

July 1, 2011

Dear Participating Musician/Beneficiary,

The Fund ended its 2010-2011 fiscal year posting its 3rd highest year ever with nearly \$80million in contributions. This represents a 4.25% increase over last year's contributions, and is especially significant in light of the declines in collections for the past two years.

Increases in collections this year are the result of several factors, including additional product scored under the AFM Motion Picture & Television agreement(s), with continued growth in low budget and independent films, as well as the fact that the Fund's staff has been especially diligent in ensuring the full compliance under the Motion Picture and Television agreement(s), while continuing to refine our internal operations to achieve greater efficiency and service to Participants.

Online Access:

The website at www.fmsmf.org continues to provide easily accessible information, such as paid films, obligated films, Fund financials and other materials to both Participants and the Industry. If you haven't signed up, please visit the site and register for "Private Area" access. Participants who have signed up for "Private Area Access" can use the online service to view and print their annual statements and make changes to their personal account information. Those U.S. Participants with Private Area access also may sign up for Direct Deposit which is a secure and efficient way to ensure your funds get to you. Participants with both Private Area access and Direct Deposit may choose our "Go Paperless," option which will enable you to get **all** of your annual information (except W-2 Forms) **electronically**. It's faster, more secure, and environmentally friendly with a cost savings to the Fund and the Participants. Please visit the website or call the Participant Services Dept. for assistance or more information.

Thank you for your continued input as it helps the staff know what activities to pursue on your behalf.

Please take a look at the Financial Summary on page 2 for an overview of the Fund's performance.

Un-Audited Summary of Financial Activities

		Fiscal Year Ended	Fiscal Year Ended
		3/31/2011	3/31/2010
Collected Contributions		\$79,992,652	\$76,729,530
Internal Processing Adjustments		<u>(937,108)</u>	<u>(1,034,486)</u>
Contribution available for distribution		\$79,055,544	\$75,695,044
Interest earned		1,488,597	1,366,874
Prior year's unclaimed distributions		<u>1,391,995</u>	<u>1,390,419</u>
Subtotal		\$81,936,136	\$78,452,337
Cash expenditures	*	<u>(\$6,078,733)</u>	<u>(\$5,829,488)</u>
Estimated Employer's share of payroll taxes		<u>(6,000,000)</u>	<u>(5,400,000)</u>
Reserve for omissions	**	<u>(1,050,000)</u>	<u>(1,050,000)</u>
		<u>(13,128,733)</u>	<u>(12,279,488)</u>
Distribution amount		\$68,807,403	\$66,172,849

Note: * Included here is the total of \$843,370 payment of prior years' unclaimed distribution.

** New beginning balance of \$1,050,000 set for omissions this year-Sept. 2011.

Enclosed in this mailing you will find:

- A check (or Direct Deposit voucher) for your portion of the annual disbursement.
- Your individual Participant's Statement.
- An "Inquiry Form" and a Postage-Paid return envelope to report any new or previously unreported film related inquiries or other changes you would like the Fund to be aware of.
- **Again this year, we are also enclosing a "Direct Deposit Enrollment Form."**
- A W4 Tax form which you may use to update your tax profile / filing status.
- To reduce the cost of mailing and printing, the **Movie Master List will be available only upon request this year.** However, we have added: Release Year and Primary Market/Product Type to each title so as to be more easily identifiable.

Please note that the enclosed check is valid for a period of **90 days** from the date of issue and cannot be cashed beyond that time. We will be happy to reissue checks that expire.

The Fund is here to serve you. Please feel free to contact us directly at 818-755-7777, and ask for the Participant Services Department. You may also access the Fund's website at www.fmsmf.org which we encourage you to explore and utilize. We welcome your suggestions.

Wishing you continued success.

Sincerely,

Dennis Dreith
Fund Administrator