

NABET-CWA Local 53 and Fox Digital Enterprises, Inc. Extension Agreement

Memorandum of Understanding

June 27, 2019

The parties have discussed the merger of a subsidiary of The Walt Disney Company with Fox Digital Enterprises, Inc. ("Company" or "Digital Enterprises"), a signatory to the Agreement with NABET-CWA Local 53 ("Union") dated August 2, 2016 ("Agreement"). The Company will perform distribution, broadcast operations, promo post-production, and associated maintenance and engineering work ("Distribution/Promo Post Work") for the Networks, VOD, streaming and syndication platforms that Disney has acquired from Fox as specified in Exhibit A (hereinafter "Disney Platforms") and, for up to a two year period of time ("Transition Period"), platforms that Fox has retained as specified in Exhibit B (hereinafter "Fox Platforms").

When signed by the parties, this shall constitute the Memorandum of Understanding ("MOU") for the Agreement. The Company has been advised and the Union has agreed and represents that the negotiating committee will unanimously recommend this MOU for ratification. This MOU is contingent upon notice of ratification to the Company on or before August 2, 2019.

All Company proposals not accepted are hereby withdrawn. All Union proposals not accepted are hereby withdrawn. This MOU reflects the complete understanding reached between the parties.

1. **Term Of Agreement And Termination (Section 18.01):** Two year extension, July 1, 2019 through June 30, 2021.
2. **Special Severance/Retention Bonus**

During the Transition Period, the Company will continue to engage Daily Hires to provide Distribution/Promo Post Work for both Disney and Fox Platforms. Because the Agreement provides for no severance for Daily Hires, the Company proposes to serve the parties' mutual interest in an orderly transition by providing severance to Company Daily Hires.

The Company agrees to provide eligible Daily Hires with a Special Severance/Retention Bonus ("Bonus") on the following terms:

1. **Eligibility Requirements:** A Company Daily Hire will be eligible for the Bonus if both of the following conditions are met ("Eligibility Requirements").

- (i) The Daily Hire must have worked 1000 hours in 2018 or the one (1) year period measured immediately prior to March 20, 2019 ("Merger Date"), whichever period produces the greater number of hours (the "Qualification Period").
 - (ii) The Daily Hire must have accepted 80% of the shifts the Company offers every month from the effective date of this Bonus Agreement through the end of the transition period or involuntary layoff from the Company, whichever occurs first ("End Date").
2. **Bonus Formula:** Provided the Daily Hire executes an Agreement and General Release satisfactory to the Company ("Release"), a Daily Hire who satisfies the Eligibility Requirements will receive the following two-part Bonus:
- (i) **Bonus Part I – The greater of:**
 - a. **Guaranteed Minimum Bonus Calculation:** 30% of the Daily Hire's gross compensation in the Qualification Period; or
 - b. **Alternative Incentive Bonus Calculation:** 30% of the Daily Hire's gross compensation in the trailing one (1) year period measured immediately prior to the End Date.
 - (ii) **Bonus Part II:**
 - a. An additional lump sum payment based on continuous, uninterrupted years of service:
 - 0 to 5 years of service = \$1,500
 - Over 5 up to 10 years of service = \$2,500
 - Over 10 years up to 20 years of service = \$4,500
 - Over 20 years of service = \$7,500

The Bonus shall be payable regardless of whether a Daily Hire is retained by the Company after the Transition Period for Promo Post Work, or engaged by Fox for Distribution or Production Work after the End Date.

For purposes of the calculation of the lump sum payment portion of the Bonus, a "year of service" shall include all calendar years prior to the End Date in which the employee worked more than 1000 hours for Digital Enterprises, including work for Fox Platforms prior to the End Date if employed by Digital Enterprises. "Continuous, uninterrupted years of service" shall include all calendar years prior to the End Date in which the employee worked more than 1000 hours for Digital Enterprises in each consecutive, uninterrupted year.

Fox retains all obligations with regard to production and associated maintenance work ("Production Work") covered by the Agreement, and therefore any Daily Hire work as a Fox employee and paid for by Fox after the Merger Date does not count toward the Incentive Calculation set forth in Paragraph 2(2)(i)(b). Both Production and Distribution/Promo Post Work for Fox prior to the date of the merger shall count for purposes of the Bonus Formula calculation only.

Neither portion of the Special Severance/Retention Bonus, nor the Special Payment set forth in 5(iii), shall be subject to contributions to the Entertainment Industry Flex Plan or The Communications Workers Of America Savings And Retirement Trust, as provided in sections 16.03(l), 16.03(p) and 17.04 of the Agreement.

Payment of this Special Severance/Retention Bonus and Special Payment shall be contingent on notice of ratification of this Extension Agreement to the Company on or before August 2, 2019.

3. Wages:

1. Section 9.01 (Broadcast):

- (i) Effective July 1, 2019, increase all rates by Two Percent (2%).
- (ii) Effective July 1, 2020, increase all rates by Two Percent (2%).
- (iii) Overscale Engineers, as defined in section 9.01(a), shall receive raises, to the extent set forth in section 9.01(e).

2. Section 17.02 (Cable):

- (i) Effective July 1, 2019, increase all rates by Two Percent and One-Half Percent (2.5%).
- (ii) Effective July 1, 2020, increase all rates by Three Percent (3%).

4. Flex Plan Contributions:

1. Section 16.03(l) (Broadcast):

- (i) Effective July 1, 2019, increase the contribution rate by One-Half Percent (1/2%) for a total of Fourteen And One-Half Percent (14.5%).
- (ii) Effective July 1, 2020, increase the contribution rate by One-Half Percent (1/2%) for a total of Fifteen Percent (15%).

2. Section 17.04 (Cable):

- (i) Effective July 1, 2019, increase the contribution rate by One-Half Percent (1/2%) for a total of Sixteen And One-Half Percent (16.5%).
- (ii) Effective July 1, 2020, increase the contribution rate by One-Half Percent (1/2%) for a total of Seventeen Percent (17%).

5. Consolidation of Operations:

- (i) **Hubbing/Consolidation Outside California:** Notwithstanding any arbitration awards, practices, Section 6.05 or any other provision of the Agreement to the contrary, the parties hereby clarify that, pursuant to the Area Jurisdiction provision set forth in Section 6.01, if the Company consolidates or "hubs" distribution, broadcast operations (including backhaul and uplink work), and associated maintenance and engineering work for only the Disney Platforms ("Distribution Work") with similar operation(s) outside of the State of California, the Company may assign such Distribution Work to persons not covered by the Agreement. Such hubbing/consolidation right does not include any work performed for any Fox platform by employees covered by this Agreement for the Company pursuant to any Transitional Services Agreement.
- (ii) **Hubbing/Consolidation Inside California:** Notwithstanding any arbitration awards, practices, Section 6.01, 6.02, 6.05 or any other provision of the Agreement to the contrary, if the Company consolidates or "hubs" Distribution Work for the Disney Platforms only into any facility in which any affiliated entity (e.g., Disney Channel, Disney XD, Disney Junior, Freeform) currently performs such Work or similar work, the Company may assign that Distribution Work to persons not covered by the Agreement. Such hubbing/consolidation right does not include any work performed for any Fox Platform by employees covered by this Agreement for the Company pursuant to any Transitional Services Agreement.
- (iii) **Special Payment:** With respect to any employee involuntarily laid off as a direct result of the Company's exercise of the hubbing/consolidation rights set forth in this Paragraph 5 with respect to the Disney Platforms, in addition to any Bonus due pursuant to Paragraphs 2(1) and 2(2) above, the Company shall pay any such employee \$20,000, subject to the foregoing requirement of a Release.

6. Coverage Of Extension Agreement: Except to the extent provided in paragraph 5, this Extension Agreement shall apply to Distribution/Promo Post Work covered by the Agreement for the Disney Platforms. This Extension Agreement shall also apply to Distribution/Promo Post Work covered by the Agreement on Fox Platform(s), but only during the term of any Transitional Services Agreement(s) or any extension thereof. The Company's only obligations with regard to effects and decision

bargaining at the end of any Transitional Services Agreement(s), or in connection with any consolidation/hubbing pursuant paragraph 5, are set forth in this Extension Agreement, and have been satisfied by its terms.

7. Conforming Changes:

1. Section 13.01 (b) and (c): Change "Schedules 3 and 4" to "Appendices A and B."
2. Section 16.01(m) and (i): change "vacation year" to "calendar year" and "February 1 through January 31" to "January 1 through December 31." In addition, all work under the Agreement prior to March 19, 2019 shall count toward PTO qualification, but only Distribution/Promo Post Work for the Company after such date shall count for PTO.

3. Appendix A-Engineering- Update Seniority List as follows:

Jim Jackson	04/18/1983
Robert Kluge	04/16/1984
Jose Vasquez	10/27/1986
David Sterner	11/19/1989

8. Effective Date Of Wage And Benefit Contribution Increases: The July 1, 2019 effective date of Sections 3 (Wages) and 4 (Flex Plan Contributions) shall be contingent on the parties reaching a tentative Extension Agreement by Saturday June 30, 2019. Otherwise, such increases shall be effective only upon ratification.
9. Company Career Website: Within two months of ratification, the Company will give active employees covered by the Agreement access to the Disney Career website, in a manner where they can apply as an internal candidate.
10. Company Vacancies: When a vacancy for a staff position consisting of Distribution Work occurs in any facility in which the Company may consolidate operations pursuant to paragraph 5, or a staff or daily hire position consisting of Distribution Work occurs at the Prospect Disaster Recovery Facility, the Company will interview employees who have performed at least 1000 hours of Distribution Work for Digital Enterprises in the previous trailing one year. The Company shall not be required to hire any employee. The Company's decision in the regard shall lie in its sole discretion, and shall not be subject to arbitration. The Company shall post any such position on the Disney Career website.

11. Subcontracting: Except as provided in Paragraph 5(i), should the Company decide to exercise any asserted right to subcontract Distribution/Promo Post Work covered by this Agreement during the term of any Transitional Services Agreement to an unaffiliated third party, the Company shall provide the Union with no less than ten (10) days' notice of such decision in writing. The parties reserve their legal positions.

**NATIONAL ASSOCIATION OF BROADCAST
EMPLOYEES AND TECHNICIANS –COMMUNICATIONS
WORKERS OF AMERICA, AFL-CIO**

By: 

Steve Ross

President, NABET-CWA, Local 53

Fox Digital Enterprises, Inc.

By: 

Sean Quinn

Managing Vice President, Labor Relations

Exhibit A

- FX Networks – FX, FXX, FXM, FX Plus
- National Geographic Channels – Nat Geo, Nat Geo Wild, Nat Geo Mundo
- 20th Century Fox Television Syndication Distribution
- DR for RSNs, including YES

Including satellite and terrestrial linear distribution, VOD and OTT/dMVPD/digital distribution.

Exhibit B

- Fox Broadcasting
- Fox Sports - including Fox Sports on FBC, FS1, FS2, Fox Racing, Fox Soccer Plus & Fox Deportes
- Fox News and Fox Business Network
- Caffeine TV
- DR for BTN

Including satellite and terrestrial linear distribution, VOD and OTT/dMVPD/digital distribution.