

January 15, 1973 as of
October 18, 1972

Wolper Pictures, a Division of
The Wolper Organization, Inc.
8489 West 3rd Street
Los Angeles, California 90048

Gentlemen:

You represent and warrant that you are a division of The Wolper Organization, Inc., a Delaware corporation qualified to engage in business in the State of California, organized among other things for the purpose of producing motion pictures and are presently producing a motion picture tentatively entitled "WALTSTAX '72", hereinafter referred to as the "picture".

You and we have agreed that we will distribute the picture throughout the world (hereinafter referred to as the "Distribution Territory") in the manner and upon the terms and conditions hereinafter specified.

Now, therefore, in consideration of the execution of this agreement and the respective undertakings of you and us as hereinafter specified, you and we do hereby agree as follows:

ARTICLE I.

The Picture

You warrant and represent that the picture is a new and original motion picture and that at the time of the delivery thereof to us pursuant hereto the picture:

(a) Will have a running time of not less than ninety (90) minutes nor more than one hundred ten (110) minutes;

(b) Will qualify for a rating from the Code and Rating Administration of the Motion Picture Association of America not more restrictive than the current "R" or its equivalent;

(c) Will not theretofore have been distributed or otherwise exploited in any part or parts of the Distribution Territory;

and that you are and at the time of the delivery of the picture as aforesaid will own or control, free of liens or encumbrances, all right

granted to us hereunder, and that you have the full right, power and authority to enter into and perform this agreement.

ARTICLE II.

Delivery

You agree to deliver the picture to us not later than December 31, 1972 at such studio or laboratory in the vicinity of Los Angeles, California or New York City, New York as we may designate. Delivery of the picture shall embrace delivery of all of the items set out in the attached Schedule A which is made a part hereof and the picture, when delivered, shall have the so-called "bug" of the I.A.T.S.E. affixed thereto.

ARTICLE III.

Cutting and Titles

1. We shall not have the right to cut or edit the picture after delivery pursuant hereto except as hereinafter expressly provided in this Article III, but you agree to consult with us and to give good faith consideration to our suggestions with respect to the cutting and editing of the picture prior and subsequent to the delivery thereof.

2. We shall have the right to cut and edit the picture after the delivery thereof for the following purposes:

(a) In and in connection with the distribution of the picture in the Distribution Territory outside the United States;

(b) To reduce the running time of the picture to one hundred ten (110) minutes;

(c) To meet censorship requirements;

we hereby agreeing that if and when we intend to exercise the aforesaid right we will consult with you and give good faith consideration to your suggestions provided your representative is available at the time and place such right is being exercised.

3. The picture shall be released in the United States with the title "WATTSAN". We shall have the sole right to select and change the title of the picture from time to time, as we may determine, for releases of the picture outside the United States.

ARTICLE IV.

Distribution of the Picture

1. Grant of Rights.

Subject to the so-called "free television" rights reserved by you as hereinafter specifically provided, you do hereby give, grant assign and set over unto us, ^{under copyright and otherwise,} the sole, exclusive and irrevocable right throughout the Distribution Territory to rent, lease, license, exhibit, distribute and otherwise dispose of, or trade and deal in or with the picture and prints or any part thereof and trailers thereof under any plan or plans which we or our affiliates and our sub-distributors deem proper and expedient and upon such terms as we or they find desirable, with the right to distribute the picture singly or in a group including other pictures, together with all the rights therein throughout the Distribution Territory for the full period of copyright (and any renewals and extensions thereof) in each country in the Distribution Territory and thereafter in perpetuity.

Subject to your aforesaid reserved rights the rights herein granted, without limiting the generality of the foregoing, shall include and embrace all so-called "theatrical" as well as "non-theatrical" rights in the picture (as those terms are commonly understood in the motion picture industry) and shall include the right to use film of any and all gauges. You hereby give and grant to us throughout the Distribution Territory the exclusive and irrevocable right during the term herein specified to project, exhibit, reproduce, transmit and perform and authorize and license others to project, exhibit, reproduce, transmit and perform the picture and prints thereof by television and in any other manner and by any other means, method or device whatsoever, whether mechanical, electrical or otherwise, and whether now known or hereafter conceived or created.

If your picture and other pictures are licensed or contracted for in a group or as part of a double feature program or programs, the prices or rentals allocated to the several pictures included in each such group or double feature program shall be fixed and determined by us in our sole judgment of the comparable values of the pictures embraced thereby, and our judgment so exercised shall be final and conclusive upon you.

1A. Reserved Rights.

Anything contained herein to the contrary notwithstanding we acknowledge and agree that you have reserved, and the rights granted to us shall not include:

(a) The right to distribute the picture on so-called "free television";

(b) The right to, and the right to license others to, manufacture, distribute, sell, rent and otherwise turn to account so-called "video cassettes" of the picture;

(c) The right to publish in books, magazines and other periodicals the contents of the picture;

provided, however, that you have agreed and hereby agree that you may not and will not exercise the reserved rights specified as Items (a) and (b) of this Paragraph 1A and that the picture will not be exhibited on free television or by means of so-called video cassettes prior to the expiration of the period of three (3) years following the first general release of the picture in the United States or prior to the expiration of four (4) years following the first general release of the picture in the United States if the picture shall be reissued in the United States during the aforesaid period of three (3) years following such first general release, and that you will not exercise said rights and the picture may not be so exhibited in any foreign territory prior to the expiration of two (2) years after the first general

release of the picture in such territory or six (6) years after the first general release of the picture in the United States, whichever shall be earlier.

2. Our Obligation to Distribute.

We accept the rights herein granted and agree to use our best efforts to rent, lease, license, distribute and otherwise dispose of the picture, the prints thereof and rights therein throughout the Distribution Territory. We agree to re-release the picture in the United States as soon as shall be practicable and in any event not later than one (1) year after the delivery of the picture to us as herein provided. We agree to notify you of the initial opening dates and the names of the theatres in which the picture will open in twelve (12) principal cities in the United States and we will further notify you of the first release dates of the picture in foreign territories, the aforesaid notification to be given to you as soon as shall be practicable. We agree that in exercising our rights hereunder we will endeavor to obtain the largest possible gross receipts (as such term is hereinafter defined) from the distribution of the picture, but we shall not be required to take any action not consistent with sound business policy. The rights to the picture may be exploited and exercised by us through our own affiliates, corporations subsidiary to us or to our subsidiaries or through such licensees or agents or in such other manner as we may determine.

You acknowledge and agree that we make no representation, warranty, guaranty or agreement as to the gross receipts, net receipts, and proceeds or profits to be derived from said picture or the distribution or exhibition thereof, nor do we or any of our affiliated or subsidiary companies guarantee the performance by any exhibitor or distributor of any contract for the exhibition or distribution of said picture. We agree to use our best efforts consistent with good business policy in distributing and exploiting and causing the distribution and/or exploitation of the Picture, as herein provided.

If by reason of any law, embargo, decree, regulation or other restriction of any agency or governmental body the number or type of photoplays that we are permitted to distribute or market in any foreign country or territory is limited, then notwithstanding anything herein contained to the contrary, we may in our absolute discretion determine which motion pictures then distributed by us will be distributed or marketed in such foreign country or territory, and we shall not be liable to you in any manner or to any extent in the event the picture is not distributed in such foreign country or territory by reason of any such determination. In the event that we permit you to distribute the picture in any country or territory, we shall in no event be required to assign or transfer to you or your licensees or any other parties, any import visas, quotas or rights on our part to import, exhibit or distribute the picture in any country or territory wherein the number of pictures which we may import into and distribute pictures is limited by law, regulation or by agreement with other parties.

Anything herein contained to the contrary notwithstanding, you acknowledge that we are engaged in the business of distributing pictures produced by ourselves and by others for our distribution, and you agree that nothing herein shall require us to prefer the picture over any other produced or distributed by us or shall restrict or limit in any wise our full and free right to distribute other motion pictures of any nature or description, whether similar or dissimilar to the pictures covered hereby.

3. Withdrawal of Picture.

Should we or our subdistributors, or their successors, licensees or assigns deem it inadvisable or unprofitable to distribute, exhibit or exploit the picture produced hereunder in any territory or territories throughout the world, we or they shall have the right to withhold or withdraw said picture from any such territory or territories. If we withhold or withdraw the picture from our normal and customary distribution for theatrical exhibition in any particular territory after the date that the picture would normally be so distributed in such particular territory, then if you give us written notice requesting us to so distribute said picture in said territory, and we continue to withhold or continue the withdrawal of said picture in such territory for a period of six (6) months after the date of your written notice, then subject to our right to meet a bona fide offer for the distribution of said picture in such territory, you shall have the right to distribute the picture for theatrical exhibition in such territory unless we advise you that we are not so distributing our own pictures in such territory at such time due to the conditions of distribution imposed upon us in such territory which make such distribution in our judgment, uneconomic or inadvisable at such time. In this connection, you agree that you will in no event make a request that we distribute the picture in any particular territory pursuant to the provisions hereof earlier than three (3) years after the first general release of the picture in the United States. It is understood that considerable periods of time elapse after the first general release of the picture in the United States until the release of the picture in foreign territories, and that very often considerable periods of time elapse after a picture is released in one foreign territory prior to the time that it is released in all

foreign territories by reason of preparing the picture for release in such foreign territories, and by reason of censorship, embargoes, quota restrictions, agreements with Motion Picture Export Association, and other similar matters. If you shall have the right to distribute the picture hereunder in any territory, you shall not grant distribution rights for a period in excess of five (5) years. During the term of such agreement by you for such distribution of such picture, we shall have no right to distribute such picture for theatrical exhibition in said territory. You agree that any agreement entered into by you for the distribution of the picture hereunder shall provide that the net proceeds and any other moneys payable by the party so distributing the picture to or for the benefit of you and/or us on account of such distribution shall be paid to us directly by such party distributing the picture and when the same are paid to us they shall be applied by us as part of the gross receipts of the picture and our distribution fee thereon shall be ten per cent (10%).

Any loss by you from the release of the picture in any such territory shall be borne entirely by you. If you release or arrange for the release of the picture under the provisions hereof, we shall have the same rights to receive statements, the same accounting privileges and rights of inspection as are granted to you under the provisions of this agreement with reference to our distribution of the picture. Any release of the picture under the provisions hereof shall be upon the best terms obtainable by you in good faith. You shall not, however, enter into any agreement for the release of such picture until such time as you shall have given us an opportunity to meet the terms and provisions of any bona fide offer which you have received in good faith relating to the distribution of the picture in such territory. If you are to release such picture in such territory, we will make available to you, at our election, either a dupe negative, the original negative or release prints.

Any bona fide offer received by you for the distribution of the picture in any territory shall be submitted by you to us and shall outline in detail all of the costs and expenses which are to be deducted from the gross receipts received from the exhibition and exploitation of the picture, in order to arrive at the net receipts or net proceeds of the picture payable to you by reason of such distribution and exploitation of the picture. In the event that we fail to meet such bona fide offer, and you exercise your rights to release the picture, then the amount of the net proceeds or net receipts which will become a part of the gross receipts of the picture under the provisions of this agreement shall be determined in accordance with the definition of net proceeds or net receipts as set forth in such bona fide offer. It is agreed that if it is impossible or impractical to determine by sound accounting practices the net proceeds or net receipts in accordance with the formula or definition thereof as set forth in such bona fide offer, then in that event the notice to us setting forth such bona fide offer shall be deemed to be defective, and you shall not have the right to enter into an agreement for the release of the picture in accordance with such bona fide offer until such time as you revise the bona fide offer in such a manner so that the amount of net proceeds or net receipts which you are to realize can be determined by sound accounting methods, and we have had an opportunity to meet said bona fide offer, as revised. In the event that we feel the net proceeds or net receipts of the picture cannot be determined in accordance with the formula or definition as set forth in such bona fide offer by sound accounting practices, we will give you written notice thereof setting forth wherein we feel that the formula or definition of net proceeds or net receipts is defective.

4. Continuous Distribution.

Nothing in this agreement shall be construed to require the continuous distribution of the picture after the normal period of distribution or after the re-issue of the picture, in the event we re-issue the same, it being agreed that our determination as to such matters shall be binding and conclusive upon you.

5. Outright Sales of the Picture.

We agree to distribute and treat the picture in the same manner as we distribute and treat other motion picture photoplays being distributed by us, it being acknowledged and agreed that we shall have the right to sell outright the picture and territorial rights therein for a specified sum of money or upon a percentage basis or otherwise as we may determine in and with respect to all territories as to which we make outright sales of other motion picture photoplays being distributed by us.

6. Altering Contracts - Advertising Allowances.

It is agreed that we and our subsidiary corporations, and our and their distributors and distributing licensees and agents, shall have the right to make, alter and cancel, and authorize others to make, alter and cancel, contracts involving the distribution or exhibition of the picture, with the right to adjust and settle all disputes with exhibitors, licensees and other parties, including the right to make allowances to exhibitors for advertising, publicity and exploitation. The amounts allowed to exhibitors for advertising, publicity and exploitation shall, if deducted from film rentals by the exhibitors, be deemed part of the "gross receipts" of the picture, and treated as specified in Article VI, Paragraph 1, Subdivision (iii). It is agreed that all alterations and cancellations of contracts, adjustments, allowances or modifications made by us in good faith shall be final.

ARTICLE V.

Minimum Guarantee

We agree to pay you a minimum guarantee of Two Hundred Fifty Thousand Dollars (\$250,000) on account of your share of the gross receipts of the picture, as hereinafter provided, payable as follows:

(a) One Hundred Thousand Dollars (\$100,000) upon delivery of the picture pursuant hereto;

(b) One Hundred Fifty Thousand Dollars (\$150,000) in three (3) installments of Fifty Thousand Dollars (\$50,000) each, payable at four-month intervals, the first installment to be payable four (4) months after the payment specified in Subdivision (a) preceding;

provided, however, that nothing herein contained shall be deemed to postpone or delay the payment of moneys accruing and becoming payable to you pursuant to the provisions of Article VI, Paragraph 2, Subdivision (a) hereof and if the moneys so accruing and payable to you shall at any time exceed the amount then paid or required to be paid pursuant to this Article V, the amount required to be paid pursuant to this Article V shall be reduced accordingly.

We shall have the right to recoup the amount paid to you pursuant to this Article V in the manner specified in Article VI, Paragraph 2, Subdivision (a) hereof.

ARTICLE VI.

Gross Receipts of the Picture

1. Definition of Gross Receipts

The "gross receipts" of the picture shall be computed as follows:

After first deducting a sum equal to the aggregate of:

(a) Trade Association Fees.

Any moneys payable by us or any corporations subsidiary to us or to any of our subsidiaries (any and all of said subsidiaries being herein after included in the term "our subsidiaries") to the Motion Picture Association of America, Inc., Motion Picture Producers Association, or any other present or future foreign or domestic trade association, based or computed on the receipts from the distribution of the picture;

(b) Taxes.

All sums required to be paid or payable by us or our subsidiaries; as imposts, taxes and like charges, however denominated, imposed, assessed or levied by any government or any duly constituted taxing authority based upon or relating to the gross moneys derived on account of or from the distribution or exhibition of the Picture in any country, subdivision thereof or territory, or based upon or relating to the remittance of any sums so derived from the Picture, whether said taxes are denominated as turnover taxes, remittance taxes, sales taxes, film hire taxes, gross business taxes, or by any other denomination (whether similar or dissimilar), but excluding any tax based on the net income or net profits of us or our subsidiaries, whether denominated as income taxes, net income taxes, excess profits taxes, franchise taxes, corporation taxes, or by any other name. The amounts deductible and recoupable under this subparagraph (b) shall be the amounts expended or incurred which said amounts shall in no event be decreased by reason of the manner in which same are elected to be treated by us or our subsidiaries in the filing of net income or other tax returns.

(c) Guild Payments.

All payments required to be made by us or our subsidiaries to any party pursuant to any agreement with any guild or similar organization in respect of the exhibition of the Picture on television or any other use of the Picture; and

(d) Collection Costs.

All costs and expenses incurred in enforcing film rentals or license fees, including attorneys fees.

From all moneys derived by us or by corporations subsidiary to us or to our subsidiaries (all of same being referred to hereunder as "our subsidiaries") in dollars in the United States from the lease, license, rental, trafficking, dealing in and distribution of the Picture and rights granted to us therein pursuant to this agreement including television, in all gauges, not only on the original release, but also

from reissue and foreign versions thereof, all net moneys received by us or our subsidiaries from the non-theatrical and other rights and by reason of the infringement or other interference by third persons of or with the Picture, or any part thereof, or any of the rights herein granted us, and all moneys received by us from the sale, licensing, or other distribution in the United States of trailers in connection with the Picture then the resulting remainder shall constitute "gross receipts", EXCEPT that the following shall not be included therein or shall constitute a deduction therefrom (as the case may be) for the purpose of determining the gross receipts hereunder:

(i) Moneys in the nature of security deposits or advance or periodic payments received by us or our subsidiaries in connection with the Picture unless and until the same shall have actually been earned by the exhibition of the picture or the use of the rights therein, or shall have been forfeited;

(ii) Sums equivalent to or resulting from the alteration or cancellation of contracts involving the distribution or exhibition of the picture, adjustments of disputes, credits, rebates and bad accounts shall be deducted in computing gross receipts;

(iii) Sums equivalent to our advertising expenditures in the United States in excess of Five Hundred Thousand Dollars (\$500,000), which expenditures shall be limited to direct charges without overhead and shall be a continuing charge to include but not be limited to all sums which we or our subsidiaries:

A. Expend for all general, special and cooperative advertising, publicity and exploitation purposes, including but not limited to salaries and expenses of exploiters (appropriately allocated) whether employed as regular or temporary, employees; and

B. Allow to exhibitors to be expended for all general, special and cooperative advertising, publicity and exploitation purposes. If such allowances shall have been deducted or applied by the exhibitor in computing film rental, the amounts of the allowances referred to in this subparagraph (iii) shall (to the extent so deducted) be included as part of the gross receipts.

2. Distribution of Gross Receipts.

The gross receipts of the picture shall be treated and paid in the following manner:

870 (a) With respect to the first One Million Dollars (\$1,000,000) of said gross receipts we shall retain the first Six Hundred Thousand Dollars (\$600,000) plus the aggregate amount paid to you pursuant to Article V hereof and we shall pay you the balance thereof;

(b) With respect to the gross receipts in excess of One Million Dollars (\$1,000,000) we shall pay you amounts equal to fifty per cent (50%) thereof and we shall retain the balance for our own use and benefit.

3. Foreign Receipts.

(a) Currency Restrictions.

If, by reason of a moratorium, embargo, banking or other restrictions, we find it impracticable or impossible to have any moneys derived from the picture transmitted to New York City, New York, we shall be under no obligation to pay to you your share, if any, of such moneys until such moratorium, embargo, banking or other restriction is lifted and the moneys are actually received by us in New York City.

We shall have the right to deal and treat with such moneys in the same manner in which we deal and treat with moneys derived from our own pictures and provided that we shall have dealt or do deal so with your funds, our judgment with respect thereto shall be conclusive and binding upon you.

It is further agreed that if we are able to secure transmission of your share of such moneys or any part thereof to New York City, you will bear the entire cost and expense involved in any such transmission.

You agree to be bound by the terms, provisions and conditions of any agreements heretofore or hereafter made by us with other American distributors of motion pictures, or alone, with any government relating to remittances from any country or territory to New York City. You agree that we shall have the right to account to you for moneys actually received in New York City from any country or territory in the same ratio as the respective billings or collections (as the case may be) in such country or territory on the picture delivered hereunder bear to the total billings or collections on all pictures licensed for distribution by us in such territory.

(b) Payment in Foreign Currency.

If the transmission of moneys from any foreign territory or country to the United States is prevented by embargo, then upon your request, and if permitted by the laws of such territory or country, we will deposit the share of the gross receipts to which you would be entitled upon transmission to New York, in your name in any bank or other depository designated by you in such territory or country. Such deposit shall, for the purpose hereof, be payment to you of the amount so deposited and we shall have no further liability of any kind or nature in connection with sums so deposited.

ARTICLE VII

Accounting.

1. Statements.

We agree to furnish you quarterly for a period of eighteen (18) months from and after the release of the Picture, and thereafter semi-annually, a statement showing receipts by us or billings made by us (as the case may be) within the Distribution Territory and receipts and billings with respect to any outright disposition within the Distribution Territory relating to the preceding quarterly or semi-annual period. In connection with such statements, we will also show the permitted deductions from gross receipts. We agree concurrently with the delivery of such statements to pay to you any sums to which you may be entitled. Subject always to the limitations of the Distribution Territory each quarterly or semi-annual report shall be furnished to you with respect to the United States within forty-five (45) days, and with respect to all other countries or territories within one hundred and twenty (120) days after the close of the period for which such report is made. Notwithstanding the foregoing, it is agreed that such reports are to be rendered only for periods during which actual billings or collections are made.

2. Keeping of Records.

We agree to maintain full and complete records of all transactions had by us in connection with the Picture, and if at any time within twelve (12) months after the date of any quarterly or semi-annual statement delivered to you (as opposed to any cumulative statement which we may send to you either with such quarterly or semi-annual statement or separately and which it is understood are sent as an accommodation to you and are not subject to audit), you shall elect to question the accuracy of the same and shall notify us in writing to such effect, you shall have the right to employ, at your expense, Price Waterhouse & Co., or another firm of certified

public accountants (but such other firm of certified accountants shall be approved by us in writing and we agree not to unreasonably withhold such approval) or you may cause your own employees in your # to examine our records and accounts at the place where such records and accounts are regularly maintained by us, which is currently New York City, insofar and only insofar as they relate to your Picture and only in order to check the accuracy of the questioned statement or statements insofar as it applied to the particular quarter or semi-annual period to which such statement pertains. Said representative shall have the right to take excerpts from and make copies of our permanent records in connection with said Picture, but only insofar as claimed inaccuracies may exist. Your right of inspection or examination of our records or accounts shall be limited to the rights granted you in this Article.

3. Finality of Statements.

Nothing herein contained shall be deemed to give you the right to go into any matters or items which make up any of the items contained in any such statement, if inquiry into same shall require an examination of our records or books after the expiration of 12 (twelve) months from and after the date of any statement questioned by you, it being the intention hercof that statements not questioned by you by notice in writing within said 12 (twelve) month period shall be final and conclusive account stated. You shall be forever barred from maintaining or instituting any action or proceeding based upon, or involving, or in any wise relating to, or pertaining to, or concerning any transactions had by us, our affiliates or our or their licensees in connection with the Picture and the accounting embraced in any statement delivered hereunder or the accuracy of any item appearing therein, unless such written objection shall have been delivered by you to us within 12 (twelve) month period mentioned in Paragraph 2 of this Article and unless such action or proceeding is commenced within 6 (six) months after the delivery of such written objection by you to us.

* Accounting Department, provided they have not previously been employed by us,

4. Method of Accounting.

All accountings and payments made by us shall be upon billings or collections, with the right on our part to change the method from time to time, or to use different methods with respect to different territories. We shall in any event have the right to deduct bad accounts, cancellations, allowances, rebates, refunds or non-payments of billings.

5. Holding of Funds.

Nothing in this agreement contained shall be construed, deemed or interpreted to mean that any moneys due or payable to you hereunder are held in trust by us for you, it being the express intention hereof that such is not the case and that we shall have the right to commingle any part or portion of the sums payable to you out of or on account of the gross proceeds which may be received by us with any of our own moneys and to make use thereof without restriction, being indebted to you only for the amounts to which you are entitled hereunder at the time when sums shall be expressly payable to you hereunder.

ARTICLE VIII.

Advertising

1. Amount.

It is agreed that we shall have the exclusive right as we in our sole discretion may determine, to advertise, publicize and exploit the picture in the Distribution Territory, provided, however, that we shall consult with you with respect to the proposed advertising campaign in connection with the initial release of the picture and we will in good faith attempt to exclude from any art work or copy in the advertising of the picture any material which would reasonably be anticipated to be objectionable to the members of the black community in the United States.

We agree that we will advance such moneys as we deem necessary for such purposes, and we agree to spend not less than One Hundred Fifty Thousand Dollars (\$150,000) for advertising and positive prints of the picture. You agree that you will not advertise, exploit or publicize or authorize any such advertising, exploitation or publicity in connection with the picture in the Distribution Territory which is not expressly approved in writing by us.

If in any advertising, publicity or exploitation, the picture is advertised with a group of other pictures, the cost of such advertising, publicity or exploitation shall be allocated between the picture and

such other pictures, having regard to the proportion that the space used to advertise or exploit your Picture bears to the total space used to advertise or exploit the group of pictures; for the position, prominence and emphasis given to your Picture in relation to the other pictures in the group; and for the expense of the space occupied by your Picture with reference to that occupied by the other pictures in the group.

2. The Right to Advertise.

You do hereby give, grant and assign to us, the following exclusive rights in connection with advertising, exploiting and publicizing the Picture in the Distribution Territory:

- (a) To publish or cause or permit to be published in all languages and in such form as we may deem advisable, synopses, summaries, resumes and stories not exceeding 7,500 words in length (except to the extent you have the right to authorize a greater length) of and excerpts from the Picture and any literary, dramatic or musical material included in the Picture or upon which the Picture was based in newspapers, magazines, trade periodicals, heralds, programmes, booklets, posters, lobby displays, press books and any other periodicals and in all other mediums of advertising, and publicity whatsoever.
- (b) To broadcast by radio, wire, television or any other means or method, or license or authorize others to so broadcast, in any language, adaptations, versions or sketches of the Picture, or any parts or portions thereof, from sound records or with living persons, or otherwise; and in connection therewith, the right to use parts of, or excerpts from or the theme of any literary, dramatic or musical material contained in the Picture or upon which the Picture was based, and to use in conjunction therewith any other literary, dramatic or musical material; provided, however, that no such broadcast shall exceed ten (10) minutes in length.
- (c) To use the name and reproductions of the physical likeness and reproductions of the voice of each of the parties rendering services in connection with the Picture for the purpose of advertising or exploiting the Picture and also (but subject to the limitations contained in the respective employment contracts with such parties) in connection with commercial tie-ins and commercial advertising or publicity in connection with any product, commodity or service manufactured, distributed or offered by any person, firm or corporation.

3. Advertising Materials.

You shall not be charged for any expenses which may be incurred by us in the preparation of bill posters, lithographs and other advertising accessories (leased, licensed or sold to exhibitors or other licensees) relating to the picture and you shall not be entitled to any part of the proceeds derived by us from the sale, license, rental or other disposition of the same.

4. Release by Columbia.

We shall have the right to include on the main title of the Picture and preceding any other matter, the Columbia emblem, together with the words "Columbia Pictures Presents" or similar words.

5. Credit.

You shall deliver to us a complete statement of the credits which you are required under your contracts to give directors, actors, and others. You will also deliver to us copies of or excerpts from all of our contracts relating to the Picture, which require that credit or billing be given to any person, firm or corporation, it being understood that if excerpts from such contracts are delivered hereunder the full text of all pertinent provisions will be included therein so as to enable us to be fully advised as to your rights and obligations with respect to credit and billing and with respect to the use of the names, likenesses, voices and sound effects of the various persons involved in connection with the Picture and the advertising and exploitation thereof.

In all advertisements issued by or under our control, we will, except as hereinafter provided, abide by the statement of credits and contractual provisions with respect to credits delivered by you to us. You will hold us and our licensees harmless from any damage arising as a result of your failure to deliver full and complete credit information to us as herein required, any deviation from the contractual credit requirements in the statement delivered by you, or your failure to make the credits on the main title conform to your credit instructions as aforesaid, we will if reasonably practicable, remedy any errors or omissions in the giving of credits in advertising issued by or under our control which are the results of our sole error, provided you notify us thereof as soon as practicable after such errors or omissions are discovered.

Except to the extent, if any, required by applicable collective bargaining agreements or individual employment agreements, we shall not be required to mention the names of any persons entitled to credit in group, list or so-called "teaser" advertisements or "trailers" or other advertisements on the screen or on radio or television, or in special advertisements, publicity or exploitation relating primarily to the story or to its authors, any members of the cast, you, the individual producer, the director or other personnel concerned with the Picture, any mechanical process or invention used in connection with the Picture, our institutional advertising, any advertisements written in a narrative form or similar matters, or in "commercial tie-ups", advertising accessories or by-productions of any kind (including but not limited to fictionalizations, sheet music and phonograph records), or in advertisements of such nature that the consent of the person involved to the use of his name has not been obtained by you. No casual or inadvertent failure to abide by the credits shown on the statement of credits delivered to you by you under this Agreement shall constitute a breach of this Agreement.

ARTICLE IX

Number of Prints

You agree that we shall have the right to order from any laboratory designated by us as many prints and dupe negatives of the picture as we in our sole discretion deem commercially advisable, subject to the minimum expenditure specified in Article VIII.

ARTICLE X

Foreign Language Versions

We shall have the right, in our sole discretion, to make versions of the picture in languages other than that of the original version of the picture, including but not limited to dubbed versions, cut-in versions, superimposed versions and synchronized versions for use in such countries as we deem advisable. We shall also have the right, in our sole discretion, to grant to our licensees or franchise holders in any foreign country or territory the right to make foreign language versions, which versions shall be made at the expense of such licensees or franchise holders.

ARTICLE XI

Radio, Novelization and Music Rights

1. Radio and Novelization Rights.

If you acquire or own the radio, television or novelization rights or any other publication rights (including comic strip and comic book rights) in or in connection with the story or literary or dramatic work upon which the picture is based, you agree that we shall have during the period in which we have the right to distribute the picture (and to the extent that you have such right and subject to the limitations upon such rights as are imposed upon you) the sole and exclusive right to broadcast by radio, television, wire or any other means or method, or license or authorize others to so broadcast one or more adaptations, versions or sketches or sequels of any motion picture version, or of said story, literary or dramatic

work or any other adaptations or versions and any part or portions thereof from disc or other sound records, soundtracks, electrical transcriptions, re-recordings, or with living persons, or otherwise, together with such novelization and publication rights exclusively, in all languages and for the Distribution Territory:

ARTICLE XII

Copyright.

The copyright in the picture shall be in the names of you and Stax Films and copyright notice in such names shall be affixed to the picture and positive prints thereof. You agree, immediately upon the delivery of the picture and the registering of copyright in the Copyright Office of the United States, to assign and to cause Stax Films to assign, to us an undivided one-half (1/2) interest in the copyright of the picture and you and we agree, and you agree to cause Stax Films to agree, to hold the respective interests in the copyright of the picture for the benefit of the party holding such interest and the other parties holding interests in the copyright. You, we and Stax Films, and each of said parties, shall have the right to renew the copyright in the name of Stax Films, it being understood and agreed that our rights hereunder shall continue during the copyright renewal period. You undertake to and agree to cause Stax Films to execute all such further documents and to do all such acts and things as may from time to time be necessary to vest copyright and confirm our rights in the picture as hereinbefore specified.

ARTICLE XIII.

Warranties.

1. Right to Enter into Agreement.

You agree, warrant and represent that you have the full right, power and authority to enter into and perform this agreement and that you have no contract or other arrangement of any nature with any party which might in any wise interfere with your full, due and complete performance of this agreement.

2. Warranties Respecting Literary and Musical Material.

With respect to the dramatic, literary and musical material which the Picture is based, you do hereby warrant and agree:

- (a) That at the time of the delivery of the Picture you will own full and complete title in and to the Picture and all rights in and to any and all literary, dramatic and musical material included therein, or upon which the Picture is based, required for the full and complete exercise and enjoyment of all rights herein granted to us, relating to the Picture in the Distribution Territory, without let or hindrance on the part of any person whatsoever.
- (b) That neither the Picture nor any part thereof will infringe upon the statutory rights, common law rights, copyright, literary, dramatic, musical or motion picture rights, patent rights or the trademark or trade names of anyone.
- (c) That neither the Picture nor any part thereof, nor any of said dramatic, literary and musical material will violate the statutory rights of, or the right of privacy of, or constitute a libel or slander against anyone, or violate any other rights not herein specifically enumerated.

3. Warranties Respecting Licenses.

You warrant, represent and agree that at the time of delivery of the Picture to us:

- (a) You will have obtained proper and effective licenses permitting you to use the sound recording equipment employed in the production of the Picture and permitting you to distribute the Picture throughout the Distribution Territory with sound and dialogue and singing synchronized therewith; that you will have obtained proper and effective licenses to use any music copyrighted or otherwise protected throughout the Distribution Territory which has been used in the production of the Picture, together with the right to use said music throughout the Distribution Territory in connection with the exhibition of the Picture; that you will have obtained proper and effective licenses permitting you to use any patented processes, methods and inventions which you may be required to use in the making of the Picture; provided that you shall not be required to make, and do not make, any warranties or representations with respect to the scope or validity of any such licenses which are obtained by us.
- (b) The motion picture rights in all material used in the Picture, and the Picture itself, as well as the negatives and prints thereof and all rights therein, will be free and clear of all encumbrances of every kind, nature and character whatsoever, and that our rights with respect thereto which are granted pursuant to this agreement will be free, indefeasible and unencumbered.

34. Warranties Respecting Guilds Payments.

You further warrant, represent and agree that we will not be obligated for and you undertake to make, and hold us harmless against, any payments whatsoever required to be made to any persons rendering services in connection with or in respect of the production of the picture or to any person, union or guild by reason of the standard theatrical exhibition of the picture or exhibition of the picture on free television. We agree to pay, and hold you harmless against, any payments whatsoever required to be made to any person, union or guild by reason of the exercise of any of our rights hereunder other than and excepting standard theatrical exhibition of the picture.

4. Indemnity on Warranties.

You agree and guarantee to defend, indemnify and hold us and our subsidiaries, affiliates, licensees and agents harmless of, from and against any charges, damages, costs, expenses (including counsel fees), judgments, penalties, liabilities or losses of any kind or nature whatsoever, which may be sustained or suffered by or accrued against us or any of our subsidiaries, affiliates, licensees or agents by reason of, based upon or relating to a breach of any of the covenants, representations or warranties contained herein, or in the exercise or attempted exercise of any of the rights, licenses or privileges herein granted, or by reason of any claim, action or proceeding asserted or instituted relating to or growing out of any such breach.

5. Litigation.

(a) Right to Withhold Moneys.

To assure performance by you of the provisions of this agreement, it is agreed that if any person, firm or corporation shall assert any claim or institute any action or other proceeding against us, our affiliates, subsidiaries, licensees and agents, involving any of the warranties, representations and agreements made by you herein, we may withhold from any moneys payable to you hereunder such amount as we may, in good faith, deem reasonably necessary or desirable for the purpose of protecting us against any damages or expenses we may suffer or incur as a result of such claim, action or other proceeding. We shall retain and keep such moneys with our general funds, subject to the provisions hereinafter contained in this agreement.

(b) Notice.

We agree to give you written notice by registered mail promptly in the event any such claim is asserted or action or other proceeding is commenced.

(c) Right to Bond.

You shall have the right to bond said claim or action or other proceeding in an amount to be mutually agreed upon between us, and upon the bonding of any such claim or action or other proceeding, the money so withheld by us shall be released to you. In the event that you and we are unable to agree upon the amount of the bond, as herein provided, the amount shall be determined by three arbitrators, one to be selected by you, one to be selected by us, and the two so selected to select a third (you and we agree to submit to such arbitration as herein provided).

(d) Payments Respecting Litigation.

After the final judicial determination or settlement of any action, claim or proceeding, involving the warranties, representations and agreements hereinabove specified, the moneys so held by us shall be used for the purpose of paying any amounts due to us pursuant to the provisions hereof or of any judgment or settlement or compromise with respect to such claim, action or other proceeding and any balance shall thereafter be paid to you. We agree that we will not effect a settlement of any such claims without first obtaining your consent in writing, which consent you agree shall not be unreasonably withheld. Nothing herein contained, however, shall be construed to mean that your liability is limited to the amount of such withholdings, the intent hereof being that your liability shall be unlimited.

ARTICLE XIV

Default by Us.

If we shall improperly fail to make any payments provided for herein at the time and in the manner herein requested and such failure shall continue for a period of 30 (Thirty) days after written notice by you to us, or if we shall otherwise commit a breach of this agreement and shall fail to begin to remedy such breach within the period of 30 (Thirty) days after written notice by you to us specifying the nature thereof, then and in either of such events you shall have the right to proceed against us for the moneys due you or for damages, or injunctive relief to restrain any such breach, or all of them, as the case may be, by reason of any of the aforementioned failures, breaches or defaults on our part. In no event, however, shall the rights herein acquired by us be subject to revocation or termination notwithstanding any such failure, breach or default of any kind on our part. In the event you shall recover a final judgment in connection with any foregoing failure, breach or default, on our part, we agree to pay you promptly in addition to the full amount of any such judgment, all sums reasonably expended by you for counsel fees or other expenses in connection with the suit or proceeding brought by you and in which a judgment was rendered in your favour. If you fail to recover a final judgment in connection with such alleged failure, breach or default on our part, you agree to pay us promptly all sums reasonably expended by us for counsel fees or other expenses in connection with the suit or proceeding brought by you.

It is specifically agreed between us (and this provision is of the essence hereof) that any prior suit to recover any moneys due or claimed to be due you hereunder or for damages for the said breach of this agreement or judgment therefor, shall not preclude a subsequent suit to recover any moneys becoming due or claimed to have become due you hereunder subsequent to the time of the commencement of the prior suit or for damages for the said breach of this agreement.

ARTICLE XV

Relationship of Parties.

It is agreed that this contract in no wise shall constitute a partnership or joint venture between the parties hereto, nor shall either of the parties hereto hold itself out contrary to the terms hereof by advertising or otherwise, nor shall either of the parties hereto be bound or become liable because of any representation, action or omission of the other party.

ARTICLE XVI

Waiver.

No waiver of any breach of any provision of this agreement shall constitute a waiver of any other breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing.

ARTICLE XVII

Notices.

Any and all notices, statements or other papers which either of us shall be required or shall desire to give to or serve upon the other shall be in writing and shall be served by United States mail or by telegraph. Service of any notice, statement or other paper upon you shall be deemed complete if and when the same is deposited in the United States mail or with a telegraph company, postage or toll prepaid, addressed to you at 8489 West 3rd Street, Los Angeles, California, or at such other address in the United States, of which you from time to time give us written notice, and upon us when the same is deposited in the mail or with a telegraph company.

postage or toll prepaid, addressed to us at Colgems Square,
Burbank, California 91505.

ARTICLE XVIII

Cumulative and Miscellaneous Remedies.

The remedies herein provided shall be deemed cumulative and the exercise of one shall not preclude the exercise of any other remedy provided for herein or available at law or in equity, nor shall the specification of remedies herein exclude any rights or remedies at law, or in equity, which may be available in the premises.

ARTICLE XIX

Definitions.

Except where the context may otherwise require, the word "person" includes any association, organization, partnership, business trust, or corporation as well as natural persons.

ARTICLE XX

Headings.

The headings of articles, sections and other sub-divisions hereof are inserted only for the purpose of convenient reference and it is recognized that they may not adequately or accurately describe the contents of the paragraphs which they head. Such headings shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this agreement or any part or portion thereof, nor shall they otherwise be given any legal effect.

ARTICLE XXII.

Power of Attorney

In the event either of your failure or refusal to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered to us any document or instrument, or of your failure or refusal to do any act or thing which we are in either case entitled to require of you under the provisions of this agreement, then we shall be deemed to be and you hereby nominate, constitute and appoint us your true and lawful attorney-in-fact irrevocably to execute and deliver all such documents and instruments and to do all such acts and things whether in your name or otherwise, it being acknowledged that such power is a power coupled with an interest.

ARTICLE XXIII.

Interpretation

It is agreed that all questions and controversies arising hereunder shall be interpreted and governed by the laws of the State of New York.

Our signature at the foot hereof, together with your signature underneath the word ACCEPTED shall constitute this a valid, binding and enforceable agreement between us.

Very truly yours,

COLUMBIA PICTURES, a division of Columbia Pictures Industries, Inc.,

By Henry G. Smith, Jr.
Assistant Secretary

ACCEPTED:

WOLPER PICTURES, A Division of The Wolper Organization, Inc.,

By John H. Wolper
President

As an inducement to COLUMBIA PICTURES, a division of Columbia Pictures Industries, Inc., (hereinafter referred to as "Columbia") to enter into the foregoing agreement (hereinafter referred to as the "Agreement") with WOLPER PICTURES, a division of The Wolper Organization, Inc., (hereinafter referred to as "Wolper"), and in consideration of its so doing, STAX FILMS does hereby acknowledge and agree that:

1. The undersigned is familiar with the Agreement and all the terms and provisions thereof;
2. Wolper had, has and will have the right to enter into and execute and perform the Agreement and to grant the rights therein granted to Columbia;
3. The undersigned hereby ratifies and approves the Agreement and will be bound by the terms and provisions thereof; provided, however, that nothing herein contained shall be deemed to create any obligation or liability in the undersigned with respect to any of the representations, warranties or agreements of Wolper with regard to the picture except to the extent the same relate to materials or services furnished by the undersigned or obligations expressly provided to be undertaken by the undersigned.

DATED: January 15, 1973 as of October 18, 1972.

STAX FILMS

By _____

SCHEDULE A

Delivery of the picture shall be deemed to mean delivery to us of the following, all film material to be in 35mm size, whether or not so designated:

FILM MATERIAL

- (a) 1 (One) first-class 35mm composite positive print fully cut, titled and assembled and with the soundtrack thereof in perfect synchronization throughout with the photographic action thereof. The print shall not contain any physical damage, including, but not limited to, spots, scratches, abrasions, dirt, cracks or tears. Quality of the picture image and quality of the soundtrack image shall conform to the average quality established by current practice in pictures made by us. The print shall have been made of safety photographic raw stock equivalent in physical characteristics to that marketed by the Eastmancolor Kodak Company under the designation Positive Type No. 5385 and shall otherwise correspond to American Standards specification Z-22, 35-1947 for cutting and perforating dimensions for 35mm motion picture positive raw stock. In the case where the negative of the picture has been processed by Technicolor the print above referred to shall be a dye transfer print.
- (b) 1 (One) 35mm wholly original Eastmancolor 5254 picture negative and 2 (Two) wholly original English version soundtrack negatives, cut, titled, assembled and conformed in all respects to the composite sample positive print which has been supplied to you. The picture and soundtrack negatives shall not contain any physical damage and all splices in the negative are sound and secure and transparent when viewed by transmitted light.
- (c) 1 (One) Color Reversal Intermediate (CRI) made from the original picture negative referred to in (b) above,
- (d) All original production dialogue music and effects soundtracks which were used in the dubbing of the soundtrack negatives, being cut, assembled and conformed in all respects to the composite sample positive print and likewise in perfect synchronization with the wholly original picture negative together with the dubbing cue sheets relating thereto.
- (e) 1 (One) master magnetic combined music and effects track assembled in synchronization with the original picture negative (or the optical sound negative of the same in cases where magnetic recording facilities are not available).

- (f) 1 (One) triple track magnetic master of the dubbed soundtrack of the picture from which the sound negative referred to in sub-section (b) above has been made, such master to contain a mixed dialogue, a mixed music and a mixed effects track.
- (g) 1 (One) transfer on 1/4" (quarter inch) magnetic tape of a triple magnetic master of all music recorded for the picture.

DELETED

(h) / ~~_____~~
for the making of trailers to be used in connection with the distribution of the picture, interpositives of the picture ~~_____~~ together with 35mm magnetic ~~_____~~

(i) The original negative of the backgrounds to main, credit and end titles of the picture and of any photographic overlay titles thereof.

DELETED

(j) / ~~_____~~
and any picture material ~~_____~~ picture which may be ~~_____~~ film library purposes to ~~_____~~ detailed schedules thereof and, where ~~_____~~

DELETED

(k) / ~~_____~~
effects recorded for ~~_____~~ may be suitable for ~~_____~~ purposes together with detailed ~~_____~~

DELETED

(l) / ~~_____~~
~~_____~~
~~_____~~

OTHER MATERIAL

(m) 1 (One) music cue sheet in our standard form showing particulars of all music synchronized with the picture.

DELETED

(n) / ~~_____~~
~~_____~~

consisting of backgrounds,

(o) All non-photographic material/used in the photography of the main, credit and end titles of the picture.

(p) Any black and white still photograph contact prints comprising production, publicity and portrait photographs made in connection with the production of the picture, together with the negatives thereof. Each of the said prints shall be delivered to us as soon as it becomes available and you shall provide an explanatory caption for such prints as we may select.

(q) Any original color transparencies comprising production, publicity and portrait photographs made in connection with the production of the picture, each of which shall bear an explanatory caption.

- (r) The stencils and 10 (Ten) typewritten copies of a detailed dialogue and action continuity of the completed picture to be prepared by the person and in the form specified by us, conforming in all respects to and with the action and dialogue contained in the completed picture in form and conditions suitable for submission to various censorship boards.
- (s) Duplicate originals (or photostatic copies, if duplicate originals are unavailable) of all licenses, contracts, assignments and/or other written permissions from the proper parties in interest permitting you to use any musical, literary, dramatic and other material of whatever nature used by you in the production of the picture.
- (t) Synopses of the picture and biographies of the individual producer(s), director(s), stars and leading players thereof, and publicity material in sufficient quantity and variety to enable us adequately to publicize the picture.
- (u) The complete statement of credit specified in Article XIII hereof, together with a layout of the proposed screen and advertising credits, all to be delivered by the date and in the manner provided in such Article, and a statement of all dubbing obligations (if any).
- (v) and (w). DELETED.
- (x) A completed statement of the total amounts paid to each artist and musician employed on or in connection with the picture together with the number of days worked by each such artist.

You agree to hold the original negative of all cutouts, trims and all other material photographed or recorded by you in connection with the production of the picture and to make the same available to us for use, at our expense, in connection with the exercise of our rights hereunder with respect to the picture.

We agree to make available to you for your use, at your expense, in connection with your exercise of your rights hereunder, any and all material delivered by you hereunder and any and all material prepared by or for us in connection with foreign versions of the picture which we may elect to make.

You further agree to furnish us those items or materials in addition to or in substitution of those listed hereinabove which are necessary to the process of photography used in the production of the picture, or which are necessary to its projection or exhibition.

In the event the picture is black and white rather than color, the positive print referred to in clause (a) above shall be a black and white print on raw stock equivalent in characteristics to Eastman Kodak Stock Number 5302; the material required under ~~MEMBER OF THE ASSOCIATION OF PHOTOGRAPHERS~~ clause (c) above shall be on fine grain duplicating positive print; and clause (q) above shall be deemed deleted.

You agree to deliver all of the above as specified in clauses (a) to (x) inclusive to the said office as hereinabove provided, for the purpose of allowing us or our representatives to inspect the same within 10 (Ten) days after such delivery and in case delivery is not complete to notify you promptly in writing in what respect it is not complete. You agree to complete delivery within 10 (Ten) days after receipt of such written notice. If we fail to give you written notice within said 10 (Ten) day period specifying in what manner delivery is not complete, then delivery shall be deemed complete.