

GENERAL TERMS AND CONDITIONS **ARRI Film & TV Services Berlin GmbH**

Applicable as from July 2010

These General Terms and Conditions (GTC) are exclusively valid for all offers, deliveries and services for the entire duration of the business relationship, even if no explicit reference shall be made to said terms and conditions for individual transactions. Contradictory elements or discrepancies in relation to the General Terms and Conditions of ARRI Film & TV Services Berlin GmbH and the General Terms and Conditions suggested by the client shall not be accepted, unless ARRI Film & TV Services Berlin GmbH expressly agrees to them in writing. The General Terms and Conditions of ARRI Film & TV Services Berlin GmbH shall remain valid, even if ARRI Film & TV Services Berlin GmbH provides the service without reservation, and is aware of contradictory elements or discrepancies in relation to the General Terms and Conditions.

Conclusion of Contract

All offers made by ARRI Film & TV Services Berlin GmbH shall be subject to change and shall be deemed to be a request to the client to place an order with ARRI Film & TV Services Berlin GmbH.

The client's order shall represent a legally binding offer, which ARRI Film & TV Services Berlin GmbH can accept within four weeks either by written confirmation of order or by final delivery of the service.

Deadlines shall take effect from the client's receipt of the contractual confirmation, and at the earliest, after clarification of all contractual conditions and technical specifications, including submission of any source materials, as deemed relevant, any documents, and/or client approvals. Any requests made by the client for changes after the conclusion of the contract shall represent interruptions to service deadlines that shall be readjusted, with new deadlines to come into effect thereafter.

Prices

Deliveries and services for which no fixed prices have been explicitly agreed shall be invoiced in accordance with the price list, as valid on the date of order.

In case of prices invoiced in terms of the number of metres, the number of metres calculated by our measuring devices (including developed or copied extensions) shall be definitive.

Our prices are quoted net ex works. Packaging and transport costs have to be paid by the customer.

Confirmed orders for services and scheduled appointments which are not subsequently used can be invoiced to the client, with due consideration for any potential cost savings.

In the event of a period of more than four months elapsing between the conclusion of the contract and the delivery of the service and if, during this period, the costs for delivery of the service increase for ARRI Film & TV Services Berlin GmbH (in particular, as a result of collective wage agreements and increased material prices), ARRI Film & TV Services Berlin GmbH shall be authorised to pass on the resulting price increase to the client.

ARRI Film & TV Services Berlin GmbH shall invoice advance costs for services supplied by third parties to the client with an administrative surcharge of 20%. The client is at liberty to prove that ARRI Film & TV Services Berlin GmbH incurred lower costs by commissioning a third party.

Payment Terms

Remuneration shall be due for payment net on collection or upon delivery of the subject of the contract. Invoices shall be paid with immediate effect.

After the expiry of this payment deadline, we shall be entitled to charge interest at a rate of 8 percentage points above the base rate. In addition, ARRI Film & TV Services Berlin GmbH shall be entitled to charge higher interest rates on another legal basis or to claim further damages.

The client can only offset undisputed or legally determined claims or withhold payments on account of such claims. In the case of withheld payments, the claim must be based on the same contractual relationship.

Retention of Title

All ownership rights to items supplied by us shall only be transferred to the client upon redemption of all obligations and future obligations resulting from the business relationship. Until all claims are met for deliveries to contractors as a result of the overall business relationship with the contractor, ARRI Film & TV Services Berlin GmbH shall reserve the rights to the following securities, which are released proportionately and at the discretion of ARRI Film & TV Services Berlin GmbH, as soon as the realisable value of the securities shall consistently exceed more than 20%. For current invoices, said securities shall guarantee the settlement claim.

Should the contractor sell on the subject of the contract before the full payment of the invoice, he shall assign his claim against the third party to ARRI Film & TV Services Berlin GmbH, until such time as any open claims shall be settled. ARRI Film & TV Services Berlin GmbH shall accept the said assignment. The contractor shall be entitled to recover the assigned claim. The above authorisation to the further sale and recovery of the assignment shall only be valid in the context of legally binding commercial transactions and shall not apply to an existing exclusion of the assignment between contractor and third party.

All pledging of goods, sales by transfer of security, sales via a sale-and-lease-back procedure and other arrangements by the contractor shall be inadmissible, as long as the reservation of ownership rights remains valid. If the contractor continues to work on the subject of the contract, ARRI Film & TV Services Berlin GmbH shall immediately assume ownership of the produced item. In the event of the connection, amalgamation or processing of items by several owners reserving the title rights, ARRI Film & TV Services Berlin GmbH shall take possession of the produced item in proportion to the value of its ownership, and in relation to the total value of said item. The client shall undertake to treat said item with due care and to maintain it in accordance with legal provisions. In particular, the client shall undertake to obtain adequate insurance cover for said item on a new for old basis and at his own cost, against fire and flood damage, maltreatment, theft, and destruction.

The client shall already assign all claims resulting from the insurance contract to ARRI Film & TV Services Berlin GmbH. ARRI Film & TV Services Berlin GmbH shall agree to said assignment. ARRI Film & TV Services Berlin GmbH shall also be entitled to request provision of proof of existing insurance cover.

In case of attachments or other third party interventions, the client shall immediately inform ARRI Film & TV Services Berlin GmbH in writing, in order that the same can submit third party proceedings. If the third party is not in a position to reimburse ARRI Film & TV Services Berlin GmbH for the legal and out-of-court expenses of third party proceedings, the client shall be liable for the resulting shortfall for ARRI Film & TV Services Berlin GmbH.

In case of delay, ARRI Film & TV Services Berlin GmbH shall be entitled to reveal all security rights and to assert any resulting claims and rights. In this case, the client shall be under obligation to submit without delay all certificates, in particular, contracts and delivery notes, which are available and relate to the asserted claim or the legal provision. The contractor shall provide, with immediate effect, the necessary information that shall substantiate the claim or legal assertion.

The client shall submit to ARRI Film & TV Services Berlin GmbH, for security, all items in the possession of ARRI Film & TV Services Berlin GmbH and associated with the order, in particular, film negatives, VTR-tapes, other film source material, photo plates, etc., including any potential entitlements.

Upon placing the order, the client shall transfer to ARRI Film & TV Services Berlin GmbH the exclusive and unlimited rights of use in temporal, spatial and content terms for all film projects and moving images which are referred to in the contract. These rights shall extend to all standard forms of usage. If third party rights exist or emerge, the client shall herewith additionally transfer to ARRI Film & TV Services Berlin GmbH all his potential acquisition rights for exclusive usage. On condition of the right to cancellation, ARRI Film & TV Services Berlin GmbH shall authorise the client to said usage. The client shall herewith transfer all current and future claims to ARRI Film & TV Services Berlin GmbH that are the entitlement due to the transfer of usage rights to third parties. Equally, the client shall herewith transfer to ARRI Film & TV Services Berlin GmbH his rights to insurance services in respect of these films. Subject to cancellation, the client shall be entitled to the recovery of the claims. ARRI Film & TV Services Berlin GmbH accepts all said assignments.

Client Obligations

The client shall accept full material and legal liability for any submitted material, and shall exempt us from all potential claims by third parties.

ARRI Film & TV Services Berlin GmbH shall be entitled, within the context of the legal and/or contractual provisions, to provide any notifications requested by collecting bodies. The client shall expressly undertake to hold ARRI Film & TV Services Berlin GmbH harmless from all potential claims made by collecting bodies.

Subject to other written agreements, ARRI Film & TV Services Berlin GmbH shall be entitled to regard the client (depositor – and for several, each individual one) as authorised contractors and eligible to award sub-licenses.

The customer shall undertake.

- to guarantee full insurance cover to ARRI Film & TV Services Berlin GmbH for any submitted materials or items stored for the same,
- to keep appropriate back-up or duplicate material to replace the original source material or to have a sample copy available,
- to inform ARRI Film & TV Services Berlin GmbH immediately in the event of changes of address, company or legal owners.

Schedule / Deadlines

All delivery deadlines or service schedules shall result from the order confirmation issued by ARRI Film & TV Services Berlin GmbH. The said party reserves the right to advance and part deliveries. ARRI Film & TV Services Berlin GmbH shall be entitled, due to force majeure, to delay the delivery or service for the duration of the disruption. In the event that ARRI Film & TV Services Berlin GmbH shall be permanently prevented from delivery or service, by force majeure, or at least for a period of six months, ARRI Film & TV Services Berlin GmbH shall be released from the supply or contractual obligation. Subsequent changes to the contract or delayed supplies by the client shall result in a corresponding extension of the delivery deadline.

Our liability for damages due to delay shall be restricted to foreseeable damage. In the event that we are only liable for delay due to unintentional negligence, the claim for damages for each full week of the delay shall be limited to 0.5% in total, but to a maximum of 5% of the value of that part of the entire delivery or service which was not supplied on time due to delay or not provided in accordance with the terms of the contract. The client's right to withdraw from the contract shall remain unaffected. Compensation equal to the foreseeable damage shall only be granted to the client if the delay was intentional or due to gross negligence. In this case, our liability for damages shall be restricted to 50% of the total invoice amount for the missing or delayed delivery.

Transfer of Risk

The client shall bear the risk for deliveries as soon as the subject of the contract is despatched or transferred to the individual responsible for the delivery. This shall also apply to delivery by ARRI Film & TV Services Berlin GmbH delayed due to circumstances that are the responsibility of the client, the risk shall be transferred to said client at the date of despatch or intended collection. In the case of completed work, the risk shall be transferred to the client upon acceptance.

Film, Video and Audio Services

ARRI Film & TV Services Berlin GmbH shall be authorised to add and carry out all markings, identifications, margin cut-outs and retouchings such as clearings, tarnishings, punchings, etc. on negatives and positives, and to remove existing markings, identifications, inscriptions etc., and to invoice the costs incurred thereby.

All drafts of titles, title negatives, photo plates and other identifying media as well as documents necessary for copying (e.g. sensing and filtering tapes, cutting lists, diskettes and other data carriers) shall remain the property of ARRI Film & TV Services Berlin GmbH, irrespective of the remuneration for the services of ARRI Film & TV Services Berlin GmbH. ARRI Film & TV Services Berlin GmbH shall be under no obligation to keep this material beyond the processing period.

For colour copies/audio recordings, the evaluation of colours/sounds is subjective and varies considerably. In the event that the client gives no other instructions, the adjustment of colours/sounds (sound colours) shall be undertaken upon completion of the contract and in accordance with ARRI Film & TV Services Berlin GmbH evaluation. The standard tolerances shall apply for material or processing or system-related colour or sound fluctuations.

Film Storage

- a) The storage of film and audio material submitted to us shall be done, free of charge, for the duration of the processing contract. Storage of the material after the end of the processing period shall not be part of the contractual obligation of ARRI Film & TV Services Berlin GmbH.
- b) Storage of material related to the initial processing or other purposes shall be held in the film storage facility of ARRI Film & TV Services Berlin GmbH, which is not equipped for archiving purposes. No separate storage shall be available for original negatives and secondary materials. The storage fees shall be calculated in accordance with our relevant price list.

Storage fees detailed in the price lists of ARRI Film & TV Services Berlin GmbH shall not include reimbursement for special processing, such as inventory work, compiling inventory lists, finding individual items, sorting, etc. These tasks shall be charged separately and on a time basis. ARRI Film & TV Services Berlin GmbH shall be entitled, if applicable, to arrange with a third party for storage of the client's material.

- c) Liability shall be excluded for losses or damage of any kind of the material submitted to us, unless they shall result from intentional or gross negligence on our part or on the part of our assistant parties. ARRI Film & TV Services Berlin GmbH shall undertake to store the submitted material without making basic checks and in the condition that said material was submitted for storage. The client shall be held responsible for full insurance cover of the material submitted to us for processing or storage, e.g. for fire, theft, flood damage, and transport.
- d) After prior notification, and within an appropriate period, ARRI Film & TV Services Berlin GmbH shall be entitled to send the material to the purchaser at the last known address to ARRI Film & TV Services Berlin GmbH. In the event that the sender's postal address is no longer valid, after a period of one month, ARRI Film & TV Services Berlin GmbH shall be authorised, at its own discretion, to store the material at the owner's risk and cost, or to sell the material at public auction, to sell the material as remainders, to destroy or voluntarily to resort to the usage rights transferred as security.

Guarantee / Notice of Defects

In the event that image and/or sound recordings are dubbed or processed on the equipment of ARRI Film & TV Services Berlin GmbH, and said material was not originally recorded on the equipment of ARRI Film & TV Services Berlin GmbH, the latter shall only undertake to arrange for professional transfer of the recording. In the event that ARRI Film & TV Services Berlin GmbH employees carry out mixings of multi-channel recordings or master mixings of television or cinema films, without the presence of the client or other responsible employee nominated by the same (especially director), ARRI Film & TV Services Berlin GmbH shall only undertake to complete this work to a technically professional standard.

For identifiable defects, the legal provision for notice of defects, as set out in Section 377 of the German Commercial Code (HGB) (on the commercial obligation of inspection and complaint), shall be submitted in written form and without delay, at the latest within ten days, and within two weeks of appearance for defects that cannot be detected, and at least within one year from the delivery of the subject of the contract or acceptance of the delivered work. If the client should miss the specified exclusion deadlines to give notice of obvious defects, the subject of the contract shall be considered approved, or the delivered work accepted.

In the case of the notice of defects or claim being submitted in time, the defective item or item not supplied in accordance with the contract shall be taken back by us and, as far as technically possible, the defect shall be remedied or a new item supplied at our cost. ARRI Film & TV Services Berlin GmbH can make the supplementary work dependent on the client's payment of an appropriate part of the cost, with due consideration of the defect. ARRI Film & TV Services Berlin GmbH can refuse to complete the selected method of supplementary work, if this shall only be possible with disproportionate costs.

Mitigation of the cost or reversal of the contract can only be requested in the event that the replacement despatch or supplementary work failed twice or was refused by us. The guarantee period shall be 12 months, calculated from the despatch date of the item or acceptance of the work. In the event that the client shall arrange for the material to be processed by a third party (e.g. subtitling) before its submission, the client shall undertake to instruct said third party to inspect the material before commencing his activity and to notify us immediately of any potential claims. Otherwise, our liability shall become null and void.

Liability

ARRI Film & TV Services Berlin GmbH shall assume unlimited liability for deliberate and gross negligence. In case of unintentional negligence – except in the case of injury to life, limb or health – ARRI Film & TV Services Berlin GmbH shall only accept liability in case of infringement of essential contractual obligations (cardinal obligations) and liability shall be limited to contractually coherent and foreseeable damage. In the event that the repair of materials supplied to ARRI Film & TV Services Berlin GmbH for processing is not possible on the basis of negatives, copies or other source material submitted by the client, said contractually coherent and foreseeable damage shall be interpreted as the replacement of the material value of the source material of the same kind and length.

In the case of unintentional negligence – except for the infringement of essential contractual obligations (cardinal obligations) – liability shall be excluded for indirect and unforeseeable damages as well as damages resulting from defects and lost profit. Any extended liability for damages other than that provided for in these General Terms and Conditions shall be excluded – without reference to the legal character of the valid claim. Limitations or exclusions of liability shall not be valid for legally defined strict liability, in particular due to guarantee or as set out in the regulations for product liability. To the extent that liability shall be excluded or limited for ARRI Film & TV Services Berlin GmbH, the same shall also apply to personal liability of employees, workers, colleagues, bodies, representatives and assistants of ARRI Film & TV Services Berlin GmbH.

No liability shall be accepted for copy defects which result from the quality of the material submitted by the client.

The client shall not be entitled to any rights on grounds of defects, such as caused by the incorrect operation or maintenance of the subject of the contract or by any unauthorised changes to the subject of the contract or work carried out by the client.

Right to Withhold Material

All materials resulting from the commercial transaction between the client and us, can be withheld by us, until such time as the client shall fully undertake his obligations. If substantial deterioration shall occur to the client's financial solvency after conclusion of the contract, or circumstances are brought to the attention of ARRI Film & TV Services Berlin GmbH which jeopardise the claim to remuneration, ARRI Film & TV Services Berlin GmbH shall be entitled to refuse to complete its service obligations provided for in the contract, until such time as the client shall fulfil his obligations resulting from said contract or shall provide security for the same.

ARRI Film & TV Services Berlin GmbH can determine an appropriate deadline within which the client shall fulfil his service obligation in accordance with the contract or provide security by matching delivery versus the contribution of ARRI Film & TV Services Berlin GmbH, in accordance with the latter's choice. If the deadline shall expire without success, ARRI Film & TV Services Berlin GmbH can withdraw from the contract.

Special Provisions

ARRI Film & TV Services Berlin GmbH shall be entitled to engage sub-contractors to honour customer contracts. Contractual agreements, including any changes and amendments must be made in written form to guarantee legal validity. Likewise, any suspension of the requirement for written form must also be submitted in writing.

Court of Jurisdiction, Applicable Law

Berlin shall be the court of jurisdiction.

German law shall be applicable to the legal relationship between the client and us. The application of the UN Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.

In the event that individual provisions set out in the terms and conditions of this contract shall prove, or shall become invalid, this shall not affect the validity of the remaining provisions. If a partial clause shall become invalid, the validity of the remainder of the clause shall not be affected, if said part can be distinguished from the content of the partial clause and, moreover, can be understood in its own right, and a lasting and reasonable regulation results from the overall terms and conditions of the contract.