

**DIRECTORS GUILD OF AMERICA, INC.**

Compliance with Order and Judgment Granting Joint Application  
for Final Approval of Class Action Settlement  
(William Webb vs. Directors Guild of America, Inc.)

December 31, 2012

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## INDEPENDENT AUDITORS' REPORT

Directors Guild of America, Inc.  
Los Angeles, California

We have examined the Directors Guild of America, Inc. compliance with the specified Annual Review requirements set forth in Note 1 (as defined in the Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement dated September 10, 2008, between William Webb, Class Representative, as plaintiff and Directors Guild of America, Inc. as defendant) as of and for the year ended December 31, 2012. The Directors Guild of America, Inc. is responsible for compliance with these requirements. Our responsibility is to express an opinion on Directors Guild of America, Inc. compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Directors Guild of America, Inc. compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Directors Guild of America, Inc. compliance with specified requirements.

In our opinion, Directors Guild of America, Inc. complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2012.

This report is intended solely for the information and use by the Directors Guild of America, Inc. in connection with the settlement of the action entitled William Webb vs. Directors Guild of America, Inc. and is not intended to be, and should not be, used by anyone other than as specified herein.

*Hutchinson and Bloodgood LLP*

July 19, 2013

**DIRECTORS GUILD OF AMERICA, INC.**

Foreign Levy Program

Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement  
(William Webb vs. Directors Guild of America, Inc.)

December 31, 2012

| Item # | Description  | 2012   |
|--------|--|--|
| 1      | Foreign Levy Balances as of December 31, 2012  | \$ 10,105,607  |
| 2a     | Amounts received by the Directors Guild of America, Inc. (DGA) during the year ended December 31, 2012 | 14,526,742   |
| 2b     | Amounts disbursed by the DGA during the year ended December 31, 2012                                   | 19,498,581   |
| 3      | Interest Earned on Foreign Levy Funds  | 70,766   |
| 4      | Total fees deducted by the DGA   | 676,332  |
| 5      | DGA costs of Foreign Levy Program - Non-Members  | 162,490  |
| 6      | Non-Member Payments  | 2,745,590  |
| 7      | Distribution fees charged for payments for Non-Covered Work  | 274,594  |
| 8      | Ratio of (a) Non Covered Work Received and Assigned to (b) All Work Assigned                           | 15.8%  |
| 9      | Interest Earned Attributable to Non-Covered Work   | 9,200  |
| 10     | Number of Non-Members Paid   | 1,968  |
| 11     | Fees in connection with Search, as defined   | 34,251   |
|        | Reasonableness of fees in connection with Search   | Fees deemed reasonable   |
| 12     | Reasonableness of the Administrative Fee, as defined   | Within court-approved range for reasonable fee                           |
|        | Review of Complaint Log  | Properly maintained and responses, when required, done on a timely basis |

## **DIRECTORS GUILD OF AMERICA, INC.**

Foreign Levy Program

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### **NOTE 1. SUMMARY OF ANNUAL REVIEW REQUIREMENTS**

As outlined in the Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement dated September 10, 2008 (the September 2008 Order and Judgment) the Annual Review of the Directors Guild of America, Inc. Foreign Levy Program (the Review) addressed the following for the year ended December 31, 2012 (the Reviewed Year):

1. The total balances of accounts holding Foreign Levies as of December 31, 2012.
2. The amounts received and disbursed by DGA during the year ended December 31, 2012.
3. Interest earned on monies in accounts holding Foreign Levies during the year ended December 31, 2012.
4. Fees deducted by DGA for the year ended December 31, 2012.
5. Out-of-pocket expenses and any other costs and expenses incurred by DGA for the year ended December 31, 2012 for collection and distribution of Foreign Levies for non-members and otherwise attributable to such efforts by DGA (e.g., allocation of General and Administrative expenses).
6. The total amounts of Foreign Levies paid to non-DGA members during the year ended December 31, 2012.
7. The total distribution fees charged for payments for non-covered Works for the year ended December 31, 2012.
8. The ratio of Foreign Levies received and assigned by DGA that are assigned to Non-Covered Work, as defined, and covered work for the year ended December 31, 2012.
9. Interest earned in the Reviewed Year that is attributable to Non-Covered Work for the year ended December 31, 2012.
10. The number of non-DGA members who received Foreign Levy payments during the year ended December 31, 2012.
11. The reasonableness of fees in connection with the Search, as defined in the September 2008 Order and Judgment, for non-DGA members.
12. The reasonableness of the Administrative Fee as defined in the September 2008 Order and Judgment Granting. Per the Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement, an administration fee up to 10% on foreign levies (in addition to interest retained) for non-covered works and for non-DGA members is deemed reasonable.