

## AGREEMENT

WHEREAS, the Directors Guild of America, Inc. and the Writers Guild of America, west, Inc., on behalf of itself and the Writers Guild of America, East, Inc. (hereafter "Guilds"), and on behalf of the respective individuals they represent as their respective Collective Bargaining Representative, on the one hand, and the undersigned companies, on the other hand, wish to resolve a dispute that has arisen concerning the appropriate allocation of certain monies attributable to Video Levies and/or Video Rental Levies under foreign laws; and WHEREAS, the settlement of this dispute is without prejudice to any position previously taken or which may be taken at the termination hereof by any of the parties hereto concerning matters contained in this settlement agreement;

NOW, THEREFORE, it is agreed:

1. Definitions: The following terms or words used herein shall be defined as follows:

- (a) "Collective Bargaining Agreement(s)" means and includes the Directors Guild of America, Inc. Basic Agreement of 1987, the Directors Guild of America, Inc. Freelance Live & Tape Television Agreement of 1987, the 1985 Writers Guild of America Theatrical and Television Basic Agreement and any predecessor or successor agreement(s) thereto.
- (b) "Covered Directors and Writers" shall mean any director or writer covered by any of said Collective Bargaining Agreement(s).

- (c) "Foreign Country" shall mean any country of the world other than the United States of America.
- (d) "Video Levy" shall mean a levy established by the law of a Foreign Country, whether now existing or hereafter adopted, for the reproduction of copyrighted works on blank tapes for private use, (e.g., Law No. 57-298 on Literary & Artistic Property, as amended up to July 3, 1985 (France); Article 54, Copyright Statute of September 9, 1965 as amended up to June 24, 1985 (Germany)).
- (e) "Video Rental Levy" shall mean a levy established by the law of a Foreign Country, whether now existing or hereafter adopted, for the rental to the public by retail stores of prerecorded video cassettes, (e.g., Article 27, German Copyright Statute of September 9, 1965, as amended up to June 24, 1985 (Germany)).
- (f) "Author's Share" means that portion of the monies collected pursuant to any Video Levy and/or Video Rental Levy which is specifically designated by statute, regulation or practice for distribution to a class designated as authors, is paid to an undersigned company (or to the Guilds) and is attributable to motion pictures covered under said Collective Bargaining Agreement(s). (Examples of the manner in which the Author's Share is calculated with respect to the Video Levies in France and Germany are attached hereto as Exhibit "A.") Where no specific designation of the "Author's Share" is made by statute,

regulation or practice, the "Author's Share" shall be jointly determined by the parties hereto and, in making such determination, the parties shall be guided by similar determinations in other Foreign Countries. In any case, the "Author's Share" shall exclude monies for those designated as authors who are neither directors nor writers (e.g., composers), and the amounts attributable to such authors shall be excluded prior to applying the percentage allocable to the Guilds pursuant to Paragraph 2 below.

2. Guild Participation: Each of the undersigned companies hereby agrees that the Guilds, on behalf of Covered Directors and Writers, shall receive the combined sum of fifteen percent (15%) of the Author's Share obtained from Video Levies and Video Rental Levies in Foreign Countries. (Examples of the manner in which the Author's Share is calculated with respect to the Video Levies in France and Germany are attached hereto as Exhibit "A.") The fifteen percent (15%) payment shall be divided equally between the Directors Guild of America, Inc., on the one hand, and the Writers Guild of America, west, Inc. and the Writers Guild of America, East, Inc., on the other hand. Any claim by the Guilds to a percentage of such levies not designated as the Author's Share (e.g., the "Producer's share" or the "Performers' share") is expressly waived for the duration of this agreement.

3. Filing Claims: All claims to the Author's Share of any Video Levy or Video Rental Levy shall be filed in the first instance by the undersigned companies or their representatives, on their own behalf and on behalf of the Guilds, as representatives of Covered Directors and Writers. If no claim for the Author's Share has been filed by the undersigned companies or their representatives within one year after such claim is permitted in a Foreign Country, or if the undersigned companies are precluded for any reason from filing such a claim or from collecting such Author's Share, the Guilds may seek to collect the Author's Share in such Foreign Country and shall so advise the undersigned companies. In any event, the allocation of the Author's Share shall be in accordance with Paragraph 2 above and, as to any monies collected by the Guilds, the Guilds shall promptly remit the balance due to the undersigned companies after deducting the fifteen percent (15%) payment required under Paragraph 2 above.

4. Collecting Societies: The undersigned parties agree that collecting societies representing each of the parties in Foreign Countries shall participate in the collection and distribution of Video Levy and Video Rental Levy monies on behalf of the Guilds. While the specific mechanics of such participation in the collection and distribution will be agreed to subsequently by the parties, it is understood that the participation by the collecting societies representing the Guilds in the collection

and distribution of such monies will not result in any surcharge or fee to the Guilds from the collecting societies representing the undersigned companies. Likewise, as to any monies collected by the Guilds there shall be no surcharge or fee to the undersigned companies from the collecting societies representing the Guilds.

5. Increased Shares for U.S. Interests: The parties agree to work together to increase the shares presently allocated or distributed to United States interests in those countries where Video Levies or Video Rental Levies exist. However, in the event the Author's Share, as established in any Foreign Country, is subsequently reduced by virtue of both (a) efforts on the part of the undersigned companies or their representatives seeking such a result, and (b) an increase in the "Producer's share," then the amount of the Author's Share for purposes of calculating the fifteen percent (15%) payment provided under Paragraph 2 above shall be adjusted so as to offset the reduction, thereby maintaining the pre-existing percentage of Author's Share in relation to all shares.

6. Allocations to Motion Pictures: Monies received from Video Levies and Video Rental Levies shall be allocable to the specific motion pictures for which they are paid. The Guilds shall be responsible for allocating to the Covered Directors and Writers of such motion pictures the amounts paid to the

Guilds pursuant to Paragraph 2 above and for paying such amounts to the Covered Directors and Writers. In order to effectuate the provisions of Paragraph 7 below, the Guilds shall, on a quarterly basis, supply each of the undersigned companies with a list showing the name of each Covered Director and/or Writer who is allocated monies hereunder, the name of the motion picture for which monies are allocated and the amount allocated.

7. Crediting Against Gross Participations: If the employment agreement of any Covered Director or Writer who is entitled to monies under the terms of this settlement agreement requires that the compensation of such Covered Director or Writer be based, in whole or in part, upon or measured by a percentage of gross receipts derived from the distribution of the motion picture for which such Covered Director or Writer was employed, then such percentage compensation shall be credited against any amounts payable to such Covered Director or Writer hereunder and, likewise, any payment due to such Covered Director or Writer hereunder shall be credited against such percentage compensation. Where all or part of a Covered Director's or Writer's compensation is a specified sum of money, commonly known and referred to as a "deferment," such deferment may not be credited against amounts payable by the company to such Writer or Director hereunder.

8. Right to Reopen: If the Screen Actors Guild ("SAG") asserts a claim to any of the Author's Share of any Video Levy or Video Rental Levy under any Producer-Screen Actors Guild Codified Basic Agreement or Screen Actors Guild Television Agreement or in negotiations for successor Agreements thereto, then the undersigned companies, and each of them, may re-open this agreement if any payment is made to SAG or to any performer(s) based upon such claim, provided that such re-opening is prospective only. In the event that SAG or any performer it represents successfully asserts a claim to any of the Author's Share of any Video Levy or Video Rental Levy, then the undersigned companies, and each of them, may also re-open this agreement. It is expressly acknowledged by the parties that SAG and those it represents have no entitlement to any portion of the Author's Share under the levies referred to herein.

The parties shall have a ninety (90) day period from the date of receipt of written notice of re-opening within which to renegotiate this agreement. If no agreement is reached within such ninety (90) day period, this agreement shall be terminated effective at the end of such ninety (90) day period or at the end of the calendar year in which the reopener occurred, whichever is later. In no event, however, shall any reopening under this agreement be effective nor work a termination of this

agreement until three (3) years after the date of this agreement. All executory obligations hereunder, including but not limited to delivery of all monies to the Guilds for any periods prior to termination of this agreement, shall be fulfilled.

9. Term: Subject to the provisions of Paragraph 8 above, the term of this agreement shall be for five (5) years from the date of its execution and shall apply to any collections made by the undersigned companies or the Guilds or their representatives attributable to the years covered during the term hereof and all preceding years. Retroactive payments in accordance with the provisions of Paragraph 2 above shall be made to the Guilds for any collections made prior to the date of execution. Upon expiration, this agreement shall be subject to renegotiation. Upon expiration, this agreement shall be without prejudice to any position a party may wish to assert concerning matters contained herein.

10. Non-Derogation: All parties agree not to act in derogation of the terms of this agreement and to use reasonable efforts to ensure full compliance with its terms. In this regard, the undersigned companies agree that they will not propose or include in any contract with any covered Director or Writer a provision or provisions in the individual contract with said Director or Writer that waives said Director's or Writer's claim(s) to the Video Levies or Video Rental Levies that are

the subject of this agreement. It is further agreed that in the event a Covered Director or Writer has expressly waived the Video Levies or Video Rental Levies that are the subject of this agreement, said waiver is superseded by this agreement.

11. Dispute Resolution Mechanism: Matters involving interpretation or application of this agreement, and disputes arising under Paragraph 1(f) above concerning the appropriate amount to be designated as Author's Share where no specific designation of the Author's Share is made by statute, regulation or practice, shall be resolved by submission to an impartial arbitrator, who shall be selected by mutual agreement of the parties. In the event the parties are unable to agree upon an arbitrator to hear such dispute(s), the arbitrator shall be selected and the arbitration governed in accordance with the rules and procedures of the American Arbitration Association.

12. Exclusion from Collective Bargaining Agreement Provisions: With respect to monies collected and allocated in accordance with the terms of this agreement, the parties agree that such monies are not covered by the provisions of said Collective Bargaining Agreements, including the provisions governing the release of theatrical motion pictures to free television (Article 19 of the Directors Guild of America Basic Agreement, Article 15.A. of the Writers Guild of America Theatrical and Television Basic Agreement) and the provisions of said Collective Bargaining

Agreements governing the distribution of free television and theatrical motion pictures in Supplemental Markets (Article 18 of the Directors Guild of America Basic Agreement, Article 24 of the Directors Guild of America Freelance Live & Tape Television Agreement, Article 51 of the Writers Guild of America Theatrical and Television Basic Agreement).

DIRECTORS GUILD OF AMERICA, INC.



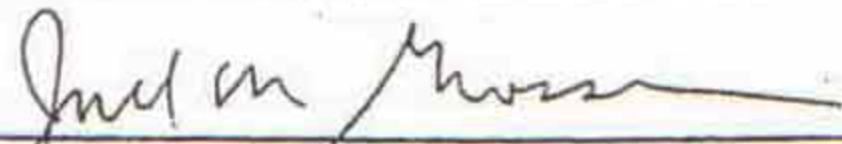
Date: 6/1/90

WRITERS GUILD OF AMERICA, WEST, INC.  
ON BEHALF OF ITSELF AND  
WRITERS GUILD OF AMERICA, EAST, INC.




Date: 5/1/90

COLUMBIA PICTURES INDUSTRIES, INC.



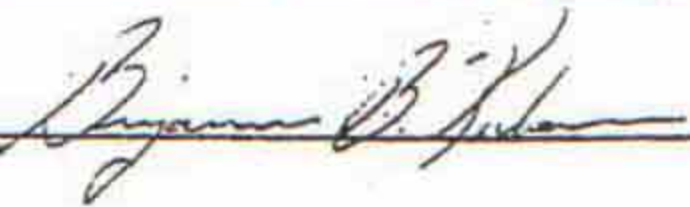
Date: 6/1/90

CPT HOLDINGS, INC.



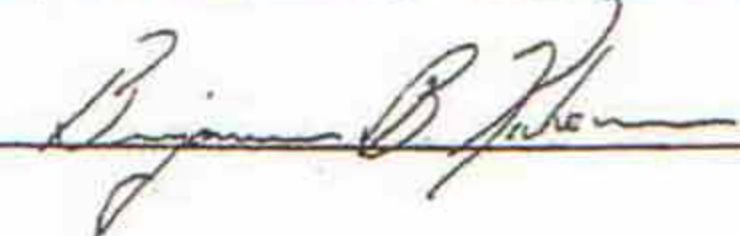
Date: 6/1/90

METRO-GOLDWYN-MAYER PICTURES, INC.



Date: June 4, 1990

MGM/UA TELEVISION PRODUCTIONS, INC.



Date: June 4, 1990

ORION (ENTITY TO BE DESIGNATED)

Date: \_\_\_\_\_

PARAMOUNT PICTURES CORPORATION

*Frank M. Keyser*

Date: 6/1/90

TWENTIETH CENTURY FOX FILM CORP.

*Joseph A. Plescia*

Date: 6/1/90

UNITED ARTISTS PICTURES, INC.

*Raymond B. Fisher*

Date: June 1, 1990

UNIVERSAL CITY STUDIOS, INC.

*Robert D. Hall*

Date: June 1, 1990

WALT DISNEY PICTURES & TELEVISION

*Robert W. Johnson*

Date: June 1, 1990

WARNER BROS. INC.

*Leo H. Kappas*

Date: June 1, 1990

EXHIBIT 'A'

Example 1:

The Author's Share under the French Law No. 57-298 on Literary & Artistic Property as amended up to July 3, 1985 would be calculated as follows:

Total Distributable Proceeds (Umbrella)			100.00%
Administrative Fee: 1% (Withheld by copiefrance)			1.00%
	Subtotal		<u>99.00%</u>
Performers		33.00%	33.00%
Producers		33.00%	33.00%
Authors		100.00%	33.00%
Cultural Tax		<u>25.00%</u>	8.25%
	Subtotal	75.00%	24.75%
Music		x	24.75%-x
	Subtotal -	75%-x	
U.S. Author's Share		*	*

\*Actual U.S. Author's Share will be a portion of expressed percentage based upon empirical study showing those copyrighted motion pictures controlled by U.S. companies party to the agreement to which remuneration applies. Estimated at approximately 25% of subtotal.

Example 2:

The Author's Share under the German Copyright Statute of September 9, 1965 as amended up to June 24, 1985 would be calculated as follows:

CALCULATION OF GERMAN VIDEO LEVY

TOTAL				<u>100.00%</u>
ZPU Commission				7.00%
ZPU Societies: 50%				<u>93.00%</u>
Others: 50%		<u>100.00%</u>	46.50%	46.50%
17% Reserve for future claims			<u>-17.00%*</u>	7.91%*
Subtotal			83.00%	
1% Social Charge			<u>-0.83%</u>	0.39%
Subtotal			82.17%	
1% GUPA			<u>-0.82%</u>	0.38%
Total			81.35%	
		<u>100.00%</u>	37.83%	
GERMAN FILMS: 56%			21.18%	21.18%
FOREIGN FILMS: 44%		<u>100.00%</u>	16.64%	
Non-US: 40%			6.66%	6.66%
US Author's Share: 60%	<u>100.00%</u>		9.99%	9.99%
				<u>100.00%</u>

\*To the extent any reserves of the Author's Share are distributed, they will be shared in accordance with Paragraph 2 of the agreement.

SIDELETTER

Directors Guild of America, Inc.  
7920 Sunset Boulevard  
Los Angeles, California 90046

Attention: Glenn Gumpel

Writers Guild of America, west, Inc.  
8955 Beverly Boulevard  
Los Angeles, California 90048

Attention: Brian Walton

Gentlemen:

This will confirm that pursuant to the provisions of Paragraph 8 of our settlement agreement with respect to the allocation of monies attributable to video levies and video rental levies under foreign laws, we have further agreed as follows:

Either the undersigned companies, on the one hand, or the Directors Guild of America, Inc. and the Writers Guild of America, west, Inc., on behalf of itself and Writers Guild of America, East, Inc. ("the Guilds"), on the other hand, shall have the right to re-open this agreement, as it applies to a particular Foreign Country, on the basis set forth in the first sentence of Paragraph 8 of said settlement agreement only if:

- (1) the payment made to SAG or to performers based upon a claim asserted under the Producer-Screen Actors Guild Codified Basic Agreement or Screen Actors Guild Television Agreement or in negotiations is equivalent to or in excess of ten percent (10%) of the Author's Share of any Video Levy and Video Rental Levy in such Foreign Country; and
- (2) the aggregate portion of the Author's Share payable by the undersigned companies, and each of them, to the Guilds and to SAG and/or SAG's members exceeds twenty-five percent (25%) of the Author's Share of any Video Levy and Video Rental Levy in such Foreign Country.

The Guilds shall have the unilateral right to reduce the percentage of the Author's Share payable to them by the undersigned companies

pursuant to Paragraph 2 of the settlement agreement so as to preclude the undersigned companies from re-opening the settlement agreement under the terms of this sideletter.

COLUMBIA PICTURES INDUSTRIES, INC.

*Jack W. Munn*

Date: 6/1/90

CPT HOLDINGS, INC.

*Jack W. Munn*

Date: 6/1/90

METRO-GOLDWYN-MAYER PICTURES, INC.

*Byron B. Johnson*

Date: June 1, 1990

MGM/UA TELEVISION PRODUCTIONS, INC.

*Byron B. Johnson*

Date: June 1, 1990

ORION (ENTITY TO BE DESIGNATED)

\_\_\_\_\_

Date: \_\_\_\_\_

PARAMOUNT PICTURES CORPORATION

*Arthur M. Kaye*

Date: 6/1/90

TWENTIETH CENTURY FOX FILM CORP.

*Charles S. Lewis*

Date: 6/1/90

UNITED ARTISTS PICTURES, INC.

*James D. Selman*

Date: *June 1, 1990*

UNIVERSAL CITY STUDIOS, INC.

*Robert D. Ladd*

Date: *June 1, 1990*

WALT DISNEY PICTURES & TELEVISION

*Robert N. Johnson*

Date: *June 1, 1990*

WARNER BROS. INC.

*Carroll O. Lynde*

Date: *June 1, 1990*

ACCEPTED AND AGREED:

DIRECTORS GUILD OF AMERICA, INC.

*Stephan*

Date: *6/1/90*

WRITERS GUILD OF AMERICA, WEST, INC.  
ON BEHALF OF ITSELF AND  
WRITERS GUILD OF AMERICA, EAST, INC.

*R. O. Wolf*

Date: *6/1/90*