

**MEMORANDUM OF AGREEMENT**  
**The Animation Guild & Nick Animation Studios**  
**CG Animation**

This Memorandum of Agreement (the "MOA") is entered into between The Animation Guild and Affiliated Optical Electronic and Graphic Artist, Local 839 IATSE ("TAG") and Nickelodeon Animation Studios, Inc. ("NASI") (collectively TAG and NASI shall be referred to as "the Parties") and subject to ratification by the Bargaining Unit (as defined in Paragraph 2 below) shall constitute the collective bargaining agreement between the Parties until it is replaced, if ever, by a more formal collective bargaining agreement. Reference is hereby made to that certain collective bargaining agreement, effective as of October 9, 2011, between the Parties (the "2D MOA"). The terms of the 2D MOA are hereby incorporated by reference and shall constitute the terms of this MOA, covering the Bargaining Unit, with the following modifications:

1. Term: The term of this MOA shall be three (3) years, commencing on August 1, 2013 and expiring on July 31, 2016. Further, the parties agree that the term of the 2D MOA shall be extended to expire on July 31, 2016.
2. Bargaining Unit: The bargaining unit ("Bargaining Unit") covered by this MOA shall be all computer graphic ("CG") production employees employed in the classifications set forth in paragraph 4 below only. Managerial personnel, supervisors as defined by the National Labor Relations Act, guards and all other employees of NASI are excluded from the Bargaining Unit. As agreed, (a) CG Animation Directors and Compositing Directors (formerly known as Animation and Compositing Supervisors) shall be included in the Bargaining Unit, it being understood that the Company reserves the right to use the title Animation Supervisor for statutory supervisors who are excluded from the unit; and (b) Pipeline Technical Directors shall be excluded from the Bargaining Unit.
3. Scope: Incorporate Article 1 ("SCOPE OF AGREEMENT") of the Animation Guild Master Collective Bargaining Agreement, dated as of August 1, 2012 ("TAG Master CBA"). It is understood and agreed that the scope of this MOA is limited to CG entertainment programs produced for initial exhibition on television, in theaters (as well as direct-to-video and shorts) and, to the extent provided in the New Media Sideletter, in new media as defined therein). This MOA does not apply to CG work for other media such as, but not limited to, interactive content, computer games or apps. To the extent that employees cross over between covered and non-covered work, whether or not their employment is covered by this MOA shall depend on whether their "primary" (more than 50%) scope of work in a consecutive 60-day period is within the scope of the Bargaining Unit as set forth above.
4. Job Classifications & Wages
  - a. CG (Digital) Animator
  - b. Generalist
  - c. Character Modeler
  - d. Character Technical Director
  - e. Technical Director
  - f. Environment Artist
  - g. FX Artist
  - h. Lighting/Comp Artist
  - i. Texture Artist:
    - i. First 18 months: \$1,075 per week.
    - ii. Journey: \$1,175 per week.

Leads

- j. Lead CG (Digital) Animator
- k. Lead Character Modeler
- l. Lead Technical Director,
- m. Lead Environment Artist
- n. Lead FX Artist
- o. Lead Lighting/Comp Artist
- p. Lead Texture Artist:

\$1,618 per week.

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- q. VFX Technical Director
- r. Asset Technical Director:

\$1,812.96 per week.

- s. CG Animation Director
- t. Compositing Director

- i. First 6 months: 1,829.48 per week.
- ii. Second 6 months: 1,871.28 per week.
- iii. Journey: \$1,941.72 per week.

- u. Asset Finaler

- i. First 6 months: \$625 per week.
- ii. Second 6 months: \$640 per week.
- iii. Journey: \$660 per week.

- v. Trainee

- i. First 6 months: \$942 per week.
- ii. Second 6 months: \$971.60 per week.
- iii. Third 6 months: \$991.04 per week.

- w. General: The foregoing rates shall increase annually by the same percentages and the same dates as the wage increases set forth in the 2D MOA, provided, however, that in no event shall the first such increase be earlier than August 1, 2014, with subsequent increases falling on the anniversary date of the prior increase unless the subsequent 2D MOA increases occur more frequently than annually.

- 5. Shop Requirements: Incorporate Article 3 (“SHOP REQUIREMENTS”) of the TAG Master CBA, with the following modification: new employees hired for short term engagements (engagements of 90 days or less) will not be required to be and remain a member in good standing of TAG until the 60<sup>th</sup> day of employment (which may be increased to the 90<sup>th</sup> day of employment upon approval by the TAG, which approval will not be unreasonably withheld by the TAG).
- 6. Pension, Health and Welfare: The terms of the TAG Master CBA regarding participation in the Motion Picture Industry Pension, Individual Account and Health (Active and Retiree) Plans are incorporated by reference and, except as provided in Paragraph 7, below, contributions to said Plans shall commence on the effective date of this MOA.
- 7. Gap Health Coverage: Subject to and conditioned upon approval by the Motion Picture Industry Health Plan’s Board of Directors, on the effective date of this MOA, NASI shall make retroactive Active Health Plan contributions for all hours worked in a covered classification immediately prior to said effective date, up to a maximum of 600 hours, for all Bargaining Unit employees on the active payroll as of said effective date (“Actives”). In the event the Directors do not agree to accept such retroactive contributions and provide eligibility to such employees as of the effective date of this Agreement, NASI agrees to pay up to a maximum sum of \$206,000 toward COBRA coverage of Actives who elect COBRA for up to 6 months (8/1/13—1/31/14), or until each such employee is eligible for and receives Active Health Plan Coverage, whichever is earlier. Any shortfall shall be paid by each respective Active employee to the extent he/she desires such coverage.
- 8. Dismissal Pay: The parties agree that only work performed after the effective date of this MOA shall be included in calculating eligibility for dismissal pay.

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9. Sick Days: The parties agree that the current balance of Sick Days maintained by Bargaining Unit employees will not be cumulative, i.e., Bargaining Unit employees will be entitled to a total of ten (10) sick days per calendar year, regardless of a Unit Employee's current balance at the time this MOA commences.
  
10. Vacation: Unused vacation days accrued prior to August 1, 2013 shall be paid out to all Bargaining Unit employees. Subject to appropriate and customary approvals by managers and production needs, Bargaining Unit employees may take unpaid vacation days in an amount not to exceed the number of such unused and accrued vacation days.
  
11. Grandfathering: Nothing in this MOA shall result in a reduction of the better terms and conditions of any Bargaining Unit member, including those in any Personal Service Agreement in effect immediately prior to the 8/1/13 effective date of this MOA. This paragraph does not preclude negotiating new and different terms with an employee whose current assignment concludes after the effective date of this Agreement and who agrees to work on a new project, provided that those terms are no less favorable than the minimums contained in the collective bargaining agreement.

By signing in the spaces provided below, TAG and NASI hereby acknowledge their acceptance of and agreement to all of the foregoing terms and conditions hereof.

**ACCEPTED AND AGREED:**

THE ANIMATION GUILD AND AFFILIATED  
OPTICAL ELECTRONIC AND GRAPHIC ARTS,  
LOCAL 839 OF THE INTERNATIONAL  
ALLIANCE OF THEATRICAL STAGE EMPLOYEES  
AND MOVING PICTURE TECHNICIANS, ARTISTS  
AND ALLIED CRAFTS OF THE UNITED STATES,  
ITS TERRITORIES AND CANADA

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

**ACCEPTED AND AGREED TO:**

NICKELODEON ANIMATION STUDIOS, INC.

BY: \_\_\_\_\_

ITS: \_\_\_\_\_