



TERMS OF BUSINESS

1. COMPANY

Lightning Media, Runway and/or The Cahuenga Theater, each duly authorized to do business within the State of California, shall hereinafter be referred to individually and/or collectively as "Company" which term shall also include but not be limited to all subsidiaries, members, officers, directors, employees, agents, representatives and assigns.

2. PRICES

Prices are subject to change without notice. Prices to be charged shall be in force at the date of acceptance of elements for processing. Shipping and/or transportation to and from Company shall be at the Client's risk and expense. Local, state, federal or other governmental taxes for sales, use, manufacturing and excise shall be added to all Company prices as required by law. Clients will be charged for all long-distance telephone charges incurred by Company on behalf of the Client.

3. TERMS OF PAYMENT

Our terms are C.O.D. unless alternate arrangements have been approved in writing by our accounting department. If credit is extended, Client agrees to pay in full for all services performed for and invoiced to Client by Company within thirty (30) days of invoice date. Client agrees to comply with all credit terms set forth and extended by Company. Any claims for adjustment in connection with an invoice must be presented in writing within ten (10) days of the date of the invoice in question. A delinquency charge (liquidated damages under California Civil Code Section 1671b) of 1 1/2% per month until paid in full will be payable on all accounts not paid within thirty (30) days of invoice. In the event that collection action is required, agents' and attorneys' fees and costs will be added to the balance due.

All C.O.D. orders must be paid for and picked up Monday through Friday, between the hours of 10 a.m. and 5 pm. All C.O.D. orders that are completed after 5 p.m. must wait until the following morning for pickup of elements and payment, unless prior arrangements between Client and Company have been made. All credit card transactions will be subject to a 4% convenience fee.

4. STRAIGHT-TIME LABOR

Straight-time labor is that which occurs Monday through Friday, during a regularly scheduled shift, not exceeding eight (8) hours total duration. All other labor will be billed at applicable overtime rates. All work performed on weekends or holidays will be billed at applicable labor overtime rates.

5. OVERTIME

Personnel overtime is charged after hour eight (8) of any session at time and a half or if a client requests specific talent whose time has (or will) exceed eight (8) hours daily. After twelve (12) hours sessions are billed at double time. Double time is also billed during holidays and after six (6) consecutive days of eight (8) hour sessions. Holiday and weekend sessions have a four (4) hour minimum for personnel and a four (4) hour minimum for suite and equipment. An engineer is required for weekend and holiday sessions.

6. MINIMUMS

All facilities/services will be billed with specified minimums, and in 1/4 hour increments thereafter, unless otherwise indicated in writing, signed by both Company and the Client. Clients will be charged for a minimum of 75% of the time booked for each session.

7. CANCELLATIONS

Cancellations made less than twenty-four (24) hours in advance of scheduled work will be charged 100% of



facilities booked. Cancellations made less than forty-eight (48) hours in advance of scheduled work will be charged at 50% of facilities/services booked unless a second client can be scheduled in to perform the same or similar work. Weekend cancellations must be made by 5 p.m. of the previous Thursday to avoid full charges.

8. MEAL PERIOD

A period of at least 1/2 hour must be allowed for meals for every 6 hours of work. Meal period(s) will not be billed to client.

9. LIMITATION OF LIABILITY AND LIMITATION OF WARRANTY

Client's materials and tapes are received, processed, used and stored by Company solely at Client's risk. Company shall not insure any of Client's materials while in the possession of Company or while in transit. To protect Client's materials, Company recommends that Client order manufacture of a protection duplicate at Client's expense. Company will not be liable for any loss, damage or delay when client supplies either raw, coded or edited video tape stock for any edit session or dubbing.

COMPANY SHALL NOT BE LIABLE FOR ANY LOST PROFITS, INDIRECT OR CONSEQUENTIAL DAMAGES OR OTHER DAMAGES CAUSED BY THE LOSS, DAMAGE OR DESTRUCTION OF ANY MATERIALS BELONGING TO CLIENT OR TO ANY OTHER PERSON UNLESS CAUSED BY THE GROSS NEGLIGENCE OF COMPANY, IN WHICH EVENT, THE LIABILITY OF COMPANY SHALL BE LIMITED TO THE REPLACEMENT OF A SIMILAR QUANTITY AND QUALITY OF UNEXPOSED RAW STOCK OR BLANK TAPE WHICH WAS LOST, DAMAGED OR DESTROYED. EXCEPT FOR SUCH REPLACEMENT, COMPANY SHALL HAVE NO FURTHER LIABILITY REGARDING THE LOSS, DAMAGE OR DESTRUCTION OF SUCH MATERIALS. COMPANY SHALL NOT BE LIABLE TO CLIENT NOR TO ANY OTHER PERSON FOR ANY ACT OR OMISSION OF ANY PERSON SELECTED BY COMPANY TO PERFORM SERVICES OR FURNISH MATERIALS FOR CUSTOMER. IF MATERIALS FURNISHED BY COMPANY ARE FOUND TO BE DEFECTIVE IN MANUFACTURE, COMPANY SHALL REPLACE SUCH MATERIAL WITH SIMILAR QUANTITY AND QUALITY OF UNEXPOSED RAW STOCK OR BLANK TAPE, PROVIDED CLIENT NOTIFIES COMPANY IN WRITING OF SUCH DEFECT WITHIN THIRTY DAYS AFTER SHIPMENT. EXCEPT FOR SUCH REPLACEMENT, COMPANY SHALL HAVE NO FURTHER LIABILITY IN CONNECTION WITH SUCH DEFECTIVE MATERIALS. COMPANY MAKES NO WARRANTY, EXPRESSED OR IMPLIED, WITH RESPECT TO THE MATERIALS OR SERVICES PROVIDED BY IT. COMPANY EXPRESSLY DISCLAIMS ALL WARRANTIES EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. LIENS

Company shall have a lien on all elements delivered by the Client to Company and all elements made therefrom to secure payment for all services provided. Said lien shall be released on receipt of payment in full of any and all amounts due Company from the Client.

11. RETURN OF CLIENT'S MATERIAL

Upon receipt of payment of all amounts due from Client, Company will, upon written request by Client, return Client's material to Client at Client's expense.

Company assumes no liability for elements stored at Company. Client has the obligation to contact Company with all address changes.

12. STORAGE

Where applicable, Company will store Client's elements while providing services to Client and up to, but not exceeding, thirty (30) days after completion of such services on a given project. Thereafter, Company may (but is not obligated to) transfer all or part of such tapes to an allied tape storage facility at the sole expense and risk of



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the Client, who shall thereafter be solely responsible to the storage facility for all monthly fees and other costs of storage. In the event elements are left in Company's possession following the completion of work performed by Company, Company will charge Client a fee according to its standard rate card for vaulting services. Should Client desire not to store their elements with Company, the elements shall be picked up within 30 days upon the completion of Company's work on the project. Company will, at client's request, package up client's elements for pickup for which a reasonable packaging fee may be charged. In the event elements are not removed by Client within the stated period, Company may dispose of such elements in any manner Company shall choose.

13. OWNERSHIP OF ELEMENTS

Client warrants that it has the legal right to possession and use of all elements delivered to Company, including but not limited to the right to use any copyrighted and/or trademarked items contained therein. Client agrees to hold Company harmless from any and all liability arising therefrom and further agrees to defend Company, at Client's expense, from any action or proceeding arising from such liability. If Client is not the owner of the elements and all rights therein, Client shall disclose in writing to Company the identity of all such owner(s). Client acknowledges that in the event of a dispute between anyone reasonably believed by Company to be such an owner, Client shall have no rights against Company with respect to any such action taken by Company.

14. ADVERTISING, PROMOTION AND PUBLICITY CONSENT

Company will have the right to display all work at meetings, seminars and conferences of any kind, in a corporate demo reel and advertisements, as well as the right to issue releases to the press regarding its involvement in the production. Company shall also have the right to enter all elements, in whole or in part, for consideration in any competition, contest or award ceremony. No such use, however, will occur until the production has been aired or released, unless specifically approved by the client in advance.

15. ELEMENTS DEFINED

The word "element," as used herein, shall mean any film, video tape, audiotape, record, disc or recording of any configuration, in use now or in the future, whether or not it carries pictures, sound or is blank.

16. THE RIGHT TO REFUSE SERVICE

Company may refuse to process any elements which we, in our sole discretion, deem unlawful, pornographic, degrading or capable of inciting prejudice or passion.

17. CONSTRUCTION

This contract shall be governed by and construed in accordance with the laws of the State of California. If any part of the terms and conditions stated herein is held void or unenforceable, such part will be treated as severable, leaving valid the remainder of the terms and conditions notwithstanding the parts found void or unenforceable. If suit or action is instituted by Company to enforce any of its rights hereunder, including but not limited to its right to payment from client, Company shall be entitled to recover all costs of suit incurred, including but not limited to reasonable attorney's fees, in addition to any other relief and/or recovery that may be granted.

18. NOTICES

All notices and communications directed to Company hereunder shall be sent to Company, attention Controller, 1415 N. Cahuenga Blvd., Hollywood, CA 90028.