

**MEMORANDUM OF AGREEMENT FOR
DIRECTORS GUILD OF AMERICA
NATIONAL COMMERCIAL AGREEMENT OF 2014**

This Memorandum of Agreement is entered into between the Directors Guild of America, Inc. (“DGA”) and the Association of Independent Commercial Producers, Inc. (“AICP”) on behalf of those production companies that have authorized it to negotiate and execute this Memorandum of Agreement on its behalf. Each such production company is hereinafter referred to as the “Employer” or “Producer.”

The terms of the National Commercial Agreement of 2011 (including all Sideletters) shall be incorporated in the Directors Guild of America National Commercial Agreement of 2014 (“NCA”) except as modified below and subject to conforming changes. The terms of this Memorandum of Agreement shall prevail over any inconsistent provision in the 2011 NCA. The language in this Memorandum is not in contract language, except when so designated or when the context clearly indicates otherwise.

This Memorandum of Agreement shall require approval by the Directors Guild of America’s National Board of Directors and ratification by the members of the Directors Guild of America. Upon ratification, the provisions herein shall be effective as of December 1, 2014, except as otherwise stated.

1. Term

The term of the 2014 NCA shall be from December 1, 2014 through and including November 30, 2017.

Article 10 (“Duration of Agreement”) shall be modified to read as follows:

[Contract Language]

Section 10-100 DURATION OF AGREEMENT

This Agreement shall be effective as of December 1, 2014 and shall terminate at midnight on November 30, 2017, unless sooner terminated as herein provided. The parties agree that sixty (60) days prior to November 30, 2017, they shall in good faith negotiate with respect to a new agreement to take place upon termination hereof.

2. Compensation

Minimum salaries in the 2014 NCA shall be increased as follows:

The minimum rates of pay (daily and weekly) for Directors, Unit Production Managers, First Assistant Directors, Second Assistant Directors and Second Second Assistant Directors shall be increased by two and three-quarters percent (2.75%) effective November 30, 2014, by an additional three percent (3%) effective November 29, 2015 and by an additional three percent (3%) effective December 4, 2016.

3. Pension and Health

- A. Amend Article 3-102 to increase the rate upon which Employer contributions are made to the Pension Plan by 0.25% effective November 30, 2014. The DGA shall have the option to apply the increase to the Basic Plan or the Supplemental Plan, or to divert the increase to wages.
- B. Amend Articles 3-102, 3-104(A) and 5-312 to provide that Employers shall make contributions to the Health Plan on vacation pay at the premium rate of 14.5%.
- C. Amend Article 3-104(A) of the AICP Sideletter to increase the presumed annual earnings of Principal Directors by 3% each year of the Agreement.
- D. Amend Article 3-104(B) of the AICP Sideletter to increase the presumed salary for Non-Principal Directors by 5% each year of the Agreement.
- E. Amend Article 3-104(C) of the AICP Sideletter to increase the presumed annual earnings of Principal UPMs, Staff UPMs, Principal ADs and Staff First ADs by 3% each year of the Agreement.
- F. Amend Article 3-104(D) of the AICP Sideletter to increase the presumed annual salary of Staff Second ADs by 3% each year of the Agreement.
- G. Amend Article 3-105(A) of the AICP Sideletter to provide that Employers must identify on the monthly remittance reports submitted to DGA-Producer Pension and Health Plans all Principal Directors, Principal UPMs, Principal ADs, Staff UPMs and Staff ADs.
- H. The effective dates for purposes of Paragraphs C, D, E and F of this Section 3 are November 30, 2014, November 29, 2015 and December 4, 2016. The effective date for Paragraphs B and G of this Section 3 is November 30, 2014.

4. Commercial Qualification Lists

Add following language to Article 6-302:

- (D) With respect to a commercial that begins production outside the New York or Southern California Areas and completes production in either the New York or Southern California Area, the Producer may continue to employ the 1st AD, 2nd AD or UPM who was employed outside the New York or Southern California Areas provided the Employee is on New York, Southern California or Third Area Qualification List in the appropriate category.

5. Commercial Projects Shooting in Separate Geographical Areas

Add following language to Article 5-102:

- (E) With respect to commercial projects that begin production in one geographical production area and continue production in another distinct geographical production area, the Producer may, at the Director's discretion, hire a qualified 1st AD who resides in the area where production is continued. For the purposes of this paragraph, a distinct geographical area is defined as being 200 or more miles from the previous geographical production area.

Make conforming changes to Article 5-103 with respect to 2nd ADs.

6. 5th Day Extending Into 6th Day

Delete 5-306(C); renumber existing 5-306(D) as 5-306(C).

7. Meal Allowance

Delete 5-309(B).

8. 1st Assistant Director Voluntary Resignation – Guaranteed Prep

Add new subparagraph 5-308 (E) as follows:

When the 1st AD resigns voluntarily from an assignment, the replacement 1st AD will be paid only for prep days actually worked. The Employer will give the Guild prompt written notice when a 1st AD is replaced and submit a revised CPLF.

9. Trainees

Delete Paragraph 6-203. Replace the final sentence of Paragraph 6-201(A) with the following:

Terms and conditions of employment for Trainees assigned to projects covered by this Agreement shall be set by the Board of Trustees.

10. Disputes

Amend Article 2-101 (Disputes) to add new paragraph:

Notwithstanding the foregoing, the Producer or Guild may refer any dispute to the designated representatives of the Guild and the AICP for resolution within fifteen (15) days from the date of the written notice of the dispute to the Producer. The Guild and AICP will meet within twenty (20) days of referral of such dispute. If the Guild and AICP mutually agree on the resolution of the dispute, such decision will be final and binding upon the Guild, the AICP and the Producer. If the Guild and AICP fail to reach a mutually satisfactory resolution of the dispute with thirty (30) days of the referral, the matter may be submitted to arbitration in accordance with the preceding paragraph.

11. Idle Days

Amend Article 5-201 to add new paragraph:

- (D) No wages need be paid for one (1) “idle” day per work week on distant location when no work is performed by the Employee on such day. Pension and health contributions will be paid on scale for that day. An Employee will be notified at or before the time of booking, of a specified or unspecified “idle” day.

12. Low Budget Commercials

Replace Paragraph 10 of the AICP Sideletter as follows:

A Low Budget commercial is defined as a commercial whose total production costs (excluding “Editorial and Finishing”, “Talent Costs & Talent Expenses” and any budgetary overage incurred after production has commenced for which the Employer does not receive repayment) as set forth on the AICP Film Production Cost Summary do not exceed \$125,000 per shoot day and total production costs cannot exceed \$625,000. The Guild will give good faith consideration to requests by the Producer for waivers, which shall not be unreasonably denied, from the preceding sentence where the total production costs exceed \$625,000.

Salaries for DGA-represented Employees shall be as follows:

<u>Budget Level</u>	<u>Rate</u>
(1) Less than \$50,000 per shoot day	Individually negotiated
(2) \$50,000 - \$80,000 per shoot day	Individually negotiated
(3) \$80,000 - \$100,000 per shoot day	Individually negotiated but no less than 80% of scale
(4) \$100,000 - \$125,000 per shoot day	Individually negotiated but no less than 90% of scale

On Low Budget commercials in Tier One, the following provisions of the Agreement will apply: Article 1 (Recognition and Guild Shop), Article 2 (Disputes), Article 3 (Pension and Health Plans), Article 4-109 (Copy of Spot), 4-110 (Work In Excess Of 18 Hours), Article 5-102 (First Assistant Director Staffing), 5-201 (D) (Notification Of Rate), 5-301 (Work Day), 5-304 (Work In Excess Of 18 Hours), 5-305 (Rest Period), 5-313 (E) (Federal And State Labor Law) and Article 7 (Miscellaneous Provisions). Overtime will be paid in accordance with applicable federal and state law. ADs and UPMs must be on a Commercial Qualification List.

On Low Budget commercials in Tiers Two, Three and Four the following provisions of the Agreement will not apply Article 6-101 (B) (Training Program), Article 4-106 (F) (Director’s Travel Time) and Article 5-310 (D) (Travel Time), provided ADs and UPMs travel in the same class as the Director.

Pension and Health contributions for ADs and UPMs shall be paid as follows:

Tier One: Contributions shall be based on actual negotiated salaries.

Tiers Two, Three and Four: Contributions will be paid on minimum rates of pay set forth in Article 5 of this Agreement.

Pension and Health contributions for Directors shall be paid as follows:

Tier One: Contributions shall be based on total gross compensation for that commercial as defined in Article 3-104 or the minimum rates of pay set forth in Article 4, whichever is greater.

Tier Two: Contributions shall be based on 60% of the presumed salary per shoot day.

Tier Three: Contributions shall be based on 80% of the presumed salary per shoot day.

Tier Four: Contributions shall be based on the presumed salary per shoot day.

Producer must submit to the Guild, no later than thirty (30) days after the last shoot day, the AICP Film Production Cost Summary. Upon request, the Producer will submit verification of the final approved budget and approved overage document for such commercial. The Guild has the right to audit records relating to the cost of the commercial. Budgetary documents and information provided will be kept confidential.

13. Diversity

Amend Articles 7-108 to re-letter the current provision as Paragraph "(A)" and add the following paragraphs (B) through (G):

- (B) The Producers shall work diligently and make good faith efforts and the Guild shall cooperate with the Producers to increase the number of working racial and ethnic minority and women Directors, Unit Production Managers and Assistant Directors; provided, however, no Producer shall be required to employ any individual.
- (C) To further the goals and objectives of Paragraph (B), on or before July 1, 2016, the AICP will establish and maintain a Diversity Program designed to expand employment opportunities for racial and ethnic minority and women Directors. Effective November 30, 2014 each Producer will contribute an amount equal to

one-quarter of one-percent (0.25%) of salary as defined in Article 3-104 for each Director, Unit Production Manager, and Assistant Director to finance the Diversity Program. Effective November 29, 2015, the contribution rate will be reduced to 0.15% of salary. The parties agree that the Producer contributions required under this Paragraph (C) shall be remitted to the DGA Commercial Contract Administration Trust (“Trust”), the entity that employs the Commercial Qualifications Administrator (“CQA”) described in Article 6-300 of the Agreement, in the same manner as contributions to the CQA under Article 6-303 (B) and 6-101 (B) are remitted. The Trust will hold the amounts in a segregated, interest bearing account for uses and the benefit of the Diversity Program.

- (D) Recognizing that the commercial production industry has a unique creative culture, the Diversity Program will establish minimum criteria. The Diversity Program will give good faith consideration to following criteria:
 - (i) Outreach to under-represented minorities and women with potential for success in the Diversity Program;
 - (ii) Foster relationships between program participants, Executive Producers at commercial production companies and where appropriate other production related executives in the commercial production industry;
 - and
 - (iii) Shadowing, mentoring and other directorial opportunities (which may include “Spec Spots”) for program participants.
- (E) The parties further agree that the Diversity Program is intended to supplement the development of the program participants and is not required to provide full-time training or employment during the Diversity Program.
- (F) High level production executives at AICP production companies, representatives of the AICP and representatives of the DGA shall meet to discuss efforts to promote diversity in the hiring of DGA-represented classifications. Initially, the main purpose of each meeting will be to ensure regular communication which will enable development, support and improvement of the Diversity Program. The parties will also establish criteria to evaluate the success of the Diversity Program. During the first year of the Agreement, a meeting will be held once every six months. Thereafter, a meeting will be held at least once per year. Additional meetings may be scheduled by mutual agreement of the AICP and the Guild.

- (G) Should an Arbitrator determine the Producers failed to comply with the provisions of Article 7-108 (B), the AICP failed to comply with the provisions of Article 7-108 (D) or (F), or the Guild failed to comply with the provisions of Article 7-108 (B) or (F), the Arbitrator's remedy shall be limited to ordering compliance with the applicable provision. In the event of subsequent failures to comply with Article 7-108 (D) or (F), the Arbitrator may order further remedies which may include the assessment of damages.

14. Production Centers

Incorporate the use of production centers as provided for in the Basic Agreement.

15. Director Creative Rights

On or before July 1, 2015, the parties agree to establish a joint AICP/DGA Commercial Directors Creative Rights Committee to explore opportunities to enhance valuation of the Director and protect against possible erosion of the Directors' role in the production of commercials.

16. CPLF – Electronic Filing

Amend Article 1-303 (B) viii as follows:

- viii. Completes the **DGA Commercial Project Listing Form** (see Exhibit B, attached) on every project covered by this Agreement involving the assignment of a Director for one (1) or more shoot days. Such form shall be signed by an authorized Producer representative and submitted by fax or email/PDF to the Guild prior to the first day of shooting. In the event a DGA 1st AD is not assigned to a project, the completion of the **DGA Commercial Project Listing Form** and the submission to the Guild shall be assigned to a different employee by the Producer.

17. New York City Sick Time Act Waiver

Add new Article 7-116 to the DGA National Commercial Agreement to provide as follows:

7-116 Waiver of New York City Earned Sick Time Act

In consideration of the fact that Employees employed under this Agreement are entitled to contributions for pension and health plan coverage, vacation pay, and premium pay, including for work on holidays and on Employees' sixth or seventh day of work in a workweek, the Guild thus expressly waives the application of the

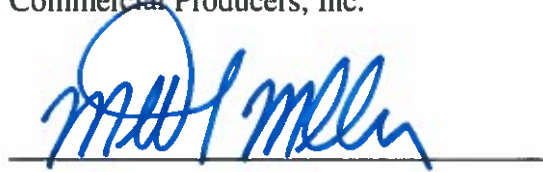
New York City Earned Sick Time Act of 2013 to all Employees employed under this Agreement.

For the Directors Guild of America, Inc.



11/4/14
Date

For the Association of Independent Commercial Producers, Inc.



11/4/14
Date