

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, 2016

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT	1
FOREIGN LEVY PROGRAM	2
NOTE TO COMPLIANCE REPORT	3

INDEPENDENT ACCOUNTANT'S 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, 2016. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Directors Guild of America, Inc. complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Directors Guild of America, Inc. complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Directors Guild of America, Inc.'s compliance with specified requirements.

In our opinion, Directors Guild of America, Inc. complied, in all material respects, with the aforementioned requirements as of and for the year ended December 31, 2016.

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 7, 2017

DIRECTORS GUILD OF AMERICA, INC.

Foreign Levy Program

Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement
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December 31, 2016

Item No	Description	2016
1	Foreign Levy Balances as of December 31, 2016	\$ 8,625,326
2a	Amounts received by the Directors Guild of America, Inc. (DGA) during the year ended December 31, 2016	\$ 13,031,698
2b	Amounts disbursed by DGA during the year ended December 31, 2016	\$ 14,395,090
3	Interest earned on Foreign Levy Funds for the year ended December 31, 2016	\$ 21,905
4	Total fees deducted by DGA for the year ended December 31, 2016	\$ 440,566
5	DGA costs of Foreign Levy Program - non-members for the year ended December 31, 2016	\$ 77,597
6	Non-member payments during the year ended December 31, 2016	\$ 1,843,698
7	Distribution fees charged for payments for non-covered work for the year ended December 31, 2016	\$ 184,370
8	Ratio of (a) non-covered work received and assigned to (b) all work assigned	12.8%
9	Interest earned attributable to non-covered work for the year ended December 31, 2016	\$ 2,848
10	Number of non-members paid during the year ended December 31, 2016	1,847
11a	Fees in connection with Search, as defined	\$ 179
11b	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
13	Review of Complaint Log	Properly maintained and responses, when required, done on a timely basis

DIRECTORS GUILD OF AMERICA, INC.

NOTE TO COMPLIANCE REPORT

Order and Judgment Granting Joint Application for Final Approval of Class Action Settlement
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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, 2016 (the Reviewed Year):

1. The total balances of accounts holding Foreign Levies as of December 31, 2016.
2. The amounts received and disbursed by DGA during the year ended December 31, 2016.
3. Interest earned on monies in accounts holding Foreign Levies during the year ended December 31, 2016.
4. Fees deducted by DGA for the year ended December 31, 2016.
5. Out-of-pocket expenses and any other costs and expenses incurred by DGA for the year ended December 31, 2016 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, 2016.
7. The total distribution fees charged for payments for non-covered works for the year ended December 31, 2016.
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, 2016.
9. Interest earned in the Reviewed Year that is attributable to non-covered work for the year ended December 31, 2016.
10. The number of non-DGA members who received Foreign Levy payments during the year ended December 31, 2016.
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. 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.
13. Maintain a log of any complaints received from non-DGA member Directors, as defined in the September 2008 Order and Judgment, including the date of such complaints, and the handling and disposition of such complaints.