image® ENTERTAINMENT INC

"The Finest In LaserDiscs"™

March 29, 1995

Mr. William G. Rake, President
The Greenspan Company
3600 Wilshire Boulevard, Suite 300
Los Angeles, California 90010-0025

Subject: Image Entertainment, Inc.
Damage from sprinkler leakage
Northridge earthquake - January 17, 1994

Dear Mr. Rake:

Because the value of a company and the services it offers are measured by the quality of its employees, The Greenspan Company is surely among the finest because of its being represented by Kenneth A. Elkman. Throughout the course of the adjustment of our insurance claim, he has proven himself to be a thoughtful friend and most capable adjuster.

The Northridge earthquake sent shock waves through our 50,000 square-foot distribution center and 30,000 square-foot production facility and corporate headquarters in Chatsworth, tearing apart our fire sprinkler systems and thereby causing a virtual downpour at both locations. Water was everywhere, in the electro-mechanical picking system that is essential to the operation of our distribution center; in the computers, desks, walls and carpeting–worst of all, water was affecting our inventory of LaserDiscs.

We knew that if we confined our efforts to restoring our business we would succeed, we also knew that if we had to divert even a small amount of our energies to the insurance adjustment both our business and the claim would suffer. We were also aware that we would have to deal with a trained adjuster sent by the insurance company to represent its interests–not ours. We were in a predicament.

At the suggestion of friends in the entertainment industries and in other businesses, we contacted your office for help; that was one of the best business decisions we have ever made. The next best decision was one that you made, you assigned Ken Elkman to our case. From the moment we met, we knew that Ken was the right person for the job. His demeanor was comforting and his assurances convinced us that he had the ability to fight for us. In retrospect, did he *ever* fight for us.

Ordinarily, when an insurance company pays to replace damaged inventory it is deemed to own the goods, in essence the insurance company has purchased the inventory from the insured. This caused us great concern since our product is copyrighted and is distributed by us under strict license from virtually all of the major motion picture studios. If the insurance company were to

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dispose of the several hundreds of thousands of these salvaged LaserDiscs through its customary secondary markets, this would not only have a significant negative impact on our future sales but it also might be considered a violation of our licensing agreements. Ken was able to convince the insurance company to allow us to retain these discs in return for which its only requirement was that we waive our claim for potential damage to the inventory remaining at our distribution center. This was particularly favorable to us as Ken had already negotiated a set of standards with the insurance company adjuster that made this arrangement virtually risk free. We believe that this kind of arrangement is unprecedented.

With documentary support provided to him by your staff accountant, Sandra Cho, about whom no amount of praise for excellence would be too great, Ken was able to successfully demonstrate to an obstinate insurance company adjuster that his company owed us fifty percent more than they insisted they did, in settlement of the business interruption and extra expense portion of our claim.

Even though we have attorneys and CPA's on retainer we are convinced that our own adjuster is the appropriate person to represent us in the adjustment of an insured property claim. Ken never left us alone with the many representatives and experts sent by the insurance company. He often met with them on his own allowing us to continue undiverted along the path towards full business restoration. He kept us well advised and he always consulted us before making any decision of consequence. His attention and diligence provided us with much more than just financial benefit.

The substantial fee we paid to your company was earned many times over. We are certain that our recovery even after paying your fee was significantly greater than it would have been had we handled this claim on our own or with the advice of our attorneys and CPA's.

We highly recommend Kenneth A. Elkman, Sandra Cho and The Greenspan Company to anyone who has suffered an insured property loss.

Sincerely,

MARTIN W. GREENWALD
President

CHERYL LEE
Chief Administrative Officer
and General Counsel

DAVID BORSHELL
Senior Vice President,
Sales, Marketing and Operations

JEFF M. FRAMER
Chief Financial Officer