

**IFTA™ INTERNATIONAL  
MULTIPLE RIGHTS DISTRIBUTION AGREEMENT**

This International Multiple Rights Distribution Agreement (“Agreement”) is made as of ----- (“Effective Date”) between the following Licensor and Distributor:

**LICENSOR:** -----  
**Address:** -----  
**Tel:** -----                      **Fax:** -----                      **E-Mail:** -----

**DISTRIBUTOR:** -----  
**Address:** -----  
**Tel:** -----                      **Fax:** -----                      **E-Mail:** -----  
**Type of Entity:** Corporation                      **Contact:** -----

Subject to timely payment of all monies due Licensor and Distributor’s full performance under this Agreement, Licensor licenses exclusively to Distributor, and Distributor accepts from Licensor, the Licensed Rights in the Picture throughout the Territory for the Agreement Term in the Authorized Languages subject to the Holdbacks identified below on all the terms and conditions of this Agreement.

This Agreement has the following parts: this Cover Page; Table Of Contents; Deal Terms; Independent Film & Television Alliance® (“IFTA™”) International Standard Terms (“Standard Terms”) version V:2005; Schedule Of Definitions; IFTA™ Rules for International Arbitration version V: 2005 and the following indicated Attachment(s):

<input checked="" type="checkbox"/>	<b>Standard Attachments</b>	<input checked="" type="checkbox"/>	<b>IFTA™ International Financing Documents</b>
	IFTA™ International Access Letter		Documentary Letter of Credit
	IFTA™ International Delivery Manifest		Acknowledgement and Acceptance
	IFTA™ International Censorship Rider		Guarantor Certificate
	IFTA™ Internet Rider		Other:

This Agreement has been drafted using the IFTA™ International Multiple Rights Distribution License Agreement, version V: 2005 (“IFTA Form”). If the heading of this Agreement uses the IFTA™ trademark, then Licensor represents that, except where terms are to be inserted in such form, no change has been made to pre-printed elements of the IFTA Form *unless* conspicuously indicated in double underlining, strike-out or similar formatting to designate changes. All parts of this Agreement will be interpreted together to form one contract, but in the event of a direct conflict, any terms inserted in the Deal Terms as part of completing the contract will prevail over pre-printed elements of the IFTA Form.

Licensor hereby represents and warrants that it has full and unrestricted authority and power to enter into this Agreement without any limitations, to perform its obligations under this Agreement and that it has sole and exclusive control of all distribution rights to the Pictures.

Subject to the terms hereof and conditioned upon payment in full of the Minimum Guarantee, Licensor hereby grants Distributor the Licensed Distribution Rights for the Territory and Term, each as defined below:

Licensor and Distributor have executed this Agreement as of the Effective Date written above to constitute a binding contract between them.

**LICENSOR:**  
 -----  
 By: \_\_\_\_\_  
 Its Authorized Signatory  
 Title:

**DISTRIBUTOR:**  
 -----  
 By: \_\_\_\_\_  
 Its Authorized Signatory  
 Title:

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**IFTA™ INTERNATIONAL  
MULTIPLE RIGHTS DISTRIBUTION AGREEMENT**

**DEAL TERMS**

*Any right not specifically licensed to Distributor in the Licensed Rights Terms (below) is not granted to Distributor and reserved to the Licensor.*

**I.  
BASIC LICENSE TERMS**

**A. PICTURE:**

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**B. TERRITORY AND REGION:**

Italian speaking Europe consisting of: Italy (*excluding* German speaking Alto Adige and Adriatic Coast); Italian speaking Capo D'Istria; San Marino; Vatican City; Italian speaking Malta and Italian speaking Switzerland

**C. AGREEMENT TERM AND LICENSE PERIOD:**

Subject to Paragraph 6). of the Standard Terms:

1. **Agreement Term:** The Agreement Term starts on the Effective Date of this Agreement and ends when the last License Period for all Licensed Rights ends.

2. **License Period:** The License Period for each Licensed Right starts May 20, 2008 and ends 15 years from Notice of Initial Delivery unless a different License Period for a specific Licensed Right is stated in Section II.

**D. AUTHORIZED USES:** Distributor may only exercise each of the following Licensed Rights in the indicated Authorized Languages, Authorized Formats, Authorized Markets or Authorized Telecasts:

1. **Authorized Languages:**

Picture	Use	Language	Rights	Territory
My Life In Ruins	Dubbed and Subtitled in	Italian	Cinematic, Pay Per View, Hotel, Video, Pay TV, Free TV, Internet	All Licensed Territories

2. **Authorized Formats:**

Picture	Format	Rights	Territory
My Life in Ruins	PAL	Cinematic, Pay Per View, Hotel, Video, Pay TV, Free TV, Internet	All Licensed Territories

3. **Authorized Telecasts:** All customary available formats in the Territory.

4. **Authorized Markets:** All customary available formats in the Territory.

**E. EXCEPTIONS:** The following are exceptions to the Licensed Rights, Territories and License Period for the indicated Pictures. An Exception excludes the particular Picture, Right and Territory from what is otherwise granted to Distributor. A Modification modifies the grant as indicated. An Addition grants additional Rights, Territories and License Period to Distributor as indicated. N/A

## II. LICENSED DISTRIBUTION RIGHTS TERMS

Licensor grants in consideration for the Minimum Guarantee the following distribution rights:

*A Right is licensed to Distributor only if the Yes ("Y") box is marked. A Right not marked or marked in the "No" ("N") box or not shown is a Reserved Right of Licensor. A check ("✓") means a selection is effective. All Licensed Rights are defined terms in the IFTA™ International Schedule of Definitions.*

Lic.?	Right	Grant	Starts	Ends
Yes	<b>Cinematic</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Theatrical	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Non Theatrical	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Public Video	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Pay Per View</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- PPV Residential	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- PPV Commercial	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Near Demand View	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Demand View	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Ancillary</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Hotel	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Video</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Rental	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Sell-Thru	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Electronic Sell Thru	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Pay TV</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Pay Terrestrial	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Pay Cable	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Pay Satellite	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Free TV</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- FTV Terrestrial	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- FTV Cable	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- FTV Satellite	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	<b>Internet Rights (including Cellular/wireless distribution)</b>	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Internet Download	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery
Yes	- Internet Streaming	Exclusive	May 20, 2008	15 years from Notice of Initial Delivery

**Holdback:** Distributor shall not release the Picture in the Territory prior to the initial theatrical release in the United States.

### III. FINANCIAL TERMS

#### A. MINIMUM GUARANTEE:

1. **Base Currency:** US Dollars

The Base Currency is the currency in which all payments and recoupments under this Agreement are denominated and calculated. If not otherwise indicated, the Base Currency is United States Dollars.

2. **Amount:** US -----

The Amount above is the Guarantee payable for all Pictures licensed under this Agreement.

**Box Office Bump:** The Minimum Guarantee shall increase by \$100,000 upon the following conditions:

\$ ----- when the Territories box office reaches \$1,500,000;

An additional \$ ----- when the Territories box office reaches \$3,000,000.

A failure of Distributor to pay any portion of the Guarantee will be a material breach of this Agreement, allowing Licensor, in addition to any other right or remedy, to cancel this Agreement for the Picture.

3. **Payment Schedule:** The Guarantee is payable as follows:

No.	Picture	Pct.	Amount	Due	By	Account
1	-----	20%	US \$-----	May 20, 2008 (Execution of Deal Memo)	Wire Transfer	s - Banking
2	---	80%	US \$-----	Notice of Initial Delivery	Wire Transfer	s - Banking
3.	-----		US \$----	Upon box office of \$1,500,000 in the Territory.	Wire Transfer	- Banking
	-----		US \$-----	Upon box office of \$3,000,000 in the Territory.	Wire Transfer	- Banking

A "Notice of Initial Delivery" means, for each Picture, the date on which Licensor gives Distributor Notice that Licensor is prepared to deliver the Initial Materials for such Picture. If more than one Picture is licensed, the percentage installments and Payment Event apply to each Picture individually unless otherwise designated.

4. **Payment Methods:**

a. **WT - Wire Transfer:** Distributor will pay the indicated installments of the Guarantee by wire transfer of unencumbered funds, free of any transmission charges, to the following account(s):

-----

b. **Change of Account:** In the event Licensor is required to change the account details above, Licensor will notify Distributor in writing and Distributor will abide by new account details.

Rights in the Picture do not vest with Distributor until Licensor has indefeasibly received payment in full of the Minimum Guarantee in accordance with the terms hereof.

The Guarantee is a minimum net sum, and no taxes or other charges of any sort may be deducted from it. In the event that Distributor is required by law of any part of the Territory to deduct any sums from those due and payable to Licensor hereunder (e.g. withholding tax), prior to making any such deductions, Distributor shall forthwith notify Licensor thereof in writing, and shall

provide Licensor with the original of the receipt from the relevant government tax authority, and all sums so paid shall be treated for all purposes as payments made solely by and on behalf of Licensor. If a double taxation treaty exists between the country in which Distributor is resident, and the country in which Licensor is resident, then the withholding tax deducted by Distributor shall be made in accordance with the double taxation treaty. Without prejudice to the foregoing, Distributor shall in no event be entitled to claim any refund, or seek reimbursement from Licensor of any portion of the amounts already paid by Distributor hereunder.

**B. Other Payments:**

Overages are amounts due Licensor after Distributor has recouped the Guarantee and Recoupable Distribution Costs if and as allowed under this Agreement. Material Charges are amounts due Licensor for Delivery Materials. Distributor will pay all Overages, and any other payments due Licensor as follows:

-----

**C. Recoupment of Guarantee/General Provisions:**

**1. Allocation of Guarantee:**

If no allocation is indicated below, then the entire Guarantee will be allocated to the Cinematic Rights. Otherwise, the Guarantee will be allocated among the Licensed Rights as follows:

Picture	Territory	Total Allocation	Cinematic	Ancillary	PayPerView	Video	Pay TV	Free TV
-----		100%	50			20	15	15

**2. Shortfall - Defined:**

A "Shortfall" means the amount at any time by which Licensor's share of Gross Receipts for a Licensed Right is exceeded by the sum of: (i) the unrecouped Recoupable Distribution Costs for that Licensed Right; (ii) plus the unrecouped portion of the Guarantee allocated to that Licensed Right above, or, if no allocation, of the total Guarantee.

**3. Cross-Collateralization:**

All Territories are fully cross-collateralized, so that the Shortfall for one Territory may be recouped from Licensor's Share of Gross Receipts for any other Territory.

All Licensed Rights are fully cross-collateralized for recoupment, so that the Shortfall for one Licensed Right may be recouped from Licensor's Share of Gross Receipts for any other Licensed Right.

**D. Disposition of Gross Receipts:**

Distributor will make continuing payments and recoupments in the following order from Gross Receipts for each designated Licensed Right in the Authorized Format separately. No cross-collateralization is allowed except as provided in Paragraph E.

Licensed Right	Deal Type	Licensor Gross %	Distributor Gross %	Gross % Recoup	Costs % Recoup	Licensor % Before Recoup	Distributor % Before Recoup	Licensor % After Recoup	Distributor % After Recoup
<b>Cinematic</b>	Distribution	70.0%	30.0%						
- Theatrical	Distribution	70.0%	30.0%						
- Non Theatrical	Distribution	70.0%	30.0%						
- Public Video	Distribution	70.0%	30.0%						
<b>Video</b>	Royalty	75.0%	25.0%						
- Rental	Royalty	75.0%	25.0%						
- Sell-Thru	Royalty	75.0%	25.0%						
- Electronic Sell-Thru	Royalty	75.0%	25.0%						
<b>Ancillary</b>	Distribution	70.0%	30.0%						
- Hotel	Distribution	70.0%	30.0%						
<b>Pay Per View</b>	Distribution	70.0%	30.0%						
- PPV Residential	Distribution	70.0%	30.0%						
- PPV Commercial	Distribution	70.0%	30.0%						
- Near Demand View	Distribution	70.0%	30.0%						
<b>Pay TV</b>	Distribution	70.0%	30.0%						
- Pay Terrestrial	Distribution	70.0%	30.0%						
- Pay Cable	Distribution	70.0%	30.0%						
- Pay Satellite	Distribution	70.0%	30.0%						
<b>Free TV</b>	Distribution	70.0%	30.0%						
- FTV Terrestrial	Distribution	70.0%	30.0%						
- FTV Cable	Distribution	70.0%	30.0%						
- FTV Satellite	Distribution	70.0%	30.0%						
<b>Internet</b>									
- Internet Download	Distribution	70.0%	30.0%						
- Internet Streaming	Distribution	70.0%	30.0%						

Distributor will make continuing payments and recoupment as to each Licensed right as follows:

(a) Theatrical, Non-theatrical and Public Video; Any Uses not Otherwise Specified Below: Distributor shall be entitled to deduct actual out of pocket costs incurred by prints, advertising and other costs directly related to exercise of these Licensed Rights and shall remit 70% of the balance to Licensor.

(b) Pay Television, PPV, VOD, Free Television and the like: Distributor shall be entitled to deduct and retain as a distribution fee (to cover both any fees and all costs) sums equal to 30% of Gross Receipts from the exercise of these Licensed Rights; the balance (i.e. 70%) shall be remitted to Licensor.

(c) Video/DVD Rentals and Sales: Distributor shall remit to Licensor sums equal to 75% of Gross Receipts (net of returns) received from exercise of such Licensed Rights, i.e. wholesale price for rentals and sales of videotape and DVD units by Distributor or any subdistributor; Distributor shall retain the remaining 25% of such Gross Receipts from which it shall bear all expenses incurred in connection with exercise of such Licensed Rights.

(d) Video/DVD Sell-Thru: Distributor shall remit to Licensor sums equal to 75% of Gross Receipts (net of returns) received from exercise of such Licensed Rights, i.e. wholesale price for rentals and sales of videotape and DVD units by Distributor or any subdistributor; Distributor shall retain the remaining 25% of such Gross Receipts from which it shall bear all expenses incurred in connection with exercise of such Licensed Rights.

(e) Internet: Distributor shall be entitled to deduct and retain as a distribution fee (to cover both any fees and all costs) sums equal to 30% of Gross Receipts from the exercise of these Licensed Rights; the balance (i.e. 70%) shall be remitted to Licensor.

It is understood that if Distributor uses the services of any subdistributor to deal with exhibitors, video/DVD retailers or the like, Gross Receipts shall include all amounts received by such subdistributor. For purposes of accounting to Licensor, each Licensed Right shall be accounted for separately and there shall be no cross-collateralization, except that the Advance shall be recoverable from all sources on a cross-collateralized basis.

**F. RELEASE COMMITMENT AND INITIAL RELEASE:**

The following Release Commitment and Initial Release obligation shall apply to exploitation of each indicated Licensed Right and Format:

Picture must be released by Distributor by means of Theatrical Distribution in the Territory no later than 6 months after the date of Notification of Availability of Delivery but in no event earlier than the U.S. theatrical release.

Picture must be released by Distributor by means of Videogram and Television during the Term.

Distributor must give Licensor written notice of the date of the first exhibition by Distributor of the Picture in the Territory by means of Theatrical Distribution, Videogram and each form of Television distribution, in each case, not later than 30 days prior to such date.

Sixty (60) days prior to the first exhibition by Distributor of the Picture by means of Theatrical distribution in the Territory, Distributor will submit for prior written approval, not to be unreasonably withheld by Licensor, Distributor's marketing and advertising budget for the Theatrical Distribution of the Picture in the Territory ("Marketing/Advertising Commitment") as well as its minimum and maximum number of prints ("Print Commitment") that will be used for the Theatrical Distribution of the Picture. Only such foregoing amounts, approved by Licensor, as set forth above, shall be included as costs that may qualify as recoupable Theatrical Distribution Expenditures. Any other amounts expended by Distributor for the marketing and advertising the Theatrical Distribution of the Picture in excess of the Marketing/Advertising Commitment, or for theatrical release prints in excess of the Print Commitment, will not be deductible as Theatrical Distribution Expenditures or otherwise in determining Licensor's Share of Gross Receipts hereunder.

Licensor shall have the right of approval for all creative and marketing material created by Distributor. Licensor shall have five (5) business days from receipt of material to approve, said approval not to be unreasonable withheld. Should Licensor fail to respond within five (5) business days approval shall be deemed granted.



## IV. DELIVERY TERMS

### A. Delivery Materials:

The Delivery Materials consist of the following Initial Materials and Additional Materials:

1. Initial Materials: Specified as follows or on the attached Delivery Manifest

Element	Quantity	Delivery Method
35 mm Theatrical Release Print	TBD	Physical Delivery
35mm Trailer Print	TBD	Physical Delivery
Digital Betacam PAL -Feature– 16x9	1	Physical Delivery
Digital Betacam PAL -Feature– 4x3	1	Physical Delivery
Digital Betacam PAL – Trailer	1	Physical Delivery
DA88 M&E of Feature	1	Physical Delivery
DA88 M&E of Trailer	1	Physical Delivery
Music Cue Sheet	1	Physical Delivery
Paid Ad Statement	1	Physical Delivery
Artwork	1	Physical Delivery
Photography	1	Physical Delivery
Key Art	1	Physical Delivery
Press Kit – (if available)	1	Physical Delivery
Billing Block	1	Physical Delivery

2. Additional Materials: Specified as follows or on the attached Delivery Manifest

### B. Delivery Dates:

1. Initial Delivery Date:

Licensor will give Distributor a Notice of Initial Delivery under Paragraph i) of the Standard Terms that Licensor is prepared to make Initial Delivery no later than: ***Promptly after picture is ready.***

2. Outside Delivery Date: Not applicable.

### C. Materials Payment Instructions:

Distributor will pay for all Materials.

### D. Materials Shipping Instructions:

Licensor will ship all Materials to Distributor at Distributor's sole expense. Distributor shall pay all cost of shipping any materials sent on loan to Distributor (to and from).

**V.  
ADDITIONAL TERMS**

- A. Governing Law:** State of New York
- B. Dispute Resolution:** Any dispute under this Agreement will be resolved by final, binding arbitration under the AFMA<sup>®</sup> Rules for International Arbitration as provided in the Standard Terms.
- C. Forum:** County of New York
- D. Trademark and Logo:** Distributor has the obligation to display visibly and prominently Licensor's trademark and logo, which shall never be smaller or less visible than any other trademark or logo appearing in program(s), in any display, stills, posters, jackets and any other marketing material related to the Picture(s).
- E. Payment Schedule:** Time of the essence with respect to all payments due hereunder. Licensor retains the right to hold any deposits or other payments as non-refundable (even if Agreement is canceled by Licensor due to failure to make timely payment).
- F. Satellite Rights:** In granting Satellite rights herein, if any, Distributor is obligated to scramble or encrypt their satellite signal so as to make legal reception impossible in territories outside the Territory(ies) granted herein.
- G. Distributor Created Materials:** Distributor must provide Licensor free access, within ninety (90) Days of manufacture, to any alternate-language version, (dubbed and/or subtitled version(s) or otherwise) of the Picture(s). Licensor shall only be required to reimburse Distributor for actual material cost for a master requested. Distributor must also provide to Licensor digital, layered copies of all art work and graphic images created in connection with the exploitation of the Picture in any and all media within 30 days of release, plus if DVD rights are granted herein Distributor agrees to provide to Licensor two (2) DVD finished goods product of the Picture as released in the territory within 30 days of the first production of such DVDs.
- H. Documents:** Distributor is responsible for all direct costs associated with notarization, consularization, and legalization of any and all documents and may not deduct those costs from the Minimum Guarantee.
- I. Additional Documentation:** If requested by Licensor, Distributor agrees to enter into additional contractual documentation that may be required by the production bank, producer and/or financier of the Picture, including, but not limited to, Notice of Assignment, Letter of Credit, or other documentation that may be required by Licensor.
- J. Distributor Reporting:** Distributor will render accounting statements in English (and, if requested, supporting documentation) for each of the Pictures. All information in each accounting statement will be provided in reasonable detail on a current period and cumulative basis including but not limited to, if any, all Gross Receipts derived, all Recoupable Distribution Costs paid (identifying to whom they are paid), and all exchange rates used all video/DVD units manufactured, sold, rented, leased, returned, erased, recycled or destroyed, the wholesale and retail selling prices of all Videograms. The information in each accounting statement must be reported separately for each country and may be consolidated for the entire Territory.
- Each of the accounting statements referred to above shall be rendered on calendar quarterly basis, commencing no later than 120 days from the date of this Agreement, through the License Period for each of the Pictures and as long thereafter as Gross Receipts are derived by Distributor with respect to each of the Pictures, on a Picture-by-Picture basis. Each statement must be delivered to Licensor within one (1) month after the end of the period for which it is rendered.
- K. Sub-License:** Any sub-distribution license requires Licensor's prior written approval, such approval not to be unreasonably withheld.
- L. Assignment:** Licensor may freely assign, transfer or sub-license any of its rights and obligations under this Agreement. Such assignment, transfer or sub-license, will not relieve Licensor of its obligations and indemnities under this Agreement, unless the assignment, transfer or sub-license is to a company which acquires all or substantially all of Licensor's assets, or to the original rights holder (the company from which Licensor acquired the rights), which assignment will be deemed to be effected and accepted by Distributor upon receipt of a written notice sent by Licensor in accordance with the terms of this Agreement.
- M. No-Crossing:** The rights licensed under this Agreement shall be treated separate and apart from any other rights to pictures or television programmes licensed or to be licensed by Licensor to Distributor. Payments applicable to this Agreement shall therefore be treated as separate and apart from payments due to Licensor by Distributor under any other agreements between Licensor and Distributor and the payments due under this Agreement shall therefore not be cross-collateralized or set off against any payments due to Licensor under any other agreements, nor shall claims made by Distributor in relation to any other agreements it may have with Licensor, be set off or cross-collateralized with any payments due to Licensor under this Agreement.

**N. Refund:** It is herewith understood and agreed that in case Distributor is entitled to make a certain claim or receive payment of a refund of any monies paid under this Agreement, such claim or refund are subject to Licensor claiming and receiving such a refund from the company from which Licensor acquired the rights.

**O.** This Agreement may be executed in counterparts, each of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic delivery in portable document (".pdf") or tagged image file format (".tiff") shall be equally effective as delivery of a manually executed counterpart of this Agreement. This Agreement is intended by the parties hereto to be the final, complete, and exclusive expression of the agreement between them with respect to the subject matter hereof. This Agreement supersedes any and all prior oral or written agreements relating to such subject matter.

NOTHING IN THESE TERMS IS IN ANY WAY MEANT TO LIMIT LICENSORS RIGHTS AND REMEMDIES OR DISTRIBUTORS OBLIGATIONS UNDER THIS DISTIRBUTION AGREEMENT DATED MAY 20, 2008.

DISTRIBUTOR ACKNOWLEDGES A RECEIPT OF THESE ADDITIONAL TERMS AND HAS READ THIS ENTIRE AGREEMENT INCLUDING THE DISTRIBUTION AGREEMENT, THESE ADDITIONAL TERMS AND THE IFTA STANDARD TERMS AND CONDITIONS, ALL INCORPORATED BY REFERENCE HEREIN.

READ, ACKNOWLEDGED AND ACCEPTED

\_\_\_\_\_  
by: Distributor's authorized representative

DATE: \_\_\_\_\_

**IFTA™ INTERNATIONAL STANDARD TERMS****1) DEFINITIONS AND USAGE**

a) **Definitions:** Words and phrases with initial letters capitalized are Defined Terms. If not defined where they first appear, they are defined in the attached Schedule of Definitions which is incorporated by reference and is a part of this Agreement. The reference in any provision herein to rights not specifically licensed in the Deal Terms is for convenience only and does not grant Distributor any such rights.

b) **Usage:** If more than one Picture is licensed to Distributor in the Deal Terms, then all provisions of this Agreement apply to each Picture individually unless specifically provided otherwise in this Agreement.

**2) PICTURE AND VERSION**

a) **Picture:** The Picture is the Motion Picture currently identified in the Deal Terms. Licensor may change the title of the Picture.

b) **Key Elements:** A Key Element is a Person identified as such in the Deal Terms who must render services or materials on the Picture in the capacity indicated in the Deal Term. A Person will be deemed to have done so if the Person receives credit for so doing in the main or end titles of the Picture. For a director, this requirement will be satisfied if the director renders directing services through the end of Principal Photography. If a Key Element is unable fully to render services or materials due to default, disability or death, Licensor may substitute another Person in such capacity who is acceptable to the distributor scheduled to make the First Release of the Picture in the United States, and Distributor may not refuse to accept Delivery of the Picture or reduce the Guarantee because of such substitution.

c) **Version:** The Picture is only licensed in linear form for viewing from beginning to end. Licensor reserves all rights in all Versions of the Picture other than its original linear form as Delivered to Distributor and the authorized dubbed, subtitled or edited Versions made by Distributor. If during the Agreement Term, Licensor elects to exploit another Version of the Picture in the Territory that incorporates a substantial portion of the linear form of the Picture licensed to Distributor, then Licensor will accord Distributor a right of First Negotiation to acquire any affected Licensed Rights in such Version for the remainder of the License Period for such Licensed Rights. If Distributor does not acquire the affected Licensed Rights in such new Version, then Licensor may exploit such new Version(s) in the Territory starting six (6) months after the end of any Holdback for the affected Licensed Rights.

**3) LICENSED RIGHTS AND RESERVED RIGHTS**

a) **License:** Subject to the terms of this Agreement, Licensor exclusively licenses to Distributor the Licensed Rights in the Picture for their respective License Periods throughout the Territory for exploitation only by the Authorized Language Use(s), for the Authorized Format(s), on the Licensed Channel(s), for no more than the Licensed Telecast(s), and subject to all Use Restrictions set forth in the Deal Terms.

b) **Vesting:** Each Licensed Right will only vest in Distributor if and when each of the following occurs in accordance with the Deal Terms: (i) Distributor accepts Initial Delivery of the Picture; and (ii) if the Deal Terms contain a Guarantee, Distributor pays Licensor the entire Guarantee.

c) **Reservation:** All rights not expressly licensed to Distributor in the Deal Terms are Reserved Rights. Licensor may exploit all Reserved Rights without restriction except as expressly provided in this Agreement.

d) **Reversion:** Each Licensed Right will immediately revert to Licensor free of any claim by Distributor or other Person on the earlier of the end of the License Period for the Licensed Right, the end of the Agreement Term under Paragraph a), or cancellation under Paragraph b)

e) **Exclusivity Limitations:**

i) **Broadcast Overspill:** Licensor does not grant exclusivity protection against reception in the Territory of a broadcast or Simultaneous Retransmission of the Picture originating outside the Territory, whether terrestrial, cable or satellite. Licensor only agrees, subject to Paragraph iv), that during the License Period for any PayPerView, Pay TV or Free TV Licensed Rights it will not broadcast or authorize broadcast of the Picture in any Authorized Language within the Region where the broadcast is intended for primary reception within the Territory.

ii) **Parallel Imports:** Licensor does not grant exclusivity protection against sale or rental in the Territory of Videograms embodying the Picture imported from outside the Territory. Licensor only agrees, subject to Paragraph iv), that during the License Period for any Video Licensed Right it will not sell or authorize sale of Videograms embodying the Picture in any Authorized Language within the Region where those Videograms are intended for primary consumer sale or rental within the Territory.

iii) **Internet Availability:** Licensor does not grant exclusivity protection against the availability of the Picture on the Internet within the Territory. Licensor only agrees, subject to Paragraph iv), that until the end of the Holdback for any Video Licensed Rights, Licensor will not authorize making the Picture available on the Internet in any Authorized Language for Downloading at reasonably identifiable locations in the Territory.

iv) **Original Version:** Unless English is an official language in the Territory, Licensor's agreement in the second sentence of each of the previous three subparagraphs does not apply to the original, subtitled English language version of the Picture even if English is an Authorized Language.

#### 4) ALLIED RIGHTS

a) **Credit And Advertising:** When exploiting the Picture, Distributor will comply at all times after their receipt with all required screen credits, paid advertising, publicity and promotional requirements, name and likeness restrictions, and Videogram packaging credit requirements (if needed) as supplied by Notice from Licensor. Upon Licensor's request, Distributor will promptly submit to Licensor all advertising materials used by Distributor so that Licensor can determine whether its requirements are being met.

b) **Dubbing, Subtitling And Editing:** Distributor may not create dubbed, subtitled or parallel track versions of the Picture unless they are Authorized Language Uses in the Deal Terms. When creating any authorized dubbed, subtitled or edited version of the Picture or its trailers, Distributor will comply, at all times after their receipt, with all dubbing, subtitling or editing requirements for the Picture or its trailers, which are supplied by Notice from Licensor. *Except* as expressly provided in this Agreement, the Picture and its trailers must be exhibited at all times in their original continuity, without alteration, interpolation, cut or elimination.

c) **Exercise Of Allied Rights:** Subject to Licensor's requirements under Paragraphs a). and b). and the provisions of this Agreement, Distributor will have the non-exclusive right at its sole expense:

i) To advertise, publicize, and promote the exploitation of the Licensed Rights in the Picture in the Territory, and in so doing to use the title of the Picture, the advertising and promotion materials supplied by Licensor or created by Distributor under this Agreement, and the name, voice and likeness of any Person rendering materials or services on the Picture but not as an endorsement for any product or service other than the Picture;

- ii) To include before the beginning or after the end of the Picture the credit or logo of Distributor;
- iii) To change the title of the Picture after first obtaining Licensor's Notice of approval;
- iv) To dub or subtitle the Picture but only in the Authorized Language(s); and
- v) In exploiting any Free TV Licensed Rights, to agree to a broadcaster's insertion of commercial announcements in the Picture but only at those points reasonably designated by Licensor.

d) **Limitations:** In exercising the Allied Rights, Distributor may not: (i) alter or delete any credit, logo, or copyright, patent or trademark notice appearing on the Picture; (ii) include any advertisements or other material before, during or after the Picture other than the credit or logo of Distributor, an approved anti-piracy warning, or commercials as authorized in this Agreement; (iii) alter or delete any Rights Management Information appearing on any Copy of the Picture supplied by Licensor without prior Notice of Licensor's approval, or (iv) alter, substitute, dub or delete any music or lyrics without prior Notice of Licensor's approval.

e) **No Inadvertent Failure:** An inadvertent failure on behalf of Distributor to comply with any requirements provided under Paragraphs a). and b). will not be a material breach of this Agreement *provided that* Distributor takes all reasonable efforts to cure prospectively such failure after any Notice from Licensor.

## 5) TERRITORY AND REGION

a) **Territory:** The Territory means the countries or territories listed in the Deal Terms, as further defined in the IFTA™ International Schedule of Suggested Territories and Regions, and as their political borders exist on the Effective Date of this Agreement.

b) **Non-Contiguous Areas:** Non-Contiguous Areas mean embassies, military and government installations, oil rigs and marine drilling sites, airlines-in-flight and ships-at-sea flying the flag of a country but not located within its contiguous geographic borders. The Territory does not include the Non-Contiguous Areas of other foreign countries located within the Territory. However, for the Non-Theatrical, Commercial Video, Airline and Ship Licensed Rights, the Territory includes the Non-Contiguous Areas of each country in the Territory as necessary for exploiting such Rights.

c) **Changes In Borders:** If during the Agreement Term an area separates from a country in the Territory then the Territory will still include the entire area which formed one political entity as of the Effective Date of this Agreement. If during the Term an area is annexed to a country in the Territory, then Licensor grants Distributor a right of First Negotiation to acquire the Licensed Rights in the Picture through the end of the Agreement Term in the newly annexed area to the extent said rights are then or become available.

d) **Region:** The Region is the part of the world in which the Territory is located. The Region is defined either in the Deal Terms or as otherwise in the IFTA™ International Schedule of Suggested Territories and Regions current as of the Effective Date of this Agreement.

e) **Regionalization:** The Picture is only licensed for exploitation using the technological methods in customary commercial use in the Territory during the Agreement Term. For example, if PAL is the customary commercial format for Videograms in the Region, then in exercising any Video Licensed Rights Distributor may only exploit Videograms of the Picture in the PAL format. If the Video Licensed Rights include DVD as an Authorized Format, then Distributor may only exploit Videograms of the Picture in the local encoded DVD regional format.

f) **Changes In Licensed Channel:** Distributor may only telecast or authorize telecast of the Picture over the originating transmitting facilities of the Licensed Channel designated in the Deal Terms as it exists on the Effective Date of this Agreement. If there is a physical change in the facilities of the Licensed Channel that materially affects the number or kind of household televisions capable of

receiving it (e.g. signal boost, new transponder, satellite orbital drift), then Distributor will promptly give Licensor Notice of such change. Licensor grants Distributor a right of First Negotiation regarding exploitation of any affected Licensed Rights over such new facilities, taking into account rights previously granted to other Persons and an adjustment in the Minimum Guarantee. If no agreement is reached in the First Negotiation period, Licensor may withdraw the Picture under Paragraph 14)

## 6) AGREEMENT TERM, LICENSE PERIOD AND HOLDBACKS

a) **Agreement Term:** The Agreement Term starts and ends on the dates set forth in the Deal Terms *except* in case of extension per Paragraph 14) or early termination per Paragraphs 14) or 15)

b) **License Period:** The License Period is the maximum time period in the Deal Terms during which Distributor may exploit or authorize the exploitation of each Licensed Right. The License Period for any Pay TV or Free TV Licensed Rights ends on the *earlier* of the end of the License or the conclusion of the last Licensed Telecast. Failure to use all Licensed Telecasts will not extend the License Period. Distributor may not exploit or authorize exploitation of any Licensed Right after the end of the Agreement Term.

c) **First Release:** First Release means the earliest of: (i) the Outside Release Date designated in the Deal Terms, if any; or (ii) the date on which the Picture is actually first made generally available to the paying public in the Territory, either through exhibition in cinemas, sale of Videograms, or telecast; or (iii) six (6) months after Notice of Initial Delivery.

d) **Distributor Holdbacks:** Distributor may not exploit or authorize exploitation of any Licensed Right until the end of its Holdback. However, Distributor may enter into agreements at any time to exploit a Licensed Right starting after the end of its Holdback.

e) **Licensor Holdbacks:** Licensor may not exploit or authorize exploitation in the Territory of any Reserved Right until the end of its Holdback. However, Licensor may enter into agreements at any time to exploit a Reserved Right in the Territory starting after the end of its Holdback.

f) **Holdback Coordination:** Licensor may extend any Holdback by up to three (3) months *provided that* Licensor gives Distributor prompt Notice of any adjusted Holdback period no later than three (3) months before the end of the original Holdback period.

g) **Use Restrictions:** Distributor may not exploit or authorize exploitation of any Licensed Right contrary to any Use Restriction in the Deal Terms. If DVD is an Authorized Format, then Distributor may not (to the extent permitted by Law), sell or authorize sale of DVDs incorporating the Original Language Version of the Picture Parallel Tracked with any other Authorized Language Version until three (3) months after Original Language DVD Versions are made available for sale to the public in any country in the Region where the Original Language of the Picture is a primary language or, if there is no such country in the Region in the country of origin of the Picture.

## 7) GROSS RECEIPTS

a) **Gross Receipts.** Gross Receipts means the sum on a continuous basis of the following amounts derived with respect to each and every Licensed Right:

i) All monies or other consideration of any kind including all advances, guarantees, security deposits, awards, subsidies (other than those described in Paragraph 7.6.) and other allowances received by, used by or credited to Distributor, any Distributor Affiliates or any approved subdistributors or agents from the license, sale, lease, rental, lending, barter, distribution, diffusion, exhibition, performance, exercise or other exploitation of each Licensed Right in the Picture, all without any deductions; and

ii) All monies or other consideration of any kind received by, used by or credited to Distributor or any Distributor Affiliates or any approved subdistributors or agents as recoveries for the infringement of any Licensed Right in the Picture; and

iii) All monies or other consideration of any kind received by, used by or credited to Distributor or any Distributor Affiliates or any approved subdistributors or agents from any authorized dealing in trailers, posters, copies, stills, excerpts, advertising accessories or other materials used in connection with the exploitation of any Licensed Right in the Picture or contained on Videograms embodying the Picture.

b) **Gross Receipts Calculated At Source:** No Distributor Affiliates, subdistributors or agents may deduct any fee or cost from Gross Receipts in calculating all amounts due Licensor. For the purpose of determining Licensor's share of Gross Receipts, all Gross Receipts must be calculated at "source". This means that Gross Receipts derived from the exploitation of any of the following Licensed Rights must be calculated at the following levels: (i) for any Theatrical Licensed Right, at the level at which payments are remitted by theaters; (ii) for any NonTheatrical or Ancillary Licensed Right, at the level at which payments are remitted by airlines, shipping companies, hotels or other entities that exhibit or make the Picture available directly to their patrons or customers; (iii) for any Home Video Licensed Right, at Wholesale Level or Direct Consumer Level as applicable; (iv) for any Commercial Video or Public Video Licensed Right, at the level at which payments are remitted by local exhibitors of the Picture; and (v) for any Television Licensed Right, at the level at which payments are remitted by terrestrial stations, cable systems, satellite telecasters, telephone systems or like entities that broadcast, cablecast, transmit or otherwise make available the Picture.

c) **Wholesale Level:** The Wholesale Level means the level of Videogram distribution from which Videograms are shipped directly to retailers for ultimate sale or rental to the paying public. The Wholesale Level may include intermediate distribution levels between the manufacturer and the retailer, such as rack jobbers and the like, if such distribution is performed by a Distributor Affiliate, or if Distributor participates in the profits from such intermediate distribution, but then only to the extent of such participation.

d) **Direct Consumer Level:** The Direct Consumer Level means the level of Videogram distribution at which Videograms are sold or rented directly to the paying public. The Direct Consumer Level includes the sale or rental of Videograms by means of retail outlets, mail order, video clubs, and similar methods. Where Commercial Video or Public Video rights are licensed, the Direct Consumer Level also includes the authorized public performance, exhibition, or diffusion of Videograms in accordance with such Licensed Right. Distributor will not be deemed to be engaged in distribution at the Direct Consumer Level unless such distribution is performed by a Distributor Affiliate, or unless Distributor participates in the profits from such distribution, and then only to the extent of such participation.

e) **Royalty Income:** All amounts collected by any collecting society, authors' rights organization, performing rights society or governmental agency arising from compulsory licenses, cable retransmission income, music performance royalties, tax rebates, exhibition surcharges, levies on blank Videograms or hardware, rental or lending royalties, or the like, will as between Licensor and Distributor be the sole property of Licensor and not included in Gross Receipts. Licensor has the sole right to apply for and collect all these amounts. If any of such amounts are paid to or collected by Distributor, then Distributor will immediately remit them to Licensor with an appropriate statement identifying the source.

f) **Advertising Rebates And Subsidies:** The following amounts, if received by, used by, or credited to Distributor, any Distributor Affiliate or any approved subdistributor or agent, will not be included in Gross Receipts but will be used to reduce Recoupable Distribution Costs to the extent not repayable by Distributor to any third party: (i) print, publicity and similar subsidies for the cost of releasing, advertising or publicizing the Picture; (ii) income from publicity tie-ins; or (iii) freight, print, trailer, advertising and other cost recoveries, rebates, refunds or discounts, whether obtained from regional or national institutions, exhibitors, approved subdistributors or other Persons.



## 8) RECOUPABLE DISTRIBUTION COSTS

a) **Recoupable Distribution Costs..** Recoupable Distribution Costs means all direct, auditable, out-of-pocket, reasonable and necessary costs, exclusive of salaries and overhead, less any discounts, credits, rebates or similar allowances, actually paid by Distributor for exploiting each Licensed Right in arms-length transactions with third parties, all of which will be advanced by Distributor and recouped under this Agreement, for:

- i) Customs duties, import taxes and permit charges necessary to secure entry of the Picture into the Territory;
- ii) Notarization, translation, and similar costs relating to obtaining or securing registration of copyright, title classification or identification, clearances or similar activities for the importation, exploitation or protection of the Picture in the Territory, but only to the extent reasonably pre-approved by Licensor, and if Licensor advances any such fees or costs Distributor will promptly reimburse Licensor for them on demand;
- iii) Sales, use, VAT, admission and turnover taxes and related charges assessable against any Gross Receipts realized from the exploitation of the Licensed Right but only to the extent allowed by Paragraph e), but not including corporate income, franchise or windfall profits taxes or remittance or withholding taxes assessable against amounts payable to Licensor;
- iv) Remittance taxes, withholding taxes and other deductions on amounts payable to Licensor but only to the extent allowed by Paragraphs 9.4 and e);
- v) Shipping and insurance charges for Delivery of the Materials to Distributor including any amounts for shipping within the Territory but not for returning the Materials to Licensor;
- vi) Manufacture of internegatives, CRIs, pre-print materials, positive prints, masters, tapes, trailers and other copies of the Picture in an amount reasonably pre-approved by Licensor;
- vii) Costs of allowed subtitling or dubbing in the Authorized Language(s);
- viii) Costs of allowed advertising, promotion and publicity in the amount reasonably pre-approved by Licensor;
- ix) Reasonable legal costs and fees paid to obtain recoveries for infringement by a third party of the Licensed Right but only to the extent pre-approved by Licensor;
- x) Actual and normal expenses, including reasonable legal costs and fees, incurred in recovering debts from defaulting licensees;
- xi) Costs of packaging for Videograms embodying the Picture but only to the extent reasonably pre-approved by Licensor;
- xii) Censorship fees and costs of editing to meet censorship requirements as allowed pursuant to a Censorship Rider, if attached to this Agreement; and
- xiii) Additional customary and reasonable costs actually paid by Distributor in exploiting the Picture if approved in advance by Notice from Licensor.

b) **Limits on Costs:** No Recoupable Distribution Cost may be deducted from Gross Receipts for any Licensed Right except to the extent such deduction is authorized in the Deal Terms. Any cost that does not qualify as a Recoupable Distribution Cost under Paragraph a) will be Distributor's sole responsibility *unless* Licensor gives Notice approving its recoupment. No cost item qualifying as a Recoupable Distribution Cost may be deducted more than once. Recoupable Distribution Costs must be calculated separately for each Licensed Right, and may not be recouped from Gross Receipts for any other Licensed Right *except* as authorized in the Deal Terms.

c) **Third Party Costs:** If a Distributor Affiliate or approved subdistributor or agent pays a cost that would be a Recoupable Distribution Cost if paid by Distributor, then such cost may be recouped by Distributor as a Recoupable Distribution Cost. Otherwise no costs of any third party may be recouped from monies due Licensor.

## 9) PAYMENT REQUIREMENTS

a) **Timely Payment:** Distributor will make payments to Licensor and retain recoupments from Gross Receipts only in the manner and sequence specified in the Deal Terms. Timely payment is of the essence of this Agreement. Payment will only be considered made when Licensor has immediate and unencumbered use of funds in the required currency in the full amount due. Distributor will use diligent efforts to obtain promptly all permits necessary to make all payments to Licensor.

b) **Guarantee:** The Guarantee is the amount payable to Licensor against Licensor's share of Gross Receipts indicated in the Deal Terms. The Guarantee is non-returnable but recoupable in conformity with this Agreement. The Guarantee is a minimum net sum and no taxes or charges of any sort may be deducted from it. The Guarantee may also be called the "Minimum Guarantee".

c) **Guarantee Installments:** Distributor will pay each installment of the Guarantee to Licensor in the time and manner specified in the Deal Terms. Where an installment is payable on events within Licensor's control, *e.g.*, the start of Principal Photography, Licensor will give Distributor timely Notice of such event. Where an installment is payable on events within Distributor's control, *e.g.*, First Release, Distributor will give Licensor timely Notice of such event.

d) **Remittance Taxes:** The Guarantee is a minimum net sum and will be calculated and payable in the amount stated in the Deal Terms regardless of any remittance or withholding taxes that may be due on sums remitted from the Territory. However, Distributor may recoup all remittance or withholding taxes as a Recoupable Distribution Cost after providing Licensor with all documentation demonstrating Distributor's payment of the required amount on Licensor's behalf.

e) **Limits on Deductions:** There will be no deductions from any payments due Licensor because of any bank charges, conversion costs, sales use or VAT taxes, "kontingents", quotas or any other taxes, levies or charges unless separately agreed to in a Notice from Licensor.

f) **Letter Of Credit:** If the Deal Terms indicate a payment is secured by a Letter of Credit, then Distributor will open the Letter of Credit at a corresponding bank of Licensor's designated bank. While open the Letter of Credit will remain valid, negotiable, transferable, confirmed and irrevocable; it will be automatically renewable for any period specified in the Deal Terms if Licensor has not fully negotiated the Letter of Credit by its first end date. All costs for a Letter of Credit will be borne solely by Distributor.

g) **Guarantor Certificate:** A Guarantor Certificate, if indicated in the Deal Terms, means a statement, certified as true and correct, from a recognized completion guarantor who has guaranteed completion and delivery of the Picture and any Initial Physical Materials identified in the Deal Terms: (i) are of technical quality sufficient for use in the manufacture of commercially acceptable release prints or related field product needed for the exploitation of Licensed Rights in the Picture; and (ii) have been placed in the hands of an acknowledged shipper or air carrier for delivery F.O.B. to a delivery location reasonably specified by Distributor for receipt of such materials.

h) **Blocked Funds:** If any Law prohibits remittance from the Territory of any amounts to Licensor, then Distributor will give Licensor prompt Notice of such Law. Distributor will deposit such amounts in Licensor's name for Licensor's unencumbered use in a suitable depository designated by Licensor without any deductions for so doing.

i) **Finance Charge On Late Payments:** Any payment not made when due will, in addition to any other right or remedy of Licensor, incur a finance charge at the lesser of three base points over the 3-month London Inter Bank Offered Rate ("LIBOR+3") on the date payment was due or the highest applicable legal contract rate. This finance charge will accrue from the date the payment was due until it is paid in full.

j) **Exchange Rate Provisions:** Distributor will recoup the Guarantee and all Recoupable Distribution Costs in the currency of each country in the Territory. Distributor will convert any sums due Licensor to the Base Currency at the prevailing exchange rate on the date due at a bank timely

designated by Licensor. For a late payment, Licensor will be entitled to the most favorable exchange rate between the due date and the payment date. The risk of devaluation of the Base Currency designated by Licensor is Licensor's sole risk; the risk of the devaluation of the currency of the Territory is Distributor's sole risk.

k) **Documentation:** If any Law requires Distributor to obtain a permit or clearance to exploit any Licensed Right, then Distributor will do so at its expense promptly after payment of the Guarantee. These may include dubbing certificates, quota permits, censorship clearances, author certificates, certificates of origin, music cue sheets and remittance tax forms. Distributor will provide Licensor on request with copies of documents indicating compliance with such Law.

## 10) ACCOUNTINGS

a) **Limits On Cross-Collateralization:** No payment for the Picture may be cross-collateralized with or set-off against any amounts for any other Motion Picture licensed to Distributor. Amounts due for the Picture may not be used to recoup amounts for any other Motion Picture, or *vice versa*. Gross Receipts and Recoupable Distribution Costs for the Motion Picture may only be cross-collateralized among the Licensed Rights pursuant to Paragraph III.C. of the Deal Terms and countries in the Territory to the extent, if any, authorized in the Deal Terms.

b) **Limits On Allocations:** If the Picture is exploited with other Motion Pictures then Distributor will only allocate receipts and expenses among the Picture and the other Motion Pictures in the manner reasonably approved by a Notice from Licensor.

c) **Financial Records:** Distributor will maintain accurate records in local currency of all financial transactions regarding the Picture using generally accepted accounting principles on a consistent, uniform and non-discriminatory basis until three (3) years after the Agreement Term and during any period while a dispute about payments remains unresolved. The records will include all Gross Receipts derived, all Recoupable Distribution Costs paid, all allowed adjustments or rebates made, all cash collected or credits received, and all other information necessary to render any statement due. Unless Licensor gives Notice approving otherwise, all records will be maintained on a cash basis, and if Distributor permits any off-set, refund or rebate of sums due Distributor, such sums will nonetheless be included in Gross Receipts. Distributor will also maintain full and accurate copies of every statement, contract, electronic record, audit report, correspondence and other records for the Picture and make available such records for inspection and copying at the Distributor's principal place of business.

d) **Statements - Contents:** Starting after Initial Delivery, Distributor will furnish Licensor with a statement in English (and, if requested, supporting documentation) for the Picture that identifies from the time of the immediately prior statement, if any, all Gross Receipts derived, all Recoupable Distribution Costs paid (identifying to whom they are paid), and all exchange rates used. If any Video Rights are licensed the statements will also include: (i) all Videograms manufactured, sold, rented, leased, returned, erased, recycled or destroyed; (ii) the wholesale and retail selling prices of all Videograms; and (iii) all allowable deductions taken. If the Territory contains more than one country, the information will be reported separately for each country and consolidated for the entire Territory. The information will be provided in reasonable detail on a current and cumulative basis. Distributor may not withhold any Gross Receipts as a reserve against returned or defective Videograms for more than two (2) consecutive accounting periods, after which the reserve must be liquidated. The amount withheld may not exceed ten percent (10%) of Video Gross Receipts derived for the two (2) accounting periods for which the reserve is retained.

e) **Statements - When Rendered:** Distributor will render statements for the following periods: (i) monthly for the first twelve (12) months after the First Release; then (ii) quarterly through the end of the Agreement Term and as long thereafter as Gross Receipts are derived by Distributor. Each statement must be delivered to Licensor within one (1) month after the end of the period for which it is rendered.

However, no statement need be rendered for any period in which there are no Gross Receipts, but if Licensor has not received a statement for six (6) months, Distributor will provide a current statement within one (1) month of Licensor's request.

f) **Audit Rights:** Until three (3) years after the Agreement Term, Licensor on fifteen (15) days' prior Notice may examine and copy, on its own or through its auditors, Distributor's financial records regarding the Picture. The examination will be at Licensor's expense unless it uncovers an underpayment, uncontested or later determined due, of more than ten percent (10%) of the amount shown due Licensor on the statements audited, in which case Distributor will pay on demand the costs of the examination.

## 11) DELIVERY AND RETURN

a) **Terminology:** "Delivery" of a Picture means delivery to Distributor of the Delivery Materials, consisting of the Initial Materials and the Additional Materials, by means of the Delivery Methods, as provided in the Deal Terms and this Paragraph 11. Initial Delivery means delivery of the Initial Materials. Additional Delivery means delivery of the Additional Materials.

b) **Initial Delivery:** Licensor will make Initial Delivery as follows:

i) **Notice of Initial Delivery:** Licensor will commence the Delivery process by giving Distributor a Notice of Initial Delivery stating the date on which Licensor is prepared to make Initial Delivery. Such date must be no later than the Delivery Date in the Deal Terms, unless the Delivery Date is extended due to Force Majeure, but in any case no later than the Outside Delivery Date in the Deal Terms.

ii) **Identified Initial Materials:** If the Initial Materials are identified on the Delivery Manifest or in the Delivery Deal Terms, then the Notice of Initial Delivery must also specify: (i) any Material Charges for the Initial Materials; (ii) the carrier making delivery; (iii) any delivery costs; and (iv) the method of payment. Distributor will immediately pay all amounts required. Upon receipt of payment, Licensor will immediately make Initial Delivery to Distributor of all Initial Materials by the required Delivery Method.

iii) **Non-Identified Initial Materials:** If the Initial Materials are not identified on the Delivery Manifest or in the Delivery Deal Terms, then Licensor's Notice of Initial Delivery will identify the available Initial Materials. Within ten (10) days of receipt of Licensor's Notice Distributor will inform Licensor of the pre-print items, prints, trailers, advertising and promotional accessories, support items and other Initial Materials relating to the Picture that Distributor reasonably requires. Licensor will then give Distributor Notice of: (i) any Material Charges; (ii) the carrier making delivery; (iii) any delivery costs; and (iv) the method of payment. Distributor will immediately pay all amounts required. Upon receipt of payment, Licensor will immediately make Initial Delivery to Distributor of all Initial Materials by the required Delivery Method.

iv) **Distributor Acceptance:** Distributor will respond promptly to Licensor's Notice of Initial Delivery so as not to delay the delivery process. In all cases, Distributor must accept Initial Delivery of all Initial Materials pursuant to the Delivery Manifest and no later than two (2) months after receipt of Licensor's Notice of Initial Delivery.

c) **Guarantor Certificate:** Licensor may have a completion guarantor bond Initial Delivery of the Picture. Distributor agrees that upon receipt of a Guarantor Certificate conforming to Paragraph g), Initial Delivery of the Picture will be deemed made as and when specified in accordance with the terms of the Guarantor Certificate. Nothing in this Paragraph 11.3 will waive any right Distributor may have against Licensor or the completion guarantor for failure to make Initial Delivery, but Distributor agrees not to assert such claims against or reduce any payments due to any third party.

d) **Additional Delivery:** After completion of Initial Delivery, Licensor will give Distributor Notice that Licensor is prepared to make Additional Delivery. If the Additional Materials are identified in the

Deal Terms or on the Delivery Manifest, Licensor's Notice will identify them; otherwise, Distributor will inform Licensor of the Additional Materials Distributor reasonably requires. Once the Additional Materials are identified, Licensor will inform Distributor of: (i) any Material Charges for the Additional Materials; (ii) the carrier making delivery; (iii) any delivery costs; and (iv) the method of payment. Distributor will immediately pay for such Additional Materials upon receipt of Licensor's Notice. Upon receipt of payment, Licensor will make prompt Delivery of the Additional Materials to Distributor as specified in the Deal Terms or Licensor's Notice.

e) **Delivery Methods:** Licensor will make Delivery of physical materials by one of the following methods specified in the Deal Terms or Licensor's Notice of Initial Delivery or Additional Delivery:

i) Physical Delivery: Where *Physical Delivery* is specified, Licensor will deliver to the delivery location specified in Paragraph IV.D. of the Deal Terms, the physical materials suitable for use as or for the manufacture of necessary exploitation materials listed on the Delivery Manifest. Unless otherwise specified in the Deal Terms, the physical materials will be shipped to Distributor by air transport.

ii) Laboratory Access: Where *Laboratory Access* is specified, Licensor will provide Distributor with access to the physical materials suitable for use as or for the manufacture of necessary exploitation materials listed on the Delivery Manifest. Access will be on the terms of the IFTA™ International Access Letter or if specified by Licensor, another mutually approved access letter. The physical materials will always be held in a recognized laboratory or facility in Licensor's name and subject to the requirements of the IFTA™ International Access Letter or another mutually approved letter. Distributor may order prints and other exploitation materials for the Picture to be manufactured from the accessible physical materials at Distributor's sole expense.

iii) Loan of Materials: Where *Loan Of Materials* is specified, Licensor will deliver on loan to the delivery location specified in Paragraph IV.D. of the Deal Terms or on the Delivery Manifest, the physical materials suitable for manufacture of necessary preprint materials. Unless otherwise specified in the Deal Terms, the physical materials will be shipped to Distributor by air transport. These physical materials will only be used to make new preprint materials, at Distributor's sole expense, from which necessary exploitation materials can be made. These physical materials will always be held in a laboratory or facility subject to Licensor's reasonable approval and will be returned to Licensor within a reasonable time designated by Licensor.

iv) Satellite Delivery: Where *Satellite Delivery* is specified, Licensor will deliver the physical materials listed in the Deal Terms or on the Delivery Manifest to Distributor by satellite transmission consistent with available materials and Distributor's equipment. Licensor will be responsible for all uplinking transmission costs; Distributor will be responsible for arranging to receive the satellite reception and for all downlinking reception costs. Distributor's failure to make suitable downlinking receiving arrangements, or failure to receive a transmission of the Picture due to technical downlink or reception failure, will not affect Distributor's obligations under this Agreement. If Distributor experiences a technical failure of transmission or reception, Licensor upon receipt of timely Notice will attempt to assist Distributor to receive a new transmission. Distributor will pay for each missed satellite feed a charge equal to Licensor's actual cost of the uplinking transmission.

11.5.5 Electronic Delivery: Where *Electronic Delivery* is specified, Licensor will deliver the physical materials listed in the Deal Terms or on the Delivery Manifest to Distributor by electronic transmission over the Internet or comparable service consistent with available materials and Distributor's equipment. When using Electronic Delivery, Licensor may require Distributor to obtain and use reasonable and commercially available digital rights management software and anti-piracy protection as a condition for making any electronic delivery.

f) **Delivery Of Support Material:** Licensor will also provide, at Distributor's request and expense, the advertising, promotional and other support materials as specified on the Delivery Manifest

or Licensor's Notice of Initial Delivery. Unless otherwise specified in the Deal Terms, all such materials will be shipped to Distributor by air transport. If Distributor elects not to use any materials supplied by Licensor or only a portion thereof, then Distributor will obtain prior Notice of Licensor's approval before using any of its own servicing, advertising, promotional or other support material.

g) **Evaluation And Acceptance:** Distributor will evaluate all Delivery Materials for technical acceptance promptly after their receipt. All Delivery Materials will be considered technically satisfactory and accepted by Distributor unless within fifteen (15) days after receipt Distributor gives Licensor Notice specifying any technical defect. If Distributor's Notice is accurate, then Licensor will, at its election, either: (i) promptly correct the defect and redeliver the affected Delivery Materials; or (ii) promptly deliver replacement Delivery Materials; or (iii) exercise its rights of suspension or withdrawal pursuant to Paragraph 14) In case of a redelivery, the procedures in this Paragraph will continue until Delivery is deemed made or the Picture is withdrawn. If Distributor has undertaken a First Release of the Picture then any alleged defect will be deemed waived by Distributor.

h) **Ownership Of Delivery Materials:** Legal ownership of and title to all Delivery Materials will remain with Licensor subject to Distributor's right to use such Delivery Materials under this Agreement. Distributor will exercise due care in safe-guarding all Delivery Materials and will assume all risk for their theft or damage while they are in Distributor's possession.

i) **Payment For Delivery Materials:** Distributor will pay for all Delivery Materials as indicated in the Deal Terms or otherwise by Notice from Licensor. All costs of Delivery and return (including shipping charges, import fees, duties, brokerage fees, storage charges and related charges) will be Distributor's sole responsibility *unless* otherwise specified in the Deal Terms.

j) **Distributor Created Materials:** Distributor will provide Licensor and its designees with immediate unrestricted free access to all alternate language tracks, subtitled tracks and dubbed versions, masters, advertising and promotional materials, artwork and other materials created or authorized by Distributor to exploit the Picture ("Distributor Created Materials") for use by Licensor and/or its designees. Distributor will promptly give Licensor Notice of each Person who prepares any Distributor Created Materials and each laboratory or facility where they are located. Licensor will pay Distributor promptly on request for the actual cost of duplication and shipping to Licensor of any Distributor Created Materials and any reuse fees applicable to their use. Distributor assigns to Licensor, and Licensor will immediately become the owner of, the worldwide copyright in all Distributor Created Materials, subject to a non-exclusive free license in favor of Distributor to use them during the Agreement Term solely for exploitation of the Licensed Rights. If such ownership is not allowed under a Law in the Territory, then Distributor grants Licensor a non-exclusive free license to use all Distributor Created Materials worldwide in perpetuity without restriction.

k) **Return Of Materials:** When the Agreement Term ends, Distributor will at Licensor's election either: (i) return all Delivery Materials and Distributor Created Materials to Licensor at Distributor's expense; or (ii) destroy all Delivery Materials and Distributor Created Materials and provide Licensor with a customary certificate of destruction.

## 12) EXPLOITATION OBLIGATIONS

a) **General Obligations:** Distributor will release the Picture in conformity with any Release Requirements in the Deal Terms, including releasing the Picture in the First Release Medium by no later than the Outside Release Date (if specified). Throughout the Agreement Term, Distributor will use diligent efforts and skill in the distribution and exploitation of the Licensed Rights to maximize Gross Receipts and minimize Recoupable Distribution Costs. The Picture will be distributed and exploited consistent with the quality standards of first-class distributors in the Territory. Distributor will not discriminate against the Picture or use the Picture to secure more advantageous terms for any other

motion picture, product or service. Distributor will maintain the Picture in continuous release throughout Territory for a period consistent with its reasonable business judgment.

b) **Cinematic Exploitation Obligations:** In exploiting any Cinematic Licensed Rights:

i) Licensor Approval: Distributor will accord Licensor prior reasonable approval on an on-going basis of all significant aspects of first run Theatrical release throughout the Territory, including the initial release campaign, distribution policy, minimum and maximum print order, advertising and publicity budget, marketing campaign, release pattern, short subject allocations, and any modifications to them. In undertaking the Theatrical Release, Distributor will comply in all material respects with the distribution plan, print order, advertising expenditure, marketing campaign and release plan approved by Licensor. Distributor will give Licensor reasonable advance notice of all premieres of the Picture in the Territory. Distributor will not enter or screen the Picture in any festival, charitable screening or the like without Licensor's prior approval.

ii) Release Information: During the period between the Theatrical Release of the Picture and the first accounting Statement, Distributor will give weekly Notice to Licensor setting forth all information available to Distributor regarding the results of such release, including exhibition terms, box office receipts and expenses as reported and received or incurred, on a weekly and cumulative basis.

iii) Exhibition Obligations: All exhibition agreements for the Picture must be separate from exhibition agreements for any other picture, product or service. If, during its first run, the Picture is exhibited with any other feature or short subject, then any allocation of box office receipts between them must be reasonably approved by Licensor. No more than the lesser of one percent (1%) of net box office receipts per theater or the equivalent of Five Hundred Dollars (US\$500) in the currency of the Territory per theater for any playdate may be allocated to a short subject. Distributor will not license any Picture to any Controlled Theater in which Distributor, or any of its affiliates, partners, officers, directors or shareholders, has more than a ten percent (10%) interest, except on terms consistent with arms-length transactions by such Controlled Theater for comparable motion pictures. Distributor will use all reasonable efforts to maximize collections from exhibitors as quickly as possible.

c) **Video Exploitation Obligations:** In exploiting any Video Licensed Rights:

i) Licensor Approval: Distributor will accord Licensor prior reasonable approval of all advertising, packaging and artwork, and the advertising and marketing campaign for exploitation of the Video Licensed Rights in the Picture. In addition, Distributor at its cost will provide Licensor for its reasonable approval one (1) prototype copy of each authorized type of Videogram and its packaging promptly after their manufacture and before their sale or disposition. Licensor's approval will be deemed given if Licensor does not give Distributor Notice of an objection within one (1) month of receipt of these items.

ii) Efforts And Quality: Distributor will use all diligent efforts and skill in the manufacture, distribution, and exploitation of Videograms of the Picture. The Videograms manufactured by Distributor will meet quality standards at least comparable to other Videograms commercially available through legitimate outlets in the Territory. Distributor will not advertise or authorize advertising of the availability of Videograms of the Picture to the public until two (2) months before the end of the applicable Video Holdback. From the end of the applicable Video Holdback until the end of the License Period for the Video Licensed Rights, Distributor will make Videograms of the Picture available in the Territory through its catalogue and will not allow them to leave normal channels of distribution for a commercially unreasonable period of time.

iii) Included Material: Distributor will not allow any other Motion Picture, advertising or other material to be included on any Videogram of the Picture without Notice of Licensor's prior approval. If any such material is included, then any allocation of receipts between them must be reasonably approved by Licensor.

iv) Pricing: If a Minimum Wholesale Price or a Minimum Retail Price is contained in the Deal Terms, Distributor, if not prohibited by Law, will not exploit or authorize exploitation of Videograms for less than such minimums. In any case, for calculating amounts due Licensor, all Videograms will be deemed sold for not less than such minimums. Distributor will not dispose of more than the number of Videograms set forth in the Deal Terms as promotional, discount, or free samples ("Free Goods") without Notice of Licensor's prior approval. Any disposition beyond such amount will be considered as if sold at not less than the Minimum Wholesale Price in the Deal Terms for purposes of computing any amounts due Licensor.

v) Sell-Off Period: During the last six (6) months of the License Period for the Video Licensed Rights, Distributor will not manufacture Videograms in excess of those reasonably anticipated to meet normal customer requirements. During the three (3) month period following the end of the License Period for the Home Video Licensed Rights, and provided this Agreement has not been terminated under Paragraphs 14) or 15), Distributor will have the non-exclusive right to sell off its then existing inventory of Videograms for Home Video exploitation only. At the end of this three (3) month period, Distributor will at Licensor's election either sell its remaining Videograms and their packaging to Licensor at cost or destroy them and provide Licensor with a customary certificate of destruction.

d) **Television Exploitation Obligations**: In exploiting any Television Licensed Rights:

i) Limitations: Distributor will not broadcast or authorize broadcast of the Picture for more than the number of Run(s) or Playdate(s) authorized in the Deal Terms or, if none, for more than a commercially reasonable number approved by Licensor. Distributor will not broadcast or authorize broadcast of the Picture by any form of Pay TV other than an encrypted form, and Distributor will not sell, rent or export or authorize the sale, rental or export of decoders for such encryption outside the Territory. Distributor will not broadcast or authorize broadcast of the Picture by any means from within the Territory where the broadcast is primarily intended for reception outside the Territory or is capable of reception by more than an insubstantial number of home televisions outside the Territory.

ii) Usage Reports: Upon Licensor's request, Distributor will promptly provide Licensor with the following information to the extent reasonably available to Distributor: (i) the title of the Picture in each Authorized Language used for each telecast of the Picture; (ii) each Person responsible for preparing a dubbed or subtitled version of the Picture; and (iii) the time and place of each telecast of the Picture since the last Usage Report to Licensor.

iii) Simultaneous Retransmissions: If during the Agreement Term, Simultaneous Retransmissions are subject to Compulsory Administration in a country in the Territory, then Licensor reserves the right to collect all royalties for Simultaneous Retransmissions of the Picture in such country regardless of where the primary broadcast originated.

iv) Digital Broadcasts: If during the Agreement Term, broadcasters in the Territory are required by Law to make simultaneous digital broadcasts of their analog broadcasts, then Distributor may authorize such simultaneous digital broadcasts, *provided that* both the analog and digital signal originate with the same broadcaster and duplicate the same content.

v) Internet Broadcasts: If during the Agreement Term, broadcasters in the Territory make their broadcasts simultaneously available on the Internet, then Licensor will give good faith consideration to authorizing such practice for the Picture subject to rights previously granted to others, *provided that* Distributor gives reasonable written assurances that Internet availability will only occur simultaneously with a broadcast of the Picture, will be only for the Authorized Language Use(s), will reasonably limit access to users within the Territory, and will incorporate technological safeguards that restrict copying or downloading of the Picture while on the Internet.



### 13) MUSIC

a) **Cue Sheets:** To the extent required and available, Licensor will supply Distributor promptly after Delivery of the Motion Picture with available music cue sheets listing the composer, lyricist and publisher of all music embodied in the Picture. Distributor will as necessary promptly file with the appropriate governmental agency or music rights society in the Territory the music cue sheets supplied by Licensor without change.

b) **Synchronization:** Licensor represents and warrants to Distributor that Licensor controls all rights necessary to synchronize the music contained in the Picture on all Copies exploited by Distributor throughout the Territory for the Agreement Term. Licensor authorizes Distributor to exploit such synchronization rights without charge in conjunction with its exploitation of the Picture. Licensor will be solely responsible for paying all royalties or charges necessary to obtain and control such synchronization rights for the Agreement Term, and Licensor will hold Distributor harmless from any payments in this regard.

c) **Mechanical:** Licensor represents and warrants to Distributor that Licensor controls all rights necessary to make mechanical reproductions of the music contained in the Picture on all Copies exploited by Distributor throughout the Territory for the Agreement Term. Licensor authorizes Distributor to exploit such mechanical rights without charge in conjunction with its exploitation of the Picture. Licensor will be solely responsible for paying all royalties or charges necessary to obtain and control such mechanical rights for the Agreement Term, and Licensor will hold Distributor harmless from any payments in this regard, *provided that* if a mechanical or authors' rights society in the Territory refuses to honor the authorization obtained by Licensor in the country of origin of the Picture, then Distributor will be solely responsible for such royalties or charges.

d) **Performance:** Licensor represents and warrants to Distributor that the non-dramatic ("small") performing rights in each musical composition embodied in the Picture are: either (i) in the public domain in the Territory; or (ii) controlled by Licensor sufficient to allow Distributor to exploit the Licensed Rights without additional payment for such rights; or (iii) available by license from the local music performing rights society(ies) in the Territory affiliated with the International Confederation of Authors and Composers Societies (CISAC). With regard to music in category (iii), Distributor will be solely responsible for obtaining a license to exploit such performance rights from the local music performing rights society(ies).

e) **Publishing:** As between Licensor and Distributor, Licensor will be solely entitled to collect and retain the publisher's share of any music royalties arising from Distributor's exploitation of any Licensed Rights in the Picture.

### 14) SUSPENSION AND WITHDRAWAL

a) **Licensor's Right:** Licensor may suspend Delivery or withdraw the Picture by Notice to such effect at any time: (i) if Licensor determines in good faith that its exploitation might infringe the rights of others or violate any Law; (ii) if Licensor determines in good faith that its Materials are unsuitable for the manufacture of first class commercial quality exploitation materials; or (iii) due to Force Majeure.

b) **Effect Of Suspension:** The Agreement Term will be extended for the length of each suspension. Suspension will not be a material breach of this Agreement, and Distributor will only be entitled to incidental damages, but not direct or consequential damages (such as "lost profits") for any suspension. If any suspension extends Initial Delivery of the Picture beyond the Outside Delivery Date in the Deal Terms, if any, then the Picture will be treated as immediately withdrawn on such Outside Delivery Date without the necessity of any Notice. Otherwise, if any suspension lasts more than three (3) consecutive months, then either Party may cancel this Agreement on ten (10) days' Notice, in which case the Picture will be withdrawn.

c) **Effect Of Withdrawal:** If the Picture is withdrawn, then Licensor must promptly offer to substitute a Motion Picture of like quality mutually satisfactory to Licensor and Distributor without additional charge. If the Parties cannot timely agree on such a substitute, then Licensor must promptly refund to Distributor all unrecouped amounts of the Guarantee paid to Licensor and all unrecouped Recoupable Distribution Costs. Distributor's sole remedy will be to receive this substitute or refund. In no case may Distributor collect any consequential damages (including "lost profits"). If during the three (3) years after the date of Licensor's Notice of withdrawal or the date the Picture is deemed withdrawn, Licensor elects to again release the Picture within the Territory, Distributor will have an exclusive right of First Negotiation to the extent the Agreement Term is still in effect to reacquire any of the Licensed Rights in the Picture within the Territory.

d) **Force Majeure:** Force Majeure means any fire, flood, earthquake, or public disaster; strike, labor dispute or unrest; unavoidable accident; breakdown of electrical or sound equipment; failure to perform or delay by any laboratory or supplier; delay or lack of transportation; embargo, riot, war, insurrection or civil unrest; any Act of God including severe inclement weather; any act of legally constituted authority; inability to obtain sufficient material, labor, transportation, power or other essential commodity or service required for the conduct of either Party's business or any other cause beyond the reasonable control of either Party.

## 15) DEFAULT AND CANCELLATION

a) **Distributor's Default:** Distributor will be in default if: (i) Distributor fails to pay any installment of the Guarantee when due; (ii) Distributor becomes insolvent or fails to pay its debts when due; (iii) Distributor makes an assignment for the benefit of creditors, seeks relief under any bankruptcy Law or similar Law for the protection of debtors, or allows a petition of bankruptcy to be filed against it or a receiver or trustee to be appointed for substantially all of its assets that is not removed within thirty (30) days; (iv) Distributor breaches any material term, covenant or condition of this Agreement or any other agreement with Licensor executed within eighteen (18) months before or after the Effective Date of this Agreement; (v) this Agreement applies to more than one Picture and Distributor breaches any material term, covenant or condition of this Agreement with respect to any Picture or all Pictures; (vi) a Distributor affiliate breaches any material term, covenant or condition of any other agreement with Licensor executed within eighteen (18) months before or after the Effective Date of this Agreement; or (vii) Distributor attempts to make any assignment, transfer, sublicense or appointment of an agent without first obtaining Licensor's approval under Paragraph 20)

b) **Notice To Distributor:** Licensor will give Distributor Notice of any claimed default. If the default is capable of cure, then Distributor will have fourteen (14) days after receipt of Licensor's Notice to cure a monetary default, and twenty-one (21) days after receipt of Licensor's Notice to cure a non-monetary default. If the default is incapable of cure, or if Distributor fails to cure within the time provided, then Licensor may proceed against Distributor for available relief, including canceling this Agreement retroactive to the date of default, suspending Delivery of the affected Picture (or for all Pictures), and declaring all unpaid amounts due Licensor under this Agreement immediately due and payable.

c) **Licensor's Default:** Licensor will be in default if: (i) Licensor fails to give Distributor a Notice of Initial Delivery before the Outside Delivery Date, if any, or otherwise fails to complete Initial Delivery as required; (ii) Licensor becomes insolvent or fails to pay its debts when due; (iii) Licensor makes an assignment for the benefit of creditors, or seeks relief under any bankruptcy Law or similar Law for the protection of debtors, or allows a petition of bankruptcy to be filed against it or a receiver or trustee appointed for substantially all of its assets that is not removed within thirty (30) days; or (iv) Licensor breaches any material term, covenant, or condition of this Agreement. Any default by

Licensors is limited to the particular Picture affected, and no default by Licensor as to any one Picture or agreement with Distributor will be a default as to any other Picture or agreement with Distributor.

d) **Notice To Licensor:** Distributor will give Licensor Notice of any claimed default. Licensor will have fourteen (14) days after receipt of Distributor's Notice to cure a monetary default, and twenty-one (21) days after receipt to cure a non-monetary default. If Licensor fails to cure within the times provided, then Distributor may proceed against Licensor for all available relief, including canceling this Agreement for the affected Picture retroactive to the date of default, *provided that*, however, in no case may Distributor collect any consequential damages including "lost profits".

e) **Arbitration:** Any dispute under this Agreement will be resolved by final and binding arbitration under the IFTA™ Rules For International Arbitration in effect as of the Effective Date of this Agreement ("IFTA™ Rules"). Each Party waives any right to adjudicate any dispute in any other court or forum, *except* that a Party may seek interim relief before the start of arbitration as allowed by the IFTA™ Rules. The arbitration will be held in the Forum and under the Governing Law designated in this Agreement, or, if none is designated, as determined by the IFTA™ Rules. The Parties will abide by any decision in the arbitration and any court having jurisdiction may enforce it. The Parties submit to the jurisdiction of the courts in the Forum, with respect to interim relief, to compel arbitration or to confirm an arbitration award. The Parties agree to accept service of process in accordance with the IFTA™ Rules and agree that service in accordance with the IFTA™ Rules satisfies all requirements to establish personal jurisdiction over the Parties. Both Parties waive application of the procedures for service of process pursuant to the Hague Convention for Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters. Both Parties acknowledge that for an unsatisfied arbitration award that is confirmed by a court of competent jurisdiction, the prevailing Party may request that the other Party be barred from attendance at the American Film Market® in accordance with the arbitration and barring provisions of the most current AFM® Guidelines.

## 16) ANTI-PIRACY PROVISIONS

a) **Copyright Notice Requirements:** Distributor will include on each Copy of the Picture distributed under its authority any copyright notice, work identifier and anti-piracy warning supplied by Licensor.

b) **Anti-Piracy Warning:** The anti-piracy warning must read substantially as follows:

### WARNING

THIS MOTION PICTURE IS PROTECTED BY LAW.

Any unauthorized copying, distribution, performance, renting, lending, exporting, importing, dissemination or exhibition is prohibited by Law. Violators will be subject to criminal prosecution and civil penalties.

THIS MOTION PICTURE IS REGISTERED WITH THE IFTA™ ANTI-PIRACY PROGRAM

c) **Enforcement:** Distributor will take all reasonable steps to prevent piracy of the Picture in the Territory. Licensor may participate in any anti-piracy action using counsel of its choice. Licensor's expenses will be reimbursed from any recovery in equal proportion with Distributor's. If Distributor fails to take anti-piracy action, Licensor may do so in Licensor's or Distributor's name, with all recoveries belonging to Licensor.

d) **New Technology:** If during the Agreement Term new technology in use in the Territory inhibits the unauthorized duplication of Copies of the Picture, interferes with the reception of broadcast signals without use of an authorized decoding device, or otherwise provides protection against unauthorized exploitation of the Picture, then Distributor will use such technology in a reasonable manner in exploiting the Picture. Distributor may deduct the proportional cost of so doing as a Recoupable Distribution Cost after obtaining Notice of Licensor's reasonable approval.

e) **No Warranty Against Piracy:** The Parties acknowledge that it is in their mutual interest to prevent piracy of the Picture in the Territory. Licensor has informed Distributor of any act of piracy of the Picture in the Territory of which Licensor is aware, and such information has been considered in determining the Guarantee along with the other terms of this Agreement. Distributor has also taken all necessary steps to inform itself of any piracy of the Picture in the Territory before executing this Agreement. No piracy of the Picture, whether occurring before or after execution of this Agreement, will allow Distributor to terminate this Agreement or reduce any amounts due to Licensor or alter the terms of exploitation including any Holdbacks. Licensor will cooperate with Distributor to prevent or remedy any such act of piracy.

## 17) LICENSOR'S WARRANTIES

a) **As Principal:** If the Cover Page indicates Licensor is a principal, then Licensor represents and warrants to Distributor that the following are true and correct as of the Effective Date of this Agreement:

- i) Licensor has full authority and capacity to execute this Agreement and full legal and financial ability to perform all of its obligations under this Agreement;
- ii) There are no existing or threatened claims or litigation which would adversely affect or impair any of the Licensed Rights in the Territory during the Agreement Term;
- iii) Licensor has not licensed, encumbered or assigned any Licensed Right to any other Person in the Territory in a manner that would interfere with any Licensed Right, and will not do so during its applicable License Period;
- iv) Licensor will not exploit or authorize exploitation of any Reserved Right in the Territory before the end of the applicable Licensor Holdback period;
- v) The Picture was produced by authors who are nationals of or have their habitual residence in, or was first published or simultaneously first published in, a country which at the time of such production or publication was a signatory to the Berne Convention for the Protection of Literary and Artistic Works or the Universal Copyright Convention or the Buenos Aires Convention, and Licensor has not done any act or omitted to do any act which would impair the copyright in the Picture within the Territory during the Agreement Term; and
- vi) Neither the Picture nor the exercise of any Licensed Rights does or will during the applicable License Period: (i) defame, or hold in a false light, or infringe any privacy or publicity or other personal right of any Person; or (ii) infringe any copyright, trademark, trade secret, right of ideas, or similar property right of any Person. To the best of Licensor's knowledge as of the Effective Date of this Agreement, no use of any of the Delivery Materials does or will infringe any patent rights of any Person.
- vii) Licensor has undertaken reasonable efforts to ensure that its suppliers of essential special effects and other digital information embodied in the Delivery Materials have not included any electronic self-help instructions that will cause such digital information to cease operation of its own accord in such a manner as to materially impair Distributor's use of such Delivery Materials. This does not apply to electronic Rights Management Information that prevents unauthorized use of the Delivery Materials.

b) **As Agent:** If the Cover Page indicates Licensor is acting as an agent, Licensor represents and warrants to Distributor that the following are true and correct and will remain so throughout the Agreement Term:

- i) Licensor has full authority from its principal designated on the Cover Page to enter into this Agreement on behalf of its principal and Licensor's principal will be bound by this Agreement;
- ii) Licensor's principal has made to Licensor each of the representations and warranties in Paragraph a), and has authorized Licensor to make those representations and warranties directly from the principal to Distributor on the principal's behalf, and to the best of Licensor's knowledge

they are all true and correct. In case of a breach of any representation or warranty in Paragraph a), Distributor agrees to look directly to the principal and not to Licensor for any remedies Distributor might have.

## 18) DISTRIBUTOR'S WARRANTIES

a) **As Principal:** Distributor represents and warrants to Licensor that the following are true and correct and will remain so throughout the Agreement Term:

- i) Distributor has full authority and capacity to execute this Agreement and full legal and financial ability to perform all of its obligations under this Agreement;
- ii) Distributor is the type of entity and is domiciled as indicated on the Cover Page.
- iii) There are no existing or threatened claims or litigation which would adversely affect or impair Distributor's ability to perform under this Agreement;
- iv) Distributor will honor all restrictions on the exercise of the Licensed Rights and the Allied Rights under this Agreement and will not exploit any Licensed Right outside the Territory, before the end of its Holdback, or after its License Period.
- v) No authorized dubbed or subtitled version of the Picture created by Distributor does or will: (i) defame, or hold in a false light, or infringe any privacy or publicity or other personal right of any Person; or (ii) infringe any copyright, trademark, trade secret, right of ideas, or similar property right of any Person; or (iii) to the best of Distributor's knowledge at the time of its creation, infringe any patent rights of any Person.

b) **As Assignor:** In case of any assignment of this Agreement pursuant to Paragraph 20), Distributor makes the following additional representations and warranties to Licensor:

- i) As a condition to the effectiveness of such assignment, the assignee can and will make all of the representations and warranties set forth above in Paragraph a) directly to Licensor; and
- ii) If the assignee breaches any of those representations and warranties, then Licensor, in addition to any other right or remedy, may proceed directly against Distributor for such breach without first proceeding against such assignee or exhausting any right or remedies against such assignee.

## 19) INDEMNITIES

a) **By Licensor:** Licensor will indemnify and hold harmless Distributor, its officers, directors, partners, owners, shareholders, employees, attorneys and agents, from all claims, loss, liability, damages or expenses, including reasonable outside attorneys' fees and legal costs, but not including lost profits, due to breach of any of Licensor's representations or warranties. Licensor will honor this indemnity despite any assignment of this Agreement. If Licensor is acting as an agent, these indemnities are also made directly by Licensor's principal to Distributor, but Distributor will look only to Licensor's principal to honor them.

b) **By Distributor:** Distributor will indemnify and hold harmless Licensor, its officers, directors, partners, owners, shareholders, employees, attorneys and agents, from all claims, loss, liability, damages or expenses, including reasonable outside attorneys' fees and legal costs, but not including lost profits, due to breach of any of Distributor's representations or warranties. Distributor will honor this indemnity despite any assignment, transfer, sublicense or appointment of an agent.

## 20) ASSIGNMENT AND SUBLICENSING

a) **Distributor's Limitations:** Distributor may not assign this Agreement or delegate its obligations in whole or in part, or sublicense or use an agent to exploit any Licensed Rights, whether voluntarily or involuntarily, without Notice of Licensor's prior approval in Licensor's sole discretion, and any attempted assignment in breach of this provision will be void. A transfer of a controlling

interest in Distributor's capital stock or other evidence of ownership will be a transfer requiring Licensor's approval. This Agreement will be binding on any assignee, transferee, subdistributor or agent approved by Licensor but will not release Distributor from its obligations under this Agreement.

b) **Licensor's Rights:** Licensor may freely assign or transfer this Agreement or any of its rights under this Agreement, but no such assignment or transfer will relieve Licensor of its obligations under this Agreement, *unless* it is to a company which acquires all or substantially all of Licensor's assets and fully assumes all of the obligations hereunder.

c) **Licensor's Assignment For Financing Purposes:** If Licensor pledges this Agreement, or assigns its right to receive any payment, to a lender, completion guarantor or other Person in connection with any loan or other obligation, then Distributor will promptly on request execute a reasonable and customary notice and acknowledgment of assignment as necessary to establish or perfect the Person's interest or secure its rights. Distributor agrees to abide by consistent written instructions from Licensor and such Person in making any payments otherwise due Licensor directly to such Person. Distributor agrees not to assert any offset rights to delay, diminish or excuse the payment of any sums pledged or assigned to such Person. Instead, Distributor will treat such offsets or other rights as a separate and unrelated matter solely between Licensor and Distributor.

## 21) MISCELLANEOUS PROVISIONS

a) **Separability:** In a conflict between this Agreement and any material Law, the latter prevails. If any provision herein is held to be unenforceable, the remaining provisions shall be in full force and effect.

b) **Approvals:** Where either Party may exercise any approval, it will do so promptly and in good faith, but in so doing, a Party need not place the other Party's interests ahead of its own.

c) **No Waiver:** No waiver of a breach will waive any other breach. No waiver is effective unless it is contained in a record authenticated by the Party making the waiver. The exercise of any right will not waive any other right or remedy.

d) **Remedies Cumulative:** All remedies are cumulative, and resorting to one will not preclude resorting to any other at any time.

e) **Notices:** All Notices must be in a record authenticated by the sending Party and sent to the receiving Party at its address on the Cover Page by personal delivery, fax, , courier or first class mail. Such Notice will be effective when received or deemed received pursuant to applicable Law. Notice may also be sent by e-mail, but then will not be effective until the recipient acknowledges receipt. Either Party may change its place for Notice by Notice duly given.

f) **Entire Agreement:** This Agreement contains the entire understanding of the Parties regarding its subject matter. It supersedes all previous written or oral negotiations, deal memos, understandings or representations between the Parties, if any. Each Party expressly waives any right to rely on such negotiations, understandings or representations, if any.

g) **Modification:** No modification of this Agreement is effective unless signed by both Parties.

h) **Terminology:** In this Agreement "and" means all possibilities, "or" means any or all possibilities in any combination, and "either...or" means only one possibility. "Including" means "including without limitation." "Must" or "will" means a Party has the obligation to act or refrain from acting; "may" means a Party has the right but not the obligation to act or refrain from acting.

i) **Additional Documents:** Upon reasonable request, each Party will execute and deliver such additional documents or instruments as are necessary to evidence, effectuate or confirm this Agreement.

j) **Governing Law:** This Agreement will be governed by and interpreted under the laws of the jurisdiction designated in Paragraph V.A. of the Deal Terms.

k) **Forum:** The Parties consent to the Forum designated in Paragraph V.C. of the Deal Terms as the exclusive place for resolving all disputes under this Agreement.

**IFTA™ INTERNATIONAL**  
**SCHEDULE OF DEFINITIONS**

**A. Cinematic Rights Definitions:**

*Cinematic* means *Theatrical*, *NonTheatrical* and *Public Video* exploitation of a Motion Picture.

*Theatrical* means exploitation of a Motion Picture Copy only for direct exhibition in conventional or drive-in theaters, licensed as such in the place where the exhibition occurs, that are open to the general public on a regularly scheduled basis and that charge an admission fee to view the Motion Picture.

*NonTheatrical* means exploitation of a Motion Picture Copy only for direct exhibition before an audience by and at the facilities of either organizations not primarily engaged in the business of exhibiting Motion Pictures, such as in educational organizations, churches, restaurants, bars, clubs, trains, libraries, Red Cross facilities, oil rigs and oil fields, or governmental bodies such as in embassies, military bases, military vessels and other governmental facilities flying the flag of the licensed territory. *NonTheatrical* does not include *Commercial Video*, *Public Video*, *Airline*, *Ship* or *Hotel* exploitation.

*Public Video* means exploitation of a Motion Picture Copy embodied in a Videogram only for direct exhibition before an audience in a "mini-theater", an "MTV theater" or like establishment that charges an admission to use the viewing facility or to view the Videogram, and that is not licensed as a traditional motion picture theater in the place where the viewing occurs.

**B. PayPerView Rights Definitions**

*PayPerView* means *NonResidential PayPerView*, *Residential PayPerView* and *Demand View* exploitation of a Motion Picture. *PayPerView* does not include any form of *Pay TV* or *Free TV*, nor any form of making the Picture available over the Internet.

*Residential PayPerView* means the broadcast of a Motion Picture Copy by means of an encoded signal for television reception in homes or similar permanent living places where a charge is made to the viewer for the right to use a decoding device to view the broadcast of the Motion Picture at a time designated by the broadcaster for each viewing.

*NonResidential PayPerView* means the broadcast of a Motion Picture Copy by means of an encoded signal for television reception in hotels or similar temporary living places where a charge is made to the viewer for the right to use a decoding device to view the broadcast of the Motion Picture at a time designated by the broadcaster for each viewing.

*Demand View* means the transmission of a Motion Picture Copy by means of an encoded signal for television reception in homes and similar permanent living places where a charge is made to the viewer for the right to use a decoding device to view the Motion Picture at a time selected by the viewer for each viewing.

**C. Ancillary Rights Definitions:**

*Ancillary* means *Airline*, *Ship* and *Hotel* exploitation of a Motion Picture.

*Airline* means exploitation of a Motion Picture Copy only for direct exhibition in airplanes that are operated by an airline flying the flag of any country in the licensed territory for which Airline exploitation is granted, but excluding airlines that are customarily licensed from a location outside the licensed territory or that are only serviced in but do not fly the flag of a country in the licensed territory.

*Ship* means exploitation of a Motion Picture Copy only for direct exhibition in sea or ocean going vessels that are operated by a shipping line flying the flag of any country in the licensed territory for which Ship exploitation is granted, but excluding shipping lines that are customarily licensed from a location outside the licensed territory or that are only serviced in but do not fly the flag of a country in the licensed territory.

*Hotel* means exploitation of a Motion Picture Copy only for direct exhibition in temporary or permanent living places, such as hotels, motels, apartment complexes, co-operatives or condominium projects, by means of closed-circuit television systems where the telecast originates within or in the immediate vicinity of such living places.

#### **D. Video Rights Definitions:**

*Video* means *Home Video* and *Commercial Video* exploitation of a Motion Picture, but does not include any form of making the Motion Picture available over the Internet.

*Home Video* means *Home Video Rental* and *Home Video SellThru* exploitation of a Motion Picture.

*Home Video Rental* means exploitation of a Videogram embodying a Motion Picture that is rented to the viewer only for non-public viewing of the embodied Motion Picture in a linear form within a private living place where no admission fee is charged for such viewing.

*Home Video SellThru* means exploitation of a Videogram embodying a Motion Picture that is sold to the viewer only for non-public viewing of the embodied Motion Picture in a linear form within a private living place where no admission fee is charged for such viewing.

*Commercial Video* means direct linear exhibition before an audience of a Videogram embodying a Motion Picture at the facilities of either organizations not primarily engaged in the business of exhibiting Motion Pictures, such as in educational organizations, churches, restaurants, bars, clubs, trains, libraries, Red Cross facilities, oil rigs and oil fields, or governmental bodies such as in embassies, military bases, military vessels and other governmental facilities flying the flag of the licensed territory, but only to the extent that such exploitation is not otherwise utilized in the licensed Territory as a form of NonTheatrical exploitation. Commercial Video does not include NonTheatrical, Public Video, Airline, Ship or Hotel exploitation, nor any form of making the Picture available over the Internet.

#### **E. Pay TV Rights Definitions**

*Pay TV* means *Terrestrial Pay TV*, *Cable Pay TV* and *Satellite Pay TV* exploitation of a Motion Picture. *Pay TV* does not include any form of *PayPerView* nor any form of making the Picture available over the Internet.

*Terrestrial Pay TV* means over-the-air broadcast of a Motion Picture Copy by means of encoded Hertzian waves for television reception where a charge is made: (i) to viewers in private living places for use of a decoding device to view a channel that broadcasts the Motion Picture along with other programming; or (ii) to the operator of a hotel or similar temporary living place located distant from where the broadcast signal originated for use of a decoding device to receive a channel that broadcasts the Motion Picture and other programming and retransmit it throughout the temporary living place for viewing in private rooms.

*Cable Pay TV* means an originating transmission of a Motion Picture Copy by means of an encoded signal over cable for television reception where a charge is made: (i) to viewers in private living places for use of a decoding device to view a channel that transmits the Motion Picture along with other programming; or (ii) to the operator of a hotel or similar temporary living place located distant from where the broadcast signal originated for use of a decoding device to receive a channel that broadcasts



the Motion Picture and other programming and retransmit it throughout the temporary living place for viewing in private rooms.

*Satellite Pay TV* means the uplink broadcast of a Motion Picture Copy by means of an encoded signal to a satellite and its downlink broadcast to terrestrial satellite reception dishes for television viewing located in the immediate vicinity of the reception dishes where a charge is made: (i) to viewers in private living places for use of a decoding device to view a channel that broadcasts the Motion Picture along with other programming; or (ii) to the operator of a hotel or similar temporary living place located distant from where the broadcast signal originated for use of a decoding device to receive a channel that broadcasts the Motion Picture and other programming and retransmit it throughout the temporary living place for viewing in private rooms.

#### **F. Free TV Rights Definitions:**

*Free TV* means *Terrestrial Free TV*, *Cable Free TV*, and *Satellite Free TV* exploitation of a Motion Picture. *Free TV* does not include any form of *PayPerView*, nor any form of making the Picture available over the Internet.

*Terrestrial Free TV* means over-the-air broadcast by Hertzian waves of a Motion Picture Copy for television reception in private living places without a charge to the viewer for the privilege of viewing the Motion Picture, *provided that* for this purpose government television assessments or taxes (but not a charge for *PayPerView* or *Pay TV*) will not be deemed a charge to the viewer.

*Cable Free TV* means the originating transmission by coaxial or fiber-optic cable of a Motion Picture Copy for television reception in private living places without a charge to the viewer for the privilege of viewing the Motion Picture, *provided that* for this purpose neither government television assessments or taxes nor the regular periodic service charges (but not a charge for *PayPerView* or *Pay TV*) paid by a subscriber to a cable television system will be deemed a charge to the viewer.

*Satellite Free TV* means the uplink broadcast to a satellite and its downlink broadcast to terrestrial satellite reception dishes of a Motion Picture Copy for television viewing in private living places located in the immediate vicinity of a viewer's reception dish without a charge to the viewer for the privilege of viewing the Motion Picture, *provided that* for this purpose government satellite dish or television assessments or taxes (but not a charge for *PayPerView* or *Pay TV*) will not be deemed a charge to the viewer.

#### **G. Internet Rights Definitions:**

*Internet Rights* means *Internet Downloading* or *Internet Streaming* exploitation of a Motion Picture. *Internet Rights* do not include any form of *PayPerView*, *Video*, *Pay TV* or *Free TV* exploitation of a Motion Picture.

*Internet Downloading* means exploitation of a digital Motion Picture Copy by making it available on the World Wide Web portion of the Internet in a manner that allows its transmission to a Computer for making another exact digital copy of the Motion Picture Copy and retaining the new digital copy for use for more than a transient period of time after completion of the initial continuous period of transmission. *Internet Downloading* does not include any form of *Internet Streaming*.

*Internet Streaming* means exploitation of a digital Motion Picture Copy by making it available on the World Wide Web portion of the Internet in a manner that allows continuous viewing of the Motion Picture Copy on a Computer in a substantially linear form substantially simultaneously with the transmission of such Motion Picture Copy over the Internet but which does not allow making another digital copy except for a transient period of time necessary to facilitate such viewing. *Internet Streaming* does not include any form of *Internet Downloading*.

*Internet Streaming/Downloading* means exploitation of a digital Motion Picture Copy by making it available on the World Wide Web portion of the Internet for both *Internet Downloading* and *Internet Streaming* at substantially the same time.

#### H. Video Use Definitions:

*Cassette* means the same as VideoCassette.

*CD* means a Compact Disc.

*Compact Disc* means a combined optical and electronic analog storage device designed to be used in conjunction with an electronic device that causes a Motion Picture to be visible on the screen of a computer monitor or television for private viewing in a substantially linear manner. A Compact Disc does not include any type of VideoDisc or DVD.

*Disc* means an electronic storage device designed to be used in conjunction with an electronic device or a computer that causes a Motion Picture to be visible on the screen of a television or computer monitor for private viewing in a substantially linear manner. A Disc includes a VideoDisc, Compact Disc or a DVD, but not a VideoCassette.

*DVD* means a digitally encoded electronic storage device that conforms to one of the following: (1) the DVD Specification for Read-Only Disc, version 1 (August 1996) or its successor, (2) the DVD Multi Specification for Read-Only Disc, version 1 (June 2001) or its successor, or (3) the HD DVD Specification for Read-Only Disc, version 1 (September 2005) or its successor, and that is designed for use in conjunction with an electronic device or computer in a way that causes a Motion Picture to be visible for private viewing on the screen of a computer monitor or television. DVD includes Digital Versatile Discs, High Definition DVDs, and related DVD enabled peripherals such as DVD-ROM devices and DVD-RAM devices, but does not include any type of Compact Disc or VideoDisc.

*Laser Disc* is a type of VideoDisc.

*VCD* means Video Compact Disc.

*Video Compact Disc* means a type of compressed analog VideoDisc designed to be used solely on a special purpose electronic device that is solely dedicated for private viewing of a Motion Picture on the screen of a television in a substantially linear manner.

*VideoCassette* means a VHS or Beta cassette or comparable analog magnetic storage device designed to be used with a reproduction apparatus that causes a Motion Picture to be visible on a television screen for private viewing in a substantially linear manner. A VideoCassette does not include any type of VideoDisc or Compact Disc or DVD.

*Videogram* means any type of VideoCassette, Compact Disc, Disc, DVD or VideoDisc, but only to the extent use of the specific type of electronic storage device is authorized in the Agreement by the Parties.

*VideoDisc* means a laser or capacitance disc or comparable analog optical or mechanical storage device designed to be used with a reproduction apparatus that causes a Motion Picture to be visible on a television screen for private viewing in a substantially linear manner. A VideoDisc does not include any type of Compact Disc or DVD.

## **I. Internet Use Definitions:**

*Advertiser Supported* means making a Motion Picture Copy available on the World Wide Web portion of the Internet for accessing, downloading or streaming, by either: (i) including trailers, commercials or other advertising before, after, or within the continuity of the Motion Picture Copy; or (ii) including banners, logos, icons, text, hyper-text, meta-tags, symbols or other identifying information of a product or service or a supplier of such product or service provider on the same web page as the Motion Picture Copy or any of its elements or identifying information.

*Limited Use* means authorizing accessing, streaming or downloading, as applicable, of a Motion Picture Copy on the World Wide Web portion of the Internet by a user who is required to pay a separate fee to obtain a limited right to use a new digital copy of a Motion Picture Copy that may be accessed and viewed, but not further copied, subject to express limitations as to either the number of accesses or viewings, the period of access or viewing, or both (*e.g.* unlimited viewing for *x* days, or *x* viewings maximum, or *x* viewings within *y* days).

*Permanent Use* means authorizing downloading of a Motion Picture Copy on the World Wide Web portion of the Internet by a user who is required to pay a separate fee to obtain ownership of new digital copy of the Motion Picture Copy which new copy may be used and viewed, but not further copied, without express limitations as to the number of uses and viewings and the time period of so doing.

*Single Use* means authorizing accessing, streaming or downloading, as applicable, of a Motion Picture Copy on the World Wide Web portion of the Internet by a user who is required to pay a separate fee for each single act of accessing, streaming or downloading the Motion Picture Copy in whole or in part.

*Subscription Use* means authorizing accessing, streaming or downloading, as applicable, of a Motion Picture Copy on the World Wide Web portion of the Internet by a user who is required to pay a set fee for a specified period to access, stream or download, as applicable, the embodied Motion Picture along with other Motion Pictures available in the same manner on the same web site.

## **J. Other Rights Definitions:**

*Compact Disc Interactive* when used as a Right is a type of Interactive Multimedia Right and when used to describe a Work is a type of Interactive Multimedia Work.

*CDI* means the same as Compact Disc Interactive.

*Dubbed* means a Version of the Motion Picture in which the voices of performers on the original soundtrack are replaced with the voices of other performers speaking dialogue in an Authorized Language.

*Interactive Multimedia* means exploitation of an Interactive Multimedia Work by means of a computing device that allows the Interactive Multimedia Work to be directly perceived and manipulated by the user of the computing device and that either stores the Interactive Multimedia Work on the user's

computing device or accesses a Copy of the Interactive Multimedia Work by electronic means from another computing device interconnected with and located in the immediate vicinity of the user's computing device.

*Interactive Networked Multimedia* means exploitation of an Interactive Multimedia Work over the facilities of a communications system that allows the user of a computing device to engage in two-way transmissions over the system to access the Interactive Multimedia Work, irrespective of the operator of the system or the means by which signals are carried, and that stores a Copy of the Interactive Multimedia Work for transmission over the system at a place distant from the place where the user's computing device is located.

*Interactive Multimedia Work* means a Work consisting primarily of a presentation communicated to a user through the combination of two or more media of expression, whether textual, audio, pictorial, graphical or audiovisual, where a significant characteristic of the presentation is the ability of the user to manipulate the content of the presentation by means of a computing device in real time and in a nonlinear fashion.

*Live Performance* means performance of a Motion Picture or its Underlying Material by live players, whether by reading, performance, musico-dramatic rendition or pantomime, where the performance occurs directly before a live audience or is broadcast live and without prerecorded material directly to the public, but excluding performances less than fifteen (15) minutes in length done for the purpose of advertising or publicizing the Motion Picture.

*Mail Order* means Home Video SellThru exploitation in which the sale occurs by placing an order for and receiving delivery of the Videogram through use of the postal service or other shipping service and not at a retail establishment. Ordering a Videogram over the telephone or through the Internet is not Mail Order.

*Merchandising* means distribution and sale of tangible goods, other than Copies of a Motion Picture or any of its Versions, that are based on or utilize the title of the Picture, the names, likenesses or characteristics of artists in their roles in a Motion Picture, or physical materials appearing in or used for a Motion Picture and that are made for sale to the general public. Merchandising does not include Interactive Multimedia, Interactive Networked Multimedia, Internet or Publishing rights.

*Near-Demand View* means multiple regularly scheduled transmissions in a short time period of a Motion Picture Copy by means of an encoded signal for television reception in homes and similar permanent living places where a charge is made to the viewer for the right to use a decoding device to view the Motion Picture at one of the scheduled transmission times selected by the viewer for each viewing.

*Near Video-On-Demand* means Near-Demand View

*NVOD* means Near Video-On-Demand or Near-Demand View.

*Parallel Tracked* means embodying a Copy of the Original Language Version of the Picture in a Compact Disc or DVD that also contains a Dubbed or Subtitled Version of the Picture in the Authorized Language Uses.

*Pay-Cable TV* means the same as Cable Pay TV.

*Publishing* means exploitation of hard cover or soft cover printed publications of a novelization of a Motion Picture or artwork, logos or photographic stills created for use in the Motion Picture that are included in such novelization.

*Subtitled* means a Version of the Picture in which a translation of the original dialogue appears on the bottom of the screen.

*VOD* means Video-On-Demand

*Video-on-Demand* means the same as *Demand View*.

#### K. Additional Definitions:

*Affiliate* means any Person, including any officer, director, employee or partner of a Person controlled by, controlling or under common control with a Party.

*Authorized Format* means the formats for which the Licensor has authorized the Motion Picture to be exploited.

*Availability Date* means the first day after the end of the Holdback Period for a Licensed Right. If the Availability Date refers to a category of Licensed Rights, it refers to the first date on which Distributor may exploit any Licensed Right in the category. For example, the Pay TV Availability Date is the first date on which Distributor may exploit the Pay TV Terrestrial, Pay TV Cable or Pay TV Satellite Right.

*Broadcast* means the communication to the public of a Motion Picture by means of wire, cable, wireless diffusion or radio waves, terrestrially or by satellite, that allows the Motion Picture to be viewed on a television. Broadcast means the same as telecast or diffusion.

*Compulsory Administration* means any Law under which: (i) Simultaneous Retransmissions are subject to compulsory license; (ii) systems or other Persons may simultaneously retransmit such Simultaneous Retransmissions without first obtaining direct authorization from rightsholders or Persons making originating broadcasts; or (iii) rightsholders may only grant or withhold authorization for Simultaneous Retransmissions remunerated through collective management societies, collective contractual agreements or local Law.

*Copy* means the embodiment of a Motion Picture in any form, including film, tape, cassette, disc or digital file. Where a specific Licensed Right is limited to exploitation in an Authorized Format (for example, to Videograms), then Copy with respect to such Licensed Right is limited to such Authorized Format. *Exhibition* means the same as public performance.

*First English Release* means, with respect to each Licensed Right, the date on which a Motion Picture is first made available to the public through the exercise of such Licensed Right in the major country within the Region whose recognized official language is English or, if there is no such country in the Region, in the United States

*First Release* means the earliest of: (i) the date on which the Motion Picture must be released as designated in the Deal Terms; or (ii) the date on which the Picture is first made generally available to the paying public in the Territory, either through exhibition in cinemas, sale of Videograms, or telecast; or (iii) six (6) months after Notice of Initial Delivery.

*First Theatrical Release* means the date on which the Motion Picture is first made generally available to the paying public in cinemas in the Territory, excluding festival and awards screenings.

*First Video Release* means the date on which Videograms embodying the Motion Picture is first made generally available for sale to or rental by the paying public in the Territory.

*First Negotiation* means, *provided that* Distributor is then actively engaged in the distribution business on a financially secure basis, Licensor will negotiate exclusively with Distributor in good faith for a period of ten (10) days after receipt of Notice by Licensor regarding the matter for which

Distributor has a First Negotiation right before entering into negotiations regarding the matter with any other Person. If no agreement is reached within this time period, then Licensor will be free to stop negotiations with Distributor and then to negotiate and conclude an agreement regarding the proposed matter with any other Person on any terms.

*Licensed Channel* means a specific television channel transmitting as an identified broadcast service and designated in the Deal Terms.

*Licensed Telecasts* means the total number of Authorized Runs and Playdates specified in the Deal Terms.

*Law* means any statute or ordinance, whether municipal, state, national or territorial, any executive, administrative or judicial regulation, order, judgment or decree, any treaty or international convention, or any rule, custom or practice with force of law.

*Local Language(s)* mean the primary language(s) spoken in each country of the Territory.

*Motion Picture* means an audiovisual work consisting of a series of related images that, when shown in succession, impart an impression of motion, with accompanying sounds, if any.

*Original Language* means the primary language spoken in the dialogue of a Motion Picture in its original version.

*Outside Release Date* means the date on which Distributor must release the Picture in the First Release Medium, if so specified in the Deal Terms.

*Party* means either Licensor or Distributor.

*Person* means any natural person or legal entity.

*Playdate* means one or more telecasts of the Picture during a twenty-four (24) hour period over the non-overlapping telecast facilities of an authorized telecaster such that the Picture is only capable of reception on televisions within the reception zone of such telecaster during such period.

*Principal Photography* means the actual photographing of a Motion Picture, excluding second-unit photography or special effects photography, requiring the participation of the director and the on-camera participation of a featured member of the principal cast.

*MultiPlexing* means transmission of a Motion Picture over related broadcast channels supplied by the same broadcaster or pay service.

*Remake* means a new Motion Picture derived from an existing Motion Picture or its Underlying Material in which substantially the same characters and events as shown in the existing Motion Picture are depicted.

*Rights* means rights, licenses and privileges under copyright, trademark, neighboring rights or other intellectual property rights with regard to any type of exploitation of a Motion Picture or its Underlying Material, including the rights to duplicate, adapt, distribute, perform, display and make available in accordance with the customary requirements of each specific licensed media.

*Rights Management Information* means any information embodied, attached, related or appearing in or on a Motion Picture Copy that may include a copyright notice or other identifier, that identifies the copyright owner, producer, author, writer, director, performers or other Persons who have contributed to the making of the Motion Picture, or that describes any authorized terms and conditions for licensing or use of the Motion Picture or the Motion Picture Copy.

*Run* means one (1) telecast of the Motion Picture during a twenty-four (24) hour period over the non-overlapping telecast facilities of an authorized telecaster such that the Picture is only capable of

television reception within the reception zone of such telecaster once during such period. A simultaneous telecast over several interconnected local stations (*i.e.* on a network) constitutes one (1) telecast; a telecast over non-interconnected local stations whose signal reception areas do not overlap constitutes a telecast in each station's local broadcast area.

*Sequel* means a new Motion Picture derived from an existing Motion Picture or its Underlying Material in which a character, event or locale depicted in the existing Motion Picture or its Underlying Material is shown engaged in or as the subject of substantially new and different events than those depicted in the existing Motion Picture.

*Simultaneous Retransmission* means the simultaneous, unaltered and unabridged retransmission by an operator other than the licensed broadcaster of a Motion Picture by cable, microwave or telephone system for reception by the public of an initial transmission..

*Underlying Material* means the literary and other material from which a Motion Picture is derived or on which it is based, including all versions of the screenplay, all notes, memos, direction, comments, ideas, stage business and other material incorporated in any version of the Motion Picture, and, to the extent necessary rights and licenses have been duly obtained, all existing novels, stories, plays, songs, events, characters, ideas, or other works from which any version of the Motion Picture is derived or on which it is based.

*Version* means an adaptation of a Motion Picture that is not accomplished by merely mechanical reproduction or use of minimal originality but instead uses original artistic or intellectual expression to create a new Work in its own right which contains materials or expressions of authorship not found in the original Motion Picture.

*Work* means an original expression of authorship in the literary, scientific or artistic domain whatever may be the mode or form of its expression.

## **L. Additional Internet Rights Terminology**

*Access (access)* means to make available a Motion Picture Copy on the Internet in a manner that allows a user to copy, view, stream, download or use, or to obtain data or information about or related to, the Motion Picture Copy or its embodied Motion Picture. *Access* includes *accessing*.

*Computer* means an electronic device that accepts a Motion Picture Copy in digital form and allows its viewing or manipulation in response to a sequence of instructions where the type and order of the instructions can be defined, selected and entered by the user of the Computer. A Computer includes desktops, notebooks and laptops and excludes VCR, DVR, DVD, set top box players or recorders and Handheld Devices.

*Digital Rights Management* means a sequence of software or hardware instructions embodied in, related to or activated by a Motion Picture Copy that controls or manages copying, viewing, altering, or accessing the Motion Picture, its content or elements or associated Rights Management Information.

*Download (download)* means to make available a Motion Picture Copy on the Internet in a manner that allows its transmission to a Computer for making another exact digital copy of the Motion Picture Copy and retaining such copy for use for more than a transient period of time after completion of the initial continuous period of transmission. *Download* includes *downloading*.

*DRM* means *Digital Rights Management*.

*Handheld Device* means a mobile electronic device a substantial purpose of which is facilitating telephonic or text communication, digital photography or data storage and which customarily fits in a

human hand, and which incorporates functionality that allows viewing of a Motion Picture Copy. Handheld Device includes personal mobile phones, personal digital assistants and other similar devices, but does not include a Computer.

*Internet* means the interconnected facilities of a publicly available packet-switching communications system that allows the user of a computing device to engage in two-way transmissions over the system through which the user obtains access to a Motion Picture Copy stored in digital form at a place distant from the place where the user's computing device is located.

*Stream (stream)* means to make available a Motion Picture Copy on the Internet in a manner that allows continuous viewing of the Motion Picture Copy in substantially linear form on a Computer simultaneously with the transmission of such Motion Picture Copy over the Internet but which does not allow making another digital copy except for a transient period of time necessary to facilitate such viewing. *Stream* includes *streaming*.



IFTA™ INTERNATIONAL DELIVERY MANIFEST

<b>Element</b>	<b>Quantity</b>	<b>Delivery Method</b>
35 mm Theatrical Release Print	TBD	Physical Delivery
35mm Trailer Print	TBD	Physical Delivery
Digital Betacam PAL -Feature– 16x9	1	Physical Delivery
Digital Betacam PAL -Feature– 4x3	1	Physical Delivery
Digital Betacam PAL – Trailer	1	Physical Delivery
DA88 M&E of Feature	1	Physical Delivery
DA88 M&E of Trailer	1	Physical Delivery
Music Cue Sheet	1	Physical Delivery
Paid Ad Statement	1	Physical Delivery
Artwork	1	Physical Delivery
Photography	1	Physical Delivery
Key Art	1	Physical Delivery
Press Kit – (if available)	1	Physical Delivery
Billing Block	1	Physical Delivery

**IFTA™ INTERNET RIDER**

This Independent Film & Television Alliance® Internet Rider (“Rider”) is made as of (“Effective Date”) is a part of the IFTA™ International Multiple Rights Agreement between Licensor and Distributor identified as follows (“Distribution Agreement”):

**LICENSOR:**

**DISTRIBUTOR:**

This Rider has been drafted using the form IFTA™ Internet Rider version V: 2005 (“IFTA™ Form”). If the heading of this Rider uses the IFTA™ trademark, then Licensor represents that, except where terms are to be included in such form, no change has been made to pre-printed elements of the IFTA™ Form *unless* conspicuously indicated in double underlining, strike-out or similar formatting to designate changes.

This Rider and the Distribution Agreement will be interpreted together to form one contract, but terms inserted in the IFTA™ Internet Rider Deal Terms to complete this Rider prevail over pre-printed terms in this Rider. All terms of the Distribution Agreement apply to the Internet Licensed Rights unless specifically altered by this Rider.

Licensor and Distributor have executed this Rider as of the date written above to constitute a binding contract between them.

**LICENSOR**

**DISTRIBUTOR**

By: \_\_\_\_\_  
 Its Authorized Signatory  
 Title:  
 (As Agent for \_\_\_\_\_)

By: \_\_\_\_\_  
 Its Authorized Signatory  
 Title:

**RIDER IDENTIFICATION**

Status: Original Revision Amendment  
 Form Id. IFTA™ Internet Rider \_\_\_\_\_

**IFTA™ INTERNET RIDER DEAL TERMS**

**A. Conditions on Exercise:**

Distributor may not exercise any Internet Licensed Rights until satisfaction of all conditions in Paragraph 2. of the Internet Rider Standard Terms by means of:

Execution of Distributor’s Disclosure of Internet Security Requirements attached as *Exhibit A*; or

Notice of Licensor’s Approval per Paragraph 2. of the Internet Rider Standard Terms.

**B. Picture:** \_\_\_\_\_ or  same as in Distribution Agreement.

**C. Territory:** \_\_\_\_\_ or  same as in Distribution Agreement.

**D. License Period:** Starting on the Execution Date and ending on the earlier of: (a) the end of the Agreement Term in the Distribution Agreement.

**E. Authorized Language Use(s):** Only for the Authorized Language Use(s) in the Distribution Agreement.

**F. Holdback:** Until the later of: (a) the date Distributor satisfies the Conditions on Exercise in Paragraph A., above.

**G. Internet Licensed Rights and Authorized Internet Uses:**

Licensor grants Distributor the following selected Internet Licensed Rights and Authorized Internet Uses solely for the Picture within the Territory during the License Period:

Licensed? Yes No	Internet Licensed Rights	Exclusive?		Authorized Internet Uses (only if selected)				
		Yes	No	Single Use	Limited Use	Permanent Use	Subscription Use	Ad Supported
<input checked="" type="checkbox"/>	Internet Downloading	<input checked="" type="checkbox"/>	<input type="checkbox"/>					
<input checked="" type="checkbox"/>	Internet Streaming	<input checked="" type="checkbox"/>	<input type="checkbox"/>					

**H. Internet Guarantee:** \_\_\_\_\_

The Internet Guarantee is payable immediately upon execution of this Rider in the Base Currency, by the Payment Method, and to the bank account identified in the Distribution Agreement.

**I. Licensor’s Internet Revenue Share:**

70% of Internet Revenue to Licensor or \_\_\_\_\_.  
Cross-Collateralized against Distribution Agreement?:  Yes  No

**J. Internet Delivery Materials:**

One (1) Digibeta Master of the Picture; or \_\_\_\_\_  
The Party responsible for cost of preparing DRM version is:  Licensor  Distributor.

## IFTA™ INTERNET RIDER STANDARD TERMS

1. **DEFINITIONS:** Certain terms used in this Rider are defined on the attached IFTA™ Internet Rider Definitions. If not defined there, terms with capital letters are defined in the Distribution Agreement. “IFTA™” includes its former name “AFMA®”.

### 2. **CONDITIONS ON EXERCISE OF INTERNET LICENSED RIGHTS**

2.1. **General:** Distributor is authorized to exercise any Internet Licensed Rights granted in this Rider only so long as all of the following conditions are currently and continually satisfied:

2.1.1. Access Security: Distributor may only make the Picture available over the Internet through a web site where access to the entire web site is subject to an enforceable access contract that (a) only authorizes streaming or downloading of the Picture for the Authorized Internet Uses; (b) prohibits to the full extent allowed by Law circumventing of any Technological Security or DRM Security features for the Picture; (c) protects the privacy of users of the web site and controls access to the web site by minors as required by Law; and (d) complies with all security and authentication requirements of any credit card processor or verifier used for any e-commerce processing on the web site.

2.1.2. Technological Security: Distributor may only make the Picture available over the Internet through a web site that incorporates all commercially reasonable and current technological and anti-circumvention safeguards to ensure that accessing, streaming or downloading of the Picture is limited solely to end users whose habitual residence is verifiably located within the Territory and to Computers whose Internet addresses are verifiably located within the Territory.

2.1.3. DRM Security: Distributor may only make the Picture available over the Internet using digital copies of the Picture that incorporate all commercially reasonable and current DRM technology and anti-circumvention that continually restricts unauthorized copying, accessing, streaming or downloading of such copies both while available on the Internet and after any authorized streaming or downloading.

2.1.4. E-commerce Security: Distributor may only make the Picture available over the Internet for the Authorized Language Use(s) and the Authorized Internet Uses, utilizing all commercially reasonable and current technological safeguards to protect the e-commerce payment processing system from hacking or fraud, and subject to an enforceable contract that limits any use of copies of the Picture solely to the Authorized Internet Uses, that prohibits to the fullest extent allowed by law circumventing of any DRM Security features on copies of the Picture, and that prohibits any unauthorized copying, access, distribution, streaming or downloading of the Picture or its copies, and that waives to the full extent allowed by Law any liability of Licensor under express or implied warranties, if any, with respect to operation of any Technological Security or DRM Security features or for the content of the Picture(s) other than for infringement.

2.2. **Notice and Verification:** If Distributor is currently able to satisfy all of the conditions in Paragraph 2.1. above, then attached to this Rider as *Exhibit A* is a detailed statement of the methods used by Distributor to do so, along with a space for Licensor’s signature approving such methods. If no such signed *Exhibit A* is attached and executed by

Licensor, then Distributor may not exploit any Internet Licensed Rights until: (i) Distributor provides Licensor with a Notice specifying in detail the methods used by Distributor to satisfy the requirements of Paragraph 2.1. along with reasonable assurances that such methods will do so (“Notice of Assurance”); and (ii) Distributor receives a return Notice from Licensor approving use of such methods and authorizing the exercise of specific Internet Licensed Rights for specific Authorized Internet Uses, such Notice not to be unreasonably delayed. Licensor’s good faith decision not to approve any method used by Distributor, or to require additional information before granting any approval, will not be a breach of the Distribution Agreement or this Rider.

**2.3. Distributor’s Notice of Assurance:** Upon reasonable request from Licensor at any time, Distributor will promptly provide Licensor with a Notice of Assurance. If Distributor fails promptly to give Licensor an adequate Notice of Assurance, then Licensor may give a Notice to Distributor withdrawing the grant of any Internet Licensed Rights, which Distributor may not exercise after receipt of Licensor’s Notice. In such event, except as restricted in the Distribution Agreement, Licensor may exercise or authorize exercise of the withdrawn Internet Licensed Rights by another party who satisfies the requirements of Paragraph 2.1. of this Rider.

**2.4. Subdistribution:** Any agreement Distributor makes with an approved subdistributor or agent for exercise of any Internet Licensed Rights must require such subdistributor or agent to agree to the following in a binding, written agreement: i) to acknowledge and provide the same warranties and representations to Licensor made by Distributor in this Rider and the Distribution Agreement; and ii) to acknowledge and accept all provisions in the Rider, including, without limitation, the conditions and other provisions in Paragraph 2., reporting and other provisions in Paragraph 4., trademark restrictions in Paragraph 5. and Licensor’s withdrawal rights in Paragraph 8., all of which shall apply to subdistributor.

### 3. INTERNET LICENSED RIGHTS TERMS

**3.1. Grant:** On the terms and conditions of the Distribution Agreement and this Rider, Licensor grants to Distributor the Internet Licensed Rights in the Picture only for exploitation in the Territory during the License Period for the Authorized Language Use(s) and Authorized Internet Uses and subject to the Holdbacks as specified in the Internet Rider Deal Terms and described in this Paragraph 3.

**3.2 License Period:** The License Period for the Internet Licensed Rights is the maximum time period in the Internet Rider Deal Terms during which Distributor may exploit or authorize the exploitation of each Internet Licensed Right. The License Period ends no later than the end of the Agreement Term in the Distribution Agreement.

**3.3. Territory:** The Territory for the Internet Licensed Rights is the Territory identified in the Internet Rider Deal Terms, but no greater than the Territory in the Distribution Agreement.

**3.4. Authorized Language Use(s):** The Authorized Language Use(s) for the Internet Licensed Rights are those identified in the Internet Rider Deal Terms, but Distributor may not exploit the Picture in any language that is not an Authorized Language in the Distribution Agreement.

**3.5. Holdbacks:** Distributor may not exploit any Internet Licensed Rights until the later of any Holdback date specified in the Internet Rider Deal Terms or the date Distributor satisfies all of the conditions in Paragraph 2.

3.6. **Exclusivity:** Distributor may only exercise the grant of Internet Licensed Rights exclusively or non-exclusively as indicated in the Internet Rider Deal Terms. An Exclusive grant means Licensor agrees that during the License Period Licensor will not exercise or authorize exercise of the Internet Licensed Rights in the Authorized Language(s) and for Authorized Internet Use(s) such that end users with a reasonably identifiable habitual residence within the Territory using Computers with a reasonably identifiable Internet address within the Territory can access, stream or download the Picture, as applicable. However, Licensor does not represent or warrant that the Picture will not be otherwise available on the Internet within the Territory. A Non-Exclusive grant means Licensor may exercise or authorize exercise of the Internet Licensed Rights for the Picture in the Territory during the License Period without restriction.

3.7. **Authorized Internet Uses:** Distributor may only exercise any Authorized Internet Rights for the Authorized Internet Uses affirmatively selected in the Internet Rider Deal Terms (grayed-out boxes are not available for the applicable Internet Right).

3.8. **Reservation and Removal:** All Internet Rights and Internet Uses not specifically granted to Distributor are reserved to Licensor and may be exercised by Licensor. Immediately upon the end of the License Period, Distributor will remove any copy of the Picture, and its elements and identifying materials, from Distributor's servers and the web site(s) where the Picture was made available on the Internet, and will upon request provide Licensor a certificate certifying such removal.

#### 4. FINANCIAL TERMS:

4.1. **Internet Guarantee:** The Internet Guarantee is the amount payable to Licensor against Licensor's Internet Revenue Share as indicated in the Internet Rider Deal Terms. The Internet Guarantee is non-returnable but fully recoupable in conformity with this Rider. The Internet Guarantee is a minimum net sum and no deductions of any kind may be made against it.

4.2. **Licensor's Internet Revenue Share:** Unless otherwise specified in Paragraph I. of the Internet Rider Deal Terms, Licensor's Internet Revenue Share means the percentage of 100% of Internet Revenue payable to Licensor as indicated in the Internet Rider Deal Terms. Distributor may not make any deductions or recoupments from Licensor's Internet Revenue Share except as expressly authorized in this Rider.

4.3. **Internet Revenue - Defined.** "Internet Revenue" means the sum on a continuous basis of all of the following amounts derived from or attributable to each Internet Licensed Right and Authorized Internet Use:

4.3.1. All monies and other consideration of any kind, received by, used by or credited to Distributor, any Distributor Affiliate, or any approved subdistributors or agents, attributable to any accessing, streaming, downloading or using of the Picture in the exercise of each Internet Licensed Right and Authorized Internet Use;

4.3.2. All such monies and other consideration derived from credit cards, debit cards, cash, checks or otherwise, from consumers or end users from any accessing, streaming or downloading of the Picture less only chargebacks, credits and refunds actually paid;

4.3.3. All such monies and other consideration derived in the exercise of any Authorized Internet Use from: (i) including allowed trailers, commercials or other advertising before, after, or within the continuity of the Picture; or (ii) including banners, logos, icons, text, hyper-text, meta-tags, symbols or other identifying information of a product or service or

their provider on the same web page as the Picture, or any of its elements or identifying information; and

4.3.4. Where in the exercise of any Authorized Internet Use the Picture is exploited with another Motion Picture, product or service, a fair and reasonable allocation of all monies, subscription fees, ad revenue and other consideration derived from so doing to the Picture on a non-discriminatory basis uniformly applied, such as per byte streamed or downloaded.

4.4. **Cross-Collateralization:** The Internet Guarantee is payable to Licensor regardless of whether Distributor is fully recouped under the Distribution Agreement. All Internet Licensed Rights and Authorized Internet Uses are fully cross-collateralized, so that gains from one can be used to offset costs from another and to recoup the Internet Guarantee. However, unless otherwise allowed in the Internet Rider Deal Terms, Licensor's Internet Revenue Share shall be calculated and paid separate and apart from any payments or recoupments under the Distribution Agreement. If cross-collateralization is expressly allowed in the Internet Rider Deal Terms, the Internet Guarantee and Licensor's Internet Revenue Share may be recouped from payments, if any, due Licensor under the Distribution Agreement after recoupment of the Minimum Guarantee.

4.5. **Pricing:** Distributor shall, upon reasonable request meaningfully consult with Licensor about the price and other terms for making the Picture available for authorized access, streaming or downloading, including all subscription fees and advertising rates. Distributor will not discriminate against the Picture in pricing or terms and will make the Picture available at terms and prices consistent with comparable Motion Pictures. At no time may Distributor make the Picture available for free or at discounted or promotional rates without prior Notice of Licensor's approval in each instance.

4.6. **Payments:** Distributor will pay Licensor's Internet Revenue Share to Licensor in the Base Currency specified in the Distribution Agreement monthly during the License Period within fifteen (15) days after the end of the immediately prior monthly accounting period. Distributor will make all such payments by the same method and to the same bank account as the Internet Guarantee unless otherwise instructed in the Internet Rider Deal Terms or by Notice from Licensor.

4.7. **Internet Revenue Reports:** Distributor will render to Licensor a Report for each monthly accounting period identifying: (i) the total number of access attempts ("raw hits") to the web site where Distributor is making the Picture available on the Internet; (ii) the total number of subscribers to such web site for the month and the daily average number; (iii) the total number of times the Picture was accessed or downloaded during the month; (iv) the total amount billed and collected, identifying by total number of transactions and total amounts all charges, chargebacks, credits, returns and refunds; (v) the average length of time elapsed or number of bytes when the Picture was accessed; (vi) all amounts for subscriber fees identifying the method of allocating such fees to the Picture; (vii) all revenue from advertising indicating the source and any method of allocating such revenue to the Picture; and (viii) all other reasonable and available financial information necessary or appropriate for Licensor to determine whether Licensor's Internet Revenue Share was accurately calculated and paid. Distributor may provide any Reports by making them available to Licensor on a secure portion of Distributor's web site.

4.8. **Accounting and Auditing:** In addition to the above Reports, Distributor and Licensor will have the same rights and obligations with respect to payments, statements, and

audits for the Internet Licensed Rights as for all other Licensed Rights in the Distribution Agreement. In particular, the statements must include information regarding Internet Revenue.

## 5. TRADEMARKS AND ADVERTISING:

5.1. **Picture Identification:** Subject to restrictions Licensor timely identifies to Distributor, Licensor grants Distributor a limited, non-exclusive license solely during the License Period to make the title, logo, trailer and advertising materials for the Picture available on the web site hosting the Picture solely to advertise and promote the availability of the Picture for authorized accessing, streaming or downloading.

5.2. **Licensor Marks:** Subject to restrictions Licensor timely identifies to Distributor, Licensor grants Distributor a limited, non-exclusive license solely during the License Period to use the name, logo, banner and other identified trademarks (“Marks”) of Licensor solely in connection with making the Picture available on the web site hosting the Picture for authorized accessing, streaming or downloading.

5.3. **Distributor Marks:** Subject to restrictions Distributor timely identifies to Licensor, Distributor grants Licensor a limited, non-exclusive license solely during the License Period to use the Marks of Distributor on Licensor’s own web site to identify the availability of the Picture on Distributor’s web site.

5.4. **Use of Marks:** Each Party will use the other Party’s Marks consistent with good trademark practice and subject to all reasonable guidelines timely provided by Notice from the party owning the Marks. Neither Party will vary the Marks of the other Party, adopt any symbol or mark confusing or similar to the other Party’s Marks, attempt to register the other Party’s Marks or claim any goodwill deriving from the other Party’s Marks. Upon reasonable request from a Party, the other Party will give the requesting Party representative samples of each use of the requesting Party’s Marks for quality assurance purposes. If a Party determines the other Party is using its Marks improperly, the requesting Party may give Notice to the other Party of the improper use. If the other Party fails to timely remedy the improper use, the Party may immediately cancel the license to use its Marks in this Paragraph 5.

5.5. **Distributor Advertising:** Distributor will not use any advertising in connection with the Picture that could adversely affect the reputation of the Picture or the good will of Licensor or any Person rendering services or materials on the Picture. Distributor will also comply with all content and subject matter requirements provided by Notice from Licensor in any advertising, packaging or placement of the Picture on Distributor’s web site after receipt of such Notice.

## 6. DELIVERY TERMS:

6.1. **Delivery:** Licensor will provide materials for Distributor’s exercise of any Internet Licensed Rights by any of the following methods as chosen by Licensor in its discretion:

6.1.1. Licensor will authorize Distributor to create a digital copy of the Picture from the materials already delivered or to be delivered to Distributor which copy is suitable for use on Distributor’s web servers and consistent with the requirements of Paragraph 2. of the Internet Rider Deal Terms.; or

6.1.2. Licensor will promptly deliver to Distributor the Internet Delivery Materials in the Internet Rider Deal Terms suitable for use on Distributor’s web servers, embodying Technological Security and DRM Security that meets the requirements of Paragraph 2 .above.; or



6.1.3. Licensor will make available on its web servers a digital copy of the Picture embodying Technological Security and DRM Security that meets the requirements of Paragraph 2. above, and provide Distributor with a link which allows users clicking the link to access, stream or download the Picture, as applicable, from Licensor's servers; on request Licensor will use reasonable methods to make such access, streaming or downloading operate in the background so as to appear it is occurring from Distributor's web site.

6.2. **Limited Use:** Distributor may only use the materials provided under Paragraph 6.1. above to make the Picture available on a web site that meets the requirements of Paragraph 2. of this Rider.

6.3. **Language Tracks:** Where convenient to facilitate any method of Delivery in Paragraph 6.1. above, Distributor upon request from Licensor will promptly provide Licensor with unimpeded free access to any alternate language tracks or other materials controlled by Distributor as needed to make a version of the Picture for the Authorized Language Use(s).

6.4. **Subscriber Database:** To the extent allowed by applicable privacy Law and credit card processing requirements, Distributor: (i) will maintain a database of all subscribers and end users accessing, streaming or downloading the Picture, including user name, password, credit card information, e-mail and related customer information; (ii) will provide such database to Licensor on request, subject to reasonable confidentiality and consumer privacy requirements; and (iii) grants to Licensor a worldwide, perpetual, transferable, royalty free license to use such database.

## 7. REPRESENTATIONS AND WARRANTIES:

7.1. **By Distributor:** Distributor represents and warrants to Licensor that all of the following are true and correct and will remain so throughout the License Period:

7.1.1. All representations and warranties made by Distributor in the Distribution Agreement also apply to Distributor's exercise of the Internet Licensed Rights;

7.1.2. Distributor will employ at all times commercially reasonable controls on any web site where the Picture is made available to deter theft, piracy, and unauthorized copying, accessing, streaming or downloading of any Copy of the Picture; and

7.1.3. Distributor will not stream or download any Copy of the Picture to a user with a habitual residence outside the Territory or to a Computer with an Internet address outside the Territory, nor will it accept any request to do so.

7.2. **By Licensor:** Unless Licensor otherwise identifies by Notice to Distributor on or before authorizing exercise of the Internet Licensed Rights, Licensor represents and warrants to Licensor that all of the following are true and correct and will remain so throughout the License Period:

7.2.1. All representations and warranties made by Licensor in the Distribution Agreement also apply to the Internet Licensed Rights in this Rider; and

7.2.2. If Licensor is acting as a sales agent, then all representations and warranties Licensor made on behalf of Producer in the Distribution Agreement also apply to the Internet Licensed Rights in this Rider.

## 8. WITHDRAWAL BY LICENSOR:

8.1. **Withdrawal Right:** In addition to Licensor's withdrawal rights under the Distribution Agreement, Licensor may withdraw any Internet Licensed Rights: (i) under

Paragraph 2.3. of this Rider; or (ii) if the Internet Licensed Rights are granted nonexclusively and there is no Internet Guarantee, to accommodate a worldwide license of Internet Rights for the Picture.

8.2. **Application:** If the Picture is withdrawn under Paragraph 8.1. above, the provisions of Paragraph 14.3. of the Distribution Agreement do not apply.

**9. MISCELLANEOUS:**

9.1. **Distribution Agreement:** All other terms and conditions of the Distribution Agreement not expressly modified by this Rider apply to Distributor's rights and obligations with respect to the Internet Licensed Rights as to any other Licensed right. Except as modified by this Rider with respect to the Internet Licensed Rights, the Distribution Agreement remains in full force and effect.

9.2. **Other Terms:** In addition to the terms in this Rider, Distributor and Licensor also agree to the following Additional Terms: \_\_\_\_\_

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**EXHIBIT A**  
**Distributor's Disclosure of Internet Security Requirements**

Distributor represents and warrants to Licensor that all of the following selected items satisfy the requirements of Paragraph 2.1. of the attached IFTA Internet Rider. No requirement is deemed satisfied unless this *Exhibit A* is completed and signed by both Parties.

**A. Access Security:**

Distributor satisfies the Access Security requirements by:

- Attached Access Contract and related materials;
- Access Contract and related materials available at the web site located at: \_\_\_\_\_.

**B. Technological Security:**

Distributor satisfies the Technological Security requirements by:

- Using the technological controls identified in the attached specifications;
- Using the technological controls described in the web site located at: \_\_\_\_\_.

**C. DRM Security:**

Distributor satisfies the DRM Security requirements by:

- Using the DRM technologies identified in the attached specifications;
- Using the DRM technologies described in the web site located at: \_\_\_\_\_.

**D. E-Commerce Security:**

Distributor satisfies the E-Commerce Security requirements by:

- Using the "click-on" contract and related safeguards in the attached forms;
- Using the "click-on" contract and related safeguards in the web site at: \_\_\_\_\_.

**Approved and Accepted:**

**LICENSOR**

**DISTRIBUTOR**

By: \_\_\_\_\_  
Its Authorized Signatory  
Title:  
(As Agent for \_\_\_\_\_)

By: \_\_\_\_\_  
Its Authorized Signatory  
Title: