

## ARTICLE 23

### Programs Made Primarily for the Basic Cable Market

#### **Section 23-100      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 made primarily for the basic cable market which are one-half (½) hour or more in length:<sup>24</sup>

#### **23-101      High Budget Figures**

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

	<b>“High Budget” Figures</b>		
<b>Length of Program</b>	Effective 7/1/08	Effective 7/1/11*	Effective 7/1/14**
30 minutes	\$ 476,749	\$ 550,000	\$ 550,000
60 minutes (but more than 30)	\$ 893,904	\$1,000,000	\$1,200,000
61 - 120 minutes	\$2,383,744	\$2,750,000	\$2,750,000
More than 2 hours	\$2,383,744 for the first 2 hours plus \$1,191,872 for each additional hour or portion thereof	\$2,750,000 for the first 2 hours plus \$1,375,000 for each additional hour or portion thereof	\$2,750,000 for the first 2 hours plus \$1,375,000 for each additional hour or portion thereof

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<sup>24</sup> See Article 24 for terms and conditions applicable to multi-camera prime time dramatic pilots, presentations and series, which programs are “high budget” programs within the meaning of Paragraph 23-101 and are one-half hour or more in length.

\*The “high budget” figures in effect as of July 1, 2008 shall remain in effect for those dramatic programs at or above such budget figures as of June 30, 2011.

\*\* Prior to the start of the season of a high budget dramatic basic cable series, the Employer shall provide the Guild with the pattern budget amount in lieu of providing the budget information in the Director’s Deal Memorandum (Television Exhibit “C-2”). The “high budget” figure in effect as of July 1, 2011 shall remain in effect for a one-hour dramatic series in existence as of July 1, 2014.

**23-102      Initial Compensation and Included Days -- Directors**

- (a)    (1)    Initial compensation for Directors employed on one-half (½) hour dramatic programs made for basic cable with a budget of \$1,525,000 or more shall be as follows:

<b>Budget Tier:</b>	<b>7/1/17 - 6/30/18</b>	<b>7/1/18 - 6/30/19</b>	<b>7/1/19 - 6/30/20</b>	<b>Guaranteed Days (Shooting/ Prep)</b>
\$1,525,000 or more but less than \$2,000,000	\$14,900	\$15,273	\$15,655	7 (4/3)
\$2,000,000 or more	\$17,394	\$17,829	\$18,275	7 (4/3)

The foregoing shall not apply to the first season of one-half (½) hour dramatic programs made for basic cable. The minimum rates for those programs shall be determined in accordance with Paragraph 23-102(d).

- (2)    Table Reads The following shall apply with respect to episodes of single-camera one-half hour television series made for basic cable:

The Employer shall notify the Director of the date, time and place of any table read as soon as the Employer has scheduled the table read, but in no event less than seventy-two (72) hours prior to the table read, except in the event of an unplanned change to the scheduling of the table read, in which case the Employer will notify the Director as soon as possible.

If the Director of an episode is guaranteed three (3) days of preparation and participates in a table read that occurs outside the guaranteed prep period, the Director shall be paid the full *pro rata* daily salary.

If the Director of an episode is guaranteed four (4) days of preparation consecutive with the first day of principal photography (including when a scheduled hiatus intervenes between prep and the commencement of principal photography) and participates in a table read for the episode that occurs on the business day immediately preceding the four (4) day prep period, the Director shall receive no additional payment.

If the Director of an episode is guaranteed four (4) days of preparation not consecutive with the first day of principal photography and participates in a table read that occurs outside the four (4) day prep period, or if the Director of an episode is guaranteed four (4) days of preparation consecutive with the first day of principal photography and participates in a table read that occurs more than one (1) business day prior to the start of the four (4) day prep period, the Director shall be paid a “table read fee” equal to 25% of the applicable *pro rata* daily salary.

A Director of an episode who is guaranteed five (5) days of preparation need not be paid any additional fee for participating in a table read that occurs outside the guaranteed prep period.

This provision does not prohibit the Employer from utilizing one preparation day as a non-consecutive day, and the Director shall not receive the “table read fee” for any day which is already included in the guaranteed prep period or for which he or she is paid the full *pro rata* daily salary.

- (b) Effective July 1, 2017, initial compensation for Directors employed on one (1) hour dramatic programs made for basic cable with a budget of \$2,700,000 or more (\$2,800,000 or more effective July 1, 2018) shall be:

<b>Season:</b>	<b>7/1/17 - 6/30/18</b>	<b>7/1/18 - 6/30/19</b>	<b>7/1/19 - 6/30/20</b>	<b>Guaranteed Days (Shooting/ Prep)</b>
First season	\$24,308	\$24,916	\$25,539	12 (6/6)
Second or subsequent season	\$33,775	\$34,619	\$35,484	14 (7/7)

The minimum rates for Directors employed on one (1) hour high budget dramatic programs made for basic cable with a budget of less than \$2,700,000 (less than \$2,800,000 effective July 1, 2018) shall be determined in accordance with Paragraph 23-102(d).

- (c) Initial compensation for Directors of two (2) hour high budget dramatic programs shall be \$84,682 (\$86,799 effective July 1, 2018 and \$88,969 effective July 1, 2019), for which there will be 42 included days (27 shoot days and 15 prep days, provided the 15 prep days are guaranteed actual prep days).<sup>25</sup>

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<sup>25</sup> 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.

- (d) All other minimums, including the base rates for computing residuals, will be as provided in Article 10 of this Agreement for programs produced for syndication.

**23-103      Initial Compensation -- Other Employees**

On those one-half (½) hour film dramatic programs budgeted at \$875,000 or less (\$892,500 or less effective July 1, 2018 and \$910,350 or less effective July 1, 2019), those one (1) hour dramatic programs budgeted at \$1,493,500 or less, those two (2) hour dramatic programs budgeted at \$4,635,000 or less, and those dramatic programs exceeding two (2) hours in length budgeted at a figure which is the sum of \$4,635,000 plus an additional \$1,493,500 for each hour or portion thereof in excess of two (2) hours, all compensation for Employees other than the Director shall be 85% of the minimums provided in Article 13 or Article 24 of this Agreement in the first production season of the program, 90% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement in the second and third production seasons of the program and 100% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement in the fourth and subsequent production seasons of the program.

Employer may pay 85% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement to Employees other than the Director employed on a pilot provided: (a) the pilot is picked up for a series order of at least thirteen (13) episodes within one year from delivery to the network; (b) the pilot airs as an episode during the first season of the series; and (c) the pattern budget for the series is no more than the threshold set forth above in this Paragraph 23-103. In the event the pilot is not picked up, or the pilot is picked up but the pilot either does not air or the pattern budget for the series including the pilot exceeds the budget threshold set forth in Paragraph 23-103, Employer shall pay the Employees other than the Director employed on the pilot the difference between what they were paid and 100% of the minimums set forth in Article 13 or Article 24, as applicable, of this Agreement.

Employees other than the Director employed on a program in existence as of June 30, 2017 with a budget that remains under the threshold set forth in Paragraph 23-103 of the 2014 DGA Basic Agreement shall be compensated at 83.5% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement. If, however, such program exceeds the budget threshold set forth in the 2014 DGA Basic Agreement, Employer may no longer pay 83.5% of the minimums and the program will be subject to the terms of the then-current Basic Agreement. Notwithstanding the foregoing, Employees other than the Director employed on the fourth or subsequent production seasons shall be compensated at 100% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement.

The special conditions set forth in Sideletter No. 21 are not applicable to an Employee of a program for which the Employer is paying less than 100% of the minimums provided in Article 13 or Article 24, as applicable, of this Agreement pursuant to this Paragraph 23-103.

**23-104      Residual Compensation<sup>26</sup>**

- (a) Residuals for basic cable re-use in the United States and Canada will be the following percentages of the applicable residual base:<sup>27</sup>

<b>Run</b>	<b>Percentage of Residual Base</b>
2nd	17.0%
3rd	12.0%
4th	11.0%
5th	10.0%

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<sup>26</sup> See modifications to this paragraph in Sideletter No. 34 re License of Free Television, Basic Cable or Pay Television Motion Pictures, High Budget SVOD Programs or Motion Pictures Made for Home Video to Secondary Digital Channels and Sideletter No. 7 re Second or Subsequent License of High Budget Dramatic Programs Made for Basic Cable to the Same or a Different Basic Cable Service.

<sup>27</sup> Applicable to television motion pictures, the principal photography of which commences on or after July 1, 2017.

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<b>Run</b>	<b>Percentage of Residual Base</b>
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, then 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, then the residuals for such free television runs must be paid according to the percentages contained in Paragraph 11-101(b)(3) of this Agreement. The first run of the program on domestic free television shall be deemed the second run under Article 11 of this Agreement.

As an alternative to the foregoing, if an Employer licenses a high budget dramatic motion picture made for the basic cable market for exhibition in syndication only in Canada, it shall have the option to elect to pay to the Director thereof four percent (4%) of the “Employer’s gross receipts” (as defined in Paragraph 11-108) derived therefrom, in lieu of any other compensation required under this or any prior Agreement, as applicable, and such exhibition shall not count as a “run” for purposes of calculating residuals under this Article 23. The foregoing applies to programs, whether produced under this

Basic Agreement or any prior Basic Agreement, as to which residuals would otherwise be payable.

- (d) Whenever a payment is due under the provisions of this Paragraph 23-104 for exhibition of an English language “high budget” dramatic program made for basic cable that is subsequently exhibited on a foreign language basic cable channel in a language or languages other than English (dubbed, not subtitled) in the United States or Canada, the payment due to the Director of such television motion picture shall be an amount equal to two percent (2%) of the “Employer's gross” derived from the distribution of such basic cable program for such exhibition. This payment shall not affect the Employer's obligation to make the applicable rerun payments for the basic cable exhibition of the motion picture in English.

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 subparagraph for any program licensed to a related or affiliated entity shall be \$50 for a 30-minute program, \$100 for a 60-minute program, \$150 for a 90-minute program, or \$200 for a 120-minute program, as applicable.

This subparagraph will apply to all basic cable programs produced under this 2017 BA or any prior BA, as to which residuals otherwise would be payable.



- (e) The term “Employer’s gross,” as used herein, is defined in the same manner as that term is used in Article 18 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.
- (f) 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).
- (g) 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 23-200      TERMS AND CONDITIONS FOR LOW BUDGET  
DRAMATIC PROGRAMS ONE (1) HOUR OR LONGER  
MADE PRIMARILY FOR THE BASIC CABLE MARKET**

The provisions of Paragraph 1-102(b)(1) shall apply to dramatic programs one (1) hour or longer made primarily for the basic cable market produced in the United States under budgets less than the “high budget” figures provided in Paragraph 23-101.

**Section 23-300      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 23) shall be subject to the provisions of Paragraph 1-102(b).