

**BASIC CABLE TELEVISION AGREEMENT**  
**January 1, 2011 – December 31, 2014**

This agreement, executed as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between the American Federation of Musicians of the United States and Canada (hereinafter referred to as the "Federation") and the following companies, separately and respectively (each hereinafter referred to as "Producer"):

sets forth the terms and conditions including those set forth in Exhibits I, II and III hereto attached, pursuant to which persons covered by this agreement may be employed by the Producer during the period commencing January 1, 2011 and expiring midnight December 31, 2014 in the production of programs which embody musical performances by instrumental musicians and/or pictures of such musicians rendering musical performances, which programs are intended for broadcast over basic cable, whether live or recorded programs (hereinafter referred to as "programs")<sup>\*</sup>.

1. **SCOPE OF AGREEMENT**

A. General Coverage

This agreement shall cover and relate to members of the Federation wherever they may be employed by the Producer in basic cable television broadcasting or in producing programs for basic cable television whether live or produced on videotape or kinescope, as instrumental musicians, leaders, contractors, arrangers, orchestrators, copyists, production musicians and librarians (herein called "musicians") and to any other persons when they shall perform such services for the Producer in the United States, its territories and possessions (including Puerto Rico), and Canada. The Federation shall exercise full authority in order that the Federation's locals and members of the Federation engaged in such activities shall do nothing in derogation of the terms and intent of this agreement.

1. "Basic Cable Television" shall mean the exhibition, other than exhibitions by means of Standard or Non-Standard (Pay) Television, of television programs on home-type television screens by means of transmission by a Community Antenna Television System (CATV) where no program charge or special channel charge is made to the subscriber other than the general cable charge.
2. "Pay Cable or Non-Standard (Pay) Television" shall mean instances where a separate channel is provided for which the subscriber pays a separate fee (which fee is a major charge relative to other charges made to the subscriber) for that channel, and/or instances where the subscriber

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**\* With respect to the production of episodic, dramatic, non-dramatic (e.g., situation comedies and cartoons) and documentary series or programs and television motion pictures, all terms and conditions of the American Federation of Musicians current Television Film Labor Agreement will apply. With respect to the release of such product produced under the Television Film Labor Agreement terms and conditions on free television, it is understood that Section D(2) of the Supplemental Market provisions of the Basic Cable Television Agreement will apply.**

Revised 04/09/2013

pays a fee for an encoded telecast, which fee is a major charge relative to other fees paid for encoded telecasts.

The term "pay television," as used in this Article, shall also include the exhibition of programs through a television receiver or comparable device by means of a telecast, cable, closed-circuit, satellite or CATV for which the viewing audience (whether by the individual viewer or by the hotel, motel, hospital or other accommodation where the viewer is) pays to receive the program by making a separate payment for such specific program. Exhibition in theatres or comparable places by such means is theatrical exhibition and shall not be considered pay television.

3. "Standard Television" shall mean non-pay, UHF or VHF broadcast television in the United States or Canada transmitted by means of a broadcast station licensed by the appropriate governmental body intended for intelligible reception by the general public by means of standard home antennas.

B. Effect of Non-Renewal of this Agreement

Any contract in existence at the termination of this agreement (whether such termination is caused by expiration, breach, or otherwise), made and entered into by the Producer with local unions, members of the Federation, licensed booking agents, personal managers, producers, symphony associations, or others, for the employment and rendition of services covered by this agreement, shall not impose any obligation to render further musical services for the Producer unless this agreement is renewed or a new one entered into permitting the same. In the event this contract is not renewed, or a new one is not entered into, employees covered by this agreement may, at their option, render services to any others without obligation or liability to the Producer.

2. **UNION RECOGNITION**

The Producer hereby recognizes the Federation as the exclusive bargaining representative of persons employed as musicians, who are members of the Federation, or who are employed by the Producer in the areas designated in subparagraph 1(A) hereof.

3. **UNION SECURITY**

A. The following provision contained in this subparagraph A. shall apply to services to be rendered hereunder in Canada where not prohibited by applicable law. Such provision shall also be included in, and whether or not so included, shall be deemed part of all contracts calling for such services, at places or under circumstances as aforesaid, between the Producer and persons employed in classifications covered by this agreement: "Only the services of members in good standing of the American Federation of Musicians of the United States and Canada shall be used for the performance of any work within a classification covered by this agreement."

B. The following provisions contained in this subparagraph B. shall apply to services rendered hereunder in the United States and shall be included in, and whether or not so included, shall be deemed a part of all contracts calling for such services

between the Producer and persons employed in a classification covered by this agreement: "Persons who are employees of the Producer on the date of signing of this agreement or on its effective date (whichever is later), who are members of the Federation, shall be continued in their employment by the Producer only so long as they continue their membership in good standing in the Federation. All other employees in a classification covered by this agreement shall on or before the thirtieth day following the commencement of their employment of the effective date of this agreement, whichever is later, become and continue to be members in good standing of the Federation as a condition of their employment. The provisions of this paragraph shall not become effective unless permitted by applicable law."

- C. As to employees covered by this agreement who are members of the American Federation of Musicians of the United States and Canada, and to the extent to which the inclusion and enforcement of this paragraph is not prohibited by any applicable law, nothing in this agreement shall ever be construed so as to interfere with any obligation which they may owe to the American Federation of Musicians of the United States and Canada as members thereof.
- D. Any employees covered by this agreement shall be free to suspend or terminate their services by reason of any strike, ban, or unfair list of the Federation or of any Federation local union which has been approved or sanctioned by the Federation and shall be free to accept and engage in other employment of the same or similar character, or otherwise, for other Producers or person, firms or corporations without any restraint, hindrance, penalty, obligation or liability whatever, any other provisions of this agreement to the contrary notwithstanding. The Producer shall not request or require any employee to work in the premises of any person, firm or corporation who is not in good standing with the Federation according to lists published by the Federation in the "International Musician" or to specific notice to the Producer. Nothing in this paragraph shall require the Producer to do or refrain from doing any act unless and until permitted by applicable law.
- E. All present provisions of the bylaws, rules and regulations of the Federation are made part of this agreement as though fully set forth herein to the extent to which their inclusion and enforcement as part of this agreement are not prohibited by any applicable law. No changes in the Federation's bylaws, rules and regulations which may be made during the term of this agreement shall be effective to contravene any of the provisions hereof. The Producer acknowledges its responsibility to be fully acquainted, now and for the duration of this agreement, with the present contents of the Federation's bylaws, rules and regulations.

4. **USE OF LIVE MUSIC**

During the term of this agreement the Producer shall utilize live music exclusively for all programs produced by or for the Producer in which any music is used. All programs produced by or for the Producer in the United States and Canada, if scored, shall be scored in the United States and Canada.

5. **SOUND TRACK REGULATIONS**

- A. The Producer will not use or deal with sound track made hereunder for any purpose whatsoever except to accompany the program for which such sound track

was originally produced and except as provided in Exhibit I, Paragraph Q and subparagraphs C and F, hereof and as provided for in the New Media Addendum.

Without regard to the duration of this agreement, and except as provided for in this agreement and the New Media Addendum, the Producer shall not dub or give permission to others so to do any sound track and/or images containing performances by persons covered by this agreement for any other purpose unless agreement is reached with the Federation to do so.

- B. The Producer will not use any sound track in any program which is the subject of this agreement unless such sound track is recorded under the terms of this agreement. No sound track recorded under the terms of this agreement may be augmented by sound tracks which are not recorded under the terms of this agreement.
- C. Notwithstanding the foregoing, soundtrack recorded under this Agreement (with or without video footage) may be dubbed for Sound Recordings or Music Videos (“New Use”) if the Producer or an authorized party who has signed an Assumption Agreement acceptable to the Federation pays to the Musicians who performed services in connection with the soundtrack as additional compensation the scale for the production of such soundtrack as if such soundtrack had been recorded as a Sound Recording, Ringtone/Ringback or Music Video under the then-current AFM Sound Recording Labor Agreement (“SRLA”) and all additional payments applicable to such recording(s). The SRLA and its Exhibits, Addenda and Trust Agreements are incorporated into this Agreement by reference.
1. A B-4 Form (or similar Report Form as approved by the Federation) shall be filed with the Federation or applicable Local within thirty (30) days of the commercial release of such Sound Recording and/or Music Video.
  2. New Use Payment(s) shall be due and payable to or on behalf of each applicable musician within thirty (30) days of the commercial release of such Sound Recording and/or Music Video.
  3. With regards to (2) above, Late Payment Penalties and Tolling for those penalties shall be as provided in Exhibit I, Article P of this Agreement.
- D. With respect to any sale, transfer or disposition of rights the Producer shall obtain a Buyer’s Assumption Agreement in the following form:

AMERICAN FEDERATION OF MUSICIANS  
BASIC CABLE TELEVISION AGREEMENT  
BUYER’S ASSUMPTION AGREEMENT

The undersigned,

\_\_\_\_\_

(insert name of buyer, licensee or distributor)

hereinafter referred to as the “Buyer,” hereby agrees with

\_\_\_\_\_

(insert name of Producer/Seller)

hereinafter referred to as the “Producer,” that basic cable television programs covered by this Agreement are subject to the applicable provisions of the American Federation of Musicians (“AFM”) Basic Cable Television Agreement, hereinafter referred to as the “Cable Agreement,” in general and in particular to the provisions of Paragraph 17 of the Cable Agreement and the New Media Addendum thereof relating to payments to the Film Musicians Secondary Markets Fund (“Fund”) on the licensing of a basic cable television program to Supplemental Markets and new media. Said Buyer also hereby agrees, expressly for the benefit of the Fund, to make the payments required by Paragraph 17 and the New Media Addendum.

It is expressly understood and agreed that the rights of any such Buyer to exhibit or license the exhibition of such basic cable television program in Supplemental Markets and new media shall be subject to and conditioned upon the applicable payment and corresponding documentation as provided in the Cable Agreement and New Media Addendum. It is further agreed that the Fund or the Federation shall be entitled to seek injunctive relief and compensatory damages against the Buyer in the event any such payments are not made.

Buyer shall be liable to make the payments described above but only based upon rights actually acquired by Buyer and only for the period it holds such rights.

The undersigned Buyer agrees to keep or have access to complete books and records showing the income derived from the sale, lease, license, or distribution of such television program in Supplemental Markets within the entire territory for which Buyer is granted such rights and the Fund Administrator shall have the right at all reasonable times to examine and inspect such books and records. The undersigned shall give the Fund prompt written notice of the date on which each television program covered hereby is released in Supplemental Markets. An inadvertent failure to comply with said notice requirements shall not constitute a default by the undersigned Buyer provided that such failure is cured promptly after notice thereof from the Fund. Nothing contained herein shall relieve the Buyer from payment or reporting obligations (including those to the Federation) required elsewhere in the Cable Agreement.

Buyer further agrees that in the event of a sale, transfer, license or assignment of the distribution rights to a covered basic cable television program, Buyer shall obtain from the purchaser, transferee, licensee or assignee an Assumption Agreement covering the rights disposed of in the form set forth herein and shall provide an executed copy of such Assumption Agreement to the Fund. Upon delivery of such Assumption Agreement, Buyer shall not be further liable to the Federation or the Fund for the keeping of any records related to or the payments required based upon the rights covered under the Assumption Agreement for the exhibition of the basic cable television program. Both the Federation and the Fund agree to look exclusively to the purchaser, transferee, licensee or assignee executing such Assumption Agreement for the keeping of such books or records and for making the payments attributable to the rights acquired. In the event Buyer fails to deliver such Assumption Agreement, it shall continue to be liable for the keeping of records and for the payments required for the exhibition of such basic cable television program in Supplemental Markets or in New Media.

AGREED:

\_\_\_\_\_  
PRODUCER

\_\_\_\_\_  
BUYER

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
City, State, Zip

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
NAME OF CABLE TELEVISION PROGRAM

E. No part of any kinescopes, videotapes or sound tracks made pursuant to this agreement shall be extracted or used for purposes other than those specifically permitted by this agreement so long as said kinescopes or videotapes remain in existence.

F. Promotional Trailer and Excerpts

Excerpts from any kinescope or videotape made pursuant to this agreement or any local agreement of even date herewith may be broadcast as a promotional trailer. Such promotional trailers shall be used only to promote a larger audience. Such promotional trailers shall not exceed one minute and fifteen seconds in duration and shall not contain any advertising nor shall they be preceded or followed by any advertising which is tied into the promotional trailer or which is advertising of a sponsor of the program which is being promoted by such trailers. Without constituting a re-use or requiring that re-use payments be made, excerpts from programs produced under this agreement may be used in television industry awards programs such as the Emmy Awards program.

G. Use of Excerpts (clips):

1. Use of excerpts containing music taken from television programs or motion picture films will require a payment to all rendering a musical service on the original production equal to the Variety Show air rate of the program in which the excerpt is being utilized. There will be a minimum payment at the one hour rate and a maximum payment at the two hour rate.

2. When the excerpts are utilized in a Strip Variety Program "Anniversary Show," the payment will be equal to the one and one-half hour Strip Variety Program air rate.
3. When an excerpt consists of a complete production number, the payment shall be that of the minimum guarantee for the program in which the clip is utilized (air rate plus guaranteed rehearsal hours), with a maximum payment equal to a two hour program.
4. Advance notice, where feasible, of the contemplated use of excerpts will be given to the Federation.
5. The foregoing does not apply to compilation programs (programs consisting entirely of excerpts). In such instances, a separate agreement will be made with the Federation.

6. **WAGES**

For services rendered by the persons covered by this agreement in the making of programs hereunder, the Producer shall pay at least Federation scale as provided in Exhibits I, II and III annexed hereto, and the Producer will fully and faithfully perform the terms and conditions otherwise set forth in said exhibits and in the Producer's individual agreements with such musicians. Said wages shall be due and payable within 15 business days after the original performance.

7. **WORK DUES**

Pursuant to the provisions of Federal law, in those states where permitted, the Producer agrees to deduct the applicable work dues, based on scale wages, from the wages of each musician rendering services pursuant to this Agreement and to remit such work dues to the Local Union within 15 days after such deductions are made.

8. **PENSION WELFARE FUNDS**

- A. For the period from January 1, 2011 to December 31, 2014, the Producer shall contribute an amount established by the AFMEP Rehabilitation Plan equal to ten and four-tenths percent (10.4%) (ten and nine-tenths percent (10.9%) effective April 1, 2011) of all earnings of whatever nature covered by this agreement, computed at scale:
  1. with respect to services rendered in the United States, to the American Federation of Musicians and Employers Pension Welfare Fund, created pursuant to Trust Indenture, dated October 2, 1959; and
  2. with respect to services rendered in the Dominion of Canada, such contributions shall be made to the American Federation of Musicians and Employers Pension Plan Welfare Fund (Canada) created pursuant to agreement and Declaration of Trust dated April 9, 1962.

It is understood that, under the terms of said trust agreements, the employees (in addition to musicians as therein defined) on behalf of whom contributions to the aforesaid Funds may be made by other employers include the following:

1. full-time employees of the Fund themselves;
  2. full-time office and clerical employees of the Federation and of any of its affiliated Locals; and
  3. duly elected officers and representatives of the Federation and of any of its affiliated Locals.
- B. The Producer shall submit such reports in such form as the trustees may reasonably require and the Producer's records shall be subject to such reasonable audit by the trustees as the trustees may require.
- C. 1. The Producer shall furnish to the Federation, simultaneously with the Producer's delivery thereof to the trustees, copies of any and all statements submitted to such trustees under said trust indentures.
2. The Producer agrees that the Federation shall have the right from time to time, upon reasonable notice to us, without limitation to the duration of this agreement, and at all reasonable times during business hours to have the Federation's duly authorized agents examine and audit the Producer's records and accounts concerning all transactions which are subject to payments pursuant to paragraph 7; such examination and audit to be made for the purpose of ascertaining what sums, if any, may be due and of verifying any statements made by the Producer pursuant to this agreement. The Producer agrees to afford all necessary facilities to such authorized agents to make such examination and audit and to make extracts and excerpts from said records.
- D. The Federation and said trustees, or either of them, may enforce the provisions contained in this paragraph 7.
- E. Payments will be made simultaneously with musicians wage scales.

9. **PLAY-DATES**

For the rates specified in Exhibits I, II, and III, the Producer shall be permitted to exhibit a program produced under the terms of this Agreement on Basic Cable Television on (10) ten play dates within twelve consecutive months starting from the first exhibition. For the purpose of this agreement, the term "play date" is deemed to mean any 24 hour period during which an applicable program is exhibited one or more times.

The Producer shall have the option of (5) five additional play dates within six months of the last exhibition by paying an additional 50% at the time of production over and above the initial scale wages to the musicians

10. **RE-USE**

Re-use periods shall each consist of twelve (12) consecutive months during which twelve (12) additional play dates shall be permitted upon payment of the percentages listed below. The following percentages of the scale payment set forth in Exhibits I and II hereto shall be paid within fifteen (15) business days of such re-use to each instrumentalist,



leader, contractor and music sound consultant who originally performed services in connection with such program (including but not limited to rehearsal services rendered prior to performance):

<u>RE-USE PERIOD</u>	<u>PERCENTAGE</u>
Second	75
Third	75
Fourth	50
Fifth	50
Sixth	50
Seventh	10
Eight and each subsequent period	5

Arrangers, orchestrators and production musicians shall receive the applicable percentage payment for re-use based upon actual wages earned at scale, but in no event shall such re-use payment exceed 150% of the re-use payment to the leader computed at leader's scale. Notwithstanding the foregoing, in the event that the Producer exercises the option described in Article 9, arrangers, orchestrators, and production musicians shall receive the applicable percentage payment for the option period based upon actual wages earned at scale, but in no event shall the amount of such payment in excess of the initial scale wages exceed 200% of the amount by which the payment to the leader computed at leader's scale exceeds the initial scale wages of the leader.

Copyists and librarians shall receive the applicable percentage payment for re-use based upon actual wages earned at scale, but in no event shall such re-use payment exceed 150% of the re-use payment to the instrumentalist computed at scale.

Re-use payments shall be made to arrangers, orchestrators, copyists and librarians, only and to the extent the services of such arrangers, orchestrators, copyists and librarians are used in the program as exhibited.

Where excessive rehearsal hours have resulted from mechanical difficulties and/or failure of equipment, the number of rehearsal hours to be included in the scale pay for the purpose of determining the percentage payments due under this paragraph shall be limited as follows: for a one-half ( $\frac{1}{2}$ ) hour program -- a maximum of 10 hours; for a one (1) hour program -- a maximum of fifteen (15) hours; for a one and one-half ( $1\frac{1}{2}$ ) hour or longer program -- a maximum of twenty (20) hours.

11. **FOREIGN USE**

A. Programs made under this and prior agreements (except for programs already exhibited in foreign countries and programs such as awards shows, beauty pageants, circuses and ice shows, etc., which prior to this agreement were regularly sold with worldwide exhibition) may be broadcast, (without limits as to number of showings) by means of satellite, basic cable, non-standard (pay) television, recording or other means now or hereafter developed, outside the United States, its territories and possessions (including Puerto Rico) and outside Canada and its territories and possessions, upon television stations where no

admission is charged for the privilege of attending or viewing such broadcast, before, during, or after transmission over television, upon payment to each instrumentalist, leader, contractor and production musician who performed services in connection with such program of additional compensation of 45% of the "foreign residual base," defined as scale wages up to a maximum of 150% of applicable minimum scale (air rate plus guaranteed rehearsal) set forth in Exhibit I hereof and 125% for programs over one hour.

- B. Arrangers, orchestrators and production musicians shall receive for foreign use 45% of actual wages earned at scale, but in no event shall such foreign use payment exceed the foreign use payment to the leader computed at leader's scale. Copyists and Librarians shall receive 45% for foreign use based upon actual wages earned at scale, but in no event shall such foreign use payment exceed the foreign use payment to the instrumentalists computed at scale.
- C. The rates of pay applicable to programs made under this agreement and transmitted by means of satellite, non-standard, recording or other means now or hereafter developed, for broadcast only in the foreign areas set forth above (without limit as to number of showings), shall be 75% of the scale pay set forth in Exhibits I, II and III hereto.
- D. Foreign use payments shall be due and payable not later than sixty (60) days following the date of foreign broadcast.
- E. Where excessive rehearsal hours have resulted from mechanical difficulties and/or failure of equipment, the number of rehearsal hours to be included in the scale pay for the purpose of determining the percentage payments due under this paragraph shall be limited as follows: for a one-half hour program -- a maximum of ten (10) hours; for a one hour program -- a maximum of fifteen (15) hours; for a one and one-half hour or longer program -- a maximum of twenty (20) hours.
- F. Foreign Use of Live Programs Transmitted by Means of Telstar or Other Similar Devices.
  - 1. Live programs made under this agreement, or any local agreement of even date herewith, and transmitted by means of satellite, non-standard (pay) television, basic cable or other devices now or hereafter developed for broadcast in foreign areas simultaneous with or subsequent to the broadcast in an area set forth in this agreement, shall be subject to the rates and conditions set forth in paragraph A., above.
  - 2. Live programs made under this agreement, or any local agreement of even date herewith, and transmitted by means of satellite, non-standard (pay) television, basic cable or other devices now or hereafter developed for broadcast in foreign areas only, shall be subject to the rates and conditions set forth in paragraph C., above.

12. **AUDITION PROGRAMS**

- A. Right to Produce

The Producer may use persons covered by this agreement in the production of audition programs to solicit sponsors for live shows, subject, however, to the following conditions:

1. Rates of Pay: The rates for audition programs shall be 60% of the scale pay set forth in Exhibits I, II and III.
2. Type of Use: Under no circumstances will the Producer exhibit such audition programs publicly on television, in theaters, or in any other manner except privately to prospective clients and advertisers for the purpose of selling a show of which the audition program is a sample.
3. Retention: The Producer will at all times retain ownership and control of all recordings and reproductions of such programs and each such recording or reproduction shall bear a prominent legend, the language of which shall be approved by the Federation, setting forth the conditions set forth in subparagraph A. 2. above.
4. The provisions of subparagraphs A. 2. and 3. above shall remain in effect so long as audition programs remain in existence.

B. Copies and Lists

1. Copies: Upon request, the Producer will furnish to the Federation a copy of any audition program made pursuant to the provisions of this Paragraph 12.
2. Lists: At the end of each month the Producer shall furnish the Federation with a list of audition programs made pursuant to the provisions of this Paragraph 12 during said month.

C. Scratch Tapes

The Producer may use persons covered by this agreement for the production of scratch tapes of live existing presentations to be used solely for production purposes. Under no circumstances will the Producer exhibit such scratch tapes publicly on television, in theaters, or in any other manner except privately to facilitate production. For the right to make such tapes and for all use thereof, the Producer will pay instrumentalists, leaders and contractors rendering services on such scratch tapes, sixty percent (60%) of the applicable air rate for the presentation being taped. Such air rate shall be that set forth in Exhibit I, Paragraph I. A., based upon the nature and length of the presentation.

13. **COPIES AND LISTS**

A. Program Catalogues

Following the execution of this agreement, the Producer shall furnish to the Federation, promptly upon request, a copy of all the Producer's program catalogues, and thereafter from time to time, a schedule listing all amendments and additions thereto, as and when established.

B. Programs

At the end of each month the Producer shall advise the Federation of all covered programs made by the Producer hereunder during each month, and of the number or other identification thereof; the Producer shall furnish the Federation with lists of covered programs; and the Producer shall furnish any additional information in connection with any such covered programs which the Federation may reasonably require. Upon request by the Federation, the Producer shall promptly furnish to it a copy of such covered programs. The Producer shall respond promptly to reasonable requests by the Federation for information relating to the Producer's performance of the terms and conditions of this agreement and of any and all individual agreements with members of the Federation.

C. Lists

At the end of each month the Producer shall furnish the Federation with a list of all programs which have been re-run in any market in the United States, its territories and possessions (including Puerto Rico) and in Canada, its territories and possessions, pursuant to paragraph nine (10) of this agreement.

14. **ACTION REQUIRING UNION APPROVAL**

A. Use of Programs Other Than by Television Broadcast

It is agreed that unless the Federation's written permission is first had and obtained, neither the Producer nor their subsidiary or affiliated companies will use or grant any rights to use (whether by way of sale, assignment, lease, license, or other transfer of title or permission to use, and whether by operation of law or otherwise), in whole or in part, any program produced pursuant to this agreement, which, in whole or in part, embodies pictures of instrumental musicians rendering musical performances or which embodies or is accompanied by performances of such musicians, which are recorded and/or photographed under this agreement, for purposes other than exhibition over television broadcasts, where no admission is charged for the privilege of attending such exhibition, before, during or after transmission over television. The substance and intent of this subparagraph shall be incorporated in all agreements pursuant to which the Producer shall grant any rights to use such programs as aforesaid. The obligations created by this subparagraph shall survive this agreement for so long as the programs referred to in this agreement shall be used. It is further agreed that the Federation may enforce compliance with the provisions of this subparagraph.

B. Contracts with Federation Members

The following provision shall be included in, and whether or not so included, shall be deemed part of all contracts calling for (covered) services between the Producer and members of the Federation:

"This contract shall not become effective unless and until it shall be approved by the International Executive Board of the American Federation of Musicians or by duly authorized agent thereof."

C. Assignment of This Agreement

This collective agreement shall be personal to both the Producer and the Federation and shall not be transferable or assignable by operation of law or otherwise, without the consent in writing of the Federation.

Without such consent, the Producer shall not transfer or assign any individual contract (or part thereof) for the performance of services of any member of the Federation or give anyone else control over such contract services. Nevertheless, if the foregoing is violated and services are thereafter performed by such member of the Federation, the obligations and duties imposed by this agreement shall be binding upon the transferee or assignee. The obligations imposed by this agreement shall be binding upon each of the Producer's subsidiaries engaged in the production of programs. The Federation, at its option, may terminate this agreement with any signatory hereto at any time after a transfer of any controlling interest in such signatory.

D. **Transfer or Assignment of Programs**

In the event that the Producer shall sell, transfer, assign, or otherwise dispose of their television rights in programs made under this agreement, the Producer shall continue responsibility for all the obligations and commitments which the Producer has undertaken in this agreement with respect to such programs, unless the Federation consents to the assumption of those obligations and commitments by the assignee or transferee. The Producer agrees to give notice to the Federation within thirty (30) days after each such sale, assignment or transfer.

15. **ACCESS TO THE STUDIO**

A duly authorized representative of the Federation or its affiliated local in the area involved shall be granted access to the studio or other place where services are being performed under this agreement at such times as are necessary for the proper conduct of their business.

16. **HEALTH AND SAFETY**

The Producer will not require employees hereunder to work under conditions which present a health or safety hazard.

17. **SUPPLEMENTAL MARKETS**

A. The provisions of this Article shall apply to all programs initially produced for Basic Cable Television, either prior to or during the term of this Agreement, which are actually distributed in Supplemental Markets during the term of this Agreement.

B. **Definition of Supplemental Markets**

The term "Supplemental Markets" as used in this agreement, means only: The exhibition of television programs by means of cassettes (to the limited extent provided in subparagraph 1. of this paragraph), Standard Television, Non-Standard (Pay) Television or the exhibition of television programs on any commercial carrier such as commercial airlines, trains, ships and buses (referred to herein as "In Flight").

1. Cassettes:

For the purpose of this agreement, a cassette is any audio-visual device, including without limitation, cassette, cartridge, phonogram or other similar audio-visual device now known or hereafter devised, containing a television program (recorded on film, disc, tapes or other material) and designed for replay on a home-type television screen. The sale or rental of cassettes for replay on a home-type television screen in the home, for educational use, or in other closed circuit use such as hotel rooms constitutes the "Supplemental Market" for the purposes of this agreement. The foregoing definition does not include the exhibition of a television program by cassette over a television broadcast station.

2. Standard Television and Non-Standard (Pay) Television:

Any exhibition of any programs on Standard Television and on Non-Standard (Pay) Television in any market in the United States, its territories and possessions (including Puerto Rico) and in Canada shall constitute the "Supplemental Market" for purposes of this Agreement.

C. Computation of Payment for Cassettes

1. Base Amounts

a. The following base amounts shall be used for computing payments to each instrumental musician, leader, contractor, arranger and orchestrator whose services were included in such television program:

<u>Type of Program</u>	<u>Base Amount Per Person Per Program</u>
One-half Hour (and all strip programs including strip variety programs regardless of length).....	\$300.00
One Hour.....	375.00
One and one-half Hour.....	450.00
Two Hours.....	525.00
Each additional one-half hour or fraction thereof .....	75.00

b. Producer agrees to establish for librarians who performed services for such programs and whose names appear as such on the original Form B contract for the program and for copyists for such programs (limited to a maximum of five (5) copyists) a base amount of \$300.00 per person, per program, regardless of length. If more than five (5) copyists were actually employed on the program, the sum of \$1,500 shall be divided equally among all such copyists.

2. Fees for Cassettes

- a. Fees, except as provided in subparagraph 3. below, shall be computed on the foregoing base amounts as follows:
- i. When such television program is initially released in cassettes, except "In Flight", the musician shall be paid 10% of the applicable base amount; and when the Distributor's gross receipts (as defined in subsection (b) below) from the distribution of such television program by cassettes equals \$62,500.00, the musician shall be paid an additional 10% of the applicable base amount, provided, however, with respect to gross receipts from "In Flight" distribution, 30% of the base amount shall be payable upon initial release of the program for such market; and provided further that the total payment or payments under subparagraph a. shall not exceed 30% of the applicable base amount.
  - ii. When such gross receipts from the distribution of such television program by cassettes amount to \$125,000, the following additional percentage of the base amount shall be due: 10%.
  - iii. When such gross receipts from the distribution of such television program by cassettes amount to \$200,000, the following additional percentage of the base amount shall be due: 25%.
  - iv. When such gross receipts from the distribution of such television program by cassettes amount to \$300,000, the following additional percentage of the base amount shall be due: 25%.
  - v. When such gross receipts from the distribution of such television program by cassettes amount to \$400,000, the following additional percentage of the base amount shall be due: 25%.
  - vi. When such gross receipts from the distribution of such television program by cassettes amount to \$500,000, the following additional percentage of the base amount shall be due: 25%.
  - vii. After each additional full increment of \$100,000 of such gross receipts in excess of \$500,000, the following additional percentage of the base amount shall be due: 10%.
- b. Definition of Distributor's Gross Receipts Except for Educational Use and Made-for-Pay Television Motion Pictures

- i. In applying the formula set forth in this section for calculating fees for cassettes, Distributor's gross receipts shall be included in the formula at 100% of the actual amount of such gross receipts for all cassettes.
- ii. As used herein, the term "Distributor's gross receipts" shall mean the absolute gross income received by all Distributors (as hereinafter defined) of such television program from the use of cassettes thereof anywhere in the world, and including the case of a "foreign territorial sale" by any such Distributor, the income received from such sale by such Distributor but not the income received by the "purchaser" or the "licensee." "Distributor" as used in this agreement shall mean the Producer when it distributes such program for Supplemental Market use. Gross receipts at the retail level would not be Distributor's gross receipts hereunder. Further, if the Producer itself acts as Distributor and retailer, a reasonable allocation of the retail gross receipts shall be made as between the Producer as Distributor and the Producer as retailer, and only the former shall be deemed to be Distributor's gross receipts.
- iii. "Distributor's Gross" Computations: The following is the basis upon which "Distributor's Gross" shall be computed with respect to gross receipts derived from licensing the right to exhibit (i.e., exploit) videotape television programs by means of videodisc/cassettes under the Supplemental Market provisions of our Agreement. Distributor's Gross is the fee or other payment actually received by the employer as Producer from such licensing. It is recognized that some companies may act as both producers of programs and distributors of videodisc/cassettes of such programs. In such a case Distributor's Gross shall be the fee or other payment received by the subsidiary, division or other department of the employer which serves as the production branch responsible for the production of the program, as distinguished from the subsidiary, division or other department of the employer which serves as the distribution branch responsible for the exploitation and marketing of the program (which may include the manufacture and distribution of videodisc/cassettes to wholesalers and retailers). The reasonableness of the fee or other payment received by the subsidiary, division or other department serving as the production branch shall be determined by license fees paid by the subsidiary, division or other department serving as the distribution branch to outside producers for comparable videodisc/cassette units, or in the absence of such practice, by generally prevailing trade practice in the videodisc/cassette industry. The Producers will continue to make Supplemental Market payments on the foregoing basis with respect to videodisc/cassettes.



- iv. The Distributor's gross receipts shall not include:
- (A) Sums realized or held by way of deposit as security, until and unless earned, other than such sums as are non-returnable;
  - (B) Rebates, credits or repayments for cassettes returned (and in this connection the Producer shall have the right to set up a reasonable reserve for returns);
  - (C) Sums required to be paid or withheld as taxes in the nature of turnover taxes, sales taxes or similar taxes based on the actual receipts of such program or on any monies to be remitted to or by the Producer or such other distributor; but there shall not be excluded from Distributor's gross receipts any net income tax, franchise tax or excess profit tax or similar tax payable by the Producer or such Distributor on its net income or for the privilege of doing business;
  - (D) Frozen foreign currency until the Producer shall either have the right to freely use such foreign currency, or Producer or Distributor has the right to transmit to the United States to Producer or distributor such foreign currency from the country or territory where it is frozen. If such currency may be utilized or transmitted as aforesaid, it shall be deemed to have been converted to United States dollars at the rate of exchange at which such currency was actually transmitted to the United States as aforesaid, or if not actually transmitted, then at the prevailing free market rate of exchange at the time such right to use or to transmit occurs. Frozen foreign currency shall be deemed to be unblocked on the basis of "first in, first out" unless otherwise allocated by local foreign fiscal authorities. Allocation of such unblocked funds as between revenue which serves as the basis of determining payments hereunder and other revenue, shall be on a proportional basis, subject to different earmarking by local foreign fiscal authorities.
  - (E) Receipts attributable to distribution for educational use.
3. Fees for Cassettes of Made-for-Pay Motion Pictures and Fees for Cassettes for Educational Uses

Notwithstanding the foregoing, the following payments shall be made for the indicated uses:

- a. Educational Uses: The Producer shall pay one percent (1%) of Producer's accountable receipts as defined in the Federation's Basic Theatrical Motion Picture Agreement from the distribution of cassettes for educational use, credited to each participating musician pro rata.
- b. Made-for-Pay Television Motion Pictures: The Producer shall pay one percent (1%) of Producer's accountable receipts as defined in the Federation's Basic Theatrical Motion Picture Agreement from the world-wide distribution of made-for-pay television motion pictures by cassettes. The term "made-for-pay television motion picture" as used herein means a program recorded on film or videotape produced pursuant to this agreement, having a scripted narrative and having a running time of approximately 75 or more minutes, or in the case of a mini-series an aggregate of 120 minutes or more.

D. Computation of Payment for Standard Television

1. Except as provided in subparagraph 2. below, the following percentages of the applicable Basic Rate (and not the usual wages earned at scale) set forth in Exhibits I and II hereto shall be paid to each instrumentalist, leader, contractor and music sound consultant who originally performed services in connection with such program (including but not limited to rehearsal services rendered prior to performance):

<u>RUN</u>	<u>PERCENTAGE</u>
First	75
Second	75
Third	50
Fourth	50
Fifth	50
Sixth	50
Seventh	10
Eight and each subsequent run	5

Arrangers, orchestrators, and production musicians shall receive the applicable percentage payment for the supplemental re-use covered hereunder based upon actual wages earned at scale, but in no event shall such re-use payment exceed 150% of the payment to the leader computed as described above.

Copyists and Librarians shall receive the applicable percentage payments for the re-use covered hereunder based upon actual wages earned at scale, but in no event shall such payment exceed 150% of the payment to the instrumentalists computed as described above.

A second showing in any market shall start the second run, a third showing in any market shall start the third run, and similarly with respect to all subsequent runs.

2. Notwithstanding the foregoing, fees for exhibition of a Made-For-Pay Motion Picture produced pursuant to this agreement on Standard Television, domestic or foreign, shall be computed and paid pursuant to Paragraph 15 of the Federation Basic Theatrical Motion Picture Agreement as if such Made-For-Pay Motion Picture were a motion picture shown on free television.

E. Computation of Payment for Non-Standard (Pay) Television

1. Except as provided in subparagraph (2) below, for the rates specified in Exhibits I, II, and III, (and not the actual wages earned at scale) the Producer will be permitted to exhibit a program produced under the terms of this agreement on Non-Standard (Pay) Television on eight play dates within six consecutive months after the first exhibition in each market. A second showing in any market shall start the second run of a play date, a third showing in any market shall start the third run, and similarly with respect to all subsequent runs.

Except as provided in subparagraph 2. below, the following percentages of the applicable Basic Rate (and not the usual wages earned at scale) set forth in Exhibits I and II hereto shall be paid to each instrumentalist, leader, contractor and music sound consultant who originally performed services in connection with such program (including but not limited to rehearsal services rendered prior to performance).

For the purpose of this paragraph the term "play dates" is deemed to mean any consecutive twenty-four hour period during which any applicable program is exhibited one or more times in each market, and a "run" shall consist of eight play dates within six consecutive months after the first exhibition in each market.

<u>RUN</u>	<u>PERCENTAGE</u>
First	75
Second	75
Third	50
Fourth	50
Fifth	50
Sixth	50
Seventh	10
Eighth and each subsequent run	5

Arrangers, orchestrators, and production musicians shall receive the applicable percentage payment for the re-use covered hereunder based upon actual wages earned at scale, but in no event shall such re-use

payment exceed 150% of the payment to the leader computed as described above.

Copyists and Librarians shall receive the applicable percentage payments for the re-use covered hereunder based upon actual wages earned at scale, but in no event shall such payment exceed 150% of the payment to the instrumentalists computed as described above.

2. Notwithstanding the foregoing, fees for exhibition of a Made-For-Pay Motion Picture produced pursuant to this agreement on Non-Standard (Pay) Television, domestic or foreign, shall be computed and paid pursuant to Paragraph 15 of the Federation Basic Theatrical Motion Picture Agreement as if such Made for Pay Motion Picture were a motion picture shown on free television.

F. General Provisions.

1. Allocation of Gross Receipts

If any agreement for distribution in the Supplemental Market includes more than one program, or includes both Supplemental Market rights and other rights, the producer shall make a reasonable allocation for the purpose of determining payments due hereunder.

2. No pension or health and welfare contributions to the Federation's funds shall be required to be paid on Supplemental Market fees.
3. Time of Payments and Reports

Payments of any Supplemental Market fees due under this Paragraph 17 shall be made annually on the basis of annual statements, as hereinafter provided, except that the initial fees payable on release in Supplemental Markets C(2)(a)(i) shall be paid within sixty (60) days after such release. Producer shall furnish to the Videotape Sub Fund (as set forth in Exhibit A) and to the Federation written annual reports showing the Producer's gross receipts, in accordance with the foregoing, from distribution of programs in Supplemental Markets. If the Producer makes any payment on the basis of an examination of the books conducted by the Federation, the Federation shall be entitled to deduct from such payment its costs of such examination. The Federation shall have the right, at reasonable times, to examine the books and records of the Producer insofar as they relate to the Producer's gross from distribution in Supplemental Markets.

At such times as the gross receipts from the sale of cassettes totals \$10 million of total industry sales, the Federation shall have the right to reopen the cassette provisions of this Agreement for negotiation

4. Pay Per View (VOD) and Optional Cassette Formula

The following formula, rather than the formula of Paragraphs C(1) and (2) above, may be elected by the Producer for any program or series produced

under this Agreement or any prior AFM Cable Television Agreement not already released in videocassette/disc supplemental market distribution. Under this formula, the Musicians shall receive an aggregate payment(s) equal to two percent (2%) of Distributor's gross receipts as defined in § C.2.b.iii. herein. Effective June 1, 1999, such aggregate payment shall be remitted to the Videotape Sub Fund on a twice per calendar year basis along with accompanying reports (identifying the total amount of money owing for each Program (or, where possible, each episode of the Program) and the Musicians whose services were used in connection with the videocassette/disc release).

5. Optional Basic Cable and "In-Flight" Formula

The following formula rather than the formula of Paragraph C(1), C(2), and E above may be elected by the Producer for release in Pay TV, Free TV and/or "In-Flight" for any program or series produced under this Agreement or any prior AFM Cable Television Agreement. Under this formula the musicians shall receive an aggregate payment(s) equal to one and two-tenths percent (1.2%) of Distributor's gross receipts as defined in § C.2.b.iii. herein. Effective June 1, 1999, such aggregate payment(s) shall be remitted to the Videotape Sub-Fund on a twice-per-calendar-year basis along with accompanying reports (identifying the Programs, the total amount of money owing for each program (or, where possible, each episode of the Program) and the Musicians whose services were used in connection with the videocassette/disc release).

6. Symphony and Opera programs are specifically excluded from all of the provisions of this Article.
7. If, during the term hereof, the Federation shall enter into an agreement with any other producer upon terms more favorable than or different from those contained in this agreement, the Producer shall have the right to cause this agreement to be conformed therewith.

18. **RELEASE INTO NEW MEDIA**

For the exhibitions of programs produced under this agreement that are released in New Media, see attached Addendum.

19. **NO DISCRIMINATION**

The parties agree not to discriminate against any musician because of race, sex, creed, color or national origin.

**MINIMUM WAGES & OTHER WORKING CONDITIONS**

Recording instrumentalists, leaders, contractors.

The minimum scale for instrumentalists, leaders, and contractors shall be the rates and conditions set forth below:

A. **BASIC RATES**

1. **Variety Programs (other than strips)**

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
For a ½ hour show, per musician including two (2) hours rehearsal on the same day (including air rate of \$111.40 effective 1/1/11, \$114.75 effective 1/1/12, \$118.20 effective 1/1/13, \$121.75 effective 1/1/14)	273.00	281.15	289.60	298.35
For a 1 hour show, per musician including four (4) hours rehearsal on the same day (including air rate of \$139.65 effective 1/1/11, \$143.85 effective 1/1/12, \$148.15 effective 1/1/13, \$152.60 effective 1/1/14)	462.85	476.65	490.95	505.80
For a 1½ hour show, per musician including six (6) hours rehearsal which may be scheduled on two (2) consecutive days (including air rate of \$208.50 effective 1/1/11, \$214.75 effective 1/1/12, \$221.20 effective 1/1/13, \$227.85 effective 1/1/14)	693.30	713.95	735.40	757.65
For shows over 1½ hours the air rate for each fifteen (15) minutes shall be	34.65	35.70	36.80	37.90
Rehearsal Pay, per musician				
One (1) hour	80.80	83.20	85.70	88.30
Each additional fifteen (15) minutes	20.20	20.80	21.40	22.05
Leader or Single Musician: Double recording musicians' rate.				

**2. Other Programs, including Strip Variety Shows (five (5) days per week shows).**

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
For a ½ hour show, per musician including one (1) hour rehearsal within a three (3) hour time span (including air rate of \$125.30 effective 1/1/11, \$129.05 effective 1/1/12, \$132.90 effective 1/1/13, \$136.90 effective 1/1/14)	196.50	202.40	208.45	214.70
For a 1 hour show, per musician including two (2) hours rehearsal within a four (4) hour time span (including air rate of \$149.85 effective 1/1/11, \$154.35 effective 1/1/12, \$159.00 effective 1/1/13, \$163.80 effective 1/1/14)	292.30	301.05	310.10	319.40
For a 1½ hour show, per musician including two (2) hours rehearsal within a five (5) hour time span (including air rate of \$224.80 effective 1/1/11, \$231.55 effective 1/1/12, \$238.50 effective 1/1/13, \$245.65 effective 1/1/14)	367.20	378.25	389.60	401.25
(The two (2) hour guarantee on the 1 hour and the 1½ hour shows shall be adjusted to 1½ hours when the orchestra consists of fifteen (15) or more musicians including Leader and Contractor)				
For shows over 1½ hours the air rate for each fifteen (15) minutes shall be	37.45	38.60	39.75	40.95
Extra Rehearsal Pay, per musician One (1) hour	71.20	73.35	75.55	77.80
Leader or Single Musician: Double recording musicians' rate except 125% of scale for organist on daytime serials and on other daytime programs where one musician plays background music.				

**3. Strip Variety Shows (3 or 4 days per week shows).**

Four (4) days per week

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
For a ½ hour show, per musician including one (1) hour rehearsal within a three (3) hour time span (including air rate of \$137.85 effective 1/1/11, \$142.00 effective 1/1/12, \$146.25 effective 1/1/13, \$150.65 effective 1/1/14)	209.05	215.35	221.80	228.45
For a 1 hour show, per musician including two (2) hours rehearsal within a four (4) hour time span (including air rate of \$165.60 effective 1/1/11, \$170.55 effective 1/1/12, \$175.70 effective 1/1/13, \$181.00 effective 1/1/14)	308.00	317.25	326.80	336.60
For a 1½ hour show, per musician including two (2) hours rehearsal within a five (5) hour time span (including air rate of \$248.15 effective 1/1/11, \$255.60 effective 1/1/12, \$263.30 effective 1/1/13, \$271.20 effective 1/1/14)	390.55	402.30	414.40	426.80
(The two (2) hour guarantee on the 1 hour and the 1½ hour shows shall be adjusted to 1½ hours when the orchestra consists of fifteen (15) or more musicians including Leader and Contractor)				
For shows over 1½ hours the air rate for each fifteen (15) minutes shall be	42.55	43.85	45.20	46.55
Extra Rehearsal Pay, per musician One (1) hour	71.20	73.35	75.55	77.80
Leader or Single Musician: Double recording musicians' rate.				



Three (3) days per week

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
For a ½ hour show, per musician including one (1) hour rehearsal within a three (3) hour time span (including air rate of \$154.50 effective 1/1/11, \$159.15 effective 1/1/12, \$163.90 effective 1/1/13, \$168.80 effective 1/1/14)	225.70	232.50	239.45	246.60
For a 1 hour show, per musician including two (2) hours rehearsal within a four (4) hour time span (including air rate of \$184.90 effective 1/1/11, \$190.45 effective 1/1/12, \$196.15 effective 1/1/13, \$202.05 effective 1/1/14)	327.30	337.15	347.25	357.65
For a 1½ hour show, per musician including two (2) hours rehearsal within a five (5) hour time span (including air rate of \$275.65 effective 1/1/11, \$283.90 effective 1/1/12, \$292.40 effective 1/1/13, \$301.20 effective 1/1/14)	418.05	430.60	443.50	456.80
(The two (2) hour guarantee on the 1 hour and the 1½ hour shows shall be adjusted to 1½ hours when the orchestra consists of fifteen (15) or more musicians including Leader and Contractor)				
For shows over 1½ hours the air rate for each fifteen (15) minutes shall be	48.25	49.70	51.20	52.75
Extra Rehearsal Pay, per musician One (1) hour	71.20	73.35	75.55	77.80
Leader or Single Musician: Double recording musicians' rate.				

4. Rehearsal Conditions

- a. Rehearsal without videotape or pre-recording on any day prior to date of broadcast or date of completion of videotaping -- Minimum of two (2) consecutive hours of rehearsal.
- b. Rehearsal with videotape or pre-recording on any day prior to date of broadcast or date of completion of videotaping -- Minimum of three (3) consecutive hours of rehearsal or videotaping. In the case of dramatic programs which regularly feature a variety act, material for up to five (5)

**Exhibit I**

programs may be pre-recorded in such pre-record session, provided that rehearsal hours credited in such session shall be no less than one (1) hour for each program in which such pre-recorded music shall appear; and provided further that in this case such programs shall be paid for as a variety program as to such variety act.

- c. Rehearsal with or without videotaping or pre-recording on any day prior to date of broadcast or date of completion of videotaping -- If more than one (1) hour (excluding a meal period of not in excess of one (1) hour) elapses between the end of any sessions and the beginning of the following session on the same day, a minimum of two (2) consecutive hours will be paid for such second session, provided that payment at an overtime rate will not be made except for time actually worked for which the musician is otherwise entitled to overtime pay. This provision does not apply if either of the sessions contains no actual rehearsal or pre-recording services but is entirely limited to the use of tapes or records without the orchestra being present.

- d. Rehearsal on day of live broadcast or completion of videotaping:

Variety Show (not including a strip variety show)

For a one-half hour show -- a minimum of two (2) hours rehearsal plus actual time consumed in taping or air within a five (5) hour span. These hours need not be consecutive. For all time elapsed beyond five (5) hours -- 50% of the time (excluding a meal period of not in excess of one (1) hour) will be consumed by rehearsal and/or taping-air time, in minimum one (1) hour calls except where a call is contiguous to rehearsal, air or taping.

One hour show -- a minimum of four (4) hours rehearsal plus actual time consumed in taping or air within an eight (8) hour span. These hours need not be consecutive. For all time elapsed beyond eight (8) hours -- 50% of the time (excluding a meal period of not in excess of one (1) hour) will be consumed by rehearsal and/or taping-air time, in minimum one (1) hour calls except where a call is contiguous to rehearsal, air or taping.

One and one-half hour show -- a minimum of six (6) hours rehearsal plus actual time consumed in taping or air, spread over any number of days provided that on the day of air (live) or on the last day of taping there will be a minimum of four (4) hours rehearsal plus actual time consumed in taping or air within an eight (8) hour span. These hours need not be consecutive. For all time elapsed beyond eight (8) hours -- 50% of the time (excluding a meal period of not in excess of one (1) hour) will be consumed by rehearsal and/or taping-air time, in minimum one (1) hour calls except where a call is contiguous to rehearsal, air or taping.

Two hour show -- a minimum of eight (8) hours rehearsal plus actual time consumed in taping or air, spread over any number of days provided that on the day of air (live) or on the last day of taping there will be a minimum of four (4) hours rehearsal plus actual time consumed in taping or air within an eight (8) hour span. These hours need not be consecutive. For all time

**Exhibit I**

elapsed beyond eight (8) hours -- 50% of the time (excluding a meal period of not in excess of one (1) hour) will be consumed by rehearsal and/or taping-air time, in minimum one (1) hour calls except where a call is contiguous to rehearsal, air or taping.

5. Radio Simulcasts

When live programs are simultaneously broadcast over radio and television (simulcast), the musicians performing on each such simulcast, in addition to the television payment, shall be paid on a half hour program, \$27.50; on a one (1) hour program, \$36.30; and on any longer programs, \$8.80 for each additional one-half hour.

B. CONTRACTOR

1. When an orchestra consists of six (6) or less playing musicians, contractor shall not be required. When an orchestra consists of from seven (7) to fourteen (14) musicians either a playing or non-playing contractor shall be employed and shall be paid as follows:

non-playing contractor .....150% of applicable scale  
playing contractor .....200% of applicable scale

When an orchestra consists of fifteen (15) or more musicians (including the leader), the non-playing contractor shall be paid double scale for the first broadcast use.

2. When, in accordance with the collective bargaining agreement, a Contractor is required, he/she shall be responsible for the following functions:\*
- a. Obtain all pertinent information on the production from the Producer;
  - b. Confirm signatory status and report session to the Local in whose jurisdiction the work is to be performed prior to putting out the call to the musicians;
  - c. Put out the call to the Musicians and include all pertinent information regarding the session;
  - d. Be present at all sessions at all reasonable times;
  - e. (i). If necessary, collect W-4's, I-9's, as well as all information required to be entered onto the B Report Form.  
(ii). Fill out completely the appropriate B Report Form in accordance with the instruction sheet jointly approved by the Federation and Industry for each category (original session, re-use, foreign, Supplemental Market, etc.) and then immediately submit it with all invoices, W-4's and I-9's to the Producer for payment.

(iii). File a copy of the completed B Report Form with the Local in the jurisdiction in which the services took place within 48 hours of the session.

\* When a Contractor is not required, the Leader is responsible for all the duties outlined in (2)(a) through (2)(e)(iii).

**C. DOUBLING**

Twenty-five percent extra for the first double, and ten percent extra for each additional double, applied as set forth below.

The following are NOT construed as doubling:

Piano and Celeste, when latter is furnished.

Drummer's regulation outfit (consisting of Bass drum, Snare drum, Pedal, Cymbals, Gongs, Wood Blocks, Small traps and bells).

1. Variety Programs (other than strip variety):

The percentage extra listed above shall be applied as follows:

- a. ½ hour program -- the air rate plus four (4) hours rehearsal.
- b. 1 hour program -- the air rate plus eight (8) hours of rehearsal.
- c. 1½ hour program -- the air rate plus twelve (12) hours of rehearsal.
- d. For each fifteen (15) minutes beyond 1½ hours -- the air rate plus two (2) hours of rehearsal.

2. Other Programs (including strip variety)

- a. ½ hour program -- the air rate plus actual rehearsal used but in no event more than four (4) hours of rehearsal.
- b. 1 hour program -- the air rate plus actual rehearsal used but in no event more than eight (8) hours of rehearsal.
- c. 1½ hour program -- the air rate plus actual rehearsal used but in no event more than twelve (12) hours of rehearsal.
- d. For each additional fifteen (15) minutes in excess of 1½ hours -- the air rate plus actual rehearsal used but in no event greater than two (2) hours for each fifteen (15) minutes.

The doubling fees shall be paid for each additional instrument requiring a doubling fee that the musician is directed to bring to the engagement, whether or not used.

If in addition to the normal sound of an instrument, an electronic device (i.e., multiplex, divider, maestro, multiplier of octaves) is used to simulate other instrumental sounds, such use shall be construed as a double.

**D. CARTAGE**

Whenever the Producer requests a musician to bring a heavy instrument to a recording session, the Producer shall specify whether the musician shall transport such heavy instrument either by public or private transportation, and public transportation shall be used if it is the only practicable manner of transportation. If a public carrier is to be used, the Producer shall have the option of designating the public carrier which shall be qualified to transport musical instruments. If the instrument is delivered by the designated public carrier, the Producer shall pay the cartage bill of the designated public carrier. If the musician chooses to use a carrier other than that designated by the Producer, the Producer shall not be liable for a cartage bill greater than the rate charged by the designated carrier. If private transportation is used, the Producer will pay musician cartage fees as follows:

Harp, Electric Piano, Tympani .....	\$30.00 each.
String-Bass, Tuba, Drums, Amplifiers, Baritone Saxophone, Bass Saxophone, Cello, Contra Bass Clarinet and Contra Bassoon.....	\$12.00 each.

**E. Health and Welfare Fund Contribution**

1. The Company will contribute to any existing lawful Health and Welfare Fund of any Federation Local and commencing thirty (30) days after notice in writing to any such lawful Fund, as may be established hereafter, by any other Federation Local, the sum of \$48.54 per musician for each day, or \$48.54 per show, if the Musician works on more than one (1) show in a given day. Contributions will include days on which pre-recordings are used according to Paragraph J(1) of this Agreement but nothing herein shall require more than one (1) payment of \$48.54 for such day, if such Musician performs other covered work on that day, other than music preparation but such work is limited to that show.
2. The parties hereto are also parties to and bound by the provisions of the "Second Restatement of Amended Agreement and Declaration of Trust for the Entertainment Industry Flex Plan," dated as of October, 2004 (hereinafter referred to as the "Flex Plan"), with respect to the musicians' classifications of this Agreement. Effective October 21, 2012, the vehicle for health contributions for musicians which was previously sent to the MPIPHP for work performed under this Agreement on and after October 21, should be sent to the Entertainment Industry Flex Plan ("Flex Plan"). This change has no effect on the amount of H&W contributions that are due under the Agreement, or on H&W contributions for work outside of LA County. The only change is that contributions will be due the Flex Plan (not the Motion Picture Industry Health Plan) for work in LA County on and after October 21, 2012. If the musician payroll (including H&W contributions) is handled by one of the payroll companies listed below, with which the Flex Plan already has a relationship, you do not need to take any additional action other than signing this agreement:
  - CAPS, LLC.
  - Cast and Crew Payroll
  - Entertainment Partners

- Media Services (FPS)
  - Payees, LLC
3. Contributions made on behalf of musicians whose contributions were made to the Local #47 Health Plan prior to October 21, 2012 will continue to have their contribution made to that plan.
  4. With respect to the employment of musicians outside of Los Angeles County, California, Producer will pay to the applicable local health plan, if any, and if permissible under an acceptable Letter of Adherence satisfactory to the Producer, the normal contribution for the appropriate category provided for under such local health plan, but not to exceed the amount of contribution payable into the Flex Plan as above provided.
  5. If the musician is not a participant in any Health Plan of any AFM Local Union, the Producer shall pay the above-described contributions directly to the musician, irrespective of the location outside Los Angeles County in which the services were provided.
  6. The provisions including the contribution rate for musicians employed by Company for services in music preparation is provided on page 49, at “.MUSIC PREPARATION HEALTH PLAN CONTRIBUTIONS – PAGE RATE.”

F. Multiple Parts

When a musician plays multiple parts for purposes of over-dubbing, as distinguished from doubles and the playing of those instruments comprising the exceptions to the doubling provision, he/she will be paid the total payments that would have been made if different musicians had been used for each part.

G. Premium Pay

1. For all work performed beyond an eight (8) hour time spread in any day, between the hours of 8:00 a.m. and 12 midnight, payment shall be at the rate of time and one-half (150%) computed in 15 minute segments.
2. For all work between 12 midnight and 8:00 a.m., payment shall be at the rate of time and one-half (150%) computed in fifteen (15) minute segments.
3. For all work beyond an eight (8) hour time spread on any day between the hours of 12 midnight and 8:00 a.m., payment shall be at the rate of double time (200%) computed in fifteen (15) minute segments.
4. For all work performed on any of the following holidays double time (200%) of the basic session and overtime rates shall be paid:

In the United States: New Year's Day, Memorial Day, Labor Day, Thanksgiving, Christmas, Independence Day and President's Day.

In Canada: New Year's Day, Good Friday, Labor Day, Dominion Day and Christmas.

Each of these holidays shall be observed on the day on which it is observed by employees of the United States Government or of the Government of Canada.

H. MEAL PERIODS

Any instrumentalist who is required to work more than five (5) consecutive hours without a meal break of at least one (1) hour shall be paid a penalty computed at twice the applicable rehearsal rate for the first such hour plus one hour's pay at the straight time rehearsal rate for each additional hour until the meal break of one hour is given or the musician is dismissed. All penalty time under this Paragraph H. will be computed and paid in half-hour segments.

I. REST PERIOD

Intermission of ten (10) minutes per hour away from stand shall be given on all engagements (i.e., ten minutes from the time musicians leave stands until they return and are ready to play). There shall be no combination of more than two rest periods. No rest period will be given within the first 30 minutes after the commencement of a session, provided that all musicians who are to participate in the session are present at the commencement of the session.

J. USE OF PRE-RECORDINGS AND PHONOGRAPH RECORDS AT REHEARSALS

1. If pre-recordings, which are made by Instrumentalists and Leaders employed hereunder, are used at rehearsals within the jurisdiction of the Local where the pre-recordings of a Basic Cable program were made, such Instrumentalists and Leaders shall be deemed present at such rehearsals and shall be paid in accordance with the applicable scale wage and conditions prescribed by this Agreement during such rehearsals while such pre-recordings are in use, without being required to perform other services during such period.
2. For each day that pre-recordings are used at rehearsals whether outside or inside the jurisdiction of the Local where the pre-recordings were made, members of the orchestra making the pre-recordings will be paid four (4) hours rehearsal pay. The Producer will provide contractor and/or leader with all on-location production schedules.
3. If a commercial phonograph record is used in the studio at rehearsals of a program, the instrumentalists and leaders employed hereunder for such program shall be deemed present at such rehearsals and shall be paid in accordance with the applicable scale and conditions prescribed by this agreement during such rehearsals while such phonograph records are in use, without being required to perform other services during such period.

K. MAKE-UP AND COSTUMING

For Make-Up and/or costuming -- \$20.00.

In no event shall musicians be called in for make-up or costuming more than one (1) hour prior to rehearsal or recording, so that the make-up and/or costuming time shall immediately precede such rehearsal or recording.

**L. ADVANCE NOTICE OF REHEARSAL**

1. The contractor or leader shall be furnished with a rehearsal schedule at least twenty-four (24) hours before the first rehearsal for a program, except where broadcast or studio schedules cannot be determined due to unanticipated developments. In addition, the contractor or leader shall be furnished with a copy of the engineering schedule or equivalent information.
2. Musicians will be notified prior to first day of rehearsal the starting and finishing time of each day's call. On any day prior to final day of taping the finishing time cannot be extended beyond one (1) hour without the musician being free to leave the engagement without being disciplined.
3. The starting time of a call for a day of air (live) or the last day of taping may not be changed (i.e., delayed or advanced) after 6:00 p.m. of the prior day if the change is for more than two (2) hours. On all other rehearsal days, no such change of more than two (2) hours may be made prior to 6:00 p.m. of the second prior day.

**M. CANCELLATION OF ENGAGEMENTS**

An engagement once called shall not be canceled or postponed less than four (4) days prior to the date of the call. In the event of an emergency, an engagement may be canceled or postponed upon shorter notice with the consent of the Office of the President of the Federation.

**N. BANK ACTS**

1. The Federation will be given notice by the Producer of all bank act sessions (i.e., an act made for a program other than the one for which the musician was engaged). The Producer will also give notice to the Federation of the program in which the bank act is broadcast.
2. Bank Acts will be made for a particular program series and cannot be used in a Variety Special Show.
3. There must be a live orchestra engaged on every show in which bank acts are to be exhibited.
4. Musicians performing on a bank act shall be paid for the actual hours worked on such bank act and, in addition, for a three (3) hour minimum call.
5. Musicians who perform on a bank act and are not engaged for the program in which the bank act is exhibited will additionally receive the air rate for the program plus an amount to equal the minimum guaranteed rehearsal applicable to said program.



**Exhibit I**

6. Re-use payments for musicians who perform on a bank act and are not engaged for the program in which the bank act is exhibited shall be based on the air rate plus minimum rehearsal hours required for such program.
7. Re-use payments for arrangers, orchestrators and copyists who prepare music for a bank act shall be based on actual wages earned at scale but in no event shall an arranger or orchestrator receive more than that of the leader nor a copyist receive more than that of an instrumentalist.

O. RUN OF SHOW GUARANTEE

An instrumentalist who is engaged to perform on a weekly variety show and who is retained on such show for a period of more than two (2) consecutive shows, and an instrumentalist who is engaged to perform on a strip variety show and who is retained on such show for a period of one (1) week may not be replaced without his/her consent by another instrumentalist who is to play the same basic instrument on that show, except for just cause, or at the end of any thirteen (13) week cycle of that show. This commitment shall be reciprocal, and therefore if any such instrumentalist fails to appear personally for a session for which he/she has been called, except with the prior consent of the leader or contractor and the Producer, he/she shall no longer be entitled to the protection of this clause. Such consent shall not be necessary when failure to appear is beyond the control of the instrumentalist. On the strip variety shows the protection of this section does not apply to those instrumentalists who augment or play in the orchestra when the show goes out of town and those instrumentalists at home that may not go out of town are protected when the show returns home.

P. LATE PAYMENT PENALTIES

If the Producer fails to pay any musician covered by this agreement within the time periods established by same, the following schedule of late penalty will become due and payable:

1. A penalty of 5% of the above-mentioned amount due and unpaid if the delinquent payment is made within five (5) days (excluding Saturday, Sunday and holidays) after payment was due.
2. A penalty of 7½% of the above-mentioned amount due and unpaid (excluding the penalty in 1., above) if the delinquent payment is made between the 6th and 10th business days (excluding Saturday, Sunday and holidays) after payment was due.
3. A penalty of 10% of the above-mentioned amount due and unpaid (excluding the penalty in 1. and 2., above) if the delinquent payment is made between the 11th and 15th business days (excluding Saturday, Sunday and holidays) after payment was due.
4. A penalty of 15% of the above-mentioned amount due and unpaid (excluding the penalty in 1., 2. and 3., above) if the delinquent payment is made between the 16th and 30th business days (excluding Saturday, Sunday and holidays) after payment was due.
5. A penalty of 20% of the above-mentioned amount due and unpaid (excluding the penalty in 1., 2., 3. and 4., above) if the delinquent payment is made between the

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31st and 50th business days (excluding Saturday, Sunday and holidays) after payment was due.

6. Payments made after such 50th business day shall require in lieu of the said additional 20% payment, the payment of an additional amount equal to 50% (fifty percent) of the initial amount payable plus an additional 10% payment for each thirty (30) days after the 50th day in which payment is not made. Such 50% and 10% payments shall not be required unless written notice has been given (which may not be given before the 31st day after the date of receipt of their completed billings and all necessary and completed W-4 forms) that the Producer is delinquent and the Producer has not made the payment within fifteen (15) business days after receipt of such notice.
7. The above delinquent payment penalties shall not apply to payments which have not been made by the Producer by reason of:
  - a. A bona fide dispute as to the amount due and payable notice of which shall be filed within five (5) business days following receipt of bills with the local of the Federation in whose jurisdiction the work was performed.
  - b. Emergencies beyond the control of the Producer.
  - c. Where the Producer inadvertently makes a less than full payment and presentation of the claim for the remainder is deliberately delayed in an attempt to collect a penalty.
  - d. Where the delay is due to the failure of a musician to return a W-4 form.

**Q. THEME MUSIC**

1. Themes will contain only music for program openings and closings. There will be no bridges or cues made under this category.
2. Production of generic and umbrella themes are permitted under the terms of this agreement provided, however, that if same are used as a theme for a specific program series additional payments will be made as indicated in paragraph five (5) below.
3. Any generic or umbrella theme music used for promotional purposes shall be paid for, and governed in its use, according to the terms and conditions of the applicable A.F.M. Television and Radio Commercial Announcement Agreement.
4. The amount of finished music product made in a theme session, including units of related overtime, cannot exceed three (3) minutes in length.
5. The Theme Music minimum rates for programs other than those described above will be \$261.72 effective January 1, 2011; \$269.57 effective January 1, 2012; \$277.66 effective January 1, 2013; \$285.99 effective January 1, 2014 per Sidemusician for a minimum session of three (3) hours. Related overtime shall be on a pro rata basis for each additional fifteen (15) minutes or fraction thereof. For leaders and contractors, the minimum scale shall be as required under Paragraphs

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A. and B. of this Exhibit I. A single musician (other than production musician) shall receive an additional 25% of scale.

- a. Doubling – First double twenty-five percent (25%) of the basic scale extra and ten percent (10%) extra for each additional double.
  - b. All payments, benefits and conditions not specifically set forth in this Paragraph Q, shall be those prescribed elsewhere in this Agreement.
6. Theme music may be utilized for twenty-six (26) weeks on a program series engaging live musicians for each episode and, except for prime time programs, thirteen (13) weeks when no live musicians are engaged; provided that on a program series in the category of news, commentary, public affairs and religious shows such theme music may in any event be utilized for twenty-six (26) weeks, and on sports show series such theme music may be utilized for a particular sports season.
7. All theme music utilized beyond the cycles outlined in paragraph six (6) above, will require a one hundred percent (100%) repayment to each musician, arranger, orchestrator and copyist involved in the original production. Theme music produced after November 1, 1989 and utilized beyond the cycles outlined in Paragraph (6) above, will require a seventy-five percent (75%) repayment to each Musician, Arranger, Orchestrator and Copyist involved in the original production.

R. SPLITTING OF ORCHESTRA

The Producer will not be permitted to split an orchestra engaged for any program produced under the terms of this agreement except as follows:

1. Guest conductors;
2. Featured instrumentalists (not to exceed three (3)) accompanying guest artist;
3. Self-contained groups;
4. Orchestras from a city other than that from where the program is being produced when called upon to perform for a single segment production number; and
5. Instrumentalists called to augment the basic orchestra as required by program featured artist.

S. MUSIC SOUND CONSULTANT

If a musician is engaged to perform services in the booth in assisting or advising the producer or sound technician during the taping of a program as to the musical sound quality being recorded, he/she shall be paid at the rate of \$80.80 effective January 1, 2011; \$83.20 effective January 1, 2012; \$85.70 effective January 1, 2013; \$88.30 effective January 1, 2014 for each hour he/she so performs, or for such work in excess of eight (8) hours in any day, at time and one-half (150%) of such rate; and upon a second or subsequent showing of the program as provided in Article 9 he/she shall receive the percentages of such scale payments provided for in said Article 9. Such amounts may be credited against any overscale payments for musical services hereunder. The leader or contractor on that program may not also serve in this capacity.

T. ELECTRONIC MUSICAL INSTRUMENTS

1. A person who, in exercising musical skills, utilizes a synthesizer or other electronic device to produce music is a musician within the meaning of this Agreement. It is recognized that complex sequencing which is required by the Producer prior to a scoring session in order to prepare for the performance constitutes musical services rendered by the musician who performs such services utilizing musical skills.

At the time a musician is initially engaged, he/she shall be advised whether the multi-tracking rate set forth in (2) below or the real time rate shall apply to the scoring session.

2. At the election of the Producer, a musician who is employed to play an electronic musical device(s) shall be paid at the following hourly rates (herein referred to "multi-tracking rates") for programs covered by this Agreement as set forth below:
  - a. \$323.27 per hour effective January 1, 2011; \$332.97 per hour effective January 1, 2012; \$342.96 per hour effective January 1, 2013; \$353.25 per hour effective January 1, 2014 if one (1) musician is employed under the multi-tracking rates.
  - b. \$283.04 per hour effective January 1, 2011; \$291.53 per hour effective January 1, 2013; \$300.28 per hour effective January 1, 2013; \$309.29 per hour effective January 1, 2014 if two (2) or more musicians are employed under the multi-tracking rates.

The foregoing rates include all electronic and acoustical doubles and all overdubs. With respect to each session, Producer shall have the right to designate whether each musician is to be paid under the "real-time" rates or at the multi-tracking rates.

The musician(s) employed under this Paragraph T (2) shall be paid for a minimum of three (3) hours.

**Theme:**

In the event theme music is recorded under this provision, all terms and conditions of Paragraph Q (Theme Music) will be applicable, with the exception of Paragraph Q (5) dealing with minimum scales.

**U. USE OF MUSIC IN NEWS AND MAGAZINE PROGRAMS**

1. Music in a news piece can only be used with the picture in connection with which it was originally recorded.
2. If recorded on location and exceeds two (2) minutes in length, the one-half hour other program air rate will apply.
3. In the event the music is not directly related to the story being covered or is part of the general background, payment will not be required. Same applies if the music is part of an event such as a parade, sport presentation or other public spectacle.

4. With respect to the use of musical performers in the course of broadcasting news stories, the parties will, as in the past, deal with these on a case-by-case basis.

V. INCOMPLETE TRACKS

1. Where self-contained groups appear on a program, incomplete tracks of phonograph recordings which they have made may be used by them without restriction or additional payment beyond the rates for the television broadcast itself. Incomplete tracks may not otherwise be used without the prior consent of the President's Office of the American Federation of Musicians.
2. Where such permission is given to use incomplete tracks in situations not involving self-contained groups the following payments will be required:
  - a. to the recording and music preparation musicians who made the original record, the air rate plus minimum guaranteed rehearsal;
  - b. to the "in studio" orchestras, an additional two (2) hours rehearsal pay for the first track used and one additional hour for each additional track.
3. Where a self-contained group uses a track which contains musicians other than the group itself, payments in accordance with subparagraph 2. shall be made except that the group itself shall be treated under subparagraph 1.

W. TRAVEL EXPENSES

If the Producer requires a musician to travel out of town, the Producer will reimburse such musician for all reasonable and necessary travel expenses including cost of hotel if the musician is required to stay overnight.

BASIC RATES FOR PRODUCTION MUSICIANS

A. HOURLY EMPLOYMENT

A minimum call of two (2) hours, rate per hour...

1/1/11	1/1/12	1/1/13	1/1/14
80.80	83.20	85.70	88.30

PREMIUM PAY

1. For all work performed beyond an eight (8) hour time spread in any day, between the hours of 8:00 a.m. and 12 midnight, payment shall be at the rate of time and one-half (150%) of the hourly rehearsal rate computed in fifteen (15) minute segments.
2. For all work between 12 midnight and 8:00 a.m., payment shall be at the rate of time and one-half (150%) of the hourly rehearsal rate computed in fifteen (15) minute segments.
3. For all work performed beyond an eight (8) hour time spread on any day, between the hours of 12 midnight and 8:00 a.m., payment shall be double (200%) the hourly rehearsal rate computed in fifteen (15) minute segments.
4. For all work performed on any of the following holidays, double time (200%) of the basic session and overtime rates shall be paid:

In the United States: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas and President's Day.

In Canada: New Year's Day, Good Friday, Labour Day, Dominion Day and Christmas.

Each of these holidays shall be observed on the day on which it is observed by employees of the United States Government or of the Government of Canada.

- B. Whenever the musical services of production musicians are recorded or videotaped they shall subsequently be considered an integral part of the program orchestra, thus invoking provisions of Paragraph R. of Exhibit I. However, the services of a production drummer who is not a member of the program orchestra may be recorded or videotaped with the program orchestra in those production numbers in which such drummer had rehearsed during pre-production without invoking the provisions of Paragraph R. For such services the production drummer shall receive payment for all hours so worked, but in no event less than the applicable air rate plus guaranteed rehearsal. The orchestra drummer rather than the production drummer shall be covered by Paragraph J. with respect to use of that recording at rehearsals.

**Exhibit II**

Production musicians may also be employed as members of the program orchestra and it is therefore recognized that musical services for production musicians and those of the program orchestra are two (2) separate services.

Production musicians' hours not devoted to recording and/or videotaping do not invoke Paragraph R.

MUSIC PREPARATION SERVICES

Arrangers, orchestrators and copyists shall be paid not less than the rates set forth below and the conditions set forth shall apply.

A. ARRANGERS

1. Definition: Arranging is the art of preparing and adapting an already written composition for presentation in other than its original form. An arrangement shall include reharmonization, paraphrasing and/or development of a composition so that it fully represents the melodic, harmonic and rhythmic structure and requires no changes or additions.
2. Minimum Rates: Since arranging represents highly individual skills, the wages paid for arranging are left to the discretion of the person doing the work, provided, however, that the wages shall never be less than provided for in paragraph B.
3. Credits: On any program where the leader receives name credit, arrangers and orchestrators performing services on said show shall receive similar name credit.

B. ORCHESTRATORS

1. Definition: Orchestrating is the labor of scoring the various voices and/or instruments of an arrangement without changing or adding to the melodies, counter melodies, harmonies or rhythms.
2. Time Rates for Orchestrators: May be used only on adjustments, work at rehearsals, take downs, alterations, additions and in other situations where page rates are impractical. The hourly rates for time work shall be:

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
For one hour of work:	46.48	47.87	49.31	50.79

3. Page rates for orchestrators (subject to the rules of paragraph B.4.):

	<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
a. For not more than ten lines per score page				
i. Orchestrating an arrangement per page	30.98	31.91	32.87	33.86
ii. Revoicing a score	13.65	14.06	14.48	14.91
b. For each additional single line part in excess of ten (10) parts per score page	1.22	1.26	1.30	1.34



c.	For adding lines to a score already orchestrated (other than revoicing a score) when performed by the original Orchestrator, per score page per line	1.53	1.58	1.63	1.68
	Any other Orchestrator will be paid in accordance with a.i. above.				
d.	For adding piano part, per score page	3.14	3.23	3.33	3.43
e.	Orchestrating the part (without score), the combined rate for orchestrating and copying.				

Miscellaneous (not in the orchestra score)

f.	For taking down a lead from voice, instrument or mechanical device including symbols (single line) for each four bar unit	7.79	8.02	8.26	8.51
g.	For scoring a two (2) line or three (3) line piano conductor part from an orchestral score each four (4) bar unit (two (2) lines)	14.43	14.86	15.31	15.77
	Each four (4) bar unit (3 lines)	19.12	19.69	20.28	20.89
h.	For scoring for solo piano, harp, accordion, etc., for individual performances each four (4) bar unit (two lines)	14.43	14.86	15.31	15.77
	Each four (4) bar unit (3 lines)	19.12	19.69	20.28	20.89
i.	For scoring for (choral) voices (a page to consist of not more than four (4) voices, which may include a piano part), with come sopras being paid for	13.53	13.94	14.36	14.79
	Each additional voice	1.22	1.26	1.30	1.34

4. The following rules shall apply to page rates:

- a. A score page consists of four (4) bars and shall be computed on the basis of a minimum of ten (10) lines.

- b. Double staff and divisi parts shall count as two (2) lines.
- c. A pick-up shall be computed as a full bar.
- d. Come sopras shall be paid for.
- e. Repeats shall not be used within a chorus to reduce the wage paid (but repeats, del cegano and the like, which appear in the composition are permissible).
- f. Rates shall be computed on page and half-page rates, except that the first page shall be paid in full rather than prorated.
- g. The page rates do not include proofreading service.
- h. Voices and conductor parts written into a score, except those covered in B.3.i., shall be treated as instrumental parts.
- i. The word "piano" shall be deemed to include organ, harp, celeste, harpsichord, accordion, cimbalom, etc., when written on two staves.

C. COPYISTS

- 1. Applicability: The minimum rates set forth in this Section C shall apply as follows:
- 2. Time rates for Copyists may be used only on pasting, cutting, production lines and in other situations where page rates are impractical. The hourly rate for time work shall be.....

<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
27.91	28.75	29.61	30.50

PAGE RATES FOR COPYING

- 3. Page rates for copyists shall be as follows (subject to the rules set forth in paragraph C. 4.):

B&W

<u>1/1/11</u>	<u>1/1/12</u>	<u>1/1/13</u>	<u>1/1/14</u>
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- a. i. Single stave parts (single notation)

5.04	5.19	5.35	5.51
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	ii.	Single stave parts chorded or divisi	10.14	10.44	10.75	11.07
b.	i.	Double stave parts chorded (piano, harp, organ, celeste, etc.)	10.14	10.44	10.75	11.07
	ii.	+ Vocal cue	11.71	12.06	12.42	12.79
c.	i.	Rhythm piano parts (chord symbols + bass line)	8.33	8.58	8.84	9.11
	ii.	+ Vocal cue	10.92	11.25	11.59	11.94
d.		Piano – vocal (Three (3) staves with lyrics) (Piano cued & lyric rate)	15.17	15.63	16.10	16.58
e.		Lead sheet (Melody + chord symbols + lyrics, one set)	25.29	26.05	26.83	27.63

VOCAL PARTS:

f.	i.	Single voice line + lyrics (one (1) set)	10.14	10.44	10.75	11.07
	ii.	Foreign language lyrics, extra page	2.28	2.35	2.42	2.49
g.	i.	Choir part with lyrics (one (1) set)	21.85	22.51	23.19	23.89
	ii.	Foreign language lyrics, extra page	3.69	3.80	3.91	4.03

CONDUCTOR PARTS:

h.	i.	Conductor, piano-conductor, production, control, etc. (two (2) staves only)	28.45	29.30	30.18	31.09
	ii.	Constructing chorded piano or conductor part (when no piano in score)	51.27	52.81	54.39	56.02
	iii.	Conductor's lead sheet (single stave) nor words or lyrics	20.25	20.86	21.49	22.13

**ADDING LYRICS OR WORDS**

(per set, per page):

i.	i. Single stave parts	2.55	2.63	2.71	2.79
	ii. Multiple stave parts	2.55	2.63	2.71	2.79
	iii. Foreign language (double above rates)	5.10	5.25	5.41	5.57

**NUMBERING BARS**

j.	i. B&W (per page)	1.07	1.10	1.13	1.16
	ii. Repro (per page)	2.12	2.18	2.25	2.32

**CHORD SYMBOLS (where added, per page).**

k.	Single stave parts				
	i. B&W	2.61	2.69	2.77	2.85
	ii. Repro	5.00	5.15	5.30	5.46
	Multiple stave parts				
	i. B&W	1.37	1.41	1.45	1.49
	ii. Repro	2.55	2.63	2.71	2.79
l.	Any part for solo performance				
m.	Special routines	50%			
n.	Symphony rate	50%			
o.	Transportation	50%			
p.	Master copy for reproduction (all parts not listed)	Double part price			

**TIME WORK**

q.	i. From 9:00 a.m. to 6:00 p.m. (straight time)	27.91	28.75	29.61	30.50
	ii. From 6:00 p.m. to 9:00 a.m. (Time and a half)	41.81	43.06	44.35	45.68
	iii. Sundays and holidays (Double time)	55.77	57.44	59.16	60.93

ADDING SYMBOLS (OTHER THAN CHORD SYMBOLS) FOR ELECTRONIC INSTRUMENTS OR DEVICES.

r.	i. Single stave parts	2.62	2.70	2.78	2.86
	ii. Multiple stave	1.43	1.47	1.51	1.56

4. The following rules shall apply to page rates:

- a. For duplicating orchestra and bank scores (note for note), the minimum rate shall be one-half ( $\frac{1}{2}$ ) of the orchestrating rate for scoring same.
- b. For remaking a score from regular parts, the minimum rate shall be one-third ( $\frac{1}{3}$ ) of the orchestrating rate for scoring same.
- c. Modulations, new introductions, endings and interpolations from piano shall be paid for at orchestrating rates.
- d. Symphony, opera, cantata, oratorio, ballet or any other standard or classical music (copies, transcriptions, extractions) shall be paid for at one-half ( $\frac{1}{2}$ ) more than the rates listed.
- e. Special routine work (writing only) where two (2) or more scores or orchestral parts must be used or referred to in extracting the parts shall be paid for at fifty percent (50%) more than the rates listed, provided that if such work requires a transposition of parts, for the parts so transposed there shall be an extra charge of fifty percent (50%) of the listed rates.
- f. The contracting copyist shall be designated as a supervisor copyist and he/she shall be paid for his/her services twenty-five (25%) more than the listed rates for the work with respect to which he/she acts (including copying done by him/her) when the services of more than one copyist are necessary to complete the work assignment.
- g. When two or more copyists are required to split scores for the convenience of the Producer, each copyist shall be paid at page and half-page rates for the section copied by him/her but not less than the applicable hourly rate.
- h. Rates for copying do not include any proofreading services. Proofreading, if required by the Producer, shall be paid for at the rate of \$40.43 per hour effective January 1, 2011; \$41.64 per hour effective January 1, 2012; \$42.89 per hour effective January 1, 2013; \$44.18 per hour effective January 1, 2014 with a two (2) hour minimum call to be applicable to such rate.
- i. Divisi parts shall be paid for on a pro rata basis.
- j. Editing shall be paid for at the copying rate plus fifty percent (50%).

- k. Rates shall be computed on the basis of ten (10) stave paper except that parts requiring three (3) or more braced staves shall be written on twelve (12) stave paper, unless impractical.
- l. Rates shall be computed on page and half-page rates except that the first page shall be paid in full rather than prorated.
- m. An average of four (4) bars per stave shall be secured, if possible, and two (2) staves of the first page (or any following pages, if necessary) shall be used for titles or other written items.
- n. The copyist who prepared the original part shall be paid the listed rate for any reproduction thereof by any mechanical means whatsoever except where a master copy was previously paid for at the rate listed.
- o. All paper and necessary working material shall be supplied by the Producer or furnished by the copyist at cost.
- p. Transportation of all parts shall be paid for at fifty percent (50%) more than the listed rates.
- q. Use of rehearsal letters every two (2), three (3) or four (4) bars or to circumvent payment for numbering shall not be deemed normal use.
- r. Copying from a score in which three (3) or more parts are combined on a single stave -- (50%) additional for those parts only.

**D. LIBRARIANS**

Librarians required to do arranging, orchestrating and/or copying music shall be paid page rate respectively for such arranging, orchestrating and/or copying, in addition to their regular salary. For all hours worked in excess of eight (8) in any day (excluding the meal period), time and one-half shall be paid. For all hours worked between 12:00 midnight and 8:00 a.m., fifty percent (50%) additional to the classified rate shall be paid.

	B&W			
	1/1/11	1/1/12	1/1/13	1/1/14
Playing librarians shall receive for their services as librarians with minimum time, two (2) hours, per hour or fraction thereof	44.23	45.56	46.93	48.34
Non-playing librarians shall receive for their services as librarians a minimum for two (2) hours service or less	144.26	148.59	153.05	157.64

Overtime, above the minimum two (2) hour call, shall be paid for at rate per hour or fraction thereof	48.21	49.66	51.15	52.68
Non-playing librarians required to work on day other than day of broadcast, per hour	48.21	49.66	51.15	52.68

E. GENERAL RULES APPLICABLE TO ARRANGERS, ORCHESTRATORS AND COPYISTS

1. The arranger or orchestrator shall deliver to the copyists a full score. A full score is a visual representation of parts to be performed by instruments and/or voice of a musical ensemble systematically placed on a series of staves, one above the other, and in which no other than two (2) instruments are combined on a single staff. Abbreviations by come sopra and/or col indications within the same score may be used.
2. If arrangements, orchestrations and parts (or any portion thereof) resulting from music preparation services performed in a category other than programs produced for Basic Cable are used for such programs, a first time new use payment shall be made in full at the rate applicable hereunder, to all music preparation musicians who rendered such original services. Music first used on television for a legitimate Telethon shall not be considered as a first use on television for purposes of computing new use payment.
3. Arrangers, orchestrators and copyists shall stamp the first and last pages of all arrangements and score and the first page of all parts with their official union stamp. Card number, local and year must be written on deshon master copy.
4. Minimum pay for any job assignment shall be no less than the equivalent of a four (4) hour call at the applicable hourly rate.
5. Orchestrators and copyists shall receive the following premium rates:
  - a. For work from 6:00 p.m. to 9:00 a.m., the listed rate plus one-half.
  - b. For work performed on the same job at any time following a call back less than eight (8) hours after dismissal during premium pay hour, the listed rate plus one-half.
  - c. For work in excess of eight (8) hours in one day, the listed rate plus one-half.
  - d. For work in the U.S. on Sundays and the following holidays: New Year's Day, Lincoln's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, double the listed rate.

6. If the Producer requests an orchestrator or copyist to work in a city other than the one in which he/she resides or in his/her normal working environs in which he/she is customarily employed, such work shall be paid for at the listed rate plus twenty-five (25%). In the case of an Orchestrator, the Producer shall guarantee a minimum of \$129.80 per day effective January 1, 2011; \$133.69 per day effective January 1, 2012; \$137.70 per day effective January 1, 2013; \$141.83 per day effective January 1, 2014. In the case of a Copyist, the Producer shall guarantee a minimum of \$100.30 per day effective January 1, 2011; \$103.31 per day effective January 1, 2012; \$106.41 per day effective January 1, 2013; \$109.60 per day effective January 1, 2014. In such cases, the Producer will reimburse all reasonable and necessary travel expenses, including meals and including the cost of hotel if such orchestrator or copyist is required to stay away overnight.
7. Orchestrators will not be required to attend program recording sessions unless engaged as Music Sound Consultant.
8. Payments for music preparation are due not later than twenty-one (21) working days following submission of W-4 forms and bills for services rendered.
9. On variety shows, it shall be the responsibility of the leader, unless Producer designates contractor or librarian, to prepare a Music Report which lists the musical selection, the artist, the arranger or orchestrator, the copyist, the number of bars of music in the arrangement, and the instrumentation of the orchestra in the show; and shall indicate as to each selection whether it was prepared for the show and if not, when and where, if then known, it was previously used in the production of a television program. Within five (5) days after production the preparer shall submit a copy of such report to the Producer and Local. This report is for informational purposes only and shall not create any obligation on the Producer.
10. Music prepared for a program under the terms of this agreement shall not be furnished to any artist or other person.
11. **PICK-UP AND MESSENGER SERVICE.** Pick-up and messenger service shall be paid by the Producer.

F. MUSIC PREPARATION HEALTH PLAN CONTRIBUTIONS – PAGE RATE

The hours to be credited for music preparation are computed by first dividing the Total Wages Earned, by \$17.92 effective 2011, \$18.46 effective 2012, \$19.01 effective 2013, \$19.58 effective 2014 (for copyists), and \$28.65 effective 2011, \$29.51 effective 2012, \$30.40 effective 2013, \$31.31 effective 2014 (for orchestrators) and then multiplying that number by \$2.45 effective July 2010, and \$3.045 effective August 1, 2011.

Copyists --

Total Wages ÷ \$17.92 (January 1, 2011) = Hours  
Hours × 3.045 = Total Contribution



Total Wages ÷ \$18.46 (January 1, 2012) = Hours  
Hours × 3.045 = Total Contribution

Total Wages ÷ \$19.01 (January 1, 2013) = Hours  
Hours × 3.045 = Total Contribution

Total Wages ÷ \$19.58 (January 1, 2014) = Hours  
Hours × 3.045 = Total Contribution

Orchestrators –

Total Wages ÷ \$28.65 (January 1, 2011) = Hours  
Hours × 3.045 = Total Contribution

Total Wages ÷ \$29.51 (January 1, 2012) = Hours  
Hours × 3.045 = Total Contribution

Total Wages ÷ \$30.40 (January 1, 2013) = Hours  
Hours × 3.045 = Total Contribution

Total Wages ÷ \$31.31 (January 1, 2014) = Hours  
Hours × 3.045 = Total Contribution

All Health Plan payments shall be made simultaneously with Musicians wage scales, and shall be payable to the plan of the Local Union in which the individual musician is a member (if that local union has such a plan), regardless of where the Musicians performed the services, but shall not be considered wages or be the basis for computing the applicable AFM-EP contribution or any other payments under this Agreement such as overtime, premium pay, etc.

The above contributions are in accordance with the present pattern of contributions by Employers required under the Health Plan. In the event this present pattern of contributions under the Health Plan should be changed during the term of this Agreement, then the rate of contributions provided herein shall automatically be changed to conform to such new pattern and rate of Employer's contribution established under such Health Plan.

## ADDENDUM TO THE AFM BASIC CABLE AGREEMENT FOR THE USE OF PROGRAMS IN NEW MEDIA

This Addendum confirms the understanding of the American Federation of Musicians of the United States and Canada ("AFM") and the Producers (collectively "the parties") concerning the application of the AFM Basic Cable Agreement ("Agreement") to the exhibition of covered entertainment television programs of the type that have traditionally been produced under this or any previous Agreement ("Program"), on or by means of the Internet, mobile devices or any other "new media" known as of September 20, 2010 (hereinafter "New Media"). For purposes of this Addendum, all Program product produced concurrently with a Program, even if not exhibited initially on Basic Cable, if exhibited on New Media will be treated as a traditional Program being released for exhibition on New Media. Similarly, if the Program edit initially used for exhibition on Basic Cable is altered or re-edited for exhibition on New Media, the Program will be treated as a traditional Program being released for exhibition on New Media.

### 1. If the Consumer Pays.

#### A. License for Limited Period or Fixed Number of Exhibitions

When the subscriber pays for the Program either on a subscription or per-picture basis, and when the payment is in exchange for the right to view the Program for a fixed and limited period of time or a fixed number of exhibitions, the Producer shall pay to the Administrator of the Film Musicians Secondary Markets Fund – TV/Videotape Sub-Fund ("Sub-Fund") 3.6% of the license fee paid by the licensee for the right to exhibit such Program in New Media<sup>1</sup> for distribution to Participating Musicians based upon each Musician's pro-rata share, which share is calculated on each Musician's applicable scale wages for the Program ("Pro-Rata Share").

#### B. Paid Permanent Downloads (aka "Download-to-Own" or "Electronic Sell Through" ("EST"))

The following shall apply to Programs first exhibited on or after September 20, 2010:

When the consumer pays for an EST copy of a Program, the Producer shall pay to the Sub-Fund 5.4% of 20% of "Distributor's gross," as defined in Paragraph 4 below, on the first 100,000 units and, thereafter, at 10.5% of 20% of "Distributor's gross," as defined

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<sup>1</sup> As bargaining history, this language is based upon the following model: studio licenses to Moviefly the right to transmit the motion picture on the Internet to the viewer to view who pays Moviefly on a subscription or per-picture basis. Such payment would enable the viewer to view the motion picture for a fixed and limited period of time or limited number of exhibitions. For example, if Columbia Pictures, through Columbia TriStar Home Entertainment, licenses to Moviefly the right to exhibit a Columbia Pictures film, the residuals shall be based upon 100% of the license fee paid by Moviefly to Columbia-TriStar Home Entertainment for such picture.

in Paragraph 4 below, for distribution to Participating Musicians based upon each Musician's Pro-Rata Share.

**2. Advertiser-Supported Streaming**

The following shall apply to the streaming of Programs on a free to the consumer basis on advertiser-supported services transmitted via New Media.

- A.** With respect to Programs, the production of which commences on or after September 20, 2010:
- (1) The Producer shall be entitled to a "streaming window" for a twenty-four (24) consecutive day period for the first season of a television series or for any one-time Program and a seventeen (17) consecutive day period for the second and all subsequent seasons of a television series. During the streaming window, the Producer may make a Program available for streaming without payment for such use. The streaming window may be divided between the period immediately prior to and immediately following the initial exhibition of the Program on Basic Cable in any ratio determined by the Producer.

- (2) If the Producer desires to stream the Program outside the streaming window, but within one (1) year of the expiration of the streaming window, then the Producer shall make a residual payment to the Sub-Fund of three and one-half percent (3.5%) of the scale wages earned applicable to the Program for distribution to Participating Musicians based upon each Musician's Pro-Rata Share as consideration for a twenty-six (26) consecutive week period beginning on the first day that the television program is available for streaming following the expiration of the streaming window.

If the Producer desires to stream the Program for all or any part of the twenty-six (26) consecutive week period immediately following the twenty-six (26) consecutive week period described in the preceding paragraph, but within one (1) year of the expiration of the streaming window, then the Producer shall make a residual payment to the Sub-Fund Fund of three and one-half percent (3.5%) of the scale wages earned applicable to the Program for distribution to Participating Musicians based upon each Musician's Pro-Rata Share.

- (3) Neither of the aforementioned twenty-six (26) week periods shall cover a period that is more than one (1) year after the expiration of the streaming window. In the event that streaming of the Program is commenced on a date that does not allow for the full twenty-six (26) consecutive week period of use within one (1) year of the expiration of the streaming window, then the payment for that period shall be prorated in weekly units to cover the shorter use period.

For example, suppose that the Producer streams a Program during he window and then does not stream the Program again until thirty-nine (39) weeks after the expiration of the window period. Since only thirteen (13) weeks remain within the one (1) year period, a payment of one-half of the payment that would otherwise

be due for the twenty-six (26) week streaming period would be payable for streaming during the thirteen (13) week period.

- (4) During the streaming window, or during either of the twenty-six (26) consecutive week periods described in Paragraph 2.A.(2) above, the Producer may allow excerpts of those Programs that are being streamed to be used on free to the consumer, advertiser supported services transmitted via New Media without any additional payment therefore.
  - (5) Upon expiration of the one (1) year period following expiration of the streaming window, if the Producer desires to stream the Program, then it shall pay residuals at the rate of six percent (6%) of "Distributor's gross," as that term is defined in Paragraph 4 below to the Sub-Fund for distribution to Participating Musicians based upon each Musician's Pro-Rata Share.
- B.** If the Producer should desire to stream any Program, the production of which commenced prior to September 20, 2010, as to which free television residuals are still payable, then the Producer shall pay residuals at the rate of six percent (6%) of "Distributor's gross," as that term is defined in Paragraph 4 below, to the Sub-Fund for distribution to Participating Musicians based upon each Musician's Pro-Rata Share.
- C.** Revenues derived from foreign streaming shall be included in "Distributor's Foreign Gross."

### **3. Use of Excerpts in New Media**

- A.** In addition to the use of excerpts permitted in Paragraph 2 above, but subject to subparagraph F below, Producer may use an excerpt or excerpts from a Program (other than a Program ninety (90) minutes or more in length) in New Media for the purpose of promoting the Program, provided that such excerpt(s) does not exceed five (5) minutes in length. Producer may use an excerpt or excerpts from a Program ninety (90) minutes or more in length or from a Program made for the home video market in New Media for the purpose of promoting the program, provided that such excerpt(s) does not exceed ten (10) minutes in length.
- B.** The following uses of an excerpt or excerpts in New Media shall be considered "promotional" and shall require no payment, whether or not the Producer receives revenue in connection therewith:
- (1) For promotion of the exhibition of a Program on free television, basic cable or pay television, the use of an excerpt shall not require compensation if the excerpt promotes the exhibition and includes "tune in" information. "Tune-in" information for promotional purposes is sufficient when it informs the consumer where he or she can view the program or series from which the excerpt is taken. The "tune-in" information may appear on-screen or in a "click-through" format – i.e., accessible through links. It is agreed that the network channel or station "bug" alone does not suffice. It is also understood that the Producer is not required to

provide the same level of “tune-in” information as is commonly provided in traditional television promotional announcements.

- (2) For promotion of the traditional home video release or any “special edition” home video release of a Program, the use of an excerpt shall not require compensation if the excerpt promotes the home video release and references the availability of the Program in home video.
  - (3) For promotion of a New Media exhibition of a Program, the use of an excerpt shall not require compensation if the excerpt promotes the New Media exhibition and includes instructions for renting, purchasing, or streaming an electronic copy of the Program from the website or other New Media platform on which the excerpt appears or a direct link to another website or New Media platform where an electronic copy of the Program can be rented, purchased, or streamed, and occurs in conjunction with the availability of an electronic copy of the Program for rental, purchase, or ad supported streaming via the Internet or other New Media platform.
  - (4) For “viral” promotion on New Media of any use or exhibition of a Program, no payment is required if the excerpt is circulated non-commercially to multiple websites or made available for individuals to circulate. The fact that the viral excerpt is exhibited on a revenue-generating site owned by or affiliated with the Producer shall not render this exception inapplicable, provided that the excerpt is released without payment to other sites.
- C.** The use of excerpts shall not be considered “promotional” within the meaning of subparagraph B. above if the excerpts are used on a New Media site which archives the contents of several prior seasons of the series and is designed to enable the viewer to search the archives using a sophisticated search engine, as distinguished from a New Media site which offers excerpts from several prior seasons of a series that are intended as a recap of the events that transpired during those prior seasons or that are intended to promote the exhibition or sale of full episodes of the series from which the excerpts are taken.
- D.** If the use of an excerpt or excerpts in New Media is not within one of the promotional provisions in subparagraph B. above, or if the excerpt(s) used exceed the length limitations set forth in subparagraph A. above:
- (1) If the excerpt is from a Program and is used on a free to the consumer platform outside the streaming window, but within one year following expiration of the streaming window, and the use is not otherwise permitted or paid for under subparagraph 2.A. above, the Producer shall pay for such use as follows:
    - (i) For an excerpt up to two (2) minutes in length, the lesser of \$25 or the applicable “New Media Program Fee” to each Musician;

- (ii) For an excerpt in excess of two (2) minutes in length but not more than four (4) minutes in length, the lesser of \$75 or the applicable “New Media Program Fee” to each Musician;
- (iii) For an excerpt in excess of four (4) minutes in length, the applicable “New Media Program Fee” to each Musician.

The “New Media Program Fee” for use of excerpts on free to the Consumer platforms is the applicable residual for the use of the entire Program in New Media as provided in Paragraph 2.A. of this Addendum.

- (2) Except as may otherwise be provided, any other use of an excerpt from a Program on a free to the consumer platform, including the use of excerpts from a Program produced prior to September 20, 2010, the Producer shall pay residuals to the Sub-Fund of six percent (6%) of “Distributor’s gross,” as defined in Paragraph 4 below, for such use, for distribution to Participating Musicians based upon each Musician’s Pro-Rata Share.
- (3) If an excerpt from a Program is used on a “consumer pay” platform, whether promotional or not, the producer shall pay residuals to the Sub-Fund of 3.6% of “Distributor’s gross,” as defined in Paragraph 4 of this Addendum, for such use, for distribution to Participating Musicians based upon each Musician’s Pro-Rata Share. This formula shall apply to a “hybrid” use where the consumer pays for the excerpt and advertising revenues are also derived by the Producer from such use. Such revenues shall be incorporated in “Distributor’s gross.”

**E.** Notwithstanding the foregoing:

- (1) If excerpts from the current season of a series and excerpts from past seasons of the series are used together on an ad-supported free to the consumer basis, then the percentage of “Distributor’s gross” payment set forth in Paragraph 2.B. of this Addendum shall apply to all such excerpts.
- (2) No payment shall be required for the free to the consumer “noncommercial” promotional use of excerpts more than five (5) minutes for Programs less than ninety (90) minutes in length or more than ten (10) minutes for Programs ninety (90) minutes or more in length containing one (1) or more scenes. A “noncommercial” use is a use from which the Company and its related and affiliated entities, including, but not limited to, distributors and exhibitors, receive no revenues, including, but not limited to, advertising revenues.
- (3) No payment shall be required for free to consumer use of excerpts during the streaming window. If the Company pays the “New Media Program Fee” pursuant to Paragraph 2.A. of this Addendum, the payment for the use of the entire Program in New Media shall also constitute payment for

the free to the consumer use of any portion thereof in New Media during the corresponding time period.

- (4) It is understood that the use of an excerpt from a Program or a made-for-home video program shall not require any payment hereunder if the use would not require a payment under the television excerpt provisions of the Agreement.

**F.** For the avoidance of doubt, and notwithstanding anything that may appear to the contrary:

- (1) The sale, lease, rental or paid download of an extract of a Program in New Media containing a full song or production number, with or without the accompanying footage, shall require payment to the Musicians as additional compensation the scale for the production of such extract (“New Use”) as if such extract had been recorded as a Sound Recording (audio only) or a Music Video (audio with accompanying footage) under the then-current AFM Sound Recording Labor Agreement (“SRLA”) and all additional payments applicable to such recording(s). The SRLA and its Exhibits, Addenda, Trust Agreements and Sideletters are incorporated by reference in this Addendum. By way of example only, a “full song or production number” includes any music tracks that seamlessly reproduce a recorded performance even if the excerpt deletes or alters some portion of the performance as originally recorded or broadcast. For the avoidance of doubt, a “paid download” includes a download for which a consumer makes a payment to the Producer either directly (i.e. a transaction in which a consumer downloads from iTunes and pays iTunes a stated price for one or more downloads) or indirectly (i.e., a transaction in which a consumer purchases a product or service for which the consumer receives a right to a “free-to-the-consumer” download and the Producer or an entity related to the Producer receives a payment as a consequence of the sale of the product or service).
- (2) The Producers shall pay to the Sub-Fund one percent (1%) of Distributors gross as defined in Paragraph 4 below derived from the sale or license of excerpt(s) of music sound track, with or without the accompanying footage, exhibited in New Media on a consumer pay platform for use as ‘ringtones’ or ‘ringbacks’ for distribution to Participating Musicians based upon each Musician’s Pro-Rata Share.

**G.** All obligations of the Producer with respect to the use of an excerpt or excerpts under this Paragraph 3 shall be fully satisfied so long as the excerpt(s) meets the promotional requirements set forth herein or the Producer pays the applicable amount set forth herein.

**4. “DISTRIBUTOR’S GROSS”**

**A. Definition**

The term “Distributor’s gross,” for purposes of all re-uses in New Media of television programs made for traditional media and of Original and Derivative New Media Productions (each hereinafter referred to as “such Program”), is as defined in Paragraph 17.C.2.b. of Agreement<sup>2</sup>. When the “Distributor’s gross” derived from New Media exploitation is received from a related or affiliated entity that acts as the exhibitor/retailer of such Program, then the “Distributor’s gross” received by the Producer from the licensing of such rights shall be measured by exhibitor/retailer’s payments to unrelated and unaffiliated entities in arms’ length transactions for comparable programs, or, if none, then the amounts received by the Producer from unrelated and unaffiliated exhibitors/retailers in arms’ length transactions for comparable programs, or, if none, a comparable exhibitor/retailer’s payments to comparable unrelated and unaffiliated entities in arms’ length transactions for comparable programs.

**B. Agreements and Data**

On a quarterly basis commencing March 31, 2011<sup>3</sup>, within ten (10) business days after such request, the Producer shall provide for inspection by AFM’s designated employee or auditor and the Film Musicians Secondary Markets Fund, at Producer’s premises where such data is kept, full access to all unredacted license, distribution, and other agreements pertaining to New Media exploitation of covered programs that were entered into during the immediately preceding quarter<sup>4</sup>. In any subsequent quarterly inspection, the AFM’s and the Film Musicians Secondary Markets Fund’s designated employee or auditor may re-inspect any agreements previously inspected and inspect any agreements not previously inspected.

Upon request, in a manner to be mutually agreed upon in good faith, the Producer shall expeditiously provide, or make available, to AFM and the Film Musicians Secondary Markets Fund data in its possession or control, or the possession or control of its related distribution entities, regarding the New Media exploitation of covered programs, such as number of downloads or streams by source and ad rates.

**C. Recordkeeping and Reporting**

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<sup>2</sup> For sake of clarity, “Distributor’s gross” specifically includes advertising revenues when the license, distribution, or other agreement provides for sharing in such revenues.

<sup>3</sup> In the initial quarter, the Producer shall also provide AFM with access to all said agreements that were entered into prior January 1, 2011.

<sup>4</sup> Full access includes access to all agreements, notwithstanding any confidentiality clause contained therein, and access to all sideletters, exhibits, addenda, and other ancillary documents.



Payment for exploitation of Programs in New Media shall be due sixty (60) days after the end of the quarter in which the “Distributor’s gross” from such exploitation is received. The Producer shall accompany such payments with reports regarding the “Distributor’s gross” derived from such exploitation, which shall be specified by medium and source whenever reasonably possible and will be separated from revenues derived from exploitation of such Programs in traditional media. Along with such payments, the Producer shall provide AFM and the Film Musicians Secondary Markets Fund with unredacted copies of all corollary distributor’s, sub-distributor’s, and exhibitor’s statements relating to the reported “Distributor’s gross.”

Where the Producer allocates revenues between New Media rights and other rights in any such Program, among New Media rights in multiple such Programs, or otherwise, it shall specify such allocation.

**D. Confidentiality**

The information provided to AFM and the Film Musicians Secondary Markets Fund by the Producer will be treated as confidential and appropriate arrangements will be made to safeguard the confidentiality of that information.

**E. Reservation of Rights**

With respect to Programs, the Producer has agreed to a separate payment for this use on the Internet because Internet exhibition is at this time outside the primary market. The Producer reserves the right in future negotiations to contend that the pattern of release has changed so that this use constitutes or is a part of the primary market of distribution of television programs and that, therefore, no additional payment should be made with respect to the exhibition of Programs (including those covered by this Addendum) on the Internet. AFM reserves the right in future negotiations to contend to the contrary, and further to assert that regardless of whether other exhibitions are or have become part of the primary market, residual provisions for television programs so exhibited should be improved.

**E. Other Terms and Conditions**

Except as expressly provided herein, all other terms and conditions of the Agreement shall apply; in the event of a conflict, the terms and condition of this Addendum shall control.

**5. Aggregated Payments**

All payments hereunder made as a percentage of “Distributor’s gross” are aggregate payments for all Musician who have traditionally been entitled to residuals under the Agreement.

**6. Made-for-New Media Production**

Producer is not presently engaged in Made-for-New Media production. If Producer determines that it will engage in Made-for-New Media production that is derivative of the Program, the Producer will notify the Federation that it wishes to bargain over terms and conditions applicable to such production, and the parties will enter into negotiations for an agreement covering such production, taking into account then-current industry practices with regard to derivative New Media productions.

**7. Sunset Clause**

The parties recognize that this Addendum is being negotiated at a time when the business models and patterns of usage of programs and other productions in New Media are in the process of exploration, experimentation and innovation. Therefore, all provisions of this Addendum expire on the termination date of the Agreement and will be of no force and effect thereafter. No later than sixty (60) days before that expiration date, the parties will meet to negotiate new terms and conditions for reuse of Made for New Media Productions and television programs in New Media to be in effect thereafter.

The parties further acknowledge that conditions in this area are changing rapidly and that the negotiation for the successor agreement will be based on the conditions that exist and reasonably can be forecast at that time. For example, the parties acknowledge that with respect to the formula in Paragraph 1 for the electronic sell-through of programs and television programs, the growth of electronic sell-through could adversely impact traditional home video sales. In future negotiations, the parties agree that the criteria to be considered in good faith in determining whether the electronic sell-through residual should be increased or decreased include patterns of cannibalization of the home video market and changes in the wholesale price.