

SIDELETTER NO. 7

As of July 1, 2014

Jay D. Roth  
National Executive Director  
Directors Guild of America, Inc.  
7920 Sunset Boulevard  
Los Angeles, California 90046

**Re: Second or Subsequent License of High Budget Dramatic Programs Made for Basic Cable to a Different Basic Cable Service**

Dear Jay:

Reference is made to the provisions of Paragraph 23-104 of the 2014 DGA Basic Agreement.

During the 2014 negotiations, the parties agreed that residuals for any second or subsequent license of a high budget dramatic program or series made for basic cable to a basic cable service other than the one to which it was originally licensed shall be paid in accordance with the terms of this Sideletter, rather than pursuant to Paragraph 23-104. Specifically, with respect to any such license, the Employer shall pay two percent (2%) of "Employer's gross receipts" (as defined in Paragraph 11-108), provided that the program or series (i) has not been in production for at least two years and (ii) has not been exhibited under a fixed residual formula on basic cable or free television (except syndication in the non-lead market) for at least eighteen (18) months.

When the "Employer's gross" derived from such exploitation is received from a related or affiliated entity that acts as the Distributor or exhibitor of the program, then the "Employer's gross" received by the Employer from the licensing of such rights shall be measured by the Distributor/exhibitor's payments to unrelated and unaffiliated entities in arms' length transactions for comparable programs, or, if none, then the amounts received by the Employer from unrelated and unaffiliated Distributors/exhibitors in arms' length transactions for comparable programs or series, or, if none, a comparable Distributor/exhibitor's payments to comparable unrelated and unaffiliated entities in arms' length transactions for comparable programs or series.

Notwithstanding any of the foregoing, the minimum payment pursuant to this Sideletter for any program licensed to a related or affiliated entity shall be \$100.00 for a 30-minute program, \$200.00 for a 60-minute program, \$300.00 for a 90-minute program, or \$400.00 for a 120-minute program, as applicable.

SIDELETTER NO. 7 (continued)

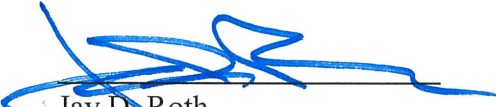
The foregoing applies to motion pictures, whether produced under the 2014 Basic Agreement or any prior Basic Agreement, as to which residuals otherwise would be payable. For purposes of this Sideletter, a "high budget" dramatic program or series made for basic cable means any program or series made for basic cable before July 1, 1999 or a program or series made for basic cable on or after July 1, 1999 that meets the high budget test in effect at the time the basic cable program or series was produced.

Sincerely,



Carol A. Lombardini

ACCEPTED AND AGREED:



Jay D. Roth  
National Executive Director