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06-13-2001

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Tab settings

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

<p>1. Name of conveying party(ies): Landmark Theatre Comoration</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State - Delaware <input type="checkbox"/> Other _____</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>		<p>2. Name and address of receiving party(ies) Name: <u>Silver Cinemas, Inc.</u> Internal Address: _____ Street Address: <u>4004 Peltline Road, Suite 205</u> City: <u>Dallas</u> State: <u>TX</u> Zip: <u>75244</u></p> <p><input type="checkbox"/> Individual(s) citizenship _____ <input type="checkbox"/> Association _____ <input type="checkbox"/> General Partnership _____ JUN - 5 <input type="checkbox"/> Limited Partnership _____ <input checked="" type="checkbox"/> Corporation-State <u>Delaware</u> <input type="checkbox"/> Other _____</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached? <input type="checkbox"/> Yes <input type="checkbox"/> No <small>(Designations must be a separate document from assignment)</small> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>3. Nature of conveyance: <input checked="" type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> <p>Execution Date: <u>December 17, 1997</u></p>			
<p>4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark Registration No.(s) <u>(2,058,951)</u></p> <p>Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>			
<p>5. Name and address of party to whom correspondence concerning documents should be mailed: Name: <u>Hayley Werner</u> Internal Address: _____ _____ <u>Paul, Weiss, Rifkind, Wharton & Garrison</u> Street Address: _____ <u>1285 Avenue of the Americas</u> _____ City: <u>New York</u> State: <u>NY</u> Zip: <u>10019</u></p>		<p>6. Total number of applications and registrations involved: <input type="checkbox"/> 1</p> <p>7. Total fee (37 CFR 3.41) \$ <u>40</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit account number: <u>50-0706</u> (Attach duplicate copy of this page if paying by deposit account)</p>	
DONOT USE THIS SPACE			
<p>9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.</p> <p><u>Winter Krotzer</u> <u>[Signature]</u> <u>6/5/01</u> Name of Person Signing Signature Date</p> <p>Total number of pages including coversheet, attachments, and document: <input type="checkbox"/> 21</p>			

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Mail documents to be recorded with required coversheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002312 FRAME: 0441

AGREEMENT FOR THE PURCHASE AND SALE OF ASSETS

THIS AGREEMENT, dated as of December 17, 1997, is made by and among Landmark Theatre Corporation, a California corporation ("LTC"), Seven Gables Corporation, a California corporation ("Gables"), Parallax Theatre Systems, Inc., a California corporation ("Parallax"), San Francisco Landmark Theatre Corporation, a California corporation ("SFLTC"), and Wisconsin Repertory Cinemas, Inc., a California corporation ("Wisconsin") The Landmark Theater Group, a California corporation ("Group"), (LTC, Group, Gables, Parallax, SFLTC and Wisconsin are collectively and individually called "Seller"), Metromedia International Group, Inc., a Delaware corporation ("Metromedia"), and Silver Cinemas, Inc., a Delaware corporation ("Buyer").

RECITALS

A. Seller is engaged in the ownership and operation of movie exhibition theaters. Seller's operation of the Theaters (as defined below) is referred to as the "Business".

B. Seller desires to sell to Buyer, and Buyer desires to purchase, certain of Seller's assets upon the terms and conditions set forth herein.

AGREEMENTS

ACCORDINGLY, in consideration of the premises and the mutual agreements, covenants, representations and warranties hereafter set forth, the parties hereto agree as follows:

Section 1. Purchase of Assets by Buyer.

1.1 Agreement to Sell. At the Closing, upon the terms and subject to the conditions of this Agreement and in reliance upon the representations and warranties of Buyer in this Agreement, Seller hereby agrees to sell, grant, convey, transfer, assign and deliver unto Buyer the following assets (the "Assets"), free and clear of all liens, encumbrances, mortgages, pledges, claims, charges, security interests, restrictions and rights of others ("Liens"), with the exception of those liens, encumbrances, mortgages, pledges, claims, charges, security interests, restrictions and rights of others listed on Schedule 1.1 attached hereto (the "Permitted Liens"), such sale and transfer to be evidenced by documents reasonably satisfactory to Buyer in form and substance:

(a) All owned furniture, fixtures, machinery, equipment, computers (including both hardware and software) and other assets used in connection with the operation of the theaters as listed in Schedule 1.1(a) attached hereto (the "Theaters").

(b) All inventory of Seller related to the Theaters on the Closing Date;

(c) All inventory in the hands of suppliers for which Seller is committed with respect to the Theaters as of the date hereof or the Closing Date, as listed on Schedule 1.1(c) attached hereto;

(d) Leaseholds (including without limitation, to the extent leased by Seller, land, buildings, structures, fixtures, appurtenances and improvements) relating to the Theaters, including without limitation the leases relating to real property listed on Schedule 1.1(d) (the "Leases") and the fee property (including without limitation buildings, structures, fixtures, appurtenances and improvements) relating to the Theaters listed on Schedule 1.1(d)(i) (the "Fee Property");

(e) Certain contracts, trade names and equipment leases to which Seller is a party listed on Schedule 1.1(e) attached hereto;

(f) The current assets of Seller as set forth on the balance sheet attached hereto as Schedule 1.1(f), including without limitation, any security deposits transferred to Buyer under the Leases; and

(g) The name "Landmark Theatre Corporation" and the tradename "Landmark".

1.2 All Assets Relating to the Theaters. The Assets are intended to and shall constitute all of the business assets of Seller used in connection with the operation of the Theaters, with the exception of those assets of Seller listed on Schedule 1.2 attached hereto (the "Excluded Assets").

1.3 Agreement to Purchase. At the Closing, the Buyer hereby agrees to purchase from the Seller, upon the terms and subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Seller in this Agreement, the Assets. As consideration therefor, the Buyer shall pay to the Seller the Purchase Price for the Assets.

Section 2. Price and Terms.

2.1 Purchase Price. (a) Buyer shall deliver to Seller, as and for the purchase price of the Assets, consideration of Sixty Two Million Four Hundred Seventy Two Thousand Dollars (\$62,472,000), as adjusted pursuant to Section 2.1.(b) below and elsewhere herein (the "Purchase Price"), payable by a wire transfer of immediately available funds to an account designated in writing by Seller at least two days prior to the Closing Date.

(b) As promptly as possible after the Closing Date, Buyer shall prepare a Closing Date balance sheet mutually agreeable to Buyer and Metromedia (the "Final Balance Sheet") reflecting the combined Assets and Assumed Liabilities (and accruing pro rata amounts including employment obligations). In the event that Metromedia and Buyer are unable to agree upon a Final Balance Sheet within thirty (30) days following delivery of a balance sheet, Buyer

and Metromedia shall employ a "Big Six" accounting firm, selected mutually by Metromedia and Buyer, to resolve such dispute. If the Final Balance Sheet indicates that current assets, excluding cash, less current liabilities exceeds the corresponding number set forth in Schedule 1.1(f), then Buyer shall pay to Metromedia the difference between such numbers within five (5) working days of receipt of the Final Balance Sheet. If the Final Balance Sheet indicates that current assets, including without limitation any security deposits transferred to Buyer under the Leases, less current liabilities are less than the corresponding number set forth in Schedule 1.1(f), then Metromedia shall pay to Buyer the difference between such numbers within five (5) working days of receipt of the Final Balance Sheet. The Final Balance Sheet will not reflect as a liability any liability for wages, overtime, severance pay, pay in lieu of notice, or vacation time with respect to employees of Seller not hired by Buyer since Seller will pay all such costs at or prior to Closing. In order to prepare the Final Balance Sheet, Buyer shall engage certain employees of Seller listed on Schedule 2.1(b) (the "Transition Employees") from the Closing Date for a period of up to six weeks from the Closing Date (or for a longer time period, if deemed necessary by Buyer to complete the Final Balance Sheet) (the "Transition Period"). Seller and Metromedia agree that they shall cooperate with Buyer and the Transition Employees in making all books and records available to Buyer and the Transition Employees as necessary to prepare the Final Balance Sheet.

2.2 Liabilities Assumed. (a) Except for the Assumed Liabilities expressly specified in Section 2.2(b), Buyer has not agreed to pay, shall not be required to assume and shall have no liability or obligation with respect to, any liability or obligation, direct or indirect, absolute or contingent, known or unknown, matured or unmatured, of Seller, any subsidiary or affiliate of Seller or any other person, whether arising out of occurrence prior to, at or after the date hereof (the "Excluded Liabilities"). Excluded Liabilities shall include, without limitation, (i) all fees and expenses incurred by Seller or any of its affiliates or subsidiaries, in connection with this Agreement; (ii) any liability or obligation to or in respect of any employees or former employees of Seller related to their employment or accruing prior to the Closing or as a result of their termination by Seller including without limitation (w) wages, overtime, severance pay, pay in lieu of notice, accrued vacation time earned or accrued prior to the Closing or as a result thereof, other than any accrued paid vacation days and sick pay for any employees of Seller whom Buyer agrees to employ ("Employee Costs"), (x) any employment agreement, whether or not written, between Seller and any person, (y) any liability under any Employee Plan (defined to include any employee benefit plan, "Employee Benefit Plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, "ERISA," and all other benefit arrangements that are not Employee Benefit Plans, including, but not limited to any employment or consulting agreement, any arrangement providing insurance benefits, any incentive bonus or deferred bonus arrangement, any arrangement providing termination allowance, severance or similar benefits, any equity compensation plan, any deferred compensation plan, and any compensation policy or practice, "Benefit Arrangement," (i) which are maintained, contributed to or required to be contributed to by Seller or any entity that, together with Seller as of the relevant measuring date under ERISA, is or was required to be treated as a single employer under Section 414 of the Code, "ERISA Affiliate," or under which Seller or any ERISA Affiliate may incur any liability, and (ii) which cover the employees, former employees, directors or former directors of Seller or any ERISA Affiliate) at any time maintained, contributed to or required to be contributed to by or with respect to Seller or under which Seller may incur liability, or any contributions, benefits or liabilities therefor, or any

liability with respect to Seller's withdrawal or partial withdrawal from or termination of any Employee Plan and (z) any claim of an unfair labor practice, or any claim under any state unemployment compensation or worker's compensation law or regulation or under any federal or state employment discrimination law or regulation, which shall have been asserted on or prior to the Closing Date or is based on acts or omissions which occurred on or prior to the Closing Date; (iii) any liability or obligation of Parent or Seller in respect of any Tax; or (iv) any liability arising out of occurrences or omissions prior to the Closing. For purposes of this Agreement "Tax" means any of the Taxes, and "Taxes" means all federal, state, local and foreign income, capital gains, gross receipts, sales, use, ad valorem, franchise, capital, profits, license, withholding, employment, payroll, transfer, conveyance, documentary, stamp, property, excise, value added, customs duties, minimum taxes, and any other taxes, levies or assessments of any kind whatsoever, together with additions to tax or additional amounts, interest and penalties relating thereto that may be imposed by any federal, state, local or foreign governments.

(b) The "Assumed Liabilities" are the following, which Buyer will assume at Closing:

- (i) Capital leases listed on Schedule 2.2.1;
- (ii) Operating leases related to Theaters and Theater equipment listed on Schedule 2.2.2;
- (iii) All liabilities of the Seller under contracts listed on Schedule 2.2.3 with respect to events occurring after the Closing Date;
- (iv) All current liabilities set forth on the balance sheet attached as Schedule 1.1(f);
- (v) All accrued paid vacation days and sick pay set forth on the Schedule delivered pursuant to Section 5.14 hereof for any employees of Seller who become employees of Buyer;
- (vi) That certain promissory note dated December 30, 1996 in the original principal amount of \$330,000 made by Gables in favor of Chao Tsan Ting and Mei-Hwa Ting, which note is secured by a deed of trust dated as of the same date; provided that Gables shall make the payment due under such note on January 6, 1998 and Buyer shall have no liability or responsibility for such payment.

(c) Except as otherwise provided herein, to the extent that Buyer hires any employees of Seller, Buyer will thereafter be responsible for any termination and severance obligations it may have with respect to such employees including without limitation (a) any and all claims against Seller asserted by or on behalf of former employees of Seller who commence employment with Buyer on the Closing Date to the extent such claims are based upon or arise from terms and conditions of employment after the Closing Date or the termination of such post-Closing employment; (b) any and all claims asserted by or on behalf of any former employee

of Seller who does not commence employment with Buyer on the Closing Date but who is employed by Buyer at any time following the Closing Date relating to such employee's terms and conditions of employment after the Closing Date or the termination of such post-Closing employment and (c) any and all liability for the obligation to provide notice under the Worker Adjustment and Retraining Notification Act of 1988 ("WARN") with respect to any "plant closing" or "mass layoff," as those terms are defined in WARN, for employment losses occurring on the Closing Date caused by Buyer's failure to offer employment to any employee of the Seller; and

(d) Buyer and Seller may supplement the list of Assumed Liabilities to include any liability of Seller incurred at Buyer's direction, so long as such direction is in writing specifically indicating that it is delivered pursuant to this Section 2.2(e)

2.3 Documents of Sale and Conveyance. The sale, conveyance, assignment, transfer and delivery of the Assets shall be effected by delivery by Seller to Buyer of (i) a duly executed bill of sale in substantially the form of Exhibit "A" attached hereto (the "Bill of Sale"), (ii) Lease Assignments in recordable form in substantially the form of Exhibit "B" attached hereto with respect to Leases already of record (collectively, the "Lease Assignments"), (iii) grant deeds in recordable form with respect to the Fee Property (collectively, the "Grant Deeds"), and (iv) such other good and sufficient instruments of conveyance and transfer listed on Schedule 2.3 attached hereto as shall be reasonably necessary to vest in Buyer good, valid and indefeasible title to the Assets (collectively, the "Other Instruments"). In addition, in the event that Buyer prepares the assignments of trademarks and tradenames in form suitable for recording in the Patent and Trademark Office with respect to registered trademarks and tradenames, Seller shall execute such documents.

2.4 Bulk Sales; Sales and Transfer Taxes. Buyer and Seller have agreed not to comply with the bulk transfer provisions of the bulk sales law of any state (collectively the "Bulk Transfer Law"). Seller agrees to indemnify Buyer for any damages, costs, expenses or liabilities asserted against, imposed upon or resulting from any failure to comply with the Bulk Transfer Law. Buyer shall have no liability for any federal, state or local tax liabilities of Seller, including any sales tax or title transfer fee attributable to the sale of Assets contemplated herein. Any sales, use or similar transfer taxes, and any transfer, recording or similar fees and charges arising in connection with the transfer of the Assets from Seller to Buyer shall be borne by the Seller.

2.5 Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets in accordance with the allocations set forth in Schedule 2.5 to be agreed upon by Buyer and Seller at Closing. Such allocations shall be conclusive and binding on both Buyer and Seller for purposes of their federal and, where applicable, state and local income and transfer tax returns. Buyer and Seller hereby agree not to take positions on any tax return inconsistent with such allocation. Buyer and Seller shall prepare and timely file all such reports and returns as may be required by Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code") to report such allocation.

2.6 Real Estate Taxes. To the extent payable by tenant, real estate taxes and assessments relating to the real estate subject to the Leases for the calendar year of closing shall be prorated between Seller and Buyer as of the Closing Date. If the amount of such taxes for the year of closing are not yet available, the proration shall be based upon the amount of such taxes for the previous year. Upon issuance of the actual tax bills for the year of closing, the parties agree to recompute the proration based upon the actual tax bills, and any amount determined to be owing by one party to the other shall be paid by such party to the other, which obligation shall survive the Closing hereunder.

2.7 Proration of Lease Payments, Taxes, Utility Charges, Film Rental and Other Payments. To the extent not reflected on Schedule 1.1(f), in any case where the Closing Date shall fall on a date other than the date on which payments are due with respect to (i) any Leases or (ii) utility or similar regular periodic charges respecting the Assets for which a final billing has not been received by Seller, any installment of rental payments and any such utility or similar charge payable with respect to the current period in which the Closing Date occurs shall be prorated between Seller and Buyer on the basis of the actual number of days elapsed from the first day of such period to the Closing Date. In the event that actual common area maintenance or similar charges in connection with any Leases for the year of Closing are not available at the Closing Date, an estimated provisional proration of such charges shall be made using figures for common area maintenance or similar charges from the preceding year. When actual figures for such charges become available, a corrected and definitive proration of such charges shall be promptly made. In the event that such charges for the year of Closing exceed the amount estimated in such provisional proration, Seller shall pay Buyer its pro rata share of the amount by which the actual charges exceeded the estimated charges. Similarly, in the event that such charges from the year of Closing are less than the amount estimated in such provisional proration, Buyer shall pay Seller its pro rata share of the amount by which the estimated charges exceeded the actual charges. Film rental payments made to the licensors of the films shall be prorated by Sellers and Buyers as of the Closing Date as soon as the amount of the actual film rental settlement amounts are paid by the Seller or Buyer, as the case may be, to the licensors; provided, however, that such settlement shall occur within 60 days after the Closing Date.

2.8 "Phase I" Environmental Surveys. Seller will reimburse Buyer for fifty percent (50%) of the cost of obtaining a written "Phase I" environmental survey conducted with respect to the Fee Property. Such Property together with the property underlying any Lease is individually and collectively referred to herein as the "Land".

2.9 ADA Survey. Seller has furnished Buyer with complete copies of all written reports or accessibility surveys in its possession concerning compliance with the Americans with Disabilities Act of 1990, as amended ("ADA").

2.10 Sales Use and Transfer Tax. Should any sales or use tax be payable in connection with the sale of assets to be sold by Seller to Buyer pursuant to this Agreement or should any transfer or similar tax be applicable to any lease assignment herein contemplated, such sales, use or transfer tax shall be paid by Seller. The parties shall cooperate in the reporting and settlement of such taxes.

2.11 Title Policies. At or prior to Closing, Seller shall deliver to Buyer ALTA owner's title policies covering up to ten (10) Theaters, subject only to those exceptions acceptable to Buyer (the "Title Policies") and Buyer shall reimburse Seller fifty percent (50%) of the costs of the Title Policies.

2.12 Closing Date. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Latham & Watkins, New York Office as promptly as possible after all conditions to Closing have been satisfied (the "Closing Date") or at such other location or date as the parties may agree. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date".

(a) Deliveries by Seller. At the Closing, Seller shall deliver to Buyer (unless delivered previously), the following (the "Closing Documents"):

1. the Bill of Sale;
2. the Lease Assignments;
3. the Grant Deeds;
4. the Other Instruments;
5. the officers' certificates referred to in Sections 6.1, 6.2 and 6.3 hereof;
6. the opinion of counsel referred to in Section 6.4 hereof;
7. any consents referred to in Section 5.3 hereof;
8. all warranty records, sales literature, licensing records, service and parts records, and including all other existing records relating to Seller's business at the Theaters;
9. the documents referred to in Section 6.8 hereof;
10. the documents referred to in Section 6.10 hereof;
11. the Title Policies; and
12. all other previously undelivered documents, instruments and writings required to be delivered by Seller to Buyer at or prior to the Closing pursuant to this Agreement.

(b) Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller the following:

1. the wire transfer of an amount equal to the Purchase Price;
2. the officer's certificates referred to in Sections 7.1, 7.2 and 7.3 hereof; and
3. all other previously undelivered documents, instruments and writings required to be delivered by Buyer to Seller at or prior to the Closing.

Section 3. Representations and Warranties by Seller.

Seller represents and warrants the following:

3.1 **Organization and Good Standing.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite corporate power to carry on its business as now conducted by it and to own and operate its assets as now owned and operated by it. Seller has no subsidiaries or equity interests in other entities except as set forth on Schedule 3.1. Seller is qualified to do business and is in good standing in each jurisdiction where such qualification is necessary, except for such failures to be so qualified as would not, in the aggregate, have a material adverse effect on Seller's business or financial condition, the Business, any Theater or on Seller's ability to consummate the transactions contemplated by this Agreement (each a "Seller Material Adverse Effect"). Seller has delivered to Buyer true and complete copies of the Seller's Articles of Incorporation and all amendments thereto, certified by the Secretary of State of California, and the bylaws of Seller as presently in effect, certified as true and correct by Seller's Secretary. Each Seller is a wholly-owned subsidiary of Landmark Theatre Group, a California corporation ("Landmark").

3.2 **Authority.** Seller has all requisite corporate power and authority to execute and deliver this Agreement and any instruments and agreements contemplated herein required to be executed and delivered by it pursuant to this Agreement, including, without limitation, the Bill of Sale, the Grant Deeds, the Lease Assignments and the Other Instruments (collectively, the "Related Instruments") and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly authorized, executed and delivered by Seller, and no other corporate act or proceeding on the part of the Seller is necessary to authorize the execution and delivery of this Agreement or the Related Instruments or to consummate the transactions contemplated hereby or thereby. This Agreement is, and each of the Related Instruments, when executed and delivered by Seller at the Closing, will be, a legally valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and to general principles of equity, whether considered in a proceeding in equity or at law.

3.3 **No Violation.** Subject to receipt of the consents and approvals listed on Schedule 3.20 and described in Sections 6.7, 6.8 and 5.3 and except as set forth in Schedule 3.3, neither the execution and delivery by Seller of this Agreement nor any of the Related Instruments, nor the consummation by Seller of the transactions contemplated hereby or thereby, will violate any provision of Seller's (i) Articles of Incorporation or Bylaws, (ii)(a) violate, conflict with or

constitute a default (or an event or condition which, with notice or lapse of time or both, would constitute a default) under, or (b) result in the termination of, or accelerate the performance required by, or cause the acceleration of the maturity of, any liability or obligation pursuant to, under any note, bond, mortgage, indenture, deed of trust, license, lease, contract, commitment, understanding, arrangement, agreement or restriction to which Seller is a party or to which any of the Assets may be subject, (iii) violate any statute or law or any judgment, decree, order, writ, injunction, regulation or rule of any court or governmental authority applicable to Seller, or (iv) result in the creation or imposition of any Lien upon any of the Assets except, in the case of clauses (ii) and (iii), for violations, conflicts, defaults, terminations and accelerations which would not, in the aggregate, have a Seller Material Adverse Effect.

3.4 No Brokerage Commission. Seller has not employed any broker, agent or finder in connection with any transaction contemplated by this Agreement and hereby indemnifies Buyer against any liability for a brokerage commission or finders fee or any description incurred by Seller with respect to any transaction contemplated by this Agreement.

3.5 No Undisclosed Liabilities. There are no liabilities or obligations of Seller relating to the Theaters or any of the Assets, whether accrued, absolute, contingent or otherwise, except those specifically described in the exhibits and schedules attached hereto and those incurred in the ordinary course of business consistent with past practices since the Balance Sheet Date. Since January 1, 1997, there has been no event or occurrence which has had or could reasonably be expected to have a Seller Material Adverse Effect.

3.6 Title to Property; Encumbrances. Seller has good and marketable title to all the Assets. All Assets are free and clear of all Liens except Permitted Liens. The Assets are in operating condition and repair, subject to ordinary wear and tear, and are fit and usable for the purposes for which they are being put. Except as set forth on Schedule 3.6, there are no material repairs or maintenance required in connection with any Theater.

3.7 Contracts. Attached hereto as Schedule 3.7 is a listing of the following contracts, understandings, commitments and agreement to which Seller is a party or is bound related to the Business or the Theaters (the "Contracts"), copies of which have been provided through due diligence:

(a) All oral or written contracts, understandings or commitments which are listed on Schedule 1.1(e), whether in the ordinary course of business or not, involving a present or future obligation of any party in an amount or value in excess of Fifteen Thousand Dollars (\$15,000.00) each;

(b) All Employee Benefit Plans and Benefit Arrangements;

(c) All collective bargaining agreements or other contracts or commitments (whether written or oral) to or with any labor union, employee representative or group of employees; and

(d) All employment contracts, and all other contracts, agreements or commitments (whether written or oral) to or with individual employees for a period in excess of thirty (30) days or for a remuneration which exceeds or will exceed in accordance with present commitments, \$20,000.00 per annum, identifying the individual and his or her position.

There has not been any default in any obligation to be performed by Seller under any Contract which default has had or could reasonably be expected to have a Seller Material Adverse Effect, and Seller has not waived any right under any such contract, commitment or agreement, so as to have a Seller Material Adverse Effect. Copies of all such written contracts and written summaries of all such oral contracts will be furnished or made available to Buyer within at least fifteen (15) days of the date hereof.

3.8 Assets Necessary to Business. The Assets constitute all of the assets, properties, licenses, real and personal property leases, permits, consents and other agreements which are presently being used or are reasonably related to the business and operations of the Business as presently conducted, except for the Excluded Assets.

3.9 Litigation. Except as set forth on Schedule 3.9 and Schedule 3.16, there is no pending or, to Seller's knowledge, threatened litigation, arbitration, proceeding or governmental investigation or inquiry, nor, to Seller's knowledge, is there any basis therefor, affecting the Theaters, the Assets or the transactions contemplated hereby in any court or before any arbitration panel of any kind or before any governmental body. Except as set forth in Schedule 3.9, there is no outstanding order, judgment or award of which Seller has received notice by any court, arbitrator or governmental body against or affecting the Theaters, the Business or the Assets.

3.10 Insurance. Seller now has and has had in full force and effect since the opening of the Theaters fire, liability, workers' compensation, personal injury, property damage to third parties and other insurance covering operations at the Theaters as set forth in Schedule 3.10 attached hereto, in amounts and against such losses and risks as are therein set out, and valid policies for such insurance as is shown to be in effect on the date of this Agreement will be outstanding and duly in force on the Closing Date. Such policies are sufficient for compliance in all material respects with all requirements of law and all agreements with respect to the operation of Seller's business at the Theaters; are valid, outstanding and enforceable policies; provide adequate insurance coverage for the Assets and the operations of Seller's business at the Theaters; and the coverage provided thereby, with respect to any act or event occurring on or prior to the Closing Date, will not in any way be affected by or terminate or lapse by reason of the transactions contemplated by this Agreement. True and complete copies of all policies of insurance now in effect have been furnished to or made available to Buyer except for umbrella policies of Metromedia.

judgment, decree, injunction, writ or order identified to such counsel by Seller as applicable to Seller; or (iv) breach or violate any law, rule or regulation applicable to Seller; and

(e) Each of this Agreement and the Other Instruments to which Seller is a party is a legally valid and binding obligation of Seller, enforceable against Seller in accordance with its terms; subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors and other customary exceptions reasonably acceptable to Buyer's counsel.

6.5 No Material Adverse Changes. No occurrence constituting or having a Seller Material Adverse Effect shall have occurred.

6.6 Documents. All documents required by this Agreement to be delivered by Seller to Buyer at the Closing shall be in substance reasonably satisfactory to Buyer and shall have been executed and delivered to Buyer.

6.7 Consents and Approvals. The waiting period under the HSR Act shall have expired. All licenses, permits, consents, approvals and authorizations of all third parties and governmental bodies and agencies required by this Agreement shall have been obtained and provided to Buyer.

6.8 Certain Real Estate Documents. Seller shall use its reasonable good faith efforts to have delivered to Buyer the consents referred to in Section 5.3 (the "Consents"), Estoppel Certificates, Non-Disturbance Agreements and Memoranda of Lease in the forms of Exhibit "D", Exhibit "E" and Exhibit "F" hereto, respectively, from lessors and mortgagees, respectively, with respect to each of the real property leases listed on Schedule 1.1(d) with such changes requested by such lessors and mortgagees, respectively, agreed to in the reasonable discretion of Buyer.

6.9 No Proceeding or Litigation. There shall not be threatened, instituted or pending any suit, action, investigation, inquiry, injunction, writ or preliminary restraining order or other proceeding by or before any court or governmental or other regulatory or administrative agency or commission requesting or looking toward an order, judgment or decree which (a) seeks to restrain or prohibits the consummation of the transactions contemplated hereby or (b) might have a Seller Material Adverse Effect.

6.10 Non-Compete. Buyer and Metromedia shall have executed and delivered a mutually satisfactory non-compete agreement.

6.11 Audited Financial Statements. Seller shall have delivered to Buyer by December 31, 1997 the consolidated balance sheet, statement of income and statements of cash flows of Landmark, at and for the fiscal years ended March 31, 1995 and 1996 and for the nine month period ending December 31, 1996, accompanied by the unqualified audit opinion of a "Big Six" accounting firm (the "Audited Financials"). Such Audited Financials will be the same in all material respects as the Unaudited Financials, fairly present the consolidated financial

position, results of operations and cash flows of Landmark in accordance with generally accepted accounting principles ("GAAP") on a consistent basis. Buyer shall reimburse Seller fifty percent (50%) of all costs incurred by Seller solely in connection with the preparation of such Audited Financials in connection with the transaction contemplated by this Agreement.

Section 7. Conditions Precedent to the Obligation of Seller and Metromedia to Close.

The obligation of Seller to close shall be subject to the following conditions precedent:

7.1 Fulfillment of Covenants. Buyer shall have performed and complied in all material respects with all of its covenants, obligations and agreements required by this Agreement to be so complied with by it at or prior to the Closing, and Buyer shall deliver to Seller a certificate executed by an executive officer of Buyer so stating.

7.2 Representations and Warranties. The representations and warranties of Buyer contained in this Agreement shall be accurate in all material respects on the Closing Date to the same extent as if made on such date, and Buyer shall deliver to Seller a certificate dated on the Closing Date executed by its President or Vice President and its Secretary or an Assistant Secretary or its Treasurer stating that said representations and warranties are accurate in all respects as of the Closing Date and that all conditions precedent to Closing to be performed by Buyer shall have been performed.

7.3 Corporate Approval. Seller shall have received a certified copy of the resolutions of the Board of Directors of Buyer, certified by its Secretary or an Assistant Secretary, authorizing the execution of this Agreement and the consummation of the transactions contemplated hereby.

Section 8. Termination.

In addition to any other provision in this Agreement, this Agreement may be terminated at any time (i) by mutual consent of all parties, (ii) by either Buyer or Seller at any time in the event of a breach of the other which remains uncured for thirty (30) days after notice in writing of such breach, (iii) by Buyer pursuant to Section 5.6, or (iv) by either Buyer or Seller at any time after March 31, 1998.

Section 9. Indemnification.

9.1 Survival of Representations and Agreements. The representations and warranties and agreements made herein are true and binding as of the date hereof and shall continue in full force and effect for two (2) years after the Closing Date notwithstanding any investigations which may have been made by any of the parties prior thereto. Any Claim Notice (as defined in Section 9.5) must be given within said 2 years.

9.2 Seller's and Metromedia's Agreement to Indemnify. Each of Seller and Metromedia, jointly and severally, shall indemnify, defend, save and hold harmless Buyer and

its affiliates from any liability, damage, deficiency, loss, cost or expense, including reasonable attorney fees and any costs of investigation, defense or settlement of any of the foregoing (herein, "Damages"), incurred in connection with, arising out of, resulting from or incident to (i) any breach of any representation or warranty made by Seller in or pursuant to this Agreement; (ii) any breach of any covenant or agreement made by Seller in or pursuant to this Agreement; (iii) any liability arising from the operation of the Theaters on or prior to the Closing Date; (iv) any liability arising from a written claim, action, notice of investigation, notice of intent to bring an action or written threat to bring an action in connection with any alleged ADA violation at any Theater (excluding the Waltham and/or St. Louis Theaters if Buyer has exercised its rights under Section 5.12 with respect thereto); (v) any liability imposed upon or resulting from any claims against Buyer by the Transition Employees for severance or other termination compensation in connection with their termination by Buyer; or (vi) any Excluded Liabilities.

9.3 By Buyer. Buyer shall indemnify and save and hold harmless Seller and its affiliates from and against any and all Damages incurred in connection with, arising out of, resulting from or incident to (i) any breach of any representation or warranty made by Buyer in or pursuant to this Agreement, (ii) any breach of any covenant or agreement made by Buyer in or pursuant to this Agreement, or (iii) any liability arising from the operation of the Theaters on or after the Closing Date.

9.4 Cooperation. The indemnified party shall cooperate in all reasonable respects with the indemnifying party and such attorneys in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom; provided, however, that the indemnified party may, at its own cost, participate in the investigation, trial and defense of such lawsuit or action and any appeal arising therefrom. The parties shall cooperate with each other in any notifications to insurers.

9.5 Defense of Claims. If a claim for Damages (a "Claim") is to be made by a party entitled to indemnification hereunder against the indemnifying party, the party claiming such indemnification shall, give written notice (a "Claim Notice") to the indemnifying party as soon as practicable after the party entitled to indemnification becomes aware of any fact, condition or event which may give rise to Damages for which indemnification may be sought under this Article 9; provided that such notice must be given within two (2) years after the Closing Date. If any lawsuit or enforcement action is filed against any party entitled to the benefit of indemnity hereunder, written notice thereof shall be given to the indemnifying party as promptly as practicable (and in any event within fifteen (15) calendar days after the service of the citation or summons). The failure of any indemnified party to give timely notice hereunder shall not affect rights to indemnification hereunder, except to the extent that the indemnifying party demonstrates actual damage caused by such failure. After such notice, if the indemnifying party shall acknowledge in writing to the indemnified party that the indemnifying party shall be obligated under the terms of its indemnity hereunder in connection with such lawsuit or action, then the indemnifying party shall be entitled, if it so elects, (i) to assume the defense and investigation of such lawsuit or action, (ii) to employ and engage attorneys of its own choice (which shall be reasonably acceptable to the indemnified party) to handle and defend the same, at the indemnifying party's cost, risk and expense unless the named parties to such action or

proceeding include both the indemnifying party and the indemnified party and the indemnified party has been advised in writing by counsel that there may be one or more legal defenses available to such indemnified party that are different from or additional to those available to the indemnifying party, and (iii) to compromise or settle such claim, which compromise or settlement shall be made only with the written consent of the indemnified party, such consent not to be unreasonably withheld; provided, however, if the remediation or resolution of any such Claim will occur on or at any Theater or is reasonably expected to have a material adverse effect on the indemnified party's business operations, then, notwithstanding the foregoing, the indemnified party shall have the right to control such remediation or resolution, including without limitation to assume the defense and investigation of such lawsuit or action, to employ and engage attorneys of its own choice to handle and defend the same, at the indemnifying party's cost, risk and expense, and to compromise or settle such Claim. If the indemnifying party fails to assume the defense of such claim within fifteen (15) calendar days after receipt of the Claim Notice, the indemnified party against which such claim has been asserted will (upon delivering notice to such effect to the indemnifying party) have the right to undertake, at the indemnifying party's cost and expense, the defense, compromise or settlement of such claim on behalf of and for the account and risk of the indemnifying party. In the event the indemnified party assumes the defense of the claim, the indemnified party will keep the indemnifying party reasonably informed of the progress of any such defense, compromise or settlement. The indemnifying party shall be liable for any settlement of any action effected pursuant to and in accordance with this Article 9 and for any final judgment (subject to any right of appeal), and the indemnifying party agrees to indemnify and hold harmless an indemnified party from and against any Damages by reason of such settlement or judgment.

9.6 Limitations. Neither Buyer nor Seller shall be liable to the other under this Article 9 for any Damages until the amount otherwise due the party being indemnified exceeds one percent (1%) of the Purchase Price in the aggregate, in which case such indemnifying party will be liable to the indemnified party for all such amounts, in excess of the first one percent (1%) of the Purchase Price; provided, however, that this limitation shall not apply with respect to Damages or Claims arising out of a breach of a representation or warranty contained in Sections 3.16, 3.17 or 3.18; provided, further that this limitation shall not apply with respect to any damages set forth in Sections 9.2(iv) or (v). In addition, except for Damages or Claims arising out of a breach of a representation or warranty contained in Section 3.16, 3.17 or 3.18, Seller shall have no liability for indemnification in excess of one half of the Purchase Price. In connection with Damages or Claims arising out of a breach of a representation or warranty contained in Section 3.16, 3.17 or 3.18, Seller shall have no liability for indemnification in excess of the Purchase Price.

9.7 Liability and Remedies, etc. No individual representative of any party shall be personally liable for any Damages under the provisions contained in this Article 9. Nothing herein shall relieve either party of any liability to make any payment expressly required to be made by such party pursuant to this Agreement. The term "Damages" as used in this Article 9 is not limited to matters asserted by third parties against Seller or Buyer, but includes Damages incurred or sustained by Seller or Buyer in the absence of third party claims. Payments by Buyer of amounts for which Buyer is indemnified hereunder, and payments by Seller of amounts for which Seller is indemnified, shall not be a condition precedent to recovery.

Seller's obligation to indemnify Buyer, and Buyer's obligation to indemnify Seller, shall not limit any other rights, including without limitation rights of contribution which either party may have under statute or common law.

Section 10. Miscellaneous.

10.1 Reformation and Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, the legality, validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

10.2 Relief. Seller acknowledges and agrees that in view of the uniqueness of Seller's business at the Theaters, damages at law would be insufficient for breach of any of Seller's covenants to sell the Assets to Buyer. Accordingly, Seller agrees that in the event of a breach or threatened breach by Seller of such provisions, Buyer shall be entitled to seek equitable relief in the form of an injunction to prevent irreparable injury. Nothing herein shall be construed as prohibiting Buyer from pursuing any remedies, including damages, for breach or threatened breach of this Agreement.

10.3 Further Assurances. Each party hereto shall, from time to time after the Closing, at the request of any other party hereto and without further consideration, execute and deliver such other instruments of conveyance, assignments, transfer and assumption, and take such other actions, as such other party may reasonably request to more effectively consummate the transactions contemplated by this Agreement. Seller acknowledges that prior to and/or after the Closing Date, Buyer may be required by securities and accounting regulations, or may elect for other business reasons, to engage an independent public accounting firm to audit the financial statements of the Business for periods prior to or including the Closing Date. Seller agrees to cooperate with Buyer in the preparation of such financial statements and the conduct of such audit, including without limitation, by providing access to all relevant books, records, files and other data (whether in written or computer-readable form) of Seller (or, at Buyer's request and at Buyer's expense, by providing copies of such books, records, files and other data.)

10.4 Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sent by certified mail, return receipt requested (or by the most nearly comparable method if mailed from or to a location outside of the United States), or by cable, telex, telegram or facsimile transmission (receipt confirmed), or delivered by hand or by overnight or similar delivery service, fees prepaid, to the party to whom it is to be given at the address of such party set forth below or to such other address for notice as such party shall provide in accordance with the terms of this section. Except as otherwise specifically provided in this Agreement, notice so given shall, in the case of notice given by certified mail (or by such comparable method) be deemed to be given and received three business days after the time of certification thereof (or comparable act), in the case of notice so given by overnight delivery service, on the date of actual delivery, and, in the case of notice so given by cable, telegram, facsimile transmission, telex or personal delivery, on the date of actual transmission or, as the case may be, personal delivery. Any party hereto may change the address designated for notice by written notice to the other party.

To: Seller

Metromedia International Group, Inc.
One Meadowlands Plaza
East Rutherford, New Jersey 07073
Attention: General Counsel
Telecopy: (201) 531-2803

To: Buyer

Silver Cinemas, Inc.
4004 Beltline Road, Suite 205
Dallas, Texas 75244
Attention: Steven L. Holmes and Thomas J. Owens
Telecopy: (972) 503-9864

10.5 Expenses. Except as set forth in this Section 10.5, each party hereto shall bear its or his own costs and expenses incurred pursuant to this Agreement and the transactions contemplated hereby and all investigations and proceedings in connection therewith, including without limitation, fees and expenses of their respective counsel and accountants ("Expenses"). If the Closing does not occur due to a violation of Section 5.5 of this Agreement, (i) Seller will, in addition to bearing its own Expenses, the Seller will promptly reimburse Buyer for its Expenses, and (ii) Buyer will be free to seek additional damages for breach of this Agreement.

10.6 Entire Agreement. This Agreement, together with the Schedules referred to herein which are incorporated herein by this reference, and the other documents, instruments, certificates and agreements referred to herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and understandings and agreements.

10.7 Governing Law. The parties hereto agree that this Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York without giving effect to the conflict of laws rules or choice of laws rules thereof.

10.8 Number and Gender of Words. When the context so requires in this Agreement, words or gender shall include either or both of the other genders and the singular number shall include the plural. Whenever the term "Seller's knowledge" or a similar term is used in this Agreement it shall include the actual knowledge of Steve Gilula, Bert Manzari, Paul Richardson, Janet Grumer and Gary Cann and the knowledge that reasonably could have been obtained by such persons through a diligent inquiry of their personnel and files.

10.9 Assignability and Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and permitted assigns. Unless specifically provided otherwise in this Agreement, this Agreement and the rights and obligations hereunder are not assignable without the express written consent of all parties hereto.

10.10 Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by all of the parties hereto.

10.11 Counterparts. This Agreement may be executed in several counterparts, all of which taken together shall be deemed to constitute one and the same instrument.

10.12 Headings. The headings of sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

10.13 Waiver. The failure of any party to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right or claim granted or arising hereunder or of the future performance of any such term, covenant, or condition, and such failure shall in no way affect the validity of this Agreement or the rights and obligations of the parties hereto.

10.14 Third Parties. Except with respect to indemnification under Section 9, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person other than the parties hereto and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

10.15 Public Announcements. Except as required by law, no press release or other public disclosure of the transactions contemplated by this Agreement will be made unless mutually agreed to by Buyer and Seller, which approval will not be unreasonably withheld. If Seller believes public disclosure is necessary as a result of Seller or its parent company being a public entity, Seller will provide Buyer with at least twenty-four hours prior opportunity to review and comment on the proposed disclosure.

10.16 Purchase Agreement to Control. The terms and conditions of this Agreement shall control any conflicting terms and conditions set forth in any Exhibit to this Agreement.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto intending to be legally bound have caused this Agreement to be executed on the day and year first above written.

METROMEDIA INTERNATIONAL GROUP, INC.

By: [Signature]
Name: Silvia Kessel
Title: Executive Vice President

LANDMARK THEATRE CORPORATION

By: [Signature]
Name: Silvia Kessel
Title: Executive Vice President

SEVEN GABLES CORPORATION

By: [Signature]
Name: Silvia Kessel
Title: Executive Vice President

PARALLAX THEATRE SYSTEMS, INC.

By: [Signature]
Name: Silvia Kessel
Title: Executive Vice President

[signatures continued on next page]

SAN FRANCISCO LANDMARK THEATRE CORPORATION

By: [Signature]
Name: Silver Cinemas
Title: Executive Vice President

WISCONSIN REPERTORY CINEMAS, INC.

By: [Signature]
Name: Silver Cinemas
Title: Executive Vice President

THE LANDMARK THEATRE GROUP

By: [Signature]
Name: Silver Cinemas
Title: Executive Vice President

SILVER CINEMAS, INC.

By: _____
Name: _____
Title: _____

SAN FRANCISCO LANDMARK THEATRE CORPORATION

By: _____
Name: _____
Title: _____


WISCONSIN REPERTORY CINEMAS, INC.

By: _____
Name: _____
Title: _____

THE LANDMARK THEATRE GROUP

By: _____
Name: _____
Title: _____

SILVER CINEMAS, INC.

By:  _____
Name: Thomas J. Owens
Title: President