

ARTICLE 14.

CONTRACTS OF EMPLOYMENT

SECTION A. CONTRACTS

1. A separate written contract shall be made between the Company and each Director with respect to each engagement of the Director by the Company.

2. Negotiations Not to be Prolonged – Offsets to be Specified in Salary Paragraph – Deal Memorandum
 - (a) All negotiations for the employment of freelance Directors will be carried on diligently and in good faith in order that a written contract of employment may be executed as soon as practicable. To further this end, the Guild will undertake to secure the full cooperation of the Directors and their agents.

 - (b) Following the oral confirmation between Employer and a freelance Director, or his or her agent, of the rate of compensation and the starting date for a proposed employment of the freelance Director, the Employer will deliver to the Director, prior to his or her employment, a "deal memorandum." Such deal memorandum shall set forth at least the information contained in Exhibit "F," attached hereto. The deal memorandum submitted may contain further terms in addition to those specified in Exhibit "F," including part or all of the terms of the employment contract. A copy of the deal memorandum shall be delivered to the Guild concurrently by the Company.

Following the deal memorandum, the Employer will, as soon as practicable, deliver to the Director a proposed written contract of employment of the freelance Director. Such contract shall clearly set forth the Director's weekly salary rate and, subject to the provisions of Article 9.A.4., shall clearly specify in the same paragraph whether or not and in what manner overscale compensation may be offset by the Employer, except that the

method of computation of percentage of receipts, revenues or profits which may be subject to offset may be contained outside such paragraph. Failure to comply with the provisions of the preceding sentence or to designate the offset rights in the deal memorandum shall mean the loss of any right to offset overscale compensation even if the offset right is contained in another part of such contract or any exhibit attached thereto. The provisions of this subparagraph shall be applicable only to the deal memoranda and contracts of employment entered into after the date of execution of this Agreement.

In connection with Directors of prime time dramatic programs, in no event is any Director to commence services before delivery of the "deal memorandum" to the Guild, except in cases of *bona fide* emergency. If such services commence prior to delivery of the "deal memorandum" to the Guild, the Guild may notify Employer to forthwith deliver such "deal memorandum" to the Guild. If Employer fails to deliver the "deal memorandum" within twenty-four (24) hours (excluding Saturdays, Sundays and holidays) after such notice, the Guild may order the Director to withhold services until a "deal memorandum" is delivered to the Guild. The Employer may require Director to sign a copy of the "deal memorandum" prior to permitting the Director to commence services.

In connection with Directors of programs other than prime time dramatic programs, if such services are commenced prior to delivery of the deal memorandum to the Guild, the Guild may notify Employer to forthwith deliver such deal memorandum to the Guild. If Employer fails to deliver the deal memorandum within five (5) business days after being so notified by the Guild, the Guild may inform the Director of his or her right to withhold services until a deal memorandum is delivered to the Guild.

3. The Company shall not enter into any contract with or employ any Director on terms less favorable to him or her than those contained in this Agreement. Nothing herein shall prevent a Director from negotiating or obtaining more favorable terms than those contained in this Agreement.

4. When the contract contains an option to renew, the Company shall give the Director at least thirty (30) days notice of renewal.
5. The Company agrees that it will and does hereby modify all existing contracts and arrangements with Directors to bring the same into conformity with the provisions of this Agreement with respect to all work to be performed subsequent to the effective date hereof; provided, however, that nothing herein contained shall be deemed to modify or affect the terms of any existing contract or arrangement between the Company and any Director(s) which are more favorable to such Director than the terms of this Agreement.
6. When a Director has been employed by the Company for more than twenty-six (26) weeks under any one contract or extension or renewal thereof, his or her individual contract of employment may not be suspended or terminated because of unavoidable absence for a period not in excess of four (4) weeks when such absence is due to sickness or other incapacity beyond his or her control; provided, however, that if such illness or other incapacity occurs at a period when the Company has the right to terminate such contract, this provision shall not in any way affect such right. The Company shall be obligated to compensate the Director during the first two (2) weeks of any such absence.

SECTION B. EMPLOYMENT

1. If the Company desires to employ a Director on one specified program, the Company may not bargain for complete exclusivity of such Director's services unless the Company agrees to pay the Director compensation of not less than \$4,777 (\$4,920 effective October 1, 2005, \$5,068 effective July 1, 2006 and \$5,220* effective July 1, 2007) per week or double minimum, whichever is greater. Except as otherwise provided in the preceding sentence, a Director employed on one specified program may not be required to perform services exclusively for the Company until the first day of rehearsal.

* See text of footnote on page 22.

However, the Director employed on a non-exclusive basis shall in any event be available prior to the first day of rehearsal to meet the reasonable requirements of the Producer and to perform the directorial services for which he or she is employed.

2. The Company agrees that if it enters into an agreement with an Employee covering both services covered by this Agreement and, in addition, services not covered by any collective bargaining agreement between the Company and the Guild, the Company will pay to the Employee a sum of money in excess of the minimum compensation applicable to the services covered by this Agreement. In such case, the Company shall be conclusively presumed to have fulfilled its obligation to pay applicable minimum compensation under this Agreement so long as the amount paid by the Company to the Employee is in excess of all minimum compensation required to be paid to the Employee under this Agreement.

SECTION C. INDIVIDUAL CONTRACTS

The Company agrees that every individual contract between the Company and every member of the Guild, with respect to services rendered hereunder, shall contain and shall be deemed to contain the following clause:

"In the event this contract is of longer duration than the Guild Agreement covering such employment, then, for such period of duration and until a new Agreement is agreed to, we covenant not to bring or maintain any action or proceeding against you because you refrain from rendering any services under this contract by reason of any strike or work stoppage called or ordered by the Guild. In such event, we covenant (1) that neither the Guild nor any of its members or representatives shall be deemed to have induced you to breach this contract; and (2) that for the direct benefit of the Guild and its representatives, we will not bring or maintain any action or proceeding against them, or any of them, based upon or arising either out of the existence of this contract or out of your failure to render services under this contract. Upon the resumption of work after such strike or stoppage, all the terms and conditions of this contract shall be reinstated for the balance of the term hereof; provided, however, if a collective bargaining agreement covering work of the type provided for herein is signed by us, you will, from and after the effective date provided for in such agreement, receive the

benefit of any applicable provisions of such agreement which may be more favorable to you than the terms of this contract. We further agree that your obligations hereunder shall be subject and subordinate to your primary obligation to the Guild to obey its rules and orders."

The provisions of this Section shall survive the expiration or cancellation of this Agreement as to all such contracts with members of the Guild in existence while this Agreement is in effect. The Guild agrees that, during the term of this Agreement, it will not adopt or issue any rule or order that is in derogation of any of the terms and conditions of this Agreement.

SECTION D. ON OR ABOUT

1. All contracts entered into for the employment of Directors for the purpose of directing television programs as described herein shall provide an "on or about" starting date: it being agreed that the phrase "on or about" shall allow a latitude of one (1) week either prior to or after the starting date specified in such contract for high budget shows as described herein.
2. With reference to all other shows and commercials, "on or about" shall be administered as set forth above, but with a latitude of not more than three (3) days before or after the specified starting date.
3. Any "on or about" starting date may be postponed by agreement of the parties only to a specified date. There can be no second "on or about" date.
4. This Section D. does not apply to series contracts.