

AUDIO INCORPORATED - TERMS & CONDITIONS

For rental of audio equipment and staging:

GETTING STARTED

These terms and conditions form part of the rental contract (the "Rental Contract") between you and Audio Incorporated the rental company (the "Rental Company"), and apply to all the equipment and/or vehicles (the "Equipment") rented by you. These terms and conditions constitute additional provisions of, and guides to interpretation of the Rental Contract. In the event of a conflict between these terms and conditions hereof and the Rental Contract, the terms of the Rental Contract shall prevail.

PRE-PRODUCTION - TESTING THE EQUIPMENT

TEST THE EQUIPMENT ("EQUIPMENT" INCLUDES ALL TYPES OF RENTAL PRODUCTION EQUIPMENT AND/OR VEHICLES). You will always have an opportunity to test and examine the Equipment to determine that the Equipment is in good working order. You may test the Equipment at the rental facility, on location, or at another place.

YOU ARE CONSIDERED TO HAVE TAKEN DELIVERY OF THE EQUIPMENT and therefore assume all risk of loss from the time that the Equipment is set aside from the Rental Company's general rental inventory for your use. You are responsible for any damage you cause to equipment, property or person(s), during testing. After completing your tests you must notify the Rental Company of any defective or inoperable equipment immediately upon discovering the defect. Unless you notify the Rental Company of a defect or problem with the equipment supplied, you agree that the Equipment is in good working order and that the Equipment is acceptable to you.

TRANSPORTING EQUIPMENT - PICK UP & DELIVERY

YOU PICK UP AND RETURN THE EQUIPMENT at the rental facility, during business hours.

IF YOU DO NOT PICK UP AND/OR RETURN THE EQUIPMENT AT THE RENTAL FACILITY YOU ARE RESPONSIBLE FOR TRANSPORTATION TO AND/OR FROM ANY LOCATION. At your request and expense, the Rental Company may arrange shipment of the Equipment to your designated location. You are responsible for all costs (transportation charges, taxes, duties, brokers fees, bonds, insurance and any other costs) incurred during transit. The Rental Company is not responsible for shipping delays once the Equipment is delivered to your carrier. The Rental Company will not accept collect shipments from you.

YOUR RESPONSIBILITIES WITH REGARD TO THE EQUIPMENT

YOU ASSUME ALL RISKS OF LOSS. Once you have taken delivery of the Equipment, your responsibility includes, but is not limited to, risks while in transit, at all locations named and unnamed, at all studios, while on your own premises and while in use, or storage on the rental facility's premises.

YOUR RESPONSIBILITY ENDS WHEN THE EQUIPMENT IS RETURNED AND THE RENTAL TERM HAS EXPIRED. Equipment will not be deemed to have been returned until all of the following conditions have been met: 1) property has been brought back to the premises during normal business hours; 2) an inventory has been completed and a missing and damaged list has been compiled, if needed; and 3) the term of the Rental Contract has expired.

YOU ARE RESPONSIBLE FOR ALL EQUIPMENT BEING STORED FOR YOU BY THE RENTAL HOUSE. You are responsible for all equipment (including but not limited to camera(s), props, sets & wardrobe) which is picked up or stored by the Rental Company for your ultimate use. The Rental Company shall be acting as your agent in storing any such property which belongs to third parties. All risks of physical loss to property which is transported or stored by the Rental Company for your benefit shall remain your responsibility.

RESTRICTIONS UPON THE USE OF THE EQUIPMENT

LOCAL USE ONLY, UNLESS OTHERWISE AGREED. In each contract there is a condition that states in which geographic territory you may use the equipment. Geographic restrictions can be removed from the Rental Contract by mutual agreement between you and the Rental Company.

USE BY QUALIFIED TECHNICIANS ONLY. The Equipment may be used only by your duly qualified employees and/or agents and in strict accordance with the use contemplated in the Rental Contract. You shall keep the Equipment in your sole custody and shall not permit the Equipment to be used in violation of any laws.

NO SUBLEASE BY YOU IS PERMITTED. You may not sublease all or any part of the Equipment without written consent of the Rental Company.

DO NOT REMOVE SERIAL NUMBERS OR COVER COMPANY LOGOS. You may not remove or cover over any serial numbers, tags, nameplates, or identifying logos on the Equipment showing ownership by the Rental Company.

NO WARRANTY OR GUARANTY

Except as provided by the law, Equipment is rented to you without warranty or guaranty of any kind, expressed or implied, and the Rental Company assumes no responsibility unless agreed to in writing.

EQUIPMENT DAMAGED OR DESTROYED WHILE IN THE FIELD

AS SOON AS YOU DISCOVER THAT EQUIPMENT IN THE FIELD IS DEFECTIVE, you should notify the Rental Company of the problem and if necessary return the Equipment to the Rental Company, freight pre-paid, for evaluation. The Rental Company will make a reasonable effort to repair or replace the Equipment in the shortest amount of time.

LOSS AND DAMAGES. Upon return of damaged equipment, the Rental Company will make a determination of the extent of the damage and the required repairs. You and/or your representative(s), will have a reasonable amount of time to inspect the damage. In determining whether equipment shall be replaced or repaired, the Rental Company's judgment shall be conclusive upon you. Should the Rental Company determine that the equipment must be replaced, you will be responsible for the cost to replace the same item or the closest comparably equipped model, at current retail prices less any discounts available, without deduction for depreciation.

LOST, STOLEN OR DESTROYED EQUIPMENT. In the event that after delivery to you, any of the Equipment is lost, stolen, damaged beyond repair, destroyed or otherwise disappears or is not returned for any reason, you will be responsible for the cost to

replace the same item or the closest comparably equipped model, at current retail prices less any discounts available, without deduction for depreciation.

AS SOON AS YOU REALIZE THAT EQUIPMENT IS MISSING, NOTIFY THE RENTAL COMPANY, AND FILE A POLICE REPORT. In all instances immediately report any missing, lost, or stolen equipment to the Rental Company and file a report with the local authorities.

RENTAL CHARGES AND LATE CHARGES

YOU MUST RETURN THE EQUIPMENT ON THE DATE SPECIFIED in the Rental Contract or be subject to additional charges. The last rental day shall be the day specified in the Rental Contract or up until 10:00AM of the next business day. A full additional day's rental will be charged for any Equipment not returned by 10:00AM. Full daily rates shall be charged for each day Equipment is not returned after the date specified for the return of the Equipment.

IF YOU RETURN THE EQUIPMENT IN DAMAGED OR NON-WORKING CONDITION, the lease period will be extended by the shortest reasonable time necessary to repair such damage or replace non-repairable equipment and return the item(s) to the Rental Company's general inventory. The extended rental period shall apply only to the damaged or non working item(s), unless the item(s) forms a part of other equipment. There may be delays in repair or replacement attributable to causes beyond the Rental Company's control. The acceptance of the return of the Equipment by the Rental Company is not a waiver by the Rental Company of any claims that it may have against you.

RENTAL CHARGES FOR THE DAMAGED OR NON-WORKING ITEM(S) shall accrue at full rental rate for the item(s) irrespective of any package discounts or other discounts agreed to at the inception of the Rental Contract, until the item(s) is repaired and/or replaced and the invoice for damages has been paid in full to the Rental Company. If requested you shall advance the money in order to allow the Rental Company to repair or replace the equipment.

WEEKENDS AND HOLIDAYS. When on a daily schedule, you will be charged the daily rental rate for weekend days and Holidays if the Equipment is used.

MINIMUM CHARGES. There may be minimum rental periods and/or special minimums applicable to Equipment to be used other than locally.

CREDIT INFORMATION AND PAYMENT TERMS

THE TERMS OF PAYMENT are based upon credit information you supply at the time of rental. Should there be any change in such information, you agree that the Rental Company may demand immediate payment without prior notice.

PAYMENT TERMS. Rental invoices and loss and damage invoices are payable upon receipt of invoice and not later than net 10 days. Payments due for 30 days or more shall be considered past due. For each month or part of a month thereafter, a past due or late charge may be assessed, which you are expected to pay. If the company places the account in the hands of an attorney or other agency for collection, you agree to pay reasonable collection costs, attorney fees and court costs. You agree to pay the rental house directly or as directed by the rental house or its agent.

TERMS & CONDITIONS cont'd

RENTAL PAYMENTS DO NOT APPLY TO PURCHASE PRICE. Rental payments may not be applied to the purchase price of any equipment.

CANCELLATION PENALTIES. The Rental Company shall be entitled to compensation, not to exceed the lease payments, for any losses the Rental Company may sustain because of your cancellation of all or part of an order.

INSURANCE REQUIREMENTS

YOU MUST INSURE ALL THE EQUIPMENT. You shall, at your expense, and at all times during the rental, maintain in full force and effect insurance covering all equipment rented, from all sources, for full replacement cost, except vehicles which are at actual cash value, and for loss of use (rents) of the equipment. Coverage must begin from the time you or your agents accept delivery of the equipment and continue until the time the equipment is returned. You shall deliver to the Rental Company, upon request, evidence of the insurance coverage, typically a Certificate of Insurance satisfactory to the Rental Company, showing Liability Coverage, Property Insurance and Workers Compensation Insurance, prior to taking possession of equipment. Such insurance shall be written by reputable insurers acceptable to the Rental Company; your insurers shall agree to be the primary insurers of such Equipment during the rental period. Notwithstanding this paragraph, you shall remain primarily liable to the Rental Company for full performance under the terms and conditions of the Rental Contract. The Rental Company may enforce its remedies directly against you without resort to your insurance.

PROPERTY INSURANCE. Your insurance should be on a worldwide basis; shall name the Rental Company as Loss Payee for loss or damage to the property rented; shall cover "All Risks" of loss or damage for equipment; vehicles physical damage coverage shall include the perils of "Comprehensive" and "Collision"; and all policies shall provide for 10 days written notice to the rental company before any policy shall be modified or canceled. Limits shall be sufficient to encompass all property at risk, regardless of source, but in no event less than \$1,000,000.

LIABILITY INSURANCE. You shall name the Rental Company as an additional insured on your liability insurance and your liability insurance shall be deemed primary and non-contributory insurance in the event of any claim or suit. Liability insurance shall meet the following minimums:

Commercial General Liability: \$1,000,000 per occurrence & annual aggregate

Automobile Liability: \$1,000,000 combined single limit

Foreign Liability, if filming outside the U.S.A. or Canada: \$1,000,000 per occurrence limit

Aircraft Liability, if filming from an aircraft: \$5,000,000.

THE RIGHTS OF THE RENTAL COMPANY ARE NOT AFFECTED BY YOUR NON-PERFORMANCE. Your insurers shall agree that the rights of the Rental Company under the insurance coverage as described in the preceding paragraphs shall not be affected by

any act or neglect or breach of condition by you, other than non-payments of insurance premiums.

Should you fail to procure or pay the cost of maintaining in force the insurance specified in the Rental Contract or to provide the Rental Company upon request with satisfactory evidence of the insurance, the Rental Company may, but shall not be obligated to, procure the insurance and you shall reimburse the Rental Company on demand for its cost. Lapse or cancellation of the required insurance shall be an immediate and automatic default of this agreement.

TITLE AND OWNERSHIP

You specifically acknowledge the Rental Company's superior title and ownership of the Equipment and must keep the Equipment free of all liens, levies and encumbrances. You may not assign or pledge the Equipment.

RIGHT OF ENTRY AND INSPECTION

The Rental Company shall have the right to inspect the Equipment at any time during the rental term. You shall make any and all arrangements necessary to permit a qualified employee of the Rental Company access to the location of the Equipment. If a breach of any of the provisions of the Rental Contract occurs, the Rental Company has the right to remove all of the Equipment without any liability to you, and without prejudice to the Rental Company's right to receive rent due or accrued to, including the date of removal of the Equipment.

INDEMNIFYING THE RENTAL HOUSE

You agree to indemnify the Rental Company and to hold the Rental Company and its employees and agents harmless from and against any and all losses, damages, claims, demand or liability of any kind or nature whatsoever, including legal expenses, arising from the use, condition (including, without limitation, latent and other defects) or operation of the Equipment, and by whosoever used or operated during the rental term. This indemnification shall continue in full force and effect during and after the term of the rental for causes arising during the term of the rental.

MISCELLANEOUS ASPECTS OF THE RENTAL AGREEMENT

THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE in which the Rental Company is located. The Rental Contract shall be deemed to have been made in the County in which the Rental Company is located, and shall be interpreted and the rights and liabilities of the parties determined, in accordance with the laws of the State in which the Rental Company is located.

WHEN THE CUSTOMER IS A CORPORATION. The person executing the Rental Contract on behalf of such corporation warrants that he/she has full authority of such corporation to sign the Rental Contract and obligate the corporation.

DEFAULT AND BREACH OF TERMS: Each Rental Contract includes provisions for remedies in the event of default by you in payment of rent, or your breach of any terms of the Rental Contract, etc.

Please read these sections in the Rental Contract carefully to understand your rights.

ENTIRE AGREEMENT. The signed Rental Contract and these Terms & Conditions constitute the entire agreement between you and the Rental Company. Any changes must be made in writing and agreed to by both parties.

FOREIGN USE (OUTSIDE THE U.S.) / ADDENDUM #1

You must notify a U.S. based Rental Company of your intention to use the Equipment outside the U.S.A. and gain their permission to do so.

TERMS AND CONDITIONS APPLY. All of the preceding terms and conditions apply to Equipment which is rented from a U.S.A. based Rental Company and is transported to a location outside the U.S.A.

SHIPMENT OUTSIDE THE U.S.A. The Rental Company will only allow shipment through an established Customs Broker, contracted by you. Said U.S. Customs Broker is to register the equipment with United States Customs, using a United States Customs Form 4455, prior to the Equipment leaving the U.S.A. A certified copy of the registration form must be returned to the rental house OR said Customs Broker will arrange a Carnet through the United States Council of the International Chamber of Commerce, stipulating that you: "shall (1) return the said products described in the Carnet to the USA, or (2) pay such customs duties, excise taxes, and/or charges which may be imposed by any country for its failure to return said products". A certified copy of the Carnet must be returned to the renter.

RENTAL HOUSE WILL PROVIDE AN ITEMIZATION OF ALL EQUIPMENT, Listing: brand name; country of origin/manufacture; item; serial numbers; and replacement value.

ALL BROKERAGE CHARGES AND SHIPPING CHARGES, fees and taxes are to be borne by you and prepaid prior to shipment.

RETURNING SHIPMENTS SHOULD BE CONSIGNED TO THE ORIGINATING CUSTOMS BROKER for clearance and re-entry into the U.S. In no cases is the Equipment to be shipped directly back to the Rental Company. Returning shipments should contain instructions to the Customs broker regarding the disposition of the Equipment after clearing the U.S. Customs (i.e. deliver equipment to the Rental Facility, or to your U.S.A. address).

YOU ACKNOWLEDGE THAT RENTAL CHARGES ACCRUE for time in transit, including the time Equipment may be in the hands of the designated Customs broker, or U.S. Customs Service. You acknowledge and agree that the payment of U.S. Import Duty Taxes which may be levied for foreign made goods, is your responsibility, even though you followed the above procedures.

CANCELLATION POLICIES / ADDENDUM #2

In the event of cancellation when on a daily or weekly schedule, cancellation charges may apply in consideration of the rental company's preparing, holding in reserve or sub-renting equipment, facilities or vehicles on your behalf. By keeping the rental company informed of your schedule you can either minimize or avoid cancellation fees.