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July 10, 1986

Frank Dux and Sheldon Lettich
c/o Mike Frankel, Esq.
4444 Riverside Drive
Suite 105
Toluca Lake, California 91505

Re: "Bloodsport"

Dear Mr. Dux and Mr. Lettich:

The following, when mutually executed, shall memorialize our representations and warranties and the modifications to the terms of those two separate written agreements each dated June 15, 1985, (the "Agreements"), regarding the rights to certain aspects of the life of Mr. Dux ("Rights") and a first draft screenplay based thereupon ("Script") all of which we have identified by the working title "Bloodsport".

Notwithstanding the terms and conditions of the Agreements, I have advised each of you that, in order to enter into an agreement with Cannon Films for the production of a motion picture based upon the Rights and Script (the "Picture"), I have agreed to receive no portion of net profits (as understood in the industry) derived from the exploitation of the Picture. You each acknowledge, therefore, you are receiving no net profits from this production only.

In addition, to accommodate the agreement with Cannon Films, you each are making certain concessions and are agreeing to reduce the sums which would otherwise be payable to you under the Agreements. Specifically, Mr. Lettich has agreed to accept the sum of \$37,500.00 as full compensation, of which \$2,500.00 has been previously paid by me.

We three agree to make such changes and concessions, and each of you authorizes me to enter into said agreement with Cannon Films, subject to the terms and conditions therein and in the exhibits attached thereto, in order to maximize the probability that a motion picture based on the Rights and Script will actually be produced and exploited.

Each of you understands that I will not have ultimate control over the production or exploitation of the Picture and that such final control will remain with Cannon Films.

In the event of the production of a sequel or remake of the Picture, I agree to negotiate in good faith with Mr. Dux for his compensation for rights and/or services granted and/or performed by him in connection therewith, which shall be reasonable

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taking into consideration the results of my negotiations with others for the production of the sequel or remake.

Nothing in this agreement, or in the Agreements, is intended to or shall in any way abridge or diminish my absolute rights in and to the sequel and remake of the Picture and Mr. Dux and I specifically agree that our negotiations shall be limited solely to the compensation therefor. Under no circumstances shall Mr. Dux be entitled to deny my right to produce, or permit others to produce such a sequel or remake.

In the event Mr. Dux and I are unable to agree upon such reasonable compensation, upon demand by either of us the matter shall be resolved through binding arbitration before the American Arbitration Association in Los Angeles, California pursuant to the then existing rules and procedures established by the American Arbitration Association for arbitrations of this type.

In the event that Mr. Lettich is engaged to render writing services in connection with a remake or sequel of the Picture, his compensation shall be negotiated in good faith with his agent as per the WGA basic agreement.

Except as specifically set forth herein, the Agreements continue in full force and effect.

If the foregoing accurately reflects our understanding, please so indicate by signing below.

Very truly yours,

Mark DiSalle

Agreed and Accepted:

Frank Dux

Sheldon Lettich

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