

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:

| | "High Budget" Figures* | |
|----------------------------------|--|--|
| Length of Program | Effective 7/1/11 | Effective 7/1/14 |
| 30 minutes | \$ 476,749 | \$ 550,000 |
| 60 minutes (but more than 30) | 893,904 | 1,200,000 |
| 61 - 120 minutes | 2,383,744 | 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 |

*The "high budget" figure in effect as of July 1, 2011 shall remain in effect for those dramatic programs at or above such budget figures as of June 30, 2014.

2. Initial Compensation and Included Days - Directors

- (a) Effective July 1, 2017, initial compensation for directors employed on half-hour dramatic programs made for basic cable with a budget of \$1,325,000 or more shall be \$14,900 (\$15,273 effective July 1, 2018 and \$15,655 effective July 1, 2019) 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.

The following shall apply with respect to episodes of single-camera one-half hour television series:

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-hour dramatic programs made for basic cable with a budget of \$2,200,000 or more shall be \$29,801 (\$30,546 effective July 1, 2018 and \$31,310 effective July 1, 2019) 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 \$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 that the 15 prep days are guaranteed actual prep days.¹⁰
- (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.

¹⁰ 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.

3. Initial Compensation - Other Employees

On those one-half (½) hour prime time 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 \$1,256,178 or less, those two (2) hour dramatic programs budgeted at \$3,996,928 or less and those dramatic programs exceeding two (2) hours in length budgeted at a figure which is the sum of \$3,996,928 or less plus an additional \$1,256,178 or less 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 85% of the minimums provided in Article 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable, in the first production season of the program, 90% of the minimums provided in Article 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable, in the second and third production seasons of the program and 100% of the minimums provided in Article 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable, in the fourth and subsequent production seasons of the program.

Employer may pay 85% of the minimums provided in Article 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable, 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 Article 31, Section A.3. 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 Article 31, Section A.3., 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 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable.

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 Article 31, Section A.3. of the 2014 FLTTA

shall be compensated at 83.5% of the minimums provided in Article 10, Part 2. of this Agreement, or Article 24 of the Basic Agreement, as applicable. If, however, such program exceeds the budget threshold set forth in the 2014 FLTTA, Employer may no longer pay 83.5% of the minimums and the program will be subject to the terms of the then-current FLTTA. 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 10, Part 2. of this Agreement or Article 24 of the Basic Agreement, as applicable.

4. Residual Compensation¹¹

- (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% |

¹¹ See modifications to this Article 31.A.4. in Sideletter No. 10 re: Second or Subsequent License of High Budget Dramatic Programs Made for Basic Cable to the Same or Different Basic Cable Service and 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.

- (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.3. 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) Whenever a payment is due under the provisions of this Article 31, Section A.4. 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 program 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 program 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 FLTTA or any prior FLTTA, 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 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.
- (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) As an alternative to the foregoing, for licenses of a high budget dramatic program made for the basic cable market for exhibition in syndication only in Canada, Employer 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 with respect to the 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 this Article 31. The foregoing applies to television motion pictures, whether produced under

this FLTTA or any prior FLTTA, as to which free television residuals would otherwise be payable.

- (h) 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-HALF HOUR OR MORE
IN LENGTH MADE PRIMARILY FOR THE BASIC
CABLE MARKET**

The provisions of Sideletter No. 6 of this Agreement shall apply to dramatic programs one-half (½) hour or more in length which are 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 HIGH BUDGET
VARIETY PROGRAMS MADE PRIMARILY FOR THE
BASIC CABLE MARKET**

1. High Budget Figures

The following terms and conditions shall be applicable only to "high budget" variety specials, series and strip programs whose budgets equal or exceed the following amounts:

| Length of Program | "High Budget" Figures* Effective 7/1/17 | "High Budget" Figures* Effective 7/1/19 |
|---|--|--|
| 30 minutes | \$600,000 | \$650,000 |
| 60 minutes | \$1,300,000 | \$1,400,000 |
| More than 60 minutes | \$2,000,000 | \$2,100,000 |
| *Per program for variety specials; per episode for variety series; or per week for strip variety programs | | |

2. Residual Compensation

(a) Domestic Basic Cable Reuse

For purposes of this Article 31, Section C.2., an "exhibition" is defined as two (2) runs within a 24-hour period, beginning with the first televised run. An "Exhibition Period" is defined as a consecutive seven (7) day period during which there may be a maximum of five (5) exhibitions (including on any related or affiliated cable networks). If there are more than five (5) exhibitions during the consecutive seven (7) day period, the next Exhibition Period shall commence, regardless of whether it has been seven (7) days since the first televised run.

Initial compensation paid to the Director of a high budget variety special, episode of a series or strip program constitutes payment for one (1) exhibition (including on any related or affiliated cable networks). Thereafter, for each Exhibition Period, the Employer will pay to the Director the following percentage of the applicable minimum initial compensation for a non-network or non-prime time program provided in FLTTA Article 6, Section B.2. or D.2., as applicable:

| Exhibition Period | Percentage of Applicable Minimum |
|---|---|
| First Exhibition Period | 25% |
| Second Exhibition Period | 10% |
| Third Exhibition Period | 5% |
| Fourth and Subsequent Exhibition Periods | 3.75% |

For licenses for exhibition in basic cable only in Canada, the Employer shall pay two percent (2%) of the "Employer's Gross" as defined in FLTTA Article 24, Section C.2.

(b) Reuse in New Media

Reuse of a high budget variety special, episode of a series or strip program in New Media will be paid in accordance with

the provisions of FLTTA Sideletter No. 14 (Exhibition of Motion Pictures Transmitted Via New Media).

- (c) The residuals described in subparagraphs (a) and (b) above shall not be payable during the first season of a high budget variety series or strip program. Such residuals shall be payable at 50% of the amount otherwise due during the second season of a high budget variety series or strip program. During the third and subsequent seasons of a high budget variety series or strip program, residuals shall be paid as described in subparagraphs (a) and (b) above.

(d) Grandfathered Programs

The provisions of this Article 31, Section C.2. shall not apply to any high budget basic cable variety special that commenced production prior to July 1, 2017, or any high budget variety strip program, the first episode of which commenced production prior to July 1, 2017. For purposes of subparagraph (c) above, the current season of any high budget variety series (other than a strip variety program), the first episode of which commenced production prior to July 1, 2017, shall be treated as if it is the series' first season, and the subsequent season shall be treated as if it is the series' second season. Any seasons thereafter shall have residuals payable as described in subparagraphs (a) and (b) above. Any program grandfathered under this subparagraph (d) will continue to be subject to FLTTA Sideletter No. 6, including but not limited to Paragraph 2 of that Sideletter.

3. Production Fee and Vacation Pay

For high budget basic cable variety specials, series and strip programs that meet the budget criteria set forth in Article 31, Section C.1. above, unless indicated otherwise on an Employee's deal memo, Associate Directors and Stage Managers will receive a production fee and vacation pay in addition to the Employee's negotiated salary.

4. All other terms and conditions, including residuals in other markets (*e.g.*, Supplemental Markets and foreign television), shall be governed by the provisions of FLTTA Sideletter No. 6.

**SECTION D. 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, including variety programs that do not meet the "high budget" criteria in Article 31, Section C.1.) shall be subject to the provisions of Sideletter No. 6 of this Agreement.