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WGA-SESAME WORKSHOP 2013 - 2016 AGREEMENT

Agreement made as of the 15th day of April, 2013 by and between the WRITERS GUILD OF AMERICA, EAST, INC., a membership corporation duly organized and existing under the laws of the State of New York and having its principal office at 250 Hudson Street, New York, New York 10013 (hereinafter called the "Guild") acting on behalf of itself and the WRITERS GUILD OF AMERICA, WEST, INC., a corporation duly organized and existing under and by virtue of the laws of the State of California, having its principal office at 7000 West Third Street, Los Angeles, California 90048 and affiliated with the Guild and SESAME WORKSHOP, a non-profit corporation organized under the New York State Education Laws and having its principal office at 1900 Broadway, New York, New York 10023 (hereinafter referred to as "SESAME").

Whereas, the WRITERS GUILD OF AMERICA and SESAME WORKSHOP recognize the very unusual manner in which the program "SESAME STREET" and other children's educational programs created in cooperation with the academic community and produced and written only in a manner similar to "SESAME STREET," "THE ELECTRIC COMPANY," "3-2-1 CONTACT," "SQUARE ONE TELEVISION" and "GHOSTWRITER," and whereas the parties agree that the writers employed hereunder are specifically and deliberately not characterized as "staff" or "freelance" as those terms are defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement, and whereas the parties agree that any individual who performs writing services or furnishes "literary material" as that term is defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement or otherwise assists in the preparation of literary material and who is not doing so or furnishing such services under this Agreement, shall be considered a "freelance" writer (as that term is defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement and shall be covered by all of the terms and conditions of that Agreement, and whereas the parties agree that the acquisition of "literary material" from a "professional writer" (as those terms are defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement and the 2011 WGA Theatrical and Television Basic Agreement) shall be governed fully by the terms and conditions set forth in the WGA 2010 Public Television Freelance Agreement or its successor Agreement, and whereas the parties hereby agree that any person furnishing writing services to and/or employed by SESAME in any capacity whatever who furnished literary material, as defined in this Agreement, shall be covered by all of the provisions of this Agreement or by the provisions of the WGA 2010 Public Television Freelance Agreement or successor Agreement whichever is applicable; wherefore in consideration of the mutual covenants herein contained, it is agreed as follows:

I. SCOPE

This Agreement applies and is limited in its application to the acquisition of literary material by SESAME and writing services furnished to SESAME for children's educational programs created in cooperation with the academic community and produced and written in a manner similar to "SESAME STREET," "THE ELECTRIC COMPANY," "3-2-1 CONTACT," "SQUARE ONE TELEVISION" and "GHOSTWRITER." Unique to these programs are their educational curriculum and format and their carriage by stations, both during school hours and as supplemental after-school programming, to ensure maximum educational impact. "Broadcast", as that term will be used herein, is limited to apply only to (a) broadcasts or transmissions on public broadcast stations or public television cable outlets on a sustaining basis or (b) broadcasts or transmissions, only on a sustaining basis, on a commercial station or a cable channel or a low power or translator station, where a PBS signal does not service a particular area or where the only available public broadcast station rejects a program.

II. RECOGNITION

SESAME hereby recognizes the Guild as the exclusive representative for the purpose of collective bargaining of all persons employed hereunder by SESAME to perform writing services (which include development activities) in connection with series covered by this Agreement or to furnish literary material (hereinafter "writers") for "SESAME STREET," "THE ELECTRIC COMPANY" (if reactivated), "3-2-1 CONTACT," "SQUARE ONE TELEVISION" and "GHOSTWRITER" and any other children's educational series which may be determined to be within the scope of this Agreement under the procedure set forth in Article X.

SESAME further recognizes the Guild as the exclusive representative for the purpose of collective bargaining of all persons employed by SESAME as "staff writers," as such are defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement, if and when SESAME hires such "staff writers."

III. GUILD SECURITY

A. SESAME agrees that it will not continue any person in its employ as a writer under this Agreement unless such person is a member of the Guild or has made application for membership in the Guild within thirty (30) days following the beginning of such person's employment by SESAME as a writer hereunder or the effective date of this Agreement, whichever is later.

B. The failure of any employee covered hereunder to be or become a member of the Guild by reason of refusal to tender the initiation fees or periodic dues uniformly required shall obligate SESAME to discharge such person upon written notice to such effect by the Guild, unless such dues and/or initiation fees are tendered within five (5) days after the mailing of such notice to SESAME and the writer.

C. Nothing in this Article III shall be construed to require SESAME not to employ any writer or to cease employing any writer if SESAME has reasonable ground for believing that:

1. Membership in the Guild was not available to such writer on the same terms and conditions generally applicable to other members, or

2. Such writer's membership in the Guild was denied or terminated for reasons other than failure of the writer to tender periodic dues and initiation fees uniformly required by the Guild as a condition of acquiring or retaining membership.

D. SESAME will inform the Guild of each such writer employed hereunder upon the date of his/her hire and each such writer shall be informed of the requirements of this Article III at the time of his/her hire. Failure to notify the Guild within seven (7) days of the date of hire shall constitute a substantive breach of this Agreement which shall automatically require SESAME to indemnify the Guild for any losses suffered as a result of such failure to notify.

IV. CHECK-OFF

A. SESAME agrees that on thirty (30) days notice to it after the effective date hereof SESAME will, during the term hereof and subject to the provisions hereof, deduct from its compensation to writers covered hereby their respective initiation fees and membership dues as designated by the Guild upon receipt from each employee who individually and in writing signs a voluntary check-off authorization card in the form and in the manner provided below and provided that all other circumstances comply with all applicable provisions of the law.

B. WRITERS GUILD OF AMERICA

I, the undersigned, hereby authorize and direct SESAME WORKSHOP to check-off from my wages my union initiation fees (to be prorated over twelve weeks), union membership dues, and assessments uniformly required as promulgated by the Union according to the procedure set forth in the constitution of the WGA. The membership dues which are so deducted from my wages are hereby assigned and shall be remitted to the Writers Guild of America, East, Inc., 555 West 57th Street, New York, New York, 10019.

This authorization and assignment shall be irrevocable for the term of the applicable collective bargaining contract between the Guild and the Company or for a period of one year from the date appearing hereon, whichever is sooner and shall automatically renew itself for successive yearly periods or applicable contract periods whichever is sooner, unless and until I give written notice to terminate to the Company and the Guild at least twenty (20) days prior to the expiration date of the present contract or the one year period from date of signature. If no such notice is given, my authorizations shall be irrevocable for successive periods of one year thereafter with the same privilege of revocation at the end of each such period.

WITNESS: _____
DATE: _____

SIGNATURE: _____

C. The Guild shall indemnify and save SESAME harmless from any claims, suits, judgments, attachments, and from any other form of liability and expenses including reasonable attorney's fees as a result of making any deduction in accordance with the foregoing authorization and assignments.

V. USE AND OWNERSHIP OF MATERIALS

A. SESAME shall be deemed the absolute and unqualified owner throughout the world in perpetuity of all material written or supplied by the writer acting as SESAME's employee for hire. Notwithstanding anything in this paragraph, SESAME agrees to make all payments required in Article VI below.

B. All material written by the writer on his/her own time or other than in his/her capacity as SESAME's employee for hire shall be the sole and exclusive property of the writer to be disposed of in whatever manner the writer deems appropriate. It is understood that no such material shall derive directly from any of the programs for which SESAME has engaged the writer; such material shall be deemed to have been written while acting as SESAME's employee for hire.

VI. COMPENSATION

A. Initial Compensation

1. Basic Script Fees

(a) 30-minute scripts

Effective 4/15/13 \$ 8,892.23
Effective 4/15/14 \$ 9,158.99
Effective 4/15/15 \$ 9,433.76

(b) 60-minute scripts

Effective 4/15/13 \$ 13,668.24
Effective 4/15/14 \$ 14,078.29
Effective 4/15/15 \$ 14,500.64

(c) Breakdowns ("GHOSTWRITER" only):

Effective 4/15/13 \$ 2,147.47 per breakdown
Effective 4/15/14 \$ 2,211.89 per breakdown
Effective 4/15/15 \$ 2,278.24 per breakdown

Note: Where a one-half hour breakdown and script for "GHOSTWRITER" are written by the same writer a 6% discount from the aggregate of both fees shall apply. Breakdown fees include 2 rewrites.

2. Sesame Street Script Fees

(a) Segment A: Sesame Street segments of 4 minutes or less:

Effective 4/15/13 \$1,623.18 per script
Effective 4/15/14 \$1,671.88 per script
Effective 4/15/15 \$1,722.04 per script

(b) Segment B: Sesame Street segments of 7 minutes or less, but more than 4 minutes

Effective 4/15/13 \$3,462.78 per script
Effective 4/15/14 \$3,566.66 per script
Effective 4/15/15 \$3,673.66 per script

(c) Segment C: Sesame Street segments of 10 minutes or less, but more than 7 minutes

Effective 4/15/13 \$5,194.17 per script

Effective 4/15/14 \$5,350.00 per script
Effective 4/15/15 \$5,510.50 per script

(d) Segment D: Sesame Street segments of 20 minutes or less, but more than 10 minutes

Effective 4/15/13 \$12,444.36 per script
Effective 4/15/14 \$12,817.69 per script
Effective 4/15/15 \$13,202.22 per script

(e) Sesame Street "Street Story" scripts of any length

Effective 4/15/13 \$12,985.42 per script
Effective 4/15/14 \$13,374.98 per script
Effective 4/15/15 \$13,776.23 per script

3. Inserts, Segments and/or Remotes and Other Writing Fees:

(a) The rate for "inserts, segments and/or remotes" written for The Electric Company, if such "inserts, segments and/or remotes are required to be written separate and apart from the script assignment shall be \$1,505.20. The formula for thirty (30) minute programs shall be not less than three (3) nor more than four (4) segments, the determination to be made by the Joint Program Committee established by Article X at the time SESAME notifies the Guild of its intention to invoke the equivalency formula for such thirty (30) minute program. The failure of SESAME to notify the Guild shall obligate SESAME to use the three (3) segments per script formula. Apart from the purpose of determining equivalency for a thirty (30) minute program, the aggregate number of minutes in any combination of segments shall not exceed thirty (30).

(b) Any writer that has written a script that has been produced by SESAME in the last 5 years from the date of such writing request as well as all current (as of April 15, 2010) Sesame Street staff writers who have had a Street Story script produced shall be deemed to have fulfilled their obligations to furnish scripts (or the equivalent under paragraph (a) above). Payment pursuant to this Article shall not be contingent upon acceptability or approval of material by SESAME.

The foregoing compensation in Stages shall only apply with respect to scripts delivered by Sesame Street writers who have not written a script that has been produced in the last 5 years from the date of such writing request.

Each script, insert, segment and/or remote delivered in accordance with this agreement shall consist of the following writing stage [the "Stage(s)"]:

Outline
First Draft
Final Draft

The writer shall agree to be paid the designated compensation for each such Stage delivered in installments as follows:

Outline: 30%
First Draft: 50%
Final Draft: 20%

For payment to be made under this provision, the writer must have delivered each such Stage and Sesame Workshop must have approved and accepted each such Stage. Sesame Workshop reserves the right to cancel any writing assignment after the completion of any Stage, provided payment is made pursuant to this provision for each such Stage completed.

(c) With respect to each children's television series that falls within the jurisdiction of this Agreement, SESAME may solicit up to five audition segments at a rate of \$875.50 per segment from each of sixteen writers per year.

(d) SESAME may not "acquire literary material" under paragraph (g) above from a "professional writer" as that term is defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement and the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement.

(e) Notwithstanding any of the foregoing, if any segment furnished hereunder is intended for or actually broadcast, the writer thereof shall be entitled to all other payments provided for in this Article, and the \$875.50 received shall not be offset against such further payments.

(f) Rates for programs other than 30 or 60 minutes:

	Effective 4/15/13	Effective 4/15/14	Effective 4/15/15
5" or less	\$1,576.43	\$1,623.72	\$1,672.43
10" or less/more than 5	\$3,155.02	\$3,249.67	\$3,347.16
15" or less/more than 10	\$4,454.89	\$4,588.54	\$4,726.20
45" or less/more than 30	\$10,465.00	\$10,778.95	\$11,102.32
75" or less/more than 60	\$15,458.39	\$15,922.14	\$16,399.80
90" or less/more than 75	\$18,850.86	\$19,416.39	\$19,998.88

Programs in excess of 90 minutes shall be compensated at a minimum by combining the rates set forth for the appropriate time periods.

4. Elmo's World

(a) Basic Script Fee:

Effective 4/15/13	\$12,521.29
Effective 4/15/14	\$12,896.93
Effective 4/15/15	\$13,283.84

The Basic Script Fee buys two (2) years of unlimited broadcast of Elmo's World as part of Sesame Street on PBS.

(b) SESAME may acquire the rights to unlimited broadcast for a period of two (2) additional years by payment of nine (9) times the segment reuse rate.

(c) For any three (3) year period beyond the initial four (4) years above, SESAME will pay according to the segment reuse percentages (percentage based on nine (9) times the segment reuse rate paid as above) set forth in Article VI(C)(2)(c)(iii):

1st three year period:	50%
2nd three year period:	35%
3rd three year period:	25%
4th three year period:	25%
5th three year period:	15%
6th and each additional three year period:	5%

(d) The provisions in this Section VI(A)(2) apply to Elmo's World broadcast as part of Sesame Street and run on PBS. Applicable Additional Compensation provisions of the Agreement (Article VI(C)) would apply in the event Elmo's World airs separate and apart from Sesame Street.

5. Series Consultant and/or Headwriter

(a) The rates specified below shall apply to any person who performs development services in connection with a series covered herein or who furnishes "literary material," as that term is defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement, during the development of a particular series or who coordinates the furnishing of writing services on a particular series. If said consultant furnishes "literary material," as that term is defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement, during the development period but only if such "literary material" is intended or actually used for broadcast, he/she shall be compensated additionally according to the appropriate rates set forth herein and/or the WGA 2010 Public Television Freelance Agreement or its successor Agreement; provided, however, in the case of "GHOSTWRITER", the headwriter(s) shall be responsible for preparation of the series "long stories" as that term is understood in the industry without additional compensation.

The parties understand that the Series Consultant rate is not intended to be paid for regular writers meetings which attendance at such meetings are included in the writers' scripts fees.

(b) Initial compensation to the series consultant and/or headwriter shall be per week (pro rated for a daily rate, but in no event less than a full day's rate) for up to and including the number of consecutive weeks guaranteed as follows:

(i) One-hour Programs:

<u>Guarantee</u>	<u>Effective</u> <u>4/15/13</u>	<u>Effective</u> <u>4/15/14</u>	<u>Effective</u> <u>4/15/15</u>
1-9 Weeks	\$9,201.32	\$9,477.36	\$9,761.68
10-18 Weeks	\$7,664.34	\$7,894.27	\$8,131.10
19-27 Weeks	\$6,897.53	\$7,104.46	\$7,317.59
28-34 Weeks	\$5,930.46	\$6,108.37	\$6,291.62
35-42 Weeks	\$5,493.91	\$5,658.73	\$5,828.49
43-49 Weeks	\$5,277.64	\$5,435.97	\$5,599.05
50 or more	\$5,060.60	\$5,212.42	\$5,368.79

(ii) Half-hour Programs:

<u>Guarantee</u>	<u>Effective</u> <u>4/15/13</u>	<u>Effective</u> <u>4/15/14</u>	<u>Effective</u> <u>4/15/15</u>
1-13 Weeks	\$5,646.99	\$5,816.40	\$5,990.89
14-26 Weeks	\$4,704.75	\$4,845.89	\$4,991.27
27-39 Weeks	\$4,234.97	\$4,362.02	\$4,492.88
40-50 Weeks	\$3,640.53	\$3,749.75	\$3,862.24
51 or more	\$3,373.85	\$3,475.07	\$3,579.32

(c) In the event such individual, for any reason beyond SESAME's control, fails to work the guaranteed number of weeks, the sum due such individual pursuant to paragraph (b) above will be reduced proportionately to the number of weeks not so worked. SESAME cannot, however, without the approval of the individual and the Guild reduce the number of weeks worked below that number guaranteed and should SESAME fail to have work for such individual for any reason whatsoever, it shall nonetheless be responsible for payment as though the individual had worked the guaranteed number of weeks.

(d) SESAME may, in the case of a headwriter who has not previously been employed as such by the Company, specify a six week trial period. In such instance, the headwriter's contract shall specify the prescribed rate of pay set forth in subparagraphs (b)(i) or (b)(ii), above (whichever is applicable), for the intended employment period and shall require that, in the event the writer is terminated by the Company after a minimum six weeks of employment, the rate specified in subparagraph (b)(i) or (b)(ii), above (whichever is applicable), shall apply retroactively with respect to the shortened term of employment. The headwriter and the Guild shall be notified in writing in advance of hire of this arrangement in each case.

6. Payments specified in this Article will be paid in equal bi-weekly installments on Fridays. All payments hereunder are gross and are subject to all withholding and other deductions required by law.

7. No writer is under any obligation to write scripts (or the equivalent under paragraph 1(e) above) or to furnish services pursuant to paragraph 3 above beyond the number of scripts or weeks originally assigned or hired for and may decline SESAME's request that he/she do so.

8. Series Development Consultant: During the development phase of a television series, prior to funding of the production phase, a WGA writer may participate in a seminar or workshop on the following basis:

(a) a fee of no less than \$445.72 (effective 4/15/13); \$459.09 (effective 4/15/14); \$472.86 (effective 4/15/15) per day; and

(b) the writer will not do any writing.

9. "GHOSTWRITER" Associate Writer Category: The Company may employ one writer on a weekly basis for a minimum guarantee of 13 weeks of employment at a rate of \$1961.11 (effective 4/15/13); \$2,019.94 (effective 4/15/14); and \$2,080.54 (effective 4/15/15) to perform miscellaneous writing services for the Series, provided, however,

(a) such services shall not include the writing of breakdowns or scripts (which will be separately contracted for and compensated for if assigned to such associate writer); and

(b) the engagement of such associate writer shall be permitted only if a headwriter is simultaneously employed on the Series.

B. Mini Programs (3-2-1 CONTACT & SQUARE ONE TELEVISION): With respect to 15-minute program versions consisting of pre-existing television segments accompanied by new wraparound material, SESAME shall compensate the writer(s) as follows:

1. a fee of \$1,719.99 (effective 4/15/13); \$1,771.59 (effective 4/15/14); \$1,824.74 (effective 4/15/15) for the new wraparound material;

2. a reuse fee for pre-existing segments pursuant to Article VI(C)(2)(c);

Use of a 15-minute program beyond four releases in three years by public television shall be compensated in accordance with the applicable provision in Article VI(C).

C. Additional Compensation

1. Extra Lyrics: If any writer is requested to write "extra lyrics" for songs, as distinguished from lyrics within the script, and the writer agrees, SESAME agrees to pay the writer \$1,505.18 for each such "extra lyric." It is understood, however, that the writer is under no obligation to write such extra lyrics and may decline SESAME's request.

2. Domestic Broadcast

(a) Initial Broadcast Period for a "Street Story" script [as defined in paragraph VI.A.2(e) of this Agreement]: In consideration for the compensation paid the writer as above for a "Street Story" script, SESAME is entitled to six (6) releases in one year of such "Street Story" script without any additional payment to the writer. The period shall be deemed to commence on the date of first broadcast of such "Street Story" script. A release shall mean an unlimited number of broadcasts during any seven (7) consecutive day period by each public television station (and in the case of commercial stations only as expressly permitted herein) in the United States and Canada. Any one broadcast on any public television station shall constitute a release and shall commence the seven (7) consecutive day period referred to herein. Broadcast over commercial stations under this Agreement and without additional compensation to the writer is limited to: Carriage on a sustaining basis only, and only where a PBS signal does not serve a particular area or where the only available PBS station rejects a program.

(b) Reuse of a "Street Story" script: SESAME may acquire the rights to the broadcast of a "Street Story" script beyond that period provided for in paragraph 2(a) above for additional periods of a certain number of releases by payment to the writer of record of such "Street Story" script an amount equal to the following percentages of the applicable minimum compensation paid for each such script furnished under this Agreement:

Second two (2) year period of six (6) releases:	60%
Third two (2) year period of eight (8) releases:	50%
Fourth two (2) year period of eight (8) releases:	35%
Fifth two (2) year period of eight (8) releases:	35%
Sixth two (2) year period of eight (8) releases:	35%
Seventh two (2) year period of eight (8) releases:	25%
Eighth two (2) year period of eight (8) releases:	25%
Ninth and each additional two (2) year period of eight (8) releases:	15%

provided, however, that in the case of GHOSTWRITER, breakdown and script fees will be treated as a minimum compensation pool against which the applicable percentage will be shared by the headwriter, breakdown writer and scriptwriter in such proportion as the WGA may direct.

In addition, Sesame Workshop may acquire the reuse rights for a "Street Story" Script written for a season predating the date of this Agreement by payment to the writer of record of such script an amount equal to 60% of the 60-minute script rate in effect at the time of the script's original writing. Such payment shall constitute a "reuse" under this section, and therefore such payment entitles Sesame Workshop to an initial two years of six releases. Sesame Workshop may acquire further reuse rights of "Street Story" scripts written for a season predating the date of this Agreement according to the percentage table in this section beginning with the "Third two (2) year period of eight (8) releases" for 50% of the applicable minimum compensation paid of such script.

(c) Initial Broadcast Period and Reuse of Segments

(i) In consideration for the compensation paid the writer for segments under paragraph VI.A.1(c)-(f) and paragraph VI.A.3(a), SESAME is entitled to the unlimited broadcast for a period of two years of one segment from each script written. Such period shall be deemed to commence on the date of first broadcast of each segment.

(ii) In addition, SESAME may acquire the rights to the unlimited broadcast of a segment for a period of five years beyond the period in paragraph (c)(i) above by the advance payment to the writer of one segment reuse fee per script at the following rates:

Segment A and/or Segments Under Paragraph VI.A.3(a):	\$512
Segment B:	\$1,024
Segment C:	\$1,536
Segment D:	\$4,608

(iii) At the end of the periods specified in paragraphs (c)(i) and (c)(ii) above (i.e. beginning with the eighth year), SESAME may acquire the right to the unlimited broadcast of segments and/or additional reusable segments for additional periods by payment to the writer of record of such segments amounts equal to the following percentages of the minimum compensation paid for reuse for the respective segment(s) and/or additional segments:

First three year period:	50%
Second three year period:	35%
Third three year period:	25%
Fourth three year period:	25%
Fifth three year period:	15%
Sixth and each additional subsequent three year period:	5%

(d) Initial Broadcast Period and Reuse of 30-Minute Scripts for The Electric Company

(i) In consideration for the compensation paid the writer for The Electric Company scripts, Sesame Workshop is entitled to ten releases over one year of each script of The Electric Company without any additional payment to the writer. Such period shall be deemed to commence on the date of first broadcast of each segment. A release shall mean an unlimited number of broadcasts during any seven (7) consecutive day period by each public television station (and in the case of commercial stations only as expressly permitted herein) in the United States and Canada. Any one broadcast on any public television station shall constitute a release and shall commence the seven (7) consecutive day period referred to herein. Broadcast over commercial stations under this Agreement and without additional compensation to the writer is limited to: Carriage on a sustaining basis only, and only where a PBS signal does not serve a particular area or where the only available PBS station rejects a program.

(ii) In addition, SESAME may acquire the rights to the broadcast of a script for The Electric Company beyond that period provided for in paragraph (d)(i) above for additional periods of a certain number of releases by payment to the writer of record of such script for The Electric Company an amount equal to the following percentages of applicable minimum compensation paid for each such script furnished under this Agreement:

Second period of one year of ten releases:	60% of 30-minute script fee
Third period of two years of ten releases:	50% of 30-minute script fee
Fourth period of two years of ten releases:	35% of 30-minute script fee
Fifth period of two years of ten releases:	35% of 30-minute script fee
Sixth period of two years of ten releases:	35% of 30-minute script fee
Seventh period of two years of ten releases:	25% of 30-minute script fee
Eighth period of two years of ten releases:	15% of 30-minute script fee
Ninth and each subsequent period of two years of ten releases:	5% of 30-minute script fee

(e) Initial Broadcast Period and Reuse for all other scripts

(i) In consideration for the compensation paid the writer as above for a script (other than as specified above), SESAME is entitled to six (6) releases in one year of each script without any additional payment to the writer. The period shall be deemed to commence on the date of first broadcast of such script. A release shall mean an unlimited number of broadcasts during any seven (7) consecutive day period by each public television station (and in the case of commercial stations only as expressly permitted herein) in the United States and Canada. Any one broadcast on any public television station shall constitute a release and shall commence the seven (7) consecutive day period referred to herein. Broadcast over commercial stations under this Agreement and without additional compensation to the writer is limited to: Carriage on a sustaining basis only, and only where a PBS signal does not serve a particular area or where the only available PBS station rejects a program.

(ii) Reuse of all other scripts: SESAME may acquire the rights to the broadcast of a program beyond that period provided for in paragraph C.2(e)(i) above for an additional one year period of six releases per period by payment to the writer of record of such program an amount equal to the following percentages of the applicable minimum compensation paid for each such script furnished under this Agreement:

Second one (1) year period	60%
Third one (1) year period	50%
Fourth one (1) year period	35%
Fifth one (1) year period	35%
Sixth one year period	35%
Seventh one (1) year period	25%
Eighth one (1) year period	25%
Ninth and each additional subsequent one (1) year period	15%

3. Foreign Broadcast

(a) SESAME STREET

(i) For programs written during each contract year hereunder, SESAME shall pay to the writer(s) of record his or her share of a buyout amount (as instructed by the guild according to the Guild's equitable determination) of \$46,666.34.

(ii) In addition to the amount specified above, SESAME shall pay to the writer(s) of record during the respective contract year hereunder his or her share of \$2,500 for each \$250,000 dollars of SESAME Gross Receipts from foreign broadcast distribution in excess of the first \$3.2 million of Gross Receipts for the year in which payment pursuant to paragraph (a)(i) above is made.

(b) 3-2-1 CONTACT

(i) For programs written each contract year hereunder, SESAME shall pay to the writer(s) of record his or her share of a \$7,929 buyout amount as instructed by the Guild according to the Guild's equitable determination.

(ii) The buyout amount in paragraph (b)(i) above assumes a twenty (20) program season. If more or fewer programs are produced in a given season, the amount will be increased or decreased on a pro rata basis.

(iii) In addition to the amount specified in (b)(i) above, SESAME shall pay to the writer(s) of record during the respective contract year hereunder his or her share of \$1,000 for each \$100,000 of SESAME gross receipts from foreign broadcast distribution in excess of the first \$500,000 of such Gross Receipts for the year in which the payment pursuant to paragraph (b)(i) above is made.

(c) SQUARE ONE TELEVISION

(i) For programs written during each contract year hereunder, SESAME shall pay to the writer(s) of record his or her share of a \$10,000 buyout amount as instructed by the Guild according to the Guild's equitable determination.

(ii) In addition to the amount specified in (c)(i) above, SESAME shall pay to the writer(s) of record during the respective contract year his or her share of \$1,000 for each \$100,000 of SESAME Gross Receipts from foreign broadcast distribution in excess of the first \$500,000 of such Gross Receipts for the year in which the payment pursuant to paragraph (c)(i) above is made.

(iii) The buyout amount specified in (c)(i) assumes a 75 program season. If more or fewer programs are produced in a given season, the amount will be increased or decreased on a pro-rata basis.

(iv) The terms of this paragraph (c) shall also be applicable to GHOSTWRITER.

(d) THE ELECTRIC COMPANY

For programs written during each contract year hereunder, Sesame Workshop shall pay to the writer(s) of record his or her share of 1.2% of Sesame Workshop's Gross Receipts of international television sales of The Electric Company.

(e) Time of Payment and Reporting

SESAME shall make each series buyout payment pursuant to paragraphs (a)(i), (b)(i) and (c)(i) of this Article for programs written during each contract year thirty (30) days after SESAME receives payment for the first sale. Pursuant to paragraphs (a)(ii), (b)(iii) and (c) (ii) of this Article, SESAME shall furnish each of the above writer(s) with a report within ninety (90) days after the close of SESAME's fiscal year stating Gross Receipts for foreign broadcast licensing. Gross Receipts shall mean all moneys received by SESAME for foreign broadcast licensing excluding appropriate credits and refunds. Any payments due hereunder shall be made concurrently with such reports.

(f) When SESAME ceases production of a children's television series covered by this Agreement, SESAME agrees to make payment to the writers of record for the foreign broadcast of said program(s) pursuant to the applicable on sales formula as specified in this Article. The Guild shall indemnify and save SESAME harmless from any claims, suits, judgments, attachments and from any form of liability and expense including reasonable attorney's fees arising from the Guild's instructions to SESAME with regard to the apportionment of the dollars set forth herein.

(g) Where stations exist outside the United States that are substantially equivalent to PBS stations in the United States with respect to public ownership and advertising practices, SESAME shall make good faith efforts in light of all the circumstances to license the programs produced hereunder to such substantially equivalent stations rather than to other foreign stations. When those efforts are unsuccessful or when no such substantially equivalent stations exist, SESAME may license other foreign stations.

SESAME further agrees that it will permit programs covered by this Agreement to be broadcast on foreign broadcast outlets with commercial interruptions only under the commercial guidelines (Appendix B) and only if such commercial interruptions constitute no more than twenty percent (20%) of the total running time of said licensed program. In addition, programs may be broadcast on any foreign broadcast outlet on a sustaining basis and in such event may begin or end with acknowledgments of underwriters. SESAME further agrees that if a program covered by this Agreement is broadcast with interruption of program content for a commercial, i.e., following commencement of program action and opening program credits and prior to cessation of action and closing program credits for one or more commercial announcements, other than as set forth in this provision, such program will be deemed a commercial broadcast with all consequent rights, duties, obligations and liabilities which inure to the parties with regard to commercial broadcasts under this Agreement.

Within ten (10) days after any one of SESAME's officers, agents, officials, representatives, employees or any person in active concert or participation with SESAME has received knowledge of such commercial broadcast, SESAME shall inform the WGA of the date, broadcasting station, and place of such broadcast, the title of the program and the name(s) of the writer(s) of record. At the same time, SESAME shall make payment to the Guild of all moneys due under Articles VI(C)(4)(g) and (h) and VII of this Agreement and the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement. SESAME shall further immediately undertake to perform all duties and obligations that are applicable under this Agreement for literary material used in commercial broadcasts in accordance with the commercial broadcast sections of this Agreement. This section shall not grant to SESAME any licensing rights with regard to pay television and pay-type CATV as defined in section (4)(n) below which are additional to or which in any way vary from those rights which may be granted in other sections of this Agreement.

4. In the event SESAME authorizes or licenses use of any material, scripts, segments of scripts, lyrics furnished under this Agreement for any use other than those specified in Article VI, Paragraph A and B(1)-(3) above, the writer of such material, script, segment of script or lyrics shall be compensated further as follows:

(a) Theatrical Motion Pictures: SESAME shall pay the Guild for distribution to the writer(s) of record according to its determination of his/her/their contributions, 2½% of the bona-fide budgeted direct cost (overhead or other indirect cost shall be excluded except to the extent that such overhead and indirect cost exceed 25% of the direct cost) or \$20,000 whichever is greater. This provision shall also apply to each theatrical motion picture remake and sequel. If such 2½% is greater than \$20,000, the excess shall be paid not later than sixty (60) days from the delivery of the answer print.

(b) Audiovisual: The term audiovisual includes film strip. SESAME shall pay the Guild for distribution to the writer(s) of record according to its determination of his/her/their contribution an amount not less than 6% of SESAME's absolute gross revenues, i.e., all money received by SESAME from such audiovisual sales or licensing.

(c) Musical Compositions (lyrics and/or music): SESAME will pay to the writer of record a royalty of 50% of all net proceeds (but in no event less than 25% of 100% of the absolute gross revenues) derived by SESAME (and/or its appropriate music publishing subsidiary and/or any other entity licensed by SESAME) from the sale or license of such musical compositions, for phonograph records, cassettes, music folios, sheet music, song librettos and/or similar commercial purpose. (For purposes of this Agreement, "phonograph record and/or cassette" is intended to include any audio device now known or hereafter de-

vised). If more than one writer collaborated in the writing of music and lyrics for such musical composition, SESAME will pay to the writers a pro rata share of the royalty.

(d) Merchandising

(i) SESAME STREET

(1) The writer(s) of record during each contract year shall share a payment equal to .65% of SESAME Adjusted Gross Revenues derived from SESAME STREET product licensing and book publishing during said contract year. SESAME STREET Adjusted Gross Revenues means Gross Receipts less The Jim Henson Company Share and third party agent commissions. SESAME shall continue to deduct The Jim Henson Company Share for eight (8) years. For the first seven (7) years, The Jim Henson Company Share shall be Three Million Nine Hundred and Five Thousand Dollars (\$3,905,000) per year. In year eight (8) The Jim Henson Company Share shall be One Million Nine Hundred Fifty Two Thousand and Five Hundred Dollars (\$1,952,500). After the completion of eight (8) years, SESAME shall no longer deduct The Jim Henson Company Share. It is agreed that "Adjusted Gross Revenues," as defined above, represents the formula previously used by SESAME in calculating product revenues as reported to the Guild in the Company's merchandising calculation and payment statements.

(2) A payment of \$260,000 shall be shared among said writers in March of each contract year as a non-refundable, guaranteed advance against that contract year's merchandising payment.

(3) Pursuant to subparagraph (i)(1) above of this Article, SESAME shall furnish each of the above writer(s) with a report within (90) days after the close of SESAME's fiscal year stating SESAME STREET Adjusted Gross Revenues received for product licensing and book and magazine publishing. Any payments due shall be made concurrently therewith.

(ii) 3-2-1 CONTACT: In any year in which SESAME undertakes product licensing (excluding 3-2-1 CONTACT publications), the writers of record shall participate in 3-2-1 CONTACT Adjusted Gross Revenues related thereto generated during that year. 3-2-1 CONTACT Adjusted Gross Receipts means Gross Receipts less SESAME expenses related to product licensing and an amount equivalent to SESAME's contribution to 3-2-1 CONTACT television production. Said writers shall participate in the 3-2-1 CONTACT Adjusted Gross Revenues generated as follows:

3-2-1 CONTACT	
<u>Adjusted Gross Revenues</u>	<u>Buyout Pool</u>
\$50,000 - \$500,000	\$7,000
For each \$100,000 thereafter	\$1,000

SESAME shall furnish each of the above writer(s) with a report, within ninety (90) days after the close of SESAME's fiscal year stating 3-2-1 CONTACT Adjusted Gross Revenues received for product licensing. Any payments due shall be made concurrently therewith.

(iii) SQUARE ONE TELEVISION: In any year in which SESAME undertakes product licensing, the writers of record shall participate in SQUARE ONE TELEVISION Adjusted Gross Revenues related thereto generated during that year. SQUARE ONE TELEVISION Adjusted Gross Receipts means Gross Receipts less SESAME expenses related to product licensing and an amount equivalent to SESAME's contribution to SQUARE ONE TELEVISION production. Said writers shall participate in the SQUARE ONE TELEVISION Adjusted Gross Revenues as follows:

SQUARE ONE TELEVISION	
<u>Adjusted Gross Revenues</u>	<u>Buyout</u>
\$50,000 - \$500,000	\$7,000
For each \$100,000 thereafter	\$1,000

SESAME shall furnish each of the above writer(s) with a report, within ninety (90) days after the close of SESAME's fiscal year stating the SQUARE ONE TELEVISION Adjusted Gross Revenues received for product licensing. Any payments due shall be made concurrently therewith.

(iv) When SESAME ceases production of a children's television series covered by this Agreement, SESAME agrees to make payment to the writers of record for the merchandising of the program(s) pursuant to the applicable on sales formula as specified in this Article.

(v) The merchandising formula set forth in paragraph (f)(iii) shall apply to "GHOSTWRITER".

(vi) Payments for merchandising shall survive the writers' employment by SESAME or any successor organization. The Guild shall indemnify and save SESAME harmless from any claims, suits, judgments, attachments and from any form of liability and expenses including reasonable attorney's fees arising from the Guild's instructions to SESAME with regard to the apportionment of Dollars set forth herein.

(e) Commercial Broadcast: In the event any of the material furnished hereunder is to be broadcast on commercial TV other than as specifically permitted under this Agreement, SESAME shall pay to the Guild for distribution to each writer of record for material sold or licensed for such commercial broadcast no less than the applicable minimum rerun fees, the first release on commercial television being the first commercial rerun for the script or lyric as provided for under the 2011 WGA Theatrical and Television Basic Agreement or the successor Agreement thereto. No payments made under this subsection (g) shall be offset against any other payments made under this Agreement.

(f) Other Uses: For all other uses not set forth above and including but not limited to: use of material for public appearance, audio video discs, audiovisual cassettes, video cartridges, or other similar audiovisual device now known, or hereafter devised, and radio, TV remakes, and New Media streaming on the Internet, mobile devices, or other similar delivery systems, SESAME shall pay to the Guild for distribution to the writer(s) of record according to its determination of his/her/their contribution 1.2% of SESAME's absolute gross revenues (i.e., all moneys received by SESAME) from licensing, selling or authorizing in any manner such use. In this regard SESAME as the sole owner of the material and with the sole right to sell, license or authorize use shall be responsible for making all appropriate payments to the writer.

For New Media Electronic Sell-Through (EST) sales on the Internet, mobile devices, or other similar delivery systems, SESAME shall pay to the Guild for distribution to the writer(s) of record according to its determination of his/her/their contribution: .36% of SESAME's absolute gross revenues (as defined above) for 1-25,000 units sold; .72% of SESAME's absolute gross revenues (as defined above) for 25,000-65,000 units sold; 1.2% of SESAME's absolute gross revenues (as defined above) for all units sold over 65,000.

(g) Identification of Material: To make certain that the writer of record is clearly identified, SESAME will insure that all material furnished under this Agreement, including but not limited to scripts, segments of scripts, lyrics and songs, shall be identified with the name of the writer or writers.

(h) Reporting: SESAME will furnish the WGA and the writer of record whose material is used a separate quarterly accounting of revenues derived from the use of program material in each of the following areas: theatrical motion pictures, audiovisual, musical compositions, publication, dramatic use and other uses pursuant to Article VI(C)(4)(a), (b), (c), (d) and (h). In the first quarter after a new use of the script material is made, SESAME shall provide the WGA with the name(s) of the writer(s) of record and the title(s) of the material used. No further report is required for any period during which there are no Gross Receipts.

To this end the WGA and SESAME have agreed upon the establishment of a joint committee for the purpose of reviewing and improving reporting procedures where mutually advisable and feasible.

(i) Penalty: SESAME will pay interest of 1.5% for each month or part thereof in which payments provided for under this Article VI are not paid as provided for herein.

(j) Right to Inspect: The Guild, or the writers or a designated representative shall have the right, upon two weeks' notice to SESAME once during each year following the issuance of a statement, to inspect SESAME's books and records and the books and records of SESAME's music publishing subsidiary with respect to the writer's right or his/her designated agent's right on his/her behalf to compensation from the uses of material for which percentage payments are required to be made by SESAME under this Agreement at SESAME's regular place of business during its usual business hours at the writers' expense. If,

however, SESAME fails to furnish any of the statements as provided for herein, said inspection shall be at SESAME's expense.

(k) Public Performance Fees: No payments shall be made to the writer(s) in respect to any public performance fees for any lyrics of musical compositions hereunder received by SESAME's music publishing subsidiary. SESAME shall make no claim to the performance rights society for lyricist performance fees with respect to musical compositions written hereunder but shall permit the writer to claim such fees. SESAME shall register such musical compositions with the appropriate performance rights society to which the writer is a member, or if not a member of such society as the writer shall notify SESAME that he/she wishes to join. SESAME will notify the performance rights society with which the musical composition is to be registered that the writer is due performance rights payments normally paid to a lyricist.

(l) Pay Television & Basic Cable: Original Production: With respect to all programming originally produced for and/or aired originally on Pay Television and/or video discs (e.g. DVD) and video cassettes, and/or on Basic Cable, SESAME agrees to be bound by all the terms and conditions of the 2001 WGA Theatrical and Television Basic Agreement.

The term "video disc/video cassette" shall mean disc, cassette, cartridge and/or other device serving a similar function which is sold or rented for play on a home-type television screen in the home.

The term "pay television" shall mean exhibition on a home-type television screen by means of telecast, cable, closed circuit, satellite to home or CATV where substantially all licensed systems meet the following tests:

(i) Where a separate channel is provided for which the subscriber pays a separate fee (which fee is more than a token charge relative to other charges made to the subscriber) for that channel, and/or

(ii) Where the subscriber pays for the program or programs selected (except that a program selected for which only a token charge is made shall not be considered a pay television program), and/or;

(iii) Where the subscriber pays a fee for an encoded telecast, which fee is more than a token charge relative to other fees paid for encoded telecasts. The term "basic cable," as distinguished from pay TV or fee TV, refers to that type of exhibition which is commonly understood in the industry today to be Basic Cable exhibition. The definition shall be that as defined in the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement.

(m) Supplemental Markets

(i) With respect to all programming originally released on a Public Broadcast Station and subsequently released in the Supplemental Markets, as defined in Article 51 of the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement, SESAME agrees to be bound by the applicable terms and conditions of the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement.

(ii) With respect to all programming originally released on a Public Broadcast Station and subsequently broadcast on basic cable television as defined in the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement and the 2010 WGA Public Television Freelance Agreement or its successor Agreement, SESAME's sole obligation shall be to pay each participating writer a pro-rated share of 2% of Sesame's gross receipts for material furnished prior to December 4, 1981, and 1.2% of Sesame's gross receipts for material furnished after December 3, 1981.

(n) Any use or exploitation of material not specifically covered by the terms and conditions of this Agreement shall be the subject of negotiation between SESAME and the Guild before such use shall be permitted.

5. Recurring Segment

(a) Recurring Segment (Annual Payment): If a writer or writers are responsible for the introduction of a new segment ("Recurring Segment") for Sesame Street which is repeated in the show twice or more during each week of broadcast during the course of the entire season (excluding up to two weeks of the

season), which Recurring Segment contains newly created central characters and a unique framework, then the writer or writers who created the Recurring Segment (shared among all writers if the Recurring Segment is created by multiple writers) shall participate in an annual bonus of the following amount:

for a Recurring Segment of 5 minutes or less:	\$500.00
for a Recurring Segment of 10 minutes or less, but more than 5 minutes:	\$750.00
for a Recurring Segment of more than 10 minutes:	\$1,500.00

For the purpose of clarity this provision applies retroactively to "Elmo's World", "Monster Clubhouse" and "Hero Guy", if applicable.

(b) Recurring Segment (One Time Bonus): If a writer or writers are responsible for the introduction of a new Recurring Segment for Sesame Street which is repeated in the show twice or more during each week of broadcast during the course of the entire season (excluding up to two weeks of the season), which Recurring Segment contains a newly created unique framework but does not contain newly created central characters, then the writer or writers who created the Recurring Segment (shared among all writers if the Recurring Segment is created by multiple writers) shall participate in a one time only bonus (such payment shall not to be repeated even if the Recurring Segment reappears and otherwise qualifies in a subsequent year) of the following amount:

for a Recurring Segment of 5 minutes or less:	\$1,000.00
for a Recurring Segment of 10 minutes or less, but more than 5 minutes:	\$1,500.00
for a Recurring Segment of more than 10 minutes:	\$3,000.00

6. Spinoff Bonus: If a writer or writers are responsible for the introduction of a new Recurring Segment, which resides in Sesame Street and which contains newly created central characters and a unique framework and the Recurring Segment is "spun-off" to become its own unique separate show of no fewer than thirty (30) minutes in length which is licensed for no fewer than thirteen (13) half hour episodes (which may be determined on a cumulative basis if a full thirteen (13) episodes are ordered within one (1) consecutive twelve (12) month period), then Sesame Workshop shall pay to the writer or writers who created the Recurring Segment (shared amongst all writers if the Recurring Segment is created by multiple writers) the following one time bonus upon the first day of principal photography:

Network --	\$50,000
PBS --	\$40,000
Cable --	\$30,000
Internet --	\$5,000

The definition of a "Recurring Segment" in this provision does not require that it be interpreted in the same way as the definition of "Recurring Segment" in Section VI(C)(5). For the purpose of clarity this provision applies retroactively to the Recurring Segment known as "Elmo's World" and the segments known as "Monster Clubhouse" and "Hero Guy", if applicable.

7. Sesame Street Development Fee: The following minimum rate formula shall apply for developing new Sesame Street script formats for current Sesame Street series or new Sesame Street series covered by this Agreement:

Format Rate: \$10,273 (or the then current Format Rate in the 2011 WGA Theatrical and television Basic Agreement or its successor Agreement)

Pilot Script Rates:	4 minutes or less:	150% of the then current Segment A rate outlined in this Agreement
	7 minutes or less, but more than 4 minutes:	150% of the then current Segment B rate outlined in this Agreement
	10 minutes or less, but more than 7 minutes:	125% of the then current Segment C rate outlined in this Agreement
	20 minutes or less, but more than 10 minutes:	125% of the then current Segment D rate outlined in this Agreement

In consideration for the compensation paid the writer(s) for each such Pilot Script as above, SESAME is entitled to the unlimited broadcast for a period of two years of each such Pilot Script written. Such period shall be deemed to commence on the date of the first broadcast of each Pilot Script. In addition, SESAME may purchase the same reuse rights for Pilot Scripts as are available under this Agreement for Segments A, B, C, and D. For reuse purposes, each Pilot Script shall be treated as its corresponding Segment (A, B, C, or D), depending on length; for example, a Pilot Script of 4 minutes or less shall be treated as a Segment A for reuse purposes. Payment shall be made to each writer or divided evenly among two writers. Each additional writer of each Pilot Script purchased shall receive an amount equal to 50% of the total payment made for each pilot script. Rates under this section apply only to the formal development process.

D. SESAME agrees that all writers covered hereunder may perform writing services or furnish literary material for others.

E. In addition to the payments set forth in this Agreement, SESAME shall pay writers for all non-writing duties which they may be asked to perform. The parties shall negotiate applicable rates and terms within a reasonable times before such non-writing duties are assigned. There may be no offset between payments for non-writing services and payments for literary material and/or writing services. All writers are free to refuse such non-writing duties without prejudice. In addition, SESAME shall not be required to assign such duties or to permit writers to perform them.

F. No offset shall be permitted of any moneys owed under this Article against any other moneys owed under this Article, any other Article of this Agreement or any other collective bargaining agreement between the WGA and SESAME.

VII. BENEFITS

A. All writers presently covered and entitled to all SESAME staff benefits as outlined in the attached Appendix A as of December 3, 1991 shall remain so covered and shall be entitled to any improvement therein during the term of this Agreement.

B. With respect to all other writers, SESAME agrees to contribute the applicable rate established in the 2011 WGA Theatrical and Television Basic Agreement or its successor Agreement to the Producers-Writers Guild of America Pension Plan and the Writers Guild Industry Health Fund of all gross compensation paid to the writer for covered services pursuant to this Agreement except for the exclusions to gross compensation contained in the 2011 WGA Theatrical and Television Basic Agreement and any successor thereto.

C. Other SESAME staff benefits listed in the attached Appendix A shall be available to all writers to the extent they meet the established eligibility requirements.

VIII. TRAVELING EXPENSES

A. If a writer is required by SESAME to perform services at any location sufficiently distant from SESAME's location where he or she is regularly assigned so that overnight accommodations are reasonably necessary, SESAME shall furnish travel and living expenses in accordance with SESAME policy with the understanding that a WGA member shall be afforded the highest level of travel expenses provided to an executive producer, Producer or director when flying on business for the project.

B. SESAME shall also pay all necessary reasonable expenses of writer while on location.

C. Any writer required by SESAME to use his or her automobile on SESAME business shall be compensated at the rate of twenty-six cents (\$.26) per mile (or the current SESAME Staff policy, whichever is greater) plus reasonable parking expenses and tolls.

D. When a writer is required to use a SESAME car, SESAME shall provide insurance and indemnity.

IX. MODIFICATION OF EXISTING AGREEMENTS

A. SESAME agrees that it will, and does hereby, modify all existing contracts and agreements with writers covered hereby 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 contained herein shall be deemed to modify or affect the terms of any existing contract or arrangement between SESAME and any writer which are more favorable to such writer than the terms of this Agreement.

B. SESAME agrees that it will not enter into a contract with or employ any writer covered hereby on terms and conditions less favorable to the writer than those set forth in this Agreement. The parties agree that the terms and conditions of this Agreement constitute the minimum terms and conditions for the employment of writers by SESAME. Neither SESAME nor any writer may agree to vary these terms and conditions unless the WGA is in agreement that such variations constitute objectively more favorable terms and conditions of employment than those set forth in this Agreement. Only the Guild and SESAME shall have the right to waive any of the provisions of this Agreement; provided, however, that SESAME may only waive those rights and benefits which it has under this Agreement, and the Guild may only waive those rights and benefits which it, or any of its members, have under this Agreement.

C. Successors and Assigns

1. This Agreement shall be binding upon the parties hereto, their heir(s), successor(s), administrator(s), assign(s), purchaser(s) hereinafter referred to as "successor(s)" for the purposes of this Article of all or part of the interest of SESAME herein.

2. The successor(s) shall be bound by the terms and conditions of this Agreement.

3. SESAME specifically undertakes to advise in writing any potential successor(s) of the existence of this agreement, and further agrees that such notification shall be a condition precedent to any transfer.

4. SESAME shall further notify the Union in writing at least thirty (30) days before any such transfer and shall attach to such notification a copy of the notice required in paragraph (3) above and the undertaking required in paragraph (4) below.

5. SESAME further agrees that, as a further condition precedent, it shall obtain for the benefit of the Union a written undertaking executed by the successor(s) in which the successor(s) agrees to be bound by the terms and conditions of the Agreement and any subsequent agreement between the union and the successor(s).

X. ADDITIONAL SERIES

The parties agree that SESAME may make a determination whether a new series is appropriate for inclusion within the scope of Article I of this Agreement, it being recognized that SESAME STREET, THE ELECTRIC COMPANY, 3-2-1 CONTACT, SQUARE ONE TV and GHOSTWRITER are all appropriate Series for inclusion therein. SESAME shall notify the Guild in writing of its determination prior to engaging new writers for the series and the Guild shall have 30 days within which to take issue with SESAME's determination. SESAME's determination shall specify that the script fees attributable to the half-hour or one-hour programs contained in the agreement are appropriate to the new series and that the foreign and merchandising formulas attributable to established series are also appropriate to the new series. In the event of a disagreement, the parties agree to submit the disagreement to a Joint Program Committee consisting of three representatives each from the Guild and SESAME to determine whether said Series falls within the Scope of said Article I. A majority decision of the Committee shall be binding on both parties. Should this Committee be unable to reach a decision, the matter will be submitted to Arbitration before an Arbitrator selected from the list furnished by the American Arbitration Association. The Arbitration shall be conducted under the Voluntary Labor Arbitration Rules then obtaining of the American Arbitration Association. The decision of the Arbitrator shall be final and binding on both parties and judgment upon the award may be entered in any court having jurisdiction thereof.

XI. INTERSTITIAL PROGRAMMING

The parties recognize that SESAME may from time to time produce interstitial programming (i.e., children's educational programming of 2-3 minutes in duration designed to accommodate station breaks in either Public Television or commercial broadcast slots). Writers engaged to write original material for such programming shall be compensated at the appropriate PBS or commercial MBA rate for the time period, depending on the medium for which intended, in exchange for which SESAME will acquire the right to license the material for unlimited broadcast use for a one year period from the date of first broadcast, subject to additional years' use at 50% of the initial fees for each year so authorized. If the material is licensed from public television to a commercial broadcaster (syndication, cable or network), the fee will be upscaled to the appropriate MBA rate.

XII. BOUND SCRIPTS

Reasonably after the end of each production season, each SESAME STREET writer will be furnished with a bound copy of air scripts he/she has written for said production season.

XIII. COPY OF VIDEOS

Reasonably after the end of production, each writer will be furnished with a copy of any Home Video(s) that he/she has written for SESAME.

The designated writer(s) of each Sesame Street program will be furnished with a VHS copy of each program (one copy per program) that s/he has written for said production season

XIV. TALENT RECRUITMENT

SESAME and the WGA stipulate that it is in their mutual interest to encourage new writing talent and that they will work together to that end and towards the goal of stimulating and recruiting minority writers.

XV. GRIEVANCE MACHINERY

For purpose of resolving any difference of interpretation arising out of this Agreement, there shall be a grievance machinery established, consisting of three (3) representatives designated by the Guild who shall have the right to meet with three (3) representatives designated by SESAME.

XVI. ARBITRATION

A. In the event of any dispute, controversy, claim or grievance (hereafter called "grievance") arising out of the interpretation or alleged breach of this Agreement, between the Guild and SESAME, or between a writer and SESAME, the parties agree promptly and in good faith to attempt to settle such matter between them amicably.

B. In the event that such grievance cannot be settled by the parties through the grievance machinery, then either party may submit it to arbitration before an Arbitrator selected from the list furnished by the American Arbitration Association, and it shall be conducted under the Voluntary Labor Arbitration Rules then obtaining of the American Arbitration Association, provided, that if such grievance has not been submitted to arbitration within twenty-four (24) months after such grievance arose, such grievance shall be deemed to have been abandoned. The parties agree to abide by the award, and judgment upon the award may be entered in any court having jurisdiction thereof. The Arbitrator shall have no power to alter or amend the terms of this Agreement. The Arbitrator's fees shall be divided equally between the parties.

XVII. NO STRIKE, NO LOCK-OUT

A. Except as provided in subsection (L) of this Article and in Article XX hereof, the Guild agrees that during the term hereof it will not call or engage in any strike, slowdown or stoppage of work affecting SESAME and covered hereunder.

B. If, after the expiration or other termination of the effective term of this Agreement, The Guild shall call a strike against SESAME, then current employment contracts of writer-members of the Guild with SESAME shall be deemed automatically suspended, both as to service and compensation while such strike is in effect, and such member of the Guild shall incur no liability for breach of his/her employment contract respecting such strike call, provided such member shall promptly, upon the termination of such strike, and on the demand of SESAME perform as hereinafter in this paragraph provided, and the member shall be deemed to have agreed as follows:

1. That if the writer has been assigned to the writing of any material at the time any such strike is commenced, (s)he will, after the termination of such strike and upon the request of SESAME, report to SESAME and perform her/his services in the completion of such assignments at the same salary and upon the same terms and conditions as were agreed upon prior to the commencement of said strike.

2. That she/he will immediately, after the termination of such strike and upon the request of SESAME, execute a new contract on the same terms and conditions, and at the same salary or other compensation as provided in the employment contract which was in effect at the time the strike commenced, except that such new contract shall be for a period or periods, including options, equivalent to the unexpired term of the contract which was in effect when the strike was commenced.

3. That (s)he will, in lieu of paragraph 2, after the termination of such strike, at the option of the Company, and upon its demand, execute an agreement in writing with SESAME extending the term or period of such personal service contract for a period of any suspension by such strike.

C. If the member shall fail to perform the foregoing, or if (s)he shall fail actually to finish his or her services in the assignment mentioned in B(2), (except by reason of her/his death, physical disability, or default by SESAME) then the waiver of liability by SESAME heretofore given shall be null and void.

D. The member further agrees that the statute of limitations as a defense to any action by SESAME against the member for his or her failure to perform during such strike is extended by a period equivalent to the duration of such strike. If the member asserts any claim or defense by reason of the expiration of time during which (s)he can be required to perform services by virtue of any statute (such as the seven-year statute) which claim or defense is based in whole or in part on the lapse of time during such strike, the waiver by SESAME is ineffective thereupon, and the statute of limitations as to SESAME's rights is waived by the member automatically.

E. The automatic suspension provisions of this Article XVII shall not affect SESAME's right to sue any individual writer for breach of contract arising during the period of such strike, unless such writer shall have complied with his or her obligations under of subsection B. Nothing herein contained shall be construed to deprive SESAME of its right to terminate the employment contract at any time after such member shall strike or otherwise fail or refuse to perform services.

F. The provisions of this Article XVII shall be deemed included in all employment contracts between writers and SESAME which are now in effect and all such employment contracts which shall be entered into during the effective term of this Agreement.

G. The Guild agrees that it will take such affirmative actions as may be necessary and lawful in order to require its members to perform their respective obligations under the provisions of this Article XVII.

H. Notwithstanding the expiration or other termination of the effective term of this Agreement, by termination or otherwise, the provisions of this Article XVII shall be and remain in full force and effect for a period of seven (7) years following the termination of any such strike, unless this covenant be sooner terminated by written consent of SESAME and the Guild.

I. The Guild is a corporation. Nothing in this subsection I shall enlarge the liability of its officers, directors, agents, and members; this subsection I being an additional limitation thereon. The Guild will not be held liable for unauthorized acts of its officers, agents, directors, or members; neither the Guild, nor its officers, directors, agents or members not participating in the actions hereinafter mentioned shall be liable for any strike, slowdown, or work stoppage, unless the same be authorized by the Guild in accordance with its by-laws, but the foregoing exemption of this sentence shall not apply unless the Guild upon request from SESAME affected thereby shall proclaim promptly and publicly that such strike, slowdown or

work stoppage is unauthorized and follows such pronouncement within a reasonable time thereafter, if requested so to do by SESAME with disciplinary proceedings in accordance with its by-laws against the participants in such unauthorized action.

J. SESAME agrees that it will not call or engage in any lockout of members.

K. In accordance with and to the extent required by Articles XV and XVI of this Agreement as to any matter arbitrable hereunder, the Guild has the right to strike SESAME so long as SESAME's wrongful failure to participate in grievance and Arbitration procedures continues. Such action on the part of the Guild is not a waiver of right to compel SESAME to participate in grievance and Arbitration procedures. If SESAME shall contest the arbitrability of such issues, such issue of arbitrability shall first be determined prior to the arbitrator's proceeding with a hearing on the merits.

L. No literary material of any kind written or delivered by a non-WGA member between December 4, 1981 and February 26, 1982 will be used in any way by SESAME for any production. Such use shall constitute a substantive breach of this Agreement as well as a failure to bargain in good faith. Upon such use, the Guild shall be free to order its members to withhold from SESAME all writing services and/or literary material covered by this Agreement. The Guild shall be free to engage in a strike, picket, boycott or any other legal activity against SESAME. The Guild shall also be free to seek all legal remedies available to it.

M. SESAME will not discipline any member because of his/her refusal as an individual to cross any duly authorized Writer's Guild of America picket line against SESAME.

XVIII. NO DISCRIMINATION

SESAME and the Guild agree that there will be no discrimination against applicants for employment or employees because of sex, race, creed, color, age, handicap or national origin.

XIX. CREDITS

A. It is recognized that the Guild has the exclusive right to grant all on screen (on air) writing credits in any form approved by the Guild. In the event of any dispute as to the credit in any matter whatsoever, the matter shall be submitted to a Guild Credit Arbitration committee as provided for in the WGA 2010 Public Television Freelance Agreement or its successor Agreement and the decision of the committee shall be final.

B. With respect to programs covered by this Agreement (other than GHOSTWRITER), the WGA has approved that SESAME shall give on-air credits on a once a week basis. With respect to all programs covered by this Agreement, the headwriter/series consultant credit, if there is one, will precede the writer credit. The writers' names shall appear in order of the number of scripts written for the series. These credits will follow immediately after the director's credit. SESAME shall not grant any writing credits on-air (including those granted to persons not covered by this agreement) except as provided in this Agreement or the WGA 2010 Public Television Freelance Agreement or its successor Agreement or as expressly authorized by the Guild.

C. SESAME shall not grant any writing credits on-air (including those granted to persons not covered by this Agreement) except as provided in this Agreement or the WGA 2010 Public Television Freelance Agreement or its successor Agreement or as expressly authorized by the Guild.

D. If SESAME determines, in consultation with the Headwriter, that a writer has made an appropriate contribution to the creation of a character in any program previously written or written in the future, pursuant to this Agreement, and if that character is a principal character in television programs, including but not limited to a "special," a "movie of the week," or series other than the series for which the character was originally created, or in a theatrical motion picture, and if the Company produces such television show or motion picture which includes such character, or grants the right to any other entity to do so, said writer shall receive a "Creative Consultant" credit.

XX. STAFF WRITERS

This Agreement does not cover the employment of "staff writers" as such are defined in the WGA 2010 Public Television Freelance Agreement or its successor Agreement. The parties agree that SESAME does not now employ any writer meeting that definition. When, however, SESAME does employ a writer or writers as staff as such are defined in the aforementioned WGA 2010 Public Television Freelance Agreement or its successor Agreement, the parties shall within thirty (30) days of initial employment meet to negotiate an agreement to cover such employees.

All terms and conditions of employment, including but not limited to compensation, working conditions, shall be subject to such negotiations. Failing to reach such agreement, the Guild may invoke strike action against or instruct Guild members to withhold services from SESAME under all agreements between the parties hereto.

XXI. "CONTRACT YEAR"

For purposes of this Agreement the term "contract year" when used herein shall be as follows: the first "contract year" shall be from April 15, 2013 through April 14, 2014; the second "contract year" shall be from April 15, 2014 through April 14, 2015; the third "contract year" shall be from April 15, 2015 through April 14, 2016.

XXII. TERM OF THE AGREEMENT

The term of this Agreement is from April 15, 2013 through April 14, 2016. The parties agree that at least sixty (60) days prior to the expiration date, they shall in good faith negotiate with respect to a new agreement to take effect upon the termination hereof.

IN WITNESS WHEREOF, the parties have affixed their respective signatures as of the day and year first above written.

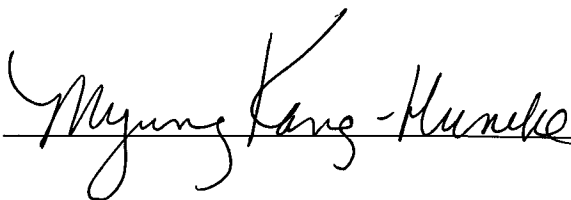
WRITERS GUILD OF AMERICA, EAST, INC. (On
behalf of itself and its affiliate WRITERS GUILD OF
AMERICA, west, INC.)

By: _____



SESAME WORKSHOP

By: _____



SIDELETTER #1
RE: 3-2-1 CONTACT & SQUARE ONE TELEVISION

It is understood by the "WGA" and "SESAME" that a "commercial broadcast" means broadcast of a program carrying any form of advertising.

Notwithstanding Article VI(C)(4)(g) of this Agreement, the parties agree that SESAME may acquire the right to release a program or programs of the 3-2-1 CONTACT series and of SQUARE ONE TELEVISION for foreign commercial broadcast outside the United States and Canada on the following basis:

1. SESAME shall pay to the writer(s) of record his/her/their share, as instructed by the WGA, of 25% of the initial foreign buyout amount paid for the series (or a prorata amount of the initial foreign buyout for the number of programs so licensed) under the WGA-SESAME WORKSHOP Agreement;
2. In addition, the receipts generated from the foreign commercial release of the program(s) shall be included as part of the calculation of SESAME Gross Receipts from foreign broadcast distribution for the purpose of Article VI(C)(3) of this Agreement.
3. The initial 25% payment pursuant to Paragraph 1 above shall be made not later than thirty (30) days after SESAME gross receipts are actually received by SESAME from the foreign commercial broadcast of a program(s).
4. Any further payment due pursuant to Paragraph 2 above shall be paid in accordance with Article VI(C)(3) within ninety (90) days after the close of SESAME's fiscal year.
5. The foregoing shall apply to all 3-2-1- CONTACT and SQUARE ONE TELEVISION programs whether produced under this Agreement or a prior WGA-CHILDREN'S TELEVISION WORKSHOP Agreement.

SIDELETTER #2
RE: HOME VIDEO PROGRAMS

The Writers Guild of America ("WGA") and SESAME WORKSHOP ("SESAME") have agreed upon the terms and conditions contained herein, that SESAME may produce, distribute and sell in supplemental markets, videocassette programs consisting of existing television program material and newly produced bridging or wrap around material (such programs hereinafter referred to individually as "Program" and collectively as "Programs").

1. Newly Produced Material:

With respect to SESAME STREET programs, the writer(s) of original literary material of no more than fifteen minutes shall be compensated at the rate of \$4,668.97 effective 4/15/13, \$4,809.04 effective 4/15/14, and \$4,953.31 effective 4/15/15.

With respect to the half-hour program series (such as 3-2-1 CONTACT and SQUARE ONE TELEVISION), the writer(s) of original literary material shall be paid at the five or ten minute rate pursuant to the other Programs provision in Article VI(A)(k).

2. Supplemental Markets Release

(a) As to each program that is released in supplemental markets, SESAME will pay to each participating writer a pro-rata share of 1.5% of SESAME's Gross Receipts up to the first \$1,000,000, and 1.8% of SESAME's Gross Receipts beyond \$1,000,000.

(b) Compensation payable under this paragraph shall be excluded from the gross compensation upon which SESAME contributions are to be made to the Pension Plan and Health Fund.

3. Definition of Videocassettes: For the purposes of this Agreement, a cassette is any audio visual device, including without limitation, cassette, video discs (e.g. DVD), cartridge, phonogram or other similar audio visual device now known or hereafter devised, containing a program (recorded on film, disc, tapes or other material) and designed for replay through a television receiver or comparable device. The sale of cassettes for replay through a television receiver or comparable device in the home or in closed-circuit use such as in hotel rooms constitutes the "supplemental market" for the purposes of this Agreement.

4. Definition of Gross Receipts: For purposes of this Agreement, "Gross Receipts" shall mean the total worldwide gross receipts actually received by SESAME (as producer) from the sales of a Program. For example, if SESAME engages a third party to exploit SESAME's rights in a Program, then the moneys paid to SESAME based on cassettes actually sold and accounted for by said third party shall constitute Gross Receipts hereunder. As a further example, it is the intention of the parties that the basis of determining "Gross Receipts" from the sale of consumer products at the retail level would not be the amount received by the retailer or the distributor, but would be the amount actually received by SESAME.

5. Time of Payments and Reports: Within 60 days after the expiration of each calendar or fiscal quarter, SESAME will furnish to the WGA a written report showing SESAME's Gross Receipts during the preceding quarter from the distribution of each program in supplemental markets. Concurrently with the furnishing of the report, SESAME will make the payments shown to be due by such report. All payments shall be made by check payable to the order of the writers entitled thereto and copies shall be delivered to the WGA. No report is required for any period during which there are no Gross Receipts. The WGA shall have the right, at reasonable times, to examine the books and records of SESAME insofar as they relate to SESAME's Gross Receipts with respect to the distribution of the programs in supplemental markets.

SIDELETTER #3
RE: REBROADCAST

SESAME WORKSHOP produces programs for children with the assistance of the academic and research communities to develop educational curriculums for each television series. The parties recognize that educational programs for children, other than SESAME STREET, have had a difficult time raising funds for production or continuing rebroadcast. Accordingly, the number of programs produced in a second or subsequent season may decrease below the number originally produced. Similarly, funding for the rebroadcast of a series may provide for fewer programs than originally broadcast. In some instances, the funds to cover rebroadcast costs are not raised and the series goes off the air.

The parties agree that it is in their mutual best interests to support the continual broadcast of educational programs for children. Notwithstanding Article VI(C)(2)(b) of this Agreement, the parties agree that SESAME may acquire the right to release a program or programs of the SQUARE ONE TELEVISION series, the GHOSTWRITER series, or other series fitting the description specified herein for domestic rebroadcast for additional three year periods of four releases per period by payment to the writer(s) of record of such program(s) an amount equal to the following percentages of the applicable minimum compensation paid for each such script furnished under the Agreement: Second three year period - 50%; Third three year period - 40%; Fourth three year period - 25%; Fifth and each additional period - 20%.

SIDELETTER #4
RE: SQUARE ONE TELEVISION/EQUIVALENCY FORMULA

Notwithstanding Article VI(A)(1)(c) of the Agreement, the Writers Guild and SESAME WORKSHOP have agreed that with respect to SQUARE ONE TELEVISION, the appropriate 30 minute script fee (or payments prorata) shall also be paid for each six "inserts, segments and/or remotes" written if such "inserts, segments and/or remotes" are required to be written separate and apart from the script assignment. The MATHNET segment shall not constitute an "insert, segment and/or remote" for purposes of this formula. Therefore, the aggregate number of minutes in any combination of segments shall not exceed thirty minutes minus the length of the MATHNET segment.

SIDELETTER #5
RE: COMMUNITY EDUCATIONAL PROGRAMS

The parties recognize the very unusual manner in which SESAME programs are created in cooperation with the academic community to produce quality educational television programs for children.

Community Education Services (CES) is the division of SESAME responsible for community outreach. The original and continuing goal of CES is to educate the greatest number of children and families about SESAME programs and issues specifically relevant to children's well-being. Among the issues that CES addresses are: Fire Safety, Natural Hazards, Lead Poisoning and the importance of Science and Math Education. At workshops, sponsored by local community and civic organizations and institutions, parents and teachers are trained to use SESAME produced materials to further teach and reinforce the information and skills needed by children.

The WGA agrees that SESAME may include up to three segments not to exceed a total of five minutes in such programs, provided that no broadcast use is made and no charge is made by SESAME for the use of its taped material.

SESAME agrees to provide the writers with screen credit when screen credits are given; for this purpose, use of the SESAME name on the screen shall be deemed to be a credit.

SESAME agrees to keep records of programs undertaken under this sideletter, including the dates and circumstances of utilization, and to provide same to the WGA for examination at the end of each contract year.

SIDELETTER #6
RE: SEGMENT REUSE FEES ARTICLE VI(C)(2)(c)

The Writers Guild of America ("WGA") and SESAME WORKSHOP ("SESAME") have agreed that moneys paid for segment reuses will be paid as follows: for the first segment played during the year, the rate of either \$482.61, \$497.09, \$ 512.00 (whichever is applicable), will be paid to the Writer; and the percentages in Article VI(C)(2)(c)(iii), will be based on that rate.

All other segments shall be paid at the rate of \$450.00 and the percentages in Article VI(C)(2) (c)(iii), shall be based on that rate.

SIDELETTER # 7
RE: ELECTRIC COMPANY REOPENER

In the event that "The Electric Company" is reactivated for public television broadcast, and insofar as "The Electric Company" is not written in a manner contemplated by the Agreement, Sesame Workshop shall have the right to reopen negotiations with the Guild regarding all matters of employment including, but not limited to, the appropriate rates for initial compensation, additional compensation, play pattern and broadcast period, in view of the potentially different writing and production considerations and requirements associated with such new programming. Notwithstanding the foregoing, in no event will a ½-hour script fee for "The Electric Company" be less than the then-current thirty (30) minute minimum contained in the Agreement.

SIDELETTER #8
RE: ORIGINAL NEW MEDIA JURISDICTION

Should New Media become the primary medium for original exhibition of programs currently covered by and produced under the WGAE-Sesame Workshop Agreement (the "Agreement") for PBS distribution (i.e., a majority of viewers view such programming via the Internet rather than on broadcast television stations), then Sesame Workshop "New Media Programs" (as hereinafter defined) shall be subject to the terms of the Agreement. "New Media Programs" shall mean programs that are of the same quality, type and budget as those currently produced under the Agreement, and are exhibited over the Internet, mobile devices, and other similar delivery systems.

Subject to the foregoing, if at any time during the term hereof, a Sesame Workshop program (i.e., a program that would otherwise be covered by the Agreement and is not covered by the paragraph above) is produced for primary exhibition on the Internet, and if such program is written by a professional writer (as that term is defined in Article 1.C.1.b of the 2011 MBA or its successor agreement), Sesame Workshop shall make pension and health contributions (at the same percentages as set forth in Article 17 of the 2011 MBA or its successor agreement) based upon the compensation negotiated between Sesame Workshop and writer(s). In this respect, the company shall also abide by, but only as to incorporated provisions, Article VI, C, 4(f) (All Other Uses except Internet Streaming & Downloads), Article XV (Grievance Machinery), and Article XVI (Arbitration).

For the purposes of this Sideletter, the term "New Media" shall mean the Internet, mobile devices and other similar delivery systems.

Nothing herein shall enlarge or limit the WGAE's work jurisdiction under the Agreement.

SIDELETTER #9

RE: BENEFITS

In the event that during the Term of this Agreement the applicable rate established in the 2011 WGA Theatrical and Television Basic Agreement to the Producers-Writers Guild of America Pension Plan and the Writers Guild Industry Health Fund of all gross compensation paid to the writer for covered services pursuant to this Agreement (except for exclusions to gross compensation contained in the 2011 WGA Theatrical and Television Basic Agreement and any successor thereto), exceeds a cumulative amount of seventeen percent (17%), then Sesame Workshop shall have the right to reopen negotiations with the Guild regarding rates for Initial Compensation and Additional Compensation.

APPENDIX A

Guidelines for the Inclusion of Commercial Breaks

The purpose of this document is to illustrate the restrictions placed on the type of advertising allowed within Sesame Workshop programming and to explain the reasoning behind those restrictions. The following has been drawn up ensure the highest degree of confidence that the advertising surrounding Sesame Workshop programming will be suitable for its young audience.

Objective

Commercials shown within or surrounding pre-school programming are not necessarily targeted specifically at the children watching. Advertisers also use these breaks to target parents and guardians who may be watching with their children. However, while adults often choose to be present, Sesame Workshop has to assume that children may be watching alone and has to ensure that the content and presentation the commercials is in close alignment with Sesame Workshop's overall policy on television production.

Although it is unlikely that broadcasters or advertisers would specifically target children with unsuitable products or wish to influence them in a negative way the following puts the matter beyond doubt.

Specifications and Restrictions

Young children find it difficult to differentiate between program content and commercial and do not necessarily understand that the content of a commercial is a message persuading them to buy. They are likely, however, to regard the content of the commercials surrounding children's programs as containing information relevant to them.

Separation of Commercial and Program

Television advertising must be readily recognizable as such and kept separate from the main body of the program.

- The number and duration of commercial breaks must be agreed in advance with Sesame Workshop.
- Commercial breaks must be taken at a natural point, where continuity is not interrupted and the pause does not damage the integrity or value of the program. For ease of definition, a natural point is where the continuity of the program would be broken even if advertising were not present.
- No internal edits shall be made within pre-existing segments without specific permission by Sesame Workshop. Edits must be made solely by removing entire segments and an animated bumper must not follow an animated segment.
- All revised show rundowns must be approved by Sesame Workshop producer prior to broadcast.
- Prior to the commercials Sesame Workshop programming must be separated by means of a bumper of not less than ten seconds. The bumper must be culturally specific and include clear visual and aural messages indicating that the program has paused followed by an unencumbered station ident. The bumper must not include any recognizable Sesame Workshop items - set, Muppets, or branding.
- Prior to returning to Sesame Workshop programming the advertising must be separated by a further unencumbered station ident followed by another bumper of not less than five seconds which includes clear visual and aural messages indicating that Sesame Workshop programming is about to continue. Again the bumper must be culturally specific and exclude the Sesame Workshop items - set, Muppets or branding.
- If not supplied by Sesame Workshop the bumpers must be pre-approved by Sesame Workshop.

Content and Presentation:

Care has to be taken that, because of the program content, children are not indirectly influenced by the commercials in such a way that could damage their health, promote antisocial behavior, or frighten them.

The following items may not be advertised in commercials shown prior, during and subsequent to a Sesame Workshop program:

- Alcohol and alcoholic drinks
- Tobacco and tobacco related products
- Matches
- Powdered milk
- Candy
- Sesame Workshop products (home videos, toys, music or promotions for other Sesame Workshop events)
- Medicines other than those for children (see note below about presentation)
- Vitamins/Dietary supplements
- Lotteries or gambling related products
- Violent, scary or aggressive games and toys
- Promotional spots and trailers for film and TV programs with adult content and not specifically targeted at the pre-school audience or containing the above themes.

The presentation of commercials shown must follow the following guidelines:

- Audio levels - The audio level of the bumpers and commercials must be the same as the body of with the show.
- Hosts - In order to minimize the risk of confusing a commercial with Sesame Workshop programming no commercials may be scheduled that feature a character, host or guest of the program being aired, or voice or likeness thereof within an adjacent commercial break. This does not apply to specific (and pre-approved) public service announcements. Children should not be seen as delivering a commercial message, but as part of the background.
- Presentation style - Commercials must not adopt a presentation style parodying or imitating the show being aired. The presentation must be honest, credible and void of trickery or the presentation of items in an unreal or dishonest way.

- Exhortation - Commercials must not directly exhort children to purchase or ask their parents or others to make purchases for them.
- Loyalty - No commercial should imply that unless children buy or ask others to buy a product for them they will be lacking in loyalty or duty.
- Inferiority - No commercial should imply that without the advertised product a child would be inferior to others or likely to be held in contempt or ridicule.
- Direct response - No commercial should encourage children to try and directly purchase products by mail or telephone.
- Administration of medicines and use of cleaning products - Children must not be seen taking medicine themselves or using cleaning products. An adult must always be seen administering the product in a controlled manner.
- Safety - Children must not be seen in unsafe conditions unless as part of a public information announcement. For instance:
 - Children must not be seen unattended in a street, playing in the road or stepping off sidewalks alone.
 - Children must not be seen reaching for or taking items above their heads or from high shelves.
 - Medicines or caustic substances must not be seen within a child's reach.
 - Children must not be seen using inflammatory substances.
 - Children must not be seen playing with electrical apparatus likely to cause shock.
 - Children must not be seen riding on or in vehicles without adequate safety restraints.
 - Children must not be seen leaning out of windows, climbing or tunneling dangerously or alone close to water.

Danger - No advertisement may encourage children to talk to strangers or enter unfamiliar places alone.

Exploitative Presentation - Children should not be seen in a sexually provocative manner.

Good manners and positive behavior - Children in commercials should always be well mannered and well behaved.

Ethnic and social minorities - Content should not demean any cultural, ethnic, gender or social group or reinforce negative stereotypes.