

The Affordable Care Act (“Act”) requires all U.S. citizens and resident aliens to have medical coverage beginning January 1, 2014 (or pay a penalty). To make coverage available to everyone, the government has created a Health Insurance Marketplace (referred to below as the “Marketplace”) that will operate on a state-by-state basis. For information on the Marketplace, visit www.healthcare.gov.

What You Need to Know

Background

The government requires Sony Pictures Entertainment Inc. (“SPE”) to send the enclosed notice to all of its employees. The purpose of the notice is to inform employees about coverage options available through the Marketplace and some of the consequences if an employee decides to purchase a qualified health plan through the Marketplace in lieu of employer-sponsored coverage (to the extent eligible). Generally speaking, an offer of employer-provided coverage that provides “minimum value” and is “affordable” under the Act’s standards may impact premium savings for coverage purchased through the Marketplace. Please take the time to read the enclosed notice carefully, and consult with a qualified advisor before making any enrollment decisions.

SPE Health Plans

SPE has determined that the following health plans offered to certain employee groups meet the Act’s “minimum value” standard and are intended to be “affordable”: Sony Consumer Choice Plan, Kaiser HMO for the OPEIU Local 174 (interim coverage), and EP Cares.

SPE has further determined that while the following health plans offered to certain employee groups meet the Act’s “minimum value” standard, they may not be “affordable”: Sony PPO, Sony EPO and Kaiser HMO (for non-union population).

Union/Guild Plans

Union/Guild represented employees are eligible for health coverage per the terms of the applicable Collective Bargaining Agreement (IATSE, Basic Crafts, Teamsters, SAG, AFTRA, WGA, DGA, OPEIU etc.) and per the terms of the applicable health plan: DGA-Producer Health Plan, SAG-Producers Health Plan, Writer’s Guild-Industry Health Fund, Moving Picture Machine Operators Local 306 Welfare Fund, and Motion Picture Industry Health Plan. These plans meet the Act’s “minimum value” standard and are intended to be “affordable”.

Not all employees are eligible under the above programs. For information regarding benefits and eligibility, please refer to the applicable Summary Plan Description or contact Kenko@spe.sony.com or call (866) 941-4773.

If You Want to Shop for Marketplace Insurance ...

- Visit www.healthcare.gov to learn about the Marketplace and what plans are available.
- If you decide to apply for medical coverage through the Marketplace, you must submit an application during the government’s Open Enrollment period.
- Applications are available on www.healthcare.gov. Use the information on the enclosed notice to fill out the Employer section on the application.

If You Have Marketplace Questions

For questions about the Marketplaces or applying for Marketplace coverage, call the Health Insurance Marketplace at 800-318-2596.

A Spanish copy of the enclosed notice is available at <http://www.dol.gov/ebsa/pdf/FLSAwithplanssp.pdf>.

The SPE benefits are governed by the official plan documents (which may include underlying contracts). This communication and attached notice are not intended to amend or revise any official plan document or change the terms of any plan in any way. This communication and attached notice are for information purposes only and information contained herein may include programs that are not applicable to all employees. Receipt of this communication and attached notice does not constitute a waiver of any applicable eligibility requirements. SPE reserves the right to amend (or terminate) any of its benefits programs at any time and for any reason subject only to applicable limitations imposed by law. Nothing herein is intended to provide legal or tax advice and should not be relied upon as such.

New Health Insurance Marketplace Coverage Options and Your Health Coverage

PART A: General Information

When key parts of the health care law took effect in 2014, a new way to buy health insurance was provided: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace is typically in the fall for coverage starting as early as January 1 of the following year.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is not "affordable", or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act ("Act"), you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution -as well as your employee contribution to employer-offered coverage- is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after- tax basis.

How Can I Get More Information?

For more information about coverage offered by your employer, please check your Summary Plan Description or contact KENKO@spe.sony.com or call (866) 941-4773.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

¹ Generally speaking, an employer-sponsored health plan is "affordable" for Act purposes if the coverage would cost the employee not more than 9.5% of his/her annual household income. Employers may use enumerated safe harbors to comply with this standard. SPE has elected to use the federal poverty line safe harbor. An employer-sponsored health plan meets the "minimum value" standard if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

PART B: Information About Health Coverage Offered by Your Employer

This section contains information about health coverage (if any) offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

- 3. Employer name:** Sony Pictures Entertainment Inc., subsidiaries and related companies
- 4. Employer Identification Number (EIN):** 13-3265777
- 5. Employer address:** 10202 West Washington Boulevard
- 6. Employer phone number:** 310-244-4000
- 7. City:** Culver City **8. State:** CA **9. ZIP:** 90232
- 10. Who can we contact about employee health coverage at this job?** SPE Benefits Connection
- 11. Phone number (if different from above):** (866) 941-4773
- 12. Email address:** SPE_People&Organization@spe.sony.com

Here is some basic information about health coverage offered by this employer.

As your employer, we offer a health plan to:

- All employees.
- Some employees. Eligible employees are:

Employees employed by an Eligible Entity and classified by SPE as Regular full-time, Show Hire, Term Deal, Term Deal II, SPA Term Deal, Project Hire, Creative Services Production Hire, SPE-payrolled Production Hire in CA or NY, Trainees, Interns, non-union production employees not on SPE payroll, and OPEIU Local 174 represented employees ineligible for MPIHP, as defined by the applicable Summary Plan Descriptions.

Union/Guild represented employees are eligible for health coverage per the terms of the applicable Collective Bargaining Agreement (IATSE, Basic Crafts, Teamsters, SAG, AFTRA, WGA, DGA, OPEIU etc.) and per the terms of the applicable health plan.

With respect to dependents:

- We do offer dependent coverage. Eligible dependents are:

For union represented employees: dependent eligibility is defined by the applicable Collective Bargaining Agreement (IATSE, Basic Crafts, Teamsters, SAG, AFTRA, WGA, DGA, OPEIU etc.) and the terms of the applicable health plan.

For other SPE sponsored plans, eligible dependents are:

- Spouse or domestic partner of an employee
- A child of an employee, who is under age 26 and one of the following: 1) child born to an employee, spouse or domestic partner, 2) child adopted by an employee, spouse or domestic partner, 3) foster child of an employee, spouse or domestic partner (placed by a licensed agency) or 4) step child.
- A child meeting the above requirements who is age 26 or older who became permanently and totally disabled by age 26

- We do not offer dependent coverage.

- If checked, the following coverage meets the Act's "minimum value" standard and is intended to meet the Act's "affordability" standard: Sony Consumer Choice Plan, Kaiser HMO for the OPEIU Local 174 (interim coverage), EP Cares, DGA-Producer Health Plan, SAG-Producers Health Plan, Writer's Guild-Industry Health Fund, Moving Picture Machine Operators Local 306 Welfare Fund, Motion Picture Industry Health Plan.

Note that while the following coverage meets the Act's "minimum value" standard, it may **not** meet the Act's "affordability" standard: Sony PPO, Sony EPO, Kaiser HMO (excluding the OPEIU Local 174 interim coverage).

** Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, HealthCare.gov will guide you through the process. Here's the employer information you'll enter when you visit HealthCare.gov to find out if you can get a tax credit to lower your monthly premiums.

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?

Yes (Continue)

13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? (mm/dd/yyyy) (Continue)

No (STOP)

14. Does the employer offer a health plan that meets the minimum value standard*?

Yes (Go to question 15)

No (STOP)

15. For the lowest-cost plan that meets the minimum value standard* offered **only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.

a. How much will the employee have to pay in premiums for this plan?

b. How often?

- Weekly
- Every 2 weeks
- Twice a month
- Monthly
- Quarterly
- Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP.

16. What change will the employer make for the new plan year?

Employer won't offer health coverage

- Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.* (Premium should reflect the discount for wellness programs. See question 15.)

a. How much will the employee have to pay in premiums for that plan?

b. How often?

- Weekly
- Every 2 weeks
- Twice a month
- Monthly
- Quarterly
- Yearly

Date of change (mm/dd/yyyy):

* An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs (Section 36B(c)(2)(C)(ii) of the Internal Revenue Code of 1986)