



AMPTP's Final Offer

The Producers stand behind their final offer of June 30, 2008 and believe it is worthy of the support of Screen Actors Guild for one simple, significant reason – it offers more gains for SAG members than any other labor agreement in the Guild's history.

On the economic side alone, the offer is the richest ever by historical standards, well above the 2005 TV/Theatrical deal that SAG described as “the most lucrative deal in the history of actor/producer collective bargaining.” By any measure – including SAG's own - the Producers' final offer represents a solid achievement for SAG's negotiators.

These are clearly revolutionary times, and the final offer reflects that as well. It establishes an unprecedented number of new media rights and residuals for actors. All of the emerging platforms are addressed, with most residuals based on a percentage of Distributor's Gross that is at or above the “Pay TV” rate favored by the Guilds and Unions. Members would get their first-ever residuals for ad-supported streaming, made-for new media programs, and a near doubling of the home video rate for permanent downloads. In addition, SAG would for the first time be granted jurisdiction for programs made for new media, including low budget original programs that employ a single professional actor.

The Producers' final offer to SAG is consistent with the five other deals reached this year with DGA, WGA, AFTRA and IATSE. Each of these agreements also paired significant economic gains with a comprehensive new media “framework.” The final offer is not a starting point in negotiations between the Producers and SAG. Instead, it came about through 42 days of formal negotiations and includes significant concessions by the Producers to the Guild.

The new media framework has been tailored to the needs of SAG performers. The new media framework is heavily weighted in favor of SAG members, while at the same time allowing Producers to maintain flexibility to compete in this new market so that they are not priced out by contract terms that are unnecessarily costly and restrictive. Since 2001, SAG's contract has allowed the Producers to make original Internet programs completely non-union. The current proposals significantly restrict the Producers' ability to produce non-SAG. The framework also includes residuals for made-for new media programs, both derivative and original, in an amount that can be justified given the current economics of this emerging field.

We urge SAG members to take a realistic look at the terms of the Producers' final offer in light of the embryonic state of the new media market. When they do, we are confident they will conclude that the offer is not only fair but generous, and is the best deal achievable – with or without a strike.

Gains, Both Traditional and New

Economic Terms

- Increase minimums by 3.5% in 1st and 3rd year, 3% in the 2nd year
- Increase Pension & Health rate from 14.5% to 15%, matching the highest rate among the Hollywood Guilds
- Increase guest star premium from 7.5% to 10%
- Increase number of covered background actors in TV from 19 to 20 and in Film from 50 to 52
- Increase trailer money break from \$2,500 or more per week to \$3,000 or more per week
- Increase the overtime money break for three-day performers from \$2,700 per day to \$3,000 per day
- Increase the guaranteed weekly salary figure for Schedule B performers in features from \$5,500 or less per week to \$6,000 or less per week, and in television from \$4,400 or less per week to \$4,650 or less per week

New Media Terms

SAG's expired contract contains very few new media terms. The Producers' final offer would confer new areas of jurisdiction and establish numerous protections and residual payments that have never before existed for SAG actors, including the following:

- First-ever residuals for ad-supported streaming of feature films
- First-ever residual for ad-supported streaming of television
- Increase residual rate for permanent downloads
- First-ever residual for derivative new media programs
- First-ever residual for original new media programs
- Exclusive SAG Jurisdiction for derivative new media programs
- Jurisdiction on high budget original new media productions, and low budget programs that employ a single "covered actor"
- Access to unredacted new media deal memos
- Binding Sunset Clause allowing all new media terms to expire at end of term

New Media Comparison: SAG's Expired Contract vs. Producer's Final Offer

	Expired SAG TV/Theatrical contract	New Media Framework
Permanent Download Residuals (EST)	(No contract provision exists, but residuals are paid at the home video rate.)	For features, increase from 5.4% of 20% of Distributor's Gross (home video rate) on the first 50,000 units to 9.75% of 20% thereafter. For television, increase from 5.4% of 20% of Distributor's Gross on the first 100,000 units to 10.5% of 20% thereafter
Ad-Supported Streaming – Film Residuals	none	3.6% of Distributor's gross
Ad-Supported Streaming – TV Residuals	none	6% of Distributor's Gross on library programs (those produced before July 1, 2008) and on all new programs after the first year of initial exhibition. New programs within first year of initial exhibition are subject to 17- or 24-day streaming window and payment of a fixed residual based on 3% (rising to 3.5% in third year) of "total applicable minimum" for each 26-week period of use thereafter

<p>Derivative Made For New Media Residuals</p>	<p>none</p>	<p>3.6% of Distributor's Gross on consumer pay platforms; 6% of Distributor's Gross on ad-supported platforms (initial compensation constitutes payment for 13 consecutive weeks of use on ad-supported platforms and for 26 consecutive weeks of use on consumer pay platforms; thereafter, new programs released on ad-supported platforms within the first year of initial release generate a fixed residual for each 26-week use); additional terms for reuse in traditional media including free TV, pay TV, home video and basic cable</p>
<p>Original Made For New Media Residuals</p>	<p>none</p>	<p>3.6% of Distributor's Gross on consumer pay platforms (for programs budgeted at or above \$25,000 per minute as exhibited). Initial compensation constitutes payment for 26 consecutive weeks of use on any consumer pay platform. Additional terms for reuse in traditional media including free TV, pay TV, home video and basic cable</p>
<p>Made For New Media Jurisdiction</p>	<p>No jurisdiction for programs made for the Internet; Producers can elect to make programs either non-union, or under the extremely limited requirements in SAG contract (make P&H contributions on negotiated compensation and abide by Union Security provisions)</p>	<p>Exclusive SAG Jurisdiction for Derivative New Media Productions.</p> <p>SAG jurisdiction on high-budget original new media productions (above \$15,000 per minute, above \$300,000 per single production, or above \$500,000 per series), and low-budget programs that employ a single "covered actor" (those</p>

		performers with at least two TV or film credits, two professional stage play credits, employed as performer on an audio book or as a performer, announcer, singer or dancer in a national TV or radio commercial, interactive game or industrial production)
New Media Deal Memos	none	Access to unredacted license, distribution and other agreements on quarterly basis
Sunset Clause	none	All new media terms to automatically expire at end of agreement