

**Hanover Films, Inc. & NVW, Inc.**  
c/o Bloom, Hergott, Diemer, Rosenthal, LaViolette & Feldman, LLP  
150 S. Rodeo Drive, Third Floor  
Beverly Hills, CA 90212  
Attention: Carlos Goodman (ckg@bhdrl.com)

As of April 4, 2007

**Ms. Helen DeWitt**

c/o Rabineau Wachter Sanford & Harris Literary Agency  
522 Wilshire Blvd. Suite L  
Santa Monica, CA 90401  
Attention: Jonathan Sanford (jonathan@rwshagency.com)

**Re: The Last Samurai - Film Rights Option/Purchase**

Dear Ms. DeWitt:

The following will set forth the agreement ("Agreement") between, on the one hand, you ("Owner"), and, on the other hand, Hanover Films, Inc. and NVW, Inc. (collectively "Purchaser"), with respect to that certain original published novel written and owned by Owner entitled *The Last Samurai* (the "Property"). Subject to Purchaser's receiving a copy of this Agreement fully-executed by Owner and Purchaser's approving, in its sole discretion, the chain of title to the rights to be optioned and/or granted hereunder, the Agreement is as follows:

**1. Option Period:** For the sum of \$17,000 (the "Initial Option Payment"), payable within 10 business days following Owner's signature and delivery of this Agreement (and all exhibits attached hereto) to Purchaser, Owner hereby grants to Purchaser the exclusive and irrevocable option ("Option") to acquire exclusively, throughout the universe, and in perpetuity, the "Rights" (as defined in Paragraph 7 below). The Option shall be for a period (the "Initial Option Period") commencing as of the date hereof and continuing until the date that is 18 months after Purchaser's receipt of this Agreement (including Exhibits "A" and "B," which are attached hereto and incorporated herein by reference) executed by Owner. Purchaser shall be entitled to extend the Initial Option Period for an additional consecutive 18-month period (the "Extension Period") by giving Owner written notice of said election and concurrently paying to Owner the additional sum of \$17,000 (the "Extension Payment"), subject to possible increase as provided in Paragraph 2 below, at any time prior to the expiration of the Initial Option Period. The Initial Option Period and the Extension Period (if any) shall be referred to hereafter collectively as the "Option Period." The Option Period shall be extended upon written notice for periods equal to the duration of: (i) events of force majeure (as the same are customarily defined in the motion picture industry, including without limitation, labor disputes) that materially interfere with Purchaser's development of the first motion picture to be produced hereunder based on the Property (the "Picture") , any such extension(s) not to exceed 12 months in the aggregate unless the event(s) in question affect the motion picture industry as a whole (e.g., a strike by the WGA, DGA, and/or SAG); (ii) Owner's material breach of this Agreement; and (iii) any bona fide third party claim(s) in connection with the Option or any of the rights granted or to be granted to Purchaser pursuant hereto (but no suspension for a third party claim shall exceed twelve [12] months if a lawsuit based on such claim is not filed within such twelve [12] month period, provided that the Option Period may thereafter be extended if and each time such a lawsuit is filed). The Initial Option Payment shall be applicable against the Purchase Price for the Property set forth in Paragraph 3 below. The Extension Payment, if any, shall not be applicable against the Purchase Price set forth in Paragraph 3 below. During the Option Period, Purchaser shall have the right to engage in pre-production and production activities with respect to a theatrical motion picture or other production intended to be based on the Property, including, without limitation, the preparation and/or

submission of treatments, screenplays, or other writings based upon the Property and the negotiation and consummation of agreements relating to the rights in the Property that may be acquired by Purchaser hereunder ("Development Materials"). Owner understands and agrees that, whether or not Purchaser exercises the Option, Owner shall have no right, title, or interest in or to the any Development Materials that Purchase prepares, creates, commissions, or develops.

2. **Set-Up Bonus:** If during the Option Period Purchaser enters into an agreement with a "Major Studio" (as defined below) for the development of the Picture (as distinguished from a production financing agreement for the Picture in which the applicable Major Studio does not provide any development financing as a condition of electing whether to cast the Picture or otherwise proceed to production), Owner shall be entitled to receive the additional sum of \$8,000 (the "Set-Up Bonus"), which Set-Up Bonus shall be payable to Owner within 10 business days following Purchaser's entering into such agreement. The Set-Up Bonus, if any, shall be applicable against the Purchase Price set forth in Paragraph 3 below (provided that if the Set-Up Bonus is paid to Owner during the Extension Period, the Set-Up Bonus shall not be applicable against the Purchase Price set forth in Paragraph 3 below). For purposes of this Agreement, only the following companies shall be deemed "Major Studios": Warner Bros., DreamWorks, Walt Disney Pictures, Universal, 20th Century Fox/Fox 2000, MGM, Paramount Pictures, Sony Pictures, and New Line Cinema. For the avoidance of doubt, none of the following companies shall be deemed "Major Studios": The Weinstein Company, Lions Gate, Overture, and/or any specialty divisions or other related companies of the Major Studios (e.g., Miramax, Warner Independent, Fox Searchlight, Paramount Vantage, Focus Features, Sony Classics, Picturehouse, United Artists, etc.). In addition, if the Set-Up Bonus becomes payable to Owner prior to Purchaser's election, if ever, to extend the Initial Option Payment for the Extension Period, and if Owner (or its assignee) subsequently elects pursuant to Paragraph 1 above to extend the Initial Option Period for the Extension Period at a time when the Picture still is in development at the applicable Major Studio (e.g., the Picture has not been put into turnaround by such Major Studio to Purchaser), then in such event the Extension Payment shall be \$25,000 instead of the \$17,000 specified in Paragraph 1 above.

3. **Purchase Price:** Purchaser may exercise the Option at any time prior to the expiration of the Option Period by paying to Owner an amount (the "Purchase Price") equal to \$250,000, less the Initial Option Payment and the Set-Up Bonus (if such Set-Up Bonus is paid to during the Initial Option Period). If, prior to the expiration of the Option Period, Purchaser commences principal photography of the Picture, then the Option shall be deemed exercised and the Purchase Price shall become payable to Owner within 10 business days following such commencement (but in no event later than the date that is 10 business days following the expiration of the Option Period).

4. **Production Bonus:** Provided that Purchaser produces the Picture, and provided further that Owner is not in material breach hereof, Owner shall be entitled to receive an amount (the "Production Bonus") equal to 2-1/2% of the amount, if any, by which the "Budget" (as defined below) of the Picture exceeds \$10 million, less the amounts of the Purchase Price, the Initial Option Payment, and the Set-Up Bonus (if such Set-Up Bonus is paid to Owner during the Initial Option Period); provided, however, that in no event shall the aggregate amount of the Production Bonus, Purchase Price, Initial Option Payment, and Set-Up Bonus (if such Set-Up Bonus is paid to Owner during the Initial Option Period) exceed \$400,000. The Production Bonus shall become payable to Owner within 10 business days following the commencement of principal photography of the Picture. For purposes hereof, "Budget" shall mean the final direct cash budget of the Picture, calculated as of the commencement of principal photography of the Picture, exclusive only of contingency, bond fees, and financing and interest costs.

5. **Contingent Compensation:** Provided that Purchaser produces the Picture, and provided further that Owner is not in material breach hereof, Purchaser shall also pay to Owner contingent compensation in an amount equal to 2.5% of 100% of the "Net Profits," if any, derived from the Picture. For purposes hereof: (i) if the Picture is distributed worldwide by a single distributor, then "Net Profits" shall be defined, computed, accounted for and paid to Owner in the manner "Net Profits" are customarily defined, computed, accounted for and paid by the Picture's distributor; or (ii) if the Picture is not distributed worldwide by a single distributor, then "Net Profits" shall be defined, computed, accounted for and paid to Owner in the manner "Net Profits" are customarily defined, computed, accounted for and paid by "major" U.S. motion picture studios.

6. **Credit:** Provided that Purchaser produces the Picture, and provided further that Owner is not in material breach hereof, and provided the Picture is based on the Property, Owner shall receive source material credit in connection with the Picture, as follows:

(a) **On Screen:** In the main titles, on a separate card, in the same size and style of type as the size and style of type used to accord credit to any screenwriter, on the card immediately preceding the "screenplay by" card, in the following form:

(i) If the Picture has the same title as the Property, "Based on the novel by Helen DeWitt;" or

(ii) If the Picture has a different title than the Property, "Based on the novel *The Last Samurai* by Helen DeWitt."

(b) **Paid Advertising:** Subject to the customary exceptions and exclusions (including as to artwork usage), of the distributor(s) of the Picture, Owner shall be accorded credit in the billing block of paid advertising issued by Purchaser or under its direct control relating primarily to the Picture, in the same size and style of type as the size and style of type used to accord credit to any screenwriter, immediately preceding the "screenplay by" credit in the billing block, and in the form applicable under (a) above.

(c) **Excluded Advertising:** If any screenwriter is accorded credit in the billing block of any excluded advertising for the Picture (other than award, congratulatory or nomination ads naming only the honoree), Owner shall be accorded credit in the billing block of such excluded advertising, in the same size and style of type as the size and style of type used to accord credit to the applicable screenwriter(s).

(d) **General:** Subject to the foregoing, all matters pertaining to said credit shall be determined in Purchaser's sole discretion, subject to the rights of the distributor(s) of the Picture. No casual or inadvertent failure of Purchaser, and no failure of any third party, to comply with the credit provisions hereof shall constitute a breach of this Agreement. Within a reasonable time of receipt of notice from Owner specifying a material failure to accord Owner credit, if any, in accordance with this Paragraph 6, Purchaser shall use good faith efforts to cure prospectively any such material failure to accord Owner credit hereunder with regard to the positive prints and/or advertising materials created after the date of Purchaser's receipt of such notice. Purchaser will use good faith efforts to cause third party licensees and sub-distributors to comply with the credit obligations set forth herein but shall not be responsible or liable to Owner for the failure of any such third party to comply with the same.

7. **Grant of Rights:** Upon exercise of the Option and payment of the Purchase Price, and subject to those rights reserved by Owner in Paragraph 8 below, Purchaser shall own, exclusively and forever, and without the necessity of further documentation, all rights in, to, and underlying the Property, including, without limitation, all motion picture rights, television rights (including free, pay, cable, satellite, simulcast, broadcast, live, pay-per-view, and syndication), the right to produce an unlimited number of motion pictures, films,

photoplays, episodes, programs and productions of any length, kind, or character based on or derived in whole or in part from the Property, and the right to produce an unlimited number of sequels, prequels, remakes, and subsequent versions or productions thereof, merchandising and character rights, screenplay publishing rights, interactive rights, CD-ROM, CD-I, and other computer-driven format rights, soundtrack album and music publishing rights, and all allied, incidental, and ancillary rights and all copyrights and trademarks therein and thereto (collectively, the "Rights"). The Rights shall include, without limitation, the right to distribute, transmit, exhibit, broadcast, and otherwise exploit all productions produced pursuant to this Agreement in any and all markets whatsoever, in perpetuity throughout the universe, by any and all media and devices, whether now known or hereafter devised, including, without limitation, theatrical, non-theatrical (including airlines, ships, and other carriers, military, educational, industrial, and the like), all forms of television (including pay, free, network, syndication, cable, satellite, high definition, and digital), pay-per-view, video-on-demand and near video-on-demand, home video (which for all purposes herein shall mean any and all types of optical, electronic, or mechanical storage devices that are designed to be used in conjunction with a reproduction apparatus that causes a motion picture to be visible for viewing in a substantially linear manner, including, but not limited to, laser disc, DVD, video CD, and videocassettes), and all forms of analog and/or digital distribution and/or transmission (including, without limitation, digital download, digital streaming, and other means via the internet), fiber optic, or other exhibition, broadcast, and/or delivery systems. The Rights shall also include the right to produce and publish (on a not for sale or resale basis) synopses, excerpts, summaries, resumes and/or fictionalizations, the length of each not to exceed 7,500 of the total words of and from the Property, for use only in connection with promotional and advertising rights (including, without limitation, the right to broadcast, over radio, television, and all other media, advertisements with respect to productions produced hereunder). Purchaser shall have the right to edit, adapt, fictionalize, and dramatize the Property as Purchaser shall in its sole discretion deem appropriate, and to direct others to do the same, both during the Option Period (as the same may be extended as set forth herein) and after the exercise of the Option in the course of creating a screenplay based on the Property. Owner hereby waives the benefits of any provision of law known as the "droit moral" or any similar law in any country of the world and agrees not to institute, support, maintain or permit any action or lawsuit on the ground that any motion picture or other production produced, distributed, exhibited or exploited by Purchaser in any way constitutes an infringement of any of Owner's droit moral or is in any way a defamation or mutilation of the Property or any parts thereof or contains unauthorized variations, alterations, modifications, changes or translations. The exclusive rights owned by and/or granted to Purchaser hereunder shall include, without limitation, those rights now or hereafter known as the "lending right" and "rental right" in and to the Property, and Owner hereby agrees that the compensation provided for in Paragraphs 1 and 3 includes an equitable payment of any sums that may hereafter become due to Owner in respect of the exploitation of the lending and rental or any other rights in relation to the Property in any and all territories of the world (including, without limitation, the member states of the European Union).

8. **Reserved Rights:** Owner hereby reserves:

(a) All publication rights in the Property, including without limitation print and non-dramatic audio rights (i.e. so-called "books-on-tape" rights) and the right to publish the text of the Property electronically, subject to Purchaser's limited publication rights as set forth in Paragraph 7 above (for Purchaser's use only in connection with promotional and advertising rights). Notwithstanding the foregoing, neither party to this Agreement shall exercise, or authorize the exercise of, any novelization rights relating to the Picture without first obtaining the written consent of the other party hereto.

(b) The right to telecast "live" directly from the performance to the audience any adaptation of the Property (provided, however, that such adaptations do not

infringe upon any motion picture produced hereunder), the performance not having been recorded on film, tape, wire, digital media, or other substance or device whatsoever.

(c) The right to broadcast the Property by sound (as distinguished from visual broadcast) by radio, subject, however, to Purchaser's right at all times to: (i) exercise its rights under Paragraph 7 above; and (ii) in any event to broadcast any motion picture produced hereunder by radio.

(d) All rights in connection with any so-called "Author-Written Sequel(s)" (i.e., a literary property, whether written before or after the Property, and whether written by Owner or by Owner's successor-in-interest, using one or more of the characters appearing in the Property, the plot of which is substantially different from that of the Property). Any disposition of motion picture, television, allied, ancillary or subsidiary rights in an Author-Written Sequel pursuant to Paragraph 8(g) below shall be subject to the following limitations and restrictions:

(i) Inasmuch as the characters of the Property are included in the exclusive grant of motion picture rights to Purchaser, no motion picture rights (including sequel or remake rights) or television series rights may be granted to any other person or company (except with regard to characters in the Author-Written Sequel which do not appear in the Property). No characters which appear in the Property shall appear in any motion picture, television series or any other exploitation of any allied, ancillary or subsidiary rights based on any Author-Written Sequel.

(ii) Motion picture and allied, ancillary and subsidiary rights in not more than one Author-Written Sequel may be disposed of in any respective two (2) year period, the first such period being the two (2) years starting with the expiration of the restrictive period and each succeeding two (2) year period being, respectively, two (2) years after the date on which the immediately preceding Author-Written Sequel shall have been submitted to Purchaser pursuant to said Paragraph 8(g) below.

(iii) Purchaser shall have the first negotiation and matching rights (in accordance with the provisions of Paragraph 8(g), below) with respect to acquisition of the motion picture, television, allied, ancillary and/or subsidiary rights to any Author-Written Sequel.

(e) All live dramatic stage (including musical) rights in the Property.

(f) Owner agrees not to exercise, or authorize any other person to exercise, Owner's rights reserved in subparagraphs (b), (c), (d) and/or (e) above earlier than three (3) years after the first general theatrical release in the United States of any theatrical motion picture produced hereunder or five (5) years after the date of the purchase of the Property by Purchaser hereunder, whichever is earlier.

(g) During the Option Period (as the same may be modified or extended pursuant to the terms of this Agreement) and, if Purchaser exercises the Option, thereafter, if Owner desires to dispose of the motion picture, television, and allied rights (other than publication rights) in and to any of the rights reserved to Owner in subparagraphs (b), (c), (d) and/or (e) above, Owner shall give Purchaser written notice thereof. Within ten (10) business days after Purchaser's receipt of such notice from Owner, Purchaser shall notify Owner in writing whether Purchaser desires to negotiate for the acquisition of all or any of such rights, and if Purchaser does not give Owner notice in writing that Purchaser desires to negotiate for such rights, Purchaser shall be deemed to have elected not to negotiate therefor. In the event Purchaser elects not to negotiate for such rights or if Purchaser elects to negotiate for such rights but Purchaser and Owner are unable to reach agreement on material terms within thirty (30)

days following the commencement of such negotiations, then Owner may negotiate elsewhere for the sale or disposition of such rights, but Purchaser shall have the right to meet the financial terms of any bona fide offer received by Owner that are equal to or less favorable to Owner than the last offer made by Purchaser to Owner with respect thereto. Owner will give Purchaser notice of each and every offer received by Owner that Owner is willing to accept in respect of said rights, specifying the particulars thereof, and Purchaser shall have a period of ten (10) days from receipt of such notice to exercise its right to meet such offer, provided Purchaser shall not be required to meet any terms which cannot be met as easily by one person as another. In the event Purchaser exercises such right to meet such offer, Owner and Purchaser shall promptly execute written documents conveying to Purchaser the rights involved upon the terms and conditions of said offer.

(h) It is expressly agreed that Owner's reserved rights under this Paragraph 8 relate only to material written or authorized by Owner, and not to any screenplay, characters, teleplay, music, lyrics or sequels written by or for or authorized by Purchaser, even though the same may contain characters or other elements contained in the Property.

9. **Representations, Warranties, and Indemnity:** Owner represents and warrants that: (a) the Property is original with Owner; (b) Owner owns all right, title, and interest in and to the Property free and clear of any liens, encumbrances, and other third party interests of any kind, and free of any claims or litigation, whether pending or threatened; (c) neither the Property nor the exploitation thereof does or will in any way infringe upon or violate any copyright or, to the best of Owner's knowledge in the exercise of reasonable prudence, any common law rights, or any other rights of any person, firm or corporation whomsoever; (d) to the best of Owner's knowledge in the exercise of reasonable prudence, neither the Property nor the exploitation thereof constitutes a libel or slander against any person, firm or corporation whomsoever; (e) Owner has the full right and power to make and perform this Agreement without the consent of any third party; and (f) the Property has not previously been exploited in any dramatic or audiovisual media, whether as a motion picture, television production, play or otherwise, and no rights have been granted to any third parties to do so. Owner hereby agrees to indemnify Purchaser (and its successors, licensees, and assigns) from and against any and all actions, causes of actions, liabilities, damages, costs, and expenses (including without limitation reasonable outside attorneys' fees and costs) arising out of any material breach by Owner of any agreement, warranty, and/or representation made by Owner hereunder. Purchaser hereby agrees to indemnify Owner from and against any and all actions, causes of actions, liabilities, damages, costs, and expenses (including without limitation reasonable attorneys' fees and costs) arising out of out of the development, financing, production, distribution, advertising or exploitation of the Picture and/or any rights therein (other than with respect to matters for which Owner has agreed to indemnify Purchaser hereunder).

10. **Further Instruments:** Owner hereby agrees to execute and deliver any and all additional documents consistent with the terms hereof as may be reasonably required by Purchaser to effectuate Purchaser's rights hereunder. In the event Owner fails to execute and deliver such documents after being given a reasonable opportunity to do so, Owner hereby appoints Purchaser as Owner's attorney-in-fact (which appointment is coupled with an interest and irrevocable) to execute such documents on Owner's behalf. Concurrently with the signature of this agreement, Owner shall sign or cause to be signed and shall deliver to Purchaser the Short-Form Option, the Short-Form Assignment and the Publisher's Release attached hereto and incorporated herein by reference as Exhibits "A," "B," and "C," respectively. Upon Purchaser's exercise, if any, of the Option, the Short-Form Assignment shall be deemed effective as of the date of such exercise without further action (and Purchaser shall be authorized to enter such date on the Short-Form Assignment accordingly). If Purchaser does not exercise the Option, the Short-Form Assignment shall be of no force or effect.

11. **Name, Likeness, and Biography:** Owner grants to Purchaser the irrevocable and perpetual right to use Owner's name, likeness, and/or (subject to the succeeding sentence) biography in connection with the production, exhibition, advertising, and other exploitation of the Picture and other productions, if any, based upon the Property, and all subsidiary and ancillary rights therein, provided that in no event shall Purchaser authorize any such use as a direct or indirect endorsement of any product or service. Provided that Owner submits a biography within five (5) business days (reducible for exigencies) following Purchaser's written request therefor, and provided that Purchaser approves such biography (which approval shall not be unreasonably withheld), Purchaser shall not use any biographical information other than contained in such biography so furnished, other than references to Owner's prior credits, without Owner's approval (which approval shall not be unreasonably withheld). If Owner fails to promptly submit an approved biography, then Owner shall not have the right to approve any biographical material used by Purchaser.

12. **Premiere:** Provided that Owner is not in breach of this Agreement, Purchaser agrees to invite Owner (plus one guest) to attend a celebrity premiere, if any, of the Picture. If such premiere is at a location which is more than 50 miles from Owner's principal place of residence, Owner and Owner's guest shall be entitled to receive round-trip transportation (business class, if available and used) to such premiere and reasonable first class hotel accommodations in connection therewith. Nothing contained herein shall obligate Purchaser to hold any premieres.

13. **Videocassette/DVD:** Provided that Owner is not in breach of this Agreement, Owner shall be provided with a videocassette and DVD of the Picture if and when such cassettes/DVDs are commercially available, subject to Owner's execution of the distributor's standard loan agreement therefor.

14. **Notices and Payments:** All notices which either party is required or may desire to give the other hereunder shall be in writing and shall be given either by personal delivery, teletype (toll prepaid) or by registered or certified mail (postage prepaid) to the appropriate party at the address indicated at the beginning of this Agreement. All payments to Owner shall be sent to Owner at the address indicated at the beginning of this Agreement. Courtesy copies of all notices to Owner shall be sent to John Hawkins & Associates, 71 West 23rd St. Suite 1600, New York, NY 10010, Attention: Warren Frazier (frazier@jhalit.com). The date of such personal delivery, telecopying, or mailing (plus three days in the case of mailing) shall be the date of receipt of such notice.

15. **Subsequent Productions:** Provided that Owner is not in material breach of this Agreement, Owner shall be entitled to receive the following applicable passive royalties:

(a) **Theatrical Sequels:** For each sequel motion picture based on the Picture and primarily intended to be initially distributed in the United States for theatrical exhibition ("Theatrical Sequel") and produced by Purchaser, its assigns or licensees, Owner shall be paid an amount equal to (i) 50% of the amounts paid to Owner pursuant to Paragraphs 3 and 4 above in connection with the Picture; and (ii) 1-1/4% of 100% of the Net Profits (as defined in Paragraph 5 above), if any, derived from such Theatrical Sequel. The fixed compensation payable to Owner pursuant to this Paragraph 15(a) shall be payable upon commencement of principal photography of such Theatrical Sequel.

(b) **Theatrical Remakes:** For each remake of the Picture primarily intended to be initially distributed in the United States for theatrical exhibition ("Theatrical Remake") and produced by Purchaser, its assigns or licensees, Owner shall be paid an amount equal to (i) 33-1/3% of the amounts paid Owner pursuant to Paragraphs 3 and 4 above in connection with the Picture; and (ii) 0.83% of 100% of the Net Profits (as defined in Paragraph 5 above), if any, derived from such Theatrical Remake. The fixed compensation payable to

Owner pursuant to this Paragraph 15(b) shall be payable upon commencement of principal photography of such Theatrical Remake.

(c) Television Sequels and Television Remakes:

(i) Pilot and Series: For each sequel motion picture based upon the Picture and primarily intended to be initially distributed in the United States for television exhibition ("Television Sequel") and/or remake of the Picture primarily intended to be initially distributed in the United States for television exhibition ("Television Remake") which is produced and licensed for exhibition by Purchaser, its assigns or licensees, without using Owner's writing services and which is a pilot for or an episode ("TV Program") of a television series, Owner shall be paid the following royalties upon commencement of principal photography of such TV Program:

A. Initial Series and Subsequent Series: With respect to a television series which is either the first television series produced based upon the Picture ("Initial TV Series") or a subsequent television series produced based upon the Picture and produced after the production of the Initial TV Series ("Subsequent TV Series"):

(1) If initially intended for telecast for free television exhibition in prime time by a U.S. Network at the rate of one TV Program per week: (a) \$2,500 for each TV Program of not more than 30 minutes running time; or (b) \$3,000 for each TV Program in excess of 30 minutes but not more than 60 minutes running time; or (c) \$3,750 for each TV Program in excess of 60 minutes running time.

(2) If initially intended for telecast for either (a) other than by a U.S. network; or (b) other than free television exhibition in prime time by a U.S. Network, 50% of the applicable amount payable under Paragraph 15(c)(i)(A)(1) for each such TV Program.

(3) If any TV Program is rerun for free television exhibition in the United States or Canada, Owner shall be paid as to the second run, third run, fourth run, fifth run, and sixth run, respectively, 20% of the applicable sum initially paid Owner as to such TV Program pursuant to Paragraph 15(c)(i)(A)(1) or 15(c)(i)(A)(2).

B. Spin-Offs: With respect to each television series which is produced after the production of the Initial TV Series:

(1) If such television series is a Generic Spin-Off, 50% of the applicable amounts payable pursuant to Paragraph 15(c)(i)(A)(1) or 15(c)(i)(A)(2), and the same rerun percentages as payable pursuant to Paragraph 15(c)(i)(A)(3) as applied to the amounts payable pursuant to this Paragraph 15(c)(i)(B)(1). A "Generic Spin-Off" shall mean a television series in which the same character is taken from both the Picture and the Initial TV Series (with respect to a Generic Spin-Off of the Initial TV Series) or from both the Picture and a Subsequent TV Series (with respect to a Generic Spin-Off of a Subsequent TV Series).

(2) If such television series is a Planted Spin-Off, 25% of the applicable amounts payable pursuant to Paragraph 15(c)(i)(A)(1) or 15(c)(i)(A)(2), and the same rerun percentages as payable pursuant to Paragraph 15(c)(i)(A)(3) as applied to the amounts payable

pursuant to this Paragraph 15(c)(i)(B)(2). A "Planted Spin-Off" shall mean a television series in which at least one character is taken from the Initial TV Series (with respect to a Planted Spin-Off of the Initial TV Series) or from a Subsequent TV Series (with respect to a Planted Spin-Off of a Subsequent TV Series) and such character is not taken from the Picture.

(ii) Movies-For-Television; Mini-Series: For each Television Sequel or Television Remake of the Picture which is produced and licensed for exhibition by Purchaser, its assigns or licensees, without using Owner's writing services and which is a movie-for-television or a television mini-series, Owner shall be paid the following royalties which shall constitute full payment for all runs thereof:

A. \$10,000 for each hour of running time of each such movie-for-television or television mini-series, but in no event shall the aggregate of payments pursuant to this Paragraph 15(c)(ii)(A) exceed \$100,000.

B. The royalties payable to Owner pursuant to Paragraph 15(c)(ii) shall be payable upon commencement of principal photography of the applicable movie-for-television or television mini-series.

C. A customary 100/50/50 provision shall also apply to the theatrical release of any such movie-for-television or television mini-series, computed and payable in accordance with the customary policies of the applicable financier of the Picture.

**16. Reversion:** If Purchaser exercises the Option and does not commence principal photography of the Picture within six (6) years following the date of such exercise (subject to suspension and extension for principal cast unavailability, location unavailability, and other exigencies of production), Owner may notify Purchaser in writing of Owner's desire to reacquire the rights granted to Purchaser hereunder in and to the Property and Purchaser shall have the right, within six (6) months following receipt of such notice, to commence principal photography of the Picture. If Purchaser does not commence principal photography of the Picture within such six (6)-month period, then all rights in the Property granted by Owner to Purchaser hereunder shall revert to Owner, subject to a lien in favor of Purchaser in an amount equal to all costs incurred by Purchaser in connection with the Property (including, without limitation, all amounts paid to Owner pursuant to this Agreement), plus accrued interest thereon at an annual rate equal to one hundred twenty-five percent (125%) of the U.S. prime rate as it may vary from time to time. Such lien shall be repayable to Purchaser upon the earlier of (a) the commencement of principal photography of any production based on the rights in the Property assigned by Owner pursuant to this Agreement, or (b) Owner entering into an agreement regarding the development and/or production of any such production with any of the following entities (collectively to be referred to in this Paragraph 16 as "Applicable Distributors"): a Major Studio; the specialty division of a Major Studio (e.g., Miramax, Warner Independent, Fox Searchlight, Paramount Vantage, Focus Features, Sony Classics, Picturehouse, United Artists, etc.); and/or The Weinstein Company, Lions Gate, or Overture. Notwithstanding anything to the contrary contained in this Paragraph 16, if an Applicable Distributor comes to own or control (by acquisition, option, or otherwise) Purchaser's rights in this Agreement, then the reversion provisions set forth in this Paragraph 16 shall not apply for the period that such Applicable Distributor has any such rights Property, unless and until such time, if ever, as such Applicable Distributor approves in writing the terms of this Paragraph 16 (i.e., Owner shall not be entitled to a reversion of any rights in the Property if such written approval is not given by the Applicable Distributor).

**17. Insurance:** Purchaser shall use reasonable efforts to cause Owner to be covered as an additional insured on the third party financier's Errors and Omissions insurance

policy for the Picture with respect to claims or liabilities arising out of Purchaser's production, distribution, or exploitation of the Picture (but not from a breach by Owner of any representation or warranty under this Agreement). The provisions of this Paragraph shall not be construed so as to limit or otherwise affect any obligations, representations, or agreements by Owner hereunder.

18. **Miscellaneous:** Nothing herein contained shall obligate Purchaser to exercise the Option, or, if the Option is exercised, actually to produce a motion picture or other production based thereon, or to otherwise utilize any of the rights granted or services furnished to Purchaser hereunder. In the event that Purchaser fails duly and timely to exercise the Option, Purchaser shall have no further rights in and to the Property and all such rights shall automatically revert to Owner. This Agreement is freely assignable by Purchaser without limitation; provided, however, that Purchaser shall remain secondarily liable for its obligations hereunder unless such assignment is to a so-called "major" or "mini-major" studio or other similarly financially-responsible party and such assignee assumes in writing Purchaser's obligations hereunder. Owner shall not have the right to assign this Agreement in whole or in part. In the event of any breach by Purchaser hereunder (including, without limitation, with respect to credit), Owner agrees that Owner shall be limited to Owner's right to recover damages, if any, at law, Owner hereby waives all injunctive and other equitable remedies, and in no event shall Owner have the right to interfere with or prevent the development, production, distribution, advertising, and/or exploitation of the Picture or any other production based upon the Property. This Agreement shall be construed and enforced in accordance with the laws of the State of California governing contracts to be wholly performed in California. This Agreement shall be deemed executed in Los Angeles, California, regardless of the actual place of execution. Purchaser and Owner shall file any court proceeding in connection with this Agreement in an appropriate Federal or State court located in the County of Los Angeles, State of California. This Agreement supersedes and replaces any other agreement between the parties with respect to its subject matter and shall inure to the benefit of the parties' successors, heirs, assigns, and licensees.

If the foregoing accurately sets forth the terms of the Agreement between Owner and Purchaser, kindly so indicate by signing in the space provided below.

Very Truly Yours,

HANOVER FILMS, INC.

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

-- and --

NVW, INC.

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

**AGREED TO AND ACCEPTED:**

\_\_\_\_\_  
Helen DeWitt  
Executed on \_\_\_\_\_, 2007





