

**EXHIBIT A**  
**MODIFIED ADJUSTED GROSS DEFINITION**

Exhibit to agreement between Warner Bros. Television, a division of WB Studio Enterprises Inc. ("WBTV") and Kaco Entertainment, Inc. ("Participant") dated as of May 12, 2010 ("Agreement"), and subject to the Agreement, as same may be amended and/or extended, with respect to the television program or programs as to which Participant may be entitled to contingent compensation pursuant to the Agreement (herein referred to, individually or collectively as the context of the Agreement may require, as the "Program").

**I. DEFINITIONS:**

- A. "Modified Adjusted Gross" means the excess, if any, remaining after deducting from Gross Receipts the aggregate of the following in the following order of priority: Distribution Fees, Distribution Expenses, Production Costs, and interest thereon, all contingent deferments and other contingent amounts approved by WBTV which are not advanced or guaranteed, provided that no participations at or below Participant's level shall be deducted in the calculation of Participant's share of contingent compensation payable hereunder. If, pursuant to the Agreement, Participant receives advances of Participant's share of Modified Adjusted Gross, such advances shall be applied against and in reduction of Participant's share of Modified Adjusted Gross. Notwithstanding anything else herein, the upfront and deferred portion of any agency package commissions shall be treated as a production cost and any participation paid in connection with such agency package shall be deducted off the top as a distribution expense.
- B. "Gross Receipts" means all money and/or other consideration which is readily and actually reducible and convertible to cash from all sources received or credited by WBTV (including, but not limited to publishing, merchandising, music and music publishing and phonorecords) as consideration for the right to broadcast, exhibit or distribute or otherwise exploit the Program in any manner or media; barter revenue, net any unaffiliated of third party agency commission; and all money (including settlements) recovered in litigation or similar proceedings (e.g., mediation or arbitration) relating to any such rights but not including: (i) refunds, credits, discounts and adjustments; (ii) advance payments which have not been earned, unless they are non-returnable advances or become non-returnable; and (iii) money held as deposits and subject to a refund until no longer subject to a refund.
1. If the Program is licensed or otherwise distributed in the Videogram market (e.g., videocassettes, videodiscs, DVDs and similar audio-visual devices or electronic methods of delivery whereby an authorized permanent copy is made available to the consumer but not including Video on Demand, Pay Per View and similar distribution that does not afford the consumer an opportunity to legally maintain a permanent copy) then there shall be included in Gross Receipts an amount equal to twenty

percent (20%) of the gross wholesale rental income therefrom and gross wholesale sales income therefrom, less a reasonable allowance for returns which shall be liquidated within a reasonable amount of time but may be re-established for such reasonably anticipated costs, expenses or losses relating to the Program. There shall be no distribution fee charge on amounts of Videogram receipts included in Gross Receipts, and there shall be no deduction of manufacturing or advertising/promotion costs in connection therewith.

2. There shall also be included in Gross Receipts a sum equal to one hundred percent (100%) of "WBTV's share" of mechanical reproduction and performance fees and all other royalties, fees or income received in United States currency by WBTV (or otherwise freely transmittable to United States currency) with respect to music and lyrics written specifically for and synchronized in the Program, to the extent WBTV is vested with rights therein and in the receipts therefrom, and provided Participant is not entitled to receive composers' or lyricists' royalties with respect to such music and lyrics. "WBTV's share" of mechanical reproduction and performance fees and all other fees, royalties or income shall be the full amount paid or credited under licenses, less the composers' share thereof and less an administration fee of fifteen percent (15%). No distribution fees shall be charged on amounts included in Gross Receipts pursuant hereto. WBTV will also include in Gross Receipts, without Distribution Fees, an amount equal to 50% of all gross license fees received or credited by WBTV from merchandising and print publishing in connection with the Program, or elements thereof, less royalties and participations payable and subsequently paid to third parties and less any amounts previously paid to Participant in connection with the exploitation of such rights, including but not limited to payments as so called "Separated Rights" payment, whether pursuant to the Agreement or an applicable collective bargaining agreement. Soundtrack royalties shall be included in Gross Receipts.
3. Gross Receipts are WBTV's sole and exclusive property, and are not trust funds or otherwise held by WBTV for Participant's benefit. WBTV's obligations to make payments to Participant is that of a debtor only. Participant shall not own any interest in the Program, Gross Receipts, or Modified Adjusted Gross or have any lien or other claim thereon.

C. "Distribution Fees" means the following percentage of gross receipts, and is inclusive of internal sub-distribution fees:

1. Twelve and one-half percent (12.5%) for all licenses to telecast the Program anywhere in the universe, except there shall be no distribution fee charged on the initial license to the ABC, CBS, NBC, The CW, and FOX television networks authorizing the initial broadcast (and same-service

repeats) of the Program, or any renewals or extensions of same with the same licensee.

2. Twelve and one-half percent (12.5%) for any other uses of the Program or the material contained therein anywhere in the universe, including Video on Demand, Pay Per View and similar distribution that does not afford the consumer an opportunity to legally maintain a permanent copy.

There shall be no Distribution Fee charged on amounts of Videogram receipts included in Gross Receipts. Said distribution fees shall be inclusive of all subdistributor's fees as calculated on the Gross Receipts recovered by such subdistributor.

D. "Distribution Expenses" means all actual, direct, out-of-pocket costs and expenses payable and subsequently paid by WBTW in connection with the distribution, advertising and exploitation of the Program or which are customarily treated as distribution expenses in the television industry, specifically including, but not limited to, the following:

1. Print costs (net of rebates and discounts), which includes the cost of release prints, dubbed negatives, soundtracks, tapes, cartridges, cassettes, film-to-tape transfers, and any and all other duplicating material and facilities, together with reels, cans, containers, and the costs of inspecting, repairing, and renovating, packing, storing, shipping and insuring the Program.
2. All costs of advertising, publicizing, marketing, exploiting and promoting the Program; however, as set forth in paragraph I.B.1 above, advertising costs in connection with Videogram exploitation shall not be deducted from amounts included in Gross Receipts from such exploitation).
3. All costs of accommodating the Program for various distribution uses, including retitling, removing commercial material, clearing music, dubbing for foreign distribution, theatrical distribution or otherwise altering or editing the Program.
4. All taxes (however denominated) assessed and subsequently paid or payable upon the negatives, duplicate negatives, prints, tapes or other materials relating to the Program, or upon the use or distribution thereof, or upon revenues derived therefrom or the remittance thereof (but excluding corporate income tax and similar taxes); all sums paid or accrued on account of duties, customs and imposts, costs of acquiring permits, "contingents", and any similar authority to secure the entry, licensing, televising or other use of the Program in any country. The deductible amount of any sums referred to herein shall not be affected by the manner in which the same are treated by WBTW in its own income, franchise, excess profits or other tax returns. Furthermore, any such sums

deductible which are later refunded will be deducted from Distribution Expenses.

5. All royalties and similar payments to manufacturers of equipment, cartridges, cassettes and the like which are not included in Production Costs; all payments (including fringe benefits and payroll taxes) pursuant to collective bargaining agreements or other agreements by reason of any exhibition of the Program or the exercise of any rights therein; and all agency fees and commissions actually paid or becoming payable by WBTB.
6. All costs and expenses resulting from claims and lawsuits involving the Program or any element thereof, including, but not limited to, the underlying rights therein, and protection therefrom, including errors and omissions insurance premiums (or imputed premiums at WBTB's option should WBTB elect to self insure [which election shall be made prior to the occurrence of an insurable event], provided no recovery shall be included in gross receipts if no premium is charged or imputed), costs of copyright search and registration and investigation and defense. To the extent that costs associated with a claim or lawsuit are borne by Participant pursuant to the applicable indemnification provisions of the Agreement, such costs shall not be deducted under this sub-paragraph. Costs associated with a claim or lawsuit that are borne by WBTB, however, shall be included hereunder as a Distribution Expense.
7. All costs of collecting Gross Receipts and transmitting the same to the United States, including reasonable outside attorneys' fees, auditing and checking costs, and costs of contesting taxes, charges and other expenses. Such costs shall also include fees and charges incurred by efforts to prevent unauthorized exhibitions of the Program and collecting damages for copyright or other infringements directly related to the Program as well as any fees, assessments, dues or other amounts payable to any trade association (such as, for example, the AMPTP) concerned with such matters on an industry basis, pro-rated on a good faith reasonable basis to the Program.
8. Without limiting the foregoing, Distribution Expenses will include all direct, actual, third party, out-of-pocket costs plus costs for those services which would traditionally be handled by a third party but are handled by an in-house department (such as graphic services). The charges for in-house distribution services will not exceed the applicable industry rate as if such services were rendered by an outside third party. No Distribution Expense shall be deducted as a Production Cost, and vice-versa (i.e., there will be no double deductions of the same cost).

- E. "Production Costs" means the aggregate of all actual direct out-of-pocket costs incurred and actually paid or charged (i.e., internal studio charges as permitted hereunder) within a reasonable period of time by WBTV for or in connection with the production of the Program, calculated according to the standard accounting practices now or hereafter employed by WBTV for programs owned, financed, or distributed by WBTV. Direct costs shall include, without limitation, all items customarily reflected on WBTV's production budget, whether such items are furnished by WBTV or others (but if furnished by WBTV the charges for such items will not exceed the applicable industry rate of similar providers as if such items were furnished by an outside third party). Production Costs shall also include a charge for WBTV's overhead costs computed at twelve and one-half percent (12.5%) of the Production Costs, exclusive of interest and third party advances or participations. Unrecouped third party guarantees (and the overhead associated therewith) shall not be charged as a Production Cost (only the actual fee payable to or charged-off against the guarantee for the Pilot and/or Series episodes shall be charged as a Production Cost) unless such guarantees arise from new agreements (i.e., not the extension, amendment or renewal of any such existing agreement) made after the date hereof in support of this project. Interest will be charged on the Production Costs at a rate which is one and one half percent (1-1/2%) per annum above the prime commercial rate of First National Bank of Boston from time to time in effect. Such interest shall be recouped before principal. Production Costs shall also include the unrecouped amount of guaranteed compensation payable to Participant pursuant to the Agreement allocated pro rata, based on number of episodes produced, among all series and/or other projects produced pursuant to the Agreement. Should WBTV advance or guarantee any portion of Participant's or any third party's share of the Modified Adjusted Gross or contingent deferments, interest (and overhead on Participant's advance only) on the amount so advanced or guaranteed shall be included in Production Costs and the principal amount advanced or guaranteed to third parties shall be also included in Production Costs hereunder until such time as it is recovered from the share of Modified Adjusted Gross or contingent deferments against which it applies. There shall be not overhead on interest, and no interest on interest.
- F. "WBTV" includes Warner Bros. Television, a division of WB Studio Enterprises Inc., Warner Bros. Television Distribution Inc. (dba Warner Bros. Domestic Television Distribution), Warner Bros. Domestic Cable Distribution, and Warner Bros. International Television Distribution Inc. The term shall not include: any other person, firm, or corporation distributing the Program or exploiting subsidiary rights therein; exhibitors or others who may actually exhibit the Program to the public; radio or television broadcasters; cable operators; manufacturers, wholesalers, or retailers of Videograms; book, magazine or music publishers; phonograph record producers or distributors; and manufacturers, distributors, wholesalers, retailers or operators of any types of merchandise, goods, services or theme park or other attractions; whether or not any of the foregoing are affiliated with WBTV.

- G. "United States" means the United States, its territories and possessions and Bermuda, but excluding Spanish-speaking Puerto Rico and the Canal Zone.
- H. "Merchandising" means licensing the use of the trademarks, trade names, service marks and copyrights in connection with the manufacture, distribution and sale of articles of merchandise involving characters or other elements which make reference to or are based upon the Program; but shall not include phonograph records, tapes, discs, printed publications of literary material, music or lyrics (which are covered in paragraph I.B. herein).

## II. ACCOUNTINGS AND PAYMENTS:

- A. Accounting Unit. The Program shall be included in a single accounting unit for the determination of Modified Adjusted Gross. Losses incurred with respect to any accounting period shall be carried forward and applied against subsequent Modified Adjusted Gross, and also carried back to apply against Modified Adjusted Gross in a prior accounting period. Gross Receipts from all sources of income shall be accounted for together so that a deficit incurred with respect to a given source may be offset against Modified Adjusted Gross derived from another source. Should WBTB make any overpayments to Participant for any reason in connection with the Agreement, WBTB shall have the right to deduct and retain an amount equal to any such overpayment from any sums that may thereafter become due or payable by WBTB to the Participant under this or any other contract for WBTB's own account, or may demand repayment from the Participant, in which event the Participant agrees to pay the same upon demand.
- B. Accounting Statements. WBTB will render to Participant a reasonably detailed (as customarily given by WBTB) summary statements showing the computation of Modified Adjusted Gross, if any, hereunder in accordance with its established accounting procedures, as such may be modified from time to time. The initial statement shall be rendered within a reasonable amount of time (under the circumstances) after the close of the calendar quarter in which occurs the end of the second broadcast year in which the Program is first exhibited. Thereafter, such statements will be rendered at least annually after the end of the respective fiscal years, except that quarterly statements shall be rendered for three years commencing when and if the Program goes into syndication or post-initial exhibition cable sale in the United States and semi annually thereafter. No statements need be rendered for periods in which no Gross Receipts are generated. If WBTB incurs any costs or receives any receipts in respect of matters pertaining to the Program together with other matters, a portion of such costs or receipts shall in good faith and in a fair and reasonable manner be allocated to the Program in accordance with WBTB's usual and customary good faith accounting procedures. If WBTB reasonably anticipates retroactive wage adjustments, guild residuals, uninsured claims or other reasonably anticipated costs, expenses, or losses relating to the Program, which, if and when incurred,

would be properly deductible hereunder, WBTB may set up appropriate and reasonable reserves therefor. In the event such reserve is in effect for a period of twelve (12) months, WBTB will re-examine such reserve in good faith and will continue to maintain such reserve only if WBTB deems such reserve to be necessary. Each statement shall be deemed final and conclusive unless an audit thereof is requested in writing and addressed to the Senior Vice President, Financial Contract Reporting & Administration within 36 months from the rendition of such statement. Any objection to such statement shall be deemed waived unless Participant initiates an action with respect thereto within 12 months from the date of conclusion of the audit. As a courtesy to Participant, WBTB may include cumulative figures in any earnings or other statement, in which event the time within which Participant may commence any audit or make any objection with respect to a given statement shall not be extended as a result thereof.

- C. Payments. WBTB shall pay all money due Participant pursuant to any such statement concurrently with the rendering of such statement, subject to all laws and regulations requiring the withholding of taxes. However, if WBTB shall have received any attachments, garnishments, orders to withhold, notices of assignment, or conflicting claims to any money payable to Participant hereunder, or shall be aware of any facts which may result therein, WBTB may, following good faith consultation with Participant, withhold payment to Participant in whole or in part until such matters are resolved to WBTB's reasonable (under the circumstances) satisfaction, but not beyond the expiration or rescission of any such garnishment or attachment order. No receipts shall be included in Gross Receipts or any statements hereunder unless and until such sums shall have been received by WBTB or credited to its account in U.S. dollars in the United States (or are otherwise freely transmittable to U.S. dollars), or used by WBTB, in which event they shall be included at the official or unofficial rate of exchange (as WBTB may elect) prevailing at time of use which shall be the same rate WBTB uses in its financial statements. As to foreign revenues not included in statements, as aforesaid, WBTB shall, at the request and expense of Participant (subject to all limitations affecting such transactions) deposit into a bank designated by Participant in the country involved, or pay to any other party designated by Participant in such country, such part thereof as would have been payable to Participant hereunder. Such deposits or payments to or for Participant shall constitute due remittance to Participant, and WBTB shall have no further interest therein or responsibility therefor. In no event shall WBTB be obligated to apply receipts not actually received or credited to its account by WBTB in U.S. dollars in the United States (or are otherwise freely transmittable to U.S. dollars) to the recoupment of any cost deductible by WBTB hereunder which was incurred in U.S. dollars.
- D. Examination of Books. Participant may cause WBTB's books and records of account relating to the Programs to be examined at Participant's expense, to the extent that they have not become incontestable, by a firm of certified public accountants who regularly audit companies in the motion picture and television

business, subject to WBTV's right of approval, to be exercised reasonably. WBTV preapproves Sills & Gentile; Gelfand, Rennert & Feldman; Breslauer, Jacobson, Rutman & Sherman; Nigro, Karlin, Segal & Feldstein; and Hacker, Douglas & Co. Such examination may be conducted no more than once each calendar year during normal business hours in such a manner as not to materially interfere with the normal conduct of WBTV's business and each such examination shall relate only to transactions concerning the Program occurring since the last preceding inspection, if any, or during the preceding 36 months (provided that a statement was in fact issued to Participant within the preceding 36 months), whichever is shorter. No examination shall continue beyond 90 days from its inception, which period shall be extended by a period of time equal to any unreasonable delay caused by WBTV, if any.

- E. Commingling Funds. Any Gross Receipts, Modified Adjusted Gross, working capital, reserve funds, deferred payments or other sums received or held by WBTV may be commingled with WBTV's general fund and Participant shall not have any right to interest therein nor any right to participate in any profit or other income derived by WBTV from use of the sums so received or held.

### III. PARTICIPANT'S ACKNOWLEDGEMENTS:

Participant acknowledges and agrees as follows:

- A. Dealings With Affiliates: Participant acknowledges that WBTV is an indirectly wholly-owned subsidiary of Warner Bros. Entertainment Inc., which in turn is an indirectly wholly-owned subsidiary of Time Warner Inc., a diversified, multi-faceted, international company, whose affiliates include, or may in the future include, among others, exhibitors, networks, stations and programming services, syndication and distribution companies, video device distributors, record companies, publishers (literary and electronic), internet service providers and/or other internet companies, and wholesale and retail outlets (individually or collectively, "Affiliated Company or Companies"). Participant further acknowledges that WBTV may, in the unilateral exercise of its sound business judgment and taking into account business interests of WBTV and its Affiliated Companies, make use of Affiliated Companies in connection with its distribution and exploitation of the Program episodes (including the Pilot), as, when and where WBTV deems it appropriate to do so. Participant expressly waives any right to object to such distribution and exploitation of any Program episode (including the Pilot), or aspects thereof, or assert any claim that WBTV should have offered the applicable distribution or exploitation rights to unaffiliated third parties (in lieu of, or in addition to, offering the same to Affiliated Companies). In consideration thereof, WBTV agrees that WBTV's transactions with Affiliated Companies will be negotiated in good faith (i.e., any such amounts shall be generally consistent with the amounts that the Affiliate Company pays in similar transactions with unrelated third party distributors for comparable programs, that is, programs of similar length, type and ratings performance). Participant agrees



that its sole remedy against WBTV for any alleged failure by WBTV to comply with the terms of this paragraph shall be money damages, with such claim to be subject to the provisions of subparagraph D below, and Participant hereby waives any right to seek or obtain preliminary or permanent equitable relief in connection with any such alleged failure. In no event shall Company or any Affiliated Company be liable under any circumstances for consequential, incidental, special, exemplary, or punitive damages.

- B. Distribution Control: Nothing shall be deemed to obligate WBTV and/or its licensees (including without limitation Affiliated Companies) to distribute, exhibit or otherwise exploit the Program. WBTV may do so or refrain from doing so as it may decide in its own absolute discretion. WBTV makes no express or implied representation or warranty as to the manner or extent of any distribution or exploitation of the Program, nor as to the amount of Modified Adjusted Gross or that any Modified Adjusted Gross will be realized.
- C. Relationship of the Parties: The relationship between WBTV and Participant is that of debtor and unsecured creditor, and nothing contained herein shall be construed as giving or vesting in Participant any legal or equitable right, title or interest whatsoever in the Program, the Modified Adjusted Gross Receipts, or any lien or charge thereon, or security interest therein, or an assignment thereof. In addition, nothing contained herein shall be construed as creating a joint venture or partnership or any form of agency, trust or fiduciary obligation or relationship between WBTV and Participant. Gross Receipts and Modified Adjusted Gross Receipts shall not be considered trust funds, and WBTV may freely commingle the same with other funds of WBTV.
- D. Dispute Resolution: Any and all controversies, claims or disputes arising out of or related to this Agreement or the interpretation, performance or breach thereof, including, but not limited to, alleged violations of state or federal statutory or common law rights or duties, and the determination of the scope or applicability of this agreement to arbitrate ("Dispute"), except as set forth in subparagraphs 2 and 3, below, shall be resolved according to the procedures set forth in subparagraph 1, below, which shall constitute the sole dispute resolution mechanism hereunder:
1. Arbitration: In the event that the Parties are unable to resolve any Dispute informally, then such Dispute shall be submitted to final and binding arbitration. The arbitration shall be initiated and conducted according to either the JAMS Streamlined (for claims under \$250,000) or the JAMS Comprehensive (for claims over \$250,000) Arbitration Rules and Procedures, except as modified herein, including the Optional Appeal Procedure, at the Los Angeles office of JAMS, or its successor ("JAMS") in effect at the time the request for arbitration is made (the "Arbitration Rules"). The arbitration shall be conducted in Los Angeles County before a single neutral arbitrator appointed in accordance with the Arbitration

Rules. The arbitrator shall follow California law and the Federal Rules of Evidence in adjudicating the Dispute. The parties waive the right to seek punitive damages and the arbitrator shall have no authority to award such damages. The arbitrator will provide a detailed written statement of decision, which will be part of the arbitration award and admissible in any judicial proceeding to confirm, correct or vacate the award. Unless the Parties agree otherwise, the neutral arbitrator and the members of any appeal panel shall be former or retired judges or justices of any California state or federal court with experience in matters involving the entertainment industry. If either party refuses to perform any or all of its obligations under the final arbitration award (following appeal, if applicable) within thirty (30) days of such award being rendered, then the other party may enforce the final award in any court of competent jurisdiction in Los Angeles County. The party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including reasonable outside attorneys' fees, incurred in enforcing the award, to be paid by the party against whom enforcement is ordered.

2. Injunctive Relief: Notwithstanding the foregoing, either party shall be entitled to seek injunctive relief (unless otherwise precluded by any other provision of this Agreement) in the state and federal courts of Los Angeles County.
3. Other Matters: Any Dispute or portion thereof, or any claim for a particular form of relief (not otherwise precluded by any other provision of this Agreement), that may not be arbitrated pursuant to applicable state or federal law may be heard only in a court of competent jurisdiction in Los Angeles County.

#### IV. MISCELLANEOUS:

- A. Participant shall have the right to sell, assign, transfer or hypothecate all or any part of its interest, if any, in and to the Program and all or any part of the monies which are or may become payable to Participant hereunder; provided that any such assignment shall be subject to all pertinent laws, governmental regulations and the rights of WBTV hereunder. If at any time more than 3 parties shall be entitled to receive payments which, under the terms hereof, are to be paid to or for the account of Participant, WBTV may, at its option, require that all such parties execute and deliver an agreement in WBTV's usual form appointing a disbursing agent for all such parties.
- B. In the event Participant shall propose to sell, assign or transfer all or any part of its interest, if any, in and to the Program, or all or any part of the monies which are or may become payable to Participant hereunder, other than by way of a bona fide merger, consolidation, third party acquisition of Participant, bona fide gift, bequest or devise, WBTV shall have a right of first refusal to acquire the same.

which right WBTV may exercise within 10 days after receipt of written notice from Participant specifying the prices and other terms and conditions upon which Participant proposes to make such sale, transfer or assignment. Should WBTV fail to exercise such right of first refusal, then Participant shall not sell, transfer or assign such interest or monies or any part thereof to any third party upon terms and conditions more favorable to such third party than those set forth in said written notice without again giving WBTV the opportunity to exercise said right of first refusal in accordance with the foregoing procedure.