

## SIDELETTER NO. 11

J. Nicholas Counter III  
President  
Alliance of Motion Picture & Television Producers  
15503 Ventura Boulevard  
Encino, California 91436

Re: Distributor's/Buyer's Liability for Residuals; Notice and Opportunity to Cure Default

Dear Nick:

Reference is made to Article 22 of the Directors Guild of America Basic Agreement of 1996 relating to responsibility for residuals. As part of the agreement reached during the 1996 negotiations, portions of Articles 11, 18, 19 and 20 and all of Exhibits "A" and "B" were deleted and Article 22 was added in their place to include provisions under which the Directors Guild of America has agreed not to exercise its rights as a secured party with respect to any motion picture and related collateral in a manner which would in any way interfere with the rights of the Distributor to distribute the picture and receive all revenues from such distribution so long as Residuals with respect to the picture for the territories, media and term held by the Distributor are timely paid in accordance with the applicable DGA Agreement.

This will confirm our agreement that any exercise of the Guild's rights as a secured party or disturbance of the Distributor's distribution rights will be preceded by a notice of default in the payment of Residuals from the Guild to the Employer and Distributor. Notice shall be sent to the last known address of Employer and to Distributor at the address indicated on the Distributor's or Buyer's Assumption Agreement. Such notice shall specify that the Employer and/or Distributor shall have thirty (30) days from the date of notice within which to cure the default, and the Guild shall refrain from exercising its rights as a secured party during this period. In the event that payment is made within such thirty (30) day cure period, then such payment shall be considered "timely" and the Guild shall have no right to exercise its rights as a secured party.

Sincerely,

Jay D. Roth

ACCEPTED AND AGREED:

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J. Nicholas Counter