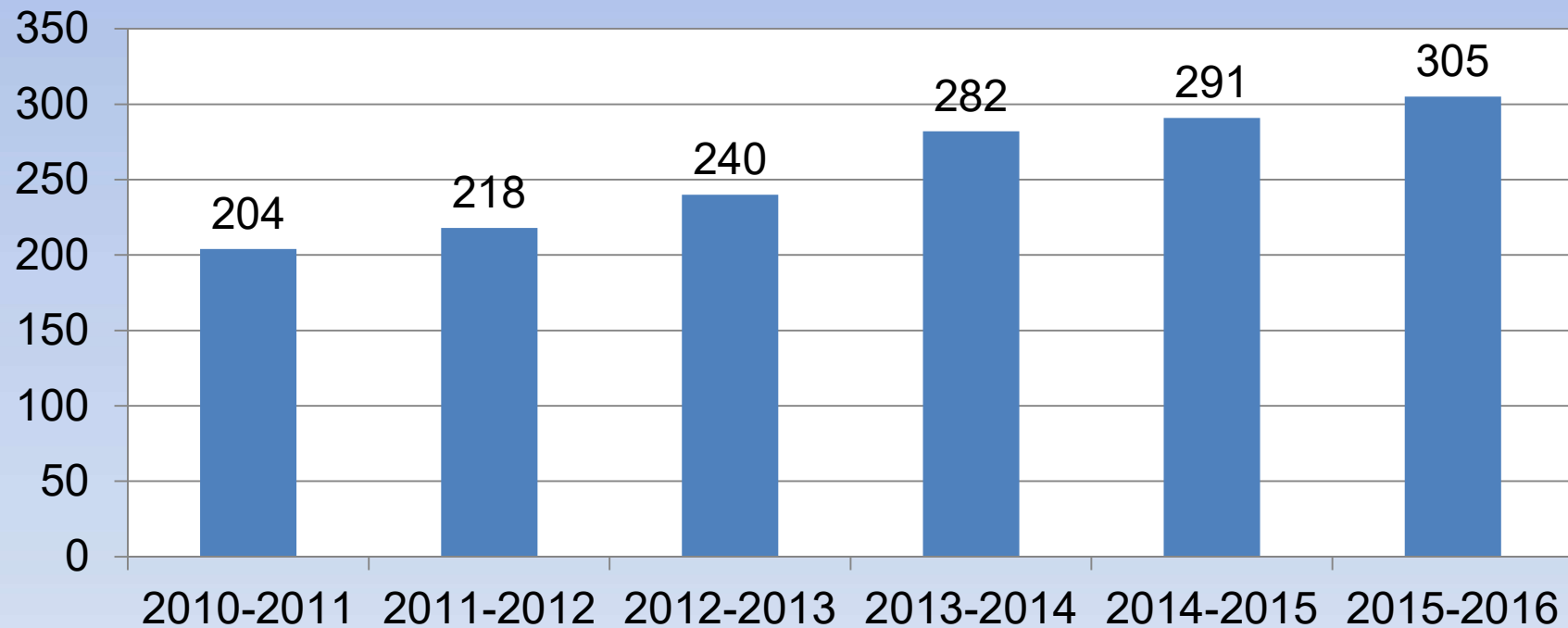


U.S. Media Production Trends

International Joint Meeting
of
Screenwriters' Guilds
October 19, 2016

Peak TV: The Growth in Originals

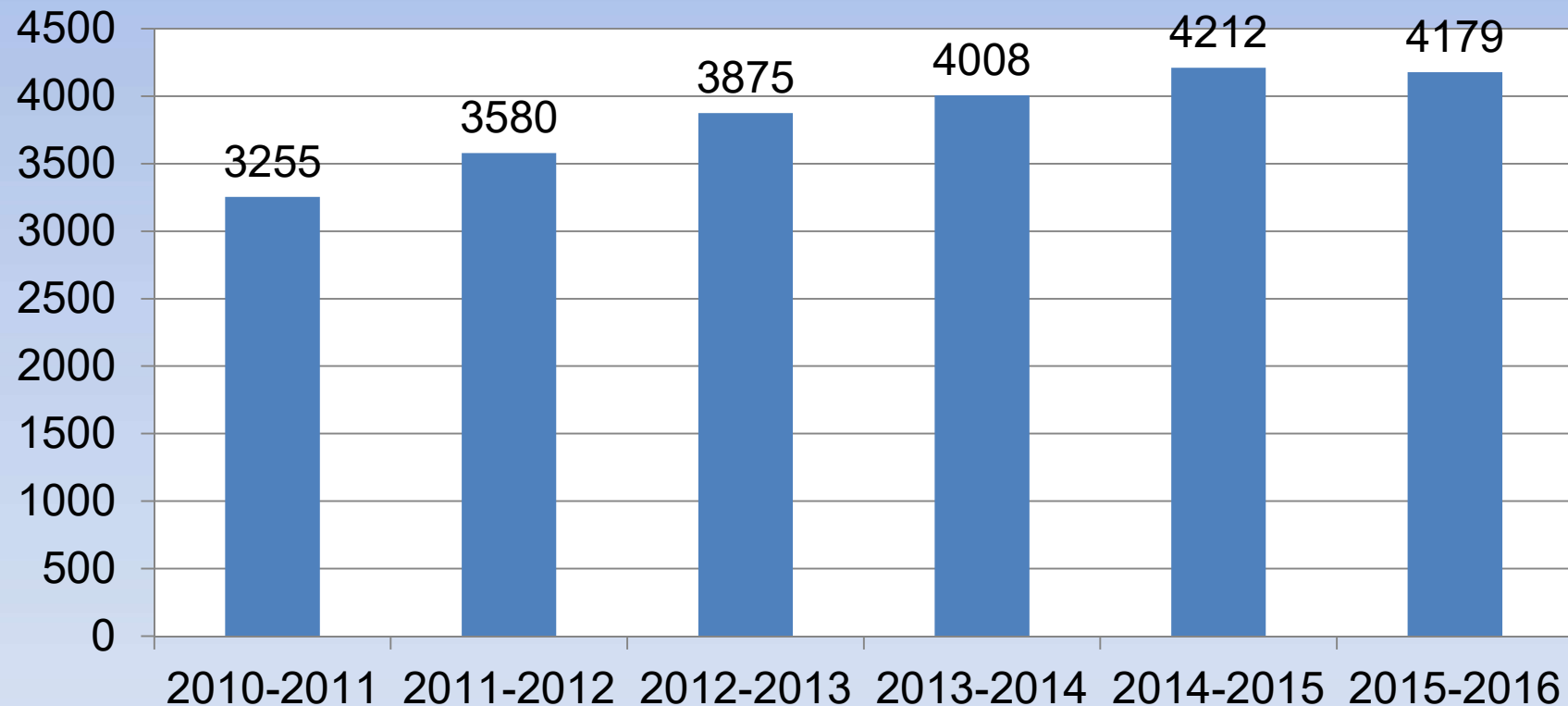
Dramatic Series



- 100 more original series airing in US on television and online compared to 2010

Peak TV: The Growth in Originals

Dramatic Episodes



- 4000+ episodes per season has become the norm
- Episode growth lower than series growth, reflecting shorter orders

TV Growth Drivers

Outlet Competition

- Increased number of outlets for consumers to choose from, original content is needed for differentiation

International Market

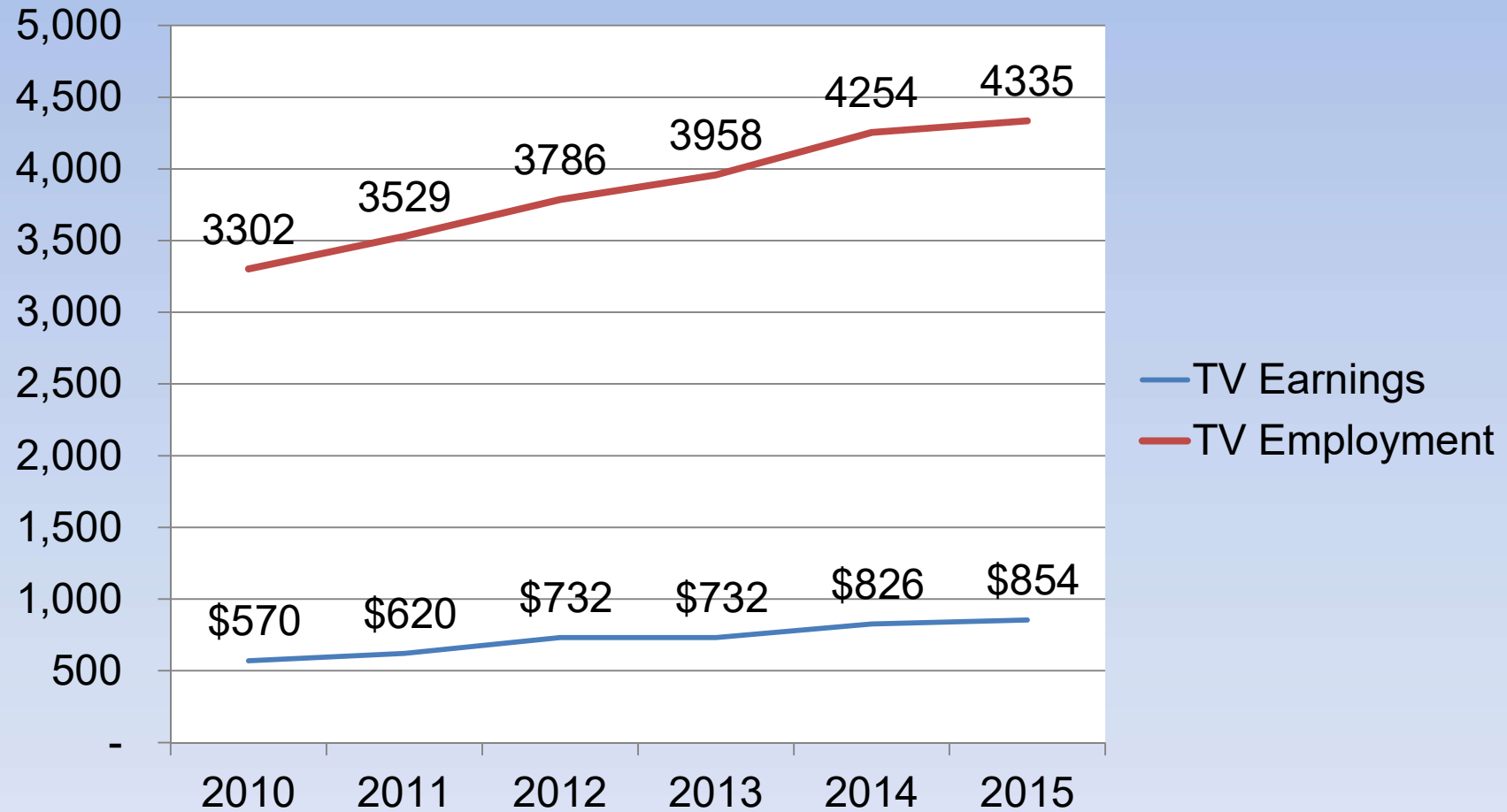
- \$5 billion market for licensing U.S. series abroad
- Almost all series available internationally shortly after airing in U.S.
- Makes many TV series immediately profitable

Subscription Video on Demand

- \$4.5 billion in TV licensing spend by Amazon, Netflix and Hulu contributing further to immediate series profitability
- 2012: 0 original series
- 2015: 44 original series

TV Earnings & Employment

\$ in Millions



TV Compensation

Script Fees		
	Half Hour Episodes	One Hour Episodes
Broadcast Networks	\$26,043	\$38,302
Pay TV		
High Budget SVOD		
Syndication	\$14,621	\$26,575
Basic Cable		
Mid Budget SVOD		
Low Budget SVOD	Negotiable	Negotiable
Ad Supported Online		

Weekly Compensation		
	Staff Writer	Writer/Producer
All Markets	\$3,988	\$6,501

TV Residuals

(\$ in million)	2010	2011	2012	2013	2014	2015	%Change 2010 - 2015
Prime Time Network	\$ 24.75	\$ 25.50	\$ 23.76	\$ 24.01	\$ 22.17	\$ 19.40	-21.62%
Domestic Syndication	\$ 26.15	\$ 29.42	\$ 31.79	\$ 35.12	\$ 30.55	\$ 36.30	38.81%
Foreign Free TV & Basic Cable	\$ 29.00	\$ 46.25	\$ 39.45	\$ 46.41	\$ 54.31	\$ 56.19	93.76%
Basic Cable	\$ 51.33	\$ 51.07	\$ 60.72	\$ 64.84	\$ 67.30	\$ 67.36	31.23%
Pay TV	\$ 7.81	\$ 11.48	\$ 9.62	\$ 13.29	\$ 14.76	\$ 17.21	120.30%
Home Video	\$ 10.34	\$ 9.50	\$ 8.76	\$ 6.74	\$ 5.83	\$ 5.27	-49.03%
New Media Reuse	\$ 2.72	\$ 3.97	\$ 13.91	\$ 20.66	\$ 28.88	\$ 34.31	1162.51%
Network Late Night / Weekend Day	\$ 6.26	\$ 6.33	\$ 5.03	\$ 4.24	\$ 3.92	\$ 5.17	-17.41%
Misc. TV Reuse	\$ 3.42	\$ 6.55	\$ 5.38	\$ 4.73	\$ 6.12	\$ 4.50	31.58%
TV Creator Royalties	\$ 12.47	\$ 13.03	\$ 14.06	\$ 14.35	\$ 14.02	\$ 16.00	28.31%
Total Television Residuals	\$ 174.25	\$ 203.10	\$ 212.48	\$ 234.39	\$ 247.86	\$ 261.71	50.19%

➤ Television reuse continues to grow, driven by foreign and SVOD licensing

New Terms for Online Productions

For dramatic series of a certain budget made for SVOD

Platform Subscribers	Episode Length	Budget Tier	Script Fee
15 Million +	Half Hours	Tier 1: \$2,100,000 or more	\$26,043
		Tier 2: \$1,300,000 or more but less than \$2,100,000	\$14,621
	One Hours	Tier 1: \$3,800,000 or more	\$38,302
		Tier 2: \$2,500,000 or more but less than \$3,800,000	\$26,575
>15 Million	Half Hours	\$1,300,000 or more	\$14,621
	One Hours	\$2,500,000 or more	\$26,575
Weekly Compensation			
		Staff Writer	Writer/Producer
Tier 1 & 2 Budgets		\$3,988	\$6,501

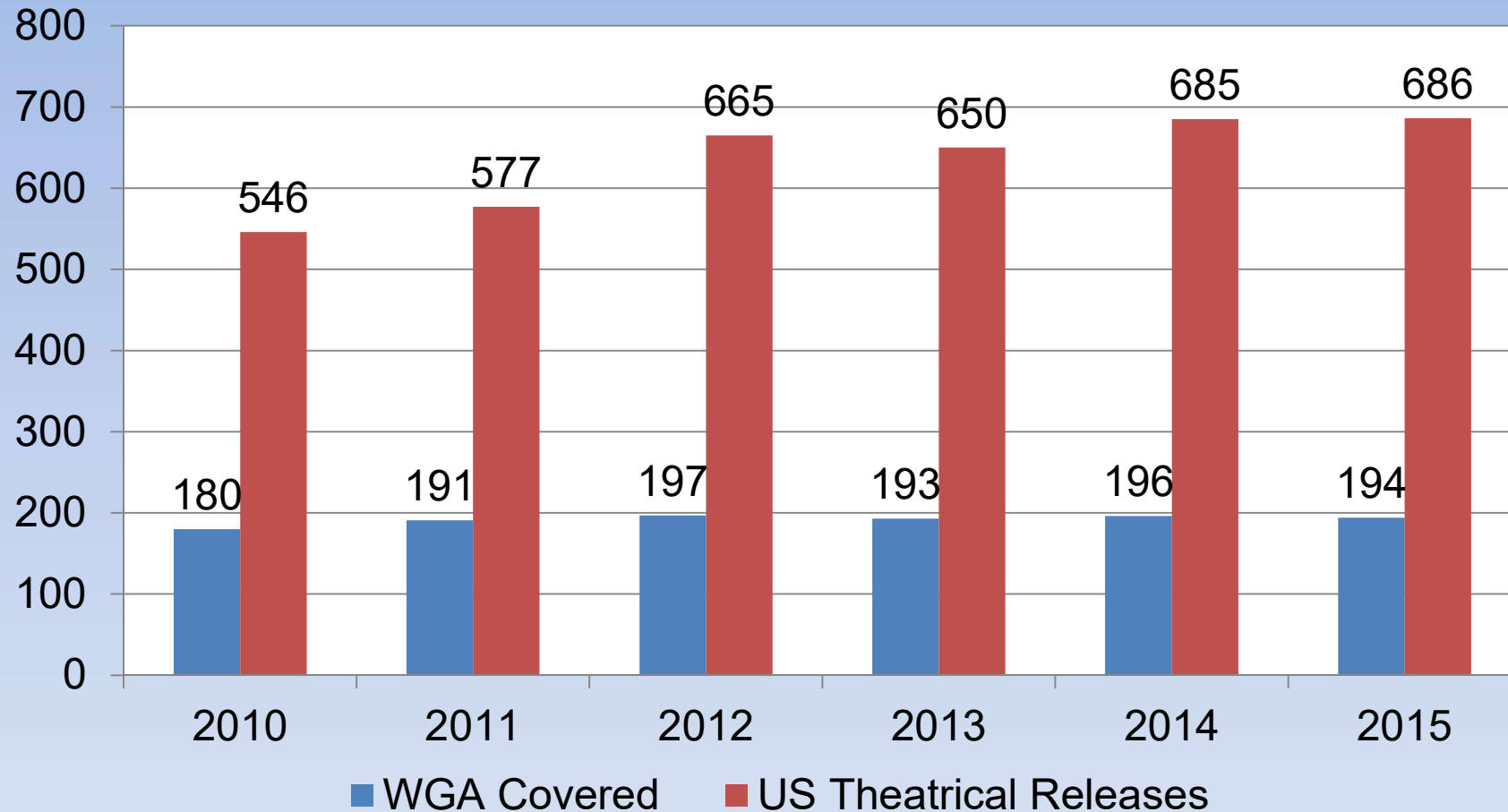
New Terms for Online Productions

For dramatic series of a certain budget made on SVOD

Residuals			
Exhibition Year	Percentage of Residual Base	Half Hour Residual	One Hour Residual
Year 1	0%	\$ 0	\$ 0
Year 2	30.0%	\$ 4,053	\$ 7,367
Year 3	30.0%	\$ 4,053	\$ 7,367
Year 4	25.0%	\$ 3,378	\$ 6,140
Year 5	20.0%	\$ 2,702	\$ 4,912
Year 6	15.0%	\$ 2,027	\$ 3,684
Year 7	10.0%	\$ 1,351	\$ 2,456
Year 8	8.0%	\$ 1,081	\$ 1,965
Year 9	5.0%	\$ 676	\$ 1,228
Year 10	4.5%	\$ 608	\$ 1,105
Year 11	3.0%	\$ 405	\$ 737
Year 12	2.5%	\$ 338	\$ 614
Each Year Thereafter	1.5%	\$ 203	\$ 368

➤ For services with >15 million subscribers, residual is 65% of amounts above

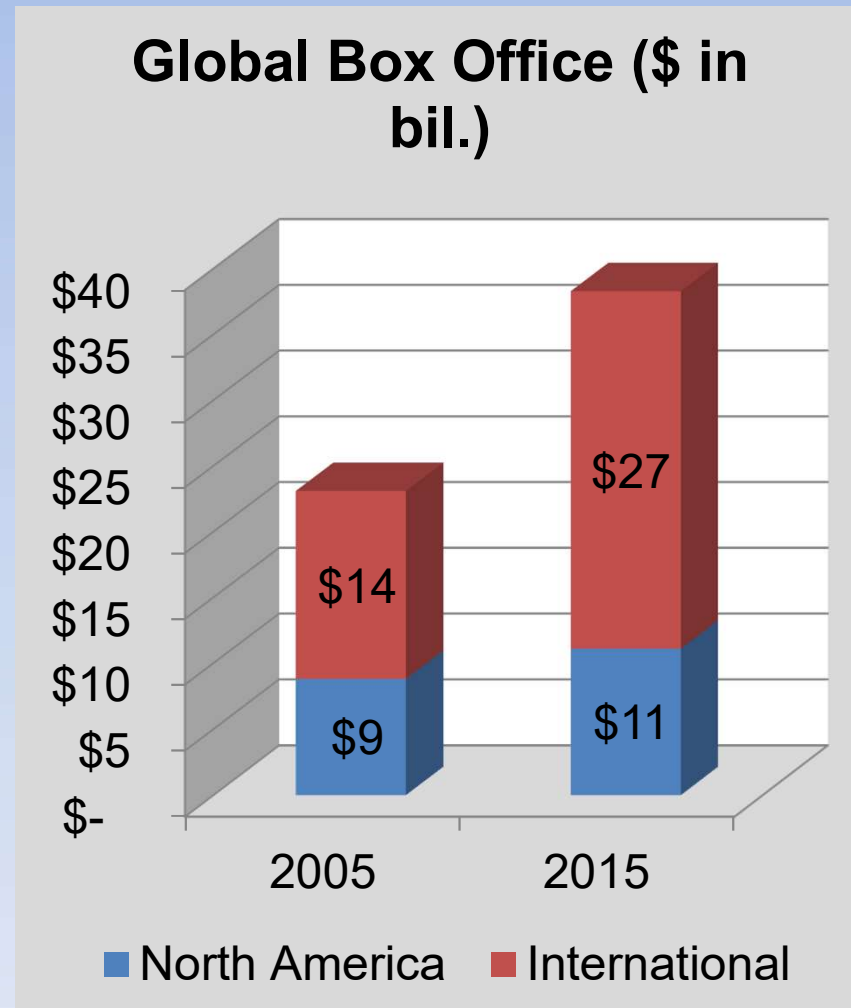
Feature Market



- # of WGA covered feature films remains steady
- # of films released in US continues to grow, driven by foreign films
 - 326 foreign films released in US in 2015
- But, top 100 films = 93% of box office

Feature Film Market Drivers

- International market now 70% of box office
 - U.S. market is mature, but income and population growth outside U.S. fuels international market growth
- Studios cut U.S. output while expanding abroad, focusing on local production for int'l markets
 - Fox, Disney, Sony & Warner Bros. involved in producing local pics in China, India, Korea and Europe



Feature Film Market Drivers

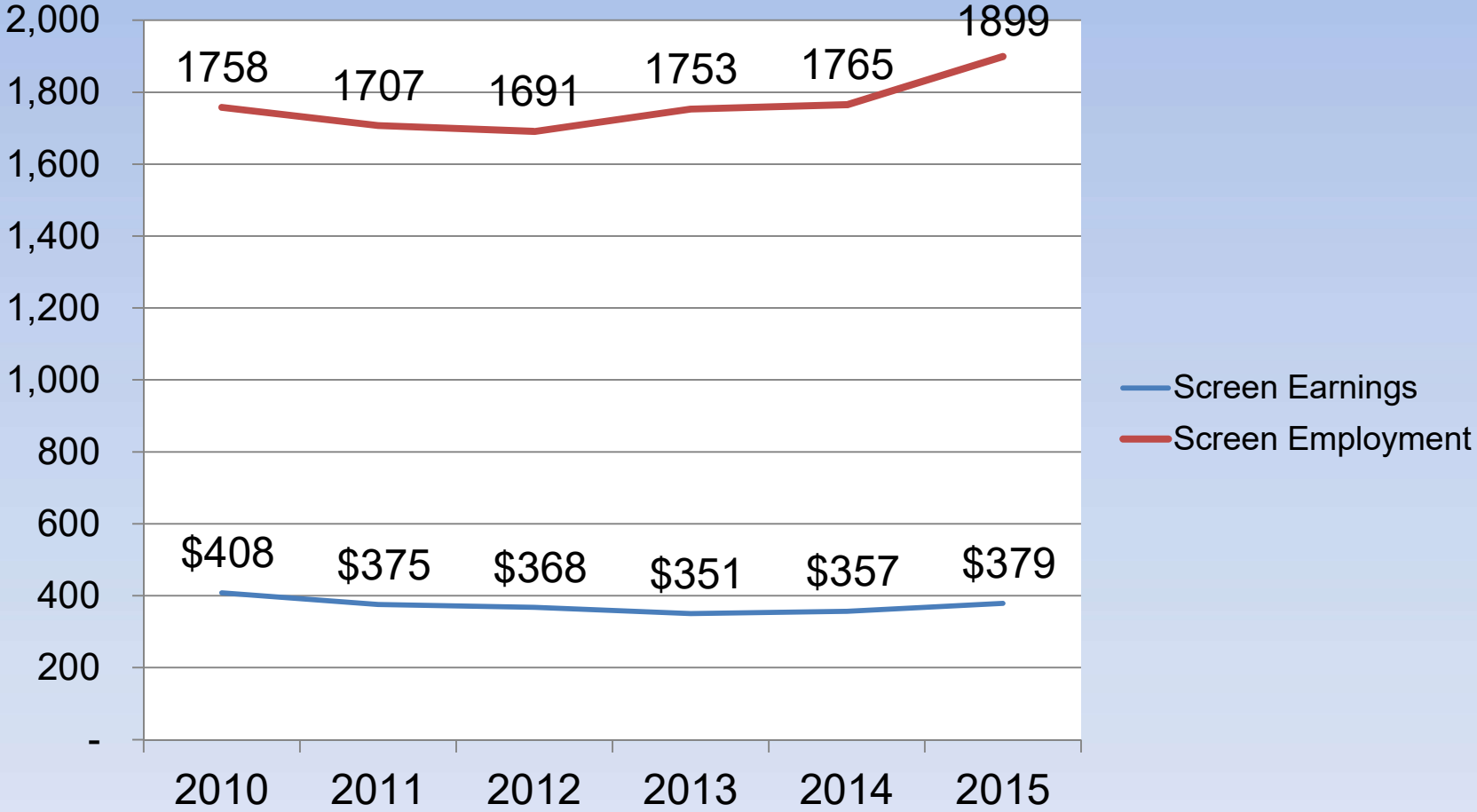
Creative Risk Reduction

- Pre-sold content reduces audience acceptance risk (book, sequels, superheroes)
- More tentpoles, fewer releases overall, concentrates the revenue, discourages competitors
- Playing to the international audience taps the highest growth market segment

Corporate Risk Reduction

- 3rd party financing is used selectively to offset risk, avoided on more certain projects
- DVD is NOT gone, it's just half its former self; still often the largest revenue source
- Studios sell to their own channels internationally, ensuring a buyer

Screen Earnings & Employment



Screen Residuals

(\$ in millions)	2010	2011	2012	2013	2014	2015	%Change 2010 - 2015
Worldwide Television	\$ 44.52	\$ 42.78	\$ 43.46	\$ 45.17	\$ 45.00	\$ 44.56	0.1%
Home Video	\$ 39.29	\$ 30.17	\$ 30.32	\$ 27.84	\$ 26.72	\$ 22.86	-41.8%
Pay TV	\$ 52.83	\$ 49.55	\$ 52.48	\$ 53.18	\$ 49.86	\$ 50.30	-4.8%
DVD Script Fee	\$ 1.15	\$ 1.36	\$ 1.03	\$ 1.43	\$ 1.52	\$ 1.59	38.3%
New Media Reuse	\$ 1.45	\$ 4.27	\$ 7.80	\$ 11.66	\$ 14.82	\$ 17.79	1127.7%
Misc. Theatrical Reuse	\$ 3.23	\$ 1.75	\$ 1.26	\$ 0.94	\$ 1.13	\$ 1.27	-60.7%
Total Theatrical Residuals	\$ 142.47	\$ 129.88	\$ 136.35	\$ 140.22	\$ 139.05	\$ 138.37	-2.9%