

Strictly Confidential Amazing Grace

Amazing Grace

CONFIDENTIAL INFORMATION MEMORANDUM

April 2011

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Overview/ Background

Aretha Franklin came to prominence in the later 1960s with a series of Soul / R&B hits including "Respect," "I Never Loved a Man," "Chain of Fools," "Baby I Love You," "I Say a Little Prayer," "Think," "The House That Jack Built," among others -- that earned her the title The Queen of Soul. Franklin's body of work is foundational to American Popular music, and her cumulative awards and achievements are unparalleled by any other female performer. She was the first woman inducted into the Rock and Roll Hall of Fame. She won her first Grammy for Best R&B Female Vocalist in 1967 with "Respect" and in the intervening 40 years has collected 18 more, including her most recent Grammy for Best Gospel Performance with Mary J. Blige in 2007. Ms. Franklin received a Kennedy Center Award for her contribution to American Culture, has been awarded both the Presidential Medal of Freedom and Presidential Medal of the Arts., and she was the only featured vocalist at the 2009 presidential inauguration of Barack Obama.

In 1972 she returned to her Gospel roots with the triumphant double album "Amazing Grace" which sold over 2 million copies in the United States alone, and is the best selling album of her entire 50 year career, and the best selling Gospel album in history.

"Amazing Grace" captures Aretha at her vocal peak. Recorded live at the New Temple Missionary Baptist Church in Los Angeles, and joined by legendary gospel figure Rev. James Cleveland and the Southern California Community Choir, Aretha is supported by an all-star backup band of R&B/Pop musicians assembled by iconic music producer Jerry Wexler. Her versions of "How I Got Over" and "You've Got a Friend" are infamous. The live concert recording 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 four camera shoot of the concert. Due to technical issues, the footage was never edited and has remained in the Warner Bros. vaults for 39 years.

In April of 2007 Alan Elliott learned of the footage, and approached Warner and Sydney Pollack regarding the status of the project. In declining health, Pollack approved transfer of rights to Elliott from Warner Bros. Over the next several months Alan and Herb Jordan of the Adage Group pursued the ownership of the film with a view towards creating the finished film that had been intended by Pollack. In December 2007 Warner transferred ownership of the film to Elliott. Funds and in-kind provisions are now being sought to finish this landmark, historical film and musical document.

Sydney Pollack ranks as one of the greatest American filmmakers. His credits include films that have garnered countless Academy Awards and nominations. Shortly after filming "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 "Sketches of Frank Gehry" which explored the life and work of the great architect was his final directorial effort and first completed documentary.

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2008 marked the deaths of both Sydney Pollack and Jerry Wexler. This documentary film will represent both a celebration and a memorial of their dynamic collaboration of this historical event, Aretha Franklin's live concert recording of "Amazing Grace."

Timeline

The project aims to be finished by December 2011. with an eye toward Major Festival Premiere in 2012.

PREP EDITORIAL	April 4-29 (4 Weeks)
PRINCIPAL EDIT	May 2 – August 19 (16 Weeks)
REFINE EDIT/PICTURE LOCK	August 22 – Sept 16 (4 Weeks)
SOUND EDIT	Sept 19 – Oct 21 (5 Weeks)
CONFORM/COLOR CORRECT	Oct 4 – Nov. 4 (2 Weeks)
TITLES/ON-LINE	Nov 7 - 10
MASTER TO HDSR/LAYBACK	Nov 14-16

FESTIVAL DEADLINES:

Sundance : Sept. 26, 2011	Festival Dates: 1/19 – 1/29/11
Berlin: Nov. 1, 2011	Festival Dates: 2/9 – 2/19/11
Toronto: June 3, 2011/12	Festival Dates: 9/8 – 9/18/12
Venice: June 24, 2011/12	Festival Dates: 8/31 – 9/10/12

Marketing / Opportunities for Exploitation

Amazing Grace captured a key moment in American pop 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 at large. Also, we believe there are major possibilities for Brand alignment, such as: Ford/GM, LG, etc.

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 global popularity across many genres of music, Sydney Pollack's fame as a legendary award-winning Director, 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, notable journalists or historians, or enthusiastic participation by celebrated musicians who have been influenced by Aretha (ie Mick Jagger, Mariah Carey), and black church organizations. 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

Included are the line costs , fees and overhead to completion of the project. See attached rough budget.

Sundial Films has committed up to \$75,000 for finishing funds. PBS' Great Performances has shown interest in TV licensing, as well as POV/American Documentary. Deluxe Laboratories / Digital Archival Services have committed approximately \$60,000 of processing work. All costs since inception have been provided by Al's Records and Tapes, Inc.

The nature of this project lends itself to preselling 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 preselling broadcast rights on other projects.

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	Details	Amount
Theatrical Gross	Based on similar projects	\$200,000.00
HBO Domestic Television Broadcast Net		\$100,000.00
PBS Domestic Television Broadcast Net TBD Plan B		(\$100,000.00)
Foreign Television Broadcast Net	Variety Documentary Figure	\$171,250.00
Domestic DVD Release Net	\$6 Wholesale Per Unit; 181,605 units (median of data)	\$1,089,630.00
International DVD Release Net	\$5 Wholesale Per Unit; 45,401 units (25% of Domestic Units)	\$227,005.00
Broadband Distribution Net		\$85,000.00
TOTAL PROJECTED REVENUE		\$1,872,885.00

Projection Details:

Major Foreign Territories Documentary Release

Germany	\$12,500.00
United Kingdom	\$25,000.00
France	\$12,500.00
Italy	\$10,000.00
Spain	\$10,000.00
Netherlands	\$7,500.00
Scandinavia	\$10,000.00
Belgium	\$7,500.00
Austria	\$7,500.00
Russia	\$12,500.00
Poland	\$7,500.00
Czech Republic	\$2,500.00
Hungary	\$3250.00
Canada	\$12,500.00
Japan	\$10,000.00
Australia	\$10,000.00
Mexico	\$5,000.00
Brazil	\$5,000.00
TOTAL	\$171,250.00

Source: Variety.com, April 13, 2007.

Updated 2011 per Foreign Sales Consultant: Roco Films

Domestic DVD Release

2006 LONGFORM MUSIC DVD UNIT SALES DISTRIBUTION (U.S. AND CANADA) **NEEDS TO BE UPDATED

Title	Total Estimated	Tracked Units (Units)
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

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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 Zeppelin DVD - Led Zeppelin	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

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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

Similar Films:

Film	Subject	Domestic gross	Year released
This Is It	Michael Jackson	\$71,800,000.00	2009
When You're Strange	The Doors	\$240,000.00	2009
Anvil! The Story of Anvil	Anvil	\$670,000.00	2008
Shine a Light	Rolling Stones	\$5,360,000.00	2007
Shut Up and Sing	Dixie Chicks	\$1,210,000.00	2006
Sketches of Frank Gehry (Sydney Pollack)	Frank Gehry	\$435,000.00	2005
Fade to Black	Jay Z	\$730,000.00	2004
Lightning in a Bottle	Blues music	\$200,000.00	2004
End of the Century: the Ramones	The Ramones	\$392,000.00	2003
Tupac: Resurrection	Tupac	\$7,700,000.00	2003
Standing in the Shadows of Motown	Funk Brothers	\$1,600,000.00	2002
Buena Vista Social Club	Cuban musicians	\$18,000,000.00	1999
A Great Day in Harlem	Jazz in NYC	\$527,000.00	1994
Madonna: truth or dare	Madonna	\$15,000,000.00	1991
The Last Waltz (2 nd release)	The Band	\$325,000.00	1978
Woodstock	Woodstock festival	\$13,300,000.00	1970

Last updated: March 16, 2011

Rights

Current ownership: In an agreement dated December 12, 2007 Warner Brothers quit claimed 100% of its interest in the film to Elliott who owns 75% of the property with Herb Jordan owning the remaining 25%. (**Does this need to be updated to include Sydney Pollack estate?)

*Note: this does not include Contingent Compensation of Net Proceeds.

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.
- 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. Approximately \$40,000.
- 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.

Album 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. This would likely amount to approximately \$80,000 total for “Amazing Grace.”

Likely, an additional royalty will be paid for DVD sales if we agree to a “step deal”. 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

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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 and audio from a four camera shoot and a 16 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 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 Clevel

- 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

Principals

Sydney Pollack, Director
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BUDGET (as of 4/7/11)

Producing Staff	\$150,000
Rights, Music, Talent	\$137,150
Crew & Personnel	\$146,500
Production & Lab	\$30,000
Post-Production	\$130,900
Office/Legal/Administration	\$48,000
Insurance	\$95,000
TOTAL:	\$736,650.00