

EXECUTIVE SUMMARY

MEMORANDUM OF AGREEMENT FOR THE 2007 WGA THEATRICAL AND TELEVISION BASIC AGREEMENT - WORLDWIDE TROUSERS INCORPORATED AND WORLDWIDE TROUSERS WEST INCORPORATED

1. Term of Agreement (W26)
3 years 11-1-07 through 10-31-10
2. Minimums Increases (W1)
 - (a) 3.5%, 3.5%, 3.5%
 - (b) Daytime serial breakdowns 4%, 4%, 4%
3. Writing for Made for New Media (W2)
Modify "Sideletter on Literary Material Written for Programs Made for the Internet" to state that the MBA covers literary material written for exhibition on or by means of new media such as the Internet, cellular technology or other similar delivery systems. Further modify Sideletter to state that Art.13.B. and Appendix A minimums apply, prorated in 1 minute increments, but in no case shall initial compensation be less than the rate payable for 2 minutes. Initial compensation covers writing services and 3 days of availability on new media. Thereafter, the provisions of reuse Sideletter apply. Pursuant to the sideletter, all other terms and conditions of the 2007 MBA apply.
4. Reuse on New Media (W8)
Modify the "Sideletter on Exhibition of Motion Pictures Transmitted Via the Internet" to state that Company will pay to the credited writer(s) of covered theatrical and television (including new media) motion pictures residuals at the rate of 2% and 2.5%, respectively, of Company's accountable receipts as defined in Article 51.C.1.a. derived from use of such motion pictures, or portions thereof, on or by means of new media such as the Internet, cellular technology or other similar delivery systems.
5. Fair Market Value (W12a)
Define appropriate arm's length equivalent valuation on all MBA formulas with a gross-based component where a transaction is between jointly owned or affiliated entities and/or includes barter.
6. Article 53 - Financial Information (W12b)
Provide that Guild shall also have access to electronic records, and that Company will provide copies of documents if the Guild so requests. Also adopts the standard confidentiality provisions in Article 53.B.
7. Health Fund Contribution Rate (W16)
Provide that Health Fund contributions shall be payable at the rate of 8% for the first six months of the 2007 MBA and thereafter at the rate of 8½%.

8. Pension Plan and Health Fund Contribution Ceilings (W16)
Increase the Pension Plan contribution ceiling to \$225,000 (\$450,000 for team of 3) for theatrical motion pictures and long-form television motion pictures. Increase the Health Fund contribution ceiling to \$250,000 (\$500,000 for a team of 3) on long-form television motion pictures. Establish new cap on contributions for daytime serial writers.
9. Pension and Health Contributions for Article 14.E.2. Writers (W16)
Clarify contributions to be paid when a writer is employed on a development deal under Article 14.E.2. and, under the same contract, is employed to perform Article 14.K. services on a series for which the writer receives additional money which is not creditable.
10. Industry Standards (W15a)
Provide that Company shall not subcontract work unless it provides economic terms and conditions of employment at least equal to those provided in the MBA.
11. Reality Television (W13a)
Clarify that the definitions of comedy-variety, quiz & audience participation and “other non-dramatic programs” include reality programs, and provide examples.
12. Story Consultant Credits (Reality Television) (W13b)
Add “Story Consultant” and “Supervising Story Consultant” to lists of acceptable forms of credit in Articles 2.a., c. and d. of Television Schedule C.
13. Animation (W14)
Modify definition of “theatrical motion picture” to expand coverage of the MBA to all theatrical animation except to the extent already covered under a collective bargaining agreement with another labor organization currently in effect.
14. Made-for Basic Cable (W3)
Modify Appendix C to provide that MBA provisions automatically apply to all made-for basic cable programs, except that residuals shall be negotiable for other than high budget dramatic programs.
15. Article 14 Program Fees (W4)
Expand and modify requirements to provide that program fees are paid on: 1) all high budget dramatic series and 2) on programs made for non-traditional media, which are based on high budget dramatic series.
16. Made-for Pay TV Residuals (W11)
Triple the rates in the current formula and require earlier payment.
17. Product Integration (W17)
Company will consult with the showrunner when a commercial product is to be integrated into the storyline of an episode of a dramatic series.
18. Time of Payment - Residuals - The CW (W10c)
Residuals to be paid within 30 days of broadcast.

19. Showrunner Training Program (W18)
AMPTP and Networks to provide funding for Program in the amount of \$225,000 for year 1 of the 2007 MBA; \$150,000 for year 2; and \$150,000 for year 3.
20. Union Support (W22)
Modify the provisions of Article 7 to prohibit discipline of writers who honor picket lines of other entertainment industry unions.
21. Recaps - Article 15.B.10.
Expand the total length of clips that can be used to recap the story in a 60 minute or longer program from 90 seconds to 3 minutes before requiring payment.
22. Tri-Guild Audit Fund (W12c)
Renew Tri-Guild Audit Fund.
23. Residuals Reporting/Electronic Data Transfer (W12d)
Company shall meet with the Guild to establish a method of transfer for electronic reporting of residuals information.
24. Arbitration - Exchange of Information (W12e)
Add new Article 11.C.5 provision for expedited dispute resolution related to document production.
25. Lists of Arbitrators (W20a)
Add arbitrators.

Favored Nations: If the successor to the 2004 AMPTP MBA contains different terms and conditions, those terms and conditions shall be applicable to this Agreement.

This is not a complete summary of the attached Memorandum of Agreement for the 2007 WGA Theatrical and Television Basic Agreement - Worldwide Trousers Incorporated and Worldwide Trousers West Incorporated as of December 28, 2007. If there is any inconsistency between this executive summary and the Memorandum of Agreement, the Memorandum of Agreement shall prevail.