ARTICLE 21A. **<u>Special Residual Formula for Theatrical Motion Pictures Licensed to Free Television and/or Supplemental Markets for which a Minimum Guarantee or Non-Returnable Advance is Payable</u>**

Should a Producer enter into a license agreement on or after August 1, 2015 with respect to theatrical motion pictures covered under this Agreement or under any prior Agreement that requires Post '60s or Supplemental Market payments, which license agreement provides a minimum guarantee or non-returnable advance to the Producer in exchange for theatrical distribution rights as well as distribution rights of the theatrical motion picture in free television and/or Supplemental Markets (hereinafter referred to as a "qualifying transaction"), the provisions of Articles 15 and 21 shall apply, except as provided below:

(a)   The percentage payment to the Motion Picture Industry Pension and Health Plans shall be four and one-half percent (4.5%) of the "Producer's gross" which, as used herein, means the total license fees (including overage payments) received by the Producer in connection with the qualifying transaction described above.

(Subparagraph (3) of Article 15(b) shall not apply to such percentage payment.) Such amount shall be in lieu of any percentage payment otherwise due to the Plans under the Post '60s and Supplemental Markets provisions of this Agreement (Articles 15 and 21) or any prior Agreement with respect to the market(s) included in such transaction (*i.e.*, it shall satisfy all residual payment obligations in connection with all residual-bearing markets covered by the transaction).

      (b)   Of the total contribution due to the Plans under subparagraph (a) above, thirty percent (30%) shall be allocated as provided in subparagraphs (i) through (vii) of Article 15(b)(1), and seventy (70%) shall be allocated as provided in subparagraphs (i) through (v) of Article 21(b)(4).

      (c)   Once during the term of each Agreement that succeeds the 2015 Agreement, the parties will re-examine the blended contribution rate set forth in subparagraph (a) above.