

SIDELETTER NO. 5

As of July 1, 2020

Russell Hollander
National Executive Director
Directors Guild of America, Inc.
7920 Sunset Boulevard
Los Angeles, California 90046

**Re: When Made-for-Television Motion Pictures or Made-for-SVOD Programs
Are Initially Exhibited on a Different Platform in Television or New Media
as the Primary Market**

Dear Mr. Hollander:

During the 2020 negotiations, the parties discussed the residual formula that should apply in certain situations when a program or episode made for television (*e.g.*, free television, basic cable or pay television) or made for a subscription consumer pay new media (“SVOD”) platform is, instead, initially exhibited in a different primary market.

To resolve the complexity and uncertainty that arises in these circumstances, the parties confirm that, in the event that a program made for television or an SVOD platform is initially exhibited on a different television or new media platform, the television or SVOD program is treated for residuals purposes as if it were made for the platform on which it is initially exhibited. If the platform on which the program is initially exhibited is subject to higher minimum initial compensation rates, the Employer shall pay any additional initial compensation necessary to meet the minimums applicable to the platform of initial exhibition within thirty (30) days of initial exhibition.

For example, a broadcast network orders a pilot and then orders seven episodes of the series that are intended for exhibition in network prime time. Before any episodes are broadcast on the network, the network decides that it does not want the series that has already been produced. Employer then sells the series to an SVOD platform where the episodes (including the pilot) are initially exhibited. In that situation, the residuals are determined as if the episodes were made for the SVOD platform. (No adjustment of initial compensation is required in this situation since the minimum salary rates and guarantees would have been no less than those of the SVOD platform.)

It is understood that the foregoing applies to television motion pictures and SVOD programs produced under this and any prior Basic Agreement that have not had an initial release.

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The provisions of this Sideletter are experimental and shall expire on the termination date of the 2020 Basic Agreement.

Sincerely,


Carol A. Lombardini

AGREED:


Russell Hollander