

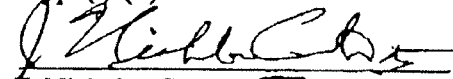
MEMORANDUM OF UNDERSTANDING BETWEEN
ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS AND
AMERICAN FEDERATION OF MUSICIANS

On June 10, 2005, at the culmination of the current round of collective bargaining, the parties covered by this Memorandum of Understanding ("MOU") have reached an agreement (subject to the Federation's ratification procedure) for successor agreements to the Basic Theatrical Motion Picture Agreement of 2002 and the Basic Television Agreement of 2002.

1. By the terms of this MOU, the two (2) existing collective bargaining agreements referred to above shall be modified as set forth at pp. 1-6 below.
2. In all other respects, the two (2) existing collective bargaining agreements referred to above and the Film Musicians Special Payments Fund Agreement shall remain in full force and effect during the period August 14, 2005 through February 25, 2009.
3. The parties shall promptly take the necessary steps to incorporate the agreed-upon changes into the two (2) existing collective bargaining agreements referred to above and to print a new set of agreements reflecting those changes.

Alliance of Motion Picture & Television
on Behalf of the Producer Parties
Listed at pp. (i)-(ii)

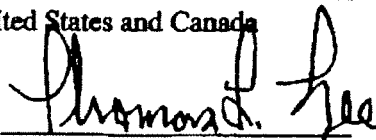
By:


J. Nicholas Counter
President

Date: June 10, 2005

American Federation of Musicians of
the United States and Canada

By:


Thomas F. Lee
President

Date: June 10, 2005

1. Term

The term of this Agreement shall commence on August 14, 2005 (except as otherwise provided in Paragraphs 3 and 4(a) below) and continue through February 25, 2009.

2. Wages

a. Theatrical Agreement – no wage increases during term of Agreement except for low-budget (see 6 below) and sideline musicians (see Paragraph 7 below).

b. TV Film Agreement - increase all wages except for low-budget (see Paragraph 5 below) as follows:

- 3.5% increase effective February 19, 2006
- 3.5% increase effective February 17, 2008

Wage increase does not apply to Schedule C wages under new TV tier (see Paragraph 4 below).

The wages set forth in this Paragraph 2(b) are reflected in the chart in Paragraph 4 below.

3. Optional TV Provisions

Effective for sessions that take place on or after July 17, 2005, amend Paragraph 62(a) to change “twenty-five (25)” to “fifteen (15).”

4. New TV Tier

a. Amend Paragraph 15(a)(1)(i) to read as follows (and make corresponding changes to the remainder of Par. 15):

Sched	Applies to	SINGLE SESSION (3-hour session)			DOUBLE SESSION (6 hours completed within 8 hours of time called, ending not later than midnight, per musician)		
		Effective			Effective		
		7/17/05	2/19/06	2/17/08	7/17/05	2/19/06	2/17/08
A	5 or more musicians (including playing leader or contractor)	\$200	\$207	\$214.25	\$400	\$414	\$428.50
B	4 or fewer musicians (including	\$251.86	\$260.68	\$269.80	\$503.72	\$521.36	\$539.60

	playing leader or contractor)						
C	See * below		\$251.86			\$503.72	

“*Schedule C applies to programs otherwise covered by Schedule A for which more than one episode (including pilots) aired prior to July 17, 2005.

Schedules A and C do not apply to scoring sessions that take place in Canada.

Schedule B wages shall be considered to be the minimum session fee for purposes of Paragraph 8B and will be the only Schedule available in Canada.”

- b. Add the following new subparagraph to Par. 15(a): “When two (2) or more recording sessions occur on the same picture on the same day, the rate for all sessions on that day for such picture shall be based on the rate applicable to the session in which the highest number of recording musicians was employed.”

5. TV Film Low Budget (Paragraphs 61, 62 and 63)

- a. Increase budget threshold for motion pictures described in Paragraph 61(a) of the TV Film Agreement (pp. 93-94) as follows:
 - 1. Motion pictures described in Par. 61(a)(1): increase budget threshold to \$5,000,000 throughout term of Agreement.
 - 2. Motion pictures described in Par. 61(a)(2): increase budget threshold to \$7,500,000 throughout term of Agreement.
 - 3. Motion pictures described in Par. 61(a)(3): increase budget threshold to \$5,000,000 throughout term of Agreement.
- b. Increase scale wages 3.5% effective February 19, 2006, by an additional .6% effective February 18, 2007, and by an additional 3.5% effective February 17, 2008.
- c. Increase pension contribution on wages under Paragraphs 61, 62 and 63 to 11% effective August 14, 2005.

6. Theatrical Motion Picture Low Budget

- a. Paragraph 61 – Low Budget Films (Paragraph 61, p.96).
 - 1. Increase threshold for low-budget theatrical motion pictures to \$40,000,000 for the entire term of the Agreement.

2. Increase scale wages 3.5% effective February 19, 2006, by an additional .6% effective February 18, 2007, and by an additional 3.5% effective February 17, 2008.
 3. Increase pension contribution to 11% effective August 14, 2005.
- b. Establish new low-budget categories under Theatrical Agreement as follows:
1. \$12 Million and Under Pictures (new Paragraph 62)
 - Budget threshold of \$12 million or less.
 - At least one session must employ 15 or more musicians (including Leader and Contractor).
 - 3 hour session \$150 (86% of current session scale under Par. 61); Music Prep scale to be 86% of rates in Paragraph 61(c)(2)(ii)(A), (iii)(A) and (B), and (iv)-(vii).
 - Pension Contribution at 11%.
 - All pictures produced under this provision will be treated as having their initial release in theatrical exhibition.
 2. \$2 Million and Under Pictures (new Paragraph 63)
 - Budget threshold of \$2 million or less.
 - At least one session must employ 7 or more musicians (including Leader and Contractor).
 - 3 hour session \$150 (86% of current session scale under Par. 61); Music Prep scale to be 86% of rates in Paragraph 61(c)(2)(ii)(A), (iii)(A) and (B), and (iv)-(vii).
 - Pension Contribution at 11%.
 - All pictures produced under this provision will be treated as having their initial release in theatrical exhibition.
- c. Increase all wages in Paragraphs 62 and 63 by 3.5% effective February 19, 2006, by an additional .6% effective February 18, 2007 and by an additional 3.5% effective February 17, 2008.
- d. All other provisions of the Agreement to apply to new Paragraphs 62 and 63 (except for vacation pay).

- e. The provisions of Paragraphs 62 and 63 will not apply to any Canadian producer who produces a theatrical motion picture in Canada.

7. Sideline

- a. Increase wages under Theatrical Agreement at the same time and in the same percentages as the wage increases in item 2(b) above.
- b. In Paragraph 24 of Theatrical and TV Film Agreements, change \$6 payment to \$12.
- c. In Paragraph 28(a) of Theatrical and TV Film Agreements, change \$15 payment to \$30; \$5 payment to \$10; and \$7.50 payment to \$15.00.
- d. In Paragraph 29 of Theatrical and TV Film Agreements, change \$10 payment to \$20.

8. New Use

- a. Increase payments due under subparagraph 8B(a) and 8B(b) (pp.12-13) of Theatrical Agreement by 10%. A separate Schedule A reflecting the increased payment amounts will be added to the Agreement and Paragraph 8B(a) and 8B(b)(i) will be amended to change the words "the then-current minimum session fee set forth in this Agreement" to "the then-current minimum session fee set forth in Schedule A of this Agreement."
- b. Add due date (45 days from date on which the Producer receives a bill from the Federation) and provide that failure to make a required payment under this provision within 45 days of notice from the Federation will result in the imposition of interest at the rate of prime (as set forth in the Wall Street Journal as of the first month of the calendar year in which payment is due) plus 1%, compounded monthly, on the unpaid amounts, effective beginning on the date following the date on which payment became due; provided that the bill from the AFM is accompanied by a complete and original (or copy thereof) session report and there is no *bona fide* dispute between the AFM and the Producer as to whether the payment is due or with respect to the amount due.
- c. The parties agree to refer to the Trustees of the American Federation of Musicians and Employers' Pension Fund the Producers' request to adopt a provision in the trust agreement specifying that contributions to the Fund are not due when there is a *bona fide* dispute as to whether the payment is due or, when there is a need to make a *bona fide* determination as to the amount of the payment or to whom that payment is due, until the date payment is tendered to the musician.

- c. **Changes to Payment Provisions for Soundtrack Albums with Musician Credits.**

Eliminate additional 20% payment under Article 8C(a)(3) (Pg.14) for soundtrack albums that meet the conditions of Article 8C(b)(1), (2) and (3) (promotional copies and credits).

- d. **Add to the Agreements a chart summarizing the terms and conditions of the various soundtrack album options.**

10. Joint Cooperative Committee

Refer the following items to JCC:

- a. **Music Preparation**
 - 1. **Re-convene Music Prep Subcommittee to discuss MIDI/music preparation as soon as practical after September 1, 2005.**
 - 2. **Refer Producers' Proposal 3 to Music Prep Subcommittee.**
- b. **New use issues, including dispute resolution**