This will allow us to prepare for future negotiations.

- How does our new media deal compare?
 - Our “New Media” deal is the same as the deal made by the DGA, AFTRA and the WGA. This deal comes on the heels of an industry strike, during a terrible employment climate and after the DGA, WGA and AFTRA have agreed to similar provisions.
 - This includes substantial residual increases in EST (Electronic Sell Through) that will continue to provide money into the pension and health plans as DVDs are replaced with downloads.

- What about Staffing and Interchange and all the other contract items?
 - Most of the provisions for “New Media” will be freely negotiable, except for Benefits and a few others.

- Why?
 - First, these are the same provisions that were negotiated by the other Unions and Guilds that went before us. These are also the provisions that are on the table for SAG.

- Second, the priority was securing this jurisdiction for the IATSE members so that when our employers create professional commercial content that work is done by IATSE members.
 - At present, much of this work is non-professional and semi-professional. As this business model continues to expand and grow we will continue to expand and grow with it. There are provisions in this agreement that will allow our professionals to inspect the books and records of our employers in the area of “New Media” to further understand and anticipate the impact of “New Media” going forward. This will also insure compliance with our new agreement
 - It is also important that the producers and Studios are involved in the business of New Media. Companies such as Yahoo, Microsoft, Google and almost every videogame producer are not part of our contracts, don’t pay union wages and benefits and are non-union. If our employers are not in this business, we won’t be either.
- What is the “Sunset Clause” that applies to “New Media”
 - This sunset clause provides that the IA and the employers will completely renegotiate ALL of the “New Media” terms in the next agreement, not just individual pieces. This will give the IA and all of the locals an opportunity to see what the actual impact is on the members and negotiate accordingly.
 - When do we get to vote on the proposed contract?
 - The memorandum of agreement is being reviewed and finalized right now. It is anticipated that the ballots and contract will be out during the last 2 weeks of February.
 - Do we get a copy of the deal?
 - Yes, each member will receive a memorandum of agreement that will contain all of the details of the new contract, along with a ballot and voting instructions.
 - Why don’t we just go back to the table?
 - It’s not that easy. Sure, if the producers wanted to they could elect to go back to the table. This would happen only under the threat of a strike. They would expect to get something from the Union, particularly since the economy has continued to collapse and unemployment is rampant. We would lose the

advantage described earlier of having started in April, 2008 in vastly better economic conditions.

- If the employers called the IA and said “we changed our minds, the economy is tough and we want to go back to the table and get back some of the gains you achieved” what would our response be? The answer would be “no – if we are going back we want more – not less.” Remember, the employers will see returning to the table as an OPPORTUNITY to adjust the agreement to suit CURRENT economic conditions.
 - SAG has been trying to get back to the table since their contract expired June 30, 2008 – over 7 months. The employers have remained unwilling to improve upon the basic package achieved by the other Guilds and in our proposed agreement.
 - If there is no new contract, no new money will flow into the plans causing further damage to the health plan.
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- Do I even need to vote?
 - The answer is YES!
 - The vote is determined by the number of ballots that are returned. So if you don't vote you're not counted.
 - Historically, the membership returns less than a third of the ballots that are sent out. That means that 2/3 of the membership are turning over the decision making regarding this contract to less than 1/3 of the members.

 - Is a no vote a strike vote?
 - Yes. If you elect to vote no, you will be electing to authorize a strike.

 - What is the recommendation of the Committee?
 - **The bargaining committee UNANIMOUSLY VOTED TO ENDORSE AND RECOMMEND THIS AGREEMENT!**