

# State of California

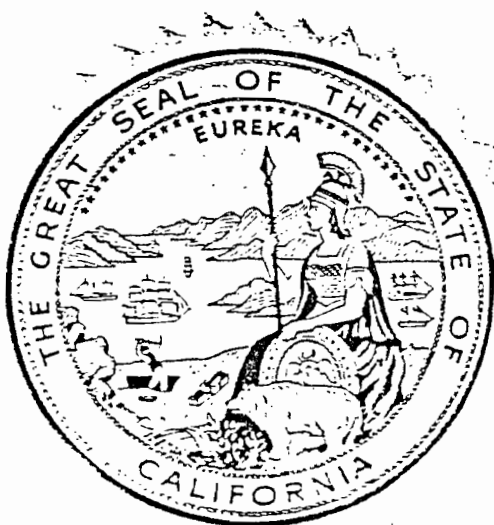
OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

OCT 14 1981



*March Fong Eu*

Secretary of State

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STOCK REDEMPTION AGREEMENT

THIS STOCK REDEMPTION AGREEMENT is executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 1982, by and between AUTHOR SERVICES, INC., a California corporation, having its principal place of business at 6464 Sunset Boulevard, Suite 900, Hollywood, California 90028 (the "Corporation" herein), and TERRI GAMBOA and HOWARD SCHOMER (individually "a Shareholder" herein and collectively "the Shareholders" herein) at Los Angeles, California.

R E C I T A L S

A. The parties to this Agreement are employees and the executive officers of the Corporation and are the registered owners of all of the issued and outstanding common stock of the Corporation.

B. The stock registered in the names of the Shareholders is the community property of each respective shareholder and his wife.

C. The transfer of a Shareholder's stock to any person other than the Corporation or other employees of the Corporation would tend to disrupt the harmonious and successful management and control of the Corporation.

D. It is deemed to be in the best interests of the Corporation that, in the event of the death, retirement or total and permanent disability of any one of the Shareholders, the shares registered in his name shall be made available for the transfer to key employees of the Corporation, or to other competent persons employed by the Corporation, and that none of said shares shall be permitted to pass to persons not employed by the Corporation or experienced in the management of its business and affairs.

W I T N E S S E T H:

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto and of the mutual benefits to be gained by the performance thereof, the Shareholders for themselves, for their wives in relation to their respective community property interest, and for their heirs, executors, administrators, and assigns, and the Corporation for itself, its successors, and assigns, agree as follows:

1. Restrictions on Sale During Life of Shareholder; Mandatory Purchase.

1.1 No sale, transfer, encumbrance or hypothecation, whether voluntary or involuntary or by operation of law, of any or all of the shares of the Corporation's stock owned by a Shareholder (the "offering Shareholder" herein) shall be effective without first offering, in writing, to sell any or all of his shares of stock to the Corporation and the other Shareholder (hereinafter called the "remaining Shareholder") in accordance with this Agreement.

1.11 Upon the occurrence of any of the following events, when no actual offer of sale by a Shareholder has been made to the Corporation and/or any of the remaining Shareholders, as required herein, formal notice and receipt of an offer of sale by said Shareholder shall, nevertheless, be deemed complied with in accordance with the terms and conditions of this Agreement, and the Shareholder shall be deemed to have made an offer to sell, as hereinabove defined, to the Corporation and the remaining Shareholders, if any, and that Shareholder shall be deemed to be the offering Shareholder:

1.111 A sale, transfer, encumbrance or hypothecation by a Shareholder of any shares of the Corporation's stock; or

1.112 The filing by a Shareholder (whether in that capacity or otherwise) of an action for involuntary winding up and dissolution of the Corporation pursuant to Section 1800 of the California Corporation Code, or corresponding section or sections of that Code; or

1.113 The appointment of a conservator or guardian of the estate of a Shareholder; or

1.114 The filing of a petition, either voluntary or involuntary, under the provisions of the Federal Bankruptcy Act by a Shareholder; or

1.115 The appointment of a receiver for the assets of a Shareholder.

1.2 The Corporation must purchase the shares of stock within sixty (60) days from the date of receipt of the offer to sell and the Shareholder must convey all of his or her shares upon receipt of payment as provided in Paragraph 3.2 hereinbelow.

1.3 If for any reason, any of the shares of stock held by any Shareholder are converted from community property to joint tenancy or tenancy-in-common with the spouse of a Shareholder, or are divided into the separate

property of each, the spouse of such Shareholder shall receive and hold the shares of such stock, or interest in such shares, during the lifetime of such Shareholder, subject to the terms of this Agreement. There shall be no further transfer of such shares other than in accordance with the terms of this Agreement, excepting that the spouse may transfer shares of stock held by such spouse to her Shareholder husband.

1.4 In the event the spouse of a Shareholder should predecease a Shareholder, any shares passing from the control of the Shareholder by virtue of testamentary disposition of the spouse, shall be received and held by such deceased spouses legatee or transferee during the lifetime of the surviving Shareholder subject to the terms of this Agreement, and there shall be no further transfer of such shares other than in accordance with the terms of this Agreement, excepting that a transfer of such shares may be made by such legatee or transferee to the Shareholder from whose control such shares had passed upon the death of the Shareholder's spouse.

2. Mandatory Redemption on Death of a Shareholder.

2.1 In the event one of the Shareholders shall die, then this Agreement shall be binding upon his appointed legal representatives, trustees, heirs and successors in interest, and neither the deceased, nor his estate, shall have any right to dispose of the shares of stock, except as provided herein.

2.2 In the event of the death of a Shareholder, the Corporation must purchase all of the shares of stock of the deceased Shareholder, including the community property interest of the decedent's spouse therein and the interest of any prior transferee, for the price and upon the terms contained herein. The personal representatives of the respective decedent's estate is hereby required to sell and convey all of the shares which constitute part of such decedent's estate upon receipt of payment as provided in Paragraph 3.2 hereafter.

3. Purchase Price and Payment Terms.

3.1 The Corporation and the Shareholders mutually agree that unless or until a new value is agreed upon, the value of each share of stock covered by this Agreement shall be the sum of One Dollar (\$1.00).

4. Mandatory Purchase on Disability or Termination of Employment.

4.1 In the event any Shareholder becomes totally and permanently disabled (as defined hereinafter) or in the event any Shareholder's employment with the Company is terminated for any other reason, the Corporation and the remaining Shareholders must purchase any or all shares owned by the disabled or terminated Shareholder at the price set forth in Paragraph 3 above.

4.2 The term "total and permanent disability" shall mean any physical disability which wholly and continuously prevents a Shareholder, and presumably will thereafter during his entire life, prevent him from performing his duties as an employee of the Corporation. In the event the parties fail to agree whether a Shareholder is totally and permanently disabled for purposes hereof, the parties hereto shall submit the matter to arbitration pursuant to the rules of the American Arbitration Association. The disabled party shall designate an arbitrator and the Corporation shall designate an arbitrator, and the two arbitrators so selected shall designate a third arbitrator to reach this determination. The arbitrators shall be entitled to receive and rely on any medical advice or other advice which they shall have required to enable them to make a determination under this Article 4, whether or not a purchase and sale shall take place, and their determination on evidence so received shall be final and binding on the parties hereto and their transferees, if any. The costs of arbitration shall be shared equally between the Corporation and the disabled employee.

5. Reduction of Capital Stock. If at any time the Corporation is required to make payment of the purchase price for all of the stock of a Shareholder, and its surplus is insufficient for such purpose, then (a) the entire available surplus shall be used in partial payment for the Shareholder's stock and (b) the Corporation and the remaining Shareholders shall promptly take all required action to reduce the capital stock of the Corporation to the extent permissible under state law and necessary for the purposes of this Agreement to accomplish payment of the purchase price.

6. Stock Certificate - Restriction Stated Thereon.

6.1 Concurrently with the execution of this Agreement, each of the Shareholders shall cause the certificates evidencing the shares of stock of the Corporation now issued and outstanding and held by the Shareholders to have typed upon the face thereof a statement that such stock is held pursuant to the terms of this Agreement; and in the event, at any time or times, any

portion of said stock be sold and purchased pursuant to this Agreement, and in the event, for any reason, a new certificate or certificates for any of said stock be issued, then any such new certificates shall have typed upon the face thereof a statement that such stock is held pursuant to the terms of this Agreement. It is the understanding of the parties hereto that negotiability of said stock held now by the Shareholders shall be limited by the provisions of this Agreement, and no sale, transfer, encumbrance or hypothecation of any shares of stock of the Corporation owned by the Shareholders, or any of them, shall be binding or valid if the same shall be in contravention of any of the terms, and the Corporation shall not recognize or be compelled to recognize as binding or valid any such sale, transfer, encumbrance or hypothecation of any such shares of stock of the Corporation, if so made in contravention of any of the terms, provisions or conditions of this Agreement.

6.2 The statement to be stamped upon the face of each certificate issued or to be issued to a Shareholder shall be in the following form:

SALE, TRANSFER OR HYPOTHECATION OF THE SHARES EVIDENCED BY THE WITHIN CERTIFICATE IS RESTRICTED BY THE PROVISIONS OF A STOCK REDEMPTION AGREEMENT, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE CORPORATION, ALL OF THE TERMS AND CONDITIONS OF WHICH ARE BY THIS REFERENCE INCORPORATED HEREIN. SAID AGREEMENT REQUIRES, AMONG OTHER THINGS, THE PURCHASE AND SALE OF THE SHARES EVIDENCED BY THIS CERTIFICATE UPON THE DEATH OF THE ORIGINAL HOLDER HEREOF."

6.3 A copy of this Agreement has been delivered to the Secretary of the Corporation and shall be shown by the Secretary to any person making inquiry concerning it.

6.31 All references made herein to shares shall be deemed to apply only to shares of the Corporation and such shares shall further be deemed to include all subsequent acquisitions of shares by the respective Shareholders by any means whatsoever.

6.32 Notwithstanding any provision contained herein to the contrary, conditions precedent to the purchase of the shares of any offering Shareholder or a deceased Shareholder, are (1) the release of any guaranty, contingent liability or pledge of assets of such Shareholder to banks, financial institutions or other creditors of the Corporation; (2) payment in full of any liabilities of the Corporation and other Shareholders to such Shareholder.

6.33 Each of the Shareholders hereby agrees to insert in his Will a direction and authorization to his executor to fulfill and comply with the provisions hereof, and to sell the shares held by his estate in accordance with the provisions of this Agreement.

6.34 The Corporation represents and warrants to each of the Shareholders that it is duly authorized to and may acquire lawfully all shares as provided for in this Agreement, pursuant to resolutions duly adopted by its Board of Directors, that it may undertake lawfully the obligations assumed by it hereunder, that in the event it does not have sufficient earned surplus to comply timely with the obligations of the Corporation in the manner provided for hereunder, the Corporation will take all required action necessary to enable the Corporation to comply lawfully with said obligations (including without limitation such reduction of stated capital as may be necessary).

6.35 Each of the Shareholders hereby acknowledges that he is completely familiar with all aspects of the business and affairs of the Corporation, including without limitation the financial condition, operations and prospects for growth, merger or acquisitions, present or prospective, of the Corporation. Each of the Shareholders hereby further acknowledges that he has made, or has had the opportunity to make personally, a full and complete investigation of all facts and circumstances surrounding the matters set forth and it is the independent conclusion of each that all consideration each is to receive pursuant to this Agreement is in all respects completely fair and satisfactory.

7. Shareholders' Covenants. Each of the Shareholders covenants with the other Shareholder and with the Corporations that he or the personal representative of his estate will, as the case may be, transfer shares to the Corporation and/or the remaining Shareholder, as and when provided for under this Agreement, free and clear of all liens, encumbrances and claims (other than those of the Corporation and/or the remaining Shareholder).

8. Entire Agreement of the Parties. This Agreement sets forth the entire understanding between the parties hereto with respect to all matters referred to herein and the provisions hereof may not be changed or modified except by an instrument in writing signed by all of the parties hereto and delivered to the Secretary of the Corporation.

9. Place and Time of Closing; Delivery of Stock.

9.1 If an offer to sell the stock of a Shareholder is required, the sale shall be closed at the principal office of the Corporation at a time (during its ordinary business hours) fixed by the purchaser on or before the date

for first payment of the purchase price, which date shall be no later than thirty (30) days after acceptance of any offer of an offering Shareholder.

9.2 Upon the closing of the sale, the seller of stock shall deliver to the purchaser in exchange for any payment due, the certificates of stock being sold, free and clear from any lien, charge or encumbrance thereon, with separate assignments executed, and any other documents required to transfer. In the event of death of a Shareholder, the personal representative of the estate of the deceased Shareholder shall deliver, in addition to those documents required herein, such tax releases, consents to transfer and evidences of title as may be reasonably required by the purchaser.

10. Specific Performance. If any person so required under this Agreement fails to give notice, make an offer, sell stock, or close a sale, then, and in any such event, if the failure continues for thirty (30) days after written notice to the party in default, the Corporation or the Shareholder may institute and maintain a proceeding to compel specific performance of this Agreement by the party in default, as the parties agree that in the event of any default by the parties hereto, there is no adequate remedy at law for redress of such default.

11. Obligations. Each Shareholder, the Corporation, the Trustee and the personal representative of any disabled or deceased Shareholder, shall do all things and execute and deliver all papers as may be necessary to consummate any transaction contemplated herein.

12. Notices. Any notice or other communication required or permitted to be given to any party shall be given, in writing by registered or certified mail, return receipt requested, postage prepaid, addressed to each respective party at the address shown below:

TO THE CORPORATION:

AUTHOR SERVICES, INC.  
6464 Sunset Boulevard  
Suite 900  
Hollywood, California 90028

TO THE SHAREHOLDERS:

TERRI GAMBOA  
6464 Sunset Boulevard  
Suite 900  
Hollywood, California 90028

00100



HOWARD SCHOMER  
6464 Sunset Boulevard  
Suite 900  
Hollywood, California 90028

or at such other address as any party shall indicate by proper notice to the other in the such manner as provided above. All notices will be deemed effective five (5) business days after mailing in accordance with the above. A copy of any notice or other communication given by one party to another shall also be given to the Trustee, if the Pledge Agreement is then in effect.

13. Termination. This Agreement shall terminate on:

(a) The written agreement of the Shareholders and the Corporation.

(b) Death or disability of the Shareholders simultaneously, or the death or disability of a surviving Shareholder within a period of the thirty (30) days from the date of the death or disability of the other Shareholder.

(c) Upon the bankruptcy, dissolution, receivership or cessation of business of the Corporation.

14. Inurement, Performance and Amendment. This Agreement shall bind and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the representative parties hereto. Each party agrees to perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement. This Agreement may be amended at any time by the written agreement of the parties thereto.

15. Severability. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall be affected thereby.

16. Attorneys' Fees. In the event suit is brought to enforce or interpret any part of this agreement, the prevailing party shall be entitled to recover as an element of his costs of suit, and not as damages, a reasonable attorneys fee to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover his costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover his costs shall not recover attorneys fees. No sum for attorneys fees shall

be counted in calculating the amount of a judgment for purposes of determining whether a party is entitled to recover his costs or attorneys fees.

17. Grammatical Usage. Wherever used herein, the singular number shall include the plural, and the plural number shall include the singular, and "he" or "his" shall include "she" or "her."

18. Headings. Paragraph headings contained herein are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent, or intent of this Agreement or any provision hereof.

19. Law. This Agreement shall be governed by and construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Stock Redemption Agreement as of the date first above written.

TERRI GAMBOA  
*TERRI GAMBOA*

HOWARD SCHOMER  
*HOWARD SCHOMER*

AUTHOR SERVICES, INC.

By TERRI GAMBOA  
*TERRI GAMBOA*