

ARTICLE 7.

ADDITIONAL COMPENSATION FOR RERUNS, SEGMENT RE-USE AND FOREIGN USE PAYMENTS

SECTION A. HOW PAID

1. The salary paid to the Director for his or her services in connection with a television program shall constitute payment in full for the broadcasting of such program once in each city in the United States, its territories, possessions and Canada, in which any television broadcasting stations are now located and once in each city in the United States, its territories, possessions and Canada, in which any television broadcasting stations are hereafter for the first time established.
 - (a) A television program which has been telecast not more than once in any city in the United States, its territories, possessions and Canada, is in its first run. A television program which has been telecast more than once, but not more than twice in any city in the United States, its territories, possessions and Canada, is in its second run. A similar test applies in determining when a television program is in its third and succeeding runs.
 - (b) If the Company desires to telecast any television program(s) described in Article 6 for more than one run in the United States, its territories, possessions and Canada, the employment contract of each Director engaged therein shall contain a separate provision for additional compensation for reruns which shall be not less than those amounts and percentages found in Section B.

SECTION B. ADDITIONAL COMPENSATION FOR RERUNS²

1. Network Prime Time Dramatic

- (a) Reruns of Network Prime Time Dramatic Programs in Network Prime Time

	7/1/17- 6/30/20
0 - 15 Minutes	\$ 7,945
16 - 30 Minutes	13,258
31 - 60 Minutes	24,963
61 - 90 Minutes	37,436
91 - 120 Minutes	49,443

Over two (2) hour residuals will be computed *pro rata* based on the applicable one (1) hour rate.

- (b) Reruns of Network Prime Time Dramatic Programs Outside of Network Prime Time³

Base for Such Purpose	7/1/17	7/1/18	7/1/19
0 - 15 Minutes	\$ 9,932	\$10,031	\$10,131
16 - 30 Minutes	15,281	15,434	15,588
31 - 60 Minutes	27,613	27,889	28,168
61 - 90 Minutes	39,943	40,342	40,745
91 - 120 Minutes	52,277	52,800	53,328

² See modifications to this Article 7.B. in Sideletter No. 18 re: License of Free Television, Basic Cable or Pay Television Motion Pictures or Motion Pictures Made for Home Video to Secondary Digital Channels.

³ The residual bases for multi-camera prime time dramatic pilots or series are as set forth in Section 24-301 of the BA, not those set forth in this Article 7.B.1.(b).

Over two (2) hour residuals will be computed *pro rata* based on the applicable one (1) hour rate.

Percentage of Above Base Payable for Domestic Reruns of Network Prime Time Dramatic Programs Outside of Network Prime Time

	Network	Non-Network
2 nd Run	50%	40%
3 rd Run	40%	30%
4 th Run	25%	25%
5 th Run	25%	25%
6 th Run	25%	25%
7 th Run	15%	15%
8 th Run	15%	15%
9 th Run	15%	15%
10 th Run	15%	15%
11 th Run	10%	10%
12 th Run	10%	10%
13 th Run and Each Subsequent Run in Perpetuity	5%	5%

- (c) (i) Notwithstanding the provisions of subsections B.1.(b) of Article 7, the Company shall pay the following to the Director of an episode of a one (1) hour network prime time dramatic television series, whether covered under this or a prior Agreement (other than one made for FBC prime time prior to July 1, 2005), which has not previously been exhibited in syndication, or of an episode of a one (1) hour prime time dramatic series produced prior to July 1, 2005 for initial broadcast on FBC, which series has not been exhibited in syndication prior to July 1, 2003, for reuse of such episode in syndication:
 - (A) Two and six-tenths percent (2.6%) of the "Employer's gross" received for exhibitions in syndication until such time as the "Employer's

gross" received therefrom exceeds the sum of \$400,000.

- (B) Thereafter, one and three-quarters percent (1.75%) of the "Employer's gross" received for exhibition(s) in syndication.

However, payments made pursuant to this provision shall not exceed one hundred fifty percent (150%) of the "fixed residual schedule" set forth in subparagraph 1.(b) above. Similarly, such payments shall not be less than fifty percent (50%) of such "fixed residual schedule" for such exhibitions, except in the case of series licensed only in markets representing less than one-half of all United States television households.

- (ii) For the purposes of this Section B.1.(c), the term "Employer's gross" shall have the same meaning as it does in Article 24 with respect to pay television exhibition of a free television program.
 - (iii) Payments due and payable hereunder shall be sent to the Guild within the time and in the manner required by the first nine paragraphs of Article 24, Section F.
- (d) The parties agree to the following for the purpose of encouraging the success of new dramatic free television series produced for a network or for The CW or MyNetwork TV. No residual compensation shall be due under this Section B. for the second run (which may be either on free television or basic cable) of two programs chosen by the Employer from the pilot and first two episodes broadcast during the first production season, provided the second run occurs within a two month period following the initial exhibition of each program. If such second run is on free television, it shall not constitute a "run" for purposes of this Section B. Employer shall be obligated to report any such run to the Guild as required under this Article 7, notwithstanding the fact that no payment shall be due therefor.

2. Network Prime Time Variety

2 nd Run	100% of applicable minimum
3 rd Run	75% of applicable minimum
4 th Run	50% of applicable minimum
5 th Run	50% of applicable minimum
6 th Run	25% of applicable minimum
7 th Run	10% of applicable minimum
Each Subsequent Run	5% of applicable minimum

3. All Other Programs⁴

2 nd Run	50% Network/40% Non-Network of applicable minimum
3 rd Run	40% Network/30% Non-Network of applicable minimum
4 th Run	25% of applicable minimum
5 th Run	25% of applicable minimum
6 th Run	25% of applicable minimum
7 th Run	15% of applicable minimum
8 th Run	15% of applicable minimum
9 th Run	15% of applicable minimum
10 th Run	15% of applicable minimum
11 th Run	10% of applicable minimum
12 th Run	10% of applicable minimum
13 th Run	5% of applicable minimum
Each Subsequent Run	5% of applicable minimum

⁴ The residual bases for multi-camera prime time dramatic pilots or series are as set forth in Section 24-301 of the BA, not those set forth in this Article 7.B.3.

However, the “applicable minimum” for 91-120 minute high budget dramatic non-network or network non-prime time programs shall be \$37,323 for the period July 1, 2017 through June 30, 2018; \$37,696 for the period July 1, 2018 through June 30, 2019; and \$38,073 for the period July 1, 2019 through June 30, 2020.

4. Whenever a payment is due under the foregoing provisions of this Article 7.B. for telecasts, after the effective date of this Agreement, of a television program in a language or languages other than English, then, in lieu of such payment, the payment due the Director(s) of such television program shall be an aggregate amount equal to 1.2% of the Employer's "accountable receipts," as defined in Article 24, from the distribution of such television program for such telecasts. Such payment shall not affect the Employer's obligation to make the applicable rerun payments for telecasts of a program in English.

This subparagraph will apply to all television programs produced on or after July 1, 1971.

5. If an Employer licenses a television program (including a program or series made for The CW, but excluding any other program or series made for syndication) 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" (as defined in Article 24 of this Agreement with respect to pay television exhibition of a free television program) 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 Article 7. The foregoing applies to television programs, whether produced under the 2017 FLTTA or any prior FLTTA, as to which free television residuals would otherwise be payable.
6. No residuals shall be payable during the first season of a non-network syndicated "All Other" series with a budget of: (a) \$150,000 or less per episode for series with episodes between 16 and 30 minutes in length, or (b) \$200,000 or less per episode for series with episodes between 31 and 60 minutes in length. During the second season of such series, residuals shall be payable at fifty percent (50%) of the

amount otherwise due under this Agreement. During the third and each subsequent season of such series, residuals shall be payable as provided in Article 7 of the FLTTA.

7. In the event of a limited West Coast rerun of an awards program which has aired live and then is rerun beginning on the same day as the live broadcast, the residual payment shall be one-third (1/3) of the amount otherwise payable.

SECTION C. RERUN PAYMENTS

1. The Company shall pay as provided herein for each respective rerun, not later than four (4) months after the first broadcast of the respective rerun in any city in the United States or Canada. However, in the event any rerun is broadcast on a television network (or on a regional television network), or on The CW or MyNetwork TV, the Company shall make the appropriate rerun payment not later than thirty (30) days after the broadcast of such rerun.
2. All payments of additional compensation for reruns shall be made promptly by check payable to the order of the Director entitled thereto and shall be delivered to the Guild for forwarding to such Director and compliance herewith shall constitute payment to the Director. The Company shall send with each check a statement of the title of the television program and the "run" or "runs" for which such payment is made. The Company shall keep or have access to those records necessary to determine the amount of rerun payments due any Director. The Guild shall have the right, at all reasonable times, to inspect such records and, at its cost, make copies of such records.
3. Should the Company fail to abide by the foregoing and there is no dispute as to the amount of the payment due, there shall accrue one percent (1%) per month as late charges on such unpaid amount from the date of such delinquency; provided, however, that this shall be subject to any legal defenses the Employer may have.
4. If a substantial portion of a program or an element essential to the program is not shown because the program is interrupted due to governmental regulation or order, strike, the failure of program

transmission facilities because of war or other calamity such as fire, earthquake, hurricane, or similar acts of God, or because of the breakdown of program transmission facilities due to causes beyond the reasonable control of the Employer, or because the program time is pre-empted by a Presidential broadcast, a news emergency, or a special news event, the Guild shall, upon request of the Employer stating the reason therefor, grant a waiver permitting the Employer to re-exhibit the interrupted program in its entirety within a thirty (30) day period following the interrupted exhibition without incurring any additional payment to any director of the program.

SECTION D. ADDITIONAL COMPENSATION FOR FOREIGN TELECASTS

1. If the Company desires to telecast any program in any part of the world outside the United States, its territories, possessions and Canada, the Company shall pay additional compensation for such foreign telecasting of not less than the following percentages of the Director's applicable minimum compensation as set forth herein for programs other than prime time dramatic programs (subject to the provisions of (e) below) and of the residual base set forth in Paragraph 2. below for foreign telecasting of prime time dramatic programs.
 - (a) The Company will pay fifteen percent (15%) of the residual base (in the case of prime time dramatic programs) or of the applicable minimum compensation (in the case of programs other than prime time dramatic programs) for such programs not later than sixty (60) days after the first foreign telecast thereof.
 - (b) The Company will pay an additional ten percent (10%) of the residual base (in the case of prime time dramatic programs) or of the applicable minimum compensation (in the case of programs other than prime time dramatic programs) for such program when the distributor's foreign gross for any such program has exceeded \$7,000 for a program of one-half hour or less; \$13,000 for a program of more than one-half hour, but not more than one (1) hour; or \$18,000 if such program is more

than one (1) hour in length. The Director shall be entitled to the payment of not less than the above percentage, payable not later than sixty (60) days after such gross has been exceeded.

- (c) The Company will pay an additional ten percent (10%) of the residual base (in the case of prime time dramatic programs) or of the applicable minimum compensation (in the case of programs other than prime time dramatic programs) for such program when the distributor's foreign gross for any such television program has exceeded \$10,000 for a program of one-half hour or less; \$18,000 for a program of more than one-half hour but not more than one (1) hour; or \$24,000 if such program is one (1) hour or more in length. The Director shall be entitled to the payment of not less than the above percentage, payable not later than sixty (60) days after such gross has been so exceeded.
- (d) After the Director has received a total of the amounts specified in (a), (b) or (c) above with respect to any program, the Director shall be paid one and two-tenths percent (1.2%) of the "Distributor's Foreign Gross" in excess of:
 - (i) \$365,000 in Distributor's Foreign Gross for one-half ($\frac{1}{2}$) hour programs;
 - (ii) \$730,000 in Distributor's Foreign Gross for one (1) hour programs;
 - (iii) \$1,860,000 in Distributor's Foreign Gross for programs more than one (1) hour in length but not more than two (2) hours in length;
 - (iv) \$3,120,000 in Distributor's Foreign Gross for programs more than two (2) hours in length but not more than three (3) hours in length;
 - (v) \$4,170,000 in Distributor's Foreign Gross for programs more than three (3) hours in length but not more than four (4) hours in length;

- (vi) \$5,210,000 in Distributor's Foreign Gross for programs more than four (4) hours in length but not more than five (5) hours in length;
- (vii) \$6,250,000 in Distributor's Foreign Gross for programs more than five (5) hours in length but not more than six (6) hours in length; and
- (viii) for programs in excess of six (6) hours, the above applicable thresholds will increase proportionately.

For other than dramatic programs, the one and two-tenths percent (1.2%) payment shall be triggered when the Distributor's Foreign Gross equals fifty percent (50%) of the amounts set forth in subparagraphs (i) through (viii) above, as applicable.

For the purpose of this subparagraph (d), Distributor's Foreign Gross shall include absolute gross income realized by the distributor on account of foreign telecasting and exhibition on foreign basic cable.

In order to preserve the status quo in Article 7.B., payment of the thirty-five percent (35%) of applicable minimum under the foreign telecasting formula continues to constitute payment for foreign basic cable; provided, however, that foreign basic cable receipts shall apply to "Distributor's Foreign Gross" for purposes of reaching the thresholds in and determining the amount the Director shall be paid pursuant to subparagraphs (i) through (viii) above.

The Director shall receive such additional monies pursuant to the payment provisions of Article 24.F., except payment and reporting shall be due within sixty (60) days after the close of the second and fourth calendar quarters of each year in which the Employer receives "Distributor's Foreign Gross" for the picture or at such other time as may be agreed upon in writing by the parties.

- (e) This Section D. applies only to entertainment programs and complete sports event programs or self-contained segments therefrom.

2. (a) Foreign Telecasting Payments for Prime Time Dramatic Programs

	7/1/17	7/1/18	7/1/19
LENGTH	RESIDUAL BASE % AND AMT.	RESIDUAL BASE % AND AMT.	RESIDUAL BASE % AND AMT.
½ hour	\$15,508 15% = \$2,326 10% = \$1,551 10% = \$1,551	\$15,896 15% = \$2,384 10% = \$1,590 10% = \$1,590	\$16,293 15% = \$2,444 10% = \$1,629 10% = \$1,629
1 hour	\$28,024 15% = \$4,204 10% = \$2,802 10% = \$2,802	\$28,725 15% = \$4,309 10% = \$2,873 10% = \$2,873	\$29,443 15% = \$4,416 10% = \$2,944 10% = \$2,944
1½ hours	\$40,537 15% = \$6,081 10% = \$4,054 10% = \$4,054	\$41,550 15% = \$6,233 10% = \$4,155 10% = \$4,155	\$42,589 15% = \$6,388 10% = \$4,259 10% = \$4,259
2 hours*	\$53,053 15% = \$7,958 10% = \$5,305 10% = \$5,305	\$54,379 15% = \$8,157 10% = \$5,438 10% = \$5,438	\$55,738 15% = \$8,361 10% = \$5,574 10% = \$5,574

*Over two (2) hours, prorate payment based on one (1) hour rate.

- (b) Notwithstanding the foregoing, for those one-hour network prime time dramatic television series referred to in Article 7.B.1.(c)(i) above, the fifteen percent (15%), ten percent (10%) and ten percent (10%) of the applicable base amount referred to in Section D.1.(a) through (c) above shall be collapsed into a single payment of thirty-five percent (35%) of the applicable

base amount payable not later than thirty (30) days after the Company obtains knowledge of the first foreign telecast and in no event later than six (6) months after the first foreign telecast.

3. (a) The term "foreign telecasting," as used herein, shall mean any telecast, whether simultaneous or delayed, outside the United States, its territories, possessions and Canada, other than a telecast on any of the following regularly-affiliated stations of a United States television network as part of the United States network television telecast: XEW-TV or XEQ-TV or XHTV or XHGC-TV, Mexico City; and XETV, Tijuana; and ZBM, Pembroke, Bermuda for CBS and NBC; and ZBF, Hamilton, Bermuda for ABC.

- (b) Tijuana

This is to confirm our understanding concerning programs (live/tape and film) produced for network television which are played on Station XETV, Tijuana, Mexico.

It is agreed that if a network program is played on Station XETV as part of the network run, Station XETV will be treated as if it were a domestic station and the foreign fee provisions of our contracts shall not be applicable to such play.

In the event such programs are syndicated on Station XETV, the foreign provisions of our contracts shall apply.

4. As used herein, the term "Distributor's Foreign Gross" shall mean, with respect to any television program, the absolute gross income realized by the distributor of such program for the foreign telecasting thereof and including, in the case of a "foreign territorial sale" by any such distributor, the income realized from such sale by such distributor but not the income realized by the "purchaser" or "licensee." The phrase "absolute gross income" shall not include:

- (a) Sums realized or held by way of deposits or security, until and unless earned, other than such sums as are non-returnable.

Such sums as are non-returnable are to be included in the "Distributor's Foreign Gross" when such television motion picture is "available" and "identifiable" and the amount of the non-returnable sum is "ascertainable." Such television motion picture is "available" when the first of the following occurs:

- (i) It first may be exhibited or otherwise exploited by a specified method of distribution and in a territory under the terms of the applicable license or distribution agreement, or
- (ii) It first may be sold or rented by a retailer under the terms of the applicable license or distribution agreement.

Such television motion picture is "identifiable" when the Employer first knows or reasonably should have known that a given television motion picture is covered by a particular license or distribution agreement for its exploitation in the applicable market.

The amount of the non-returnable sum is "ascertainable" if:

- (i) the non-returnable sum is for one television motion picture, means of exhibition, and territory, or
- (ii) the total amount of the non-returnable sum is for more than one motion picture, means of exhibition and/or territory, in which case the Employer shall fairly and reasonably allocate such sum among the licensed motion pictures, exhibition markets and/or territorial markets. As each of these pictures becomes identifiable and available, the allocated portion of the non-returnable sum is to be included in Distributor's Foreign Gross for that quarter. The Employer shall notify the Guild of its allocation when the report of Distributor's Foreign Gross, which includes the non-returnable sum, is to be filed. The Guild has the right to challenge in an arbitration a failure to allocate or any allocation that it contends is not fair and reasonable.

If such television motion picture is available in any territory or by any means of exhibition, and is identifiable and the amount of the non-returnable sum is ascertainable, but the Employer does not provide the Guild with the information required by the BA and applicable law, then the non-returnable sum shall be deemed includable in Distributor's Foreign Gross no later than six (6) months after the Employer receives it.

A non-returnable sum received by an Employer's parent, subsidiary or any other related or affiliated entity or successor-in-interest, or by any other entity to which the payment is directed by the Employer or license or distribution agreement, shall be considered as a non-returnable sum received by the Employer.

- (b) Sums required to be paid or withheld as taxes, in the nature of turnover taxes, sales taxes or similar taxes based on the actual receipts of the program or on any monies to be remitted to or by the distributor, but there shall not be excluded from Distributor's Foreign Gross any net income, franchise tax or excess profit tax or similar tax payable by the distributor on its net income or for the privilege of doing business.
- (c) Frozen foreign currency until the distributor shall have either the right to use such foreign currency in or to transmit such foreign currency from the country or territory where it is frozen. In the event such currency may be utilized or transmitted as aforesaid, it shall be deemed to have been converted to United States dollars at the prevailing free market rate of exchange at the time such right to use or transmit accrues.

Distributor's Foreign Gross realized in foreign currency in any reporting period required hereunder shall be deemed to be converted to United States dollars at the prevailing free market rate of exchange at the close of such reporting period.

If any transaction involving any program subject to a foreign telecast payment under this Agreement shall also include programs, broadcast time, broadcast facilities or material (including commercial or

advertising material) which are not subject to such payment, there shall be a reasonable allocation between the television programs which are subject to foreign telecast payment and other such programs, time, facilities or material and only the sums properly allocable to programs which are subject to a foreign telecast payment shall be included in the Distributor's Foreign Gross.

5. The above formula for foreign telecasting is a minimum formula, and nothing herein shall preclude any Director from bargaining for better terms with respect to such foreign telecasting.
6. With respect to each television program which is distributed for foreign telecasting, Employer shall furnish reports to the Guild showing Distributor's Foreign Gross derived from such program until:
 - (a) Such program has been withdrawn from distribution for foreign telecasting, or
 - (b) The Director of such program has received the full additional payments for such foreign telecasting to which he or she is entitled pursuant to Section D.2. above.

Such reports shall be rendered to the Guild on a quarterly basis during the first three (3) years in which any such program is distributed for foreign telecasting, on a semi-annual basis for the next two (2) years and on an annual basis thereafter. Employer agrees to cooperate in responding to reasonable requests from the Guild as to whether any program is currently being distributed for foreign telecasting.

SECTION E. BASIC CABLE EXHIBITION

1. Except as otherwise provided in Section B.1.(d) of this Article 7, upon release, on or after July 1, 2017, to basic cable of free television programs, as to which free television residuals would otherwise be payable, Company shall pay to the Director thereof the following percentage of the Employer's gross receipts obtained therefrom: With respect to free television programs produced prior to July 1, 1984, said percentage shall be two and one-half percent (2.5%); with respect to free television programs produced after July 1, 1984, said

percentage shall be two percent (2%). For the purpose of this provision, the term "basic cable" means one or more basic cable systems which do not meet the definition of pay television as set forth in this Agreement and wherein the release on basic cable is a separate release and not part of a free television broadcast. The definition of Employer's gross is the same as it is in Article 24 with respect to pay television exhibition of a free television program.

2. Payments due and payable hereunder shall be sent to the Guild by check payable to the Director. Reports shall be furnished to the Guild in the manner required by the first nine paragraphs of Article 24, Section F.

SECTION F. COPYRIGHT ROYALTY TRIBUNAL

If, with respect to a particular free television program released on or after July 1, 2017, the Company has paid residuals pursuant to the percentage residual formula in Section B.1.(c) above, then any monies received by the Company from distributions by the Copyright Royalty Tribunal for such television program shall be subject to that percentage residual formula.

SECTION G. RESIDUALS AUDITS

With regard to audits conducted by the Guild, sometimes in conjunction with other labor organizations, the Company shall provide access to its books and records which pertain to its obligation under the FLTTA to pay residuals. Such documents shall be made available for the audit at the Company's business offices or other place or places where such records are customarily kept.

In connection with such an audit, the Company shall be deemed to have asserted that license agreements or other business records contain highly sensitive, competitive, confidential and proprietary information. Without the Guild conceding that such assertions are necessarily appropriate in all instances, the Guild and the Companies agree as follows:

Prior to the date of audit entry, the Guild will designate its employees, officers, directors or agents (hereinafter "representatives") to act as liaisons with the auditors and provide the representatives' names and positions to the Company.

The Guild's representatives will be persons with a "need-to-know" audit-related information.

The Guild also will agree on its own behalf, and will obtain from its auditors and other representatives their agreement, not to divulge information from such license agreements or other business records, or copies of them, to persons other than Guild representatives except: (i) to review, investigate or enforce claims against the audited Company arising under this Agreement or applicable law, (ii) pursuant to legal process, or (iii) after obtaining the Company's consent, which will not be unreasonably withheld. Any notes taken and/or work papers prepared by the auditors also shall be subject to these provisions; however, the Guild may assert a claim of privilege as to such notes and/or work papers.

Employees and representatives of the Guild may in their discretion discuss the audit findings, including the Company's position, if known, with Guild-represented Employees. By doing so, the Guild would not be violating a duty of confidentiality, if any, owed to the Company so long as the Guild's communications are related to its obligation to review, investigate or enforce claims against the audited Company arising under this Agreement or applicable law, pursuant to legal process, or after obtaining the Company's consent, which will not be unreasonably withheld.

If the Guild is required by legal process to disclose information obtained in a residuals audit, the Guild shall provide prompt written notice to the Company to object or to seek an appropriate protective order.

At the election of the Company, the auditors and other Guild representatives shall be required to sign an agreement duplicating the confidentiality provisions in the preceding paragraphs of this Article 7.G., but without any modifications to these provisions unless consented to by the Guild.

In consideration of the foregoing agreements in this Article 7.G., the Company agrees not to require the Guild or its auditors or representatives to execute any other agreement relating to confidentiality as a condition of granting access to its business records.

The foregoing provisions of this Article 7.G. shall not apply to residuals audits conducted by the Guild for which (a) the date of audit entry is prior to July 1, 2017, and (b) there is a written confidentiality agreement executed by the Employer, the Guild and/or its auditors.