

SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE

This Settlement Agreement and Mutual General Release (referred to herein as the "Agreement") is made and entered into by and between Blue Underground, Inc. a California corporation, located c/o Braunstein & Braunstein, P.C. 11755 Wilshire Boulevard, Suite 1600 ("Blue") on the one hand, and Music Video Distributors, Inc., D.B.A. MVD Entertainment, a.k.a. MVD Entertainment Group, a Pennsylvania corporation. Located at 203 Windsor Road, Pottstown, PA 19464, (referred to herein as "MVD") and Arrow Film Distribution, LTD, an English Corporation located at The Engine House, Shenley Park, Radlett Lane, Herts, WD7 9JP, United Kingdom, on the other hand, (referred to herein as "Arrow"). Blue, MVD and Arrow shall also be referred to in the Agreement as the "Parties" and each as a "Party". This Agreement is entered into as October 1, 2020 (the "Effective Date") and with reference to the following:

RECITALS:

- A. Whereas, Blue is a claimant to the copyright ownership and claimant to being the exclusive distributor of all rights for the 1966 "Spaghetti Western" feature length motion picture titled "Django" directed by Sergio Corbucci (hereinafter referred to as the "Motion Picture" and/or as "Django") in the United States and Canada (referred to herein as the "Territory") . Arrow has licensed the Motion Picture in good faith for the Territory from Surf Film. Surf Film being the licensor to Blue Underground between 2009-2017 and also a claimant to copyright ownership of the motion picture. .
- B. Whereas, the Motion Picture was originally a Spanish-Italian coproduction and the original copyright was held by its co-authors BRC Produzione, S.R.L (Italy); and La Sociedad TECISA (Television Y Cine), S.A. (Spain.)
- C. Whereas, First Line Films Production Co. obtained all rights to exploit the Motion Picture in the United States by written agreement dated August 1, 1989 with the prior owner of those rights, Cadicy International Corporation.
- D. Whereas, the Motion Picture was eligible for, and received automatic restoration of U.S. Copyright by virtue of the December 8, 1994 legislation implementing the Uruguay Round General Agreement on Tariffs and Trade (GATT).
- E. Whereas, on April 19, 1996, First Line Films Production Co. changed its name to First Line Films, Inc., a corporation organized under the laws of the State of Florida (hereinafter, "FLF").
- F. Whereas, FLF filed a certificate of GATT restoration copyright (PA-1-319-147) May 1, 2009 for the Motion Picture.
- G. Whereas, BLUE entered into a written agreement on May 15, 2015 under which it acquired the exclusive rights to ownership of the U.S. Copyright to the Motion Picture from FLF.
- H. Whereas, on April 21, 2020 Blue sent a cease and desist letter to MVD and Arrow demanding that MVD and Arrow immediately cease any further distribution of Blue's Motion Picture;
- I. Whereas, on June 11, 2020 Blue filed a complaint against MVD in the United States District Court for the Central District of California for: Copyright Infringement; Vicarious Copyright Infringement; Contributory Infringement; Injunctive Relief; Declaratory Relief; Interference With Prospective Business Advantage; Accounting; Unfair Competition; and violations of Cal. Business & Professions Code §17200 Et Seq. Case number 2:20-CV05227. (referred to herein as the "Complaint")
- J. Whereas, without admitting any wrongdoing, the Parties desire to settle their dispute with this Agreement and Blue agrees to dismiss the complaint pursuant to the terms contained in this Agreement.
- K. Whereas, each Party acknowledges that full, valid, and binding consideration exists for the execution of this Agreement and that such consideration consists of the performance by each Party of its respective mutual and independent covenants, representations and warranties as set forth in this Agreement.

NOW, THEREFORE, intending to be legally bound, and for and in consideration of the terms, conditions

and mutual obligations set forth in this Agreement the Parties stipulate, agree, represent, and warrant as follows:

TERMS:

1. **Adoption of Recitals.** The Parties hereby adopt and incorporate in full into this Agreement the Recitals set forth above.
2. **Representations as to Authority to Execute and Perform.** Each Party acknowledges, agrees, and represents to each of the other Parties that such Party has the power and authority to enter into this Agreement.
3. **Reasonable Best Efforts to Effectuate This Settlement.** Each Party agrees to undertake its reasonable best efforts, including all steps and efforts contemplated by this Agreement and any other steps and efforts that may be necessary or appropriate to carry out the purpose and intent of this Agreement.
4. **Consideration.** The Parties agree to exchange the following consideration for the Agreement as well as the release of any and all liabilities arising from the Complaint as set forth herein. In exchange for the dismissal of the Complaint by Blue, the release of all claims asserted by the Blue against MVD and Arrow, and a waiver of all requests for relief, costs, attorneys' fees and damages asserted by Blue, the Parties agree as follows:
 - a. MVD shall pay Blue [REDACTED] of all of MVD's Django revenue received by MVD from any and all sources, without limitation, until Blue [REDACTED] are equal [REDACTED] [REDACTED] (referred to herein as the "Repayment Period"). The payments referenced in this paragraph 4(a) shall include any and all revenue Arrow shall be entitled to as a result of MVD's distribution of Django;
 - b. MVD shall account to Blue on a monthly basis, providing detailed accounting of all Django revenue received for Django, and MVD shall make the [REDACTED] payments to Blue on a monthly basis concurrent with Blue's regular payments from MVD;
 - c. MVD, during the Repayment Period to Blue, shall receive a [REDACTED] distribution fee "off-the-top" of all Django revenue received by MVD for Django, and MVD will administer the payments for the revenue received by MVD to Blue for no additional costs or fees;
 - d. Upon signing of the Agreement, MVD, will account for and pay to Blue within [REDACTED] days, 50% of any and all past Django revenue MVD has received up to the date of the Agreement, deducting only MVD's [REDACTED] fee. The first payment to Blue by MVD shall be applied as a credit against the [REDACTED] payments referenced in paragraph 4(a) above;
 - e. When Blue's 50% revenue share reaches [REDACTED], and Blue has received [REDACTED] from MVD, then BU will assign the GATT copyright to Arrow, assign the Canadian copyright to Arrow, and execute a quitclaim in favor of Arrow, drafts of which are attached as Exhibit A, Exhibit B and Exhibit C.
 - d. Blue shall dismiss the Complaint within 10 days of execution of the Agreement and receipt of the first payment from MVD of Blue's [REDACTED] share of Django revenue which represents the initial money generated by Django received by MVD from the beginning of its distribution of Arrow's Django release up to the date of the Agreement.
5. **Courts Continuing Jurisdiction.** Any dispute regarding this Agreement will be resolved by the United States District Court, Central District of California. The Court shall maintain jurisdiction regarding the fulfillment of all the provisions of the Agreement. Any dispute shall be resolved in Los Angeles, California in the United States District Court, Central District of California. All parties agree to the Jurisdiction of the United States District Court and agree to the application of California Law regarding any dispute resolution.

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6. **Release by Blue.** For good and valuable consideration, the sufficiency of which is hereby acknowledged, Blue, on behalf of itself and their direct and indirect parents, subsidiaries, affiliates, related companies and each and all of their respective past, present or future employees, directors, officers, attorneys, shareholders, representatives, receivers, insurers, agents, successors, and assigns (collectively the "Blue Releasers"), hereby release, discharge, and covenant not to make any claim against MVD, and/or Arrow, and any of their direct parents or subsidiaries and each and all of their respective employees, directors, officers, shareholders, and attorneys (collectively the "MVD Releasees"), from and with respect to any and all claims, causes of action, demands and liabilities of whatever kind or nature in law, equity, or otherwise, which the Blue Releasers have against the MVD Releasees, or any of them relating to or arising out of the Complaint.

7. **Release by MVD and Arrow.** For good and valuable consideration, the sufficiency of which is hereby acknowledged, MVD, and Arrow on behalf of themselves and their direct and indirect parents, subsidiaries, affiliates, related companies and each and all of their respective past, present or future employees, directors, officers and attorneys (collectively the "MVD Releasers"), hereby release, discharge, and covenant not to sue or make any claim against Blue (and specifically William Lustig) and any of their direct parents, subsidiaries, or related companies, and each and all of their employees, directors, officers, shareholders and attorneys (collectively the "Blue Releasees"), from and with respect to any and all claims, causes of action, demands and liabilities of whatever kind or nature in law, equity, or otherwise, which the MVD Releasers, or any of them relating to or arising out of the Complaint.

8. **Section 1542.** The Parties further acknowledge and agree that they waive and relinquish the provisions of any protection under Section 1542 of the California Civil Code of the State of California, and/or any similar law, either federal or of any state or territory of the United States. The Parties acknowledge and agree that they understand the meaning of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

9. **Enforceable Obligations.** This Agreement will, as of the Effective Date, be a valid, binding, and legal obligation of each of the Parties and enforceable in accordance with the express written terms. For purposes of this Agreement, executed counterpart signature pages exchanged between the Parties by commercial courier service, registered/certified mail with return receipt, facsimile or scanned in digital format and sent by email to the executive offices of the Parties shall be accepted and shall have the same force and effect as though the signatures were original and are deemed valid as of the Effective Date.

10. **Acknowledgment of Settlement.** The Parties acknowledge that (i) the consideration set forth in this Agreement, which includes, but is not limited to, the settlement sums payable under this Agreement are for the full settlement of all claims or losses of whatsoever kind or character that they have, or may ever have had, against the other Party and (ii) by signing this Agreement, and offering and accepting the consideration provided herein and the benefits of it.

11. **No Admission of Liability.** The Parties acknowledge that the settlement sums subject of this Agreement were agreed upon as a compromise and final settlement of disputed claims and that payment of the settlement sum is not, and may not be construed as, an admission of liability by any Party.

12. **Confidentiality of Agreement.** The Parties expressly understand and agree that this Agreement and its contents (including, but not limited to, the fact of payment and the amounts to be paid hereunder) shall remain CONFIDENTIAL and shall not be disclosed to any third party whatsoever, except the Parties' counsel, accountants, financial advisors, tax professionals retained by them, any federal, state, or local governmental taxing or regulatory authority, and the Parties' management, officers

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and Board of Directors, and except as required by law or order of court.

13. **Non-Disparagement.** No Party shall, on the basis of the conduct at issue in the dispute, including the events surrounding the Civil Action, condemn, criticize, ridicule or otherwise disparage or in any way draw into disrepute any of the other parties, their directors, officers, agents and employees, or their business services or practices, whether orally, in writing or otherwise, directly or by implication, in communication with any person, including, but not limited to, customers, business associates, or vendors with whom any of the parties does business. In the event either Party is asked about this dispute, it shall state that there was a dispute about the United States and Canadian copyright to the Motion Picture which was resolved to all parties' satisfaction. No further explanation should be provided. Specifically, neither of the Parties shall make any statements to people in the motion picture distribution industry which are disparaging of the other Party's ethics, business practices or rights.

14. **Miscellaneous Provisions:**

- a. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- b. **California Law.** This Agreement shall be interpreted under and pursuant to the laws of the State of California with any dispute arising thereunder to be resolved in the United States District Court, Central District, in Los Angeles, California which shall retain jurisdiction to enforce the Agreement and resolve any dispute that arises from the Agreement.
- c. **Attorneys' Fees.** In the event of litigation or other proceeding arising out of or pursuant to this Agreement and/or the instruments referenced hereinabove, the prevailing party in said litigation or proceeding shall be entitled to recover its costs and reasonable attorneys' fees.
- d. **Successors and Assigns.** All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, legal representatives, successors and assigns. The Parties hereby warrant that there has been no assignment of all or any portion of their claims as against any other party hereto unless otherwise disclosed in this Agreement.
- e. **Modifications or Amendments.** No amendment, change or modification of this Agreement shall be valid unless reflected in a single writing signed by all of the Parties hereto.
- f. **Entire Agreement.** This Agreement and the instruments appended hereto and specifically referenced hereinabove constitute the entire understanding and agreement of the Parties with respect to its subject matter and any and all prior agreements, understandings or representations with respect to its subject matter are hereby terminated and canceled in their entirety and are of no further force or effect. The Parties also agree that this agreement has been drafted by all parties and that same and/or any purported ambiguity, if any, herein shall not be construed against any one party, counsel or witness.
- g. **Captions.** The captions and titles appearing at the commencement of the sections hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption or title or the section at the head of which it appears, the section and not such caption or title shall control and govern in the construction of this Agreement.
- h. **Expenses.** Except as provided above, each of the parties shall pay all of their own costs, legal fees, accounting fees, and any other expenses incurred or to be incurred by it or them in connection with or arising out of the preparation of this Agreement and closing and carrying out the transactions contemplated by this Agreement, except as otherwise provided herein.
- i. **Parties in Interest.** Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties hereto.
- j. **Full Authority.** Each of the Parties and signatories to this Agreement represents and warrants that he has the full right, power, legal capacity and authority to enter into and perform the parties' respective obligations hereunder and that such obligations shall be binding upon such party without the requirement of the approval or consent of any other person or entity.
- j. **Invalidity.** Should any provision of this Agreement be declared or be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected

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thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this Agreement.

k. **No Waiver of Terms of Conditions.** Failure to insist on compliance with any term or condition contained in this Agreement shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power contained in this Agreement at any one or more times be deemed a waiver or relinquishment of any right or power at any other time or times.

15. Notices. Any notice under this Agreement must be in writing and shall be effective upon delivery by hand, International Courier, or three (3) business days after deposit in the United States mail, postage prepaid, and addressed to the Parties at the corresponding address below.

Blue Underground, Inc.'s Notice Address:

Blue Underground, Inc.
1049 Haven Hurst Drive #187
West Hollywood, CA 90046

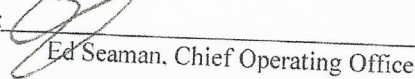
With a courtesy copy to:
c/o Braunstein & Braunstein PC
11755 Wilshire Blvd., Suite 1600
Los Angeles, CA 90025

MVD's Notice Address:
Music Video Distributors, Inc.
203 Windsor Road,
Pottstown, PA 19464


Arrow's Notice Address:
Arrow Film Distribution, Ltd.
The Engine House, Shenley Park, Radlett
Lane, Herts, WD7 9JP, United Kingdom

IT IS SO AGREED:

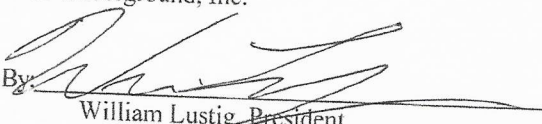
Music Video Distributors, Inc.

By: 
Ed Seaman, Chief Operating Officer

Arrow Film Distribution, Ltd.

By: 
Francesco Simeoni, Its: Director of Content

Blue Underground, Inc.

By: 
William Lustig, President