

Cologne, July 1991

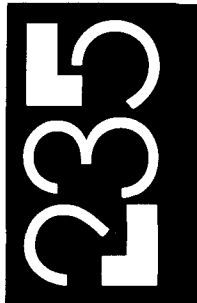
Dear friends,

first of all we have to apologize very much the delay of this letter and our balance for 1990. We had some organizational problems in the last months which led to the effect that not all artists got their balance in time. Anyway - we promise to do it in time in the end of this year!

1990 was an extremely successful year for media art. We were pleased to register an increasing interest from all sides. More and more art clubs and museums are integrating video art into their exhibition program or collections. Festivals and events are being organized more and more frequently and on TV, too, our efforts have clearly yielded results. Last, but not least, this trend has its effects on the proceeds which we will be able to pass on to our artists. They are up by 50% (!) compared to the previous year.

But there are also some less desirable tendencies. More and more American distributors are discovering Europe. As far as international communication and cooperation are concerned, this is, of course, a rather positive development. However, it is not in our interest or in that of the artists who are represented by us, that these distributors also offer European videos here, and with dumping prices which are calculated for a much bigger American market. Therefore we see only one possibility for the successful continuation of our distribution activities: that we obtain exclusive distribution rights for Europe, i.e., for the German-speaking countries. Thus, we will shortly present you with the draft of a new contract. It will include a change, i.e. refinement, of the price structure which is based on a demand that is becoming increasingly differentiated.

Furthermore, we urge you all to bear in mind the contracts you have with us when you enter into agreements with festivals that also specify distribution arrangements as part of the deal. We have noticed the disastrous tendency of whole program packages being offered at extremely low prices (e.g., 20 productions for DM 350,-), by-passing distributors.



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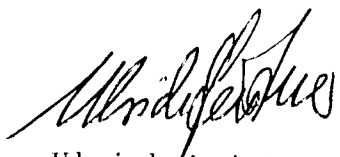
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Finally we also would like to ask you again to offer us all new productions and installations for distribution. We expect that the boom in our sector will continue in 1991, too. We are making special efforts to expand our VHS-edition, which is aimed at the increasing demand from the private sector, and to create a viable international network of screening places. Another project in cooperation with European partners will be the establishment of an internationally accessible media art databank.

With our best regards



Ulrich Leistner



Axel Wirths

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P.S. If there were revenues from your productions in the previous year, you will find a balance of accounts specifying time, place and amounts enclosed. The amount will be credited to you shortly hereafter.
(A = Public Screening, V = Sales, B = Broadcasting)