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Superior Court of California
County of Los Angeles

SEP 22 2015

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7 Attorneys for Plaintiffs
8 Irwin Winkler and Winkler Films, Inc.

9 *D36 Gregory W. Alaron*
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF LOS ANGELES

BC 595343

12 IRWIN WINKLER and WINKLER
13 FILMS, INC.,

Case No. _____

14 Plaintiffs,

COMPLAINT FOR BREACH OF
CONTRACT AND FRAUD

15 v.

16 WARNER BROS. ENTERTAINMENT
17 INC. and DOES 1 through 10,

18 Defendants.

19
20 Plaintiffs, Irwin Winkler and Winkler Films, Inc., allege as follows:

21
22 **INTRODUCTION**

23 Plaintiffs produced a hugely successful film for Warner Bros. called
 24 "Goodfellas." By contract, plaintiffs were entitled to 50% of its net profits plus
 25 of its gross receipts after "breakeven." "Goodfellas" took in more than
 26 \$275 million at the box office and from other revenue sources. It cost less than
 27 \$30 million to produce. Yet, Warner Bros. claims that "Goodfellas" made a net
 28 profits and actually lost money. Warner Bros. even charged \$40 million of

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COMPLAINT FOR BREACH OF CONTRACT AND FRAUD

CIT/CASE: BC595343
 LEA/CF#: _____
 RECEIPT #: CCM 9507054
 DATE PAID: 09/22/15
 PAYMENT: \$435.00
 RECEIVED: _____
 CHECK #: _____
 DEPOSIT #: _____
 \$435.00
 \$0.00
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1 "interest" on its \$30 million cost of production. But that was only the tip of the
 2 iceberg. This was "studio accounting" on steroids. It was also fraud. What Warner
 3 Bros. represented as the receipts of "Goodfellas" were really only a fraction of the
 4 actual receipts. Warner Bros. concealed more than \$140 million of its actual
 5 receipts. In fact, "Goodfellas" made very substantial net profits. But Warner Bros.
 6 quietly pocketed Winkler's share of those profits, plus years of unearned interest on
 7 Winkler's money. Winkler only discovered the truth in 2014.

8
 9 **FACTS RELEVANT TO EACH CAUSE OF ACTION**

10 **The Parties**

11 1. Plaintiff Irwin Winkler ("Winkler") is a resident of Los Angeles
 12 County, California and a motion picture producer. Prior to the events alleged
 13 hereinbelow, Winkler produced such well known and successful films as "Rocky,"
 14 "Rocky II," and "Rocky III," "Raging Bull," "The Right Stuff" and others. Winkler
 15 has been nominated for 50 Academy Awards, four of those for "Best Picture." He
 16 has won 12 Academy awards, including one for "Best Picture." Winkler's services
 17 as a producer are supplied by Winkler Films, Inc., a corporation wholly owned by
 18 Winkler.

19 2. Warner Bros. Entertainment Inc. ("Warner") is a Delaware corporation
 20 in the business, among others, of financing, producing and distributing motion
 21 pictures and television programs throughout the world. Warner's principal place of
 22 business is its studio in Los Angeles County, California.

23 3. The true names and capacities of defendants named herein as Does 1
 24 through 10 are unknown to plaintiffs who therefore sue said defendants by such
 25 fictitious names. Plaintiffs will ask leave of this court to amend this complaint to
 26 show their true names and capacities when the same have been ascertained.
 27 Plaintiffs are informed and believe, and, on that ground, allege, that Does 1
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1 through 10 were responsible, in some manner, for defendants' acts and misconduct
2 hereinafter alleged, for which they are liable to plaintiffs.

3 **The Contract**

4 4. During 1981, plaintiffs entered into a written contract with Warner for
5 the financing and distribution of films produced by plaintiffs (the "1981 Contract").
6 A copy of the 1981 Contract is attached as Exhibit "A" hereto and incorporated by
7 reference herein.

8 5. Under the 1981 Contract plaintiffs were entitled to 50% of the net
9 profits and 5% of the gross receipts after "break-even" of each picture plaintiffs
10 produced. Plaintiffs took a substantial risk by opting for a very large share of net
11 profits plus a share of gross receipts payable only after the film reaches
12 "breakeven." Plaintiffs were betting that film revenues would substantially exceed
13 costs, passing the point of breakeven, and earning significant net profits.

14 **The Film**

15 6. In 1990, after the enormous success of their "Rocky" films, plaintiffs
16 initiated, assembled and produced another extraordinary film entitled "Goodfellas."
17 The picture was based on the best selling book "Wiseguys" by Nick Pileggi. It was
18 directed by Martin Scorsese and starred Robert De Niro, Joe Pesci and Ray Liotta.
19 The picture was financed and, in most media, distributed by Warner.

20 7. "Goodfellas" proved to be a critical and box office success. It received
21 six Academy Award nominations and won 30 awards from film critics. Plaintiffs
22 now know (but did not learn until 2014) that the film took in at least \$275 million at
23 the box office, from home video and television. This was a remarkable number for
24 a film released at that time, particularly since "Goodfellas" cost less than
25 \$30 million to produce.

26 **The Fraud**

27 8. Despite what plaintiffs now know is the very significant amount by
28 which "Goodfellas" extraordinary, but hidden, receipts exceeded its very low cost,

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1 Warner has repeatedly represented to plaintiffs that there were no net profits from
2 "Goodfellas," that the film never even reached "break-even" and that it actually lost
3 money. These representations were false, and Warner knew it. Warner concealed
4 from plaintiffs a vast amount of the film's actual receipts. The true figures would
5 have shown that "Goodfellas" substantially exceeded "break-even" and earned very
6 significant net profits.

7 9. Pursuant to the 1981 Contract, Warner issued periodic written
8 "reports" to plaintiffs, representing to plaintiffs the receipts and expenses of
9 "Goodfellas." Until 2014, each of Warner's reports intentionally misrepresented
10 the receipts of "Goodfellas," reporting to plaintiffs that the film's receipts were just
11 a fraction of its actual receipts and far less than its expenses, so that, according to
12 Warner's reports, there were no net profits, and "breakeven" could probably never
13 be achieved.

14 In particular, Warner massively understated the home video receipts of
15 "Goodfellas." In each of its reports, what Warner represented to plaintiffs as "Total
16 Domestic Video," "Total Foreign Video," and "Total Domestic and Foreign Video"
17 was, in each such case, really only one-fifth of the true number. In its 2009 report
18 (its last report until 2014) Warner represented that "Total Domestic and Foreign
19 Video" receipts were only \$32 million. In fact, such receipts at the time were
20 \$128 million.

21 To support its misrepresentation of "Total" home video receipts in its reports,
22 Warner also misrepresented the amount of home video revenue it received from
23 every one of 74 separate countries listed in its reports. It falsely reported to
24 plaintiffs a separate and precise dollar amount as the home video receipts from
25 every one of the 74 listed countries. In fact, the precise dollar amount reported by
26 Warner for each such country was really only one-fifth of the actual video receipts
27 from that country. For example, in its 2009 report, Warner represented that the
28 home video receipts from Argentina were \$105,709. In fact, the home video

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1 receipts from Argentina were \$522,545. And Warner represented that the home
2 video receipts from Australia were \$800,061, when, in fact, they were an
3 extraordinary \$4,000,305. Similarly, every one of the 74 precise dollar amounts
4 represented by Warner to be the home video receipts from every one of the 74
5 countries was really only one-fifth of the true amount of such receipts.

6 A copy of Warner's 2009 report – its last report before 2014 – is attached
7 hereto as Exhibit "B" and incorporated by reference herein.

8 10. The 1981 Contract provided in paragraph 6.03(a)(3)(iii) that "All" of
9 Warner's receipts from home video distribution would be included as "gross
10 receipts" in computing plaintiffs' contingent compensation. At no place in that
11 contract was it provided that only 20%, or one-fifth, or anything less than "All" of
12 Warner's receipts from home video would be counted as "gross receipts" or that
13 80%, or four-fifths, or any part of such receipts would be excluded from that
14 computation and retained by Warner, as if those receipts had never existed.

15 Warner prepared the 1981 contract. If that contract had been intended to
16 provide that only 20% of Warner's home video receipts would be included in gross
17 receipts, Warner could have and would have explicitly said so, as it has done in
18 contracts with others. Instead, the 1981 Contract, prepared by Warner, does not
19 contain the figure "20%" or the words "one-fifth." It expressly provides that "All"
20 of Warner's receipts from home video distribution are to be counted as "gross
21 receipts."

22 11. Plaintiff is informed and believes and, on that ground, alleges that, as
23 of its 2014 report, Warner had actually received \$175 million from home video
24 distribution of "Goodfellas"; but that, contrary to the 1981 Contract, Warner
25 concealed \$140 million of that \$175 million from plaintiffs and excluded it in
26 computing plaintiffs' contingent compensation, disclosing, and giving plaintiffs
27 credit for, only \$35 million, rather than the true figure of \$175 million. Since its
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1 2014 report, the amount of Warner's home video receipts from "Goodfellas" has
2 undoubtedly increased.

3 12. And Warner engaged in another form of fraud as well. Having made
4 positive statements in its periodic written reports about the amount of home video
5 receipts of "Goodfellas," Warner had the affirmative duty to disclose all facts
6 necessary to prevent such positive statements from being materially misleading. In
7 addition to its misrepresentations alleged hereinabove, Warner failed to make such
8 essential disclosures. To prevent the affirmative statements in its written reports
9 from being materially misleading, Warner had the affirmative duty to disclose to
10 plaintiffs, in each of its reports, that the amounts it was reporting to them as total
11 home video receipts were, in fact, only 20% of the actual home video receipts and
12 that each of the many sums it represented as home video receipts in various
13 categories and from various countries was, in fact, only 20% of the true number.
14 Each of Warner's reports required such disclosures in order to avoid being
15 materially misleading. But, until 2014, Warner failed to make any such disclosure
16 to plaintiffs. On the contrary, Warner actively concealed such facts; and, until
17 2014, its written reports to plaintiffs remained materially misleading and, indeed,
18 outright false.

19 The Scheme

20 13. Warner issued its false and fraudulent reports and concealed the true
21 facts pursuant to a deliberate scheme by Warner to hide the vast bulk of its home
22 video receipts from plaintiffs and others with similar contracts on other Warner
23 films. Warner's fraudulent scheme had at least four goals: (1) that plaintiffs and
24 such others would not even know of the existence of such concealed receipts and
25 would not obtain the benefit of such receipts in the computation of their contingent
26 compensation, (2) that Warner could keep all such concealed revenue for itself,
27 (3) that plaintiffs and such others would not even know that they should, or were
28 entitled to, make a complaint or objection to any of Warner's reports or audit

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1 Warner's books or file a civil action, and (4) that, no matter how successful a
2 Warner film might be, it would be virtually impossible for the film to reach what
3 Warner would report as "break-even" or for it to receive what Warner would report
4 as "net profits."

5 Warner carried out its scheme by exercising its complete and absolute control
6 over Warner Home Video, its wholly owned home video subsidiary. That total
7 control gave Warner the ability to determine, in its own sole and uncontrolled
8 discretion, what part, if any, of home video receipts from "Goodfellas" Warner
9 would elect to withdraw from its subsidiary and what part, if any, of such receipts it
10 would elect to retain in its subsidiary's bank account, subject to Warner's complete
11 and continuing control. If Warner had simply instructed its wholly owned video
12 subsidiary to pay over to Warner only 20% of the home video receipts from
13 "Goodfellas" and not to pay Warner the remaining 80%, in order to exclude from
14 plaintiffs' contingent compensation the 80% of receipts that Warner voluntarily
15 rejected, Warner's conduct would have been a violation of the implied covenant of
16 good faith and fair dealing inherent in every contract.

17 But Warner's scheme was even more cynical and devious than that. Warner
18 didn't reject the 80% balance. Quite the contrary. After drawing down the first
19 20% of home video receipts, Warner subsequently took the 80% balance as well,
20 but tried to disguise and conceal that subsequent receipt by calling it something
21 else. Warner actually withdrew from its wholly owned home video subsidiary
22 100% of the receipts from the home video distribution of "Goodfellas," less home
23 video costs. But, seeking to deprive plaintiffs (and others with the same contract)
24 of any benefit from most of the home video revenue it received, Warner withdrew
25 that revenue from its subsidiary in separate intercompany transfers and tried to
26 disguise its transfers by giving them a different label. As the home video revenue
27 from "Goodfellas" was received by its subsidiary, it was commingled with other
28 funds, and Warner withdrew from its subsidiary an amount equal to 20% of that

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1 revenue, which it reported to plaintiffs as the "total" such revenue. Later, having
2 complete and absolute control of its wholly owned subsidiary, Warner withdrew
3 from that subsidiary an amount equal to the remaining 80% balance of such video
4 revenue, less video costs. That balance, although received by Warner, was
5 concealed and went unreported.

6 Pursuant to its scheme, Warner concealed from plaintiffs (and others with
7 similar contracts) its receipt of the 80% balance from its wholly owned subsidiary,
8 even though that 80% balance also represented home video receipts of
9 "Goodfellas." Warner disclosed to plaintiffs, and such others, only its initial
10 withdrawal of 20% and included only that 20% in the computation of the
11 contingent compensation of plaintiffs and such others, concealing from them the
12 80% balance it actually received and kept for itself. Warner's written reports to
13 plaintiffs and such others falsely showed only the 20% of home video receipts
14 Warner had initially withdrawn and falsely represented that number as the "total" of
15 such receipts.

16 To further its deceitful scheme, Warner even caused its wholly owned
17 subsidiary to execute a sham "contract" with Warner concerning home video
18 receipts. Having total and unlimited control of its wholly owned subsidiary,
19 Warner could have inserted 50%, 100% or any other amount or percentage of such
20 receipts it wanted in the sham "contract" it caused its subsidiary to sign. But, to
21 further its fraudulent scheme, Warner elected to have that document provide that
22 Warner would receive only 20% of home video receipts from its wholly owned
23 subsidiary, which would create the false impression that Warner was leaving 80%
24 in its subsidiary's bank account. Of course, Warner knew that this was simply a
25 pretense and that, in reality, Warner would withdraw from its subsidiary the full
26 100% of the home video receipts less home video costs.

27 Contrary to what Warner's sham "contract" pretended was Warner's "deal"
28 with its wholly owned subsidiary, Warner intended to withdraw and did, in fact,

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1 withdraw from its subsidiary 100% of home video receipts, less home video costs.
 2 Warner planned that, if it was discovered that what it was reporting as total home
 3 video receipts was really only 20% of its actual home video receipts, Warner could
 4 make the bogus claim (as it now does) that, "by contract," it was limited to 20% of
 5 home video receipts, even though Warner knew that it was not limited at all by the
 6 sham contract, that it could have put whatever percentage it desired in that sham
 7 "contract" and that, regardless of what the sham "contract" provided, it could and
 8 would withdraw from its wholly owned subsidiary 100% of home video revenue
 9 less home video costs. And, even if its concealed receipt of the 80% balance of
 10 home video revenue was discovered, Warner planned to claim falsely (as it now
 11 does) that its receipt of the 80% balance was simply an unrelated intercompany
 12 transfer, rather than what Warner knew it actually was, i.e., Warner's receipt of the
 13 net balance of home video revenue, a balance Warner had the duty to report to
 14 plaintiffs and others with similar contracts.

15 Warner's conduct in carrying out this deceitful scheme to hide and pocket the
 16 lion's share of home video receipts (more than \$140 million in the case of
 17 "Goodfellas") and to exclude that vast sum from the computation of plaintiffs'
 18 contingent compensation, was, among other things, a willful violation of the
 19 implied covenant of good faith and fair dealing. But it was more than that.
 20 Warner's falsely representing in its written reports to plaintiffs figures for home
 21 video receipts that were, in fact, only one-fifth of the true and actual video receipts,
 22 and its issuing such false and misleading reports while failing to disclose and
 23 concealing that every one of the many home video figures in its reports was only
 24 20% of the true figure were acts of intentional fraud.

Further Misconduct

25
 26 14. In addition, even though Warner disclosed in its reports to plaintiffs
 27 and included in computing Winkler's contingent compensation only twenty percent
 28 of Warner's true home video receipts, Warner even deducted, from the twenty

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1 percent of home video revenue it disclosed, one hundred percent of items it claimed
 2 were home video costs, even retaining those deducted sums itself, rather than
 3 paying them to its home video subsidiary. And, in computing what it falsely
 4 reported as net losses, Warner further reduced the twenty percent of home video
 5 revenue it disclosed to plaintiffs by improperly charging and deducting from that
 6 twenty percent of home video revenue, substantial "distribution fees," despite the
 7 fact that Warner claims that it was not even the home video distributor. And
 8 Warner even kept all such distribution fees for itself, rather than paying them over
 9 to the wholly owned subsidiary that it represents was the home video distributor. In
 10 all of their interactions alleged herein, Warner treated its wholly owned home video
 11 subsidiary as simply another division of Warner that did, in every respect, as it was
 12 told. And Warner treated the home video receipts of its wholly owned subsidiary
 13 simply as money to be paid over to Warner after deduction of home video costs.

14 Plaintiffs are informed and believe and, on that ground, allege that Warner
 15 also misrepresented the receipts and expenses of "Goodfellas" in other ways,
 16 including, for example, the intentional misallocation of revenue from the
 17 exploitation of "packages" of Warner films, so as to deny "Goodfellas" its proper or
 18 reasonable share of such revenues.

19 15. Warner compounded its misrepresentations by also stating falsely and
 20 repeatedly, in sending its written reports to plaintiffs, that the "deficit" between
 21 "Goodfellas" expenses and the much lower figures it falsely represented as the
 22 film's receipts was so very large that it would not even issue further reports to
 23 plaintiffs, unless they were specifically requested. In other words, according to
 24 Warner, there was no point in its issuing more reports, since there was no realistic
 25 chance of "Goodfellas" ever achieving "breakeven" or net profits, despite the fact
 26 that Warner knew, but concealed, that this film, costing only \$30 million, had
 27 generated over \$275 million at the box office and from other revenue sources.
 28

Fraudulent Intent

1
2 16. Warner's misrepresentations and failures to disclose, alleged
3 hereinabove, were more than just "reckless." They were intentional. Warner knew
4 that each of such representations was false when made and knew that an honest and
5 open disclosure that what its reports showed was only 20% of Warner's actual
6 video receipts could easily have been made in each report and was essential to
7 prevent each such report from being materially misleading. Knowing these things,
8 Warner deliberately omitted any such disclosure until 2014, when it feared its fraud
9 was or would be discovered. And, when it issued its repeated misrepresentations
10 and failed to disclose that what its reports showed as "total video receipts" was only
11 20% of its actual video receipts, Warner was well aware that the 1981 Contract
12 called for the inclusion, in computing plaintiffs' net profits, breakeven and gross
13 receipts, of "All" of Warner's receipts from home video distribution, not just 20%;
14 and Warner knew that its actual receipts from home video distribution of
15 "Goodfellas," including its "Total Domestic and Foreign Video" receipts and every
16 category of video receipts in its reports were, in fact, five times what it represented
17 in its reports as such receipts and included in computing plaintiffs' contingent
18 compensation. And, having taken pains in preparing its reports to plaintiffs to
19 divide by five each of the 74 precise dollar amounts of actual home video receipts
20 from each of the 74 listed countries, Warner was well aware that every one of the
21 74 precise dollar amounts it represented as the home video receipts from every one
22 of the 74 listed countries was, in fact, only one-fifth of the actual home video
23 receipts from that country. And Warner made all of its false representations and
24 failures to disclose alleged in this complaint pursuant to its fraudulent scheme
25 alleged hereinabove, with full knowledge that plaintiffs would believe that the
26 numbers Warner was reporting were the actual home video receipts and not just
27 20% of those receipts, and intending that plaintiffs would rely on its false and
28 misleading reports by taking no action to complain or protest about them or to audit

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1 Warner's books or to file any civil action to collect the sums that, in reality, were
2 due plaintiffs or to seek relief for Warner's fraud.

3 Materiality

4 17. Warner's misrepresentations and failures to disclose, as alleged
5 hereinabove, were highly material. Had Warner not misrepresented and concealed
6 its receipts, including the amount of total home video receipts and every one of the
7 individual dollar amounts from every one of the 74 listed countries that made up the
8 total home video receipts, and had Warner disclosed and truthfully reported the true
9 amount of its receipts, including total home video receipts and all such numbers,
10 the receipts of "Goodfellas" would substantially have exceeded its expenses, the
11 film would not only have achieved "breakeven," there would have been very
12 substantial net profits and gross receipts payable to plaintiffs. In fact, unknown to
13 plaintiffs until 2014, "Goodfellas" had reached "breakeven" and had earned very
14 substantial net profits years before 2014, and very substantial sums had long been
15 due to plaintiffs under the 1981 Contract.

16 Reliance

17 18. In reasonable reliance on Warner's misrepresentations alleged
18 hereinabove, and unaware of the facts Warner concealed and failed to disclose,
19 plaintiffs did refrain, until 2014, from taking any action, in writing or otherwise, to
20 complain about or object to Warner's reports, or to audit Warner's books and
21 records and refrained, before filing this action, from commencing any prior civil
22 action against Warner with respect to "Goodfellas." As a direct and proximate
23 result of Warner's intentional and fraudulent misrepresentations and failures to
24 disclose alleged hereinabove, plaintiffs did not know until 2014 that they had any
25 possible claim against Warner or any reason to audit Warner's books or any basis to
26 object to or complain about Warner's reports or any ground or basis for filing any
27 civil action against Warner.
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Discovery Of The Truth

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19. By 2014, five years had passed without plaintiffs receiving any reports from Warner on "Goodfellas," supposedly because of the large "deficit" falsely represented by Warner. In 2014, plaintiffs' new accountant requested such a report. Questioned as to its reporting of home video revenue, knowing that all of its prior reports had been materially misleading and concerned that it could now be charged with fraud, Warner, for the first time, inserted in its 2014 report a warning note, finally disclosing to plaintiffs that only "20%" of its home video revenue was being reported, a critical fact that Warner knew had been essential to prevent its prior reports from being materially misleading, and a critical fact that Warner knew it could have and should have disclosed in every one of its prior reports, but elected instead to conceal.

Warner's warning note in its 2014 report, finally disclosing that the numbers it was reporting as "total" home video receipts were, in fact, only "20%" of its home video receipts, contradicts its present claim that the numbers it had been reporting were, in fact, 100% of its home video revenue, and its present claim that the reported numbers were 100% of what Warner was entitled to by contract, as well as its present claim that the 80% balance of home video receipts Warner withdrew later from its subsidiary had nothing to do with home video receipts. If those claims by Warner had been true, the home video numbers Warner reported would have been 100% of Warner's home video income, not just the "20%" it now admits that it reported. But the 2014 note showing that it reported only "20%" was an admission that all of those claims were and are false.

Moreover, by its 2014 note, Warner admitted that, all along, it had only been reporting "20%," rather than "All," of its home video revenue, as the 1981 Contract required and Warner represented. That warning note in 2014 was also an admission by Warner that, since "20%" of its home video receipts for 2014 was \$35 million, 100% of home video receipts, as of 2014, was \$175 million and that, in every one

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1 of its reports, its actual home video revenue had been five times the home video
2 figure it reported; and it was an admission, that, since it had reported only "20%" of
3 home video revenue, the 80% balance it also withdrew from its wholly owned
4 subsidiary necessarily represented the 80% balance of "home video receipts" and
5 was not merely some unidentified intercompany transfer of funds that did not need
6 to be disclosed.

7 Warner may claim that the "20%" finally disclosed on its 2014 report meant
8 it was reporting 20% of its subsidiary's income. But that would contradict still
9 another of Warner's claims, i.e., that what it had been reporting was its own home
10 video revenue and that it had no duty to report any income of its subsidiary.

11 Finally, Warner's adding a warning note to its 2014 report that it was
12 reporting only 20% of its home video revenue was also an admission that such a
13 note was necessary to prevent its reports from being materially misleading and that
14 its prior reports, which omitted any such note, were, in fact, materially misleading.
15 It was also an admission that Warner does not believe, as it now contends, that
16 Winkler already knew Warner was only reporting 20% of its home video revenue.
17 If Warner really believed that Winkler knew this all along, there was no need or
18 purpose for changing its reporting in 2014 to point it out.

19 Having discovered in 2014 that Warner had misrepresented and concealed
20 the true facts, as alleged hereinabove, and had failed to pay plaintiffs the very
21 substantial sums due them in respect of their contingent compensation on
22 "Goodfellas," plaintiffs claimed the right to such payment. But Warner refused,
23 and has continued to refuse, to make any such payment; and, in repudiation of its
24 obligation under the 1981 Contract, Warner has denied that it has, or ever had, any
25 obligation to report or to include in computing Winkler's contingent compensation
26 anything more than 20% of Warner's home video receipts.

27
28

FIRST CAUSE OF ACTION

(Breach of Contract – Against Warner)

20. Plaintiffs incorporate by reference paragraphs 1 through 19 hereinabove as though fully set forth herein.

21. Plaintiffs have done everything required of them under the 1981 contract and are in no manner or respect in breach thereof.

22. Warner's failure and subsequent refusal to pay plaintiffs the sums due them pursuant to the 1981 Contract, its failure to provide truthful reports to plaintiffs, its misrepresenting, concealing and failing to disclose to plaintiffs the true receipts of "Goodfellas" in its reports, its concealing from plaintiffs vast sums that should have been included in computing plaintiffs' contingent compensation, its cynical scheme intended to conceal from plaintiffs its fraud and falsely to explain or justify its conduct if discovered, its improper charging of distribution fees, interest and other costs, its misallocating revenues to plaintiffs' detriment, and its denial that it has or ever had any obligation to report or include in computing plaintiffs' contingent compensation any more than 20% of Warner's home video receipts, all constituted willful and material acts by Warner in breach and repudiation of the express and implied provisions of the 1981 Contract.

23. At all relevant times, Warner had the unrestricted right and ability to receive from its wholly owned home video subsidiary all or any such part of "Goodfellas" home video receipts as Warner desired. As alleged hereinabove, Warner received all of the home video receipts of "Goodfellas" less video costs. Warner's carrying out its scheme to withdraw the "Goodfellas" home video receipts in separate transfers, the first transfer representing 20% of such video receipts, the subsequent transfer representing 80% of such receipts less video costs, and to represent to plaintiffs that only the first such transfer was received and that it was the "total" of such receipts, while concealing that, in fact, it was only 20% of the total of such receipts and concealing its receipt of the second and far larger transfer

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1 of such receipts from its wholly owned subsidiary, so that Warner could seek to
2 exclude that far larger sum in computing and paying Winkler's contingent
3 compensation, was also a violation of the covenant of good faith and fair dealing
4 inherent in the 1981 Contract, as in every contract.

5 24. As a direct and proximate result of Warner's fraudulent acts of
6 intentional misrepresentation, failure to disclose and concealment alleged
7 hereinabove, plaintiffs remained unaware, until 2014, of the true facts with
8 reference to the actual receipts of "Goodfellas" and remained unaware, until 2014,
9 that plaintiffs had any right or need to present any claim or objection with respect to
10 Warner's reports of such receipts or any right or need to audit Warner's books or
11 any right or need to file a civil action against Warner, and, by its fraud, Warner
12 prevented plaintiffs from complaining about or objecting to Warner's reports prior
13 to 2014 and from auditing Warner's books and records with respect to the receipts
14 and expenses of "Goodfellas" and from commencing any civil action against
15 Warner with respect to "Goodfellas" at any time prior to 2014.

16 25. As a direct and proximate result of Warner's acts of breach and
17 repudiation alleged hereinabove, plaintiffs have been damaged in a sum in excess of
18 \$18 million.

19
20 **SECOND CAUSE OF ACTION**

21 **(In The Alternative, Fraud – Against All Defendants)**

22 26. Plaintiffs incorporate by reference paragraphs 1 through 19 and 21
23 through 25 hereinabove as though fully set forth herein.

24 27. Warner's fraudulent conduct alleged hereinabove prevents plaintiffs'
25 First Cause of Action from being time barred by any statute or contractual
26 provision. In the event, however, that a Court were to hold that plaintiffs' First
27 Cause of Action is somehow time barred, either by statute or by contract, plaintiffs
28 will have been damaged in a sum in excess of \$18 million, as a direct and

1 proximate result of Warner's fraudulent conduct alleged hereinabove that led
2 plaintiffs to take no action to assert their claims or protect their rights prior to 2014.

3 28. By reason of the facts alleged hereinabove, plaintiffs would, in that
4 event, be entitled to an award of exemplary damages.

5 WHEREFORE, plaintiffs pray judgment as follows:

- 6 1. For the sum of \$18 million or such greater sum as shall be found;
 - 7 2. For pre-judgment interest thereon at the highest lawful rate;
 - 8 3. For exemplary damages; and
 - 9 4. For costs of suit and such other and further relief as the Court shall
- 10 deem proper.

11
12 DATED: September 21, 2015

GREENBERG GLUSKER FIELDS
CLAMAN & MACHTINGER LLP

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15 By: 
16 BERTRAM FIELDS (SBN 024199)
17 Attorneys for Plaintiffs Irwin Winkler
18 and Winkler Films, Inc.
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EXHIBIT A

THIS AGREEMENT dated as of March 1, 1981, between WARNER BROS. INC., a Delaware corporation ("Warner") and WINKLER FILMS, INC., a California corporation ("Producer"):

1. BASIC PROVISIONS

1.01 Pictures: Producer shall produce and deliver to Warner, and Warner shall finance and distribute, certain feature length motion pictures (hereinafter separately referred to as the "Picture" and collectively referred to as the "Pictures") upon all of the terms and conditions herein contained.

1.02 Term:

(a) The term of Producer's services hereunder (hereinafter referred to as the "Term") shall commence on the date following the expiration or termination of the term of the Financing and Sale Agreements (the "UA Agreements") dated March 1, 1975, as amended, between Chartoff-Winkler Productions, Inc. ("Chartoff-Winkler") and United Artists Corporation ("United") and shall continue thereafter for a period of three (3) years, or four (4) years (if the parties hereto shall mutually agree in writing prior to the expiration of said three-year period to so extend the Term).

(b) The provisions of this Agreement with respect to all Pictures as to which the basic literary material has been approved for development for possible production prior to the expiration of the Term hereof shall continue to apply to such Pictures after the expiration of the Term until completion or abandonment of such Pictures.

1.03 Exclusivity:

(a) Subject to the provisions of subparagraph (b) of this Paragraph 1.03, Producer will furnish the exclusive professional services of Irvin Winkler ("Winkler") in connection with the development and production of the Pictures, it being expressly understood and agreed that during the Term, Winkler shall not render any professional services of any kind in connection with theatrical motion pictures, television films, or otherwise in the field of entertainment without the prior written consent of Warner first had and obtained in each and every case except that as to any picture produced or in production under the UA Agreements (other than a picture governed by the provisions of said subparagraph (b)) prior to March 1, 1981, Winkler shall have the right to render services in connection with the follow-up work on such picture (such as checking a rough cut thereof or supervising a television version thereof) provided that Winkler's services are minor, incidental, or do not interfere with his services hereunder.

(b) Notwithstanding anything to the contrary contained in subparagraph (a) of this Paragraph 1.03, Producer shall have the right to produce and to furnish the services of Winkler in connection with the development and the production of the following projects (the "Outside Projects");

(1) Feature length theatrical motion pictures in which the principal male character is the character "Rocky" (the "Rocky Picture") except that in the event that United shall not proceed with the financing and distribution of a Rocky Picture, then, if Producer or Winkler acquires from United and/or Chartoff-Winkler during the Term the right to develop and produce a Rocky Picture, Warner shall have a first negotiation and first refusal right with respect to the Rocky Picture in accordance with the procedures set forth in Exhibit "A" (attached hereto and by this reference made a part hereof) and Producer will from time to time advise Warner as to the status of the rights in the Rocky Pictures;

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(ii) A proposed feature length theatrical motion picture tentatively entitled "Weeds";

(iii) A proposed feature length theatrical motion picture tentatively entitled "The Right Stuff";

(iv) A contemplated feature length theatrical motion picture based primarily on ballet and ballet performances;

(v) A proposed feature length biographical motion picture concerning Frank Costello;

(vi) A proposed feature length theatrical motion picture based upon the work entitled "Homage to Catalonia" written by George Orwell;

(vii) A proposed feature length theatrical motion picture based upon an original screenplay entitled "Compliments of the Author" written by Israel Horowitz; and

(viii) Rejected Projects and Abandoned Projects (as said terms are hereinafter defined in Paragraph 1.10 hereof).

1.04. Literary Properties; Development Fund:

(a) Subject to the provisions of Paragraph 1.03(b) hereof, Producer will first submit to Warner from time to time during the Term all literary properties, story ideas, story outlines, screenplays and similar materials proposed by Producer for use in connection with the development and production of Pictures hereunder including, without limitation, all such materials created or conceived by Producer or Winkler or any other employees of Producer. Producer will not submit or cause to be submitted any materials referred to herein to any person, firm or corporation other than Warner unless and until such material has been submitted to and rejected by Warner.

(b) With respect to all materials submitted to Warner by Producer hereunder, Warner shall be deemed to have rejected such materials unless Warner shall notify Producer within three (3) weeks after receipt of the submission of such material that such material is approved for development and possible production hereunder provided, however, if the material submitted is in the form of a screenplay, then said three-week period shall be extended for an additional four (4) weeks in order to enable Warner to budget such material.

(c) If Warner rejects or is deemed to have rejected any material submitted to it hereunder, then Producer may at its option either:

(i) elect to acquire any such material by use of the Development Fund (as said term is hereinafter defined) in which case such material shall be developed under the provisions of this Agreement; or

(ii) elect to proceed with the development of such material itself or with any third party, in which event the Development Fund shall not be utilized for the acquisition of such material and the provisions of Paragraph 1.10 shall apply.

(d) Warner shall make available to Producer during the Term a fund (herein referred to as the "Development Fund") in the amount of \$200,000 for utilization by Producer for optioning or acquiring literary material (which material need not be submitted to Warner for its approval or, having been submitted to Warner, thereafter is rejected or abandoned by Warner) and for utilization by Producer to commission the writing of screenplays based upon such literary material subject, however, to the following provisions:

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(i) Producer will consult with Warner prior to each use of the Development Fund and will give good faith consideration to Warner's views and recommendations but in the event of any disagreement the Producer's decision shall be final.

(ii) Producer shall not expend, without Warner's consent, more than \$100,000 in connection with the acquisition and/or development of any one literary property.

(iii) Upon commencement of principal photography hereunder of a motion picture based upon literary material with respect to which monies from the Development Fund had been expended, Warner shall restore to the Development Fund an amount equal to the sums expended from the Development Fund with respect to the acquisition and/or development of such material.

(e) Warner may from time to time submit to Producer literary properties, story ideas, story outlines, screenplays and similar material which Warner proposes Producer use for development and production hereunder. With respect to any material submitted by Warner to Producer, Producer shall be deemed to have rejected any such material unless Producer shall notify Warner within three (3) weeks after the submission to Producer of any such material that such material is approved by Producer for acquisition and/or development hereunder.

1.05 Development; Creative and Business Decisions:

(a) Producer agrees to furnish the services of Winkler in connection with the development of the screenplays and budgets for each Picture as to which the literary material is determined in accordance with the provisions of Paragraph 1.04 hereof, and as individual producer of all Pictures which are "set for production" (as said term is hereinafter defined), subject, however, to the provisions of subparagraph (b) of Paragraph 1.03. Said development services shall include consultations with Warner with respect to the development of the screenplays and budgets, supervising the services of all writers who may be engaged in connection with the Pictures to be developed hereunder, location scouting, casting proposed members of the casts, selection of directors, and all other preproduction services customarily performed by producers.

(b) Except as otherwise provided in this subparagraph (b), all creative decisions in connection with the development and production of the Pictures shall be determined by mutual agreement between the parties, and all business decisions shall, after full consultation between the parties, be subject to the final determination by Warner. Producer is entering into this Agreement requiring mutuality of creative decisions in reliance on the representation and assurance from Warner that Warner will move expeditiously in making decisions in order not to hold up the development and production of the Pictures, and that it will not refuse to abandon a Picture, thereby allowing the provisions of Paragraph 2.17(c) hereof to become operative, if Warner has basically decided not to finance such Picture. Producer recognizes, however, that there may be occasions where Warner genuinely desires to cause a Picture to be produced, but only if certain elements can be obtained, and the parties therefore agree that it is the spirit of this Agreement that a Picture will not be abandoned, allowing the provisions of Paragraph 2.17(c) to become operative, until the parties have exhausted the possibility of finding elements suitable to both parties. With the foregoing general statement embodied as part of the overall agreement, the parties specifically agree as follows:

(1) The final form of the screenplay of each Picture shall be subject to mutual agreement. If the parties are unable to mutually agree, Warner need not abandon development of such Picture, it being the intent of the parties that the project will remain as a development project under this Agreement until mutual agreement is reached or until Warner determines in its discretion (without any obligation to do so) that it is no longer interested in the development of the Picture.

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(2) With respect to the screenplay writer, a Picture need not be abandoned for failure to engage a particular writer as long as Warner states its intention to engage another writer and moves promptly and expeditiously to attempt to mutually agree with Producer upon such other writer.

(3) With respect to the selection of the director and the principal stars of a Picture, it is agreed that at any time after a screenplay and budget have been approved, and notwithstanding Warner's desire to finance the production of such Picture, Producer can require that the Picture be abandoned unless Warner moves expeditiously to engage a director and principal star or stars. The parties have discussed at length the meaning of the term "move expeditiously" in this context, and have determined that it will be applied in utmost good faith by both parties. However, in order to give Producer further assurance, it is agreed that if Producer believes that Warner has not moved expeditiously in the selection of a director and/or principal star, Producer may give appropriate written notice to Warner so stating this fact. Warner will then, within not more than 20 days from receipt of such notice, designate a list of one or more directors and/or one or more persons to portray the principal role or roles involved, whom Warner would be willing to engage. If the parties are unable to mutually agree upon and engage any of the persons on such list(s), then the same procedure shall, if Warner so elects, be repeated not more than 2 additional times (i.e., Warner shall submit another list within 20 days from the determination that all persons on the prior list cannot be engaged for the Picture). When the foregoing procedure has been exhausted three (3) separate times (or on the expiration of a 20 day period within which another list may be submitted, if no list has been submitted during such period), and provided Producer designates in writing a director and/or principal star (as the case may require) with whom Producer is prepared to proceed, Producer may require that the Picture be abandoned and may exercise its rights under Paragraph 2.17(c) hereof, provided it actually utilizes the services of the person or persons so designated by Producer, and subject to all of the other provisions and requirements of said Paragraph 2.17(c).

(4) With respect to all Pictures produced hereunder, Producer shall have the so-called "final cut", subject to the following:

(i) Said final cut shall be subject to any conflicting provisions which may exist in the agreement entered into with the director of such Picture, as mutually agreed upon between the parties hereto.

(ii) The provisions of subparagraphs (f), (g) and (h) of Paragraph 2.01 hereof, and subparagraph (a)(iii) of Paragraph 5.02 hereof, shall apply in the premises.

1.06 Setting Pictures for Production:

(a) At such time as a screenplay has been developed hereunder which Warner elects to budget, Warner will so notify Producer in writing, and Warner and Producer shall then proceed expeditiously to prepare such budget. In preparing such budget, Warner and Producer will follow Warner's customary budgeting procedures, and Producer will advise and consult to the fullest extent with Warner's production, budgeting and creative personnel. In the event Warner approves such budget, Warner will notify Producer of such approval in writing and the parties shall then proceed to attempt to engage the principal members of the cast and the director of the Picture involved; do any polishing or revising of the screenplay which may be required to accommodate such personnel, and establish the starting date for commencement of principal photography of such Picture, all in accordance with and subject to the provisions of Paragraph 1.05 hereof.

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(b) at such time as the final screenplay and budget of each Picture have been approved by Warner and the principal members of the cast and director of such Picture have been engaged, and a definite starting date has been scheduled for commencement of principal photography of such Picture, such Picture shall be deemed "set for production" for the purposes hereof.

1.07 Payments: Except as otherwise set forth in this Agreement and provided that Producer and Winkler are not in default of any material obligation to be kept and performed by them hereunder, the following provisions shall apply:

(a) Annual Overhead Payment.

(1) Warner shall pay to Producer the aggregate sum (hereinafter referred to as the "Annual Overhead Payment") of not more than \$120,000 per year at the rate of not more than \$10,000 per month during the Term upon receipt of monthly invoices from Producer for the preceding month. Said monthly payments shall include the following expenses of Producer:

(i) The salary and fringe benefits payable by Producer to one secretary at an aggregate rate not to exceed \$2008.61 per month;

(ii) The professional fees charged to Producer by its accountant at a rate not to exceed \$1500 per month;

(iii) The salary and fringe benefits payable by Producer to a general assistant at a rate not to exceed \$1,408.33 per month;

(iv) The car rental for one automobile being leased by Producer at a rate not to exceed \$666.40 per month;

(v) Entertainment expenses of Producer and Winkler in an aggregate amount not to exceed \$2166.66 per month;

(vi) Office rental not to exceed \$1,000 per month (provided such office is used by Producer as its principal place of business); and

(vii) Miscellaneous unaccounted for expenses not to exceed \$1,250 per month.

(2) Said monthly payments shall be subject to adjustments and suspension as hereinafter provided.

(3) The Annual Overhead Payment shall be allocated to the direct cost of production of completed Pictures delivered to Warner hereunder in the same manner as provided in Paragraph 1.10(c)(i) hereof with respect to the allocation of abandonment costs.

(b) Production Fee Advance.

(1) Warner shall pay to Producer the sum (hereinafter referred to as the "Production Fee Advance") of \$500,000 per year as to each year of the Term, which sum shall be payable to Producer at the rate of \$41,666.67 per month. Payments of the Production Fee Advance shall constitute non-returnable advances against the Production Fees (as said term is hereinafter defined) provided to be paid pursuant to subparagraph (c) of this Paragraph 1.07 and shall be allocated to the direct costs of production of the Picture or Pictures involved.

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(2) If, by the end of the second year of the Term, fewer than three (3) Pictures have been "set for production" (as said term is hereinabove defined), then Warner shall have the right to withhold payment of the Production Fee Advance for each subsequent year of the Term, and such withholding shall not in any way diminish or derogate from the obligations of Producer and Winkler under this Agreement for the full period of the remaining portion of the Term.

(c) Production Fees

(1) Warner shall pay to Producer for producing the Pictures actually produced hereunder and for furnishing the services of Winkler as individual producer thereof the following fees (hereinafter referred to as the "Production Fees"):

(i) \$385,000 for each of the first three (3) Pictures produced hereunder;

(ii) \$410,000 for each of the fourth and fifth Pictures produced hereunder; and

(iii) \$435,000 for the sixth and each subsequent Picture produced hereunder.

(2) The Production Fees shall accrue and be payable as follows:

(i) 20% thereof (less the Production Fee Advances, if any) at such time as a Picture is set for production;

(ii) 60% thereof at the rate of 3% per week (less the Production Fee Advances, if any) for twenty (20) weeks commencing six (6) weeks prior to the scheduled commencement of principal photography of the Picture subject, however, to the provisions of Paragraph 2.15 hereof;

(iii) 20% thereof (less the Production Fee Advances, if any) on delivery of the answer print of the completed Picture.

(3) Warner shall have the right to apply against the Production Fee (less \$10,000) payable in connection with each Picture an amount equal to the Production Fee Advances, if any, which have not been applied against the Production Fee of a Picture.

(d) Contingent Production Fee

(1) Warner will pay to Producer a fee (the "Contingent Production Fee") in connection with each Picture in the following amounts depending upon the final direct cost of production of each such Picture.

<u>Direct Cost of Production</u>	<u>Contingent Production Fee</u>
Under \$5,000,000	\$ 525,000
\$5,000,000 to \$7,500,000	937,500
\$7,500,000 to \$10,000,000	1,212,500
\$10,000,000 to \$12,500,000	1,487,500
\$12,500,000 to \$15,000,000	1,762,500
Over \$15,000,000	1,950,000

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(2) The Contingent Production Fee shall be payable only out of the gross receipts of the Picture which remain after recoupment of distribution fees, distribution expenses, and all other items of cost of production of such Picture (and interest calculated in accordance with Paragraph 6.02(a)(iii)) and overhead charges, if any, but *pari passu* with other deferrals in the same proportion that the applicable fee bears to the total of said fee and all other deferrals payable on a *pari passu* basis.

(e) Gross Fee: Warner will pay to Producer an amount (hereinafter referred to as the "Gross Fee") equal to 5% of the gross receipts (as said term is defined in Section 6 hereof) of the Picture in excess of "breakeven" (as said term is defined in subparagraph (b) of Paragraph 6.02) computed on a "moving breakeven" basis, which participation shall be computed, determined and payable pursuant to the provisions of Section 6 hereof.

(f) Net Profit Participation:

(1) Warner will pay to Producer an amount (hereinafter referred to as "Producer's 50% Share") equal to 50% of 100% of the Net Profits (as said term is hereinafter defined in Paragraph 6.02 hereof) of each Picture. Said Net Profits shall be computed, determined, payable and accounted for in accordance with the provisions of Section 6 hereof.

(2) All "Third Party Gross Participations" and all "Third Party Net Participations" (as said terms are defined in Paragraph 6.01) payable in connection with the Picture shall be borne by Producer out of Producer's 50% Share of the Net Profits except that the Producer's 50% Share, after deducting the actual dollar amount of all such Third Party Gross Participations and Third Party Net Participations (hereinafter collectively referred to as "Third Party Participations") shall not be reduced below an amount (the "Floor") equal to 20% of 100% of the Net Profits of such Picture.

(3) In the event that the Third Party Participations exceed the amount required to reach the Floor, then said Third Party Participations shall be treated as follows:

(i) If there are both Third Party Gross Participations and Third Party Net Participations, the Third Party Net Participations shall be deducted from Producer's 50% Share first, and if after such deduction the Floor has not been reached, Third Party Gross Participations shall be deducted from Producer's 50% Share until the Floor is reached.

(ii) All Third Party Gross Participations and Third Party Net Participations which are not absorbed by Producer within Producer's 50% Share shall be absorbed by Warner.

(g) Legal Fees: With respect to each Picture produced hereunder, Warner shall pay to Producer a sum not exceeding \$15,000 to reimburse Producer for its attorneys' fees incurred in connection with the production of such Picture, with the understanding that in the event Producer's attorneys shall render services in connection with a Picture which are reasonably worth more than \$15,000, Producer may so notify Warner in writing, and in such event, Warner will cause its own Legal Department to perform the balance of all legal work required in connection with such Picture and the costs and expenses of such legal work will be absorbed by Warner within Warner's overhead charge applicable to such Picture. Amounts payable to Producer pursuant to this subparagraph (g) shall be payable on receipt of invoices from Producer's attorneys, or presentation to Warner of receipted invoices showing Producer's payment of the same, but not earlier than one-half thereof on commencement of principal photography of the Picture involved, and the balance on delivery to Warner of such Picture.

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(h) Miscellaneous:

(1) Provided that an event of default (as said term is defined in Paragraph 2.16 hereof) has not occurred in connection with the Picture and Winkler is ready, willing and able to render his services in connection with the Picture, the contingent payments provided to be paid to Producer pursuant to subparagraphs (d), (e) and (f) of this Paragraph 1.07 shall vest as follows:

(i) 20% thereof at such time as the Picture is set for production;

(ii) 60% thereof at the rate of 3% per week for twenty (20) weeks commencing on the date which is six (6) weeks prior to the scheduled date for commencement of principal photography of the Picture;

(iii) 20% thereof upon delivery of the answer print of the Picture.

In the event that the services of Winkler are terminated with respect to a Picture by reason of an event of default, then no contingent payments shall be payable with respect to the Picture and Warner shall have complete offset rights as to any and all damages claimed by Warner as a result of the event of default subject, however, to adjustment if and when the amount of such damages shall be determined by settlement, arbitration or litigation.

(2) The Pictures produced hereunder shall be cross-collateralized in groups of two (2) determined by the order in which the Pictures commenced principal photography in accordance with the following provisions which shall apply to each such group:

(i) As used herein, the term "Deficit" shall mean the amount, if any, by which the aggregate of items (a)(i) through (a)(iv) of Paragraph 6.02 expended in connection with the Picture in the group which has not reached Net Profits (the "Loss Picture") exceeds the gross receipts (as said term is defined in Paragraph 6.03 hereof) of such Picture. The Deficit shall be determined as of the close of each accounting period provided for in Paragraph 6.10 hereof.

(ii) Warner shall have the right to withhold from the Producer's 50% Share of the first Picture in the group to reach Net Profits an amount ("Producer's Cross-Collateralized Share") not to exceed 20% of the Producer's 50% Share, provided that if the Producer's 50% Share is less than 25% of 100% of the said Net Profits then the Producer's Cross-Collateralized Share shall be the difference between Producer's 50% Share and the Floor. For example, if the Producer's 50% Share is 30% of 100% of said Net Profits, then Producer's Cross-Collateralized Share will be 6% of 100% of said Net Profits but if Producer's 50% Share is 24% of 100% of said Net Profits, then Producer's Cross-Collateralized Share will be 4% of 100% of said Net Profits.

(iii) Except as hereinafter otherwise provided herein, Warner shall apply Producer's Cross-Collateralized Share against an amount equal to 50% of the Deficit, if any, of the other Picture in the group until such time as the other Picture has reached Net Profits. Thereafter, 100% of the Producer's 50% Share shall be paid to Producer currently as earned and the Producer's Cross-Collateralized Share being withheld by Warner shall thereupon be released to Producer together with interest at the "Commercial Paper Rate" (as said term is hereinafter defined) from the date such sums are withheld to the date released. As used herein, the term "Commercial Paper Rate" shall mean the rate per annum equal to the average rate reported for the most recent weekly period in the Wall Street Journal weekly listing (which listing generally appears on Monday) - entitled "Federal Reserve Data: Weekly Interest

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Rates" - relating to commercial paper. If the Wall Street Journal ceases to publish said listing or if such publication is not published for any week with respect to which such information is required hereunder, such average rate shall be determined on the basis of quotations received for the previous week from three New York commercial paper dealers of recognized standing.

(iv) Warner shall also release from Producer's Cross-Collateralized Share from time to time any sums being held by Warner in excess of 50% of the Deficit together with interest at the rate provided for in subsection (iii) above from the date such sums are withheld to the date released.

(v) At any time subsequent to six (6) months after the first general release of the second Picture in the group in the United States, or three (3) months after the first general release of such Picture outside the United States, whichever is later, Warner will, at Producer's written request (which request may not be made more frequently than once each calendar year) make a residual estimate of the ultimate Deficit, if any, of any Picture which has not then reached Net Profits. Such estimates shall be made in good faith on the basis of facts and information known to Warner at the time, and Warner will, concurrently with the making of such estimate, release Producer's Cross-Collateralized Share based upon such estimated eventual Deficit, rather than on the actual Deficit at the time. It is specifically understood and agreed that Warner's estimate of eventual deficits in accordance with the foregoing shall be final and binding upon Producer, and in no event shall any payments be made predicated on any estimated eventual Net Profits of any Picture.

(vi) It is agreed that except as may be permitted pursuant to this subdivision (vi) Producer's 50% Share of a Picture shall not, after the deduction of Producer's Cross-Collateralized Share, be less than the Floor. Nothing herein contained shall be construed to prevent Warner from requesting Producer to accept less than 20% of 100% of the Net Profits of a profitable Picture in a group, and nothing herein contained shall be construed so as to prevent Producer from refusing such reduction for any reason whatsoever, and neither party shall be deemed to have acted in bad faith by reason of requesting or rejecting such reduction below 20% of 100%.

(vii) The net proceeds derived from the Loss Picture after the Deficit is eliminated shall be paid one-half (1/2) to Producer until Producer has recouped an amount equal to Producer's Cross-Collateralized Share applied against the Deficit plus interest on said amount at the rate provided for in Paragraph 6.02 hereof from the date said amount is withheld to the date released.

1.08 Transportation and Living Expenses: If Winkler shall be required to make preproduction trips more than fifty (50) miles from Los Angeles, California, or shall be required to travel more than fifty (50) miles from Los Angeles, California to the location site of any Picture during the production thereof, then the following provisions shall apply.

(a) Producer shall be entitled to be reimbursed for the following round trip transportations (first class and by air, if available):

(i) Round trip transportation for Winkler;

(ii) If the trip is for more than three (3) consecutive days, round trip transportation for Winkler's wife; and

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(iii) If the trip is for four (4) consecutive weeks or more to a distant location for a Picture actually in principal photography, one round trip transportation for each of Winkler's children who accompany him.

(b) In addition to the transportation provided for in (a) above, Warner will reimburse Producer the sum of One Thousand Five Hundred Dollars (\$1,500) per week as and for Winkler's living expenses. Expenses for any period less than a week shall be prorated and for this purpose the daily rate shall be one-seventh (1/7) of the weekly rate.

(c) Producer will submit to Warner adequate evidence in support of reimbursement of the transportation and living expenses provided for in (a) and (b) above.

1.09 Credit: Provided that Producer and Winkler are not in default of any material obligation to be kept and performed by them hereunder and provided that a Picture, as released, was produced substantially under the direct supervision of Winkler, then Winkler shall be entitled to the following credits:

(a) Winkler shall be entitled to be accorded the credit "An Irvin Winkler Production" above or before the title of the Picture preceded only by the Warner logo and presentation credit on all positive prints of the Picture and in all paid advertising. Such credit shall be in size of type not less than 50% of the size of type used to display the title of the Picture on all positive prints of the Picture and not less than 35% of the size of type used to display the title of the Picture in paid advertising but in no event in size of type which is less than that used for the so-called possessory or production credit, if any, accorded to the director of the Picture.

(b) Winkler shall be entitled to be accorded the credit "Produced by Irvin Winkler" on all positive prints of the Picture on a separate card directly preceding the director's "directed by" credit and in all paid advertising. Such credit shall be in size of type not less than 50% of the size of type used to display the title of the Picture on all positive prints of the Picture and not less than 35% of the size of type used to display the title of the Picture in paid advertising but in no event in size of type which is less than that used for the larger of the so-called director's "directed by" credit or the screenplay writing credit.

(c) Warner's billing obligations with respect to Winkler in connection with paid advertising shall be subject to the exceptions set forth in Paragraph 2.05(b) hereof provided that, notwithstanding anything to the contrary contained in said Paragraph 2.05(b), if in any Excluded Advertising (as such term is hereinafter defined in Paragraph 2.05(b)) the director's so-called possessory or production credit and/or the director's "directed by" credit appears in any such advertising (other than award advertising relating to Academy Award nominations and/or relating to awards and other prize nominations and awards), then Winkler's production credit and/or "produced by" credit shall appear in any such advertising, as the case may be.

1.10 Producer's Outside Activities:

(a) As used herein, the term "Rejected Project" shall mean any literary material rejected by Warner (provided that such material is not acquired and/or developed by use of the Development Fund) and the term "Abandoned Project" shall mean any project, the development or production of which Warner elects or is required to elect to abandon, which project however was to be based upon literary material submitted by Producer to Warner as distinguished from literary material owned by Warner which is submitted by Warner to Producer.

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(b) Producer's activities in connection with the development and/or production of Outside Projects shall be subject to the following provisions:

(i) With respect to an Abandoned Project, the provisions of Paragraph 2.17(c) hereof shall apply:

(ii) In the event that Producer shall commence principal photography of an Outside Project for or with any third party, Producer shall have the right to render its production services in connection therewith and to furnish the services of Winkler as the individual producer thereof, which services may be exclusive, provided, however, that Producer shall use its best efforts to obtain the right for Winkler to do such ongoing work as is necessary for continued development of projects hereunder so long as such work does not interfere with Winkler's services in connection with the Outside Project.

(iii) The Term shall be extended for a period equivalent to one-half of the period (the "Outside Picture Exclusivity Period") commencing eight (8) weeks before the start of principal photography of the Outside Project and continuing thereafter until six (6) weeks after completion of principal photography.

(iv) During the Outside Picture Exclusivity Period the amount payable pursuant to Paragraph 1.07(a) hereof shall be reduced by 50%. Producer agrees to use its best efforts to have the company financing the production of the Outside Picture be responsible for as much of the Annual Overhead Payment payable during the Outside Picture Exclusivity Period as possible and Warner's obligation to make such payment shall be reduced to the extent of such assumption of responsibility.

(v) During the Outside Picture Exclusivity Period the amount payable pursuant to Paragraph 1.07(b) hereof shall be reduced by 100% provided, however, if Winkler's services in connection with a Chartoff-Winkler Project are non-exclusive and Robert Chartoff is principally responsible for the actual production of such project, then the amounts payable pursuant to said Paragraph 1.07(b) shall be reduced by 50%.

(vi) Within thirty (30) days after the close of each calendar quarter during the Term, Producer will advise Warner in writing as to the amount of time spent by Producer in connection with the development and/or production of Outside Projects, exclusive of the periods commencing eight (8) weeks before the commencement of principal photography of Outside Projects and ending six (6) weeks after completion of such principal photography. In this connection, it is expressly understood and agreed that there shall be no interruption in the payments of the Annual Overhead Payment or Production Fee Advance pursuant to Paragraphs 1.07(a) and (b) hereof by reason of Producer's activities in connection with the Outside Projects, but it is agreed that the Term shall be automatically extended for a period equivalent to the aggregate period of such activities of Producer in connection with the Outside Projects; and during the Term, as extended, as provided for in this subdivision (v), no further payments shall be due Producer under Paragraphs 1.07(a) and (b) hereof.

(c) (i) With respect to Abandoned Projects, all costs incurred in connection therewith under the terms of this Agreement, and all payments under Paragraphs 1.07(a) and (b) hereof which have not been charged to the cost of production of any particular Picture (all herein called "Abandonment Costs"), shall be charged provisionally to the cost of production of the first Picture as to which principal photography is commenced hereunder. At such time as principal photography of a second Picture is commenced hereunder,

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the aggregate of such Abandonment Costs shall be charged equally to the first two (2) Pictures produced hereunder and the foregoing procedure shall be repeated indefinitely so that the aggregate of all Abandonment Costs referred to in this subparagraph (c) shall be charged equally to the cost of production of all Pictures produced under this Agreement. Notwithstanding the foregoing, however, Abandonment Costs shall not be charged to any Pictures produced hereunder for the purpose of determining "breakeven" or "moving breakeven" under the provisions of Paragraph 1.07(e) hereof. With respect to a project submitted by Warner to Producer, which project was previously under development by Warner with a third party and then abandoned, Warner and Producer shall negotiate at the time of acceptance of such project by Producer the amount, if any, of Warner's abandoned property costs for such project which shall be treated as Abandonment Costs hereunder if the project is thereafter abandoned hereunder.

(ii) If Producer proceeds with the production of an Outside Project based upon an Abandoned Project or if Warner shall proceed with the production of a motion picture based upon an Abandoned Project or sells or otherwise disposes of all or any part of Warner's rights in connection therewith, the costs incurred in connection with the Abandoned Project shall no longer be included in Abandonment Costs hereunder and proper adjustments and accountings hereunder shall be made.

1.11 Sequels, Remakes and Television Films:

(a) If, at any time within 10 years after the release of a Picture, or at any time after such 10-year period if Winkler has produced a feature-length theatrical motion picture during the two-year period immediately preceding such time, Warner proposes to produce a theatrical remake of such Picture, a theatrical sequel thereof, or any other motion pictures or television films based in whole or in part upon literary material first suggested or submitted by Producer under the terms of this Agreement, Warner will so notify Producer in writing, and in such event, Warner will, if promptly requested by Producer, and provided Winkler is ready, willing and able to render his services, negotiate in good faith with Producer as to the terms and conditions upon which Producer would supply the services of Winkler as individual producer in connection with the remake, sequel, television film or television series involved but with respect to the remake or sequel the terms and conditions shall in no event be less favorable than those contained in this Agreement with respect to the production of the Picture.

(b) If the parties hereto are unable to agree with respect to the terms and conditions upon which Producer would supply the services of Winkler within thirty (30) days after the commencement of such negotiations, then Warner shall be free to proceed with the production of such remake, sequel, television film or television series without further obligation to Producer or Winkler with respect thereto except as follows:

(1) Warner shall nevertheless be obligated to pay Producer, with respect to any theatrical remake or theatrical sequel, the Production Fees and contingent payments provided to be paid pursuant to subparagraphs (c), (d), (e) and (f) of Paragraph 1.07 hereof (it being agreed that said contingent payments shall not be subject to cross-collateralization); provided, however, that in the event the Picture involved (or any subsequent motion picture in the case of a second or third sequel or remake, as the case may be) received a nomination for an Academy Award, Warner may only proceed with the production of such theatrical remake or theatrical sequel if it complies with this subdivision (1), and if:

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(i) At least \$350,000 has been expended in developing the project involved on items mutually agreed upon between the parties, or if they cannot agree, on items designated by Producer; and

(ii) The parties have still not been able to mutually agree upon the particulars of such project (i.e., screenplay, budget, cast, director and other essential elements involved in the production thereof).

(2) With respect to any television film or television series based upon or adapted from such underlying literary material, if Winkler is available to render services in connection therewith, and the parties are unable to agree with respect to the compensation payable to Producer or to Winkler with respect thereto, or if a national network involved will not approve the engagement of Winkler as individual producer or executive producer of such television film or television series, Warner will include in the gross receipts of the Picture involved as referred to in the first sentence of this Paragraph 1.11, without distribution fees, the following amounts:

Feature-Length Television Films, "NOW's", "Mini-Series" and Pilots:

1-1/2 hours or less	\$ 7,750
More than 1-1/2 hours	\$ 2,750 for each full 1/2 hour

Series (per episode)

1/2 hour	\$ 1,000
1 hour	\$ 1,250
1-1/2 hours	\$ 1,500

The foregoing series fees shall be increased by 10% for each subsequent year of the series on a cumulative basis.

1.12 Confidentiality: Producer and Winkler shall keep secret all confidential matters and trade secrets of Warner of which they are made aware, and of which they become aware, during the Term, and will not disclose such matters to any person, firm or corporation, either during the Term or thereafter without Warner's written consent. Warner shall keep secret all confidential matters and trade secrets of Producer of which Warner is made aware, and of which Warner becomes aware, during the Term, and will not disclose such matters to any person, firm or corporation, either during the Term or thereafter without Producer's written consent. Producer and Winkler shall deliver promptly to Warner, upon the expiration or termination of this Agreement, or at any time Warner so requests, all memoranda, notes, records, reports and other documents, and all copies thereof in their possession relating to the performance of this Agreement and/or the development and/or production of Pictures hereunder.

1.13 Producer Distribution Consultation Rights: Warner shall consult with Winkler in connection with the advertising campaign (including, without limitation, trailers), marketing plan and release pattern for the release of each Picture in the United States and Canada and Winkler shall have the right to consult with the foreign manager or his chief deputy as to such matters relating to release in the rest of the world. Warner shall give good faith consideration to Winkler's suggestions and recommendations but in the event of any disagreement Warner's decision shall be final and binding.

1.14 16mm Print: Warner shall furnish Winkler with a 16mm positive print of each Picture as soon as 16mm prints are available provided that Winkler first executes Warner's standard form of private use agreement.

1.15 Conflicting Provisions: If any of the provisions of this Section 1 shall conflict, or be inconsistent, with any provision contained in Sections 2 through 7 hereof, the provisions of this Section 1 shall prevail and the conflicting provision contained in any other Sections of this Agreement shall be deemed modified to conform thereto.

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2. PRODUCTION DETAILS

2.01 Specifications: Subject to the provisions of Section 1 hereof, the Picture will comply with the following specifications:

(a) It will be produced in accordance with the screenplay mutually approved under Section 1 hereof with no material deviation between the Picture and such screenplay without the written consent of Warner. Said screenplay shall not only be approved pursuant to Section 1 hereof, but shall also be approved by Warner's Research and Legal Departments under the clearance procedures of Warner's errors and omissions insurance policy. Notwithstanding the foregoing, customary "on the set" changes in said screenplay may be made during the course of principal photography of the Picture, without the prior written consent of Warner, provided Warner is notified promptly of such on the set changes;

(b) It will be produced at studios and locations approved by Warner and principal photography thereon will commence on a date approved by Warner;

(c) It will be directed by the person selected by Producer and approved by Warner, which right of approval shall be exercised by Warner in good faith. All starring and principal roles will be portrayed by Artists selected by Producer and approved by Warner, which right of approval shall be exercised by Warner in good faith. The director of photography, second unit director, set and costume designers, film editor, location auditor, associate producer, production manager and production accountant shall be subject to the approval of Warner;

(d) It will be produced in accordance with a budget and production schedule approved by Warner which shall show in detail the estimated time required for the production of the Picture based upon the screenplay, which production schedule shall be such that the Picture can be made within the approved final cash production budget;

(e) It will contain only (i) original music and lyrics approved by Warner and written expressly for the Picture by persons approved by Warner, who shall be employees for hire of Warner; or (ii) previously written compositions approved for use in the Picture by Warner's Music or Legal Departments. All compositions to be used and the rights to be acquired therein shall be subject to Warner's absolute approval. All music in the Picture shall be conducted and performed by musicians, singers, and conductors approved by Warner;

(f) It will be photographed in color, using 35mm raw stock negative film designated by Warner; and, unless specified by Warner to the contrary, be photographed with no hard matte and with each scene composed for an aspect ratio of 1.75 to 1. The completed Picture shall have a running time, exclusive of main and end titles, of not less than 105 minutes, and not more than 125 minutes; shall be recorded entirely on sound equipment designated or approved by Warner; will be an entirely new and original sound film telling a continuous story with all necessary dialogue, music, lyrics and sound effects, fully edited, titled, synchronized, assembled, with the sound track fully and perfectly synchronized with the photographic action thereof, and will not, without the consent of Warner in each instance, contain more than 50% of stock or reused film or sound recordings; and will be of first-class technical quality with the picture negative and sound track of such quality and condition that first-class positive release prints suitable for exhibition in first-class theatres can be made therefrom;

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(g) It will be originally recorded in the English language except to the extent indicated in the approved screenplay. In the event any non-English-speaking actors shall be employed in the production of the Picture, they will each, in all "close-ups" and other scenes where a reading of lip movements may be possible, speak their respective lines of English dialogue with their lip movements set to the English words, which speech of each actor will (unless the approved screenplay shall otherwise require) thereafter be dubbed into the English language by English-speaking actors approved by Warner speaking in perfect synchronization with the lip movements of the actors appearing in the Picture; and

(h) It will conform to the standards and requirements of the Production Code of the Motion Picture Association of America (or any successor thereof) and qualify for a rating not less restrictive than the current "R" rating and a certificate of the British Board of Film Censors conferring a rating not less restrictive than its nearest equivalent of the current "R" rating of the Motion Picture Association of America. Producer acknowledges that it is aware that television networks and stations in the United States, Canada and elsewhere require that programming transmitted over their facilities be acceptable for viewing by "family" audiences and that the inclusion in the Picture of unacceptable material could materially affect or destroy the television income potential of the Picture. Accordingly, if any portion of the Picture can reasonably be expected to be unacceptable for television broadcast, Producer will shoot and/or record so-called "cover shots" or alternative scenes, sound or dialogue which can be used in lieu of any such unacceptable scenes, sound or dialogue, in accordance with United States network standards, and, in addition, Producer shall shoot and record such other so-called "cover shots" or alternative scenes, sound or dialogue which Warner notifies Producer are necessary or desirable for purposes of television broadcast of the Picture concerned.

2.02 Consents and Approvals:

(a) All business and creative decisions in connection with the production of the Picture shall be determined in accordance with Section 1 hereof.

(b) Whenever the consent or approval of Warner is required pursuant to any provision of this Agreement, the same shall not be deemed to have been given unless in writing, signed by an officer of Warner.

(c) The approval by Warner of any element requiring its approval shall not constitute an authorization to Producer to enter into any agreement or commitment with respect thereto or any other item or element unless specifically authorized and instructed so to do in each instance by Warner, and until Warner shall have given its approval and instructed Producer to contract in respect thereof, Warner will have no liability or obligation whatsoever in respect thereof to Producer or any other party.

(d) Warner shall have the right at any time, with or without cause (subject to Paragraph 2.17 hereof), to suspend, discontinue or abandon or terminate production of the Picture, and to terminate its obligations under this Agreement in respect of the Picture, by giving written notice thereof to Producer, all without affecting, diminishing or terminating any of Warner's rights under this Agreement, provided, however, that no suspension, discontinuance, abandonment or termination under this subparagraph (d) shall relieve Warner of its obligations as to payment of the Annual Overhead Payment under subparagraph (a) of Paragraph 1.07 hereof and of the Production Fee Advance under subparagraph (b) of Paragraph 1.07 hereof.

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(e) Producer will comply with all applicable laws, statutes, ordinances, rules, regulations and requirements of all governmental agencies and regulatory bodies, and Producer will duly and promptly apply for and procure all necessary consents, licenses and permits which may be required from any thereof in connection with this Agreement and the production of the Picture, including, without limitations, the qualification of the Picture for "nationality" of the country (or countries) of production and for all aids, subsidies, licenses, quota and other benefits resulting or accruing therefrom, and all work permits and immigration requirements.

2.03 Insurance:

(a) Producer will maintain or cause to be maintained for the Picture negative and cast insurance and adequate liability, property damage and errors and omissions insurance and such other insurance as Warner may require, the cost of all of which shall be included in the direct cost of production of the Picture. Producer will also carry all Workmen's Compensation Insurance required by law for the benefit of Producer's employees. Producer will indemnify Warner against all claims, actions and liability which may be asserted by or on behalf of any person engaged by Producer by reason of injury or death arising out of or in the course of his employment; or by or on behalf of any person by reason of accident, injury, death or property damage resulting from any negligence or fault on the part of Producer.

(b) Negative and cast insurance shall be for the full value of the Picture or the maximum percentage of the full value for which insurance can be obtained. All insurance shall be written by insurance companies of adequate responsibility, the policies and binders thereof shall be delivered to Warner and bear appropriate endorsements providing for the payment of the proceeds thereof to Warner or such other parties as Warner shall direct, as their interests may appear; provided however that all such cost insurance policies may contain such reasonable deductible provisions as may be approved by Warner. Cast insurance shall include all cast principals designated by Warner and the director of the Picture. If Warner has blanket insurance policies in force at the time of commencement of principal photography and if the insurer is willing to extend the coverage thereof to the Picture, Producer shall accept such coverage in such amounts, with such limits of liability, and upon such terms and conditions as Warner may consider reasonable or necessary. In such event, there shall be charged to the direct cost of production of the Picture a premium in respect of such insurance computed in the same manner and at the same rate as if such insurance had been issued directly to Producer by the insurance company on a "one-picture" basis. If Producer shall desire or require insurance in excess of, or in addition to, any such insurance, Producer shall have the right (but shall not be obligated) to apply for and to procure the same at Producer's sole cost and expenses and without any portion of the cost thereof being charged to the Picture or Warner.

(c) Any recovery under any applicable insurance policy (other than insurance referred to in the last sentence of (b) hereof) shall (unless Warner in its discretion shall agree in writing to the same being used solely for the production and completion of the Picture in accordance with the terms of this Agreement) be paid to Warner in reduction of its financings hereunder. If at any time any claim shall be made in respect to the Picture or any of the literary material or music contained therein or any rights in or pertaining to any thereof or any personnel engaged or involved in the production thereof, Producer will forthwith advise Warner in writing in respect thereof and of all details relating thereto. Producer will cooperate with Warner, and the insurance carriers in respect to each such claim, the defense and disposition thereof, and will abide by Warner's instructions in the premises. Producer will not, without the consent of Warner, do or fail to do any act or thing which could affect the rights of Warner or any of its insurance carriers.

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2.04 Contracts:

(a) All contracts of Producer with respect to the Picture shall be in customary form approved by Warner and shall be consistent with applicable collective bargaining agreements and not inconsistent with Producer's warranties or with any rights granted to Warner hereunder. Such contracts shall be in Warner's name and if approved by Warner shall be signed by a duly authorized officer of Warner, and shall otherwise comply in all respects with the requirements of this Agreement. Warner's executives and attorneys may participate in the negotiation and, to the extent consistent with the application of subparagraph (g) of Paragraph 1.07 hereof, in the preparation of such contracts, and the same shall be approved by Warner's Legal Department prior to execution. In no event shall Warner have any responsibility with respect to the adequacy or sufficiency of any documents and no opinion by any of Warner's attorneys, nor the acceptance of the Picture by Warner, shall be construed so as to release or relieve Producer from any of its representations, warranties, indemnifications or covenants hereunder. Producer shall deliver an executed copy of each such contract to Warner's Legal Department within 5 days after the execution thereof.

(b) Warner shall have the right to execute and exercise any and all rights and remedies under the contracts relating to the Picture as may be deemed necessary by Warner to enforce and/or protect the rights and interests of Producer or Warner in the premises, including, without limitation, the right to suspend the services and compensation of personnel and/or to require medical examinations to the extent permitted by such contracts, and the right to bring actions for the purpose of enforcing and/or protecting such rights and interests. All costs and expenses, including attorney's fees, incurred by Warner under this paragraph shall be included in the direct cost of production of the Picture.

(c) Producer shall not, without Warner's consent, agree to employ any person or acquire any material or rights in connection with the Picture, in whole or in part, for a percentage of, or other participating interest in, the gross receipts or Net Profits of the Picture; provided, however, that Producer may, without Warner's consent, agree to such provisions, but in such event such contract shall be disregarded for the purpose of calculating the "floor" provided for in subparagraph (f)(2) of Paragraph 1.07 as well as for the purposes of determining Producer's Cross-Collateralized Share (as said term is defined in subparagraph (h) of Paragraph 1.07 hereof). In the event Producer utilizes the Development Fund to acquire literary material and/or to engage the services of screenplay writers, Producer shall have the right to grant to the owner of the literary material a percentage of the Net Profits not to exceed 5% of 100% of the Net Profits without first obtaining Warner's consent and to grant to the screenplay writer a percentage of the Net Profits not to exceed 5% of 100% of the Net Profits if the screenplay writer is accorded sole screenplay credit or not to exceed 1 1/2% of 100% of the Net Profits if the screenplay writer is accorded shared screenplay credit without first obtaining Warner's consent.

(d) Producer shall not, without Warner's consent, enter into any collective bargaining agreement. Producer will execute such collective bargaining agreements or letters of adherence thereto affecting labor or personnel engaged by Producer and not furnished by Warner hereunder as may be directed by Warner. Except to the extent that Warner shall notify any guild or union that the Picture is not to be covered by Warner's collective bargaining agreement with such guild or union, as permitted by Warner's collective bargaining agreements, Producer shall be bound by, and will adhere to and comply with, the terms and conditions of Warner's collective bargaining agreements with respect to wages, hours, conditions of employment, pension and welfare plans, union security, preferential hiring and credits, but nothing herein contained shall be construed so as to make Warner and Producer joint employers of any personnel. With respect to personnel employed by Producer, either directly or on loan out from other employers not parties to collective bargaining agreements containing pension and welfare plans corresponding to those

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contained in Warner's collective bargaining agreements, Warner may, but shall not be obligated to, make the employer's contributions to industry pension and welfare plans in accordance with Warner's collective bargaining agreements for and on behalf of Producer, and Producer shall furnish Warner with all information and data available to Producer and which may be necessary in order to enable Warner to compute such contributions and pay the same to the union, guild, trustee or other party entitled thereto. All such contributions shall be included in the direct cost of production of the Picture. Where the pension or welfare plan involved also requires an employee's contribution, Producer shall make the payroll deductions required as directed by Warner, and shall remit the sums so deducted to Warner for handling in accordance with the applicable collective bargaining agreement.

2.05 Credits:

(a) Producer shall not enter into any agreement for the giving of credit or billing, in paid advertising or publicity, without Warner's prior specific approval of the form, extent and nature of such credit or billing. Not later than 30 days after completion of principal photography of the Picture, Producer will deliver to Warner a complete written statement showing the exact form and manner in which Producer proposes to make up the main and end titles of the Picture. If Producer has not theretofore delivered to Warner copies of all of its contracts containing credit obligations, Producer shall accompany such statement with a complete written statement showing the full text of all such obligations not included in contracts theretofore delivered. Following delivery of all such information, the parties will consult with each other with respect to the credits and will attempt to agree upon the final form of such credits and upon the release title of the Picture to be used in the United States and England, having due regard to the contractual obligations approved by Warner and Warner's contractual obligations under collective bargaining agreements or otherwise. If the parties are unable to agree as to such matters, the decision of Producer with respect to the main and end titles of the Picture shall be final, subject to said contractual obligations, and the decision of Warner with respect to paid advertisements and publicity shall be final, subject to said contractual obligations. Producer will not make up the titles of the Picture until such matters have been determined as aforesaid.

(b) Unless specifically agreed by Warner in writing to the contrary, Warner's obligation to accord credit in advertisements shall apply only to the billing portion (excluding artwork and advertising copy) of advertisements issued by Warner or under its direct control relating primarily to the Picture, and which are issued prior to the date 5 years after release of the Picture (but such 5-year limitation shall not apply as to the credits to be accorded to Producer or Warner under Paragraph 1.09 hereof); and billing requirements shall not apply at any time to the following (herein called "Excluded Advertising"): teasers, trailers, radio and television advertising, group, list or special advertisements, commercial tie-ups or by-products, or any advertisements of 8 column inches or less. The rights and remedies of the person for whose benefit any such credit provision is made, in the event of any breach of any such credit provision, shall be limited to the right of such person to recover damages, if any, in an action at law, and in no event shall any such person be entitled by reason of any such breach to terminate such agreement or seek or be entitled to enjoin or restrain the exhibition of the Picture, and all contracts in which provision is made for the giving of credit shall expressly so provide on the face thereof.

(c) Unless instructed by Warner to the contrary, Producer will include in the main title of the Picture presentation and distribution credits in form and substance, designated by Warner, together with such credits and trademarks on the main and end titles of the Picture as Warner may specify. Producer will also include in the title cards of the Picture a copyright notice in form and substance approved by Warner and such other seals, emblems, disclaimers and credits as may be designated by Warner.

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(d) Warner will comply with the credits determined or prepared in accordance with the foregoing to the extent that it can do so without violating any agreement which it may have with any guild or union. In no event, however, shall Warner be liable or responsible for any acts or omissions with respect to credits by any exhibitor, non-subsi-dary distributor or subdistributor, newspaper, magazine, record company or other person, firm or corporation.

2.06 Studio Facilities: If the Picture is produced in whole or in part at any studio owned or controlled by Warner, or in which Warner has a substantial interest (herein called "Warner's Studio"), Producer will comply with all rules, regulations and practices prevailing at such studio. All duping, dubbing, recording, rerecording, scoring, special effects, miniatures, editing, titling, making of trailers and other technical and mechanical work required in connection with production of the Picture shall be done at Warner's studio, utilizing the personnel of regular departments concerned with the work involved, unless Warner expressly consents or requires that such work be done elsewhere.

2.07 Laboratory Work: All laboratory work required in connection with production of the Picture (as distinguished from release printing) shall be ordered from and performed by a laboratory or laboratories designated by Warner. Producer warrants that it has no commitment with respect to the ordering of such laboratory work, and has not heretofore entered, and will not hereafter enter, into any agreement relating thereto. Producer shall, at Warner's request, deliver to Warner a written agreement signed by the laboratory pursuant to which such laboratory agrees to hold all negative and positive film and other property in its possession pertaining to the Picture for the sole account of Warner, except that Producer may have access to and possession of the daily rushes and work prints, to the extent necessary to enable Producer to produce the Picture.

2.08 Rushes: Warner's representatives may view all daily rushes of the Picture at reasonable times and may examine all negative and positive prints of the Picture and may run or reproduce the most recent rough cuts and cut sequences and other prints and sound tracks at such time as they may desire. In no event shall any daily rushes, rough cuts, cut sequences or any other negative or positive film or sound track connected with the Picture be exhibited by Producer publicly or privately except for bona fide production purposes. If the Picture is produced away from Warner's Studio, Warner may require daily rushes and other film to be shipped to Warner's Studio or to such place in London, Rome or Paris as Warner may direct. Any costs of shipping and returning such film shall be included in the budget and the direct cost of production of the Picture.

2.09 Previews: Except as hereinafter provided in this Paragraph 2.09, Producer shall not preview the Picture without Warner's approval. Producer shall have the right to preview, once only, its final cut of the Picture referred to in subparagraph (B)(4) of Paragraph 1.05, subject to any conflicting provisions which may exist in the agreement entered into with the director of such Picture and subject to Warner's right to approve the date, time and place of such preview. Warner need not preview the Picture, but may do so as many times and in such places as it desires and whether for production or publicity purposes and if Warner does so Warner will notify Winkler of each such preview prior thereto in sufficient time to enable Winkler to be present. If the Picture has not been fully scored at the time of any preview, then stock music track supplied by Warner shall be used for such preview. All preview costs shall be charged to the cost of production of the Picture.

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2.10. Editing: All cutting and editing subsequent to the delivery shall be controlled solely by Warner, except to the extent specifically provided in Section 1.1 hereof. As used herein, the term "editing and cutting" includes, without limitation, re-editing, recutting, post-synching, changing and dubbing of narration, dialogue, music or sound effects recorded in the Picture, and, if Warner so requires, the making of retakes and/or added scenes. All cutting and editing by Producer shall be performed only on a positive print of the Picture and Producer shall not without the prior consent of Warner make any cuts or changes in any negative of the Picture.

2.11 Advertising and Publicity

(a) All advertising and publicity rights in respect of the Picture and the production thereof shall be vested exclusively in Warner subject to the provisions of Paragraph 1.13 hereof. Producer will not issue or authorize any advertising, publicity or exploitation relating to the Picture or the production thereof of any kind or character whatsoever or engage any publicist, press or publicity representative without Warner's prior consent thereto, not to be unreasonably withheld.

(b) Warner may assign to the Picture during the production thereof such publicity men and photographers as it may deem advisable. Such publicity men and photographers may, at the election of Warner, be regular employees of Warner and/or outside persons engaged by Warner for the Picture. In either event the salaries, compensation and expenses of such persons shall be included in the direct cost of production of the Picture.

(c) Any and all costs incurred or expended for advertising or publicizing the Picture or the production thereof in respect of which provision is made in the approved budget or which may be incurred or expended with the consent of Producer and Warner (including the cost of personnel referred to in (b) hereof and any other Warner personnel assigned to the Picture) prior to the delivery of the Picture to Warner shall be charged to the cost of production of the Picture. Any and all such costs incurred subsequent to such delivery or as to which no provision is contained in the approved budget shall be treated as distribution expenses.

(d) All trailers of the Picture shall be produced by Warner and not by Producer. The cost of production of all trailers for theatrical distribution and exhibition of the Picture shall be included in the direct cost of production of the Picture. All other trailer costs shall be treated as distribution expenses.

(e) Warner shall consult with Winkler with respect to the selection of the person or persons primarily responsible for the managing of the advertising campaign for the Picture and with respect to the trailers to be produced and to be used.

2.12 Warner's Representative: Warner may designate a production representative whom Producer will keep advised as to all phases of the production of the Picture. If production is at a place other than Warner's Studio, Producer will furnish such representative with office space and facilities at the studio and at all other places where the Picture shall be produced throughout the full period of production and for a reasonable period thereafter. Producer will make available to such representative, and such representative shall at all times have access to, all books, records, contracts, screenplays, production notes and all other information and data of every kind relating to the Picture and the production thereof, and shall have the right to take excerpts therefrom. The cost to Warner of such representative shall be included in the direct cost of production of the Picture.

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2.13 Production and Delivery Schedule: Producer will proceed with the production of the Picture diligently, in good faith and in accordance with customary practices and standards, and will prepare and deliver to Warner's Production Department daily copies of daily call sheets and detailed production reports in customary form, which reports shall reflect all changes in the production schedule. The term "production", as used in this Agreement, shall (unless the context shall otherwise require) mean the doing, performing, creating, manufacturing and delivering of all acts, elements, materials, products and things of every kind, whether before, during or after photography of the Picture, required to fully complete and deliver the Picture to Warner in accordance with this Agreement and the approved shooting schedule or cross-plot. Without limiting the generality of the foregoing, except to the extent specifically provided to the contrary in Section 1 hereof, Producer will, subject to Paragraph 2.15 hereof, and provided Warner has not terminated this Agreement with respect to the Picture or abandoned production of the Picture, deliver the completed Picture to Warner not later than 9 months after commencement of principal photography or 6 months after completion of principal photography, whichever is the later. Delivery shall not be deemed complete until Producer has delivered all items enumerated in the Delivery Schedule attached hereto or required by any provision of this Agreement to be delivered to Warner. Time is and shall be of the essence of this Agreement and failure by Producer to complete any of the aforesaid matters within the time herein required shall constitute a material default on the part of the Producer.

2.14 Film Library; Props; Wardrobe, etc.:

(a) Producer grants to Warner the exclusive right to retain and use all outtakes, trims, second takes, tests, sound effects track, dialogue track, music tracks, process keys and backgrounds, and such portions of the Picture as finally edited as may be desired by Warner for inclusion in Warner's stock shot, process shot, sound effects and music libraries, together with the right to use and grant others the right to use the same for any purpose, but nothing herein contained shall be construed to grant to Warner any rights with respect to any such material which Producer does not have any applicable collective bargaining or individual contracts. Warner shall not be obligated to pay Producer for any of the foregoing materials or rights, or to account to Producer for any proceeds derived by Warner therefrom. Warner may dispose of, as junk, all film and sound recordings referred to in the Delivery Schedule (not including the Picture or sound negative, or protective masters of the completed Picture) after they have served their purposes and are not deemed suitable for library purposes by Warner.

(b) All physical properties acquired for the Picture and not consumed during production (including, but not limited to, wardrobe, props, materials, supplies and equipment) shall, as between Producer and Warner, be the property of Warner and shall be delivered to Warner or its nominee immediately after the same shall not be needed in the production of the Picture. Any revenue derived from the sale or other disposition of such properties within one (1) year of the delivery of the Picture shall be applied in reduction of the negative cost of the Picture.

2.15 Force Majeure, Including Death, Illness and Incapacity:

(a) Producer shall not be deemed in default hereunder and shall not be liable to Warner to the extent that Producer is unable to commence or complete photography or production of the Picture at the times herein required by reason of any fire, earthquake, flood, epidemic, accident, explosion, casualty, strike, lockout, riot, civil disturbance, act of public enemy, embargo, war, act of God, or the death, illness or incapacity of the individual producer, director or any principal member of the cast of the Picture, or the default of the director or any principal member of the cast or any municipal, county, state or national ordinance or law, or any executive or judicial orders, or any failure or delay of the laboratory processing the negatives of the Picture or similar causes beyond Producer's control. Warner shall not be

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deemed in default hereunder and shall not be liable to Producer to the extent that Warner is unable to furnish Producer with facilities, equipment or personnel by reason of any said events, or similar causes beyond its control. In case of any shortage of facilities, equipment or personnel caused by any such event, Warner may apportion the available facilities, equipment or personnel among itself and other producers, including Producer, in such manner as it may, in its discretion, deem fair and reasonable. If production of the Picture is delayed or prevented by reason of the death, incapacity or default of the individual producer, director or any principal member of the cast, Warner may (without limiting or prejudicing any of its rights under Paragraph 2.16 or any other provision of this Agreement) direct Producer to employ a substitute for the person involved, which substitute and his compensation shall be subject to Warner's approval, or elect to suspend, abandon or terminate production of the Picture.

(b) The accrual and payment of all sums due Producer under subparagraph (c) of Paragraph 1.07 hereof shall be suspended without notice during all periods:

(i) That Winkler does not render services hereunder because of illness or incapacity.

(ii) That production of the Picture involved is prevented or interrupted because of any of the events referred to in the first paragraph of this Paragraph 2.15, including the death, illness or incapacity of the director or a principal member of the cast.

(c) If any matter referred to in subparagraph (b)(i) above shall exist for 10 consecutive business days, or an aggregate of 14 business days or more, during principal photography of a Picture, or if any matter referred to in subparagraph (b)(ii) above shall exist for 8 weeks or more, Warner may terminate this Agreement with respect to the Picture involved. If accruals and payments under subparagraph (c) of Paragraph 1.07 hereof are suspended pursuant to subparagraph (b)(ii) above for a consecutive period of longer than 8 weeks, Producer may terminate this Agreement with respect to the Picture involved, unless the accrual and payment of such sums shall be resumed within 2 business days after Producer gives Warner written notice requiring such resumption, assuming such resumption would otherwise be required hereunder.

(d) If any illness or incapacity of Winkler should continue for a consecutive period of 60 days or more, or for an aggregate of 90 days or more during any 12-month period, Warner may terminate this Agreement in its entirety with respect to any Pictures which are not then set for production, but such termination shall not affect Warner's or Producer's rights in and to and with respect to all Pictures theretofore produced and delivered hereunder, and any and all literary materials and screenplays which have theretofore been acquired or developed hereunder.

(e) Warner may investigate the nature and extent of any actual or claimed illness or incapacity of Winkler, and Winkler shall submit to reasonable medical examination in connection therewith, and may have his own physician present at his own expense.

(f) If all activities of Producer in connection with the development of Pictures to be produced hereunder are suspended or discontinued by reason of events referred to in subparagraph (a) of this Paragraph 2.15, then the accrual and payment of all sums due Producer under subparagraphs (a) and (b) of Paragraph 1.07 hereof and the running of the Term shall be suspended during the period of suspension or discontinuance.

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2.16 Default:

(a) Any material failure, breach or default by Producer under any provision of this Agreement which is not cured within 24 hours after receipt of written notice from Warner specifying the particulars, and any material failure by Winkler to perform his exclusive or non-exclusive services hereunder at the times and in the manner herein provided for, which is not cured within 24 hours after receipt of written notice from Warner specifying the particulars, shall constitute "events of default" for the purposes hereof and shall be referred to herein as "default".

(b) If any default shall occur, Warner may at any time thereafter while such default remains in effect, without limiting its rights to recover damages for such default, or any other rights or remedies which Warner may have at law or in equity or under this Agreement:

(i) abandon production of the Picture under this Agreement, subject to the provisions of Paragraph 2.17 hereof,

(ii) take over production of the Picture, as more particularly provided for in Paragraph 2.18 hereof.

(c) Regardless of whether Warner shall proceed under subparagraphs (b)(i) or (b)(ii) of this Paragraph 2.16, Warner may, at any time after a default has occurred and while such default remains in effect, discontinue, or require any other party to discontinue, furnishing of financing, personnel and/or facilities for the Picture under this Agreement, and may immediately withdraw all moneys from the production account of a Picture on its sole signature.

(d) In addition to its rights and remedies resulting from a default with respect to particular Pictures, as hereinabove set forth, in the event of any substantial and material default with respect to any Picture or Pictures, Warner may, without limiting its rights to recover damages for such default, or any other rights or remedies which Warner may have with respect to the Picture, or Pictures involved, or at law, or in equity, or under this Agreement, terminate the Term of this Agreement in its entirety, but such termination shall not affect Warner's or Producer's rights in and to and with respect to the Pictures theretofore produced and delivered hereunder, and any and all literary materials and screenplays which have theretofore been acquired and developed hereunder. It is specifically understood and agreed that the services of Winkler hereunder are of a special, unique and extraordinary character, the loss of which cannot be reasonably or adequately remedied by damages in an action at law, and accordingly, it is expressly understood and agreed that Warner shall have the right to seek and obtain injunctive relief to prevent the rendition of services by Winkler for others contrary to the provisions of this Agreement.

2.17 Abandonment: In the event that the production of a Picture is abandoned pursuant to the provisions of the Agreement, the following provisions shall apply:

(a) Warner shall be released and discharged from any liability whatsoever to Producer hereunder in connection with said Picture except with respect to the following obligations:

(i) Warner shall honor all contractual commitments entered into by Producer with the approval of or at the direction of Warner (unless such abandonment was occasioned by Producer's default, in which case Producer shall indemnify Warner against all such commitments);

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(ii) Warner shall pay to Producer the Production Fee payable in connection with such Picture at the times and manner elsewhere herein set forth provided that said Picture has been set for production (as said term is herein defined in subparagraph (b) of Paragraph 1.06) and that Producer is not in default. Any unpaid balance of the Production Fee which has theretofore accrued and been unpaid shall be paid not later than 10 days after such abandonment.

(iii) Warner shall pay the installments of the Annual Overhead Payment provided for in subparagraph (a) of Paragraph 1.07 and the Production Fee Advance provided for in subparagraph (b) of Paragraph 1.07 provided that Producer is not in default.

(b) Subject to the provisions of subparagraph (c) of this Paragraph 2.17 Producer shall have no right, title or interest of any kind or character in or to the underlying literary, dramatic or musical material or screenplay or any film, photographs, sound recordings, props, wardrobe or other material theretofore produced or created for or in connection with the Picture, or in or to any of the copyrights in any thereof, or any of the revenues thereof, or any of the foregoing; and Warner shall be free to produce and release or abandon production of any motion picture based upon said material, or sell or otherwise dispose of all or any part thereof in accordance with such arrangements as it may desire to make, all without informing or accounting to Producer, whether with respect to any participating interest in the receipts of such motion picture, or otherwise.

(c) Notwithstanding the foregoing, if production of a Picture is abandoned for any reason other than Producer's default, and if the underlying literary material for such Picture was owned, controlled, suggested or submitted by Producer, then Producer shall have the option to acquire or reacquire all of Warner's right, title and interest in and to such material and any screenplay developed hereunder, by giving written notice to Warner of its election so to do within one year from the date of abandonment, or 30 days prior to the date on which the rights to any literary material involved are scheduled to revert or otherwise expire, whichever is earlier (herein called the "option period"), and by (i) paying or causing to be paid to Warner within the option period an amount equal to the full amount of its costs incurred in connection with the Picture less the portion of such costs recouped by reason of the recoupment by Warner of the entire cost of production of the Pictures to which such costs have been charged under subparagraph (c) of Paragraph 1.10 hereof, together with an amount equal to interest thereon at the rate provided for in Paragraph 6.02 hereof, and (ii) delivering to Warner within the option period a written undertaking by a party having financial responsibility satisfactory to Warner pursuant to which such party agrees to indemnify Warner, and hold Warner harmless, of and from all claims, demands, actions, costs, expenses and liability of every kind arising out of any executory obligations contained in any contracts or commitments which may have been made in connection with the proposed production of the Picture hereunder, and for the purposes of this subdivision (ii) the following entities shall be deemed to be parties having financial responsibility satisfactory to Warner - Universal Pictures, Paramount Pictures Corporation, M-G-M Films Company, Twentieth Century-Fox Film Corporation, Columbia Pictures, United Artists Corporation, The Ladd Company, and Orion Pictures Company; and (iii) delivering to Warner an Assumption Agreement in the form prescribed by the Writers Guild of America Basic Agreement in effect at the time. Time is and shall be of the essence of this subparagraph (c). If, during the option period, Producer shall propose to enter into an

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agreement with any third party for the production and/or distribution of the Picture on terms and conditions and/or involving material elements which differ materially from those applicable to the Picture hereunder, Producer shall submit such different terms, conditions and elements to Warner in writing, and Warner shall thereupon have 10 days from such submission within which to elect to preempt such proposal. If Warner does not exercise its right to preempt such proposal within said 10 day period, then Producer shall have the right to enter into the agreement with such third party and Warner shall have no further rights with respect to such material, subject to subdivisions (i) and (ii) of this subparagraph (c). In the event Producer shall, during the option period, cause any additional writing to be done in connection with the Picture and shall not exercise its rights under this subparagraph (c), Warner shall have the right, after the expiration of the option period, to acquire all of Producer's right, title and interest in and to such additional writing by paying Producer its actual cost therefor together with interest at the rate provided for in Paragraph 6.02 hereof from the date Producer expended any sums to the date of payment.

(d) Notwithstanding anything herein contained, Producer shall be obligated to exercise its option pursuant to subparagraph (c) above, and comply with the foregoing requirements if principal photography of the Picture is commenced by Producer or by any other party under the direct supervision of Winkler as individual producer thereof.

2.18 Take-Over Rights:

(a) If Producer shall be in default hereunder, or if at any time the actual direct cost of production of the Picture, plus Warner's estimated cost to complete, exceeds the budgeted direct cost of production by 10% or more, for any reason whatsoever, or should Producer fail for any reason whatsoever to deliver the Picture to Warner within the time herein required, or should it be readily apparent, in Warner's opinion, that Producer will not deliver the Picture to Warner within the time herein required, Warner may, at any time thereafter, take over production of the Picture by giving notice to Producer of its election so to do. Warner agrees to consult with Producer, as to such takeover, during or prior to the 24-hour period immediately preceding Warner's exercise of its election to take over production of the Picture. If Warner takes over production, Producer will, to the extent it has such rights, and does hereby, assign to Warner all of Producer's contracts and all of Producer's right, title and interest in and to the Picture, the negative and copyright thereof, and the literary, dramatic and musical material on which the Picture is based, and will assemble and deliver to Warner all such contracts, negative and positive film, sound records and other material of every kind connected with the Picture, and in this connection, Warner may enter upon any premises or wherever said items may be and take possession of all or any part thereof, using all necessary force so to do. Producer will also make available to Warner and Warner may take possession of all monies theretofore advanced by Warner in connection with the production of a Picture and not theretofore so expended by Producer. If Warner shall take over production of the Picture, as aforesaid, and if neither Winkler nor Producer shall be in default, (as said term is defined in Paragraph 2.16 hereof) Winkler shall continue to render his services as individual producer of such Picture in accordance with the provisions set forth in subparagraph (c) of this Paragraph 2.18 and Producer shall nevertheless be entitled to all payments provided for in Paragraph 1.07 hereof with respect to such Picture.

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(b) If Warner takes over production of the Picture:

(i) Warner may thereafter make or cause to be made all payments representing production costs directly to the party or parties entitled thereto; the procedure set forth in 3.04 hereof shall no longer apply and Warner may withdraw any monies on deposit in any bank account upon its sole signature; and no payments of any kind shall be made to Producer for any production costs in connection with the Picture;

(ii) Warner may substitute directors, artists and all other personnel (as to sound or picture) and may cut, edit, score and make such changes in the Picture or screenplay and production schedule thereof as it may desire free of any and all limitations, restrictions or conditions;

(iii) Warner may nevertheless thereafter abandon production of the Picture; and

(iv) Producer will not and it hereby waives the right to make any claim that it sustained any loss or damage by reason, or as a result, of any action taken by Warner pursuant to this Paragraph 2.18.

(c) Notwithstanding anything herein to the contrary contained, Warner shall not substitute another individual producer or individual producers for Winkler under the foregoing provisions unless Winkler shall fail or refuse to comply with specific instructions given to him by Warner in writing with respect to the production of such Picture after Warner shall have taken over production as aforesaid.

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3. PRODUCTION FINANCING

3.01 Financing: Subject to the terms of this Agreement and provided Warner has given all consents and approvals required, and upon condition that no default is in existence, Warner, will, except as herein provided, furnish or cause one or more other parties to furnish all funds required to finance the direct cost of production of the Picture. Warner shall not be obligated to furnish any funds for any obligation in connection with the Picture, unless the relevant contract or commitment was entered into in accordance with this Agreement, particularly Paragraphs 2.02 and 2.04 hereof. All funds furnished hereunder shall be accounted for as part of the cost of production of the Picture, and if any such funds should be used for items not properly chargeable to the cost of production of the Picture, Producer shall, upon demand, refund the same or Warner may, without prejudice to any other right or remedy, deduct the same from any monies otherwise payable to the Producer under this Agreement or otherwise.

3.02 Preproduction Financing: As used herein, "preproduction costs" means only: (a) the cost of acquiring the underlying literary material upon which the Picture is to be based; (b) the cost of writing the screenplay based upon said literary material; and (c) such amount as may be necessary, in Warner's opinion, in connection with other preproduction activities in connection with the Picture, such as location scouting trips, preliminary sketches or drawings or designing of costumes, tests and telephone and telegraph charges connected with preliminary negotiations with respect to the Picture. To the extent approved by Warner, preproduction costs shall be furnished by Warner as and when required, provided Warner's Legal Department has approved the documents pursuant to which rights in and to the underlying literary material are to be acquired, and all such rights have been assigned to Warner.

3.03 Production Financing: Subject to the provisions of Section 1 hereof, Warner shall not be obligated to furnish any funds hereunder (other than for preproduction costs in accordance with Paragraph 3.02 hereof) at any time before Warner has elected to proceed with production of the Picture in accordance with the provisions hereof or at any time before there shall have been delivered to Warner, and to such other parties as may have undertaken to supply production funds, all such assignments, contracts and other documents as may be reasonably required to evidence and effectuate the purposes and intent of this Agreement, specifically including assignments to Warner of the underlying literary material and screenplay, agreements covering the services of the individual producer (if other than Winkler), director and principal members of the cast, laboratory pledgeholder's agreements, and insurance policies. Should Warner furnish any funds, or provide any facilities or services prior to delivery of any of the aforesaid items, Warner shall not be deemed to have waived any of said conditions.

3.04 Banking Procedures:
(a) All production funds, whether furnished by Warner or by persons other than Warner, shall, if requested by Producer, be deposited into a special production account in a bank designated by Warner. No monies other than production funds shall be deposited in said account. Withdrawals from said account shall be made for use solely in the production of the Picture in accordance with this Agreement, and shall be reflected in the production reports made by Producer as herein provided, and shall, except as herein otherwise provided, be made only by check, draft or other order signed by a designee of Producer satisfactory to Warner and countersigned by a designee of Warner. Producer will designate as one of the persons authorized to sign on behalf of Producer a person designated by Warner, but, as between the parties hereto, it is agreed that such designees of Warner may not (unless specifically authorized by Producer) sign checks, drafts or orders except in the circumstances referred to in Paragraphs 2.16 and 2.18 hereof, or to close the account after completion of production.

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(b) Production funds shall, except as herein provided, be furnished from time to time in installments in such amounts as shall reasonably be required by Producer to meet production commitments. Producer shall, on Thursday of each week advise Warner's Controller in writing of the amount required by Producer for producer commitments during the succeeding week, giving such detail as Warner may require, and shall accompany each such advice with an itemized statement of (i) all expenditures and commitments made during the preceding week; (ii) a cumulative statement of all expenditures and commitments made in respect of the Picture to the last day of such week; and (iii) an estimate of the amounts required to complete each budget item. After completion of principal photography the reports referred to in (i), (ii) and (iii) may be delivered once every 2 weeks. The amounts required, to the extent approved by Warner, shall be deposited in said production account on Monday of the succeeding week.

(c) There shall be paid promptly when due, from monies on deposit in said account, all items properly included in the direct cost of the Picture; except that all payments for facilities, labor and personnel furnished by Warner hereunder and for property and sales taxes, insurance premiums, laboratory charges and other items properly chargeable to the Picture may be made directly by Warner to the party or parties entitled thereto; and except further that if Producer does not require a production account, Warner may make all payments representing direct production costs directly to the party or parties entitled thereto.

3.05 Books; Records; Cost Statement: During the production of the Picture and for 2 years thereafter, Producer shall keep true accurate and complete books of account, together with vouchers, receipts and other records showing in detail all receipts and all expenses and charges incurred in the production of the Picture. Warner shall have the right, at all times, to cause Producer's books and records to be checked and audited, make copies of all such books and records and to take excerpts therefrom. All books and records referred to herein shall be kept in Los Angeles, New York City or London, whichever is closest to the principal place of production. Within 90 days following delivery of the answer print of the Picture to Warner, Producer shall deliver to Warner a statement, certified by one of its officers and its accountants, in which there shall be set forth detailed itemizations of all receipts and all sums actually expended for the production of the Picture, (other than the sums spent directly by Warner and the receipts relating thereto) and, if required by Warner, the aforesaid books and records.

3.06 Security:

(a) Upon condition that Producer shall not at any time be in default hereunder with respect to a Picture, all funds which Warner shall furnish or cause to be furnished hereunder, together with interest thereon, shall be repayable only out of gross receipts as provided in Section 6 hereof.

(b) If Producer owns the rights in the literary material upon which a Picture is based and if Producer has not assigned said rights to Warner hereunder, then Producer agrees that, prior to the delivery of such Picture, if Producer is holding any properties with respect to such Picture, Producer will hold the Picture and all such properties as trustee for Warner with like effect as if Warner had delivered possession thereof to Producer to hold as trustee for Warner.

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(c) If Producer executes any contracts pertaining to a Picture for the literary, dramatic and musical material to be contained therein or any contracts with directors, writers, artists and others, Producer will cause said contracts to be assignable to Warner or its designee and will assign said contracts to Warner or its designee if Warner or its designee so elects.



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4. WARRANTIES

4.01 Corporate Action, etc.: Producer hereto represents and warrants that it is duly organized under the laws of the State of California; that it has taken all necessary action to authorize the execution and delivery of this Agreement; and that it does not, and will not violate any provision of its Articles or Certificate of Incorporation, its By-Laws, or any contract or other agreement to which it is a party. The rights and remedies of Producer and Warner hereunder will be governed solely by this Agreement as the same may hereafter be amended and modified from time to time. Producer represents and warrants that it is a bona fide corporate business entity established for a valid business purpose within the meaning of the tax laws of the United States. Producer further acknowledges that the foregoing representations and warranties will be relied upon by Warner for the purpose of determining whether or not it is necessary to make withholdings for U.S. Federal taxes from moneys paid to Producer hereunder, and Producer agrees that if withholdings are not made from said payments, and if thereafter it is determined that such withholdings were legally required, Producer will indemnify Warner against all loss, costs, damages, and expenses relating thereto.

4.02 Producer's Warranties:

(a) Producer warrants and represents that it has the right, power and authority to enter into and perform and observe the obligations on its part to be performed and observed pursuant to this Agreement and to grant to Warner all of the rights and liens, if any, herein granted and agreed to be granted to Warner hereunder.

(b) Producer further warrants and represents with respect to a Picture but only if and to the extent that Producer acquired or acquires the rights in the literary material upon which the Picture is based that:

(i) It will own prior to the commencement of principal photography of the Picture all necessary rights in and to the literary material upon which the Picture is based and the title thereof and will own and control the sole, exclusive and perpetual right to distribute, exhibit and otherwise exploit the Picture and all parts thereof and all literary, dramatic and musical material contained therein and upon which the Picture is or is to be based in any manner and form whatsoever throughout the universe.

(ii) Neither the Picture, nor any part thereof, nor any of the literary, dramatic or musical material contained therein or upon which the Picture is or is to be based, nor the exercise by any authorized person, firm or corporation of any right, license or privilege granted or agreed to be granted to Warner hereunder, will violate or infringe upon the trademark, trade name, copyright, literary, dramatic, music, artistic, personal, private, civil, contract or property right or rights of privacy, or any other right of any person, firm or corporation, and that Producer has obtained or will, prior to commencement of principal photography of the Picture, obtain valid written clearances from any and all persons, firms and corporations whose rights may be violated or infringed.

(iii) It has not sold, assigned, transferred or conveyed, and will not sell, assign, transfer or convey, to any person, firm or corporation, any right, title or interest in or to the Picture, or any part thereof, or any of the literary, dramatic or musical material contained therein or upon which the Picture is or is to be based, adverse to or derogatory of any of the

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rights, licenses or privileges herein granted or agreed to be granted to Warner, and except as otherwise permitted pursuant to the provisions of this Agreement, Producer will not authorize, and Producer has not authorized, any other person, firm or corporation to produce, distribute or exhibit any motion picture, television show or other production based in whole or in part upon the Picture, or any part thereof, or any of the literary, dramatic or musical material contained therein or upon which the Picture is or is to be based; and Producer has not exercised any right or taken any action and Producer will not exercise any right to take any action which might tend to derogate from or compete with any of the rights, licenses or privileges herein granted or agreed to be granted to Warner.

(iv) It owns and controls all motion picture and other rights in and to the Picture and all parts thereof and all literary, dramatic and musical material contained therein and upon which the Picture is or is to be based, required for the full and complete exercise and enjoyment of all rights, licenses and privileges granted and agreed to be granted to Warner hereunder, without any limitation on the part of any person, firm or corporation whatsoever.

(v) Neither the dialogue nor the photography of the Picture contains, nor will either of them contain, any reference to, or representation of, any product, commodity or service which can be construed as an advertisement or recommendation of such product, commodity or service.

4.03 Indemnity: Producer will indemnify, and hold Warner, its subsidiaries, affiliates, licensees, agents, employees and assignees, harmless of, from and against any charges, claims, damages, cost, judgments, decrees, losses, expenses (including reasonable counsel fees), penalties and liabilities of any kind or nature whatsoever which may be sustained or suffered by or secured against Warner or any of its subsidiaries, affiliates, assignees, licensees, agents, officers, directors or employees by reason of, based upon, relating to, or arising out of, a breach of any of the covenants, representations or warranties contained in this Agreement, or in the exercise or attempted exercise of any of the rights, licenses or privileges herein granted or purported to be granted to Warner or by reason of any claims, actions or proceedings asserted or instituted, relating to or growing out of any such breach or failure, or claim of breach, or any failure of any of the covenants, agreements, warranties or representations made by Producer under any provision of this Agreement. Warner may set off against any moneys payable to Producer by Warner, whether under this Agreement or otherwise, the amount of any liability of Producer to Warner under this Paragraph 4.03. In addition, pending the final determination of such liability, Warner may withhold from any moneys payable to Producer such amounts as Warner may deem necessary to cover Producer's potential liability on account of any such claim or action; except, however, that Warner shall not make any such withholding to the extent that such claim or action is covered by an insurance policy and the carrier has acknowledged such coverage in writing. Warner and any insurance carrier involved may compromise or settle such claim or action upon such terms as they may deem reasonable. All rights and remedies of Warner hereunder shall be cumulative and shall not interfere with or prevent the exercise of any other right or remedy which may be available to Warner.

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5. RIGHTS

5.01 Territory: The term "Territory" as used in this Agreement shall mean the entire universe.

5.02 Grant of Rights: Warner shall own, and to the extent that Producer has or obtains such rights, Producer does hereby grant to Warner, solely and exclusively, in perpetuity, throughout the Territory.

(a) PICTURE:

(i) The right, under copyright and otherwise, to exhibit, distribute, market, exploit, sell, advertise, publicize, perform, turn to account and derive revenues in any form or manner from the Picture, cartridges, cassettes, tapes, clips and excerpts therefrom and trailers thereof, in any and all languages and versions, on any and all sizes and gauges of film or other material, and by every means, method, process or device, mechanical, electrical or otherwise, now known or which may hereafter be discovered, invented, developed, devised or created, including, but not limited to, all theatrical, non-theatrical, television, home showings, educational, industrial, commercial purposes and usages, and purposes of trade; and in connection with any such use (whether the same be for profit or otherwise) to use and perform all sound and music synchronized therewith.

(ii) The right to select, designate, or change the title of the Picture in its discretion and to release the Picture in any or all parts of the Territory under such title or titles as Warner may designate.

(iii) The right in its sole discretion to make any and all changes and modifications in the Picture which Warner shall determine to be necessary or desirable (including, without limitation, cutting, re-cutting, editing, re-editing, additions, re-recordings, re-scoring, dubbing and/or remaking and/or reorganizing the Picture or any part or parts thereof) by reason of rulings, regulations or requirements of censorship authorities or for the purposes of reissue, television or substandard releases or foreign releases or to satisfy the requirements of any agreements or understandings between Warner and any governmental or other organization. Further, and without limitation of any of the foregoing, Warner shall have the right to make foreign versions (including title, superimposed or dubbed versions) and the right to make shorter versions of the Picture and any and all other changes which it may deem appropriate or advisable for the purposes of marketing the Picture in any part of the Territory; and if in the opinion of Warner the original language soundtrack or any part thereof shall not meet the requirements of Warner or shall be deemed inferior or defective in any respect, Warner shall have the right in its sole discretion to dub or record a new English language soundtrack or any part thereof, and in such latter event, the cost thereof shall be deemed and included in the cost of production of the Picture.

(iv) The right to cause commercial messages and announcements to be exhibited and/or broadcast before and after any exhibition of the Picture and to interrupt any exhibition of the Picture to exhibit, broadcast or transmit any such commercial messages and announcements.

(v) The right to use its name and trademark on the positive prints of the Picture and in trailers thereof and in all advertising and publicity relating thereto in such manner, position, form and substance as Warner may elect. Warner shall also have the right to indicate on all positive prints of the Picture and in all trailers and other advertising and publicity that it or any of its subdistributors is the distributor of the Picture in such manner and position and by the use of such words, phrases, logos, trademarks or insignia as it shall determine.

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(vi) The right to manufacture and procure such positive prints, preprint and other materials and to cause the performance of such laboratory work with respect to the Picture as Warner may require and to cause trailers of the Picture to be produced, manufactured, exhibited and distributed by every means, method or device now or hereafter known. Warner shall have the exclusive right of possession of all negative and positive film, soundtracks and all negative and positive prints of stills connected with the Picture, including all material described in the Delivery Schedule attached hereto and all copies made therefrom. Producer shall in no event obtain or use any of such (or similar) items or distribute, exhibit, advertise, exploit, traffic in or deal with the Picture or any component parts thereof during the distribution term specified herein. Release prints (and other materials) of the Picture may be obtained by Warner from such laboratory or laboratories as Warner may, in its discretion, determine, including any laboratory or laboratories owned or controlled by Warner. Producer warrants that it has no commitment with respect to release prints for the Picture or any other laboratory work or materials, and that it has not entered into and will not enter into any agreements with any third party relating thereto. Warner shall own all release prints of the Picture and other materials obtained by Warner hereunder. The direct charges to the Picture of laboratory work performed and positive release prints or other materials furnished by any laboratory owned or controlled by Warner will not be in excess of those generally prevailing in the motion picture industry for comparable work and prints.

(vii) The right to cause to be manufactured and distributed, in connection with the exhibition and distribution of the Picture, advertising accessories (including lithographs, lobby displays, slides, souvenir programs and booklets) of all types and kinds, which shall be the property solely of Warner. All costs shall be borne by Warner and charged and recouped as an expense of distribution hereunder.

(viii) The right to advertise, publicize and exploit the Picture by such means and to such extent as Warner in its discretion may deem desirable, including, at its election, announcement books, billboards, publicity stills, press books, novelizations, publications of Warner, so-called cooperative advertising and/or any other advertising engaged in, with or for exhibitors (herein referred to generally as "cooperative advertising"), fan magazines, heralds, posters, road displays and other publications of every kind, trade show, field exploitation, trailer, radio and television exploitation, publication and exploitation of sheet music and phonograph records, publicity, commercial advertising, tie-ups and advertising, exploitation and promotion by and through any other media whatsoever. No advertising or publicity relating to the Picture, or the production or exploitation thereof, shall be issued, released or authorized by Producer without the prior consent of Warner.

(ix) The right (subject only to such limitations as may be contained in contracts approved of by Warner with persons rendering services in connection with the Picture) to issue and authorize publicity and to use, produce, transmit, broadcast, exploit, publicize, exhibit and control in connection with the production, distribution, exhibition, advertising and exploitation of the Picture the names, photographs, likenesses, voices and other sound effects, as well as recordings, transcriptions, films and other reproductions thereof of the director, all members of the cast, and all other persons rendering services in connection with the Picture, including all so-called commercial tie-up and by-product rights of Producer under its contracts with said persons; and all rights of Producer to broadcast the literary material and screenplay upon which the Picture is based by radio and television, whether by living actors, electrical transcriptions, film or otherwise, in any language; and all rights of the Producer to publish or authorize the publication of the underlying literary material and screenplay on which the Picture is based, and to publish or cause to be published synopses, resumes, abridgments, fictionalizations or novelizations thereof.

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(x) The right (but not the obligation) to cause the Picture to be copyrighted in the name of Warner and to renew and extend any such copyright if Warner shall so elect. Warner shall not be liable to Producer, or any other person, firm or corporation, if there is any defect in any such copyright. Warner may, in its own name or in the name of the copyright proprietor or otherwise, take such steps as Warner may deem necessary or appropriate by action at law, or otherwise, to prevent unauthorized exhibition or distribution of the Picture, or any infringement of the copyright of the Picture, or to prevent any impairment of, encumbrance on, or infringement upon the right of Producer or Warner under this Agreement; and Warner or its nominee may, as Producer's attorney-in-fact, execute, acknowledge, verify and deliver all instruments pertaining thereto in the name and on behalf of Producer.

(xi) The right to generally deal throughout the Territory in and with the Picture and the properties thereof in such manner as Warner may elect and deem advisable.

(b) MUSIC: All right, title and interest (subject only to the right, if any, of the composer to receive customary royalties) in and to all music and lyrics and written for or in connection with the Picture (other than previously copyright music and/or lyrics synchronized with the Picture and licensed to Producer by the copyright proprietor thereof and not written specifically for the Picture). Warner may assign all or any part of its rights under this paragraph to any music publisher designated by Warner, including a publisher which is a subsidiary or affiliated corporation of Warner.

(c) PHONOGRAPH RECORDS: The right to use and license any other person, firm or corporation to use all or any part of the sound recordings made for the Picture and/or all or any part of the musical scores and individual parts used in, or in connection with, the Picture for the purposes of producing or re-producing phonograph, tape, wire or other recordings of any kind, whether in album form, single records, cartridges, cassettes, tapes or otherwise, and whether or not designated for sale to the public, electric transcriptions for advertising purposes or any other purpose. Warner may assign or license all or any part of its rights under this paragraph to any record company, producer or distributor of records, including any record company, producers or distributors which are subsidiary or affiliated corporations of Warner.

(d) MERCHANDISING AND COMMERCIAL TIE-UPS: The right to use, exercise, employ and exploit all of the characters, situations, objects, properties, wardrobe, designs, equipment or events depicted, described or portrayed in the Picture. Warner may license, sublicense and/or assign all or any part of the rights granted to it under this subparagraph (d) to distributors, sub-distributors, licensees or sublicensees, including any which are or may be subsidiary or affiliated corporations of Warner.

(e) RESULT AND PROCEEDS OF WINKLER'S SERVICES: All right, title and interest in and to the results and proceeds of Winkler's services hereunder.

5.03 Sales Policies: Warner shall have complete authority to license, market and exploit the Picture and all rights herein granted to it, in accordance with such sales methods, policies and terms as it may, in its business judgment, determine, subject to the provisions of Paragraph 1.13 hereof. Warner shall not be required to itself exercise any of the rights granted to it but may license or sublicense any or all thereof, as it may elect, to any licensee, sublicensee or subdistributor. Warner may modify, amend, cancel, adjust and alter all agreements, exhibition licenses, rental terms, sales methods and policies relating to the distribution, exhibition and exploitation of the Picture and any other rights herein granted to it as it may

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deem advisable, adjust and increase or decrease the amount of any allowance to any exhibitor or licensee for advertising and exploitation, whether or not included in any theretofore existing agreement or license; license the distribution and exhibition of the Picture (or other rights) upon percentage rentals or flat rentals, or both, and jointly with other motion pictures or separately, as it shall deem desirable. If Warner shall decide to reissue the Picture (which it shall have no obligation to do), it may reimburse itself for all expenses incurred in connection therewith and shall account for the proceeds thereof as herein provided for the original release. Warner shall have the broadest possible latitude in the distribution of the Picture and the marketing and exploitation of all other rights herein granted to it and the exercise of its judgment in all matters pertaining thereto shall be final. Warner has not made any express or implied representation, warranty, guarantee or agreement as to the amount of gross receipts which will be derived from the distribution of the Picture or other rights, nor has Warner made any express or implied representation, warranty, guarantee or agreement that there will be any sums payable to Producer hereunder, or that the Picture will be favorably received by the exhibitors or by the public or will be distributed continuously. In no event shall Warner incur any liability to Producer hereunder based upon any claim by Producer that Warner has failed to realize receipts or revenues which should or could have been realized. Warner does not guarantee the performance by any of its licensees of any contract entered into by Warner with any thereof, nor that any such licensees will make payment of any sums payable to Warner by virtue of any such agreement. The liability of Warner hereunder shall be limited to accounting for only such sums as may be actually received by it from any such licensee unless Warner elects the option contained in Paragraph 6.03(a)(2)(i). Warner shall be under no obligation to delay the licensing of the Picture for television. Instead, it shall have the right, in its sole discretion, to do so at any time, and to cause or permit any such television exhibition to be on a sponsorship, sustaining or other basis. Warner may (or may not) release, re-release, re-release the Picture in such places in any part of the Territory as may be consistent with the business policies of Warner and with the then existing laws and prevailing customs and conditions in each territory, including, but not limited to, the presence, influence and results of war, quota requirements or laws or the availability of print stock. Where the number of motion pictures that may be distributed by Warner in any country or territory shall be limited by government, industry or self-limitation, the selection of motion pictures to be distributed by Warner therein shall be subject to the uncontrolled judgment of Warner. Producer acknowledges that it may be inadvisable or unprofitable to release or distribute the Picture, or to continue the release or distribution thereof after the same has started, and therefore, Warner is hereby vested by Producer with the absolute right, in Warner's uncontrolled discretion, to determine for any reason whatsoever and in respect of any part of the Territory, when, where and whether the Picture should be released and, if released, the period thereof, the dates of the release and re-release thereof, if any, and the dates on which any such release, re-release or re-release, if any, shall be withdrawn, interrupted or discontinued. Producer shall be bound by the terms, provisions and conditions of any agreements heretofore or hereafter made by Warner (or its subsidiaries) pursuant to any resolution of the Motion Picture Export Association (or similar organization) or made by Warner alone with any government or governmental agency relating to any particular country or territory.

5.04 Licenses to Controlled Theatres, Television Stations or Other Agencies: Warner may license the Picture or rights connected therewith to any and all theatres, television stations, or other agencies or outlets in which Warner may have an interest; directly or indirectly, upon such terms and rentals as Warner may deem fair and proper under the circumstances. Nothing herein contained shall be construed as a representation or warranty by Warner that it now has, or will hereafter have or control, any theatres, television stations or other agencies or outlets in the United States or elsewhere; or that the Picture will be licensed to any thereof.

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5.05 Title in the Picture: The Picture, the copyright (including all renewals and extensions) thereon, and all of the properties thereof, the negatives thereof, all soundtracks, preprint materials and copies thereof, and prints and all rights in and to the Picture, and all of the foregoing, in respect of the Territory shall immediately upon the same being acquired, created or coming into existence vest in and become the property of Warner, and Producer will, if requested so to do by Warner, execute such instruments as Warner may require for such purpose. Producer irrevocably constitutes and appoints Warner or its designee its true and lawful attorney to execute, deliver, file and record any and all instruments, documents and consents which may be necessary or required to vest in Warner all of such rights and to accomplish the purposes and intent of this Paragraph 5.05.

5.06 Literary Material: All rights acquired from third parties in and to the literary material (including all screenplays based in whole or in part thereon) upon which the Picture is based or which shall be contained therein shall be owned by Warner free and clear of any lien, claim, charge, obligation or encumbrance other than such thereof as may be expressly provided for in the agreements under which such rights were acquired. Producer will, and it does hereby, sell, transfer, assign and set over to Warner, subject only as aforesaid, all of its right, title and interest heretofore or hereafter acquired in and to all such material. Warner shall have the right to use all or any of such material in connection with any use or purpose permitted under the agreements pursuant to which such rights were acquired, including the production of remake and sequel motion pictures, television series, television programs and the like subject to the provisions of Paragraph 1.11 hereof.

5.07 Import and Export Licenses, Subsidies and Quotas: Warner shall be entitled to all subsidies, prizes and the benefit of all import and/or export licenses and/or quotas and/or similar benefits with respect to the Picture which would entitle the Picture to be imported into or exhibited in any country, or territory. Producer shall notify Warner of such licenses and/or quota benefits and transfer and assign the same to Warner upon request. If it is not legally permissible to make such transfer and assignment, the same shall be held in trust, for the sole benefit of Warner. The foregoing provision shall apply to all future arrangements which may come into being under the so-called European Common Market Plan and/or treaties or favorable arrangements for the foreign importation of films.

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6. GROSS RECEIPTS, MOVING BREAK-EVEN, AND NET PROFITS, COMPUTATION AND PAYMENT

6.01 Warner: (a) The term "Warner", as used in this Section 6, shall mean Warner Bros. Inc., a Delaware corporation, and its subsidiaries engaged in the business of distributing motion pictures for exhibition in theatres and for broadcasting over television stations, but shall not include any other persons, firms or corporations licensed by Warner to distribute motion pictures in any part of the world. Nor shall such term include any person, firm or corporation distributing the Picture for purposes other than exhibition in theatres or by television stations; exhibitors or others who may actually exhibit the Picture to the public; radio or television broadcasters; cable television operators; wholesale or retail distributors of video discs, cassettes or similar devices; book or music publishers; phonograph record producers or distributors; merchandisers, etc., whether or not any of the foregoing are subsidiaries of Warner. As used herein, a "subsidiary" of Warner refers to an entity in which Warner has at least a 50% interest.

(b) "Third Party Gross Participation" means any contingent payment consented to by Warner, and not included in the cost of production of the Picture, payable to any third party based upon or computed in respect of the gross receipts of the Picture (as defined in the relevant agreements), or any portions thereof.

(c) "Third Party Net Participation" shall mean any third party participation consented to by Warner in the net profits of the Picture (as defined in the relevant agreements).

6.02 (a) Net Profits: As between Warner and Producer the term "Net Profits" of the Picture means an amount equal to the excess, if any, of the gross receipts (as said term is defined in Paragraph 6.03 hereof) of the Picture over the aggregate of the following, which shall be deducted in the order listed:

(i) Warner's distribution fees set forth in Paragraph 6.04 hereof.

(ii) Warner's expenses in connection with the distribution of the Picture as set forth in Paragraph 6.05 hereof;

(iii) The cost of production (as said term is defined in Paragraph 6.09 hereof) of the Picture plus an amount equal to interest thereon from the respective dates that each item thereof is expended in connection with the Picture until the close of the accounting period during which such item is recouped at a rate per annum equal to 125% of the prime commercial rate of the First National Bank of Boston from time to time in effect. Said interest shall be recouped before said cost of production.

(iv) Producer's Gross Fee (as said term is defined in subparagraph (f) of Paragraph 1.07 hereof).

(b) Break-even: As between Warner and Producer the term "break-even" means an amount of gross receipts (as said term is defined in Paragraph 6.03 hereof) equal to the aggregate of only the following items which items shall be deducted in the order listed:

(i) Warner's expenses incurred in connection with the distribution of the Picture as set forth in Paragraph 6.05 hereof except that for the purposes of this subdivision (i) Warner's Advertising Overhead (as said term is defined in subparagraph (b) of Paragraph 6.05 hereof) shall not be deducted.

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(ii) The cost of production, excluding therefrom the Production Overhead (as said term is defined in subparagraph (b) of Paragraph 6.09) plus an amount equal to interest thereon from the respective dates that each item thereof is charged to the Picture until the close of the accounting period during which each such item is recouped, at a rate per annum equal to 125% of the prime commercial rate of First National Bank of Boston from time to time in effect. Said interest shall be recouped before said costs of production.

(iii) Deferments paid prior to the time when the Picture first reaches a level of breakeven.

(c) Moving Breakeven: After the Picture has first reached a level of breakeven there will be additional expenses incurred by Warner pursuant to Paragraph 6.05 hereof (excluding Warner's Advertising Overhead) in connection with the distribution of the Picture and there may be deferments paid which would be proper for Warner to thereafter take into account in determining breakeven. Accordingly, the level at which gross receipts of the Picture are sufficient to cause the Picture to reach breakeven will be recomputed for each accounting period subsequent to the first accounting period in which the level of gross receipts reach breakeven to take into account said additional expenses and said deferments.

(d) Net profits and moving breakeven shall be determined as of the close of each accounting period provided for in Paragraph 6.10 hereof.

6.03 Gross Receipts:

(a) As used herein, the term "gross receipts" means the aggregate of:

(1) All film rentals actually received by Warner for the Picture from parties exhibiting the Picture in theatres and on television where Warner distributes directly to such parties (hereinafter referred to as "exhibitors").

(2) Where Warner grants theatrical distribution rights to a subdistributor on a basis requiring it to account to Warner with respect to film rentals, either: (i) the film rentals received by such subdistributor from exhibitors which Warner accepts for the purpose of its accountings with such subdistributor; or (ii) Warner's share (actually received) of film rentals received by such subdistributor; whichever Warner elects from time to time as to each subdistributor.

(3) All amounts actually received by Warner from the following in respect of the Picture: (i) trailers (other than trailers advertising the television exhibition of the Picture); (ii) outright sales or licenses of theatrical distribution rights in and to the Picture for a flat sum; (iii) sales or licenses of exhibition or distribution rights in the Picture other than those referred to in subsections (1), (2) and (3)(ii) of this Paragraph 6.03(a) specifically including licenses of such exhibition or distribution rights to cable television operators, and licenses of rights for video discs, cassettes, or similar devices; and (iv) the lease of positive prints of the Picture (as distinguished from the licensing thereof for a film rental); and from the sale or licensing of advertising accessories, souvenir programs and booklets; and (v) recoveries by Warner for infringement of copyright of the Pictures.

(4) All moneys actually received by Warner on account of direct subsidies, aid or prizes relating specifically to the Picture, net of an amount equal to income taxes based thereon imposed by the country involved, if any. If local laws require use of such moneys as a condition to the grant of such subsidy or aid, such moneys shall not be included in gross receipts until actually used.

(5) See also Exhibits "B", "C" and "D" attached hereto.

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(b) All costs incurred in connection with the collection of any of the foregoing shall be deemed and treated as recoupable distribution expenses. In no event shall any of the following be included in gross receipts hereunder: (1) the receipts of any theatrical or other user of the Picture or any rights connected therewith; (2) sums received by subdistributors from exhibitors (except to the extent Warner shall so elect pursuant to Paragraph 6.03(a)(2)(i)); and (3) such rentals from the exhibition of the Picture as are contributed to charitable organizations.

6.04 Distribution Fees: Warner's distribution fees shall be as follows:

(a) 30% of the gross receipts of the Picture derived by Warner from all sources in the United States and Canada, including Newfoundland.

(b) 35% of the gross receipts of the Picture derived by Warner from all sources in the United Kingdom.

(c) 40% of the gross receipts of the Picture derived by Warner from all sources other than those referred to in subparagraphs (a) and (b) above.

(d) Notwithstanding the foregoing provisions of this Paragraph 6.04, the following provisions shall apply:

(i) With respect to sums included in the gross receipts pursuant to Paragraph 6.03 (a)(2)(i) and to Paragraph 6.03 (a)(3)(ii) hereof, Warner's distribution fee shall be 15% of such sums;

(ii) If Warner shall license the exhibition of the Picture on free television, Warner's distribution fee as to amounts received and collected by Warner from sources in the United States shall be 25% if collected from a network for national network telecasts in prime time and 35% in all other instances; and Warner's distribution fee as to amounts received and collected by Warner from sources outside the United States shall be 40%; and

(iii) No distribution fee shall be charged on gross receipts referred to in Paragraph 6.03 (a)(4) hereof.

(e) Distribution fees shall be calculated on the full gross receipts without any deductions or payments of any kind.

6.05 Distribution Expenses: Warner's deductible distribution expenses in connection with the Picture shall include all costs and expenses incurred in connection with the distribution, advertising, exploitation and turning to account of the Picture of whatever kind or nature, or which are customarily treated as distribution expenses under customary accounting procedures in the motion picture industry. Without limiting the generality of the foregoing, the following particular items shall be included in distribution expenses hereunder:

(a) The cost and expense of all duped and dubbed negatives, soundtracks, prints, release prints, tapes, cassettes, duplicating material and facilities and all other film material manufactured for use in connection with the Picture, including inspecting, repairing and renovating film, reels,

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cans, containers, cassettes, packing, storing and shipping, and all other expenses connected therewith. Warner may manufacture or cause to be manufactured as many or as few dup- negatives, positive prints and other material for use in connection with the Pictures as it, in its sole discretion, may consider advisable or desirable.

(b) All direct costs and charges for advertisements, press books, artwork, advertising accessories and trailers (other than (i) prints of trailers advertising free television exhibition of the Picture, and (ii) the trailer production costs which are included in the cost of production of the Picture), advertising, publicizing and exploiting the Picture by such means and to such extent as Warner may, in its uncontrolled discretion, deem desirable, including, without limitation, pre-release advertising and publicity, so-called cooperative and/or theatre advertising, and/or other advertising engaged in with or for exhibitors whereby Warner pays, shares in, or is charged with all or a portion of the promotional or advertising costs relating to such theatre exhibition and all exploitation costs (theatre tie-ups, premieres, tours, etc.). Any re-use fees and costs of recording and manufacturing masters for phonograph records, which Warner shall advance in order to assist in the advertising and exploitation of the Picture, shall be treated as costs hereunder to the extent uncouped by the record company. Where any Warner advertising, publicizing or exploitation employee or facility is used for the Picture, the salary of such employee and the cost of such facility (while so used for the Picture) shall be a direct cost hereunder. Any costs and charges referred to in this subparagraph (b) (and not included in the cost of production of the Picture), expended or incurred prior to delivery of the Picture, shall be included in direct costs under this subparagraph (b). There shall also be included as an item of cost a sum (herein referred to as "Warner's Advertising Overhead") equal to 10% of all direct costs referred to in this subparagraph (b) to cover the indirect cost of Warner's advertising and publicity departments, both domestic and foreign.

(c) All costs of preparing and delivering the Picture for distribution in the Territory (regardless of whether such costs are the salaries and expenses of Warner's own employees or employees or parties not regularly employed by Warner), including, without limitation, all costs incurred in connection with the production of foreign language versions of the Picture, whether dubbed, superimposed or otherwise, as well as any and all costs and expenses in connection with changing the title of the Picture, recutting, re-editing or shortening or lengthening the Picture for release in any territory or for exhibition on television or other media, or in order to conform to the requirements of censorship authorities, or in order to conform to the peculiar national or political prejudices likely to be encountered in any territory, or for any other purpose or reason. The costs referred to in this subparagraph (c) shall include all studio charges for facilities, labor and material, whether or not incurred at a studio owned or controlled by Warner.

(d) All sums paid or accrued on account of sales, use, receipts, income, excise, remittance and other taxes (however denominated) to any governmental authority assessed upon the negatives, duplicate negatives, prints or sound records of the Picture, or upon the use or distribution of the Picture, or upon the revenues derived therefrom, or any part thereof, or upon the remittance of such revenues, or any part thereof; any and all sums paid or accrued on account of duties, customs and imposts, costs of acquiring permits, "Kontingents", and any similar authority to secure the entry, licensing, exhibition, performance, use or televising of the Picture in any country or

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part thereof, regardless of whether such payments or accruals are assessed against the Picture or the proceeds thereof or against a group of motion pictures in which the Picture may be included or the proceeds thereof. In no event shall the recoupable amount of any such tax (however denominated) imposed upon Warner be decreased (nor the gross receipts increased) because of the manner in which such taxes are elected to be treated by Warner in filing net income, corporate franchise, excess profits or similar tax returns. Subject to the foregoing, Producer shall not be required to pay or participate in (i) Warner's own United States federal and state income taxes and franchise taxes based on Warner's net income; or (ii) any income tax payable to any country or territory by Warner based on the net earnings of Warner in such country or territory and which is computed and assessed solely by reason of the retention in such country or territory by Warner of any portion of the gross receipts.

(a) Expenses of transmitting to the United States any funds accruing to Warner from the Picture in foreign countries, such as cable expenses, or any discounts from such funds taken to convert such funds directly or indirectly into U.S. dollars.

(f) All costs and expenses, including reasonable attorneys' fees, loss, damage or liability suffered or incurred by Warner in connection with any action taken by Warner (whether by litigation or otherwise) in copy-righting, protecting and enforcing the copyright of, and other rights and sources of revenue to be derived from, the Picture; reducing or minimizing the matters referred to in (d) and (e) above; in connection with the collection of film rentals, and other sums due Warner from exhibitors, subdistributors and others in respect of the Picture or to recover monies due pursuant to any agreement relating to the distribution or exhibition of the Picture; checking attendance and exhibitors' receipts; preventing and/or recovering damages for unauthorized exhibition or distribution of the Picture, or any impairment, encumbrance on or infringement upon, the rights of Warner in and to the Picture; prosecuting and defending actions under the anti-trust laws, communications laws, and federal, state and local laws, ordinances and regulations (including censorship) affecting the exhibition and/or distribution of the Picture and/or the ability of Warner to derive revenue from the Picture and its component parts and by-products; and auditing of books and records of any exhibitor, subdistributor or licensee.

(g) Royalties payable to manufacturers of sound recording and reproducing equipment and dues and assessments of, and contributions by Warner to, AMPTP, MPAA, IPEA, the Academy of Motion Picture Arts and Sciences and other trade associations or industry groups comprised of a substantial number of motion picture producers and/or distributors, but only for purposes relating to the production, distribution, export, import, advertising, exploitation and general protection and/or promotion of motion pictures.

(h) All amounts paid or payable to or for the benefit of actors, writers, directors and others pursuant to applicable collective bargaining agreements by reason of any exhibition of the Picture or by reason of, or as a condition for, any use, re-use or re-run thereof for any purpose or in any manner whatsoever (herein called "residuals"), and all taxes, pension fund contributions, and other costs and payments computed on or payable in respect of any such residuals or participations in the net profits or gross receipts of the Picture to any person, firm, corporation, guild, union trustee or fund (other than Warner); provided, however, that if Producer, or any principal stockholder of Producer, or any heirs, executors, administrators, successors or assigns of Producer or any such stockholder are entitled, either directly or by way of participation in any pension fund, to any such residuals, the amount payable on account thereof shall not be deducted under this subparagraph (h), but shall be treated as an advance against Producer's share of the net profits hereunder.

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(i) The cost of all insurance (to the extent that the same is not included in the cost of production of the Picture) covering or relating to the Picture, including, but not limited to, errors and omissions insurance and all insurance on negatives, positive prints, sound materials or other physical property, it being understood, however, Warner shall not be obligated to take out or maintain any such insurance.

(j) If Warner shall proceed under Paragraph 6.03(a)(2)(1) hereof, all items deducted by the subdistributor as distribution expenses, and which Warner accepts for the purpose of its accountings with such subdistributor, shall be treated as Warner's expenditures under the corresponding subparagraph of this Paragraph 6.05.

(k) In the event any person shall make a claim relating to the Picture against Warner or any of its licensees, which claim, in Warner's judgment, is of sufficient merit to constitute a reasonable probability of ultimate loss, cost, damage or expense, Warner may deduct under this subparagraph such amount as Warner may deem necessary to cover any loss, cost, damage or expense which may be suffered as a result thereof. Warner shall have the right to settle and pay any such claim. After the settlement of any such claim, or after the final judicial determination thereof, the amount previously deducted hereunder shall be adjusted accordingly with the next accounting statement rendered hereunder. Nothing herein contained shall be construed as a waiver of any of Producer's warranties contained in this Agreement, or a waiver of any right or remedy at law or otherwise which may exist in favor of Warner, including, but not limited to, the right to require Producer to reimburse Warner on demand for any liability, cost, damage or expense arising out of, or resulting from, any breach by Producer of any warranty, undertaking or obligation by Producer, or any right on the part of Warner to recoup or recover any such cost or expense out of Producer's share of any monies payable hereunder, rather than treating such costs or expenses as distribution expenses.

If Warner reasonably anticipates that additional distribution expenses will be incurred in the future, Warner may set up reasonable reserves therefor. All costs described in this Paragraph 6.05 shall be fairly apportioned to the Picture if incurred or expended on an industry basis, or in conjunction with a substantial number of other motion picture producers and/or distributors or with respect to a substantial number of motion pictures distributed by Warner.

6.06 Film Rentals: Film rentals shall be determined after all refunds, credits, discounts, allowances and adjustments granted to exhibitors, whether occasioned by condemnation by boards of censorship, settlement of disputes or otherwise. Until earned, forfeited or applied to the Picture, neither advance payments nor security deposits shall be included in film rentals. No cost (regardless of how incurred, paid or allowed) of cooperative and/or theatre advertising shall be deducted in determining film rentals. Where allowances are granted and paid on account of cooperative theatre or joint advertising, such payments shall not be deducted in determining film rental, and where deducted by the exhibitor shall be added back into the film rental received from such exhibitor, and all such costs, payments, discounts and allowances shall be treated as distribution expenses. Wherever Warner exhibits the Picture in a theatre or over a television station owned or controlled by Warner, or licenses the Picture or rights connected therewith to theatres, television stations or other agencies in which Warner has an interest, directly or indirectly, or to which Warner is obligated to pay a fixed sum for exhibiting the Picture or for the use of its premises or facilities, Warner shall include in the film rentals of the Picture such sums, determined in good faith, as may be reasonable and consistent with Warner's usual practice in such matters.

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6.07. Allocations: Whenever (i) Warner makes any expenditure or incurs any liability in respect of a group of motion pictures (including the Picture), or (ii) receives from any license either a flat sum or percentage of the receipts, or both, for any rights to a group of motion pictures (including the Picture) under any agreement (whether or not the same shall provide for the exhibition, sale, lease or delivery of positive prints of any of the said motion pictures) which does not specify what portion of the license payments apply to the respective motion pictures in the group (or to such prints or other material, if any, as may be supplied), or (iii) receives foreign currency under Paragraph 6.08 hereof relating to a group of motion pictures (including the Picture) then in any and all such situations Warner shall include in, or deduct from, the gross receipts, as the case may be, such sums, determined in good faith, as may be reasonable and consistent with Warner's usual practice in such matters.

6.08. Foreign Receipts: No sums received by Warner relating to the Picture shall be included in gross receipts hereunder unless and until such sums have been (i) received by Warner in U.S. dollars in the United States; or (ii) used by Warner for any purpose whatsoever. Warner will, promptly after receipt of a written request from Producer (but not more frequently than annually), advise Producer in writing as to foreign revenues not included in gross receipts as aforesaid, and Warner shall, at the written request and expense of Producer (subject to any and all limitations, restrictions, laws, rules and regulations affecting such transactions), deposit into a bank designated by Producer in the country involved, or pay to any other party designated by Producer in such country, such part thereof as would have been payable to Producer hereunder. Such deposits or payments to or for Producer shall constitute due remittance to Producer, and Warner shall have no further interest therein or responsibility therefor. Warner makes no warranties or representations that any part of any such foreign currencies may be converted into U.S. dollars or transferred to the account of Producer in any foreign country. In no event shall Warner be obligated to apply gross receipts of any country not actually received by Warner in U.S. dollars in the United States to the recoupment of any costs or expenses incurred, with respect to the Picture, in any other country but Warner agrees to use its best efforts to transfer or cause to be transferred to the United States such receipts, except receipts used by Warner as set forth in (ii) above, as expeditiously as possible.

6.09. Cost of Production:

(a) (1) The "Cost of production" of the Picture means the total direct cost of production of the Picture, including the cost of all items listed on Warner's Standard Delivery Schedule, computed and determined in all respects in the same manner as Warner customarily determines the direct cost of other motion pictures distributed and/or financed by it, plus Warner's overhead charge set forth herein. The determination of what items constitute direct charges and what items are within said overhead charge shall be made in all respects in the same manner as Warner customarily determines such matters unless otherwise provided in this Agreement. The full amount of all direct costs (whether payable in cash, deferred or accrued) for which Warner or Producer is contractually obligated in connection with the production of the Picture shall be included in the direct cost of the Picture at the time any such liability is incurred or contracted, regardless of whether the same has actually been paid to the party or parties entitled thereto at the time involved, except that interest shall be calculated from date of payment. Deferments (subject to the provisions of section (2) of this subparagraph (a)) and participations in gross receipts of the Picture consented to by Warner (however defined) shall be treated as direct costs of production, whether the same shall be in a definite amount or based on a percentage of the gross receipts, and whether the same are fixed obligations or are contingent upon receipts of the Picture; provided, however, that such participations based on a percentage of gross receipts as defined in the applicable agreement shall not be included in the direct cost of production beyond recoupment under Paragraph 6.02(a)(iii) and Paragraph 6.02(b)(ii).

(2) Notwithstanding anything to the contrary contained herein or elsewhere in this Agreement, deferments (other than guaranteed deferments) shall not be deemed to be included in the cost of production of the

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Picture in determining the following:

- (i) the Deficit (as said term is defined in Paragraph 1.07(h)(2) hereof);
- (ii) whether or not Warner has the right to take over the production of the Picture pursuant to subparagraph (a) of Paragraph 2.18 hereof;
- (iii) Breakeven (as said term is defined in subparagraph (b) of Paragraph 6.02 hereof);
- (iv) the Production Overhead (as said term is defined in subparagraph (b) of this Paragraph 6.09);
- (v) whether or not the final cost of production of the Picture exceeds the budgeted cost by 7-1/2% or more pursuant to subparagraph (d) of this Paragraph 6.09.

(b) Warner's overhead charge (said term being herein referred to as "Production Overhead") shall be an amount equal to 15% of the direct cost of production of the Picture, with the understanding that any production facilities, equipment or personnel supplied by Warner or by a studio owned or controlled by Warner, or in which Warner has a substantial financial interest (and which are not furnished within the overhead charge), shall be supplied at Warner's usual rental rates charged for such items, and such charges shall be treated as direct costs of production of the Picture and shall bear said 15% overhead charge. Warner's overhead charge shall accrue and be included in the cost of production of the Picture concurrently with the incurring of the respective items of direct cost to which it applies.

(c) If Warner does not require Producer to comply with Producer's obligation under Paragraph 3.05 hereof to deliver to Warner a cost statement for the Picture, then not later than 15 days after delivery to Producer of the first earnings statement hereunder, Warner will (subject to revisions and corrections) deliver to Producer an itemized summary of the cost of production of the Picture. Producer shall have the right to audit such statement in accordance with Paragraph 6.11 below.

(d) If the final cost of production shall exceed the budgeted cost by 7-1/2% or more, then, only for the purposes of Paragraph 6.02(a)(iii) hereof there shall be added to the actual cost of production of the Picture an amount equal to the amount by which the final direct cost exceeds 107-1/2% of the budgeted direct cost. For the purpose of this subparagraph (d), the final direct cost shall not include costs incurred solely by reason of force majeure events, union increases not reflected in the budget, and overbudget costs incurred at the request of an officer of Warner having the rank of Vice President or higher.

6.10 Earnings Statements: Warner shall render to Producer at the address set forth in Paragraph 7.11 hereof periodic statements showing, in summary form, (in not less detail than in Warner's customary form from time to time in effect) the appropriate calculations under the Agreement. Statements shall be issued for each calendar quarter until the Picture has been in release for 4 years from and including the quarter in which the Picture was first released, semi-annually for two years, and thereafter annually. Notwithstanding the foregoing, it is agreed that: (i) if the Picture is no longer in theatrical distribution in the United States and is thereafter reissued theatrically (as the term "reissue" is generally understood in the motion picture industry in the United States), and if during the period in which gross receipts from such reissue are credited to the Picture, Warner is no longer obligated to render quarterly statements for such Picture, then quarterly statements shall be resumed until substantially all of the gross receipts contemplated from such reissue are credited to the Picture; and (ii) if, at the time or times, if any, that gross receipts from the licensing of the Picture for telecasting on a

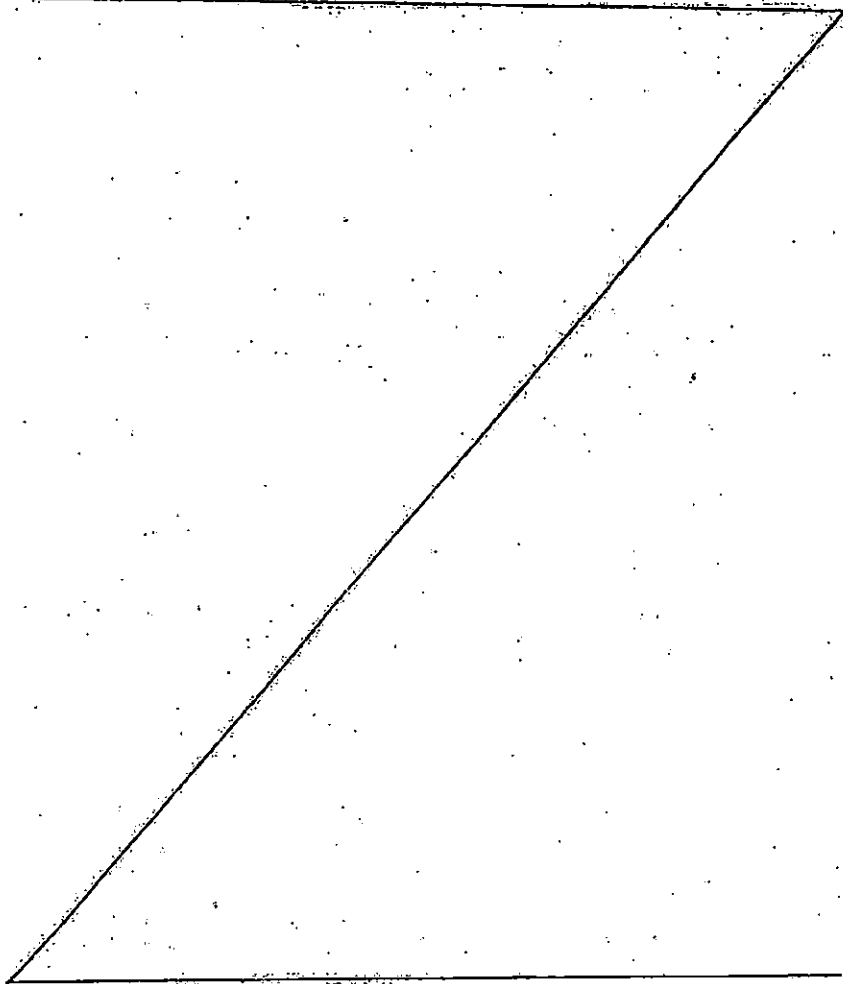
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United States television network are credited to the Picture, Warner no longer is obligated to render quarterly statements for the Picture, then a statement shall be rendered for the quarterly period or periods in which such gross receipts are credited to the Picture. Each such quarterly, semi-annual or annual period, as the case may be, is herein referred to as an "accounting period". No statements need be rendered for any accounting period during which no receipts are received. Statements rendered by Warner may be changed from time to time to give effect to year-end adjustments made by Warner's Accounting Department or Public Accountants, or to items overlooked, to correct errors and for similar purposes. If Warner shall extend credit to any licensee with respect to the Picture and if such credit has been included in the gross receipts, and if, in the opinion of Warner, any such indebtedness shall be uncollectible, the uncollected amount may be deducted in any subsequent earnings statement. Should Warner make any overpayment to Producer hereunder for any reason, Warner shall have the right to deduct and retain for its own account an amount equal to any such overpayment from any sums that may hereafter become due or payable by Warner to Producer or for Producer's account, or may demand repayment from Producer, in which event Producer shall repay the same when such demand is made. Any U.S. dollar due and payable to Producer by Warner pursuant to any such statement shall be paid to Producer simultaneously with the rendering of such statement; provided, however, that all amounts payable to Producer hereunder shall be subject to all laws and regulations now or hereafter in existence requiring the deducting or withholding of payment or income or other taxes payable by or assessable against Producer. Warner shall have the right to make such deductions and withholdings and the payment thereof to the governmental agency concerned in accordance with its interpretation in good faith of such laws and regulations, and shall not be liable to Producer for the making of such deductions or withholdings or the payment thereof to the governmental agency concerned. In any such event Producer shall be solely responsible for making and prosecuting any and all claims which it may have with respect to the same directly with the governmental agency having jurisdiction in the premises.

6.11 Accounting Records; Distribution; Audit Rights. Warner shall keep books of account relating to the distribution of the Picture, together with vouchers, exhibition contracts and similar records supporting same (all of which are hereinafter referred to as "records"), which shall be kept on the same basis and in the same manner and for the same periods as such records are customarily kept by Warner including records kept in foreign offices. Producer may, at its own expense, audit the applicable records at the place where Warner maintains the same in order to verify earnings statements rendered hereunder. Any such audit shall be conducted only by a reputable public accountant during reasonable business hours and in such manner as not to interfere with Warner's normal business activities. A true copy of all reports made by Producer's accountant, pursuant to the foregoing provisions, shall be delivered to Warner at the same time such respective reports are delivered to Producer by said accountant. In no event shall an audit with respect of any earnings statement commence later than 24 months from the date of the dispatch to Producer of the earnings statement involved; nor shall any audit continue for longer than 30 consecutive business days; nor shall audits be made hereunder more frequently than once annually in any office; nor shall the records supporting any earnings statement be audited more than once. All earnings statements rendered hereunder shall be binding upon Producer and not subject to objection for any reason unless such objection is made in writing stating the basis thereof and delivered to Warner within 24 months from delivery of the earnings statement, or, if an audit is commenced prior thereto, within 30 days from the completion of the relative audit. If Warner, as a courtesy to Producer, shall include cumulative

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figures in any earnings or other statement, the time within which Producer may commence any audit or make any objection in respect of any statement shall not be enlarged or extended thereby. The time within which any such audit shall be commenced, or objection made, in respect of any statement shall be computed and determined from the date of the dispatch thereof by Warner and not otherwise, except only that if the Picture is licensed by Warner for exhibition as described in subparagraph (ii) of Paragraph 6.07 hereof, then the said period within which an audit shall be commenced or objection made shall be extended for 6 months. Producer's right to examine Warner's records is limited to the Picture, and Producer shall have no right to examine records relating to Warner's business generally or with respect to any other motion picture for purposes of comparison or otherwise provided however that where any income or expense document with third parties relates to the Picture and to other motion pictures Producer shall have the right to examine the entire document without deletions therefrom.



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7. MISCELLANEOUS

7.01 Assignments:

(a) This Agreement is personal to Producer, and, except as hereinafter provided, no rights hereunder may be sold, transferred, assigned, mortgaged, pledged, hypothecated or otherwise disposed of by Producer; no rights hereunder shall devolve by operation of law or otherwise upon any receiver, trustee, assignee or other party; and Producer shall not assign, subcontract or delegate any of its production obligations hereunder.

(b) Producer shall have the right to sell, assign, transfer or hypothecate (all herein called "assign") all or any part of the monies payable to Producer hereunder, which are based upon or computed with reference to the gross receipts or net profits of the Picture. Any such assignment shall be subject to all pertinent laws and governmental regulations and to the rights of Warner hereunder. In the event of any such assignment by Producer, a Notice of Irrevocable Authority and Distributor's Acceptance in Warner's usual form shall be executed by Producer and by the transferee and delivered to Warner. If at any time more than three parties shall be entitled to receive payments, which under the terms hereof are to be paid to or for the account of Producer, Warner may, at its option, require that all such parties execute and deliver an agreement in Warner's usual form appointing a disbursing agent for all such parties.

(c) If Warner shall at any time sell, transfer or assign this Agreement and/or its distribution rights hereunder and/or all or any of its rights in and to the Picture and the negative and copyright thereof, Warner shall not, except as hereinafter provided, be released from its obligations under this Agreement. Any such sale, transfer or assignment shall be subject to Producer's rights hereunder, and if the purchaser, transferee or assignee is any of Paramount Pictures Corporation, Twentieth Century-Fox, Columbia Pictures, United Artists Corporation, Universal Pictures or Metro-Goldwyn-Mayer Films, or is a party having financial responsibility acceptable to Producer, then upon the purchaser, transferee or assignee assuming performance of this Agreement in place and stead of Warner, Warner shall be released and discharged of and from any further liability or obligation hereunder. No part of any sale price or other consideration received by, or payable to, Warner shall be included in the gross receipts hereunder and Producer shall have no rights in respect of any thereof.

(d) Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

7.02 Options: Any and all options acquired by Producer to utilize the services of any director, artist, writer or other personnel appearing or participating in, or contributing to or rendering services in, the Picture or the production thereof shall be owned by Warner. Immediately upon any such contract being executed, the same shall automatically be deemed assigned, and for such purpose, Producer does hereby, effective in such event, assign each and every contract to Warner. If requested by Warner, Producer will execute and deliver to Warner assignments of each and every contract in form and substance satisfactory to Warner. Warner shall control each such option as it, in its sole judgment and discretion, may determine without liability or obligation to Producer.

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7.03 Miscellaneous Services and Facilities: If Warner, or any of its subsidiaries or affiliates acting as principal, agent, broker or otherwise, shall furnish, supply, render, procure, arrange for, or make available to Producer for or in connection with the Picture any materials, equipment, facilities or services, including but not limited to, transportation, travel, trucking, insurance, hotel accommodations, lodging, catering, advertising, costumes or props, it, or such subsidiary or affiliates, shall be entitled to charge and receive payment therefor in the same manner as if the same were furnished, supplied, rendered, procured, arranged for or made available by persons, firms or corporations other than Warner or its subsidiaries or affiliates without any part thereof being included in the gross receipts hereunder.

7.04 Offset Rights: Warner may offset against any monies now or hereafter payable to or for the account of Producer under this Agreement the amount of any liability of Producer to Warner, whether such liability arises under this Agreement or otherwise, and whether or not the same has been reduced to judgment. Should Warner make any loan or advance to or for the account of Producer, whether in respect of the production, exhibition, exploitation or distribution of the Picture or with respect to any other matter or thing whatsoever, such loan or advance shall be, and is hereby, secured by a first and continuing lien on the Picture, the negatives, soundtracks, prints and properties of the Picture, the literary, dramatic and musical material upon which same is based or to be based, the copyrights on any and all thereof, and all rights in all thereof, including, without limitation, any share of the monies payable to Producer under any provision of this or any other Agreement with Warner.

7.05 Other Motion Pictures: Anything herein contained to the contrary notwithstanding, Producer acknowledges that Warner is engaged in the business of distributing motion pictures and television programs produced by itself and by others. Nothing herein contained shall be deemed to restrict or limit in any wise Warner's right to produce or distribute other motion pictures or television programs with the basic idea, theme, characters, title or story development similar to the basic idea, theme, characters, title or story development of the Picture delivered hereunder. Nothing contained in this 7.06 shall be deemed to constitute a license to Warner to plagiarize an original story or screenplay on which the Picture is based.

7.06 Supplemental Documents: Producer will from time to time execute, acknowledge and deliver such instruments as may be reasonably necessary and may be proper to evidence, maintain, effectuate or defend any and all of the rights of Warner under any provision of this Agreement; and Warner or its nominee shall have, and is hereby granted, the right for and on behalf of Producer, as Producer's attorney-in-fact, to execute, acknowledge and deliver such documents.

7.07 General: Warner shall not be considered a trustee, pledgeholder, fiduciary or agent of Producer by reason of anything done or any money collected by it, and shall not be obligated to segregate gross receipts received pursuant to this Agreement from its other funds, and nothing herein contained shall constitute a partnership between, or joint venture by, the parties hereto or constitute either party the agent of the other. Regardless of the ownership of the negative and/or copyright of the Picture, it is agreed that Warner shall be solely entitled to all tax credits provided for in the Internal Revenue Code with respect to the Picture, including, but not limited to, the investment credit and all foreign tax credits. Neither party shall hold itself out contrary to the terms of this 7.08, and neither party shall become liable for the representation, act or omission of the other contrary

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to the provisions hereof. This Agreement is not for the benefit of any third party and shall not be deemed to give any right or remedy to any third party whether referred to herein or not. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions of this Agreement and any material statute, law, ordinance, order or regulation contrary to which the parties hereto have no legal right to contract, the latter shall prevail, but in such event any provision of this Agreement so affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements; provided, however, no other provision of this Agreement shall be affected thereby and each such other provision shall continue in full force and effect.

7.8. Entire Agreement: This Agreement expresses the entire understanding of the parties hereto and replaces and any all former agreements, understandings or representations relating in any way to the subject matter hereof, and contains all of the terms, conditions, understandings and promises of the parties hereto in the premises. No modification, alteration or amendment of this Agreement shall be valid or binding unless in writing and signed by the party to be charged with such modification, alteration or amendment. No officer, employee or representative of Warner has any authority to make any representation or promise not contained in this Agreement, and Producer acknowledges that Producer has not executed this Agreement in reliance upon any promise or representation not expressly set forth in this Agreement.

7.9. Section, Article and Paragraph Headings: Section, Article and paragraph headings as used in this Agreement are for convenience only and are not a part hereof, and shall not be used to interpret any provision of this Agreement.

7.10. Notices and Statements: All notices, which either party hereto is required, or may desire, to give to the other shall be given by addressing the same to the other at the address hereinafter in this Article set forth, or at such other address as may be designated in writing by any such party in a notice to the other given in the manner prescribed in this Article. All such notices shall be sufficiently given when the same shall be deposited so addressed, postage prepaid, in the mail or when the same shall have been delivered, so addressed, to a telegraph or cable company, toll prepaid and the date of said mailing or telegraphing shall be the date of the giving of such notice. The address to which any such notices shall be given are the following:

- To Warner: Warner Bros. Inc.
Attention: Legal Department
4000 Warner Boulevard
Burbank, California 91522
- Warner Bros. Inc.
Attention: Legal Department
75 Rockefeller Plaza
New York, New York 10019
- To Producer: WINKLER FILMS, INC.
c/o Hess Sagall Guterman Pelz & Steiner
230 Park Avenue
New York, New York 10169
Attention: Lee N. Steiner

IN WITNESS WHEREOF, the parties hereto have executed and delivered

09/22/2015

this Agreement as of the date first above written.

WARNER BROS. INC.

By: *William S. Zuckerman*
Vice President

WINKLER FILMS, INC.

By: *Irwin Winkler*
Its Pres.

The undersigned, IRWIN WINKLER, hereby acknowledges receipt of a copy of the foregoing Agreement, and agrees to be bound by each and all of the terms, covenants, conditions, representations and warranties therein set forth insofar as the same pertain to him; he agrees to render the services therein provided for upon and subject to the terms and conditions therein set forth; and that he will look solely to Producer for all monies due him for such services.

Irwin Winkler
Irwin Winkler
Pres.

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EXHIBIT A, Page 67

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EXHIBIT B



WARNER BROS.
ENTERTAINMENT INC.

Dorothy Barber
Senior Vice President
Financial Contract Reporting
& Administration

Irwin Winkler
Winkler Films
190 N. Canon Dr., Suite 302
Beverly Hills, CA 90210

RE: GOODFELLAS/
Winkler Films

Dear Irwin:

As requested, we are enclosing the statement as of September 30, 2009. Due to the size of the deficit, future statements will remain on a request basis only.

Sincerely,

WARNER BROS. ENTERTAINMENT INC.

Dorothy Barber

DB/vjb

Enc.

A Time Warner Company

4000 Warner Boulevard, Burbank, California 91522
(818) 954-5378 • Fax (818) 954-5379 • dorothy.barber@warnerbros.com

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EXHIBIT B, Page 68



TO: WINKLER FILMS, INC.
TITLE: GOODFELLAS
RELEASED: SEPTEMBER 1990

WARNER BROS.
ENTERTAINMENT INC.
DISTRIBUTION REPORT NO. 10

**** CONTRACTUAL START POINT ****

	24 MOS ENDED Sep 30, 2009	CUMULATIVE TO DATE
DEFINED GROSS		
Domestic		
Theatrical	58,181	\$20,229,511
Non-Theatrical	21,963	870,227
Television	145,124	7,478,216
Foreign		
Theatrical/Non-Theatrical	51,648	14,128,077
Television	784,408	14,494,724
Pay T.V.	2,905,504	24,202,823
Video Cassette	2,398,759	32,274,637
Miscellaneous Royalties	44,978	174,119
Miscellaneous - Music/Records/Other	1,299	3,415
Merchandising	4,491	63,656
TOTAL DEFINED GROSS	6,368,353	113,719,504
Less: Accounts Receivable	(293,645)	109,897
DEFINED GROSS AFTER ACCOUNTS RECEIVABLE	6,059,998	113,609,807
DISTRIBUTION FEE - 12.5%	832,500	14,201,201
DEFINED GROSS AFTER DISTRIBUTION FEE	5,827,498	99,408,408
EXPENSES		
Prints	24,117	3,861,062
Preprint, Dubbing, Subtitles, Editing, etc.	12,722	1,800,208
Advertising and Publicity	5,003	24,369,471
Taxes, Duties, Customs and Fees	118,948	1,850,915
Trade Associations	68	296,707
Freight, Cartage, Handling and Insurance	756	703,025
Miscellaneous, Checking and Collection Costs, etc.	81,897	308,178
Guild, Union and Residual Payments	559,803	6,664,980
TOTAL EXPENSES	800,410	39,852,542
DEFINED GROSS (LOSS) AFTER DISTRIBUTION FEE AND EXPENSES	5,027,088	59,755,864
INVESTMENT AND OTHER		
Negative Cost and/or Advance	767,362	34,162,036
Interest	1,667,490	38,062,817
Gross Participation	0	0
Deferments	0	0
TOTAL INVESTMENT AND OTHER	2,434,852	72,204,853
DEFINED PROCEEDS (DEFICIT)	2,582,236	(12,448,789)
Previously Reported	(15,041,025)	
DEFINED PROCEEDS (DEFICIT)	(\$12,448,789)	(\$12,448,789)
SHARE OF DEFINED GROSS (5.00%)	\$0	\$0
AMOUNT ADVANCED	0	0
GUILD RESIDUALS PAID ()	0	0
PREVIOUSLY PAID (OVERPAID)	0	0
AMOUNT DUE (DEFICIT)	\$0	\$0

* In excess of CSPM w/12.5% fees
As a courtesy to you, we are supplying you with this statement showing cumulative figures, upon the understanding, however, that the furnishing of this report shall be without prejudice, and shall not vary or affect in any way the provisions of the agreement between us relating to said picture.

09/22/2015

5102722760

WARNER BROS. ENTERTAINMENT INC.
 FEATURE NET DETAIL REPORT
 CUMULATIVE INCOME AND EXPENSES
 PERIOD ENDING 09/30/69



GOODFELLAS
 RELEASE # R090904
 CONTRACT # 05

LOCATION	DEFINED GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC.	FREIGHT	CHECK COLLECT. & MISC.	TOTAL EXPENSES
CANADA	1,258,042	188			189,353	4,851	957,681	9,545	170,347	24,089	76	1,468,570
U.S.A.	10,873,568	188			1,780,766	13,422	15,160,231	43,528	170,347	280,079	82,874	17,553,244
TOTAL DOMESTIC THEATRICAL	12,131,610	376			1,970,119	18,273	16,117,912	53,073	340,694	304,168	159,150	18,711,814
ARMY/AIR FORCE	13,441				12,172							12,172
INFLIGHT	31,430				4,823	1,125	42					10,065
MISCELLANEOUS CANADA	3,476				66							56
MISCELLANEOUS U.S. N	316,271				12,857	9,368	1,982			172		24,459
NAVY	120,668				50,904					181		51,035
STEAMSHIPS	4,560				2,438					64		2,512
SWANK	176,273				27,488					182		21,886
TRANSCOM (DOM.)	4,560				601							501
VA												
TOTAL DOMESTIC NON-THEATRICAL	978,227				116,437	19,491	2,004			678		128,511
CAN TV NETWORK	147,784				1,921	163,545	74	11,622		233		11,822
CAN TV STUDIO	194,722							18,371				21,189
US NET FIRM	4,873,600						7,235					190,780
US TV BARTE	477,481											
US TV SYNDI	1,783,658				14,842	107,671	21,234			8,350	7,500	160,723
TOTAL DOMESTIC FREE TV	7,471,116				17,863	281,216	28,563	30,733		9,683	7,500	364,234
ARGENTINA	108,734				10,202		70,162	33,742	1,334	1,750		131,170
AUSTRALIA	344,259				62,844		294,145	14,234	2,608	43,165		518,163
AUSTRIA	146,978				34,710		31,235	6,108	1,119	3,018		78,789
BELGIUM	160,019				50,232	66,069	168,663	2,535	1,549	7,577		299,407
BOLIVIA	6,680				2,891		1,028	807	38	768		6,680
BRAZIL	148,718				30,460	2,749	129,883	43,440	1,189	2,773		219,741
BULGARIA										137		137
CHILE	40,310				6,601		6,164	4,482	301	821		22,872
COLOMBIA	26,058				10,202		13,120	4,176	185	971		28,972
COSTA RICA										354		354
CUBA												
CYPRUS-LOU	8,786				351	63	427	321	45	1,509		2,715
CZECH REP	30,988				1,212	10,161	10,751	653	175	2,300		31,402
DENMARK	100,897				11,770	22,404	36,162	2,241	729	1,027		74,333
DOMINICAN	6,500								46			46
ECUADOR	3,730				489	509	333		28			379
EGYPT												
ENGLAND	1,334,070				157,293	10,188	769,077	231	9,853	33,334		880,066
ETHIOPIA	2,000								17			17
FCM UNALLO					67,244	87,894	940,424	366	1,331	4,769		1,138,318
FINLAND	107,413				9,424	28,274	57,325	306				108,370
FRANCE	2,708,366				211,738	418,841	837,204	30,172	22,331	84,653		1,712,667
GERMANY	771,358				123,012	169,221	647,130	7,008	6,094	39,753		939,939
GREECE-ANC	104,780				2,328	2,170	20,643	15,925	1,278	232		42,528

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WARNER BROS. ENTERTAINMENT INC.
 FEATURE NET DETAIL REPORT
 CUMULATIVE INCOME AND EXPENSES
 PERIOD ENDING 09/30/68



GOODFELLAS
 RELEASE # R030904
 CONTRACT # 05

LOCATION	DEFERRED GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK, COLLECT, & MISC	TOTAL EXPENSES
GUATEMALA					24,423	30,685	129,033	353	1,550	217		217
HOLLAND	217,817									7,712		193,759
HONG KONG	71,591					2,234	27,501	1,612	497	2,794		34,738
HUNGARY-FI	18,197				8,338	2,770	3,105	338	125	3,678		20,654
ICELAND-AU	20,120				1,738		3,090		182	1,485		6,471
INDIA							360					360
INDONESIA	209,336				16	7,733	19,421	19,769	1,173	6,975	232	65,253
IRELAND	1,401								11	106		117
ISRAEL	257,401				21,640	33,016	82,939	6,403	1,031	2,757	13,320	150,033
ITALY-PTC	1,605,451				113,842	182,236	534,850	41,028	12,660	20,268	64,782	1,290,085
JAMAICA	3,879					656		189	26	73	13	871
JAPAN	1,169,470				173,728	15,710	1,206,770	19,022	9,548	27,102		1,453,864
JORDAN-DUN	2,000								11			11
KOREA	344,775				8,633	19,873	201,332	23,612	2,398	3,085	4,283	265,910
LESAMON	3,689					447		412	209	272		1,378
MALAYSIA					35,102	526	73,057	21,736	1,144	6,039		120,608
MEXICO	31,156				32,615		31,151	1,020	246	6,700		68,594
NEW ZEALAND	227,854				16,492	40,725	65,167	7,557	1,704	10,070		141,734
NORWAY	17,470				10,202		6,478	6,515	119	5,410	341	30,082
PANAMA	33,600				8,183		9,240	1,843	247	1,739	141	15,402
PERU	26,391				3,401		12,464	4,449	177	2,109	403	23,082
PHILIPPINE	50,825				1,820	11,859	50,411	531	345	3,243	170	48,478
POLAND	103,108				19,519	8,978	13,941	2,050	716	743	2,144	43,725
PORTUGAL							16					16
PRT E-APR	28,660				20,408		26,581	153	230	650	386	49,419
PUERTO RIC	59,278				2,131	1,423	8,130	7,823	405	716		21,483
SINGAPORE	72									206		206
SLOVAKIA	579								2	231		233
SLOVENIA					1,770	4,890	42,837	3,330	849	12,750	489	60,750
SO AFRICA	122,319											
SPAIN	1,429,622				152,165	63,149	822,723	53,456	11,069	12,671	12,221	1,111,754
SWEDEN	313,616				2,273	31,880	148,881	6,832	2,406	5,512	3,051	188,168
SWITZERLAND	334,526				99,377	39,821	142,924	17,825	2,730	7,602		309,779
SYRIA	1,500						13					13
TAIWAN	241,630				15,319	8,909	73,184	2,753	2,241	7,344		110,000
THAILAND	40,675				12,428	6,818	24,734	10,705	323	1,729	1,156	69,695
TRINIDAD	7,198					194	1,794	644	48	359	21	3,031
TUNISIA							13					13
TURKEY	46,499				4,716	13,232	23,306	1,413	333	2,269	1,044	46,302
TURKIA NON	380								5			6
URUGUAY	34,177				3,401		3,853	7,134	237	448	354	18,225
VENEZUELA	24,754				10,202		18,689	2,175	170	1,862	240	32,838
YUGOSLAVIA	75,077				8,224	4,654	14,842	2,330	690	3,080		35,020
ZAMBIA-FIL	31											
TOTAL FOREIGN THEATRICAL	13,870,823				1,633,613	1,254,399	4,796,432	648,613	107,360	394,391	632,174	12,611,751
AMPS	31,589											
FGN NON-TH (SUM)	126,600				6,076	3,129	655	987		115		14,084

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GOODFELLAS
RELEASE # R090904
CONTRACT # 05

WARNER BROS. ENTERTAINMENT INC.
FEATURE NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/09



LOCATION	DEFERRED GROSS	ACCTS REC	DIST %	POINTS	PRINTING & EXTING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK COLLECT. & MISC.	TOTAL EXPENSES
FLIGHT (FOR)	92,786										
TRANSCOM (FOR)	6,000										
TOTAL FOREIGN NON-TREAT	257,254	8,378	3,129	866	9,099,247	460,500	107,300	394,008	132,174	14,084	
TOTAL FGM TREAT & NON-TREAT	14,128,877	1,644,430	1,287,458	6,099,247	460,500	107,300	394,008	132,174	14,084	12,124,816	
ABU DHABI	12,352										12,352
ALBANIA	800										800
ALGERIA	4,028										4,028
ANGOLA	1,300										1,300
ARGENTINA	79,704										79,704
ARMENIA	400										400
AUSTRALIA	681,868										681,868
BAHRAIN ISL	1,700										1,700
BELARUS	1,250										1,250
BELGIUM	68,864										68,864
BOLIVIA	1,900										1,900
BOSNIA	4,482										4,482
BRAZIL	188,134										188,134
BRUNEI	4,200										4,200
BULGARIA	7,100										7,100
CHILE	72,000										72,000
CHINA - TOR	29,888										29,888
COLOMBIA	9,000										9,000
COSTA RICA	11,200										11,200
CROATIA	8,488										8,488
CYPRUS-GLOB	37,828										37,828
CZECH REPUB	42,395										42,395
DENMARK	2,202										2,202
DOMINICAN R	10,818										10,818
Ecuador	6,660										6,660
EGYPT	1,312										1,312
EL SALVADOR	1,726,887										1,726,887
EMEA/EUROPE	3,268										3,268
ENGLAND	650										650
ESTONIA	101,760										101,760
ETHIOPIA-NA	265,037										265,037
FGM UNALLOC	1,010										1,010
FINLAND	1,350										1,350
FRANCE	1,860,000										1,860,000
GABON	600										600
GERMANY	175,009										175,009
GHANA	388										388
GREECE/NA	1,709										1,709
GUADALUPE											
GUATEMALA											

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WARNER BROS. ENTERTAINMENT INC.
FEATURE NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/09



GOODFELLAS
RELEASE # R090904
CONTRACT # 09

LOCATION	DEFERRED GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK, COLLECT, & MISC	TOTAL EXPENSES
HOLLAND	144,581				923	50				71		1,044
HONGKONG	3,300				275			768				273
HUNGARY-FIL	45,000				1,152	658						1,810
HUNGARY-FIL	30,881				695					105		1,417
ICELAND-AUS	4,050				1,312			1,178				1,405
INDONESIA	28,778				228					25		1,121
IRELAND	76,811				1,295	24		5,874			24	7,433
ISRAEL	65,000				1,411	970	47	233,051			69	235,538
ITALY-FG	2,900,840				2,402							185
JAMAICA	484				156			45				276
JAPAN	1,320				1,856	221	74	131,649		220		134,100
JORDAN-DUKI	1,358,057							275				170
JORDAN-DUKI	2,750				170							
KAZAKHSTAN	1,700											
KENYA-ANGLO	850											
KOREA	151,250				3,318	2,522		3,438		118		6,888
LATVIA	4,318				1,070			29				3,592
LEBANON	2,014				181							190
LITHUANIA	8,488				294			627				264
LUXEMBOURG					167					105		784
MACAU	1,800				337							442
MACEDONIA	1,768				412			363			18	283
MACEDONIA	500											422
MAURITIUS	112,817				1,754	1,683		11,279		35		14,728
MEXICO	6,425											8
MOROCCO	300				1,655			6				9,810
NEW GUINEA	139,873				404			6,924				868
NEW ZEALAND	2,273							203				
NICARAGUA	20											
NILE	21,482				722						24	748
NORWAY	7,883				415		75	1,426		907		2,545
PANAMA	1,430				195					37		140
PARAGUAY	17,098				267			1,507		110		1,814
PERU	34,825				330			3,021				4,281
PHILIPPINES	233,183				208			15,463			18	18,659
POLAND	199,001				525			21,668				23,188
PORTUGAL	68,065				289			16,983				18,248
PUERTO RICO	421							4,023		32		4,857
REUNION	41,223				627	15		8,293				640
ROMANIA-FIL	302,498				674							6,283
RUSSIA	24,850											674
SAUDI ARAB								4,817				4,817
SCANDINAVIA					2,454		52	26				2,504
SERBIA	23,888											
SINGAPORE	10,278											
SLOVAKIA	14,328				987			1,458				2,423
SLOVENIA	28,118				604			2,217				2,821
SOUTH AFRICA	83,017											

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WARNER BROS. ENTERTAINMENT INC.
 FEATURE NET DETAIL REPORT
 CUMULATIVE INCOME AND EXPENSES
 PERIOD ENDING 09/30/09

GOODFELLAS
 RELEASE # R090904
 CONTRACT # . 05



LOCATION	DEFINED GROSS	ACCTS REC.	DEST FEE	DIST %	PRMTS	PREPRINT & ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK COLLECT, & MISC	TOTAL EXPENSES
SPAIN/WHV	2,145,128				5,407		171,817		15	68	177,174
SRI LANKA	6,000				308				43		233
SWEDEN	64,368				2,047					1,182	2,058
SWITZERLAND	66,112										1,182
TAIPEI	125										
TAIWAN	30,000				1,248						1,248
TANZANIA	750				281		225				486
THAILAND	25,000				578		3,731			34	4,191
TRINIDAD	2,500				275		520				795
TURKEY	224,848				894		3,558			18	4,457
TV HOME OFT					18,568	54,388	26,610		1,251		58,457
URUGUAY	32,428				189		111				3,427
VENEZUELA	6,992				483	450	3,242				3,427
YUGOSLAVIA	120,175				1,372		489				10,444
ZIMBABWE					328		9,011		21		351
					181						181
TOTAL FOREIGN FREE TV	14,494,724				113,304	64,563	71,566		4,627	1,442	1,052,374
U.S.A.	258,635				6,474	72,508	63,972		225	111	22,070
TOTAL DOMESTIC PAY TV	13,428,164				6,474	72,505	63,972		596	111	187,548
TOTAL DOMESTIC BASIC CABLE TV	2,350,408				1,318	42,742	32			82,000	128,102
U.S.A.	1,620						2,349				2,349
AUSTRIA	78,631										
BARBADOS	720										
BELGIUM	34,646										
BENELUX	1,593										
BRAZIL	82,103										
BULGARIA	2,100										
CHINA - LOM	1,827										
CYPRUS-GLOB	3,210										
CZECH REPUB	7,217										
DENMARK	50										
EGYPT	1,200										
ENGLAND	1,789,759										
FIN	151										
FRANCE	2,005,679										
GERMANY	237,209										
GREECE/AMCH	3,060										
HOLLAND	25,184										
HONG KONG	714										
HUNGARY-FI	5,574										
IRELAND-GLO	12,500										

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GOODFELLAS
RELEASE # R090804
CONTRACT # 05

WARNER BROS. ENTERTAINMENT INC.
FEATURE NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/09



LOCATION	DEFINED GROSS	ACCTS REC.	DIST FEE	DIST %	PROFITS	PREPRINT & EXTING	ADVERTISING & PUBLICITY	TAXES & DUES	TRADE ASSOC.	FREIGHT	CHECKS COLLECT. & MISC.	TOTAL EXPENSES
IRELAND	518							3,175				3,175
ITALY-PC	31,712							27,512				27,512
JAPAN	501,800					8K		40,578				40,578
KOREA-KGSHI	22,878							880				880
LITHUANIA	1,053							104				104
MALTA	2,000							822				822
MEXICO	8,000							8,411				8,411
MOROCCO	8,000											
NETALAND	10,000							160				160
NORWAY	3,748							8,687				8,687
POLAND	4,500							22,365				22,365
ROMANIA-FL	1,500											
RUSSIA	28,810							3,000				3,000
SAUDI ARAB	50,048							34,622				34,622
SINGAPORE	167,778											
SLOVAKIA	4,000											
SLOVENIA												
SPAIN	246,397					50						50
SPAIN-KV	483,243					12						5,000
SPAIN-KV	8,000											38,674
SWITZERLAND	8,000											
TUNISIA	25,417											
TURKEY	2,500											
TURKEY	260,395							23,438				23,438
VERIZUELA												
TOTAL FOREIGN PAY TV	7,862,845				15	113	73	198,514				200,114
ARGENTINA	3,418							524				524
BELOGIN	101,289							203				203
BELGIUM-FL	3,314							1,281				1,281
CHINA-LDR	13,000											
ENGLAND	240,500											
FRANCE	193,772											
HONGKONG	4,000											
HONGKONG	4,000											
HUNGARY-FL	10,000							80				80
INDIA	20,358							288				288
ISRAEL	7,000							128				128
JAPAN	25,333							2,000				2,000
JAPAN	30,000							4,820				4,820
KOREA-KGSHI	30,000							3,001				3,001
MEXICO	35,000											
NORWAY	2,000							370				370
PHILIPPINES	3,500							350				350
POLAND	3,581							383				383
PORTUGAL	385,337							24,870				24,870
SPAIN	33,000											
SWEDEN												

09/22/2015

WARNER BROS. ENTERTAINMENT INC.
FEATURE NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/09



GOODFELLAS
RELEASE # R090804
CONTRACT # 05

LOCATION	DEFIN'D GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK, COLLECT, & MISC	TOTAL EXPENSES
TAIWAN	10,000							3,820				3,800
THAILAND	3,500							170				175
TURKEY	2,750							275				275
VENEZUELA-E	100,241							6,912				6,912
TOTAL FOREIGN BASIC CABLE TV	1,116,543							62,834				62,834
TOTAL DOM & FGM PAY & BPC CABLE	24,702,823				8,817	115,229	94,077	274,818		658	62,111	578,610
CANADA	1,305,200	4,308										
U.S.A.	18,907,381	67,845										
TOTAL DOMESTIC VIDEO	21,212,581	62,153										
ARGENTINA	103,709											
AUSTRALIA	600,051	4,720										
AUSTRIA	22,239											
BEARUS	122	2										
BELGIUM	45,747											
BELIUX-W	242,331	2,958										
BOLIVIA	80											
BOSNIA	73											
BRAZIL	178,648	200										
BULGARIA-FI	1,489											
CHILE	12,618											
COLOMBIA	8,723											
CROATIA	3,736	117										
CYPRUS-GLOB	215											
CZECH REPUB	20,671	1,184										
DENMARK	102,032	1,608										
ECUADOR	317	5										
EGYPT	2,830	64										
ENGLAND	4,050,187	3,289										
ESTONIA	672											
FINLAND	81,008	1,632										
FRANCE	1,177,710	8,207										
GERMANY	777,343	2,305										
GREECE-ADCH	65,007	73										
GUATEMALA	125											
HOLLAND	60,702											
HONG KONG	27,623	116										
HUNGARY-FI	37,850											
IRELAND	11,969	12										
INDIA	2,247											
INDONESIA	3,848											
IRELAND	39,067											
ISRAEL	21,854											
ITALY-PIC	489,640	884										

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WARNER BROS. ENTERTAINMENT INC.
 FEATURE NET DETAIL REPORT
 CUMULATIVE INCOME AND EXPENSES
 PERIOD ENDING 09/30/09

GOODFELLAS
 RELEASE # RD90904
 CONTRACT # 05

LOCATION	DEFINED GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPUB & ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK, COLLECT, & MISC	TOTAL EXPENSES
JAMAICA	193										
JAPAN	1,042,853	6,135									
JORDAN/DURI	500	21									
KAZAKHSTAN	2,174										
KOREA	207,574										
KUWAIT	2,518	1									
LEBANON	1,664	40									
LITHUANIA	700										
MALAYSIA	2,138										
MEXICO	204,018	2,787									
NEW ZEALAND	48,115	2,947									
NORTHERN IR	10,151										
NORWAY	130,904	381									
PAKISTAN	1,124	17									
PANAMA	1,644										
PARAGUAY	308										
PERU	968										
PHILIPPINES	9,778	2									
POLAND/FILM	75,164										
PORTUGAL	53,487	248									
ROMANIA/RL	10,049	240									
RUSSIA	39,508	169									
SAUDI ARAB	9,582	138									
SERBIA	2,030										
SINGAPORE	9,952	180									
SLOVENIA	1,040	111									
SO AFRICA	1,040	1,018									
SPAIN/HMV	47,740										
SWEDEN	379,880										
SWITZERLAND	207,474	1,278									
TAIWAN	147,578	2,180									
TANZANIA	48,863	1									
THAILAND	18,028	1,182									
TURKEY	28,168	715									
UKRAINE	2,788	88									
UNITED ARAB	22,317	260									
URUGUAY	2,024										
VENETUELA	4,548										
YUGOSLAVIA	1,708										
TOTAL FOREIGN VIDEO	11,062,056	47,458									
TOTAL DOMESTIC & FOREIGN VIDEO	32,274,817	103,705									
CANADA DOM CPYRT	37,729										
U.S.A. DOM CPYRT	63,209										
TOTAL DOMESTIC COPYRIGHT	100,938										

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WARNER BROS. ENTERTAINMENT INC.
FEATURE NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/79



GOODFELLAS
RELEASE # R090904
CONTRACT # 05

LOCATION	DEFERRED GROSS	ACCTS REC	DIST FEE	DIST %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC	FREIGHT	CHECK, COLLECT, & BISC	TOTAL EXPENSES
ARGENTINA FGN CPYRT	342											
AUSTRIA AGCOA	133											
AUSTRIA FGN CPYRT	34											
BELGIUM AGCOA	8,354											
BELGIUM FGN CPYRT	48											
BAHAR (SENEGAL) AGCOA	22											
DENMARK AGCOA	8,113											
DENMARK FGN CPYRT	650											
FINLAND AGCOA	347											
FRANCE AGCOA	771											
FRANCE FGN CPYRT	2,914											
GERMANY AGCOA	1,033											
GERMANY FGN CPYRT	12,478											
HOLLAND AGCOA	18,810											
HOLLAND FGN CPYRT	730											
IRELAND AGCOA	4,497											
ITALY-PC FGN CPYRT	1,837											
IVORY COAST AGCOA	22											
LUXEMBOURG AGCOA	15											
MAI AGCOA	22											
NORWAY AGCOA	4,859											
POLAND AGCOA	950											
PORTUGAL AGCOA	503											
ROMANIA AGCOA	20											
SLOVAKIA AGCOA	12											
SPAIN FGN CPYRT	311											
SWEDEN AGCOA	1,831											
SWITZERLAND AGCOA	3,678											
TOTAL FOREIGN COPYRIGHT	73,127											
TOTAL DOM & FGN COPYRIGHT	174,118											
U.S.A. INTERNET	1,299											
U.S.A. RECORDS	2,110											
TOTAL MISCELLANEOUS	3,410											
U.S.A. DOM MERCH	83,568											
TOTAL DOMESTIC MERCHANDISING	83,568											
FRANCE FGN MERCH	80											
TOTAL FOREIGN MERCHANDISING	80											

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WARNER BROS. ENTERTAINMENT INC.
FEATURE-NET DETAIL REPORT
CUMULATIVE INCOME AND EXPENSES
PERIOD ENDING 09/30/68



GOODFELLAS
RELEASE # R090804
CONTRACT # 65

LOCATION:	DEFERRED GROSS	ACCTS. REC.	DIST. FEE	DIST. %	PRINTS	PREPRINT & EDITING	ADVERTISING & PUBLICITY	TAXES & DUTIES	TRADE ASSOC.	FREIGHT	CHECK, COLLECT, & MISC.	TOTAL EXPENSES
TOTAL DOM & FGN MERCHANDISING	43,856											
TOTAL ALL MEDIA	133,748,504	109,497			3,681,062	1,600,206	24,369,471	1,680,816	296,707	109,023	309,176	32,887,562

EXHIBIT B, Page 79

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ORIGINAL 010
FOR COURT USE ONLY

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State, number, and address):
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FILED
Superior Court of California
County of Los Angeles

SEP 22 2015

Sheri R. Carter, Executive Officer/Clerk
By Cristina Grijalva Deputy
Cristina Grijalva

ATTORNEY FOR (Name): Plaintiffs
SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles
STREET ADDRESS: 111 North Hill Street
MAILING ADDRESS: 111 North Hill Street
CITY AND ZIP CODE: Los Angeles, California 90012
BRANCH NAME: Central District

CASE NAME: IRWIN WINKLER and WINKLER FILMS, INC. v. WARNER BROS. ENTERTAINMENT INC., et al

CIVIL CASE COVER SHEET
 Unlimited (Amount demanded exceeds \$25,000) Limited (Amount demanded is \$25,000 or less)
Complex Case Designation
 Counter Joinder
Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)

CASE NUMBER: **BC 5 9 5 3 4 3**
JUDGE:
DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

<input type="checkbox"/> Auto Tort <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46) <input type="checkbox"/> Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other PI/PD/WD (23) <input type="checkbox"/> Non-PI/PD/WD (Other) Tort <input type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (16) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-PI/PD/WD tort (35) <input type="checkbox"/> Employment <input type="checkbox"/> Wrongful termination (36) <input type="checkbox"/> Other employment (15)	<input type="checkbox"/> Contract <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 collections (09) <input type="checkbox"/> Other collections (09) <input type="checkbox"/> Insurance coverage (18) <input checked="" type="checkbox"/> Other contract (37) <input type="checkbox"/> Real Property <input type="checkbox"/> Eminent domain/Inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26) <input type="checkbox"/> Unlawful Detainer <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38) <input type="checkbox"/> Judicial Review <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	<input type="checkbox"/> Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403) <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) <input type="checkbox"/> Enforcement of Judgment <input type="checkbox"/> Enforcement of judgment (20) <input type="checkbox"/> Miscellaneous Civil Complaint <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42) <input type="checkbox"/> Miscellaneous Civil Petition <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)
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2. This case is is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:

a. <input type="checkbox"/> Large number of separately represented parties	d. <input type="checkbox"/> Large number of witnesses
b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve	e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court
c. <input type="checkbox"/> Substantial amount of documentary evidence	f. <input type="checkbox"/> Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply): a. monetary b. nonmonetary; declaratory or injunctive relief c. punitive

4. Number of causes of action (specify): Two

5. This case is is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)
 Date: September 21, 2015
 BERTRAM FIELDS
 (TYPE OR PRINT NAME) (SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

To Plaintiffs and Others Filing First Papers. If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the Civil Case Cover Sheet contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check one box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the primary cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

To Parties in Rule 3.740 Collections Cases. A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time-for-service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

To Parties in Complex Cases. In complex cases only, parties must also use the Civil Case Cover Sheet to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a joinder in the plaintiff's designation, a counter-designation that the case is not complex, or, if the plaintiff has made no designation, a designation that the case is complex.

CASE TYPES AND EXAMPLES

Auto Tort

- Auto (22)—Personal Injury/Property Damage/Wrongful Death
Uninsured Motorist (46) (if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)

Other PI/PD/WD (Personal Injury/Property Damage/Wrongful Death) Tort

- Asbestos (04)
Asbestos Property Damage
Asbestos Personal Injury/Wrongful Death
Product Liability (not asbestos or toxic/environmental) (24)
Medical Malpractice (45)
Medical Malpractice—Physicians & Surgeons
Other Professional Health Care Malpractice
Other PI/PD/WD (23)
Premises Liability (e.g., slip and fall)
Intentional Bodily Injury/PD/WD (e.g., assault, vandalism)
Intentional Infliction of Emotional Distress
Negligent Infliction of Emotional Distress
Other PI/PD/WD

Non-PI/PD/WD (Other) Tort

- Business Tort/Unfair Business Practice (07)
Civil Rights (e.g., discrimination, false arrest) (not civil harassment) (08)
Defamation (e.g., slander, libel) (13)
Fraud (16)
Intellectual Property (19)
Professional Negligence (25)
Legal Malpractice
Other Professional Malpractice (not medical or legal)
Other Non-PI/PD/WD Tort (35)

Employment

- Wrongful Termination (36) Other Employment (15)

Contract

- Breach of Contract/Warranty (06)
Breach of Rental/Lease
Contract (not unlawful detainer or wrongful eviction)
Contract/Warranty Breach—Seller Plaintiff (not fraud or negligence)
Negligent Breach of Contract/Warranty
Other Breach of Contract/Warranty
Collections (e.g., money owed, open book accounts) (09)
Collection Case—Seller Plaintiff
Other Promissory Note/Collections Case
Insurance Coverage (not provisionally complex) (18)
Auto Subrogation
Other Coverage
Other Contract (37)
Contractual Fraud
Other Contract Dispute

Real Property

- Eminent Domain/Inverse Condemnation (14)
Wrongful Eviction (33)
Other Real Property (e.g., quiet title) (26)
Writ of Possession of Real Property
Mortgage Foreclosure
Quiet Title
Other Real Property (not eminent domain, landlord/tenant, or foreclosure)

Unlawful Detainer

- Commercial (31)
Residential (32)
Drugs (38) (if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)

Judicial Review

- Asset Forfeiture (05)
Petition Re: Arbitration Award (11)
Writ of Mandate (02)
Writ—Administrative Mandamus
Writ—Mandamus on Limited Court Case Matter
Writ—Other Limited Court Case Review
Other Judicial Review (39)
Review of Health Officer Order
Notice of Appeal—Labor Commissioner Appeals

Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

- Antitrust/Trade Regulation (03)
Construction Defect (10)
Claims Involving Mass Tort (40)
Securities Litigation (28)
Environmental/Toxic Tort (30)
Insurance Coverage Claims (arising from provisionally complex case type listed above) (41)

Enforcement of Judgment

- Enforcement of Judgment (20)
Abstract of Judgment (Out of County)
Confession of Judgment (non-domestic relations)
Sister State Judgment
Administrative Agency Award (not unpaid taxes)
Petition/Certification of Entry of Judgment on Unpaid Taxes
Other Enforcement of Judgment Case

Miscellaneous Civil Complaint

- RICO (27)
Other Complaint (not specified above) (42)
Declaratory Relief Only
Injunctive Relief Only (non-harassment)
Mechanics Lien
Other Commercial Complaint Case (non-tort/non-complex)
Other Civil Complaint (non-tort/non-complex)

Miscellaneous Civil Petition

- Partnership and Corporate Governance (21)
Other Petition (not specified above) (43)
Civil Harassment
Workplace Violence
Elder/Dependent Adult Abuse
Election Contest
Petition for Name Change
Petition for Relief From Late Claim
Other Civil Petition

ORIGINAL

SHORT TITLE:
IRWIN WINKLER and WINKLER FILMS, INC. v. WARNER BROS.
ENTERTAINMENT INC., et al

CASE NUMBER

BC 595343

**CIVIL CASE COVER SHEET ADDENDUM AND
STATEMENT OF LOCATION
(CERTIFICATE OF GROUNDS FOR ASSIGNMENT TO COURTHOUSE LOCATION)**

This form is required pursuant to Local Rule 2.0 in all new civil case filings in the Los Angeles Superior Court.

Item I. Check the types of hearing and fill in the estimated length of hearing expected for this case:

JURY TRIAL? YES CLASS ACTION? YES LIMITED CASE? YES TIME ESTIMATED FOR TRIAL 10 HOURS/ DAYS

Item II. Indicate the correct district and courthouse location (4 steps – If you checked "Limited Case", skip to Item III, Pg. 4):

Step 1: After first completing the Civil Case Cover Sheet form, find the main Civil Case Cover Sheet heading for your case in the left margin below, and, to the right in Column **A**, the Civil Case Cover Sheet case type you selected.

Step 2: Check one Superior Court type of action in Column **B** below which best describes the nature of this case.

Step 3: In Column **C**, circle the reason for the court location choice that applies to the type of action you have checked. For any exception to the court location, see Local Rule 2.0.

Applicable Reasons for Choosing Courthouse Location (see Column C below)

- 1. Class actions must be filed in the Stanley Mosk Courthouse, central district.
- 2. May be filed in central (other county, or no bodily injury/property damage).
- 3. Location where cause of action arose.
- 4. Location where bodily injury, death or damage occurred.
- 5. Location where performance required or defendant resides.
- 6. Location of property or permanently garaged vehicle.
- 7. Location where petitioner resides.
- 8. Location wherein defendant/respondent functions wholly.
- 9. Location where one or more of the parties reside.
- 10. Location of Labor Commissioner Office

Step 4: Fill in the information requested on page 4 in Item III; complete Item IV. Sign the declaration.

Auto Tort

Other Personal Injury/Property Damage/Wrongful Death Tort

A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Auto (22)	<input type="checkbox"/> A7100 Motor Vehicle - Personal Injury/Property Damage/Wrongful Death	1., 2., 4.
Uninsured Motorist (46)	<input type="checkbox"/> A7110 Personal Injury/Property Damage/Wrongful Death – Uninsured Motorist	1., 2., 4.
Asbestos (04)	<input type="checkbox"/> A6070 Asbestos Property Damage	2.
	<input type="checkbox"/> A7221 Asbestos - Personal Injury/Wrongful Death	2.
Product Liability (24)	<input type="checkbox"/> A7260 Product Liability (not asbestos or toxic/environmental)	1., 2., 3., 4., 8.
Medical Malpractice (45)	<input type="checkbox"/> A7210 Medical Malpractice - Physicians & Surgeons	1., 4.
	<input type="checkbox"/> A7240 Other Professional Health Care Malpractice	1., 4.
Other Personal Injury Property Damage Wrongful Death (23)	<input type="checkbox"/> A7250 Premises Liability (e.g., slip and fall)	1., 4.
	<input type="checkbox"/> A7230 Intentional Bodily Injury/Property Damage/Wrongful Death (e.g., assault, vandalism, etc.)	1., 4.
	<input type="checkbox"/> A7270 Intentional Infliction of Emotional Distress	1., 3.
	<input type="checkbox"/> A7220 Other Personal Injury/Property Damage/Wrongful Death	1., 4.

SHORT TITLE:
IRWIN WINKLER and WINKLER FILMS, INC. v. WARNER BROS.
ENTERTAINMENT INC., et al

CASE NUMBER

Non-Personal Injury/Property
Damage/Wrongful Death Tort

Employment

Contract

Real Property

Unlawful Detainer

Unlawful Detainer

Unlawful Detainer

Unlawful Detainer

Unlawful Detainer

Unlawful Detainer

A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Business Tort (07)	<input type="checkbox"/> A6029 Other Commercial/Business Tort (not fraud/breach of contract)	1., 3.
Civil Rights (08)	<input type="checkbox"/> A6005 Civil Rights/Discrimination	1., 2., 3.
Defamation (13)	<input type="checkbox"/> A6010 Defamation (slander/libel)	1., 2., 3.
Fraud (16)	<input type="checkbox"/> A6013 Fraud (no contract)	1., 2., 3.
Professional Negligence (25)	<input type="checkbox"/> A6017 Legal Malpractice	1.; 2., 3.
	<input type="checkbox"/> A6050 Other Professional Malpractice (not medical or legal)	1., 2., 3.
Other (35)	<input type="checkbox"/> A6025 Other Non-Personal Injury/Property Damage tort	2., 3.
Wrongful Termination (36)	<input type="checkbox"/> A6037 Wrongful Termination	1., 2., 3.
Other Employment (15)	<input type="checkbox"/> A6024 Other Employment Complaint Case	1., 2., 3.
	<input type="checkbox"/> A6109 Labor Commissioner Appeals	10.
Breach of Contract/Warranty (06) (not insurance)	<input type="checkbox"/> A6004 Breach of Rental/Lease Contract (not unlawful detainer or wrongful eviction)	2., 5.
	<input type="checkbox"/> A6008 Contract/Warranty Breach -Seller Plaintiff (no fraud/negligence)	2., 5.
	<input type="checkbox"/> A6019 Negligent Breach of Contract/Warranty (no fraud)	1., 2., 5.
	<input type="checkbox"/> A6028 Other Breach of Contract/Warranty (not fraud or negligence)	1., 2., 5.
Collections (09)	<input type="checkbox"/> A6002 Collections Case-Seller Plaintiff	2., 5., 6.
	<input type="checkbox"/> A6012 Other Promissory Note/Collections Case	2., 5.
Insurance Coverage (18)	<input type="checkbox"/> A6015 Insurance Coverage (not complex)	1., 2., 5., 8.
Other Contract (37)	<input checked="" type="checkbox"/> A6009 Contractual Fraud	1., 2., 3., 5.
	<input type="checkbox"/> A6031 Tortious Interference	1., 2., 3., 5.
	<input type="checkbox"/> A6027 Other Contract Dispute(not breach/insurance/fraud/negligence)	1., 2., 3., 8.
Eminent Domain/Inverse Condemnation (14)	<input type="checkbox"/> A7300 Eminent Domain/Condemnation Number of parcels _____	2.
Wrongful Eviction (33)	<input type="checkbox"/> A6023 Wrongful Eviction Case	2., 6.
Other Real Property (26)	<input type="checkbox"/> A6018 Mortgage Foreclosure	2., 6.
	<input type="checkbox"/> A6032 Quiet Title	2., 6.
	<input type="checkbox"/> A6060 Other Real Property (not eminent domain, landlord/tenant, foreclosure)	2., 6.
Unlawful Detainer-Commercial (31)	<input type="checkbox"/> A6021 Unlawful Detainer-Commercial (not drugs or wrongful eviction)	2., 6.
Unlawful Detainer-Residential (32)	<input type="checkbox"/> A6020 Unlawful Detainer-Residential (not drugs or wrongful eviction)	2., 6.
Unlawful Detainer- Post-Foreclosure (34)	<input type="checkbox"/> A6020F Unlawful Detainer-Post-Foreclosure	2., 6.
Unlawful Detainer-Drugs (38)	<input type="checkbox"/> A6022 Unlawful Detainer-Drugs	2., 6.

SHORT TITLE:
IRWIN WINKLER and WINKLER FILMS, INC. v. WARNER BROS.
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CASE NUMBER

Judicial Review

Provisionally Complex Litigation

Enforcement of Judgment

Miscellaneous Civil Complaints

Miscellaneous Civil Petitions

A Civil Case Cover Sheet Category No.	B Type of Action (Check only one)	C Applicable Reasons - See Step 3 Above
Asset Forfeiture (05)	<input type="checkbox"/> A6108 Asset Forfeiture Case	2., 6.
Petition re Arbitration (11)	<input type="checkbox"/> A6115 Petition to Compel/Confirm/Vacate Arbitration	2., 5.
Writ of Mandate (02)	<input type="checkbox"/> A6151 Writ - Administrative Mandamus <input type="checkbox"/> A6152 Writ - Mandamus on Limited Court Case Matter <input type="checkbox"/> A6153 Writ - Other Limited Court Case Review	2., 8. 2. 2.
Other Judicial Review (39)	<input type="checkbox"/> A6150 Other Writ/Judicial Review	2., 8.
Antitrust/Trade Regulation (03)	<input type="checkbox"/> A6003 Antitrust/Trade Regulation	1., 2., 8.
Construction Defect (10)	<input type="checkbox"/> A6007 Construction Defect	1., 2., 3.
Claims Involving Mass Tort (40)	<input type="checkbox"/> A6006 Claims Involving Mass Tort	1., 2., 8.
Securities Litigation (28)	<input type="checkbox"/> A6035 Securities Litigation Case	1., 2., 8.
Toxic Tort Environmental (30)	<input type="checkbox"/> A6036 Toxic Tort/Environmental	1., 2., 3., 8.
Insurance Coverage Claims from Complex Case (41)	<input type="checkbox"/> A6014 Insurance Coverage/Subrogation (complex case only)	1., 2., 5., 8.
Enforcement of Judgment (20)	<input type="checkbox"/> A6141 Sister State Judgment <input type="checkbox"/> A6160 Abstract of Judgment <input type="checkbox"/> A6107 Confession of Judgment (non-domestic relations) <input type="checkbox"/> A6140 Administrative Agency Award (not unpaid taxes) <input type="checkbox"/> A6114 Petition/Certificate for Entry of Judgment on Unpaid Tax <input type="checkbox"/> A6112 Other Enforcement of Judgment Case	2., 9. 2., 6. 2., 9. 2., 8. 2., 8. 2., 8., 9.
RICO (27)	<input type="checkbox"/> A6033 Racketeering (RICO) Case	1., 2., 8.
Other Complaints (Not Specified Above) (42)	<input type="checkbox"/> A6030 Declaratory Relief Only <input type="checkbox"/> A6040 Injunctive Relief Only (not domestic/harassment) <input type="checkbox"/> A6011 Other Commercial Complaint Case (non-tort/non-complex) <input type="checkbox"/> A6000 Other Civil Complaint (non-tort/non-complex)	1., 2., 8. 2., 8. 1., 2., 8. 1., 2., 8.
Partnership Corporation Governance (21)	<input type="checkbox"/> A6113 Partnership and Corporate Governance Case	2., 8.
Other Petitions (Not Specified Above) (43)	<input type="checkbox"/> A6121 Civil Harassment <input type="checkbox"/> A6123 Workplace Harassment <input type="checkbox"/> A6124 Elder/Dependent Adult Abuse Case <input type="checkbox"/> A6190 Election Contest <input type="checkbox"/> A6110 Petition for Change of Name <input type="checkbox"/> A6170 Petition for Relief from Late Claim Law <input type="checkbox"/> A6100 Other Civil Petition	2., 3., 9. 2., 3., 9. 2., 3., 9. 2. 2., 7. 2., 3., 4., 8. 2., 9.

SHORT TITLE: IRWIN WINKLER and WINKLER FILMS, INC. v. WARNER BROS. ENTERTAINMENT INC., et al	CASE NUMBER
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Item III. Statement of Location: Enter the address of the accident, party's residence or place of business, performance, or other circumstance indicated in Item II., Step 3 on Page 1, as the proper reason for filing in the court location you selected.

REASON: Check the appropriate boxes for the numbers shown under Column C for the type of action that you have selected for this case. <input type="checkbox"/> 1. <input checked="" type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> 7. <input type="checkbox"/> 8. <input type="checkbox"/> 9. <input type="checkbox"/> 10.	ADDRESS: 190 North Canon Drive Suite 500 Penthouse	
CITY: Beverly Hills	STATE: CA	ZIP CODE: 90210

Item IV. Declaration of Assignment: I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that the above-entitled matter is properly filed for assignment to the Stanley Mosk courthouse in the Central District of the Superior Court of California, County of Los Angeles [Code Civ. Proc., § 392 et seq., and Local Rule 2.0, subds. (b), (c) and (d)].

Dated: September 21, 2015



 (SIGNATURE OF ATTORNEY/FILING PARTY)
BERTRAM FIELDS

PLEASE HAVE THE FOLLOWING ITEMS COMPLETED AND READY TO BE FILED IN ORDER TO PROPERLY COMMENCE YOUR NEW COURT CASE:

1. Original Complaint or Petition.
2. If filing a Complaint, a completed Summons form for issuance by the Clerk.
3. Civil Case Cover Sheet, Judicial Council form CM-010.
4. Civil Case Cover Sheet Addendum and Statement of Location form, LACIV 109, LASC Approved 03-04 (Rev. 03/11).
5. Payment in full of the filing fee, unless fees have been waived.
6. A signed order appointing the Guardian ad Litem, Judicial Council form CIV-010, if the plaintiff or petitioner is a minor under 18 years of age will be required by Court in order to issue a summons.
7. Additional copies of documents to be conformed by the Clerk. Copies of the cover sheet and this addendum must be served along with the summons and complaint, or other initiating pleading in the case.

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