

February 20, 2015

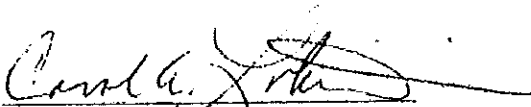
**MEMORANDUM OF UNDERSTANDING BETWEEN
ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS
AND AMERICAN FEDERATION OF MUSICIANS**

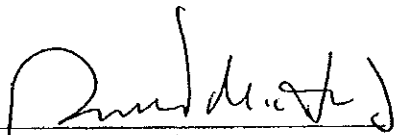
On January 10, 2015, the parties covered by this Memorandum of Understanding ("MOU") reached an agreement (subject to the Federation's ratification under its procedures no later than April 1, 2015) for successor agreements to the Basic Theatrical Motion Picture Agreement of 2010 and the Basic Television Motion Picture Agreement of 2010 (the "2010 Agreements"). The 2010 Agreements have been extended by letter agreement dated January 12, 2015 ("Extension Agreement").

1. By the terms of this MOU, the 2010 Agreements and the Film Musicians Secondary Markets Fund Agreement shall be modified as set forth herein.
2. In all other respects, the 2010 Agreements and the Film Musicians Secondary Markets Fund Agreement shall remain in full force and effect during the term of the 2015 Agreements which shall commence on the Sunday following the date that the AMPTP receives notice of ratification and continue for three (3) years thereafter.
3. The parties shall promptly take the necessary steps to incorporate the agreed-upon changes into the 2010 Agreements to create the Basic Theatrical Motion Picture Agreement of 2015 and the Basic Television Motion Picture Agreement of 2015.

**Alliance of Motion Picture & Television
Producers**
On behalf of the Producer
Parties listed on page (ii) herein

**American Federation of Musicians
of the United States and Canada**

By: 
Carol A. Lombardini
President

By: 
Raymond M. Hair, Jr.
President

Dated: February 20, 2015

Dated: 2/21/15

2015 AFM THEATRICAL AUTHORIZATIONS

BTW Productions, Inc.
Cast & Crew Talent Services, LLC
Columbia Pictures Industries, Inc.
EPSG Talent Services
Film Payment Services, Inc.
J-Mac Music, Inc.
Metro-Goldwyn-Mayer Pictures Inc.
Monarch Consulting, Inc. dba PAEINC
Paramount Pictures Corporation
Sabron, Inc.
Savant Productions, Inc.
Twentieth Century Fox Film Corporation
Universal City Studios LLC
Walt Disney Pictures
Warner Bros. Pictures

2015 AFM TELEVISION AUTHORIZATIONS

ABC Studios
Ald Productions, Inc.
Cast & Crew Talent Services, LLC
CBS Studios Inc.
CPT Holdings, Inc.
EPSG Talent Services
Film Payment Services, Inc.
J-Mac Music, Inc.
MGM Television Entertainment Inc.
Monarch Consulting, Inc. dba PAEINC
New Liberty Productions, Inc.
Paramount Pictures Corporation
Sabron, Inc.
Savant Productions, Inc.
Twentieth Century Fox Film Corporation
Universal Network Television LLC
Walt Disney Pictures
Warner Bros. Television

1. **Term**

The term of the AFM Basic Theatrical and Television Motion Picture Agreements of 2015 shall commence on the Sunday following the date that the AMPTP receives notice of ratification and shall continue for three years thereafter.

2. **Minimum Wages**

Increase all minimum wage rates in the AFM Basic Theatrical Motion Picture Agreement (specifically, those minimum wage rates in Paragraphs 8(b), 15(a)(1), 15(a)(2)(i), 15(b)(3), 15(b)(11), 15(b)(15), 16, 17, 26, 31, 35, 41-43, 48, 50, 51, 53, 55, 58(b), 61(c)(2), 62(c)(2) and 63(c)(2)) and in the AFM Basic Television Motion Picture Agreement (specifically, those minimum wage rates in Paragraphs 8(b), 15(a)(1), 15(a)(2)(i), 15(b)(3), 15(b)(11), 15(b)(15), 15(c)(2), 16, 17, 26, 31, 35, 41-43, 48, 50, 51, 53, 55, 58(b) and 61(c)(2)) by two percent (2%) effective on the Sunday following the date that the AMPTP receives notice from the Federation of ratification of the Agreements; by an additional two percent (2%) effective on the Sunday closest to a date one year thereafter; and by an additional two percent (2%) effective on the Sunday closest to a date two years thereafter. These increases shall be compounded.

3. **Pension Plan**

The following Items 3.a., b. and c. are contingent upon: (1) the issuance by the American Federation of Musicians' and Employers' Pension Fund ("Pension Fund") of a binding and irrevocable commitment that no Producer shall be subject to withdrawal liability solely as a result of the General Fund Pension Contributions (defined in Item 3.a. below); or (2) satisfaction of the Producers' concerns about withdrawal liability in a manner other than as described in (1) above. In the event that either of the foregoing conditions is met, the Producers shall give notice to the Secondary Markets Fund, and the following shall be effective with respect to Producer contributions received by the Secondary Markets Fund, starting with the first full calendar quarter following notice from the Secondary Markets Fund to the AMPTP and the Federation that the Secondary Market Fund's systems are capable of implementing this allocation to the Pension Fund.

- a. Amend Articles 15 and 16 of the AFM Basic Theatrical Agreement and Article 14 of the AFM Basic Television Agreement to provide for a payment from the Secondary Markets Fund to the Pension Fund in the amount of 1.5% of the contributions of the Producer received by the Secondary Markets Fund, excluding monies identified by the Secondary Markets Fund in accordance with its regular practice as undetermined payments subject to return to the Producer, plus investment earnings thereon (hereafter "General Fund Pension Contributions").
- b. Modify Paragraph 2(a) of the Film Musicians Secondary Markets Fund Agreement to provide that the Secondary Markets Fund shall transfer payment of

the General Fund Pension Contributions to the Pension Fund no later than 60 days after the calendar quarter in which they were received, and that the General Fund Pension Contributions will not constitute a contribution made on behalf of any particular individual nor will they be included in the pension benefit of any particular individual. The parties recommend to the Trustees of the Pension Fund to make any changes necessary to effectuate this provision.

- c. Amend Article 15(b)(1)(xiii) and Article 16(b)(1)(xiv) of the AFM Basic Theatrical Agreement and Article 14(b)(1)(xiv) of the AFM Basic Television Agreement to provide that the “musicians’ share of the Secondary Markets Fund shall be an amount equal to ninety-eight and one-half percent (98.5%) of the contributions of the Producer, plus any investment earnings of the Secondary Markets Fund thereon and any “unclaimed amounts” as defined in Paragraph 2(g) of the Secondary Markets Fund Agreement, less the amounts stated in subparagraphs (A), (B) and (C) of Article 15(b)(1)(xiii) and Article 16(b)(1)(xiv) of the AFM Basic Theatrical Agreement and Article 14(b)(1)(xiv) of the AFM Basic Television Agreement.

4. Cartage

Amend the last sentence of Paragraph 15(b)(12) of the AFM Basic Theatrical and Television Agreements as follows:

“If private transportation is used, the Producer shall pay the musician for actual cartage, at the following rates, only for those instruments listed below which the Producer orders the musician to bring to the recording session:

“Harp	\$30.00 \$40.00
“String bass, tuba, drums, all heavy or bulky amplifiers, baritone saxophone, cello, bass saxophone, contra bass clarinet, contra bass bassoon, accordion, baritone horn and the contra bass trombone	\$12.00 \$16.00 each”

Make conforming changes.

5. Secondary Markets Fund

- a. *Add two new subparagraphs to the end of Article 15(b)(1)(v) of the AFM Basic Theatrical Agreement (and make conforming changes to Article 16(b)(1)(iv) of the AFM Basic Theatrical Agreement and Article 14(b)(1)(iv) of the AFM Basic Television Agreement) as follows:*

“() The Oversight Committee and the AFM liaison(s) will meet in advance of the annual distribution of the musicians’ share of the Secondary Market Fund to review and attempt to resolve questions brought to the attention of the FMSMF Administrator, Oversight Committee and/or AFM liaison(s) concerning the reported compensation for any participating musician(s) in connection with any motion picture. Distributions with respect to any motion picture for which reported compensation is under review as described above shall be suspended until the FMSMF determines the extent to which the compensation under review constitutes ‘total compensation.’

“() The Oversight Committee and the AFM liaison(s) shall endeavor to develop criteria and procedures for determining each participating musician's "total compensation" and *pro rata* share. The Administrator shall implement the agreed-upon criteria and procedures upon agreement by a majority of the members of the Oversight Committee and the AFM liaison(s).”

- b. *Add a new Sideletter to the AFM Basic Theatrical and Television Agreements (and make conforming changes, including by deleting the words “, including the compensation of the Administrator” in Paragraph 5(a) of the Film Musicians Secondary Markets Fund Agreement, by deleting the second sentence of Paragraph 6(a) and the entire Paragraph 6(b) of that same Agreement and renumbering “Paragraph 6(c)” to “Paragraph 6(b)”), to provide as follows:*

“Re: Administration of the Secondary Market Fund

“Dear Ray:

“This Sideletter confirms the agreements and understandings reached between the AMPTP, on behalf of the Producers it represents, and the Federation concerning the selection, compensation, termination and authority of the FMSMF Administrator and certain other FMSMF matters.

“(a) A Committee consisting of three members appointed by the President of the Federation and three members appointed by the AMPTP (the "Committee") shall be established for the purposes set forth in this Sideletter.

- “(b) In the event of a vacancy for any reason in the position of the Administrator of the Secondary Markets Fund (“Administrator”), or upon the earlier announcement of such vacancy, a successor Administrator shall be appointed by a majority vote of the Committee. If needed, the Oversight Committee shall appoint an interim Administrator after consultation with the AFM liaison(s).
- “(c) The Committee shall, from time to time, review and set the compensation for the Administrator by majority vote.
- “(d) The Administrator may resign at any time by thirty (30) days’ written notice to the Producers and the Federation, except when the Administrator is employed under a term contract of employment.
- “(e) The Oversight Committee shall give good faith consideration to any recommendation of its liaisons to terminate or discipline the Administrator; however, the Oversight Committee shall have final authority over any such decision.
- “(f) No Administrator shall be a representative of labor, or of any union, or of employees within the meaning of Section 302(b) of the Labor Management Relations Act of 1947.
- “(g) The Federation and the AMPTP shall each issue a notice to its members (in the case of the Federation) and the companies that it represents (in the case of the AMPTP) instructing them that preparation of report forms reflecting work that was not performed or that was not work covered by the Agreement for the purpose of creating a participating musician’s total compensation and resulting *pro rata* share of the Secondary Markets Fund distribution is not permitted.”

6. **Banking and Exchange Procedure**

Modify Article 3 of the AFM Basic Theatrical Motion Picture Agreement to provide as follows:

“3. **SCORING IN UNITED STATES AND CANADA**

“(a) All theatrical motion pictures produced by the Producer in the United States or Canada, if scored, shall be scored in the United States or Canada.

“(b) Notwithstanding the foregoing, the parties recognize the following exceptions for the banking and exchange of motion pictures. The purpose of this provision is to allow the Producer to bank the aggregate number of hours paid to

recording musicians for services rendered under this Agreement on (i) motion pictures produced by the Producer, (ii) negative pick-ups for which there is no signatory of record; and (iii) motion pictures produced by another entity for which a distributor related to the Producer has provided financing in exchange for distribution rights, when such pictures are produced outside the United States and Canada and for which there is no signatory of record ('Foreign Pictures'), but scored within the United States or Canada, in order to exchange those scoring hours for the right to score a motion picture produced by the Producer in the United States or Canada ("Domestic Picture") outside the United States and Canada.

"(1) The Producer may 'bank' the aggregate hours paid to recording musicians for services rendered on any Foreign Picture, including, but not limited to, trailer(s) for the Foreign Picture, as follows:

"(i) The Producer shall provide written notice to the Director of the AFM Electronic Media Services Division (West Coast office) that the Foreign Picture, if it is scored within the United States or Canada, will be subject to banking. Except for those motion pictures produced during the term of the 2010 Agreement, as extended by the parties, and identified by the Producers to the Federation during the 2013 negotiations,¹ such notice must be provided in advance of the scoring of the Foreign Picture. In the case of a negative pick-up or a motion picture produced by another entity for which a distributor related to the Producer has provided financing in exchange for distribution rights, the Producer shall, on or after the date on which such notice is provided, be deemed to be signatory of record with respect to services rendered and obligations incurred under the Agreement.²

"(ii) After the scoring of the Foreign Picture in the United States or Canada, but no later than the initial release of the Foreign Picture (or no later than ninety (90) days following ratification of the Agreement in the case of motion pictures produced under the 2010 Agreement, as extended by the parties), the Producer shall provide the Director of the AFM Electronic Media Services Division (West Coast office) with a statement of the aggregate hours paid to recording musicians, along with the B

¹ "I.e., "Snow White & The Huntsman," "Dr. Seuss' The Lorax," "Despicable Me 2," "Hansel and Gretel," "Die Hard 5," "Life of Pi," "The Wolverine," "The Book Thief" and "Spy." The scoring hours for each of these titles shall be deemed to have been 'banked' and are available for exchange until the later of: (i) four (4) years from the date of the initial release or (ii) April 1, 2017."

² No claims that arise as a result of services rendered or obligations incurred under the Agreement before the Producer is deemed to be signatory of record may be brought against the Producer.

forms, for services rendered on the Foreign Picture, including, but not limited to, trailer(s) for the Foreign Picture.

“The Federation shall notify the Producer of any discrepancy between the number of aggregate hours paid to recording musicians and the number of hours shown on the submitted B forms within thirty (30) days of the Producer’s statement of scoring hours for the Foreign Picture, unless a notice of intent to exchange is pending, in which case the Federation pledges its cooperation to respond in a shorter period of time. Failure to assert an objection within the applicable time period shall be considered a waiver of any and all objections. Unless the Producer is able to substantiate the disputed hours with a B form (or other information or documentation, in the case of hours shown on the B form as “pay direct,” “direct pay,” “benefits only” or the equivalent), the disputed hours shall be subtracted from the aggregate number of hours paid to recording musicians reported by the Producer in its statement.

“The scoring hours on the Foreign Picture shall be ‘banked’ and available for exchange within four (4) years (or, effective for scoring hours banked on or after the day prior to the expiration of this Agreement [date to be specified after ratification], five (5) years) from the date of the initial release of the Foreign Picture.

“(2) In the event that the Producer wishes to score a Domestic Picture outside the United States and Canada by drawing from the bank established pursuant to subparagraph (b)(1) above, the Producer shall provide written notice to the Director of the AFM Electronic Media Services Division (West Coast office) identifying the Domestic Picture to be scored outside the United States and Canada at least thirty (30) days in advance of the commencement of the scoring of the Domestic Picture, unless the Producer could not have complied with the foregoing thirty (30) day notice requirement, in which case the notice must be provided as soon as practicable, but in no event after scoring commences. Such notice shall include the budgeted hours estimated to be paid to recording musicians for services rendered on for the Domestic Picture.

“The Federation may object to the Producer’s scoring of the Domestic Picture outside the United States and Canada only on the grounds that the Producer has not banked enough scoring hours on the Foreign Picture(s) to cover the budgeted scoring hours on the Domestic Picture or that the Producer failed to give notice of its intent to exchange on the Domestic Picture within the time frame set forth in the preceding paragraph. The Federation must notify the Producer of its objection(s), including by providing a detailed statement of the facts and all documents or other evidence in support of the objection, within five (5) business days of the Producer’s notice of intent to exchange. Failure to assert an objection within the applicable time period shall be considered a waiver of any and all objections.

“Subject to the foregoing, the Domestic Picture may be scored outside the United States or Canada. After the completion of the scoring of the Domestic

Picture, the Producer shall provide the Federation with a contractor's statement that includes the number of recording sessions and the number of hours and recording musicians for each such session, accompanied by evidence of payment for such hours, or with other documentation substantiating the aggregate number of hours paid to recording musicians for services rendered on the Domestic Picture, including, but not limited to, trailer(s), along with the location of the foreign scoring (e.g., Prague). The banked scoring hours on the Foreign Picture(s) shall be reduced by the number of actual scoring hours on the Domestic Picture. In the event that the actual scoring hours exceed the number of banked scoring hours, the Producer must bank at least 150% of the difference before the Producer may accrue any additional hours in the bank.

"The oldest banked scoring hours on the Foreign Picture(s) will be exchanged first with the scoring hours on the Domestic Picture. Unused banked scoring hours from Foreign Picture(s) in excess of the exchanged scoring hours from the Domestic Picture remain in the bank until they expire as provided in subparagraph (b)(1) above."

7. **Release of Sound Track Recorded Before August 14, 2005**

Upon the request of a Producer, the Federation shall, in good faith, grant waivers to allow the release of sound track recorded before August 14, 2005, without the necessity of payment in advance of, or upon, release.

8. **Clips**

Modify subparagraph (e) of Article 8A., Reuse of Portions of the Music Sound Track from a Motion Picture, in the AFM Basic Theatrical and Television Motion Picture Agreements, as follows:

"(e) (1) For any use of any portion of a production number with the accompanying footage from a motion picture (other than in new media), or for the use in a motion picture produced within the geographical scope of this Agreement of up to two (2) minutes of music sound track from a motion picture without the accompanying footage (other than in new media), which use is not within the exceptions provided for in subparagraphs (a)-(d) above, the Producer shall pay the following aggregate one-time-only sum for each motion picture to the musician or musicians determined by the Federation to be entitled to such compensation and prorated among such musicians as determined by the Federation:

"(i) one (1) minute or less of sound track - \$1,500;

"(ii) for each thirty (30) seconds or portion thereof in excess of one (1) minute - \$750.

“(2) For the use of up to four (4) minutes of music sound track from a motion picture without the accompanying footage (other than in new media or a motion picture produced within the geographical scope of the Agreement), which use is not within the exceptions provided for in subparagraphs (a)-(d) above, the Producer shall pay the following aggregate one-time-only sum for each motion picture to the musician or musicians determined by the Federation to be entitled to such compensation and prorated among such musicians as determined by the Federation:

“(i) one (1) minute or less of sound track – \$1,500;

“(ii) for each thirty (30) seconds or portion thereof in excess of one (1) minute up to and including two (2) minutes – \$750;

“(iii) for each thirty (30) seconds or portion thereof in excess of two (2) minutes up to and including four (4) minutes – \$1,000.”

~~“(32)~~ For the use of any other music sound track with the accompanying footage from a motion picture not covered under subparagraphs ~~(e)(1)~~ or ~~(e)(2)~~ above (other than in new media), which use is not within the exceptions provided for in subparagraphs (a)-(d) above, the Producer shall pay the following aggregate one-time-only sum for each motion picture to the musician or musicians determined by the Federation to be entitled to such compensation and prorated among such musicians as determined by the Federation:

“(i) one (1) minute or less of sound track - \$750;

“(ii) for each thirty (30) seconds or portion thereof in excess of one (1) minute - \$375.”

Make additional conforming changes, including by renumbering current subparagraphs “(e)(3)-(5)” to “(e)(4)-(6).”

9. Sideline Musicians

- a. *Modify the second sentence of Paragraph 27(b) in the AFM Basic Theatrical and Television Agreements as follows:*

“Producer may call a meal period on work time of at least fifteen (15) minutes in duration and the deductible meal period shall commence not later than six (6) hours thereafter.”

- b. Modify the Sideletter re Productions Made for New Media in the AFM Basic Theatrical and Television Agreements by adding a new subparagraph (7) to Section E. to provide that, effective beginning in the second year of the

Agreement, Paragraph 26 of the AFM Basic Television Agreement shall apply to sideline musicians employed on “High Budget SVOD Programs” which are defined as original and derivative dramatic new media productions made for initial exhibition on a subscription consumer pay platform (such as Netflix) which meet the following criteria:

Length of Program as Initially Exhibited*	“High Budget” Threshold
20-35 Minutes	\$1,300,000 and above
36-65 Minutes	\$2,500,000 and above
66 Minutes or more	\$3,000,000 and above
* Programs less than 20 minutes are not considered “high budget,” regardless of their budgets.	

10. **New York Earned Sick Time Act and Other Similar Laws**

Add a new Paragraph 8.1 to the AFM Basic Theatrical and Television Agreements as follows:

“8.1 WAIVER OF SICK LEAVE LAWS

“The Federation expressly waives, to the full extent permitted by law, application of the following to all employees employed under this Agreement: the New York City Earned Sick Time Act of 2013; the San Francisco Paid Sick Leave Ordinance (San Francisco Administrative Code Section 12W); the Oakland Sick Leave Law (Municipal Code Section 5.92.030.); the Seattle Paid Sick and Safe Time Ordinance (Ordinance No. 123698); the Paid Sick Time for Private Employees Ordinance of East Orange, New Jersey (Ordinance No. 21-2014; East Orange Code Chapter 140, Section 1 *et seq.*); the Sick Leave for Private Employees Ordinances of Irvington, New Jersey (Ordinance No. MC-3513); Montclair, New Jersey; Newark, New Jersey (City Ordinance 13-2010); Passaic, New Jersey (Ordinance No. 1998-14); Patterson, New Jersey (Patterson Code Chapter 412) and Trenton, New Jersey; and any other ordinance, statute or law requiring paid sick leave that is hereafter enacted. It is understood that the Federation and the AMPTP shall memorialize any such waiver for any newly-enacted law by letter agreement.”

Make conforming changes, including by adding the official citations to the Ordinances when available.

11. Housekeeping

- a. *Modify Article 8.(a)(1) in the AFM Basic Television Agreement as follows to conform to Paragraphs 15(a)(5)(iv)(C) and 15(a)(10) (see pages 61 and 64, respectively, of the 2010 AFM Basic Television Agreement) and make conforming changes:*

“(1) Recording hereunder for any picture which is part of a series of television motion pictures may be reused in scoring for any one (1) or more other pictures of such series which are produced for broadcasting during the same broadcasting season for which said first picture was produced; it being understood, however, that no such recording may be reused in pictures of any other television program series or in pictures of the same television program series produced for broadcasting during a or any subsequent broadcasting season. The term ‘broadcasting season,’ as used herein, refers to periods of not more than fifty-two (52) weeks and shall have the same meaning as that generally understood in the television industry. Recording hereunder for a so-called ‘pilot program’ may be reused in other motion pictures in the series of which the pilot program becomes a part, but such reuse shall be limited to the first broadcasting season of such series.”

- b. *In Article 8A. of the AFM Basic Television Motion Picture Agreement, replace the word “theatrical” with the word “television” in subparagraphs (e)(3)(ii) and (e)(3)(iii), as follows:*

“8A. REUSE OF PORTIONS OF THE MUSIC SOUND TRACK FROM A MOTION PICTURE

“Notwithstanding anything to the contrary in Article 8 and except as provided in subparagraph (e) below, no additional compensation shall be payable for the reuse of any portion of the music sound track of a motion picture in the following circumstances:

“(3) [...]

“(ii) For any use in new media on a consumer pay platform of music sound track, with or without the accompanying footage, from a ~~theatrical~~ television motion picture, including ‘ringtones’ and ‘ringbacks,’ one percent (1%) of ‘Producer’s gross,’ as defined in subparagraph (4) below, derived from the sale or license of such music sound track.”

“(iii) In lieu of the Producer making payment of any amounts due under subparagraphs (e)(3)(i) and (ii) above to the

Federation, the Producer shall include such sums in the 'Producer's gross,' for the applicable theatrical-television motion picture and make such payments to the Administrator of the Film Musicians Secondary Markets Fund for distribution to participating musicians based upon each musician's pro rata share for the motion picture from which the sound track is so used."

c. **Insurance Coverage in Lieu of Surety Bond**

The parties agree to modify the Secondary Markets Fund Agreement to require the Administrator to obtain insurance coverage satisfactory to the Producers and to the Federation and to remove the requirement that the Administrator furnish a surety bond in Paragraph 2(e).

12. **Sunset Provisions**

- a. Renew the Sideletters re Exhibition of Motion Pictures Transmitted via New Media, including the sunset provision.
- b. Renew the Sideletters re Productions Made for New Media (subject to the modifications in Item 9.b. above), including renewal of the sunset provision.
- c. Renew the sunset provision in Article 8A.(e)(5).