

## ACQUISITION AGREEMENT

This Agreement dated as of March 25, 1986 shall constitute the basic terms and conditions of the agreement between MARK DISALLE ("Owner") and CANNON FILMS, INC. ("Purchaser") relating to the life story of Frank Dux ("Dux").

1. The Property: Reference is made herein to (a) that certain executed letter agreement dated As of June 15, 1985 (the "Dux Agreement") between Owner and Dux regarding certain rights to Dux's life story (that portion of Dux's life story generally consisting of Dux's training as a Ninja beginning as a child and culminating with Dux's victory of the 1975 Kumite Championship and Dux's military experiences) (the "Life Story"), and (b) that certain executed letter agreement dated June 15, 1985 (the "Lettich Agreement") between Owner and Sheldon Lettich ("Lettich") wherein Owner employed Lettich to write a screenplay (the "Screenplay") based upon the Life Story. The Dux Agreement and the Lettich Agreement are the "Underlying Rights Agreements". The Life Story and the Screenplay are the "Property".

2. Grant of Rights. Owner hereby irrevocably sells, grants and assigns to Purchaser, absolutely and outright, in perpetuity and throughout the universe, a license to produce one motion picture based upon the Property or any part thereof (the "Picture") and customary ancillary, subsidiary and incidental rights related thereto. With respect to the Picture, and without limiting the generality of the foregoing, the rights herein granted include:

(a) all silent and sound (including all musical) motion picture rights, televised motion picture rights, television rights (whether free, pay, cable, subscription, pay-per-view, live or otherwise), and audio-visual rights (including, without limitation, videocassette and videodisc rights in all formats), in all languages in any and all media and by any means whatsoever (whether now known or hereafter developed), for the entire universe, and all ancillary and subsidiary rights therein (including, without limitation, merchandising, commercial tie-up, by-product and music publishing and recording rights);

(b) the right to freely change, adapt, translate and add to or subtract from the Property, and to engage writers to render writing services in connection with the Property;

(c) the right to distribute, exhibit, advertise, publicize, exploit and otherwise turn to account the Picture by any and all manner and media (whether now known or later devised).



3. Reserved Rights. Notwithstanding the foregoing, Owner hereby reserves only (a) certain remake, sequel and television program rights in the Life Story (subject to the terms of Paragraph 22 below), and (b) the right to publish the Life Story in printed form; provided, however, that Purchaser may publish or reproduce up to 5000 words from the Life Story for the purpose of advertising, publicizing and promoting the Picture.

4. Assumption of Obligations: It is expressly acknowledged and agreed by Owner and Purchaser that although the rights granted herein to Purchaser are controlled by Owner by virtue of the Underlying Property Agreements, Purchaser is not assuming any obligations pursuant to the Underlying Property Agreements, except only (a) the obligation to accord writing credit to Lettich if so determined by the WGA, and (b) the merchandising payment obligations pursuant to Paragraphs 12, 13 and 14 of the Dux Agreement.

5. Consideration. In consideration for all the rights granted to Purchaser by Owner hereunder and all of Owner's representations and warranties and agreements made herein, and subject to Paragraph 23 hereinbelow, Purchaser shall pay to Owner the sum of \$75,000.00, payable (a) \$37,500.00 upon execution hereof by the parties and execution and delivery of releases in the form of Exhibits "A", "B" and "C" attached hereto, and (b) \$37,500.00 upon the earlier of the start of principal photography of the Picture or the date occurring 18 months after the date of the payment in (a) above.

Additionally, with respect to merchandising for the Picture (other than on the cover of publications, home video device jackets and/or soundtrack albums and the like, which shall not be considered merchandising for purposes of this Paragraph and for which there will be no royalty), then Purchaser shall be entitled to a royalty of 5% of Purchaser's "net receipts" actually received (gross receipts less all costs of manufacture and distribution, a 25% distribution fee/ sales commission and all third party agent fees, if any) directly derived from such merchandising, prorated among all parties entitled to a royalty in connection with such merchandising but in no event less than 2-1/2% of such net receipts. Merchandising royalties payable hereunder shall be accounted for and paid in accordance with generally accepted motion picture industry practice.

6. Warranties and Indemnities. Owner hereby represents, warrants and agrees that:

(a) Lettich is the sole author of the Screenplay and Owner is the sole and exclusive owner of all rights in the Screenplay and such rights in and to the Life Story as are required to convey to Purchaser the rights herein granted to Purchaser.



(b) Owner has the full and sole right and authority to enter into this Agreement and to convey the all the rights herein conveyed to Purchaser as herein set forth.

(c) The Screenplay is wholly original with Lettich in all respects (except with respect to public domain material relating to the Life Story).

(d) Owner has exercised his option respecting the Life Story pursuant to the Dux Agreement.

(e) No part of the rights herein conveyed to Purchaser has in any way been encumbered, conveyed, granted or otherwise disposed of and the same are free of any liens or claims whatsoever and to the best of Owner's knowledge there are no claims or litigation pending, outstanding or threatened which might in any way prejudice, interrupt or interfere with Purchaser's use of said rights.

(f) The exercise or use by Purchaser of any of said rights will not in any way infringe upon or violate the copyright, common law right or literary, dramatic or motion picture rights or constitute a libel, defamation or invasion of the rights of privacy or publicity of any person, firm or corporation whomsoever.

(g) Owner has not consented to allow Dux to authorize the production of a film based upon portions of Dux's life story which are not exclusive to Owner as set forth in Paragraph 2 of the Dux Agreement, and Owner agrees that he will not in the future so consent during the period of time in which his consent is required pursuant to said Paragraph 2.

Additionally, Owner hereby assigns to Purchaser the benefit of any representations, warranties and indemnities of Dux and Lettich made pursuant to the Underlying Property Agreements.

The foregoing warranties and representations are made by Owner to induce Purchaser to execute this Agreement and Owner acknowledges that Purchaser has executed this Agreement in reliance thereon. Owner hereby agrees to indemnify, defend and hold Purchaser and his successors, licensees and assigns, harmless from and against any claim, demand, loss, obligation, liability, cost or expense (including reasonable attorney's fees, whether or not litigation is actually commenced) arising out of a breach or alleged breach by Owner of any warranties, representations or agreements contained in this Agreement. In the event that Owner's aforesaid indemnity shall be required by Purchaser, Purchaser may offset and/or deduct the amount covered by Owner's indemnity from monies due to Owner pursuant to this agreement or any other agreement of the parties.



7. Additional Documents. Owner agrees to execute, at Purchaser's request, any and all additional documents or instruments, including a short-form Assignment for recording in the Copyright Office (a copy of which is attached hereto for signature by Owner), and to do any and all things deemed reasonably necessary or desirable by Purchaser to effectuate the purpose of this Agreement (including, without limitation, the purposes set forth in Paragraphs 14 and 19 below). If Owner fails to do anything deemed reasonably necessary or desirable by Purchaser to effectuate this Agreement including, without limitation, renewing copyrights and instituting and maintaining actions for infringement of the Rights, Owner hereby irrevocably appoints Purchaser Owner's attorney-in-fact with the right, but not the obligation, to do any such things and maintain any such actions in the name of Owner and on Owner's behalf, which appointment shall be irrevocable and coupled with an interest, and shall be unlimited with regard to substitution and delegation.

8. Breach by Purchaser. In the event of any breach of this Agreement by Purchaser, Owner's remedy shall be limited to an action at law for damages, if any, and in no event shall Owner have the right to terminate or rescind this Agreement or in any way interfere with the development, production, distribution, exhibition, advertising or exploitation of the Picture.

9. Failure to Make or Release Picture. Purchaser shall have no obligation to utilize all or any part of the Property or to make, produce, release, distribute, advertise, or exploit the Picture; provided, that nothing in this paragraph shall relieve Purchaser of the obligation to pay the sums required pursuant to Paragraph 5, unless payment of same is expressly conditioned upon an event which does not occur.

10. Name and Likeness. Owner hereby grants to Purchaser the right to use the name, likeness and/or biography of Dux and/or Lettich in connection with the development, production, exhibition, advertising and other exploitation of the Picture and all ancillary and subsidiary rights therein, including without limitation soundtrack albums, publications, merchandising and commercial tie-ups; provided, that in no event shall Dux or Lettich be depicted as using or endorsing any product or service without their prior consent.

11. Assignment. Purchaser shall have the right to assign this Agreement, or any of Purchaser's rights hereunder, in whole or in part, at any time, to any person, firm or corporation; provided that, no such assignment shall relieve Purchaser of its obligations hereunder unless such assignment is to a motion picture production and/or distribution company of substantially equivalent financial ability as Purchaser and such assignee assumes same in writing.

12. Credit. Credit for the Picture shall be as determined by the WGA.



13. Notices. All notices to either party hereunder shall be given by personal delivery, telegram, telecopier or telex (toll prepaid) or by regular mail (postage prepaid) and shall be deemed given on the date of personal delivery, telegraphing or telexing or on a date twenty-four (24) hours after the date of mailing. Until further written notice, the addresses of the parties shall be as follows:

Owner

Mark DiSalle  
10100 Santa Monica Blvd.  
Suite 2600  
Los Angeles, CA 90067

Purchaser

Cannon Films, Inc.  
640 San Vicente Blvd.  
Los Angeles, CA 90048

With A Copy To:

Jack Dwosh, Esq.  
Covey & Covey  
10000 Santa Monica Blvd.  
3rd Floor  
Los Angeles, CA 90067

With A Copy To:

Law Offices of Sam Perlmutter  
5757 Wilshire Blvd., Suite 636  
Los Angeles, CA 90036

14. Renewal of Copyright. Owner agrees to cause renewals of all copyrights in the Property, and each and every party thereof, duly to be obtained, and all rights herein sold and assigned to Purchaser are sold and assigned for the renewal term or terms and during all extensions of such copyrights, as well as for the original term of such copyrights. Owner hereby appoints Purchaser irrevocably the attorney-in-fact of Owner to apply for such renewals in the name and stead of Owner and duly to execute and deliver to Purchaser on behalf of Owner such assignments as Purchaser may deem necessary, proper or expedient to vest or confirm the vesting in Purchaser of all of the rights herein granted and agreed to be granted for and during the term of the renewal copyright(s) or the period of extension of copyright.

15. Effect of Agreement. This Agreement shall bind and inure to the benefit of Purchaser and Owner and their respective heirs, legal representatives, successors and assigns, and all or any part of Purchaser's rights hereunder may be licensed or assigned by Purchaser. The term "Purchaser" as used herein means and includes Purchaser herein named, and its successors and assigns. If more than one Owner is mentioned herein or executes this Agreement, this Agreement shall be binding jointly and severally upon each such person, and the word "Owner" as used herein shall then have a plural meaning.

16. No Ownership/No Reissue Payment. Nothing herein contained shall be deemed to grant or vest in Owner any right, title or interest whatsoever in or to the Picture and/or in and to any literary, musical or any other material created by Purchaser in connection with the Picture. Under no circumstances shall Purchaser be obligated to pay Owner any sum, whether under the provisions of this Paragraph or otherwise, with respect to the reissue of the Picture.



17. Trailers/Stock Footage. Neither the production or exhibition of trailers or other promotional films for the purpose of advertising and/or exploiting the Picture, nor the use of stock shot footage from the Picture for any purpose shall be prevented or precluded by any of the provisions of this Agreement, and in no event shall such trailers, promotional films or stock shot footage be construed to be a motion picture.

18. Rights As Member Of Public. Nothing contained in this Agreement shall be construed to be prejudicial to, or operate in derogation of, any rights, licenses, privileges or property which Purchaser may enjoy or be entitled to as a member of the public, as though this Agreement were not in existence. Purchaser may exercise such rights, licenses, privileges or property which it may enjoy or be entitled to as a member of the public as though this Agreement were not in existence. The rights granted hereunder by Owner to Purchaser, and the representations, warranties, undertakings and agreements made hereunder by Owner, shall endure in perpetuity and shall be in addition to any rights, licenses, privileges and property of Purchaser referred to in the first sentence of this Paragraph.

19. Recapture. If, pursuant to any copyright or similar law, Owner becomes entitled to exercise any right of reversion, recapture or termination (the "Termination Right") in or to all or part of the rights granted hereunder and Owner exercises the Termination Right, then from and after the date that Owner has the right pursuant to such copyright or similar law to transfer all or part of such rights (the "Recaptured Rights") to a third party, Purchaser shall have the first right to purchase the Recaptured Rights. If Owner decides to accept a bona fide offer with respect to all or part of the Recaptured Rights, then in each such instance, Owner shall, promptly after deciding to accept such offer, make a written offer to Purchaser specifying such terms and conditions which Owner is prepared to accept and the name of the third party offeror who made the offer to Owner to enter into an agreement with Purchaser with respect to the Recaptured Rights on the same such terms and conditions. At any time within thirty (30) days after receipt of such written offer from Owner, Purchaser may notify Owner of its acceptance of such offer and, in such event, the rights referred to in such offer shall be assigned to Purchaser, subject to Purchaser's compliance with the terms and conditions of the offer so accepted; provided, however, that Purchaser shall not be required to meet such terms and conditions which cannot be so easily met by one transferee as another, including without limitation, the use of talent. If Purchaser shall acquire from Owner all or part of the Recaptured Rights, then Owner agrees to enter into appropriate written agreements with respect thereto. If Purchaser shall elect not to purchase said rights, then Owner may dispose of said rights but only to the offeror and upon the terms and conditions specified in such notice to Purchaser, it being understood and agreed that



Owner may not dispose of such rights to any other party or upon terms and conditions more favorable to the transferee than those offered to Purchaser hereunder without again offering such more favorable terms and conditions to Purchaser as herein provided. With respect to such Recaptured Rights, it is agreed by Owner that such Recaptured Rights shall include only those exclusive rights comprised in the copyright. It is further agreed by Owner that if Owner becomes entitled to such Termination Rights and elects to exercise such rights, the requisite notice thereof shall be served upon Purchaser as well as upon any other persons upon whom it is required by law that it be served. Should any provision of this Paragraph be held unenforceable, such provision shall be either deemed amended to the extent necessary to achieve enforceability or, if no such amendment is possible, deleted herefrom without rendering unenforceable or otherwise modifying the remaining provisions hereof.

20. Miscellaneous.

(a) Governing Law: This Agreement shall be governed by the laws of the State of California and shall not be modified except by a written document executed by all parties hereto. The parties agree to the exclusive jurisdiction of the federal and state courts located in Los Angeles County, California in matters relating to this Agreement.

(b) Entire Agreement: This Agreement expresses the entire understanding of the parties hereto and replaces any and all former agreements or understandings, written or oral, relating to the subject matter hereof. Owner acknowledges and agrees that in entering into this Agreement Owner has not relied upon or been induced by any promise or representation (express or implied, oral or written) of Purchaser not contained herein.

(c) Paragraph Headings: Paragraph headings are for the convenience of the parties only and shall have no legal effect whatsoever.

(d) Waiver: No waiver by any party hereto of any term or condition hereof shall be deemed or construed to be a waiver of such term or condition in the future, or of any preceding or subsequent breach of the same or any other term or condition of this or any other agreement.

(e) Severability: Except as expressly provided to the contrary herein, each provision of this Agreement shall be considered separate and divisible, and in the event that any such provision is held to be invalid, void or unenforceable by a court of competent jurisdiction, the remaining provisions shall continue to be in full force and effect without being impaired or invalidated in any way.



(f) Remedies Cumulative: Except as expressly provided to the contrary herein, the parties' various rights and remedies hereunder shall be cumulative and the exercise or enforcement of any one or more of them shall not preclude the enforcing party from exercising or enforcing any of the others or any right or remedy provided for by law.

(g) Binding Effect: This Agreement, and all rights and obligations hereunder, shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors, licensees and assigns.

21. More Formal Agreement. It is contemplated that a more formal agreement shall be prepared containing the specific terms set forth herein, as well as such standard terms and conditions as are customary in the motion picture industry in Los Angeles, California in connection with agreements of this nature, which terms and conditions are incorporated herein by reference. Until such more formal agreement is prepared and executed, this Agreement shall constitute a valid and binding agreement between the parties.

22. Remakes, Sequels: If Owner desires to exercise any of the rights granted to Owner pursuant to Paragraph 9 of the Dux Agreement (the "Affected Rights"), Owner must first afford Purchaser the rights of "first negotiation" and "first refusal" with respect to Purchaser acquiring such Affected Rights.

Accordingly, if Owner desires to exercise said Affected Rights, Owner shall give Purchaser written notice thereof and shall first negotiate exclusively with Purchaser for a period of not less than 30 days with respect thereto. If said negotiations do not result in a binding agreement, then Owner is free to negotiate with third parties with respect to said Affected Rights.

If at any time after said 30 day period of "first negotiation" Owner shall propose to make or accept a bona fide third party offer ("TPO") for said Affected Rights, Owner must give Purchaser written notice of said third party offer ("TPO Notice"), setting forth in detail the name of the offeror and all material terms of the TPO. Purchaser shall have the exclusive right and option, during the 30 day period following receipt of the TPO Notice, to acquire the Affected Rights upon the same terms and conditions as contain in the TPO; provided that, Purchaser shall not be required to meet any terms or conditions of the TPO which may not be as easily met by Purchaser as by any other party or which relates to any person, matter or thing other than the purchase price and manner of payment thereof. If Purchaser elects not to so accept, then Owner may accept said TPO; provided that, if the transaction contemplated by such TPO is not consummated for any reason whatsoever upon the terms and conditions contained in the TPO Notice, Purchaser's right and



option shall apply to each and every further offer relating to the Affected Rights. If Purchaser elects to accept said offer, then the parties will promptly thereafter negotiate a formal contract incorporating their said agreement, but in the absense of such contract the parties shall still have a binding agreement as of the date of Purchaser notice of acceptance of the terms contained in the TPO. If Owner does not exercise the Affected Rights within 3 years following release of the Picture in the USA, then Purchaser shall have the right to exercise same, and shall negotiate in good faith with Owner with respect to owner's rendering services in connection with any motion picture produced by Purchaser from said Affected Rights.

23. Turnaround: Purchaser shall have the option at any time to abandon production of the Picture by sending written notice thereof to Owner. In the event of such an Abandonment, the terms and conditions of Exhibit "D" hereto shall apply.

24. Contingency: All of Purchaser's obligations hereunder are contingent upon: (a) receipt of executed copies of instruments in the form of Exhibits "A", "B", and "C" attached hereto, and (b) approval of the "chain-of-title" in the Property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first written above.

Cannon Films, Inc.

\_\_\_\_\_  
Mark DiSalle

By: \_\_\_\_\_

Its: \_\_\_\_\_



SHORT-FORM ASSIGNMENT

For good and valuable consideration, receipt of which is hereby acknowledged, MARK DISALLE ("Owner") hereby grants, sells and assigns to CANNON FILMS, INC. ("Purchaser"):

1. Certain rights to produce, distribute, advertise, exploit and otherwise turn to account one motion picture based upon (a) the life story of Frank Dux, and (b) that certain screenplay written by Sheldon Lettich based upon the life story of Frank Dux. The rights of Purchaser shall be as more fully set forth in that certain agreement (the "Agreement") between Owner and Purchaser dated as of March 25, 1986; and

2. Any and all causes of action which Owner now has or hereafter may have for any past, present or future infringement or interference with any of said rights as granted to Purchaser.

Owner hereby appoints Purchaser (and its successors and assigns) Owner's irrevocable attorney-in-fact, with full power of substitution and delegation, in Owner's or in Purchaser's name: to enforce and protect all rights, licenses, privileges and/or property granted hereunder under any and all copyrights thereof; to prevent or terminate any infringement or violation or threatened infringement or violation of said copyrights as respects any of said rights, licenses, privileges or property; and to litigate, collect and receipt for all damages or injury arising from any such infringement or violation, and to join Owner as party plaintiff or defendant in any such suit or proceeding, in Purchaser's sole discretion.

\_\_\_\_\_  
Mark DiSalle

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 1986, before me, the undersigned, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed in the within instrument, and acknowledged to me that s/he executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this instrument first written above.

\_\_\_\_\_  
Notary Public



## Exhibit "A"

Reference is made herein to (a) that certain letter agreement dated As of June 15, 1985 (the "Letter Agreement") between Mark DiSalle ("DiSalle") and Frank Dux ("Dux") with respect to the life story of Frank Dux (the "Life Story"), and (b) that certain agreement dated as of March 25, 1986 (the "Cannon Agreement") between DiSalle and Cannon Films, Inc. ("Cannon") regarding the production of a motion picture based upon the Life Story (the "Picture").

As a material condition to Cannon's entering into the Cannon Agreement (which, Dux acknowledges, will be of direct benefit to Dux), Dux hereby agrees as follows:

1. Dux has read the Cannon Agreement and fully understands same.
2. Dux agrees that DiSalle has fully, timely and correctly exercised the option in the Letter Agreement. Notwithstanding anything to the contrary which may be contained in the Letter Agreement, Dux agrees that said Letter Agreement conveys to DiSalle sufficient rights for DiSalle to enter into the Cannon Agreement and grant to Cannon all the rights therein granted and to make all the representations, warranties and agreements therein made with respect to the Life Story. To the extent the Letter Agreement does not convey such sufficient rights, Dux hereby grants same directly to Cannon.
3. Cannon shall have the benefit of all representations, warranties, agreements and indemnities made by Dux to DiSalle pursuant to the Letter Agreement and may proceed directly against Dux to enforce same.
4. Dux shall look solely to DiSalle, and not in any manner to Cannon, for all payments and other compensation which may become due to Dux in connection with the Picture and/or the exercise by Cannon of its rights pursuant to the Cannon Agreement.
5. Dux has not and hereafter will not authorize or permit the production of any motion picture based upon any part of Dux's life story until 9 months after release of the Picture (and subject to Paragraph 9 of the Letter Agreement).



Exhibit "A" (page 2)

6. Notwithstanding any breach of the Letter Agreement by DiSalle nor any breach of the Cannon Agreement by Cannon, Dux shall have no right to and shall not seek to in any manner interfere with the production, development, distribution, advertising, publicizing, exhibition, exploitation or other turning to account of the Picture. Further, Dux shall make no claim for damages against Cannon for any reason connected with the Picture.

7. The agreement of Dux herein contained are expressly for the benefit of Cannon who shall have the right to enforce same directly against Dux.

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FRANK DUX



Exhibit "B"

Reference is made herein to (a) that certain letter agreement dated June 15, 1985 (the "Letter Agreement") between Mark DiSalle ("DiSalle") and Sheldon Lettich ("Lettich") with respect to the writing of a screenplay (the "Screenplay") based upon the life story of Frank Dux (the "Life Story"), and (b) that certain agreement dated as of March 25, 1986 (the "Cannon Agreement") between DiSalle and Cannon Films, Inc. ("Cannon") regarding the production of a motion picture based upon the Life Story and the Screenplay (the "Picture").

As a material condition to Cannon's entering into the Cannon Agreement (which, Lettich acknowledges, will be of direct benefit to Lettich), Lettich hereby agrees as follows:

1. Lettich has read the Cannon Agreement and fully understands same.
2. Notwithstanding anything to the contrary which may be contained in the Letter Agreement, Lettich agrees that said Letter Agreement conveys to DiSalle sufficient rights for DiSalle to enter into the Cannon Agreement and grant to Cannon the rights therein granted and to make the representations and warranties therein made with respect to the Screenplay. To the extent that the Letter Agreement does not convey such sufficient rights, Lettich hereby grants same directly to Cannon.
3. Lettich agrees that Cannon shall have the benefit of all representations, warranties and indemnities made by Lettich to DiSalle pursuant to the Letter Agreement and may proceed directly against Lettich to enforce same.
4. Lettich shall look solely to DiSalle, and not in any manner to Cannon, for all payments and other compensation which may become due to Lettich in connection with the Picture and/or the exercise by Cannon of its rights pursuant to the Cannon Agreement.
5. Notwithstanding any breach of the Letter Agreement by DiSalle nor any breach of the Cannon Agreement by Cannon, Lettich shall have no right to and shall not seek to in any manner interfere with the production, development, distribution, advertising, publicizing, exhibition, exploitation or other turning to account of the Picture. Further, Lettich shall make no claim for damages against Cannon for any reason connected with the Picture.
6. The agreement of Lettich herein contained are expressly for the benefit of Cannon who shall have the right to enforce same directly against Lettich.

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Sheldon Lettich



Exhibit "C"

Dated as of: March 25, 1986

Cannon Films, Inc.  
640 San Vicente Blvd.  
Los Angeles, CA 90048

Re: Frank Dux Life Story

Gentlemen:

You have informed me that you are developing a motion picture (the "Picture") which may be based upon, adapted from, suggested by and/or include events and incidents in my life.

For good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, I hereby irrevocably consent and agree that you (and your successors, licensees and assigns) shall have the irrevocable and exclusive right to use my name, likeness and/or biography (in whole or in part) and to portray, represent and impersonate me or a person resembling me under my own name or under a fictitious name (i) in the Picture [and in any remakes and sequels thereof and pilots and/or series (all of which are hereinafter referred to as the "motion pictures") to the extent you separately acquire the right to make such remake sand sequels], and (ii) in connection with the advertising, publicizing and exploitation of the motion pictures. The motion pictures may be produced, distributed, exhibited, advertised, promoted and/or exploited in any manner and in any media (whether now known or hereafter devised) throughout the universe and forever, including without limitation, theatrically, on television and on video devices. I understand that such motion pictures may contain dialogue, incidents, characters and written or visual material which may or may not be based upon or suggested by actual events.

I hereby agree that I will not assert or maintain against you (or your successors, assigns or licensees, or the directors, shareholders, employees or agents of you and each of them) any claim, action, suit or demand of any kind or nature whatsoever, including but not limited to, those grounded upon invasion of privacy, violation of the right of publicity, defamation, libel or slander or for any other reason in connection with your use of the rights herein granted to you. As between you and me, you shall own all right, title and interest in and to the motion pictures and all rights therein and elements thereof, and you shall have no obligation to me in connection therewith.

I hereby release you (and your agents, successors, licensees and assigns, and each of them) from and against any and all claims, liabilities, demands, actions, causes of action, costs and expenses, whatsoever, at law or in equity, known or unknown, anti

cipated or unanticipated, suspected or unsuspected, which I ever had, now have or may, shall or hereafter have by any reason, matter, cause or thing whatsoever, arising out of the rights herein granted to you or otherwise in connection with such motion pictures. I hereby specifically waive the provisions of California Civil Code Section 1542 which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the debtor."

This agreement shall be construed, interpreted and enforced in accordance with, and governed by, the laws of the State of California applicable to agreements executed and to be wholly performed within the State of California, and cannot be modified and/or revoked without your written consent.

I grant you the foregoing rights with the knowledge and understanding that you will incur expenses and/or undertake commitments in reliance thereon and that in the granting of the foregoing consent and rights I have not been induced to so do by any representation or assurance by you or on your behalf relative to the manner in which any of the rights or licenses granted hereunder may be exercised; and I agree that you are under no obligation to exercise any of the rights or licenses granted hereunder.

The terms hereof shall be binding upon me and my heirs and legal representatives.

Very truly yours,

\_\_\_\_\_  
Name: Frank Dux

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone No.: ( ) \_\_\_\_\_

Social Security #: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this the \_\_\_\_\_ day of \_\_\_\_\_, 198\_, before me the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledge that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal, the day and year first above written.

\_\_\_\_\_  
Notary Public for said County and State



## EXHIBIT " D "

### TURNAROUND

If Producer at any time exercises its right to abandon production of the Picture by so notifying Lender in writing, then Lender shall have the exclusive option (the "Turnaround Option"), for a period of twelve (12) months from the date of Producer's notice to Lender of its election to abandon production of the Picture (the "Option Period"), to acquire all of Producer's right, title and interest in and to the Property (as defined below in this Exhibit) by complying with the provisions hereof and upon the condition that Lender is not in default of the agreement to which this Exhibit is attached (the "Agreement"). Said Turnaround Option shall be exercised, if at all, by giving written notice to Producer accompanied by payment to Producer of an amount equal to any and all costs, charges and expenses incurred, paid or advanced by Producer in connection with and in respect of the Picture (including, without limitation, all monies and other amounts paid or payable to Lender in connection with the Picture, and all amounts paid or payable in respect of the underlying rights in and to the Picture), plus interest on all of the foregoing costs, charges and expenses at the rate of two percent (2%) per annum above the rate charged Producer, from time to time, for amounts borrowed by Producer in connection with the production of motion pictures, computed from the date when incurred, paid or advanced (all of the foregoing costs, charges and expenses plus the stated interest thereon are hereinafter referred to as the "Turnaround Costs"), and provided that:

1. A party or parties having financial responsibility satisfactory to Producer shall assume in writing all of Producer's obligations in connection with the Picture and shall keep and perform all of the executory covenants and conditions to be kept or performed by Producer in connection with the Picture, including, without limitation, any and all obligations owing pursuant to any applicable collective bargaining agreements.

2. Lender shall concurrently therewith execute, and obtain execution by a party having financial responsibility satisfactory to Producer, an indemnity agreement, in a form satisfactory to Producer, pursuant to which Lender and said financially responsible party shall indemnify and hold Producer (and its successors, licensees and assigns) harmless from and against any and all claims, actions, cost and expense of any kind or nature whatsoever (including attorneys' fees and costs) arising out of or in any way related to the Picture and/or Lender's acquisition of rights in the Property.



3. If Lender enters into or purports to enter into any agreement relating to the Picture and/or the Property with any third party and Lender and/or such third party fails to pay or cause to be paid the entire Turnaround Costs prior to or concurrently with entering into such agreement, such agreement shall be null and void ab initio; upon Lender's entering into any such agreement or upon Lender's or such third party's making any use of the Property prior to paying Producer the Turnaround Costs, Lender's Turnaround Option shall be automatically terminated and thereafter Producer shall own all rights in and to the Property and Picture, free of Lender's Turnaround Option, and Producer shall be free to utilize, dispose of or otherwise exploit the Property and Picture in any manner whatsoever Producer, in its sole and complete discretion, shall determine.

4. If during the Option Period Lender proposes to enter into any agreement with any third party for the development and/or production of any motion picture or other production based upon the Property on terms differing from those set forth in the Agreement or with any new or changed element(s) (including, without limitation, a revised Property or change of principal actors or director or producer), then Lender shall notify Producer in writing of the differing terms and conditions, including any changed element(s), and Producer shall have the right to reinstate the Agreement for the production of the Picture on the basis of such new terms and conditions and/or changed elements by so notifying Lender in writing within thirty (30) days after receipt of Lender's notice of such new terms and conditions or changed element(s). If Producer does not elect to so reinstate the Agreement, then Lender shall thereafter be free to enter into the proposed agreement with such third party in accordance with the provisions of this Exhibit; provided, such agreement is executed within the Option Period and Producer is reimbursed its Turnaround Costs as provided herein.

5. If Lender does not exercise the Turnaround Option within the Option Period, then Producer shall own all rights in and to the Property and the Picture, and shall be free to use said Property and Picture as it shall determine in its sole and complete discretion. In such event Producer shall have no further obligation whatsoever to Lender hereunder.

6. If Lender properly exercises the Turnaround Option in accordance with all the provisions of this Exhibit and timely pays Producer the Turnaround Costs and if Lender (or any party claiming rights through Lender) produces a motion picture or motion pictures based (in whole or in part) upon the Property, then Lender shall pay (or cause to be paid) to Producer (or Producer's designee) the following:



(a) In connection with each such motion picture, the sum of \$50,000.00, payable not later than five (5) days after the start of principal photography of each such motion picture.

(b) In connection with each such motion picture, an amount equal to 2-1/2% of 100% of the "net profits" of each such motion picture. "Net profits" shall be computed, defined, accounted for and paid (i) in the same manner as applicable to Lender, or if Lender does not receive "net profits" (ii) on a "most favored nations" basis with all other "net profit" participants, or if there are no other "net profit" participants in the applicable motion picture (iii) on a basis to be negotiated in good faith. Lender shall obtain for Producer the right to direct accountings, and Lender shall use best efforts to obtain direct audit rights for Producer.

For the purpose hereof, and notwithstanding anything contained in the Agreement to the contrary, the following terms shall mean as follows:

"Lender" shall mean Mark DiSalle

"Producer" shall mean Cannon Films Inc.

"Picture" shall mean that certain motion picture to be based upon the Property

"Property" shall mean (1) that certain screenplay (unpublished) tentatively entitled Sheldon Lettich and ~~X~~ certain aspects of the life story of Frank Dux (as set forth in the Agreement)