

October 25, 2007

**PRODUCERS' COMPREHENSIVE PROPOSAL  
TO THE WRITERS GUILD OF AMERICA, WEST, INC.  
AND WRITERS GUILD OF AMERICA, EAST, INC.**

**1. Term (P-20)**

The term of the 2007 Agreement shall be four (4) years, commencing November 1, 2007 to and including October 31, 2011.

**2. Minimums (W-2)**

To be addressed as part of the economic package.

**3. Showrunner Training Program (W-18)**

To be addressed as part of the economic package.

**4. Pension and Health Package (W-16a, W-16b, P-15(A), P-15(B), P-15(C), P-15(D), P-15(E) and P-15(F))**

**(A) Pension Plan Contribution Ceilings (W-16a)**

Increase the Pension Plan contribution ceiling for theatrical motion pictures and long-form television motion pictures to \$225,000 (\$450,000 for a team of 3).

**(B) Health Fund Contribution Ceilings (W-16b)**

Increase the Health Fund contribution ceiling for non-episodic, non-serial television motion pictures or multi-part closed-end series, which series or motion pictures are 120 minutes or more in length, to \$250,000 (\$500,000 for a team of 3).

**(C) Pension and Health Contribution Ceilings for Pilot Writers**

Establish ceilings for pilot writers, irrespective of the length of the pilot, as follows: For the Pension Plan, \$225,000 (\$450,000 for a team of 3) and for the Health Fund, \$250,000 (\$500,000 for a team of 3).

(D) **Pension and Health Contribution Ceilings for Daytime Serial Writers (P-15(C))**

Establish a cap on pension and health contributions for writers of daytime serials set at \$250,000 per calendar year.

(E) **Pension and Health Contributions for Article 14.E.2. Writers (P-15(B))**

Confirm that when a writer is employed under a development deal as an Article 14.E.2. writer and, as part of the same contract, the writer is assigned to a show and receives additional money for the series which is not creditable, but the writer is not developing during the time he is assigned to the series, the Company should have to pay only the Article 14.E.2. pension and health, or Article 14.K., but not both.

(F) **Diversion of Contributions (P-15(D))**

Eliminate the ability of the Trustees of the Health Fund to increase the contribution rate to the Health Fund under Article 17.C.1. by diverting amounts from salary increases.

(G) **Withdrawals (P-15(A), P-15(E), P-15(F))**

Producers' Proposals P15(A), P-15(E) and P-15(F) are withdrawn.

5. **Product Integration (W-17)**

Company agrees to consult with the showrunner when a commercial product is to be integrated into the storyline of an episode of a dramatic series. It is understood that the Company's decision as to how the integration will be accomplished shall be final. The foregoing shall not be subject to grievance or arbitration.

6. **Crediting / Program Fees (P-7(H), P-6, P-19, W-4, W-12a and b)**

The Producers propose a mutual withdrawal of the following proposals:

**Producers' Proposals**

P-7(H), Program Fees

P-6, Overscale Crediting

P-19, Participation Crediting

**WGA Proposals**

W-4, Program Fees

W-12a, Fair Market Value

W-12b, Financial Information

7. **Appendix A (P-12(A), (B), (C), (D) and (E), W-6, W-7, W-23, W-24 and W-25)**

The Producers propose a mutual withdrawal of the following Appendix A proposals:

**Producers' Proposals**

**WGA Proposals**

P-12(A), Writers on Cycle Contracts

W-6, Quiz and Audience Participation Programs

P-12(B), Discounts on Non-Cancellable Contracts

W-7, Daytime Serial Compensation

P-12(C), Cycle Employment

W-23, Ancillary Uses of Material

P-12(D), *De Minimus* Writing

W-24, Offset in Article 61

P-12(E), 39 or More Weekly Units Guaranteed

W-25, Producer Exclusion

8. **Tri-Guild Audits (W-12c)**

Renew the “Gross Receipts Residual Payments Monitoring Fund” sideletter on the following basis: The Companies agree to make payments to the Fund of \$287,000 per year on July 1<sup>st</sup> of 2008, 2009 and 2010, provided that each of the WGA, DGA and SAG agrees to participate and make a payment of \$37,000 per year to the Fund. In exchange, each participating Guild agrees that such payments shall be considered a settlement of potential claims for royalty distributions from the Copyright Royalty Tribunal as to motion pictures produced through the expiration date of the successor agreement to the collective bargaining agreement between such Guild and the AMPTP in effect on July 1, 2008 (in effect on November 1, 2007 for the WGA).

9. **Separated Rights – Television (P-4(A)(1))**

(A) **Theatrical Rights**

(1) Revise Article 16.B.3.c. to read as follows:

“c. If, during the four (4) year period mentioned in subparagraph 2. above, the writer desires to sell, license or otherwise dispose of any of the reserved rights, other than dramatic, theatrical or publication rights, 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. The right of first refusal herein granted shall apply to television 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.

“If, at any time, the writer desires to sell, license or otherwise dispose of any of the dramatic, theatrical or publication rights, 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.”

Make conforming changes in Article 16.B.3.d.

(2) Revise Article 16.B.3.e.(1) to read as follows:

“e. Company has the right to negotiate directly with the writer to acquire the theatrical rights, publication rights, merchandising rights and interactive rights as provided in Article 1.C.19.c.(2), and each of them, notwithstanding any provisions of subparagraphs d. and f. of this Article 16.B.3. or either of them, pertaining to negotiation with the Guild for compensation on no less than the following basis:

“(1) 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~~) \$20,000.00 as an advance against the applicable amount listed below, depending on the budget of the theatrical motion picture, whichever is greater, for theatrical rights.

Theatrical Motion Picture Budget	Theatrical Rights Payment
Less than \$40,000,000	\$50,000
\$40,000,000 but less than \$60,000,000	\$75,000
\$60,000,000 but less than \$80,000,000	\$100,000
\$80,000,000 but less than \$100,000,000	\$125,000
Over \$100,000,000	\$150,000

“The above shall apply to each theatrical remake and sequel. ~~If such two and one-half percent (2.5%) is greater than~~ The amount due in excess of \$20,000.00, the excess shall be paid not later than sixty (60) days from the delivery of the answer print.”

**(B) Television Remake Rights**

Revise the first paragraph of Article 16.B.3.f. to read as follows:

“f. In regard to the reserved theatrical motion picture rights in any material to which the separation of rights provisions of this Article 16.B. apply, if the writer commences the production of a theatrical motion picture based thereon, or has sold, licensed or otherwise disposed of the theatrical motion picture rights in such material (as permitted herein) and shall notify the Company thereof in writing, then, unless prior to receipt of such notice Company has commenced the production of a television motion picture which is a remake of the television motion picture initially based upon such material, the Company will not thereafter exercise or sell, license or otherwise dispose of the television remake rights in such material for a period not to exceed the earlier of one (1) year after the theatrical motion picture is released or within two (2) years after Company’s receipt of written notice from the writer that the writer has sold, licensed or otherwise disposed of the theatrical motion picture rights, if principal photography of the theatrical motion picture has not commenced within such two (2) year period. If the Company acquires the theatrical motion picture rights in such material prior to the time the writer

has commenced the production of a television motion picture based thereon, or has sold, licensed or otherwise disposed of his/her non-exclusive television rights in such material, the writer will not thereafter exercise or sell, license or otherwise dispose of his/her non-exclusive television rights in such material. For the purpose of determining whether the Company has commenced the production of a remake or the writer has commenced the production of a theatrical or television motion picture, the party shall be deemed to have commenced the production of the motion picture involved if such party has expended a substantial sum or has undertaken a binding contractual commitment requiring such party to expend a substantial sum for any item of production cost customarily incurred in connection with the production of a motion picture of the type involved; provided, however, that if principal photography of such motion picture shall not be commenced within one (1) year after such item of production cost has been incurred, then, for the purpose of determining the rights of such parties hereunder, the commencement of production of such motion picture shall be deemed not to have occurred. A dispute as to whether a substantial sum has been expended or committed, or as to abandonment, may be submitted to arbitration hereunder.”

**(C) Production of a Second Pilot**

Revise the paragraph in Article 16.B.2. beginning “Nothing in this subparagraph 2. shall be construed...” to read as follows:

“Nothing in this subparagraph 2.a. shall be construed to preclude the Company from producing a second pilot during the exclusive period provided for therein or from exhibiting such additional pilot during or after said period, ~~provided that a deal is made with the writer of the first pilot to write a story and teleplay for the second pilot at a compensation not less than that paid him/her for the first pilot.~~ The production and release of a second pilot shall not constitute exploitation of the television series sequel rights within the meaning of this subparagraph 2.a.”

**(D) Upset Price**

(1) Revise the last sentence of the first paragraph of Article 16.B.5. and the upset price chart immediately following that sentence to read as follows:

“5. Upset Price

“Such upset price shall be as follows for each writer or team of two (2) writers as defined in Article 13 for network prime time dramatic programs and for dramatic programs covered by Appendix B which are of a type generally produced for network prime time television:

<b>UPSET PRICE Initial Compensation of At Least</b>	
	<b>Effective 11/1/07-10/31/11</b>
Format only (if by a writer other than the writer of story and teleplay)	\$28,122
Story only (other than by the writer of the teleplay)	
15 minutes or less	9,783
30 minutes or less (more than 15)	17,408
45 minutes or less (more than 30)	24,740
60 minutes or less (more than 45)	30,649
90 minutes or less (more than 60)	42,176
More than 90 minutes	42,176
Story & Teleplay (other than by the writer of the format)	
15 minutes or less	29,391
30 minutes or less (more than 15)	52,237
45 minutes or less (more than 30)	62,010
60 minutes or less (more than 45)	76,815
90 minutes or less (more than 60)	111,316
More than 90 minutes	111,316
Format, Story & Teleplay by one writer	
15 minutes or less	29,391
30 minutes or less (more than 15)	52,237
45 minutes or less (more than 30)	62,010
60 minutes or less (more than 45)	76,815
90 minutes or less (more than 60)	111,316
More than 90 minutes	111,316
Bible	71,085
More than 90 minutes	111,316

“The upset price shall be as follows for each writer or team of two (2) writers as defined in Article 13 for other than network prime time dramatic television programs (including other than prime time serials), dramatic programs made for syndication, dramatic programs made for basic cable and dramatic programs covered by Appendix B which are not of a type generally produced for network prime time television:

<b>UPSET PRICE</b>	
<b>Initial Compensation of At Least</b>	
	<b>Effective 11/1/07-10/31/11</b>
Format only (if by a writer other than the writer of story and teleplay)	\$19,685
Story only (other than by the writer of the teleplay)	6,315
15 minutes or less	11,554
30 minutes or less (more than 15)	16,273
45 minutes or less (more than 30)	20,993
60 minutes or less (more than 45)	31,551
More than 90 minutes	
Story & Teleplay (other than by the writer of the format)	15,764
15 minutes or less	28,874
30 minutes or less (more than 15)	40,679
45 minutes or less (more than 30)	52,484
60 minutes or less (more than 45)	78,876
90 minutes or less (more than 60)	78,876
More than 90 minutes	
Format, Story & Teleplay by one writer	16,764
15 minutes or less	28,874
30 minutes or less (more than 15)	40,679
45 minutes or less (more than 30)	52,484
60 minutes or less (more than 45)	78,876
90 minutes or less (more than 60)	78,876
More than 90 minutes	
Bible	58,900
More than 90 minutes	78,876

- (2) Delete the first two sentences in the last paragraph of Article 16.B.5.



- (E) Clarify that the Company’s television rights, series sequel rights and MOW sequel rights under Article 16.B.2. include free and pay television, videodisc/ videocassettes and any new media (which includes, but is not limited to, the Internet, alternative digital broadcast channels and wireless distribution systems (such as cell phones or PDAs)).

**10. Separated Rights – Theatrical (P-4(B)(2))**

**(A) Dramatic Rights**

Revise Article 16.A.3.b. (1) - (3) to read as follows:

**“b. Dramatic Rights.**

- “(1) If the Company or its licensee has commenced active development, as defined in subparagraph (8) below, of a *bona fide* dramatic stage production intended to exploit the dramatic rights in the story, screenplay or motion picture within ~~three (3)~~ five (5) years following the general release of the motion picture, but the Company or its licensee fails to stage a *bona fide* dramatic production within ~~five (5)~~ seven (7) years following the general release of the motion picture, or
- “(2) if the Company or its licensee does not exploit or cause to be exploited, as defined in subparagraph (1) above, such dramatic rights at any time prior to ~~three (3)~~ five (5) years following the general release of the motion picture, or
- “(3) if the Company does not commence the principal photography of the motion picture within ~~five (5)~~ seven (7) years (plus the aggregate of periods, not to exceed six (6) months, that commencement of photography is postponed by “force majeure” type contingencies occurring within the last six (6) months of the ~~five (5)~~ seven (7) year period) following the date of the employment contract (or the date of the written assignment in the case of a term contract, week-to-week contract or multiple picture type employment) or the date of acquisition if the material is purchased.”

(B) Add a new Article 16.A.3.b.(9) to read as follows:

- “(9) It is understood that the development of a theme park attraction which is or includes a dramatic stage production based upon a story or story and screenplay shall not be considered an exercise of dramatic rights and the Company shall own any and all rights in and to such attraction.”

**11. Residual Payments for Theatrical and Television Motion Pictures (P-5(A), (B), (C), (D) and (F))**

- (A) For all terrestrial and satellite radio broadcasts of television motion pictures, the literary material for which was written either prior to or on or after November 1, 2007, the Company shall pay to the credited writer(s) one and two-tenths percent (1.2%) of Company's receipts from licensing such rights.
- (B) Confirm that electronic sell-throughs for permanent downloads of theatrical or television motion pictures (when all or substantially all of the picture is included) are paid at the home video/DVD formula.
- (C) Add a provision to the MBA stating that there shall be no residual payments for the exhibition or distribution of theatrical and television motion pictures, whether in whole or in part, in new media (other than as set forth in the "Sideletter on Exhibition of Motion Pictures Transmitted Via the Internet"). For this purpose, the term "new media" means any digital distribution platform now known or which is hereafter developed during the term of the 2007 Writers Guild of America Theatrical and Television Basic Agreement, including, but not limited to, digital video on demand, alternative digital broadcast channels, Internet exhibition, PDAs, broadband and cell phones.
- (D) (Applicable to Universal only) Confirm that under Article 15.A., no compensation is due for the exhibition on free television of any theatrical motion picture, the principal photography of which commenced prior to June 13, 1960, produced by any signatory or former signatory to any WGA collective bargaining agreement.
- (E) Revise Article 15.B.1.b.(2)(c) so that when a television motion picture is syndicated in markets representing 50% or fewer of United States television households, residuals shall be paid on the same basis as under Article 58 (*i.e.*, a payment of 2% of gross receipts is due for television motion pictures produced on or after July 1, 1984 and a payment of 2.5% of gross receipts is due for television motion pictures produced prior to July 1, 1984. (Conform Sideletter No. 2 to Article 15.B.1.b.(2)(c) re Residuals for Half-Hour Series accordingly.)

**12. Compensation – High Budget Rates (P-7(A) and (D), P-13(A))**

- (A) Increase the high budget figure in Article 13.A. from \$5,000,000 to \$25,000,000.

- (B) Increase the high budget figures for prime time network programs in Article 13.B.2. as follows:

	CURRENT	PROPOSED
15 minutes or less	\$150,000	<b>\$ 450,000</b>
30 minutes or less (but more than 15 minutes) (single camera)	215,000	<b>900,000</b>
30 minutes or less (but more than 15 minutes) (multi-camera)	215,000	<b>800,000</b>
60 minutes or less (but more than 30 minutes)	300,000	<b>1,250,000</b>
75 minutes or less (but more than 60 minutes)	400,000	<b>2,000,000</b>
90 minutes or less (but more than 75 minutes)	500,000	<b>2,500,000</b>
120 minutes or less (but more than 90 minutes)	900,000	<b>4,500,000</b>
For each additional 30 minutes or less, an additional	300,000	<b>1,500,000</b>

Increase the high budget figures for non-prime time network programs in Article 13.B.2. as follows:

	CURRENT	PROPOSED
15 minutes or less	\$60,000	<b>\$300,000</b>
30 minutes or less (but more than 15) (single camera)	\$100,000	<b>\$600,000</b>
30 minutes or less (but more than 15 minutes) (multi-camera)	\$100,000	<b>\$500,000</b>
60 minutes or less (but more than 30)	\$200,000	<b>\$1,125,000</b>
75 minutes or less (but more than 60)	\$260,000	<b>\$1,300,000</b>
90 minutes or less (but more than 75)	\$340,000	<b>\$1,750,000</b>
120 minutes or less (but more than 90)	\$450,000	<b>\$2,500,000</b>

These budget figures shall be increased at the same time and by the same percentage as salary rates for the writing of such programs increase.

- (C) Increase the high budget thresholds in Paragraph 2.b. of Appendix C as follows:

	CURRENT	PROPOSED
15 minute program	\$150,000	<b>\$ 300,000</b>
30 minute program (single camera)	285,000	<b>600,000</b>
30 minute program (multi-camera)	285,000	<b>500,000</b>
60 minute program	530,000	<b>1,125,000</b>
90 minute program	850,000	<b>1,750,000</b>
120 minute program	1,250,000	<b>2,500,000</b>

These budget figures shall be increased at the same time and by the same percentage as salary rates for the writing of such programs increase.

**13. Compilation Programs (P-7(F))**

Revise Article 15.B.10.e. to provide that once per television season, the Company may produce a compilation show for a television series either to refresh the audience’s memory or to educate the audience on the continuing story lines from the current or prior television season, upon payment of an aggregate one-time sum to the writers of the excerpt(s) used in the compilation program equal to 100% of minimum based on the bargain story and teleplay rate for the length of the compilation program.

**14. Character Payments/Ringtones (P-7(J), W-19)**

The Producers propose a mutual withdrawal of Producers’ proposal 7(J) regarding character payments and WGA Proposal W-19 regarding ringtones.

**15. Separable Material – Theatrical Rights (P-7(I))**

Revise Article 15.B.14.a. to read as follows:

“a. If Company produces a theatrical motion picture based upon such material, it will pay to the writer whichever is the greater of (1), (2) or (3) below:

“(1) Effective 11-1-07 – 10/31/11: \$7,935

“(2) The applicable amount listed below which is consistent with the budget of the theatrical motion picture:

<b>Theatrical Motion Picture Budget</b>	<b>Theatrical Rights Payment</b>
Less than \$40,000,000	\$25,000
\$40,000,000 but less than \$60,000,000	\$37,500
\$60,000,000 but less than \$80,000,000	\$50,000
\$80,000,000 but less than \$100,000,000	\$62,500
Over \$100,000,000	\$75,000

“(3) the applicable minimum compensation for a screenplay under the then current Basic Agreement.

“The amount payable pursuant to subparagraph (1) above shall be an advance against the amount due pursuant to subparagraph (2) or (3) above. The amount due in excess of the amount listed in subparagraph (1) above shall be paid not later than sixty (60) days from the delivery of the answer print.”

**16. Foreign Remakes (P-8(A) and (B))**

(A) Codify an alternative payment formula for foreign remake format sales of 30% of the format license fee, irrespective of whether the Company licensing the format rights is also a participant in the production, as follows:

“(1) Notwithstanding anything to the contrary in the MBA, the following shall govern foreign remakes of any television motion picture, the writing for which has been done under this Agreement or a prior MBA. It is understood that such television motion picture(s) will be remade by a foreign production company in a language other than English for worldwide distribution on stations, including stations in the United States. For any foreign remake format sale, Company (or any affiliate Company) will pay to the WGA thirty percent (30%) of the foreign remake format license fee paid to Company for each remade episode of the series. Such payment shall be distributed by the WGA to the writer(s) who received final writing credit when the episode was originally produced (“Credited Writer(s)”) and to the writer(s) who received “Created by” credit when the series was originally produced (“Creator(s)”) and allocated as follows:

a. Remade episode on which Credited Writer(s) received “Written by” credit:

<u>Payee</u>	<u>Total % Due</u>	<u>Allocation</u>
Credited Writer(s)	88%	78.1% - writer 9.9% - p&w
<u>Creator</u>	<u>12%</u>	
TOTAL	100%	

b. Remade episode on which Credited Writer(s) received separate “Teleplay by” and “Story by” credit:

<u>Payee</u>	<u>Total % Due</u>	<u>Allocation</u>
Credited Writer(s) - Teleplay	34.7%	30.2% - writer 4.5% - p&w
Credited Writer(s) - Story	55.3%	49.1% - writer 6.2% - p&w
<u>Creator(s)</u>	<u>10%</u>	
TOTAL	100%	

c. Original episode for remade series (i.e., no pre-existing episode on which the WGA determined the final writing credit):

<u>Payee</u>	<u>Total % Due</u>	<u>Allocation</u>
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Creator

100%

100%

- “(2) Residuals of two percent (2%) of Company’s “accountable receipts” (as such term is defined in Article 15.B.1.c.(1)) from the sale or license of the remade episodes released to foreign language free television in the United States or Canada shall be payable pursuant to Article 15.B.1.c.(1) of the MBA. Such residuals shall become due and payable within thirty (30) days of the first such telecast.
- “(3) Except as set forth in (2) above, no residuals shall be due or payable for reuse of any of the episodes of the remade series.
- “(4) Credits on such remade episodes shall be governed by the following subparagraphs a. through f.:
- “a. The credited writer(s) of each episode of the original series shall receive the same on-screen credit on the remade episode as he/she/they received on the original series episode.
  - “b. The WGA-determined “Created by” credit shall appear on the screen on all episodes of the remade series, *i.e.*, remade and original episodes.
  - “c. As soon as practicable, Company will provide the WGA with the list of episodes to be remade and their writing credits as provided by Company to the foreign licensee. It is not necessary to provide the WGA with the writing credits as they appear (in a foreign language, or translated from the foreign language) in the remade episodes.
  - “d. The WGA will allow a “Script Associate” credit (or other similar kind of credit) to be accorded to the foreign production company employee who conforms the remade episodes for the foreign language market.
  - “e. Except as provided in this paragraph (4), no other writing credit shall be accorded on the remade episodes without the approval of the WGA, which approval shall not be unreasonably withheld.
  - “f. All of the provisions of this paragraph 4 shall be subject to any laws or rules and regulations of the broadcast regulatory agency and/or country in which the remade series is produced.
- “(5) Except as provided herein, all other terms and conditions of the WGA MBA, including but not limited to separation of rights and additional compensation, will apply to the remade episodes.”

- (B) Revise the MBA to provide that the Company has the option to apply the foregoing 30% formula to remakes of television motion pictures which are produced abroad for domestic exhibition in a language other than English.

**17. Data Submission Program (P-9(B))**

Eliminate the Data Submission program.

**18. Jurisdictional Maximum/Interest Rates (P-9(A))**

The Producers agree to increase the jurisdictional maximum in Article 10.A.3. to \$450,000 in exchange for the Guilds' agreement on the following amended version of P-9(A):

Revise the Agreement to provide that interest is payable at the prime rate plus one percent (1%), annualized, on all penalties or delinquent payments provided in the MBA. This proposal shall be applicable to the following contract provisions and to any others not mentioned which specify an interest rate that is greater than prime plus one percent (1%):

Article 13.A.14

Article 13.B.9.

Article 15.A.3.f.

Article 15.B.4.

Article 51.C.6.

Article 64.E.1.

Article 64.E.3.a.

Article 64.E.3.c.

Article 65.A.1.

Article 65.A.2.

Sideletter re Interest on Delinquent Residual Payments

**19. Force Majeure (P-10)**

Revise the provisions of the MBA to give the Company the right, with respect to contracts of employment with writers in effect on or after November 1, 2007, to suspend or terminate a writer's employment at any time during a "force majeure" event and to extend such writer's contract of employment for a period equivalent to the period of any suspension once the "force majeure" event has passed.

**20. Television Programs Made for Basic Cable (P-13(B) and (C))**

- (A) Revise Appendix C to provide that if the Company enters into a second or any subsequent license for exhibition on basic cable of programs made for basic cable, whether with the basic cable service to which the programs were originally licensed or another service, residuals for such exhibitions shall be paid pursuant to the provisions of Article 58, rather than under Appendix C.

- (B) Revise Appendix C to provide that if a program made for basic cable is exhibited on free television (except for the first Canadian license, if it is for free television exhibition), residuals shall be paid pursuant to the provisions of Article 58, rather than under Appendix C.

**21. Use of Excerpts (P-14(A))**

Increase the length of recaps that can be used without payment in Article 15.B.10.c. and d. from 90 or 120 seconds to 3 minutes when used in a program sixty (60) minutes or more in length.

**22. Article 48. Writer's Participation in the Production Process (P-16(A) and (B))**

- (A) Revise Article 48 to provide that only those writers who are proposed for credit shall have the opportunity to view the Director's cut and that the Company's failure to invite the aforementioned writers to view the cut shall not be subject to grievance and arbitration.
- (B) Revise Article 48 to provide that any disputes arising thereunder shall not be subject to grievance and arbitration, but instead shall be subject to the hot line resolution procedure.

**23. Grievance and Arbitration (P-17(A), (B) and (C))**

- (A) Add the following persons to the panels of arbitrators:

Los Angeles  
Charles Askin  
Howard Block  
Joshua Javits  
Michael Prihar

New York  
Ralph S. Berger  
Joshua Javits  
Carol A. Wittenberg

- (B) In any arbitration under the Agreement, the Arbitrator may not award damages to the Guild.
- (C) Reduce the time period for filing claims of any type to one (1) year.

**24. Sunset Clauses (P-18)**

Renew Sideletter No. 2 to Article 15.B.1.b.(2)(c), "Experiment in Syndication of Half-Hour Series in Markets Representing 50% or Fewer of U.S. Television Households."

**25. Residuals Reporting/Electronic Data (W-12d)**

Each Company agrees to meet with the Guild during the term of the 2007 Agreement, on a Company-by-Company basis, to discuss the feasibility of electronically reporting residual and other payments due to writers under the MBA.



**26. Product Made for New Media (P-2)**

Revise the “Sideletter on Literary Material Written for Programs Made for the Internet” (p. 561) as follows:

(A) Change the title to “Literary Material Written for Programs Made for New Media (including, but not limited to, the Internet, alternative digital broadcast channels and wireless distribution systems (such as cell phones or PDAs)).”

(B) Revise the first sentence of the Sideletter to read:

“This Sideletter confirms the understanding of the WGA and the Companies (collectively ‘the parties’) concerning the application of the Basic Agreement to literary material written for new media, including, but not limited to, the Internet, alternative digital broadcast channels and wireless distribution systems (such as cell phones or PDAs) (hereinafter collectively referred to as ‘new media’).”

(C) Replace references to “the Internet” in the Sideletter with “new media.”

(D) Revise the third and fourth sentences of the second paragraph of Part A and add a new fifth sentence to the second paragraph of Part A to read as follows:

“The provisions of Article 6, ‘Guild Shop,’ Article 7, ‘No-Strike No Lockout Clause (General),’ Article 10, ‘Grievance and Arbitration,’ Article 11, “Grievance and Arbitration Rules and Procedures,’ Article 12, ‘Court Proceedings,’ and Article 35, ‘Recognition of Agreement (General)’ also shall apply. No other terms of the Basic Agreement shall apply to the employment of such writer, or to the sale or option of such literary material, unless agreed in writing between the writer and the Company. The Guild hereby knowingly, clearly and unmistakably waives its right to bargain over additional terms and conditions of employment of writers of literary material for new media.”

(E) Add a new Part D to the Sideletter so that any interference by the Guild with the Company’s ability to negotiate directly with writers, or any interference by the Guild with writers who have contracted to perform services covered under the Sideletter, is deemed a violation of the no-strike provision and subject to an expedited arbitration procedure and a liquidated damages penalty as follows:

“In the event that the Company claims that the Guild has interfered with the Company’s negotiation with any writer for a contract to perform services covered under this Sideletter, or if the Company claims that the Guild is interfering with any writer who has contracted to write literary material for programs made for new media, the Company shall so advise the Guild in writing and request that the Guild cease and desist from so interfering. If the claim of interference is in regard to a writer with whom the Company was negotiating, then, no later than twenty-four (24) hours after receipt of the Company’s request, the Guild shall send a written communication to such writer, and a copy thereof to the Company, which

shall advise that the writer is permitted under the terms of the MBA to enter into any agreement with the Company for the writing of literary material for programs made for new media so long as such agreement includes the clauses listed in the second paragraph of Part A of this Sideletter and that the Guild may not sanction the writer for entering into an agreement on the aforesaid basis. If the complaint of interference is in regard to a writer with whom the Company has contracted to provide writing services for programs made for new media, then, no later than twenty-four hours after receipt of the Company's request to cease and desist, the Guild shall send a written communication to such writer, and a copy thereof to the Company, which shall advise that the writer is permitted under the terms of the MBA to write literary material for programs made for new media so long as the agreement under which the writer is working includes the clauses listed in the second paragraph of Part A of this Sideletter and that the Guild may not sanction the writer for performing services on the aforesaid basis. In addition, in either of such cases, the Guild shall not take any action nor cause any action to be taken which is inconsistent with such communication to the writer.

“Should the Guild fail to deliver such written communication to the writer and the Company within the time prescribed above, then the Company may serve upon the Guild a Demand for Expedited Arbitration which shall include the pertinent facts surrounding the dispute and the name, address, telephone number and e-mail address of the representative of the Company. The Company shall also serve said Demand upon the designated impartial arbitrator assigned to hear disputes hereunder. The copy of the Demand served upon the arbitrator shall also include the name, address, telephone number and e-mail address of the Guild's representative.

“The designated impartial arbitrator assigned to hear disputes arising hereunder is \_\_\_\_\_. Additional names of individuals available to serve as the designated impartial arbitrator may be added from time to time during the term of the contract by mutual agreement of the parties.

“Upon receipt of the Demand for Expedited Arbitration, the arbitrator shall, by telephone, fax or e-mail, notify the parties of the time and place of the expedited arbitration hearing. The situs of arbitration proceedings shall be Los Angeles, California. The cost of such arbitration shall be borne equally by the Company and the Guild.

“An expedited arbitration hearing shall not be continued, absent agreement of the parties, except upon proof of good cause by the party requesting such continuance. The unavailability of any witness shall not constitute good cause unless the witness' testimony is relevant to the issues in the arbitration and could not be received by means consistent with fundamental fairness which do not require the witness' presence at the hearing.

“The hearing shall be commenced not later than the second business day next following the arbitrator's receipt of the Demand for Expedited Arbitration. If the

arbitrator determines that the Guild has interfered with the Company's negotiation with the writer, such conduct shall be considered a violation of the "No Strike" clause, and the arbitrator shall order the Guild to: (1) cease and desist from further interfering with the Company's negotiation with the writer; (2) immediately send a written communication to the writer, and a copy thereof to the Company, which shall advise that the writer is permitted under the terms of the MBA to enter into any agreement with the Company for the writing of literary material for programs made for new media so long as the agreement includes the clauses listed in the second paragraph of Part A of this Sideletter and that the Guild may not sanction the writer for entering into an agreement on the aforesaid basis; (3) take no action nor cause action to be taken inconsistent with the foregoing; and (4) pay to the Company pay liquidated damages of \$100,000. If the arbitrator determines that the Guild has interfered with the performance of services by a writer with whom the Company has contracted to write literary material for programs made for new media, such conduct shall be considered a violation of the "No Strike" clause, and the arbitrator shall order the Guild to: (1) cease and desist from further interfering with the performance of services by the writer; (2) immediately send a written communication to the writer, and a copy thereof to the Company, which shall advise that the writer is permitted under the terms of the MBA to write literary material for programs made for new media so long as the agreement under which the writer is working includes the clauses listed in the second paragraph of Part A of this Sideletter and that the Guild may not sanction the writer for performing services on the aforesaid basis; (3) take no action nor cause action to be taken inconsistent with the foregoing; and (4) pay to the Company liquidated damages of \$100,000. This shall be the limit of the arbitrator's authority.

"The arbitrator's award shall be issued within two (2) business days from the end of the hearing, but failure to meet the deadline shall not oust the arbitrator of jurisdiction. The arbitrator may issue an award with or without an opinion and any such award shall be considered a final award binding on all parties. The award shall be served on the parties by messenger, fax or e-mail."

**27. Promotional Uses (P-3)**

- (A) Notwithstanding anything to the contrary in the MBA, the Company shall have the right to promote, without restriction or payment, any motion picture for which literary material has been written or acquired under the MBA.
- (B) Confirm that a use may be promotional even if the entire motion picture is exhibited and even if the use generates revenues for the Company.

**28. Withdrawals/Rejections**

The Producers withdraw the following proposals: 4(A)(2), 4(A)(3), 4(B)(1), 4(B)(3)(a), (b), (c) and (d), 5(E), 7(B), 7(C), 7(E), 7(G), 9(C), 11(A), 11(B), 15(B) and 15(C).

In consideration of this entire Comprehensive Package Proposal, the Producers expect the Guilds to withdraw their proposal numbers W-12c, d and e, W-15a, b, c, d, e and f, W-21 and W-22.

Any of the Guilds' proposals not mentioned herein are rejected.