

**WBOL / Iviewit Technologies, Inc.
Binding Term Sheet**

This binding Term Sheet (this “**Term Sheet**”), dated as of February 15, 2001 (the “**Effective Date**”), is between Warner Bros. Online, a division of Time Warner Entertainment Company, L.P., a Delaware limited partnership (“**WBOL**”), and Iviewit Holdings, Inc., a Delaware corporation (“**Company**”).

1. Company’s Undertakings:

- 1.1. During the Term (as defined below), Company will, and will cause only its employees and third party contractors or consultants (such employees, contractors and consultants being hereinafter referred to collectively as “**Contractors**”) to, provide and perform the Services (as defined below) in connection with the encoding of content for exhibition on the WBOL Network. For purposes of this Term Sheet, “**WBOL Network**” means, collectively, the websites located at the URL www.warnerbros.com and any other AOL Time Warner website, and any other website launched or serviced by WBOL, and any place where the AOL Time Warner brand appears.
- 1.2. For purposes of this Term Sheet, “**Services**” means and includes (i) capturing, processing and encoding video images from BetaSP, Digi-Beta, VHS, DV, and ¾” sources into Windows Media Streaming, QuickTime Streaming, QuickTime Progressive, and/or Real Streaming formats in a 320 x 240 frame size; (ii) dubs to and from Digi-Beta, Beta SP, DV, VHS, ¾”, DVD, DAT and/or CD sources; (iii) video editing; and (iv) such other services related to the foregoing as reasonably requested by WBOL and reasonably agreed to by Company or otherwise necessary for Company to comply with its obligations under this Term Sheet.
- 1.3. For each project, WBOL will request the Services of Company by submitting a written description of the desired Services required by WBOL (each a “**WBOL Service Request**”), along with the WBOL content to be encoded or otherwise serviced by Company. WBOL shall deliver such content in certain standard formats to be mutually agreed upon by the parties. Each WBOL Service Request will set forth the dates by which the original WBOL content and the Work (defined below) must be returned to WBOL. Company shall have the right to reasonably accept or reject each WBOL Service Request. For purposes of this Term Sheet, “**Work**” shall mean any product of Company’s Services pursuant to any WBOL Service Request, and the results and proceeds therefrom; provided, however, that “**Work**” shall not include Company’s Proprietary Technology (as defined below), subject to Section 5.8.
- 1.4. For purposes of this Term Sheet, “**Company’s Proprietary Technology**” shall mean (a) Company’s proprietary encoding and processing technologies, including any improvements to or advances or inventions made by Company in such technologies on or following the Effective Date, whether in the course of performing Services for WBOL or otherwise; (b) all generic HTML files, JAVA

files, data files, technology, scripts, formats and programs, if any, both in object code and source code form, all processes, hardware, software, electronic data interfaces, forms, wizards, and templates, if any, and all other materials created, designed or invented by Company for producing and processing encoded content and which are utilized by Company to support and create the Work hereunder; and (c) any subject matter relating to (a) or (b) above that is patentable by Company. The elements described above may be protected by copyright, patent and trade secret or trademark or other similar or dissimilar legal protection. For avoidance of doubt, "Company's Proprietary Technology" shall not include any and all materials provided by WBOL to Company from which the Work will be adapted, including all source materials as set forth in Section 1.2, any other materials including, without limitation, artwork, design elements, photographic materials, animations and logos, and any other elements of the Work contributed by WBOL.

- 1.5. When Company returns the original content and the Work to WBOL pursuant to the terms of the applicable WBOL Service Request, Company will submit a form which will indicate the following: the number of minutes processed and encoded, the number and types of formats encoded, other relevant details of the Services provided, and any other information agreed upon by the parties. Such information will also appear on the invoice submitted by the Company to WBOL pursuant to Section 3.2 below.
- 1.6. WBOL initially will have ten (10) business days following its receipt of the Work and completion of related Services to review the Work and Accept or reject it. "**Acceptance**" means that WBOL has determined in its sole discretion that Company's Services and the Work are satisfactory and in compliance with WBOL's specifications. Delivery of the Work will be complete upon Acceptance of the Work. If WBOL has not provided to Company a written notice of rejection by the end of such initial 10 business day period, then WBOL will be deemed as having Accepted the Work. If WBOL initially rejects the Work, WBOL may provide a written description of the reasons for its rejection that will reasonably enable Company to identify the problem and make corrections. Upon redelivery of the Work, WBOL will have ten (10) business days following its receipt of the redelivered Work to review the Work and reasonably accept or reject it.
- 1.7. The Services and the Work provided by Company will materially meet WBOL's standard specifications and parameters attached hereto as Exhibit B, and any additional specifications agreed to in writing between the parties. WBOL retains the right of final approval on all Services and implementation of the same, and on all Work. Any material revisions or modifications of the Work which are mutually agreed to by the parties and which vary materially from the terms of this Term Sheet or a WBOL Service Request ("**Change Orders**") shall be considered to be outside of this Term Sheet and therefore separate agreements. In the event that Change Orders should arise, the parties shall negotiate in good faith the terms and conditions of the performance by Company of services for WBOL, including compensation for said Change Order.

- 1.8. Company will, and will cause its Contractors to, render the Services to the best of its and their ability, subject to WBOL's direction and control, in collaboration with such third parties and at such times as WBOL may require. Company understands and agrees that (i) WBOL will have full and exclusive budgetary, financial, business, editorial and creative control over the Work; (ii) all Work delivered by Company to WBOL will be determined as completed and accepted pursuant to Section 1.6; and (iii) all delivery deadlines, schedules, timetables and milestones will be set by WBOL is its sole discretion.
2. **Undertakings:** WBOL and Company will work together to review, evaluate, modify, and improve the procedures, protocols, and equipment and process specifications hereunder, and to develop a "process document" which will standardize the procedures, work-flow, pre-processing, processing, encoding and other Service components (including receipt and delivery of data).
3. **Compensation:**
 - 3.1. So long as WBOL has accepted or has been deemed to accept (pursuant to Section 1.6) the Work and Company has not been in material default for at least 30 days of any of its obligations hereunder, then WBOL will pay to Company according to the rate schedule attached hereto as Exhibit A.
 - 3.2. Payment will be due within forty-five (45) days following the later to occur of (i) receipt by WBOL of an appropriate invoice from Company, and (ii) acceptance (pursuant to Section 1.6) by WBOL of the Work.
4. **Term:**
 - 4.1. The term of this Term Sheet (the "**Term**") is the period from and including the Effective Date through the date of execution of a long-form services agreement, or such earlier date in the event of an early termination of this Term Sheet pursuant to Section 4.2.
 - 4.2. Either party may terminate this Term Sheet upon thirty (30) days' prior written notice after one hundred and twenty (120) days following the Effective Date; provided that Company will perform services to complete any work in progress at the time of notification until such work has been accepted by WBOL pursuant to Section 1.6, even if such work or acceptance extends beyond the termination date. Either party may terminate this Term Sheet at any time after material default of the other party for at least 30 days after notice of such breach is received. Either party is in default of this Term Sheet if it breaches any of its covenants or obligations or any other material provision hereof and fails to correct such default within ten (10) days after receipt of written notice of such default.
5. **Intellectual Property Matters:**
 - 5.1. Company hereby represents, warrants and agrees that: (a) the Work (including any physical materials Company or Contractor(s) create(s)) will be considered a "work-made-for-hire" for WBOL; and (b) WBOL will be considered, in perpetuity and

for all purposes throughout the universe, the author thereof and the sole copyright owner of the Work, and the owner of all rights in and of all proceeds derived from the Work, and in connection therewith, with the right to make such changes to the Work and such uses and disposition of the Work, in whole or in part, as WBOL may from time to time determine as the author and owner thereof (collectively, the “**Rights**”). If and to the extent that the foregoing provisions do not operate to vest fully and effectively in WBOL all or any of such Rights, Company hereby grants and assigns to WBOL all rights of every kind and nature therein, whether now or hereafter known or created, which may not have so vested (and so far as may be appropriate by way of immediate assignment of future copyright) throughout the universe in perpetuity.

- 5.2. Notwithstanding Section 5.1 above, WBOL acknowledges and agrees that no title to the Company’s Proprietary Technology is or shall be transferred to WBOL under the terms of this Term Sheet. This Term Sheet grants WBOL limited rights to use the Company’s Proprietary Technology, elements of which may be protected by copyright, patent and trade secret or trademark or other similar or dissimilar legal protection. Except as specifically set forth herein, all right, title and interest in and to the Company’s Proprietary Technology and all copies thereof, including without limitation any copyrights, patents, trade secrets and other intellectual or industrial property rights therein, shall be held by Company or its licensors. Company’s Proprietary Technology is deemed Confidential Information (as defined below in Section 6.2).
- 5.3. If third parties who are not Contractors of Company make or have made any contribution in connection with the Services, excepting any contributions that may be deemed to constitute Company’s Proprietary Technology (any such contributions collectively, the “**Copyrighted Materials**”) so that they might be deemed to be “Authors” of the same as that term is used in present or future United States copyright statutes, Company agrees to obtain from such parties, at the commencement of such work, a full assignment of rights so that full rights in the particular Copyrighted Material, free of any claims, interest, or rights of such third parties, will vest in WBOL. Company will not to permit any of its Contractors to obtain or reserve by oral or written employment agreements any rights as “Authors” in the Copyrighted Materials. At WBOL’s request, Company agrees to furnish WBOL with full information concerning the creation of the Copyrighted Materials and with copies of assignments of rights obtained from third parties.
- 5.4. Company hereby irrevocably waives all rights of “droit moral” or “moral rights” or any similar rights or principles of law that Company may now or later have in the Work.
- 5.5. The payments described in Section 3 will be inclusive of full and final consideration for the right to exploit any and all Rights in and to the Services and the Work, by whatever means now known or hereafter invented by which such Work may be reproduced, distributed, performed, exhibited, transmitted and/or otherwise exploited throughout the universe. Such payments will also be deemed inclusive of equitable remuneration for the exploitation of rental rights in respect of

which 3.8% of the payment hereunder will be deemed allocated. Insofar as the Company's consent may be required for any affixation and/or exploitation of the Work as contemplated by this Term Sheet, Company hereby irrevocably and unconditionally grants such consent to WBOL.

- 5.6. Company agrees, and agrees to cause its Contractors, to the extent applicable, to execute such further documents and do such other acts as may be required by WBOL or its successors, licensees, or assignees to evidence or effectuate WBOL's rights hereunder (provided that such documents and acts are consistent with the terms of this Term Sheet) and in the event that Company fails to do so, Company hereby irrevocably appoints WBOL as its attorney-in-fact with the full power and authority to do so on its behalf, which power is coupled with an interest.
- 5.7. WBOL hereby grants to Company a world-wide, non-exclusive, non-transferable (except as otherwise provided herein), royalty-free license to use, reproduce, distribute, publicly perform, publicly display and create derivative works of the WBOL content delivered to Company by WBOL hereunder, for the sole purpose of creating or developing the Work and otherwise performing the Services hereunder.
- 5.8. Subject to the terms and conditions of this Term Sheet, Company hereby grants to WBOL a perpetual, worldwide, royalty-free, exclusive, non-transferable (except as otherwise provided herein) license to use, transmit, exhibit, distribute, market, publicize, advertise, reproduce, publicly display and publicly perform, throughout the universe on the WBOL Network, Company's Proprietary Technology, to the extent it is embedded within the Work which Company will provide to WBOL in connection with the Services pursuant to this Term Sheet and solely for purposes contemplated by this Term Sheet. The parties hereby acknowledge and agree that nothing in this section or in Section 5.2 above is meant to limit or affect in any way WBOL's right to transmit, exhibit, distribute or otherwise use any Work in perpetuity pursuant to this Term Sheet.

6. Miscellaneous:

- 6.1. WBOL shall have the right to make any modifications or adjustments to any component of the Work (other than Company's Proprietary Technology) as WBOL in its sole discretion deems necessary or desirable after such Work has been delivered and accepted pursuant to Section 1.6, at no additional cost to WBOL.
- 6.2. WBOL does not represent, warrant, or guarantee that WBOL will use the Work. If WBOL decides in its sole discretion to use the Work, it may decide in its sole discretion to cease exploiting or otherwise using the Work at anytime for any reason without any liability to Company.
- 6.3. Company and WBOL executed a confidentiality agreement ("CA") attached hereto as Exhibit C. The terms of the CA are incorporated herein, except to the extent that they conflict with the terms contained in this Term Sheet, in which case, the terms of this Term Sheet shall govern. The parties acknowledge that by reason of

their relationship to each other hereunder, each will have access to certain information and materials concerning the other's business, plans, customers, proprietary technology and products that is confidential and of substantial value to that other party, which value would be impaired if such information were disclosed to third parties ("**Confidential Information**"). Confidential Information of the Company includes, without limitation, Proprietary Technology and Information as defined in the CA. Confidential Information of WBOL includes without limitation, the technical parameters of the service provided by WBOL whether or not so marked, and all business related information with regard to the organization of the WBOL and its designees and affiliates, and any of the websites operated by WBOL. Each party agrees that it will not use in any way, for its own account or the account of any third party, except as expressly permitted by this Term Sheet, such Confidential Information, nor disclose to any third party, any such Confidential Information revealed to it by the other party and will take every reasonable precaution to protect the confidentiality of such information. Each party agrees not to disclose any financial terms or specific clauses of this Term Sheet to any third party without the other's prior written consent in its sole discretion, except as required by securities or other applicable laws (in which case each party will notify the other party of such disclosure in writing) and to such party's accountants, attorneys and other professional advisors.

- 6.4. Company will not assign this Term Sheet or any of Company's obligations or benefits hereunder. Notwithstanding the foregoing, subject to WBOL's prior written approval, Company may assign this Term Sheet to a subsidiary of Company so long as Company represents and warrants, and WBOL is fully satisfied that, such subsidiary has the financial, human and other resources necessary to perform the Services hereunder to the same high industry standards as Company. This Term Sheet may be assigned freely by WBOL to any of its affiliates and such assignment will be binding upon the undersigned and inure to the benefit of such assignee and such assignment will be deemed a novation forever releasing and discharging WBOL from any further liability or obligation to Company.
- 6.5. Company agrees not to authorize, circulate, publish or otherwise disseminate any news story, articles or other publicity of any kind, containing the names of WBOL or any of its affiliates and relating to Company's engagement hereunder, the subject matter of this Term Sheet, the Services to be rendered by Company or others in connection with the Work, unless the same are first approved in writing by WBOL.
- 6.6. This Term Sheet expresses the agreement between WBOL and Company and will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns until such time as it is replaced and superseded by a subsequent long form services agreement (the "**Agreement**"). The parties hereto agree to negotiate in good faith such Agreement, which Agreement will reflect the terms and conditions set forth herein and will include any appropriate and applicable representations and warranties and reasonable and appropriate indemnities including legal fees, and WBOL's Standard Terms and Conditions

(attached hereto as Exhibit D) applicable to production agreements, as such Standard Terms and Conditions may be negotiated in good faith by the parties.

This Term Sheet will become effective and binding upon the due execution by the parties hereto on the Effective Date.

Agreed and accepted:

WARNER BROS, ONLINE, a division
of Time Warner Entertainment
Company, L.P., a Delaware limited
partnership

IVIEWIT HOLDINGS, INC., a
Delaware corporation

By: _____

By: _____

Its: _____

Its: _____

By: _____

Its: _____

Notice Address:

Warner Bros. Online
505 N. Brand Blvd., 4th Floor
Glendale, CA 91203
Attn: General Counsel
Fax: 818.977.5523

Notice Address:

Iviewit Holdings, Inc.
505 N. Brand Blvd., 4th Floor
Glendale, CA 91203
Attn:
Fax:

EXHIBIT A

IVIEWIT'S RATE SCHEDULE

Source Format	Average weekly minutes encoded				
	0-600	600+	2000+	4000+	10000+
Beta	2.50/min	2.25/min	2.00/min	1.75/min	1.50/min
Digi-beta	2.50/min	2.25/min	2.00/min	1.75/min	1.50/min
Beta-xxx	2.50/min	2.25/min	2.00/min	1.75/min	1.50/min
VHS	3.25/min	3.00/min	2.75/min	2.50/min	2.25/min
Mini-dv	2.50/min	2.25/min	2.00/min	1.75/min	1.50/min
DVD	2.50/min	2.25/min	2.00/min	1.75/min	1.50/min

Multibitrate encodes for up to 6 bitrates per encode add an additional \$.50.

Set-up-fees: \$9.50 per video clip under 3:00 minute.

Minimum 2 formats per source video. Pricing is per encode minute.

Turn around time 48 hours. Turn around under 48 hours requires 15% premium.

Video editing rate is \$60.00 per hour, billed in 10 minute increments.

Average weekly volume is calculated on a monthly basis.

Payment terms are net 45 days.

Archiving is \$10.00 per gigabyte with a 24 hour retrieval policy.

Exhibit B

Warner Bros. Online Video Specs

06/01/01

	Codec	Naming
QuickTime Progressive		
300k 320X240 24fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Stereo	file_name_qt_300.mov
100K 240X180 15fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Mono	file_name_qt_100.mov
56K 160X120 8fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Mono	file_name_qt_056.mov
QuickTime Streaming		
300k 320X240 24fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Stereo	file_name_qts_300.mov
100K 240X180 15fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Mono	file_name_qts_100.mov
56K 160X120 8fps	Video: Sorenson 2.1 Audio: Qdesign Music2 Mono	file_name_qts_056.mov
WMP		
300K 320X240 24fps	Video: Mpeg-4 V3 Audio: WMA2 Stereo	file_name_300.asf
100K 240X180 15fps	Video: Mpeg-4 V3 Audio: WMA2 Mono	file_name_100.asf
56K 160X120 8fps	Video: Mpeg-4 V3 Audio: WMA2 Mono	file_name_056.asf
7. REAL		
300k 320X240 24fps	Video: G2 Audio: Music Stereo	file_name_300.rm
100K 240X180 15fps	Video: G2 Audio: Music Mono	file_name_100.rm

56K 160X120 8fps

Video: G2

file_name_056.rm

Audio: Music Mono

Special Specs

06/01/01

AOL Plus

- Videos will be encoded and displayed at 240 pixels in width by 180 pixels in height.
- Real videos will be encoded with a frame rate of 15 frames per second.
- Videos will be encoded using Real's G2 codec using the SureStream technology at the following target bit rates:
 - 300 Kbps (High bit rate - DSL / cable modem setting in Real Producer G2)
 - 220 Kbps (Mid bit rate - LAN setting in Real Producer G2)
 - 166 Kbps (automatically added by Real Producer G2)
 - 150 Kbps (Low bit rate - use Dual ISDN setting in Real Producer G2)
 - 112.5 Kbps (automatically added by Real Producer G2)
 - 90 Kbps (automatically added by Real Producer G2 - our lowest supported bit rate)
- file_name_ss.rm

7.1.1 Jenny Jones

AVI 160X120 Indeo 5.1 8fps 200kbps ms ADPCM 45.2 kbps 16bit mono 11.025khz

file_name.avi

QT 160X120 Sorenson 2.1 7.5 fps key every 75 144 kbps IMA 4:1 32 kbps mono 8.000khz

file_name.qt

7.1.2 COH

REAL 160X120 perfect play SureStream 56 G2 28kbps 5fps T1 G2 165kbps 15fps 56 8.5kbps voice

T1 44kbps music

Show_number.rm

[more specs to come via fax]

Exhibit C

[Confidentiality Agreement]

Exhibit D

[WBOL Standard Terms and Conditions]