WRITERS GUILD of AMERICA EAST | WGAW WRITERS GUILD OF AMERICA, WEST

SUMMARY OF THE
2014 Writers Guild of America Theatrical and Television Basic Agreement ("2014 MBA")

The following is a summary of the amendments that comprise the 2014 MBA. It is a simplified version of the longer Memorandum of Agreement; the language of the Memorandum of Agreement will prevail in the event of any inconsistency. Unless amended in the 2014 negotiations, the provisions of the 2011 MBA remain unchanged.

There will continue to be two MBAs: the 2014 WGA-Network MBA and the 2014 WGA-AMPTP MBA. The limited differences between the two agreements are in three areas primarily affecting long-form television. Each company that signs a WGA letter of adherence will be required to choose between the two 2014 MBAs.

1. Term of Agreement

3 year term – May 2, 2014 through May 1, 2017.

2. Minimums

Minimums to increase by 2.5% in the first year and by 3% in each of the second and third years, compounded, except as follows:

- Daytime serials - increase by 2% in first year, 2.5% in each of second and third years, compounded
- Network prime time residuals - increase by 2% in each year of the contract, compounded
- Upset price and theatrical sequel payments for programs made principally for the videodisc/videocassette markets - increase by 2% on May 2, 2015
- Excerpt payments - increase by 3% on May 2, 2015

Residuals for dramatic programs made for pay television or made for DVD/video remain the same as during the 2011 MBA.

3. Outsized Increase for "High Budget" One-Hour Dramatic Basic Cable Programs

Outsized annual increase in minimums of 5%/5%/5%, compounded, for "high budget" one-hour dramatic basic cable programs in their second season or beyond.

4. Increased Pension Plan Contributions

Increase the contributions to the Pension Plan from 8% to 8.5%. Pension Plan contributions for writing services on pilots and the first season of one-hour series will increase to 7%.

5. Caps on Pension and Health Contributions for Television Pilots

Provide additional cap on Pension Plan and Health Fund contribution for television pilots: $170,000 for 30 minute pilots ($340,000 for teams of three); and $225,000 for pilots longer than 30 minutes ($450,000 for teams of three).

6. **<u>Improved Terms for Heath Fund's Extended Coverage Program ("ECP")</u>**
Liberalize rules to qualify for ECP points as follows: one ECP point for earning a year of eligibility; a second ECP point for earning $125,000; and a third ECP point for earning $250,000.

7. **<u>Minimums for Original "High Budget" Projects Made for Subscriber Video On Demand (SVOD)</u>**
Establish for the first time minimum terms and conditions for original new media productions defined as High Budget SVOD. Such programs are divided into two tiers, depending on length, budget, and the number of subscribers of SVOD platform (e.g., Netflix).

- **Tier 1**--terms and conditions comparable to network prime time dramatic programs
- **Tier 2**--terms and conditions comparable to basic cable dramatic programs

Initial compensation pays for one year of use on the SVOD platform. After initial year, writers are paid fixed residuals based on a percentage of the network prime time residual base.

8. **<u>New Media Reuse - Streaming</u>**

A. **Streaming Window**
Shorten the initial streaming window from current 17 days (24 for new shows) to seven days, except as follows: 24 days for the first seven episodes of a new series and any one-time television project; and 17 consecutive days for daytime serials and children's programming. In addition, there will be a new seven-day window for each rerun of a program made for broadcast television.

B. **Residual for Reuse Outside the Streaming Window**
The fixed residual for each 26-week period in the first year following the streaming window will increase from the current 3.5% of applicable minimum to 4% in the first contract year, 4.5% in the second contract year and 5% in the third contract year. After the first year, the residual remains at 2% of Company's accountable receipts.

For the first time, the streaming residual will include reuse through video on demand services (*e.g.*, cable set top boxes and satellite services).

9. **<u>Option Periods and Exclusivity Requirements</u>**
Effective January 1, 2015, the MBA will limit the options and exclusivity provisions that may be negotiated with a writer employed on a television series or serial who earned less than $200,000 (increased by 5% to $210,000 on January 1, 2016) from such employment during the last contract year (not to exceed 12 months). The limitations are as follows:

- **Exclusivity—**The Company may not require that the services of such a writer be exclusive to the Company after the last payment to the writer for the prior contract year becomes due.

- **Option periods—**The option period negotiated with such a writer may not exceed one year. A writer may be held under an option without additional compensation for up to 90 days after the last payment for the prior season becomes due. If the Company wishes to hold the writer under an option for more than 90 days, it must pay a holding fee equal to 1/3 of the minimum weekly compensation for the writer's services. If the Company chooses not to pay the holding fee, the option remains in effect subject to the right of the writer to notify the Company of an offer of alternative employment, at which time the Company must either (1) return the writer to work within 14 days or (2) allow the writer to accept the other employment.

The above limitations do not apply to (1) most employment on pilots; (2) employment on series consisting of 22 episodes or more; or (3) agreements under which the writer was employed for at least 40 weeks in the last contract year. Option and exclusivity requirements for all writers must be the product of individual negotiations; they are not imposed by the MBA.

10. <u>Script Publication Fee</u>

Double the Script Publication Fee from $5,000 to $10,000 to the credited writer(s) of theatrical motion pictures for the right to publish the screenplay on videodiscs/ videocassettes and to make the screenplay available on any new media platform to accompany the movie when it is made available on such new media platform.

11. <u>Tri-Guild Audit Fund</u>

Increase funding for Tri-Guild auditing of residuals payments to $1,113,000 for the term of the agreement.

12. <u>Showrunner Training Program</u>

Renew funding for Showrunner Training Program at $200,000 per year. WGA will include subject of diversity in episodic television and invite representatives from the DGA and SAG-AFTRA to participate

13. <u>Revisions to Foreign Remake Sideletter</u>

On foreign remakes, Company may allocate the payment due to writers evenly among all episodes subject to the license agreement.

14. <u>Second or Subsequent License of High Budget Dramatic Programs Made for Basic Cable to a Different Basic Cable Service</u>

Companies that obtain a second or subsequent license for high budget dramatic basic cable programs that have been out of production for at least two years and have not been exhibited under a fixed residual formula on basic cable or free TV (except syndication in the non-lead market) for at least 18 months, may pay 2% of accountable receipts.

15. **License of Television Projects to Secondary Digital Channels**
For reuse on secondary digital channels, Companies may pay 2% of accountable receipts for television projects that have been out of production at least three years and have not been exhibited under a fixed residual formula in syndication (except in the non-lead market). Slightly different rules apply to television series consisting of 68 or fewer episodes (40 or fewer for pay TV).

16. **Syndication Licenses for Canada Only**
Company that licenses a television project for exhibition in syndication in Canada only shall have option of paying residual on the basis of 4% of accountable receipts.

17. **Radio Simulcasts**
Change the residual for radio simulcasts of television programs to 1.2% of a Company's accountable receipts.

18. **Compilation Shows for Five-Day-Per-Week Non-Dramatic Strip Programs Made for Syndication**
Create a new compilation rate for the 6th episode of a five time per week non-dramatic strip series that is made for syndication (e.g., *The Arsenio Hall Show*).

19. **Location Expenses**
Extend the standard MBA travel provisions to transportation to premiers, press junkets and festivals.

20. **Arbitrators**
Revise lists of arbitrators.

ADDENDUM
Summary of Differences between the 2014 AMPTP and Network MBAs

A. Possessive Credits – Television

In the Network Agreement, each Company agrees to continue its policies regarding possessive credits in a manner consistent with its past practices. There is no such provision in the AMPTP Agreement, but this subject and others are to be addressed in the Committee on the Professional Status of Writers.

B. "Free Rewrites" – Long-Form Television

In the Network Agreement, the Producer must notify the Network when the first draft teleplay is received. In the AMPTP MBA, there is a "Special Company Affirmative Covenant" of timely payment.

Traditionally, the network reviews all drafts for which it issues payment. In the Network MBA, if the employing Company wants to ask for an additional draft without showing it to the Network, it must make an arrangement with the Network that the Network will pay for a draft it does not review. In the AMPTP MBA, it is presumed the Network will pay for a producer's draft commissioned by the employing Company, whether or not the Network receives such draft.

C. Replacing the Writer of Original Material – Theatrical and Long-Form Television

In the Network Agreement, for both theatrical and long-form TV pictures, and in the AMPTP Agreement for screen only, if the Company contemplates replacing a writer who sells, licenses or is employed to write original material, then a production executive who has read the material must meet with the writer, discuss the Company's view, and give the writer a reasonable opportunity to discuss continuing with the project. In the AMPTP Agreement, this provision does not apply to the sale of original material for long-form television and, with respect to employment to write an original long-form teleplay, if the Company desires to engage another writer to rewrite the teleplay, it will discuss with the first writer its reason(s) for not continuing that writer on the project after his or her first draft.