SIDELETTER ON LITERARY MATERIAL WRITTEN FOR PROGRAMS MADE FOR NEW MEDIA

As of February 13, 2008
Revised as of May 2, 2011
Revised as of May 2, 2014
Revised as of May 2, 2017

Carol A. Lombardini
President
Alliance of Motion Picture and Television Producers, Inc.
15301 Ventura Boulevard, Building E
Sherman Oaks, California 91403

Re: Literary Material Written for Programs Made for New Media

Dear Carol:

This Sideletter confirms the understanding of the WGA and the Companies concerning the application of this Basic Agreement (hereinafter "the MBA") to literary material written for exhibition on the Internet, mobile devices (such as cell phones or PDAs) or any other new media platform known as of February 13, 2008 (hereinafter collectively referred to as "new media"), but not including methods of distribution addressed in other provisions of the MBA such as free television, basic cable, pay TV, videodisc/videocassette and radio, even if digital. With respect to literary material written under employment, or acquired from a professional writer, which is intended for initial use on new media, the parties agree as follows:

1. **Recognition** The Company recognizes the Guild as the exclusive bargaining representative of writers of literary material written under employment, or acquired from a professional writer, intended for use in motion pictures of the type traditionally covered under the MBA which are intended for initial exhibition in new media, but excluding news and "Experimental New Media Productions" as defined in the following paragraph.

   Coverage shall be at the Company's option with respect to "Experimental New Media Productions." An "Experimental New Media Production" is defined as any Original New Media Production (1) for which the actual cost of production is: (a) $15,000 or less per minute of program material as exhibited, and (b) $300,000 or less per single production as exhibited, and (c) $500,000 or less per series of programs produced for a single order; and (2) the literary material for which has not been written under employment by, or acquired from, a "professional writer," as that term is defined in Article 1.C.1.b. of the MBA.

The actual cost of the Experimental New Media Production shall consist of all direct costs actually incurred in connection with the Production. The only costs excluded in determining the actual cost of production shall be development costs (other than writing costs), overhead charges, financing costs (*i.e.*, loan origination fees, gaps fees, legal fees, and interest), contingency of up to ten percent (10%), essential elements insurance costs, the cost of the completion bond, marketing expenses, contingent payments to talent or other parties which are based on the proceeds derived from the exploitation of the Production, and delivery items required by sales agents, distributors or sub-distributors (*i.e.* delivery materials beyond the answer print, NTSC Video Master if the Production is delivered on videotape, or the digital equivalent if the Production is delivered in a digital format).

Notwithstanding the foregoing, if the Company intends that the project fall within the budget parameters of an Experimental New Media Production, but the actual cost of the Experimental New Media Production exceeds those parameters, then the sole remedy shall be that all writers employed on the project, or any professional writer from whom literary material was acquired for the project, shall be retroactively covered under the terms and conditions for Original New Media Productions set forth in Paragraph 3 of this Sideletter.

2. **Terms and Conditions for "Derivative New Media Productions" (Other than "High Budget" Dramatic Derivative Programs and Series Made for a Subscription Consumer Pay Platform)**

A "Derivative New Media Production" is a production for New Media based on an existing television motion picture that was produced for "traditional" media – *e.g.*, a free television, basic cable, or pay television motion picture (the "Original Production") – and is otherwise included among the types of motion pictures traditionally covered by the MBA. The following provisions apply to "Derivative New Media Productions" other than "high budget" dramatic derivative programs and series made for a subscription consumer pay platform described in Paragraph 4 below.

a. **Initial Compensation**

The Company shall pay the writer compensation for a Derivative New Media Production separate from compensation for writing services for the Original Production.

The minimum initial compensation for a Derivative New Media Production shall be the rate applicable to a two (2) minute program, as indicated below. For programs longer than two (2) minutes, the minimum per minute rate over two (2) minutes shall be added to the two (2) minute minimum as shown below.

	5/02/17 - 5/01/18	5/02/18 - 5/01/19	5/02/19 - 5/01/20
New Media Productions Derivative of Dramatic Programs (other than Daytime Serials)	$767 for programs up to two minutes in length, plus $384 for each minute or portion thereof in excess of two minutes	$786 for programs up to two minutes in length, plus $393 for each minute or portion thereof in excess of two minutes	$806 for programs up to two minutes in length, plus $403 for each minute or portion thereof in excess of two minutes
New Media Productions Derivative of Comedy-Variety Programs and Daytime Serials	$448 for programs up to two minutes in length, plus $224 for each minute or portion thereof in excess of two minutes	$459 for programs up to two minutes in length, plus $230 for each minute or portion thereof in excess of two minutes	$470 for programs up to two minutes in length, plus $235 for each minute or portion thereof in excess of two minutes
All Other Types of Derivative New Media Productions	$385 for programs up to two minutes in length, plus $193 for each minute or portion thereof in excess of two minutes	$395 for programs up to two minutes in length, plus $198 for each minute or portion thereof in excess of two minutes	$405 for programs up to two minutes in length, plus $203 for each minute or portion thereof in excess of two minutes

b. **Other Terms and Conditions**

All terms and conditions of employment (other than credits as provided in subparagraph (3) below) are subject to negotiation between the Company and the individual writer.

(1) **Applicable Provisions of the MBA.** The following provisions of the MBA are incorporated herein. To the extent the provisions herein are inconsistent with the MBA, the provisions of this sideletter control.

(a) Article 6, "Guild Shop (General)."

(b) Article 7, "No Strike No Lock-out Clause (General)"

(c) Article 10, "Grievance and Arbitration"

(d) Article 11, "Grievance and Arbitration Rules and Procedures"

(e) Article 12, “Court Proceedings”

(f) Article 13.B.9., “Time of Payment”

(g) Article 17, “Pension Plan and Health Fund”

(h) Article 35, “Recognition of Agreement (General)”

Except as provided herein, no other terms of the MBA shall apply to the employment of such writer, or to the sale of such literary material, unless agreed in writing between the writer and the Company.

(2) **Written Contract of Employment.** The Company shall tender a written contract of employment to the writer within ten (10) days following the commencement of his or her employment and shall send a copy to the Guild within one (1) week after receipt by Company of the executed contract.

(3) **Screen Credit.** The Company will submit a Notice of Tentative Writing Credits to the Guild and participating writers for each covered program produced for new media as soon as practicable upon completion of principal photography. The parties agree to discuss further whether modifications to the WGA credit determination process should be made based on the nature of the program writing, production and distribution. The Company shall be required to accord screen credit to the writer if any other person receives screen credit on the New Media Production. The writing credit shall be in the form “Written by” for dramatic programs and in the form “Writer(s)” for all other programs and must be accorded in the same size and style of type as any other personal credit. Credits may appear in the corner of the screen. “Click-through” credits may be used.

(4) **Residual Compensation.**

(a) Initial compensation for a Derivative New Media Production shall constitute payment for thirteen (13) consecutive weeks of use on all free to the consumer advertiser-supported platforms transmitted via new media (hereinafter “advertiser-supported platforms”), commencing with the first day that the Derivative New Media Production is available for exhibition on any advertiser-supported platform, and for a separate twenty-six (26) consecutive week period of use on any consumer pay new media platform (hereinafter “consumer pay platform”), commencing with the first day that the

Derivative New Media Production is available for exhibition on any consumer pay platform.

(b) Use on Advertiser-Supported Platforms Within One Year Following Expiration of the Thirteen Consecutive Week Period

(i) If the Company desires to use the Derivative New Media Production on advertiser-supported platforms beyond the thirteen (13) consecutive week period, but commencing within one (1) year after expiration of the thirteen (13) consecutive week period, then the Company shall make a residual payment equal to three and one-half percent (3.5%) of the amounts set forth in subparagraphs (A) through (E) below, as applicable, as modified by subparagraph (F) below, to the extent applicable, as consideration for a twenty-six (26) consecutive week period of use, commencing with the first day that the Derivative New Media Production is available for use on any advertiser-supported platform following the expiration of the thirteen (13) consecutive week period. The foregoing payment is an aggregate payment, to be allocated among all credited writer(s). In no event shall any payment be less than $20.00.

(A) For a Derivative New Media Production that is derivative of a dramatic television motion picture covered by the MBA, other than a serial covered by Appendix A, Article 13.B.5., the percentage shall be applied to the “bargain rate” in Article 13.B.7.c. for a program of the same length as the Derivative New Media Production.

(B) For a Derivative New Media Production that is derivative of a serial covered by Appendix A, Article 13.B.5., the percentage shall be applied to the script fee set forth in Appendix A, Article 13.B.5.a.(2) for a program of the same length as the Derivative New Media Production.

(C) For a Derivative New Media Production that is derivative of a comedy-variety program covered by Appendix A, Article 13.B.2., the percentage shall be applied to the minimum compensation per program set forth in Appendix A, Article

13.B.2.a. for a program of the same length as the Derivative New Media Production.

(D) For a Derivative New Media Production that is derivative of a quiz and audience participation program covered by the MBA, the percentage shall be applied to the rate applicable to a writer employed solely to write questions, answers and/or ideas for stunts under a term contract guaranteeing thirteen (13) weekly units as set forth in Appendix A, Article 13.B.4.b.(1).

(E) For a Derivative New Media Production that is derivative of a non-dramatic program covered by Appendix A, Article 13.B.6.a. or b., the percentage shall be applied to the applicable minimum compensation set forth in Appendix A, Article 13.B.6.a.(1)(a) (depending upon whether it is derivative of a prime time program or a non-prime time program) for a program of the same length as the Derivative New Media Production.

(F) If the lowest base figure in subparagraphs (A) through (E) above for a particular type of program covers programs up to ten (10) or fifteen (15) minutes in length, then the base shall be prorated for a Derivative New Media Production ten (10) minutes or less in length in five (5) minute increments, to a five (5) minute rate for programs 0-5 minutes in length and to a ten (10) minute rate for programs more than five (5) minutes in length, but not exceeding ten (10) minutes.

(1) For example, for a Derivative New Media Production five (5) minutes in length that is derivative of a network prime time dramatic television motion picture, the residual payment is calculated by multiplying the “bargain rate” applicable minimum in Article 13.B.7.c. for a high budget dramatic program 15 minutes or less in length, prorated to five (5) minutes because the Derivative New Media Production is five (5) minutes or

less in length *(e.g.,* $2,714 as of May 2, 2017) by 3.5%.

(2) As a further example, for a Derivative New Media Production three (3) minutes in length that is derivative of a comedy-variety program, the residual payment is calculated by multiplying the minimum compensation per program set forth in Appendix A, Article 13.B.2.a. for a five (5) minute program (*e.g.,* $1,936 as of May 2, 2017) by 3.5%.

(ii) If the Company desires to use the Derivative New Media Production on advertiser-supported platforms for all or any part of the twenty-six (26) consecutive week period immediately following the twenty-six (26) consecutive week period described in subparagraph (4)(b)(i) above, but commencing within one (1) year after expiration of the thirteen (13) consecutive week period, then the Company shall make a residual payment equal to three and one-half percent (3.5%) of the amounts set forth in subparagraph (4)(b)(i)(A) through (E) above, as applicable, as modified by subparagraph (F) above, to the extent applicable, as consideration for a twenty-six (26) consecutive week period of use, commencing with the first day that the Derivative New Media Production is available for use during such twenty-six (26) consecutive week period.

(iii) None of the aforementioned twenty-six (26) consecutive week periods shall cover a period that is more than one (1) year after the expiration of the thirteen (13) consecutive week period. In the event that use of the television motion picture on advertiser-supported platforms is commenced on a date that does not allow for the full twenty-six (26) consecutive week period of use within one (1) year of the expiration of the thirteen (13) consecutive week period, then the payment for that period shall be prorated in weekly units to cover the shorter use period.

For example, suppose that the Company uses a television motion picture on advertiser-supported platforms during the thirteen (13) consecutive week period and then does not use the motion picture on advertiser-supported platforms again until thirty-nine (39) weeks after the expiration of the thirteen (13) consecutive week period. Since only thirteen (13) weeks remain within the one (1) year period, a payment of one-half of the payment that would otherwise be due for the twenty-six (26) consecutive week period would be payable for use during the remaining thirteen (13) week period.

(c) Use on Advertiser-Supported Platforms More Than One Year Following Expiration of the Thirteen Week Period

Upon expiration of the one (1) year period following expiration of the thirteen (13) consecutive week period, if the Company desires to use the Derivative New Media Production on advertiser-supported platforms, then it shall pay residuals at the rate of two percent (2%) of "accountable receipts," as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media.

(d) Use on Consumer Pay Platforms

For use of a Derivative New Media Production on new media platforms for which the consumer pays (*e.g.*, download-to-own, download-to-rent, paid streaming), the Company shall pay a residual equal to 1.2% of the "accountable receipts," as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media, attributable to the period beyond the twenty-six (26) week period of use.

(e) Use in Traditional Media

The Company shall pay residuals for the use of a Derivative New Media Production in "traditional media" (*e.g.*, free television, basic cable, pay television, home video) as a supplemental use under existing MBA formulas.

(i) Free Television Exhibition

(A) Except with respect to exhibition of Derivative New Media Productions that are more than fifteen (15) minutes in length in network prime time, residual payments for free television exhibition of Derivative New Media Productions shall be computed as follows:

The new media exhibition of the Derivative New Media Production shall constitute the first run for purposes of calculating residual payments in free television. The base figure used to compute the residual payment shall be the base amounts set forth in subparagraphs (4)(b)(i)(A) through (E) above, as applicable, as modified by subparagraph (F) above, to the extent applicable, for a program of the same category and length as the Derivative New Media Production. The base figure shall be multiplied by the percentage applicable to the run in question, except that payments for network prime time shall be paid according to the percentages for network non-prime time, and the resulting product shall be the residual payment.

If the lowest base figure for a particular type of program covers programs up to ten (10) or fifteen (15) minutes in length, then the base shall be prorated for a Derivative New Media Production ten (10) minutes or less in length in five (5) minute increments, to a five (5) minute rate for programs 0-5 minutes in length and to a ten (10) minute rate for programs more than five (5) minutes in length, but not exceeding ten (10) minutes.

The foregoing payment is an aggregate payment, to be allocated among all credited writer(s).

(1) As an example, suppose that a five (5) minute Derivative New Media Production that is derivative of a high budget dramatic program is exhibited for the first time in network prime time. The applicable base is the "bargain rate" applicable minimum used for high budget dramatic programs fifteen (15) minutes or less in length, prorated to five (5) minutes because the Derivative New Media Production is five (5) minutes or less in length (*e.g.,* $2,714 as of May 2, 2017). That figure will be multiplied by

50%, the percentage applicable to a second run on a network in other than prime time, for a total residual payment of $1,357.

(2) If the same Derivative New Media Production were exhibited a second time on the network, that run would generate a residual payment of $1,086 ($2,714 x 40%).

(3) As a further example, suppose that a three (3) minute Derivative New Media Production that is derivative of a comedy-variety program is exhibited for the first time on a network, but not in prime time. The base is the minimum compensation per program set forth in Appendix A, Article 13.B.2.a. for a five (5) minute program (*e.g.,* $1,936 as of May 2, 2017). That figure will be multiplied by 50%, the percentage applicable to a second run on a network in other than prime time, for a total residual payment of $968.

(B) The formula for reruns in network prime time of Derivative New Media Productions more than fifteen (15) minutes in length is as follows: The new media exhibition of the Derivative New Media Production shall constitute the first run for purposes of calculating residual payments for use on free television. The residual payment shall be the amount payable under the MBA for a rerun in network prime time of a free television motion picture or program of the same type and length as the Derivative New Media Production. For dramatic programs, other than a serial covered by Appendix A, Article 13.B.5., the residual payment shall be one hundred percent (100%) of the residual base for a story and teleplay as set forth in Article 15.B.1.b.(2)(a) for a program of the same length as the Derivative New Media Production. The foregoing payment is an aggregate payment, to be allocated among all credited writer(s).

(1) For example, if a Derivative New Media Production twenty (20) minutes in length that is derivative of a high budget dramatic program is shown once in network prime time, the residual payment applicable to that exhibition is $13,511 (as of May 2, 2017), the same payment applicable to the rerun of a thirty (30) minute other than network prime time television program in network prime time. If the Derivative New Media Production were run a second time in network prime time, the same payment would be due ($13,511).

(2) As another example, if a dramatic Derivative New Media Production forty-three (43) minutes in length were exhibited once in network prime time, the residual payment applicable to that exhibition is $24,558 (as of May 2, 2017), the same payment applicable to the rerun of a sixty (60) minute other than network prime time television program in network prime time. If the Derivative New Media Production were run a second time in network prime time, the same payment would be due ($24,558).

(ii) Exhibition on Pay Television, Home Video, Basic Cable and in an Interactive Program

For exhibition on pay television, the Company shall pay residuals equal to 1.2% of Company's "accountable receipts" pursuant to Article 51.C.1.a. of the MBA. For home video exploitation, the Company shall pay residuals pursuant to Article 51.C.1.b. of the MBA. For exhibition on basic cable, Company shall pay pursuant to the provisions of Article 58 of the MBA. For use of a Derivative New Media Production in an "interactive program," as defined in Article 64.A., the provisions of Article 64 shall apply.

(5) **Separated Rights**

If the writer of a Derivative New Media Production introduces a new character in the Derivative New Media Production, and the characterization of that character is fully developed and fully described in the material written by the writer, and from such development and description the character appears to be unique and the principal creation of the writer, and if the Company uses that character as the central character in a new television series, the provisions of Article 16.B.1.d. will apply.

3. Terms and Conditions for "Original New Media Productions" (Other than "High Budget" Dramatic Original Programs and Series Made for a Subscription Consumer Pay Platform)

The following provisions apply to "Original New Media Productions" other than "high budget" dramatic original programs and series made for a subscription consumer pay platform described in Paragraph 4 below.

a. **Initial Compensation**

Initial compensation will be subject to negotiation between the Company and the individual writer.

b. **Other Terms and Conditions**

All terms and conditions of employment (other than credits as provided in subparagraph (3) below) are subject to negotiation between the Company and the individual writer.

(1) **Applicable Provisions of the MBA.** The following provisions of the MBA are incorporated herein. To the extent the provisions herein are inconsistent with the MBA, the provisions of this sideletter control.

(a) Article 6, "Guild Shop (General)."

(b) Article 7, "No Strike No Lock-out Clause (General)"

(c) Article 10, "Grievance and Arbitration"

(d) Article 11, "Grievance and Arbitration Rules and Procedures"

(e) Article 12, "Court Proceedings"

(f) Article 13.B.9., "Time of Payment"

(g) Article 17, "Pension Plan and Health Fund"

(h) Article 35, "Recognition of Agreement (General)"

Except as provided herein, no other terms of the MBA shall apply to the employment of such writer, or to the sale of such literary material, unless agreed in writing between the writer and the Company.

(2) **Written Contract of Employment.** The Company shall tender a written contract of employment to the writer within ten (10) days following the commencement of his or her employment and shall send a copy to the Guild within one (1) week after receipt by Company of the executed contract.

(3) **Screen Credit.** The Company will submit a Notice of Tentative Writing Credits to the Guild and participating writers for each covered program produced for new media as soon as practicable upon completion of principal photography. The parties agree to discuss further whether modifications to the WGA credit determination process should be made based on the nature of the program writing, production and distribution. The Company shall be required to accord screen credit to the writer if any other person receives screen credit on the New Media Production. The writing credit shall be in the form "Written by" for dramatic programs and in the form "Writer(s)" for all other programs and must be accorded in the same size and style of type as any other personal credit. Credits may appear in the corner of the screen. "Click-through" credits may be used.

(4) **Residual Compensation.**

(a) What Initial Compensation Covers

Initial compensation for an Original New Media Production shall constitute payment for a twenty-six (26) consecutive week period of use on any consumer pay new media platform (hereinafter "consumer pay platform"), commencing with the first day that the Original New Media Production is available on any consumer pay platform, and all uses on free to the consumer advertiser-supported platforms transmitted via new media (hereinafter "advertiser-supported platforms").

(b) Use on Consumer Pay Platforms

(i) No payment shall be due for any use on consumer pay platforms for an Original New Media Production budgeted below $25,000 per minute of actual program material as exhibited.

(ii) For all uses of an Original New Media Production budgeted at or above $25,000 per minute of actual program material as exhibited on consumer pay platforms (*e.g.*, download-to-own, download-to-rent, paid streaming) beyond the twenty-six (26) consecutive week period, the Company shall pay a residual equal to 1.2% of the "accountable receipts," as defined in Paragraph 3 of the "Sideletter on Exhibition of Motion Pictures Transmitted Via the Internet," attributable to the period beyond the twenty-six (26) consecutive week use period.

(iii) Subparagraph (a) above shall apply to an Original New Media Production initially released on a consumer pay platform which is subsequently released on an advertiser-supported platform or vice versa.

(c) Use in Traditional Media

The Company shall pay residuals for the use of an Original New Media Production in "traditional media" (*e.g.*, free television, basic cable, pay television, home video) as a supplemental use under existing MBA formulas.

(i) Free Television Exhibition

(A) Except with respect to exhibition of Original New Media Productions that are more than fifteen (15) minutes in length in network prime time, residual payments for free television exhibition of Original New Media Productions shall be computed as follows:

The new media exhibition of the Original New Media Production shall constitute the first run for purposes of calculating residual payments in free television. The base figure used to compute the residual payment shall be the base amounts set forth in subparagraphs

2.b.(4)(b)(i)(A), (C), (D) or (E) above, as applicable, as modified by subparagraph (F) above, to the extent applicable, for a program of the same category and length as the Original New Media Production. The base figure for all dramatic Original New Media Productions shall be as provided in subparagraph 2.b.(4)(b)(i)(A) above. If the program category has both a high budget and a low budget rate, then the base shall be the base applicable to the low budget category. If the program category has both a prime time and a non-prime time rate, then the residual base shall be the base applicable to the non-prime time category. The residual base shall be multiplied by the percentage applicable to the run in question, except that payments for network prime time shall be paid according to the percentages for network non-prime time, and the resulting product shall be the residual payment.

If the lowest base amount for a particular type of program covers programs up to ten (10) or fifteen (15) minutes in length, then the base shall be prorated for an Original New Media Production ten (10) minutes or less in length in five (5) minute increments, to a five (5) minute rate for programs 0-5 minutes in length and to a ten (10) minute rate for programs more than five (5) minutes in length, but not exceeding ten (10) minutes.

The foregoing payment is an aggregate payment, to be allocated among all credited writer(s).

(1) As an example, suppose that a five (5) minute dramatic Original New Media Production is exhibited for the first time in network prime time. The applicable residual base is the "bargain rate" applicable minimum used for other than network prime time low budget dramatic programs fifteen (15) minutes or less in length, prorated to five (5) minutes because the Original New Media

Production is five (5) minutes or less in length ($2,305 as of May 2, 2017). That figure will be multiplied by 50%, the percentage applicable to a second run on a network, for a total residual payment of $1,153.

(2) If the same Original New Media Production were exhibited a second time on the network, that run would generate a residual payment of $922 ($2,305 x 40%).

(3) As a further example, suppose that a three (3) minute comedy-variety Original New Media Production is exhibited for the first time on a network, but not in prime time. The residual base is the minimum compensation per program set forth in Appendix A, Article 13.B.2.a. for a five (5) minute program ($1,936 as of May 2, 2017). That figure will be multiplied by 50%, the percentage applicable to the second run on a network, for a total residual payment of $968.

(B) The formula for reruns in network prime time of Original New Media Productions more than fifteen (15) minutes in length is as follows: The new media exhibition of the Original New Media Production shall constitute the first run for purposes of calculating residual payments for use on free television. The residual payment shall be the amount payable under the MBA for a rerun in network prime time of a free television motion picture or program of the same type and length as the Original New Media Production.

For dramatic programs, the residual payment shall be one hundred percent (100%) of the residual base for a story and teleplay as set forth in Article 15.B.1.b.(2)(a) for a program of the same category and length as the Original New Media Production.

(1) For example, if a dramatic Original New Media Production twenty (20) minutes in length is shown once in network prime time, the residual payment applicable to that exhibition is $13,511 (as of May 2, 2017), the same payment applicable to the rerun of a thirty (30) minute other than network television program in network prime time. If the Original New Media Production were run a second time in network prime time, the same payment would be due ($13,511).

(2) As another example, if a dramatic Original New Media Production forty-three (43) minutes in length were exhibited once in network prime time, the residual payment applicable to that exhibition is $24,558 (as of May 2, 2017), the same payment applicable to the rerun of a sixty (60) minute other than network prime time television program in network prime time. If the Original New Media Production were run a second time in network prime time, the same payment would be due ($24,558).

(ii) Exhibition on Pay Television, Home Video, Basic Cable and in an Interactive Program

For exhibition on pay television, the Company shall pay residuals equal to 1.2% of “Company’s accountable receipts” pursuant to Article 51.C.1.a. of the MBA. For home video exploitation, the Company shall pay residuals pursuant to Article 51.C.1.b. of the MBA. For exhibition on basic cable, Company shall pay pursuant to the provisions of Article 58 of the MBA. For use of an Original New Media Production in an “interactive program,” as defined in Article 64.A., the provisions of Article 64 shall apply.

(5) Separated Rights

(a) If the Company acquires literary material from a writer or employs a writer to write literary material for exhibition on new media and subsequently employs that writer to write a television or theatrical motion picture based on such literary material, the writer shall not be disqualified from having separated rights under Article 16.A. or 16.B. of this Basic Agreement solely because the motion picture was based on literary material originally written for new media.

(b) For any Original New Media Production to which separation of rights would apply if written for free television, the writer shall retain the television and theatrical motion picture rights specified in Article 16.B.2. and 16.B.3. of this Basic Agreement, but only to the extent those rights apply to television and theatrical exploitation and not to exploitation in new media. The Company has the right to negotiate directly with the writer at any time to acquire these rights. The rights acquired after negotiation shall be set forth either in the acquisition or employment contract with the writer or in a separate contract and a separate consideration (other than the consideration for the original employment or purchase) shall be stated for such rights.

In the event that the writer of an Original New Media Production to which separation of rights applies later qualifies for separated rights pursuant to subparagraph (a) above, then the writer's rights under this subparagraph (b) shall be extinguished and shall be replaced by the rights set forth in Article 16.A. or Article 16.B., as applicable.

Should the writer desire to sell, license or otherwise dispose of the television or theatrical rights as set forth above, the Company shall have a right of first refusal thereof as follows: At such time as writer shall receive from a third party a *bona fide* offer, and the writer desires to sell, license or otherwise dispose of the rights involved on the terms of such offer, writer will, by written notice to the Company, advise the Company of the rights involved and of such terms. Within seven (7) days (excluding non-business days as provided in Article 43) after receipt of such notice, Company may, by written notice to the writer, elect to purchase, license or otherwise acquire the rights involved on the terms set forth in writer's notice, in which case Company and writer will enter into an agreement upon such terms. If, within the seven (7) day period, Company notifies the writer that it does not elect to exercise its right of first refusal, or fails to give writer any written notice, the writer shall be free to enter into an agreement with such third party, but may not do so on terms more favorable to the third party than those set forth in the notice to the Company without again submitting the more favorable terms to the Company for first refusal, as herein provided.

(c) For any Original New Media Production to which separation of rights would apply if written for free television, if the actual cost of production is above $25,000 per minute of program material (as exhibited) and the length of each program, as exhibited on new media, is twenty (20) minutes or longer, the writer of the literary material shall be entitled, in addition to the rights set forth in subparagraph (b) above, to series sequel payments in the amount of $1,271 ($1,303 effective May 2, 2018 and $1,336 effective May 2, 2019) for each Original New Media Production that is twenty (20) minutes or longer that is produced based on the Original New Media Production.

4. Terms and Conditions for "High Budget" Derivative and Original Dramatic New Media Productions Made for Initial Exhibition on a Subscription Consumer Pay Platform

a. The terms and conditions set forth in this Paragraph 4 shall not apply to any program or series that was grandfathered, and remains grandfathered, pursuant to subparagraphs (1) and (2) of Paragraph 4.a. of the Sideletter on Literary Material Written For Programs Made for New Media of the 2014 MBA.

In addition, the terms and conditions set forth in this Paragraph 4 shall not apply to a High Budget SVOD Program or episodes of a High Budget SVOD series, the literary material for which is written on or after May 2, 2017 pursuant to a license agreement entered into prior to May 2, 2017 (and which program or series is not otherwise grandfathered as provided above).[1, 2] For such Programs or episodes, Paragraph 4 of the Sideletter

[1] If the licensee orders additional High Budget SVOD Programs or episodes of a High Budget SVOD series, the literary material for which is written on or after May 2, 2017, pursuant to a license agreement entered into prior to May 2, 2017, and the Company has the right to negotiate with respect to the material terms and conditions of the license for the additional programs or episodes, then the High Budget SVOD Program or episodes of the High Budget SVOD series shall be subject to the terms of this Sideletter on Literary Material Written for Programs Made for New Media to the 2017 MBA.

[2] The Company shall notify the WGA of any such license agreement entered into prior to May 2, 2017. The notice shall include the name of the licensee, the term of the license agreement, the license fee, the number of programs or the number of minutes of programming to be produced under the license agreement, the anticipated start date of principal photography, the anticipated date of delivery of the program or series, and whether the licensee has an option to order additional programs or series under the license agreement and, if so, whether the material terms and conditions applicable to such additional programs or series are fixed in the license agreement or are subject to negotiation. At the WGA's request, the Company must make an unredacted license agreement available for inspection at the Company's office in Los Angeles subject to a confidentiality agreement equivalent to those governing new media license agreement inspections.

on Literary Material Written for Programs Made for New Media to the 2014 MBA shall apply instead and is incorporated by reference herein, except that: (1) footnote 3 of this Sideletter applies; (2) the minimum initial compensation shall be increased in each year of the 2017 MBA on a compounded basis by two percent (2%) effective May 2, 2017, by an additional two and one-half percent (2.5%) effective May 2, 2018 and two and one-half percent (2.5%) effective May 2, 2019 (as set forth in the Attachment to Sideletter on Literary Material Written for Programs Made for New Media Re: Initial Compensation and Residuals Applicable to Certain "Grandfathered" High Budget SVOD Programs at page 654); and (3) the applicable residual base shall be the network prime time residual base in Article 15.B.1.b.(2)(a) of the 2017 MBA.

b. "High Budget SVOD Programs" Defined

The terms and conditions set forth in Paragraph 4 of this Sideletter shall be applicable only to derivative and original dramatic new media productions made for initial exhibition on a subscription video-on-demand consumer pay platform which meet the following "high budget" criteria (hereinafter "High Budget SVOD Program(s)"):

Length of Program as* Initially Exhibited	**"High Budget" Threshold**
20-35 Minutes	$1,300,000 and above
36-65 Minutes	$2,500,000 and above
66 Minutes or more	$3,000,000 and above

* Programs less than 20 minutes are not considered "high budget" for the purpose of this Sideletter, regardless of their budgets.

c. Minimum Initial Compensation for Story and Teleplay

(1) Minimum initial compensation for writers employed on a High Budget SVOD Program intended for initial exhibition on a subscription consumer pay new media platform with 20 million or more subscribers in the United States and Canada shall be as follows:

Program Length	Budget Tier	Rate
20-35 Minutes	Tier 1: $2,100,000 or more	Article 13.B.7.d.
	Tier 2: $1,300,000 or more but less than $2,100,000	Article 13.B.7.a., b. or c., as applicable
36-65 Minutes	Tier 1: $3,800,000 or more	Article 13.B.7.d.
	Tier 2: $2,500,000 or more but less than $3,800,000	Article 13.B.7.a., b., or c., as applicable
66-95 Minutes	Tier 1: $4,000,000 or more	Article 13.B.7.d.
	Tier 2: $3,000,000 or more but less than $4,000,000	Article 13.B.7.a., b., or c., as applicable
96 Minutes or more	Tier 1: $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof) or more	Article 13.B.7.d.
	Tier 2: $3,000,000 or more but less than $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof) or more	Article 13.B.7.a., b., or c., as applicable

(2) Minimum initial compensation for writers employed on a High Budget SVOD Program intended for initial exhibition on a subscription consumer pay new media platform with fewer than 20 million subscribers in the United States and Canada shall be as provided in Article 13.B.7.a., b., or c., as applicable.

(3) For purposes of determining applicable minimum compensation under subparagraphs (1) and (2) above, a High Budget SVOD Program between 20 and 35 minutes in length shall be treated as a 30-minute program; a High Budget SVOD Program between 36 and 65 minutes shall be treated as a 60-minute program; a High Budget SVOD Program between 66 and 95 minutes shall be treated as a 90-minute program; and a High Budget SVOD Program 96 minutes or longer shall be treated as a 120-minute program.[3]

[3] For purposes of determining the applicable minimum compensation and other terms and conditions under Paragraph 4 of this Sideletter, the parties agree that an episode of a High Budget SVOD series may exceed the "program length" which applies to a typical episode of the series by up to three (3) minutes without becoming subject to the terms and conditions applicable to the next highest program length. (For example, if a typical episode of a High Budget SVOD series falls in the 20-35 minute category, a given episode of such series which is 38 minutes in length will still be subject to the compensation and terms and conditions applicable to a program between 20 and 35 minutes in length.) The parties further confirm that this applies to High Budget SVOD Programs produced under the Sideletter on Literary Material Written for New Media to the 2014 MBA.

d. Other Terms and Conditions for High Budget SVOD Programs

Except as otherwise provided herein, the terms and conditions applicable to High Budget SVOD Programs in Tier 1 intended for initial exhibition on a subscription consumer pay new media platform with 20 million or more subscribers in the United States and Canada shall be those applicable to programs made for network prime time, and the terms and conditions applicable to all other High Budget SVOD Programs shall be those applicable to programs made for basic cable, subject to the following clarifications and modifications:

(1) Article 13.B.7.r. shall not apply to any High Budget SVOD Program.

(2) Article 14.G. shall not apply to any High Budget SVOD Program.

(3) Article 20.B.3.e. shall not apply to any High Budget SVOD Program.

(4) A High Budget SVOD Program between 20 and 35 minutes in length shall be treated as a 30-minute program; a High Budget SVOD Program between 36 and 65 minutes shall be treated as a 60-minute program; a High Budget SVOD Program between 66 and 95 minutes shall be treated as a 90-minute program; and a High Budget SVOD Program 96 minutes or longer shall be treated as a 120-minute program.[3]

e. Residual Compensation

(1) Initial compensation paid to the credited writer(s) of a High Budget SVOD Program intended for initial exhibition on a subscription consumer pay new media platform constitutes payment for ninety (90) days of use worldwide on such platform (including any related or affiliated foreign subscription consumer pay platform(s)), commencing with the first day the High Budget SVOD Program is available on such subscription consumer pay platform(s).

Company shall pay to such credited writer(s) residual compensation as set forth below.

(2) Subsequent Use on the Domestic Subscription Consumer Pay Platform on Which the High Budget SVOD Program Was Initially Exhibited.

For use on the subscription consumer pay platform in the United States and Canada on which the High Budget SVOD Program is initially exhibited during the first exhibition year after the ninety (90) day period following the initial availability of the Program on such platform, and for each year of domestic use thereafter, the Company shall pay residuals calculated by multiplying the applicable residual base set forth in subparagraph (a) below by the applicable percentage for the period of use set forth in subparagraph (b) below and by the subscriber factor set forth in subparagraph (c) below.

(a) Base for High Budget SVOD Program Residual

The following residual bases are applicable to a one-time High Budget SVOD Program or an episode of a High Budget SVOD series, the literary material for which is written on or after May 2, 2017, and shall apply in perpetuity to that program or episode:

Program Length in Minutes	Story	Teleplay	Story and Teleplay
20-35 minutes	$ 5,649	$ 9,173	$14,119
36-65 minutes	10,264	17,778	25,663
66-95 minutes*	15,426	27,345	38,567
96 minutes or more*	20,216	36,269	50,541

*The residual base for a High Budget SVOD Program that is 85 minutes or longer with a budget of $13 million or more and made for a subscription consumer pay platform with 20 million or more domestic subscribers shall be the applicable minimum as set forth in Article 13.B.7.a., b. and c. for a program length in minutes of either “90 or less (but more than 75)” or “120 or less (but more than 90),” as applicable.

(b) Percentage of Above Base Rate Payable for Residuals

Exhibition Year*	Percentage of Applicable High Budget SVOD Program Residual Base
Year 1*	35.0%
Year 2	30.0%
Year 3	30.0%
Year 4	25.0%

Exhibition Year*	Percentage of Applicable High Budget SVOD Program Residual Base
Year 5	20.0%
Year 6	15.0%
Year 7	10.0%
Year 8	8.0%
Year 9	5.0%
Year 10	4.5%
Year 11	3.0%
Year 12	2.5%
Each Year thereafter	1.5%

*Exhibition Year 1 shall commence on the first day that the High Budget SVOD Program is made available for exhibition on the subscription pay platform following ninety (90) days after the initial exhibition date. Each Exhibition Year thereafter shall commence with the first day that the High Budget SVOD Program is made available for exhibition on the subscription consumer pay platform following the conclusion of the prior one-year use period.

(c) Subscriber Factor

Subscriber Tier	Domestic Subscribers	Subscriber Factor
1	Under 1 million	20%*
2	1 million to 5 million	40.0%
3	Over 5 million but fewer than 20 million	65.0%
4	20 million to 45 million	100.0%
5	Over 45 million	150.0%

*No residual shall be owed for the first year of exhibition of a High Budget SVOD Program or series produced for initial exhibition on a subscription consumer pay platform with fewer than 1,000,000 domestic subscribers.

The number of domestic subscribers shall be determined as of July 1st of each year of the Agreement. For a High Budget SVOD series, the number of domestic subscribers that applies to the first episode of the season shall apply to the entire season in perpetuity.

(d) Payment

Payment for each Exhibition Year shall be due sixty (60) days after the end of the calendar quarter in which the High Budget SVOD Program was first made available in that Exhibition Year.

(3) Use on a Foreign Subscription Consumer Pay Platform Related to or Affiliated with the Domestic Subscription Consumer Pay Platform[4, 5]

(a) Foreign Subscription Consumer Pay Platforms Related to or Affiliated with a Domestic Subscription Consumer Pay Platform with Over 45 Million Subscribers.

(i) When Company licenses the right to exhibit a High Budget SVOD Program to a domestic subscription consumer pay platform with over 45 million subscribers and also licenses SVOD rights for use on its related or affiliated foreign subscription consumer pay platform(s), Company shall pay a fixed residual for each exhibition year of use in foreign markets (after an initial ninety (90) consecutive day window measured from initial availability on the domestic subscription consumer pay platform) that is an additional percentage of the domestic residual set forth in subparagraph 4.e.(2) above according to the following schedule:

Exhibition Year	**Percentage of Domestic Residual**
Year 1	35.0%
Year 2	35.0%
Year 3	35.0%
Year 4	25.0%

[4] Residuals shall also be payable under this provision when the Company is related to or affiliated with the domestic subscription consumer pay platform that is related to or affiliated with the foreign subscription consumer pay platform.

[5] It is understood that this provision also applies when a subscription consumer pay platform that holds foreign exhibition rights sublicenses those rights.

Exhibition Year	Percentage of Domestic Residual
Year 5	25.0%
Year 6	25.0%
Year 7	20.0%
Year 8	20.0%
Year 9	20.0%
Year 10	15.0%
Year 11	15.0%
Year 12	15.0%
Each Year thereafter	10.0%

Payment of the additional fixed residual above shall cover worldwide use of the High Budget SVOD Program on all foreign subscription consumer pay platforms for the applicable exhibition year.

(ii) However, when Company's license includes the SVOD rights for use on the related or affiliated foreign subscription consumer pay platform(s) of such domestic subscription consumer pay platform in foreign territories which constitute fifteen percent (15%) or less of the value of all foreign markets (*i.e.*, outside the United States and Canada), then gross receipts-based residuals for such foreign SVOD licensing shall be paid pursuant to subparagraph 4.e.(2)(b)(ii) below in lieu of the foreign fixed residual in subparagraph 4.e.(2)(a)(i) above. In that case, the Company shall allocate a fair and reasonable portion of the license fee to the foreign territories for which related or affiliated foreign subscription consumer pay platform(s) have exhibition rights, and make a residual payment equal to 1.2% of such allocated amount.[6, 7] If

[6] If the Company is related to or affiliated with the domestic subscription consumer pay platform that is related to or affiliated with the foreign subscription consumer pay platform, the allocation shall be measured by the exhibitor's payments to unrelated or unaffiliated entities in arm's length transactions for comparable programs, or, if none, then the amounts received by the Company from unrelated and unaffiliated exhibitors in arm's length transactions, or, if none, a comparable exhibitor's payments to comparable unrelated and unaffiliated entities in arm's length transactions for comparable programs.

[7] At the Guild's request, the Company must make an unredacted license agreement available for inspection at the Company's office subject to a confidentiality agreement equivalent to those governing new media license agreement inspections as described in the Sideletter on the Exhibition of Motion Pictures Transmitted Via New Media.

the Guild contends that the amount so allocated was not fair and reasonable, such claim may be submitted to arbitration. In the event the arbitrator finds that such allocation was not fair and reasonable, he or she shall determine the fair and reasonable amount to be allocated.

(b) Foreign Subscription Consumer Pay Platforms Related to or Affiliated with a Domestic Subscription Consumer Pay Platform with 45 Million or Fewer Subscribers.

(i) When a Company licenses the right to exhibit a High Budget SVOD Program to a domestic subscription consumer pay platform with 45 million or fewer subscribers and also licenses "worldwide" SVOD rights to its related or affiliated foreign subscription consumer pay platform(s), the Company shall pay a fixed residual for each exhibition year of use in foreign markets (after an initial ninety (90) consecutive day window measured from initial exhibition on the domestic subscription consumer pay platform) that is an additional percentage of the domestic residual set forth in subparagraph 4.e.(2) above according to the schedule in subparagraph 4.e.(3)(a)(i) above.

(ii) When a Company licenses the right to exhibit a High Budget SVOD Program to a domestic subscription consumer pay platform with 45 million or fewer subscribers and also licenses foreign SVOD rights other than "worldwide" to its related or affiliated foreign subscription consumer pay platform(s), the Company shall make a residual payment equal to 1.2% of "accountable receipts" as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media. For purposes of this provision, when the license includes both the right to exhibit a High Budget SVOD Program on a domestic subscription consumer pay platform and on its related or affiliated foreign consumer pay platform(s), the Company shall allocate a fair and reasonable portion of the license fee to the foreign territories for which related or affiliated foreign subscription consumer pay platform(s) have exhibition rights, and then make the residual payment provided herein of such allocated amount.[8, 9] If the Guild contends that the amount so allocated was not fair and reasonable, such claim may be submitted to arbitration. In the event the arbitrator finds that such allocation was not fair and reasonable, he or she shall determine the fair and reasonable amount to be allocated.

This subparagraph 4.e.(3) shall expire upon the termination of the 2017 MBA and shall be of no force and effect thereafter. However, these provisions will apply and remain in full force and effect to High Budget SVOD Programs subject to the terms and conditions of this Paragraph 4, regardless of the terms or provisions of any subsequent agreement which is a modification, extension or renewal of, or substitution for, this Sideletter.

(4) For subsequent exhibition of a High Budget SVOD Program on any subscription consumer pay new media platform other than the domestic subscription consumer pay platform on which the program was initially exhibited and its related or affiliated foreign subscription consumer pay platform(s) (other than on a foreign subscription consumer pay platform for which the fixed residual has been paid pursuant to subparagraphs 4.e.(3)(a)(i) or 4.e.(3)(b)(i) above), the Company shall make a residual payment equal to 1.2% of Company's "accountable receipts" as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media.

(5) For subsequent exhibition of a High Budget SVOD Program on any consumer pay new media platform other than a subscription consumer pay platform (*i.e.*, on a transactional consumer pay platform involving download-to-own or download-to-rent transactions), the Company shall make a residual payment equal to 1.2% of Company's "accountable receipts" as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media.

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[8] If the Company is related to or affiliated with the domestic subscription consumer pay platform that is related to or affiliated with the foreign subscription consumer pay platform, the allocation shall be measured by the exhibitor's payments to unrelated or unaffiliated entities in arm's length transactions for comparable programs, or, if none, then the amounts received by the Company from unrelated and unaffiliated exhibitors in arm's length transactions, or, if none, a comparable exhibitor's payments to comparable unrelated and unaffiliated entities in arm's length transactions for comparable programs.

[9] At the Guild's request, the Company must make an unredacted license agreement available for inspection at the Company's office subject to a confidentiality agreement equivalent to those governing new media license agreement inspections as described in the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media.

(6) Except as provided in the next paragraph, for subsequent exhibition of a High Budget SVOD Program on any free-to-the-consumer/advertiser-supported new media platform, the Company shall make a residual payment equal to 2% of Company's "accountable receipts" as defined in Paragraph 3 of the Sideletter on Exhibition of Motion Pictures Transmitted Via New Media.

Notwithstanding the foregoing, the Company shall have the right to exhibit a High Budget SVOD Program (including any one-time program or the first three (3) episodes of a new series), without any additional payment, on free-to-the-consumer/advertiser-supported new media platforms for a period of seven (7) consecutive days for the purpose of promoting the High Budget SVOD Program.

(7) When the Company's "accountable receipts" derived from any such licensing of High Budget SVOD Programs are received from a related or affiliated entity that acts as the exhibitor/retailer of the program, then the Company's "accountable receipts" received by the Company from the licensing of such rights shall be measured by the exhibitor/retailer's payments to unrelated and unaffiliated entities in arm's length transactions for comparable programs or series or, if none, the amounts received by the Company from unrelated and unaffiliated exhibitors/retailers in arm's length transactions for comparable programs or series, or, if none, a comparable exhibitor/retailer's payments to comparable unrelated and unaffiliated entities in arm's length transactions for comparable programs or series.

(8) For use of a Derivative High Budget SVOD Program in traditional media (*e.g.*, free television, basic cable, pay television or home video), the Company shall pay residuals as a supplemental use as set forth in Paragraph 2.b.(4)(e) of this Sideletter; for use of an Original High Budget SVOD Program in traditional media, the Company shall pay residuals as a supplemental use as set forth in Paragraph 3.b.(4)(c) of this Sideletter.

f. Screen Credit

Screen credit for High Budget SVOD Programs shall be subject to the provisions of Television Schedule A as modified below. As to material marked "not applicable," or if material in Television Schedule A is inconsistent with this Paragraph 4.f., Television Schedule A shall not apply. The substance of material marked "not applicable" may be covered in other paragraphs of this Paragraph 4.f., or may be omitted entirely.

1. Television Schedule A applies, except as follows:

   (a) The word "television" shall be deleted from the term "television screen."

   (b) In the second paragraph, the reference to "television motion picture" shall be replaced with "High Budget SVOD Program."

   (c) The first sentence of the third paragraph shall be revised as follows: "Subject to contractual commitments which may exist on May 2, 2017, a writer who is entitled to credit on the screen and who has been paid or has been guaranteed payment of less than three (3) times the applicable minimum provided for in Paragraph 4 of this Sideletter for his/her writing services or literary materials relating to the particular teleplay, shall have the right to have credit given to him/her on the screen, advertising or otherwise in a reasonable pseudonymous name."

2. Television Schedule A applies, except as follows:

   (a) In Paragraphs 2.a. and 2.b., the references to "television writer" shall be replaced with "writer of a High Budget SVOD Program."

   (b) In the first paragraph of Paragraph 2.d., the reference to "television motion picture" shall be replaced with "High Budget SVOD Program."

   (c) The third paragraph of Paragraph 2.e. is not applicable.

3. The reference to "Article 13.B.1.b." shall be replaced with "Paragraph 4 of this Sideletter."

4. Television Schedule A applies, except the phrase "revues, variety and audience participation shows" is not applicable.

5. The reference to "Article 13.B.7.c." shall be replaced with "Paragraph 4 of this Sideletter."

6. The word "television" shall be deleted from the term "television screen."

7. Television Schedule A applies, except that: the word “television” shall be deleted from the term “television screen;” Paragraph 7.e., references to “television writer or writers” shall be replaced with “writer or writers of High Budget SVOD Program;” the date “March 18, 1957" shall be replaced with “May 2, 2014;” and the term “television” shall be stricken from the phrase “television writing credit.”

8. and 9. Television Schedule A applies.

10. Television Schedule A applies, except that the date “March 2, 1981" shall be replaced with “May 2, 2014.”

11., 12., 13., and 14. Television Schedule A applies.

15. Television Schedule A applies, except that the Company may provide notices via email.

16. Television Schedule A applies, except as provided in Paragraph 4.f.15. above.

17., 18., 19., and 20. Television Schedule A applies.

21. Television Schedule A applies, except as follows:

(a) The first sentence of Paragraph 21 shall be replaced with the following:

“Writing credit for High Budget SVOD Programs 96 minutes or longer shall be included in publicity releases issued by the Company relating to the motion picture when the producer and the director are mentioned, whether in the form of a ‘production’ or ‘presentation’ credit or otherwise, except when such release is restricted to information about such individual or individuals.”

(b) References to “long-form television motion picture(s)” shall be replaced with “High Budget SVOD Programs 96 minutes or longer” and references to “television” and “laserdiscs” shall be deleted.

22. Television Schedule A applies, except the parenthetical in Paragraph 22.b. is not applicable.

23. Television Schedule A applies, except as follows:

(a) The first sentence of Paragraph 23 shall be replaced with the following:

"A credit on the screen in the form '*Created by*' shall be given on each episode of an episodic series or serial to the writer when such writer has separated rights and is entitled to sequel payments for such episode pursuant to Paragraph 4.g. of this Sideletter."

(b) The dates "June 16, 1966" and "March 2, 1981" shall be replaced with "May 2, 2014."

(c) The first sentence of Paragraph 23.b. shall be replaced with the following:

"With regard to any episodic series or serial in which a writer subject to this Sideletter has separated rights, is entitled to sequel payments under Paragraph 4.g. of this Sideletter, and receives a '*Created by*' credit, if the Company desires to grant a '*Developed by*' credit, such credit may only be given for writing and shall be subject to a Guild arbitration to determine its appropriateness."

24. Television Schedule A applies.

25. Television Schedule A applies, except that, in the title of the "Notice of Tentative Writing Credits," the word "Television" shall be replaced with "High Budget Dramatic SVOD."

26. Television Schedule A applies.

27. Television Schedule A applies, except the reference to "correct each print before such print is retelecast" shall be replaced with "provide the new media exhibitor service(s) with a corrected file as soon as practicable."

28. Television Schedule A applies.

29. The "circumstances" referenced in Paragraph 29 shall include, but are not limited to, circumstances unique to forms of distribution or exhibition in new media.

30. Television Schedule A applies.

31. Television Schedule A applies.

g. Separated Rights

The provisions of Article 16.B. shall apply to High Budget SVOD Programs as modified below:

(1) Article 16.B.1. applies, except:

(a) Substitute “High Budget SVOD Program” for “television motion picture,” “High Budget SVOD Programs” for “television motion pictures” and in subparagraph “c.” of Article 16.B.1., “High Budget SVOD Program” for “production of a television motion picture.”

(b) In subparagraph “d,” of Article 16.B.1., add “comprised of High Budget SVOD Programs” after “a serial or episodic series” and before “(herein called ‘new serial or new episodic series’).”

(2) Article 16.B.2. applies, except:

(a) Add “(a High Budget SVOD Program of more than sixty-five (65) minutes in length)” after the reference to “a program of more than sixty (60) minutes in length” in Article 16.B.2.a.(1).

(b) Delete the reference to “only to sixty percent (60%) of said amount for fifteen minute episodes, but shall be entitled” and change “sixty (60) minute episodes” to “thirty-six (36) to ninety-five (95) minute episodes in the case of a High Budget SVOD Program)” and “ninety (90) minute or longer episodes” to “ninety-six (96) minute or longer episodes in the case of a High Budget SVOD Program” in the third paragraph of Article 16.B.2.a. (beginning “For such literary material...”).

(c) Add a sentence at the end of the third paragraph of Article 16.B.2.a. (beginning “For such literary material...”) to read as follows: “It is understood that residual sequel payments are not applicable for exhibitions of High Budget SVOD Programs on any new media platform.”

(d) Modify the first sentence of Article 16.B.2.b. to provide:

"The 'first MOW,' for purposes of this Section, is a television motion picture ninety (90) minutes or longer, or a High Budget SVOD Program ninety-six (96) minutes or longer, to which the separation of rights provisions of this Article 16.B. apply. 'MOW sequels' are programs ninety (90) minutes or longer, or High Budget SVOD Programs ninety-six (96) minutes or longer, which are ordered subsequent to the exhibition of the first MOW and are other than an exploitation of the series sequel rights."

(e) Add a sentence at the end of the seventh paragraph of Article 16.B.2.b. as follows: "It is understood that residual sequel payments are not applicable for exhibitions of High Budget SVOD Programs ninety-six (96) minutes or longer on any new media platform."

(3) Article 16.B.3. applies, except:

(a) Modify Article 16.B.3.b.(1) to provide:

"(1) The live television rights until a date three and one-half (3½) years after the first broadcast of the television motion picture or the date of first availability of the High Budget SVOD Program, or a date five (5) years after the delivery of the story and teleplay, whichever shall be earlier."

(b) Modify Article 16.B.3.b.(2) to provide:

"(2) The right to broadcast directly by television, or make available in new media, a live dramatic presentation of the material, in the exercise of the reserved dramatic rights until a date three and one-half (3½) years after the first broadcast of the television motion picture or the date of first availability of the High Budget SVOD Program, or a date five (5) years after the delivery of the story or story and teleplay, whichever shall be earlier."

(c) Add "or the date of first availability of a High Budget SVOD Program" after "first broadcast of the television motion picture" in the first sentence of Article 16.B.3.b.(3) and Article 16.B.3.b.(4).

(d) Modify Article 16.B.3.b.(5) to provide:

"The right to use the leading character or characters in a substantially different story in an 'interactive program,' other than in the nature of a game, until after the expiration of the Company's exclusive right to commence the exploitation of the television sequel rights as set forth in Article 16.B.2. or until six (6) months after the date of the last broadcast of the television series or after the date of the first availability of the last episode in the case of a High Budget SVOD Program, if such rights have been exploited."

(e) Change the last sentence of Article 16.B.3.c. to provide as follows:

"The right of first refusal herein granted shall apply to series sequel rights and MOW sequel rights if the same shall revert to the writer prior to the expiration of said four (4) year period."

(f) Modify the first sentence of Article 16.B.3.e.(1) to provide as follows:

"Theatrical Rights - The Company shall pay two and one-half percent (2.5%) of the *bona fide* budgeted direct cost (and overhead or other indirect cost shall be excluded except to the extent it exceeds twenty-five percent (25%) of direct cost), or $20,000.00, whichever is greater, but in no event more than $500,000.00 for theatrical rights."

(g) Change "ninety (90)" to "ninety-six (96)" and change "television motion picture" to "High Budget SVOD Program" in Article 16.B.3.h.

4. Delete Article 16.B.4. (Sketches and Routines).

5. Article 16.B.5. applies, except:

(a) Delete the upset prices for programs 15 minutes or less, 45 minutes or less and 90 minutes or less.

(b) Apply the upset prices for programs 30 minutes or less to High Budget SVOD Programs 20-35 minutes, the upset prices for programs 60 minutes or less to High Budget SVOD Programs 36-65 minutes and the upset prices for programs more than 90 minutes to High Budget SVOD Programs 66 minutes or more.

6. Article 16.B.6. through Article 16.B.9. apply.

5. **Work Lists**

With respect to Derivative and Original New Media Productions covered under this Sideletter which are 30 minutes or more in length as exhibited, the Company each week shall send the Guild a list of the names of writers in the employ of the Company, and/or the names of professional writers from whom previously unexploited literary material has been purchased, at any time during the preceding week. The Company may submit such list to the Guild via email.

Sincerely,

WRITERS GUILD OF AMERICA, WEST, INC.,
on behalf of itself and its affiliate,
WRITERS GUILD OF AMERICA, EAST, INC.

By: /s/ David J. Young
David J. Young
Executive Director

ACCEPTED AND AGREED:

The respective companies represented by the
ALLIANCE OF MOTION PICTURE AND
TELEVISION PRODUCERS, INC.

By: /s/ Carol A. Lombardini
Carol A. Lombardini
President

ATTACHMENT TO SIDELETTER ON LITERARY MATERIAL WRITTEN FOR PROGRAMS MADE FOR NEW MEDIA RE: INITIAL COMPENSATION AND RESIDUALS APPLICABLE TO CERTAIN "GRANDFATHERED" HIGH BUDGET SVOD PROGRAMS

1. INITIAL COMPENSATION

Minimum initial compensation for writers on a "grandfathered" High Budget SVOD Program[10] intended for initial exhibition on a subscription consumer pay platform with 15 million or more subscribers in the United States and Canada shall be as follows:

a. Story

Program Length	Budget Tier	5/02/17 - 5/01/18	5/02/18 - 5/01/19	5/02/19 - 5/01/20
20-35 Minutes	Tier 1: $2,100,000 or more	$ 8,857	$ 9,078	$ 9,305
	Tier 2: $1,300,000 or more but less than $2,100,000	5,967	6,116	6,269
36-65 Minutes	Tier 1: $3,800,000 or more	15,590	15,980	16,380
	Tier 2: $2,500,000 or more but less than $3,800,000	10,843	11,114	11,392
66-95 Minutes	Tier 1: $4,000,000 or more	20,828	21,349	21,883
	Tier 2: $3,000,000 or more but less than $4,000,000	16,296	16,703	17,121
96 Minutes or More	Tier 1: $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof) or more			
	Serial & Episodic	27,812	28,507	29,220
	Non-Episodic	30,352	31,111	31,889
	Tier 2: $3,000,000 or more but less than $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof)	21,354	21,888	22,435

[10] See Paragraph 4.a. of the Sideletter on Literary Material Written for Programs Made for New Media of the 2017 MBA.
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b. Teleplay

Program Length	Budget Tier	5/02/17 - 5/01/18	5/02/18 - 5/01/19	5/02/19 - 5/01/20
20-35 Minutes	Tier 1: $2,100,000 or more	$19,051	$19,527	$20,015
	Tier 2: $1,300,000 or more but less than $2,100,000	9,690	9,932	10,180
36-65 Minutes	Tier 1: $3,800,000 or more	25,703	26,346	27,005
	Tier 2: $2,500,000 or more but less than $3,800,000	18,778	19,247	19,728
66-95 Minutes	Tier 1: $4,000,000 or more	37,035	37,961	38,910
	Tier 2: $3,000,000 or more but less than $4,000,000	28,883	29,605	30,345
96 Minutes or More	Tier 1: $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof) or more Serial & Episodic Non-Episodic	 47,515 51,852	 48,703 53,148	 49,921 54,477
	Tier 2: $3,000,000 or more but less than $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof)	38,312	39,270	40,252

c. **Story and Teleplay**

Program Length	Budget Tier	5/02/17 - 5/01/18	5/02/18 - 5/01/19	5/02/19 - 5/01/20
20-35 Minutes	Tier 1: $2,100,000 or more	$26,564	$27,228	$27,909
	Tier 2: $1,300,000 or more but less than $2,100,000	14,913	15,286	15,668
36-65 Minutes	Tier 1: $3,800,000 or more	39,068	40,045	41,046
	Tier 2: $2,500,000 or more but less than $3,800,000	27,107	27,785	28,480
66-95 Minutes	Tier 1: $4,000,000 or more	54,968	56,342	57,751
	Tier 2: $3,000,000 or more but less than $4,000,000	40,739	41,757	42,801
96 Minutes or More	Tier 1: $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof) or more Serial & Episodic Non-Episodic	 72,323 79,050	 74,131 81,026	 75,984 83,052
	Tier 2: $3,000,000 or more but less than $4,500,000 (plus $2,250,000 for each additional 35 minutes or portion thereof)	53,388	54,723	56,091

Minimum initial compensation for writers on a "grandfathered" High Budget SVOD Program intended for initial exhibition on a subscription consumer pay platform with fewer than 15 million subscribers in the United States and Canada shall be as set forth in Tier 2 in the charts above.

2. RESIDUAL COMPENSATION

Initial compensation paid to the credited writer(s) of a "grandfathered" High Budget SVOD Program shall include one year of use worldwide on the original platform. For each subsequent year of use on a platform with 15 million or more subscribers, Company shall make a fixed residual payment based upon the applicable Network Prime Time residual base as set forth in Article 15.B.1.b.(2)(a) (for reference see Table 1, below), according to the schedule set forth in Table 2 below:

TABLE 1

Program Length in Minutes	Story	Teleplay	Story and Teleplay
20-35 minutes	$ 5,406	$ 8,778	$13,511
36-65 minutes	9,822	17,012	24,558
66-95 minutes	14,762	26,167	36,906
96 minutes or more	19,345	34,707	48,365

TABLE 2

Exhibition Year	Percentage of Residual Base in Table 2
Year 2	30.0%
Year 3	30.0%
Year 4	25.0%
Year 5	20.0%
Year 6	15.0%
Year 7	10.0%
Year 8	8.0%
Year 9	5.0%
Year 10	4.5%
Year 11	3.0%
Year 12	2.5%
Each Year thereafter	1.5%

Initial compensation paid to the credited writer(s) of a High Budget SVOD Program intended for initial exhibition on a subscription consumer pay new media platform with fewer than 15 million subscribers in the United States and Canada constitutes payment for one year of use on the domestic subscription consumer pay platform on which it is first exhibited and on any related or affiliated foreign subscription consumer pay platform(s), commencing with the first day that the High Budget SVOD Program is available on such subscription consumer pay platform. For all use of such High Budget SVOD Program on the domestic subscription consumer pay platform and on any related or affiliated foreign subscription consumer pay platform(s) beyond the initial one-year use period, the Company shall make a fixed residual payment for each subsequent one-year period according to the schedule set forth above, but the residual base shall be 65% of the applicable network prime time residual base (Article 15.B.1.b.(2)(a)) (for reference see Table 1, above).