

Amazing Grace

CONFIDENTIAL INFORMATION MEMORANDUM

January 2008

DRAFT FOR COMMENTS

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Overview/ Background

Aretha Franklin came to prominence in the later 1960s with a series of Soul / R&B hits that earned her the title The Queen of Soul. In 1972 she returned to her gospel roots with the triumphant double album “Amazing Grace”, perhaps her greatest release in any genre. “Amazing Grace” captures Aretha is at her vocal peak. She’s joined by legendary gospel figure Rev. James Cleveland, the Southern California Community Choir, and an all star backup band of R&B/Pop musicians. Her versions of "How I Got Over" and "You've Got a Friend" are legendary. Franklin’s body of work is foundational to American Popular music. In 2007 Ms. Franklin received a Kennedy Center Award for her contribution to American Culture. Ms. Franklin will be honored by NARAS at the 2008 Grammys.

Amazing Grace was released in 1972 and became one of the best selling gospel records of all time. The double album was recorded in Rev. James Cleveland’s Baptist church in Los Angeles. The concert was originally conceived as a joint album/film project between Warner Brothers Pictures and Atlantic Records (Aretha Franklin’s record label) .Warner Brother Pictures hired director Sydney Pollack to direct a five camera shoot of the concert. The film was never completed and has remained to the Warner vaults for 35 years. In April of 2007 Alan Elliott approached Warner and Sydney Pollack regarding the status of the project. Over the next several months Alan and Herb Jordan of the Adage Group pursued the ownership of the film with a view towards creating a finished product during the calendar year 2008. In December 2007 Warner agreed to transfer ownership of the film to Elliott who with co-owner Herb Jordan has undertaken to complete the film.

Sydney Pollack ranks as one of the greatest American filmmakers. His credits include films that have garnered countless Academy Awards and nominations. Shortly after he filmed Amazing Grace he began work on the “The Way We Were” which was nominated for seven Academy Awards, winning three. Pollack has directed a series of commercially and critically acclaimed films including “Three Days Of The Condor” Tootsie, and “Out Of Africa.” His 2005 documentary, “Sketches of Frank Gehry” explored the life and work of the great architect.

Timeline

The project should be finished in mid 2008 and slated for a theatrical release. The 2007 Academy Awards deadline for documentary submission was September 4th, and will likely be about the same date for 2008.

Marketing / Opportunities for Exploitation

Amazing Grace captured a key moment in American culture: An icon of soul and popular music at her creative peak filmed by a young director who would become a legend in American film. A film whose principle creative participants are Aretha Franklin and Sydney Pollack presents an opportunity to engage both the film and music communities. There are limitations related to the relatively small percentage gospel represents (6.75%) of the overall music market. Concerns with gospel's overall popularity are counterbalanced by Ms Franklin's overall popularity and an opportunity to market through organizational infrastructure of the black church. Our projections are informed by the recognized limitations of the market and conversely, the potential for an extraordinary event such as participation by Oprah Winfrey or enthusiastic participation by black church organizations. There is also the potential for additional impact exposure through an event such as a Carnegie Hall concert featuring Aretha Franklin coordinated with the release of the film. We expect press exposure at the highest level and will leverage our relationships with major media from The New York Times, to National Public Radio. We have relied on earnings figures from comparable projects in the areas of theatrical distribution, domestic and foreign DVD sales, broadcast, and broadband distribution. We have treated the more than 386,000 views of the Amazing Grace Youtube clip as an informal index of interest in the project.

Budget/ Funding

We expect to have a draft of a budget including, above and below the line costs and fees and overhead during completing of the project. We anticipate submitting a budget draft by January 17, 2006. Based on the revenue projections, initial costs estimates, and fees paid to artists of a comparable stature, it would be reasonable to offer Ms. Franklin \$50,000- \$100,000 as an advance, and 25% of the net proceeds. In addition to MRC, Screencap, and other industry financiers, the nature of this project lends itself to pre-selling broadcast rights (e.g. BBC, HBO, NHK, etc). From the point of view of the cost of money, the sale in advance of broadcast rights allows the principals to raise capital without diminishing their equity. We will discuss off the record, amounts raised by pre-selling broadcast rights on other projects I've been involved with. We hope to secure an initial fund from NARAS to edit footage to broadcast as part on Grammy celebration of Ms. Franklin in February.

Revenue Projections

Amazing Grace Gross Revenue Projections

Details regarding comparable projects are included in this document for purposes of refining our estimate. A projection of net will be submitted once all required costs are identified.

Source	Amount	Details
Theatrical Gross		\$ 400,000.00 Based on similar projects
HBO Domestic Television Broadcast Net	\$ 500,000.00	
PBS Domestic Television Broadcast Net		TBD Plan B
Foreign Television Broadcast Net	\$ 342,500.00	2007 Variety Documentary Figure
Domestic DVD Release Net	\$ 1,089,630.00	\$6 Wholesale Per Unit. 181,605 Units (Median of data)
International DVD Release Net	\$ 227,005.00	\$5 Wholesale Per Unit 45,401 Units (25% of Domestic Units)
Broadband Distribution Net	\$ 85,000.00	
TOTAL PROJECTED REVENUE	\$ 2,644,135.00	

Projection Details:

GLOBAL TV PRICING GUIDE - 2007	
Major Foreign Territories	Documentary Release
Germany	\$ 25,000.00
United Kingdom	\$ 50,000.00
France	\$ 25,000.00
Italy	\$ 20,000.00

Spain	\$ 20,000.00
Netherlands	\$ 15,000.00
Scandinavia	\$ 20,000.00
Belgium	\$ 15,000.00
Austria	\$ 15,000.00
Russia	\$ 25,000.00
Poland	\$ 15,000.00
Czech Republic	\$ 5,000.00
Hungary	\$ 7,500.00
Canada	\$ 25,000.00
Japan	\$ 20,000.00
Australia	\$ 20,000.00
Mexico	\$ 10,000.00
Brazil	\$ 10,000.00
TOTAL	\$ 342,500.00
<i>Source: Variety.com, April 13, 2007.</i>	

Domestic DVD Release		
2006 LONGFORM MUSIC DVD UNIT SALES DISTRIBUTION (U.S. AND CANADA)		
Title	Tracked Units	Total Estimated Units

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Farewell Tour Live From Melbourne - Eagles	570,788	1,038,834
Under The Desert Sky - Andrea Bocelli	458,913	835,222
Greatest Hits - Creed	423,264	770,340
Pulse - Pink Floyd	355,930	647,793
We Are the Laurie Berkner Band - Laurie Berkner	285,439	519,499
Information - Beck	282,380	513,932
Past, Present & Future - Zombie Rob	231,646	421,596
Kissology 1974-1977 V1 - Kiss	166,330	302,721
Live at Donington - AC/DC	156,034	283,982
Caught in the Act - Michael Buble	146,959	267,465
Best of Pantera Far Beyond - Pantera	146,935	267,422
Silence in Black and White - Hawthorne Heights	145,318	264,479
Encore - Il Divo	141,777	258,034
Live in Atlanta - Destiny's Child	139,451	253,801
Live at the Greek - Il Divo	124,036	225,746
Family Jewels - AC/DC	123,471	224,717
Bullet in a Bible - Green Day	123,258	224,330
Live at Woodstock - Jimi Hendrix	121,789	221,656
Long Road Home - John Fogerty	120,519	219,345
Number Ones - Michael Jackson	120,216	218,793
Rock of Ages - Def Leppard	115,877	210,896
Greatest Hits 1978-1997 - Journey	109,353	199,022
Vertigo/2005: Live From Chicago - U2	106,418	193,681
Tour Generacion en Vivo - RBD	102,254	186,102
Music & Passion Live From Las Vegas - Barry Manilow	100,452	182,823
Live at Montreux 1994 - Johnny Cash	99,114	180,387
Live at the Rainbow - Bob Marley & the Wailers	98,339	178,977
Elvis: '68 Comeback - Elvis Presley	98,220	178,760
Led Zepplin DVD - Led Zepplin	95,550	173,901

Live at Wembley '86 - Queen	86,094	156,691
Live at Wrigley Field - Jimmy Buffet	85,219	155,099
Videos 1989-2004 - Metallica	85,022	154,740
Elvis Aloha From Hawaii - Elvis Presley	84,934	154,580
Anywhere But Home - Evanescence	84,672	154,103
R30 - Rush	82,093	149,409
Space Within US - Paul McCartney	78,910	143,616
Collision Course - JayZ/Linkin Park	75,855	138,056
I'm Going to Tell You a Secret - Madonna	72,929	132,731
American Classic - Tony Bennett	72,789	132,476
Eric Clapton Crossroads Guitar - Eric Clapton	69,645	126,754
Replay X3 - Rush	66,845	121,658
Live in Bucharest - Michael Jackson	66,308	120,681
Livin' Right Now - Keith Urban	65,460	119,137
Celtic Woman - Celtic Woman	65,011	118,320
Trapped in the Closet Chapters - Kelly R.	62,555	113,850
Live by Request - Santana	62,277	113,344
Live From Austin Texas - Johnny Cash	59,987	109,176
Life on the Murder Scene - My Chemical Romance	59,248	107,831
Whiskey on a Sunday - Flogging Molly	58,760	106,943
Freak 'n Roll Into the Fog - Black Crowes	57,868	105,320
Total Top 50 Titles		12,398,770
Average		247,975
Median		181,605

(1) Nielsen VideoScan data does not track sales at several major retailers including WalMart, Target and Toys-R-Us. It is estimated that these omitted retailers account for 40% - 50% of the DVD sell-through market. Raw units were therefore

multiplied by a factor of 1.82 to approximate total estimated units sold in the U.S. and Canada.

Broadband Distribution	
Encoding Costs	\$ 5,000.00
Estimated Retail Price Per Download	\$ 2.99
Retailer Split	\$ 0.49
Wholesale Price	\$ 1.50
Number of Downloads	\$ 60,000.00
TOTAL	\$ 85,000.00

Theatrical Revenue		
<i>Similar Films:</i>		
Film	Domestic Gross	Year Released
Lightning In A Bottle	\$ 201,000.00	2004
A Great Day in Harlem	\$ 527,000.00	1994
The Last Waltz (2nd release)	\$ 325,000.00	1978
End of the Century: the Ramones	\$ 392,000.00	2003
Sketches of Frank Gehry (Sydney Pollack)	\$ 435,000.00	2005
Shut Up and Sing	\$ 1,210,000.00	2006
Standing in the Shadows of Motown	\$ 1,600,000.00	2002
Woodstock	\$13,300,000.00	1970
Buena Vista Social Club	\$18,000,000.00	1999

Bids

Warner Restoration DVD Home Theater Mix:

Bid	Details	Amount
Warner Restoration DVD Home Theater Mix	Evaluation	\$ 1,350.00
Warner Restoration DVD Home Theater Mix	Transfer Music	\$ 5,015.00
Warner Restoration DVD Home Theater Mix	Sonic	\$ 56,100.00
Warner Restoration DVD Home Theater Mix	Digital Backup/Restore	\$ 810.00
Warner Restoration DVD Home Theater Mix	Re-recording	\$ 50,500.00
Warner Restoration DVD Home Theater Mix	Stock	\$ 750.00
Warner Restoration DVD Home Theater Mix	Digital Archival Transfer/QC & Metadata	\$ 15,840.00
Warner Restoration DVD Home Theater Mix	Digital Archival Stock	\$ 1,230.00
TOTAL		\$ 131,595.00

Warner Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes:

Bid	Details	Amount
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Evaluation	\$ 1,350.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Transfer Music	\$ 8,855.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Sonic	\$ 56,100.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Digital Back Up / Restore	\$ 810.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Re-Recording	\$ 74,350.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Stock	\$ 3,636.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Digital Archival Transfer/QC & Metadata	\$ 16,830.00
Restoration Various 5.1 & 2.0 Theatrical Nearfield Mixes	Digital Archival Stock	\$ 1,290.00
TOTAL		\$ 163,221.00

Warner Dailies & HD Digital Intermediate Bid

Bid	Details	Amount
Warner Dailies & HD Digital Intermediate Bid		\$ 227,935.90

LaserPacific HD Dailies Transfer and Finishing

Bid	Details	Amount
HD Dailies Transfer and Finishing	Film Transfer and Dailies	\$ 35,154.00
HD Dailies Transfer and Finishing	DVD Dailies	\$ 1,050.00
HD Dailies Transfer and Finishing	Final Conform, Assembly, & DI Services	\$ 127,765.00
HD Dailies Transfer and Finishing	Finishing and Archive Services	\$ 11,863.00
TOTAL		\$ 175,832.00

Robert Levi producer and director of “Lush Life” and “Reminiscing In Tempo” will submit a competing bid by January 19th.

Rights

Current ownership: In an agreement dated December 12, 2007 Warner Brothers quit claimed 100% of its interest in the film to Elliot who owns 65% of the property with Herb Jordan owning the remaining 35%.

Original participants:

- Sydney Pollack. According to Jerry Wexler and Sydney Pollack, Pollack was hired to direct the film for \$1,500 with no residual ownership or financial participation. We have reviewed the documents which Warner Pictures says represent the complete file and have not located documents that define Pollack’s status with the project. We are currently seeking access to the Rhino (former Atlantic Records) files.
- Aretha Franklin. Ms Franklin apparently never signed an agreement relative to the film. Her Atlantic Records contract addresses the rights and royalty structure for the Amazing Grace album.

- Reverend James Cleveland: Warner films acquired motion picture rights from Rev. Cleveland. Rev. Cleveland (his estate) is to be paid \$1,500 within 5 days of the release of the film. Cleveland granted Warner Brothers Sync rights to songs he owns and controls.
- The Choir: Each member of the choir will be paid SAG fees for two days of filming.
- The Band: The Warner Brothers file does not contain documents relative to the band's participation. As with Aretha, the band is likely to have negotiated their participation through Atlantic and may have received a single fee for the album and film release.
- The Venue: The right to film at the church was secured prior to the concert.

Credits

Recorded: live at the New Temple Missionary Baptist Church, Los Angeles California January 13, 14 1972.

Recording engineer: Ray Thompson for Wally Heider

Assisting engineers: Jimmy Douglass, Gene Paul & George Piros Re-mixed & edited by Arif Mardin

Produced by: Jerry Wexler, Arif Mardin and Aretha Franklin

The personnel: Aretha Franklin; Rev. James Cleveland, piano on all selections except Wholy Holy & Never Grow Old; Cornell Dupree, guitar; Ken Lupper, organ; Chuck Rainey, bass; Bernard Purdie, drums; Poncho Morales, congas.

The Southern California Community Choir,

Rev. James Cleveland, choir director;

Alexander Hamilton, assistant choir director.

Aretha Franklin is the lead vocalist on all selections. She plays piano on Wholy Holy & Never Grow Old and plays the Celeste on What a Friend We Have in Jesus.

On Precious Memories Rev. James Cleveland joins Aretha Franklin on lead vocals.

Arrangements: by Aretha Franklin

Photography: Ken Cunningham

Album design: Loring Eutemey

James Cleveland appears through the courtesy of Savoy records

Sync Licenses

The files do not contain any licenses for the music in the film. The mechanical licenses obtained for the album are limited to the release of audio recordings. The following songs and music publishing companies have been identified. Of the eleven songs, four are in the public domain. Licenses for music in documentaries range from \$2,500 to \$5,000 for worldwide rights in all media perpetuity. An additional royalty will be paid for DVD sales. Our experience in licensing six songs to Ken Burns was an average of \$3,500 per song. “You’ve Got a Friend” is a non gospel, iconic pop song and may push the total sync budget up. The publishers are likely to ask for “Favored Nations” status, and will raise the price of all licenses to the amount paid for “You’ve Got A Friend.” A similar situation exists with the Rodgers and Hammerstein composition, “You’ll Never Walk Alone.” The Adage Group has a relationship with Williamson Music and will make the case that the fees should reflect that Amazing Grace is a documentary film.

1. Mary Don’t You Weep

Writer: Inez Andrews; Savoy BMI

Publishers: Winston Kay Publishing

Warner-Tamerlane Publishing

2. a. Precious Lord, Take My Hand

Writer: Thomas A. Dorsey; Hill & Range, BMI

Publishers: Warner-Tamerlane Publishing

b. You’ve Got a Friend

Writer: Carole King; Screen Gems-Columbia, BMI

3. Old Landmark

Writer: A. M. Brunner; Savoy BMI

Publisher: Screen Gems-EMI Music INC

4. Give Yourself To Jesus

Writer: Robert Fryson;

Publisher: Cotillion Music, BMI

5. How I Got Over

Writer: Clara Ward: Andrea. SESAC

6. What a Friend We Have In Jesus

Traditional

7. Precious Memories

Traditional

8. Climbing Higher Mountains

Traditional

9. God Will Take Care Of You

Traditional

10. Wholy Holy

Writer: Marvin Gaye, Al Cleveland & Renaldo Benson; Jobete/ EMI , ASCAP

Publishers: FCG Music (EMI), Jobete Music Inc (EMI), M G III Music (EMI), NMG Music (EMI).

11. You'll Never Walk Alone

Writers: Richard Rodgers & Oscar Hammerstein II; T. B. Harms ASCAP

Publisher: Williamson Music

12. Never Grow Old

Traditional

Film Production

A. Existing elements. In its current state the film elements consist of raw footage from a five camera shoot and a 24 track recording of the two day performance of approximately four hours of music. There are interviews with Jerry Wexler and James Cleveland filmed at some point after the fact. It is not clear whether other interviews exist.

B. Potential additional elements are current interviews with Aretha Franklin, Jerry Wexler, Sydney Pollack, and the musicians.

Warner Documents

September 16, 1981 – Interoffice memo from John Calley to Fred Talmage. Warner Brothers. Documents regarding the film are stored at Atlantic Records in New York but cannot be released without a clearance from the legal department. Law Firm involved was Mayer , Nessbaum, Katz and Baker. 212-484-6450

July 23, 1986 – Letter From Atlantic Records (Paul Cooper)
Atlantic's files are incomplete wrt ownership of the rights to exploit the footage.

January 14, 1972 Letter to asking that the notice of filming be signed by all present.

January 13, 1972- set of releases from the Choir

January 13, 1972 Location Permit.

January 13, 1972 Agreement with James Cleveland.

- Grants motion picture rights
- JC to be paid \$1,500 within 5 days of the release of the film.
- Each member of the choir will be paid SAG fees for two days of filming.
- JC grants Warner Sync rights to songs he owns and controls

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