

ARTICLE 31.

PROGRAMS MADE PRIMARILY FOR THE BASIC CABLE MARKET

SECTION A. **TERMS AND CONDITIONS FOR HIGH BUDGET DRAMATIC PROGRAMS ONE-HALF HOUR OR MORE IN LENGTH MADE PRIMARILY FOR THE BASIC CABLE MARKET**

The following terms and conditions shall be applicable only to high budget dramatic programs one-half (½) hour or more in length which are made primarily for the basic cable market:

1. High Budget Figures

The term “high budget” shall mean programs whose budgets equal or exceed the following amount:

Length of Program	“High Budget” Figure
30 minutes	\$ 476,749
60 minutes (but more than 30)	893,904
61 - 120 minutes	2,383,744
More than 2 hours	\$2,383,744 for the first 2 hours plus \$1,191,872 for each additional hour or portion thereof

2. Initial Compensation and Included Days - Directors

- (a) Effective July 1, 2011, initial compensation for directors employed on half-hour dramatic programs made for basic cable with a budget of \$1,325,000 shall be \$12,850 (\$13,075[†] effective July 1, 2012 and \$13,304^{††} effective July 1, 2013) with a guarantee of three (3) preparation days and four (4) shooting days. The foregoing shall not apply to the first season of half-hour dramatic programs made for basic cable.
- (b) Effective July 1, 2011, initial compensation for directors employed on one-hour dramatic programs made for basic cable with a budget of \$2,200,000 shall be \$25,699 (\$26,149[†] effective July 1, 2012 and \$26,607^{††} effective July 1, 2013) with a guarantee of seven (7) preparation days and seven (7) shooting days. The foregoing shall not apply to the first season of one-hour dramatic programs made for basic cable.
- (c) Initial compensation for Directors of two (2) hour high budget dramatic programs made primarily for the basic cable market shall be set at \$73,029 (\$74,307[†] effective July 1, 2012 and \$75,607^{††} effective July 1, 2013) for which there will be 42 included days, 27 shoot days and 15 prep days, provided that the 15 prep days are guaranteed actual prep days.⁶
- (d) All other minimums, including the base rates for computing residuals, will be as provided in Article 6 of this Agreement for programs produced for syndication.

3. Initial Compensation - Other Employees

On those one-half (½) hour prime time dramatic programs budgeted at \$665,231 or less, those one (1) hour dramatic programs budgeted at

[†] See text of footnote on page 24.

^{††} See text of footnote on page 24.

⁶ The parties recognize that circumstances may not permit the Director to actually prep for fifteen (15) days. In that case, the Employer nevertheless would be responsible for paying the Director for all fifteen (15) guaranteed prep days.

\$1,219,590 or less, those two (2) hour dramatic programs budgeted at \$3,880,513 or less and those dramatic programs exceeding two (2) hours in length budgeted at a figure which is the sum of \$3,880,513 plus an additional \$1,219,590 for each hour or portion thereof in excess of two (2) hours or less, all compensation for DGA employees other than the Director shall be 83.5% of the minimums provided in Article 10, Part 2. of this Agreement.

4. Residual Compensation

- (a) Residuals for basic cable re-use in the United States and Canada will be the following percentages of the applicable residual base:

Run	Percentage of Residual Base
2nd	17.0%
3rd	12.0%
4th	11.0%
5th	10.0%
6th	6.0%
7th	4.0%
8th	4.0%
9th	3.5%
10th	3.5%
11th	3.0%
12th	2.5%
Each run thereafter	1.5%

- (b) If the program is run on “domestic” syndicated free television after the ten (10) runs and after one (1) year following its first exhibition on basic cable, the residuals for such free television runs shall be two percent (2%) of the Employer’s Gross” derived from the distribution of the Program on domestic free television.

- (c) If the program is run on “domestic” syndicated free television (excluding the first sale in Canada) before the program has had ten (10) runs on basic cable or sooner than one (1) year following the program’s initial exhibition on basic cable, the residuals for such free television runs must be paid according to the percentages contained in Article 7.B.2.(c) of this Agreement. The first run of the program on domestic free television shall be deemed the second run under Article 7 of this Agreement.
- (d) The term “Employer’s gross,” as used herein, is defined in the same manner as that term is used in Article 24 of this Agreement with respect to the pay television exhibition of a free television program, but only to the extent of the “Employer’s gross” derived from the distribution of the program on domestic free television.
- (e) No residuals shall be due for the “first sale” of a program in Canada. The first sale is limited to the first license agreement (which may not exceed five (5) years) except that the DGA shall not unreasonably withhold a waiver of the five (5) year limitation in the event of an outright sale (rather than a license of a program) with a Canadian broadcast service (which may be a free television, pay television or basic cable service).
- (f) All other reuse payments will be in accordance with the provisions of this Agreement. Except as provided herein, these programs will be treated in all respects as programs made for syndication with all terms and conditions as per this Agreement.

**SECTION B. TERMS AND CONDITIONS FOR LOW BUDGET
DRAMATIC PROGRAMS ONE (1) HOUR OR LONGER
MADE PRIMARILY FOR THE BASIC CABLE MARKET**

The provisions of Sideletter 6 of this Agreement shall apply to dramatic programs one (1) hour or longer made primarily for the basic cable market under budgets less than the “high budget” figures provided in Section A.1.

**SECTION C. TERMS AND CONDITIONS FOR OTHER
ENTERTAINMENT PROGRAMS MADE PRIMARILY
FOR THE BASIC CABLE MARKET**

All other entertainment programs made primarily for the basic cable market (*i.e.*, entertainment programs made primarily for the basic cable market other than those covered by this Article 31) shall be subject to the provisions of Sideletter 6 of this Agreement.