

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1994-08-25** | Period of Report: **1994-08-12**  
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FILER

**ACTAVA GROUP INC**

CIK: **39547** | IRS No.: **580971455** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-05706** | Film No.: **94545967**  
SIC: **7384** Photofinishing laboratories

Mailing Address

4900 GEORGIA PACIFIC CTR  
ATLANTIA GA 30303

Business Address

4900 GEORGIA PACIFIC CTR  
ATLANTA GA 30303  
4046589000

## SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) August 12, 1994

THE ACTAVA GROUP INC.

-----  
(Exact name of registrant as specified in its charter)

<TABLE>		
<S>	<C>	<C>
DELAWARE	1-5706	58-0971455
-----	-----	-----
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
</TABLE>		

4900 GEORGIA-PACIFIC CENTER, ATLANTA, GEORGIA 30303

-----  
(Address of principal executive offices) (Zip Code)Registrant's telephone number, including area code 404/658-9000  
-----

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ITEM 2.

On August 12, 1994, JCJ, Inc. ("JCJ"), a wholly owned subsidiary of The Actava Group Inc. (the "Company"), sold its interest in Qualex Inc. ("Qualex") to Eastman Kodak Company ("Kodak"), and both JCJ and the Company entered into a covenant not to compete and a release in favor of Kodak in exchange for payments in cash and notes totaling \$150 million. Qualex is a wholesale photofinishing company created in 1988 through a merger of the Company's and Kodak's photofinishing operations. Qualex had been jointly owned by the Company or an affiliate and Kodak since its formation.

JCJ sold to Kodak its 50% ownership interest in Qualex in exchange for a total purchase price of \$136 million. The purchase price consisted of a \$36 million cash payment on August 12, 1994 and a \$100 million note, payable in two installments of \$50 million each, without interest, on February 13, 1995 and August 11, 1995. In the second quarter of 1994, the Company provided for an

anticipated loss of \$37.9 million on the sale of its interest in Qualex. Because the principal amount due under the note does not bear interest, the Company discounted the value of the note to \$92.8 million for financial reporting purposes and will record imputed interest income of \$7.2 million over the term of the note.

In addition, in exchange for a cash payment on August 12, 1994 of \$10 million, both JCJ and the Company entered into a covenant-not-to-compete with Kodak, under which both JCJ and the Company have agreed not to engage in certain activities for a period which ends on August 12, 1999. Both JCJ and the Company also executed a release in favor of Kodak with regard to certain items arising under the Shareholders' Agreement dated as of December 7, 1987, as amended, between the Company and Kodak in exchange for a \$4 million cash payment on August 12, 1994. The consideration for the Company's interest in Qualex and the covenant-not-to-compete and release were determined by arm's length negotiation.

There was no material relationship, other than the joint ownership of Qualex and related matters, between Kodak and the Company or any of its affiliates, any director or officer of the Company or any associate of such director or officer.

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#### ITEM 5. Other Events

On June 8, 1993, the Company, through a wholly owned subsidiary, acquired substantially all the assets of Diversified Products Corporation ("DP") for a net purchase price consisting of \$11.6 million in cash, the issuance of 1,090,909 shares of the Company's Common Stock (the "Acquisition Shares") valued at \$12 million, and the assumption or payment of certain liabilities including trade payables and a revolving credit facility. The Company also entered into an agreement providing the holder of the Acquisition Shares (the "Holder") with the right to receive additional payments depending upon the value of the Acquisition Shares over a period of not longer than one year from the purchase date. The agreement gives the Holder the right under certain circumstances to require the Company to purchase the Acquisition Shares at a price equal to \$11.00 per share. The repurchase of the Acquisition Shares will not increase the cost recorded by Actava for DP, but will affect the manner in which the total purchase price is recorded by Actava. The right of the Holder to receive additional payments of cash became exercisable after June 8, 1994 and would have expired if not exercised on or before August 7, 1994. On August 3, 1994, the Holder agreed to extend the exercise date to February 7, 1995 in exchange for the payment by Actava of a \$435,000 fee and an irrevocable letter of credit in the amount of \$12.0 million which is available and payable to the Holder on February 17, 1995 upon demand and tender of the Acquisition Shares. On August 17, 1994, an amendment to the Shareholder Rights Agreement dated June 8, 1993 between the Company and Westinghouse Electric Corporation was executed to confirm the August 3, 1994 agreement. A copy of the amendment is herewith filed as an exhibit.

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#### Item 7. Financial Statements and Exhibits

##### (b) Pro Forma Financial Information

THE ACTAVA GROUP INC.  
PRO FORMA BALANCE SHEET  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

The following Pro Forma Balance Sheet reflects the consolidated balance sheet of the Company as of June 30, 1994, and the adjustments necessary to reflect the balance sheet as it might have been affected if the sale of the Company's interest in Qualex had been consummated on June 30, 1994. The statements are

based on the assumptions explained herein. These pro forma statements do not necessarily reflect the financial position as it would have been if the Company had sold its interest in Qualex on June 30, 1994. The pro forma information presented should be read in conjunction with the separate audited and unaudited consolidated financial statements and notes thereto of the Company, which were included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 and its Quarterly Report on Form 10-Q for the six months ended June 30, 1994, and the Pro Forma Statements of Continuing Operations and notes thereto filed herewith.

THE ACTAVA GROUP INC.  
 PRO FORMA BALANCE SHEET  
 JUNE 30, 1994  
 (In Thousands)  
 (Unaudited)

<TABLE>  
 <CAPTION>

ASSETS	Actava	Pro Forma Adjustments	Pro Forma
	-----	-----	-----
<S>	<C>	<C>	<C>
Current Assets			
Cash	\$ 14,015	\$ 50,000 (a)	\$ 64,015
Short-term investments	31,922		31,922
Receivables	177,272		177,272
Inventories	67,051		67,051
Prepaid expenses	4,710		4,710
Future income tax benefits	25,343		25,343
Note receivable from Kodak	-	92,832	92,832
	-----	-----	-----
Total current assets	320,313	142,832	463,145
Investment in Qualex	142,832	(142,832) (a)	-
Property, plant and equipment	113,455		113,455
Less allowances for depreciation	(44,351)		(44,351)
	-----	-----	-----
	69,104		69,104
Notes receivable			
from Triton Group Ltd.	19,226		19,226
Other assets	5,610		5,610
Long-term investments	15,473		15,473
Intangibles	15,048		15,048
	-----	-----	-----
Total assets	\$587,606	\$ -	\$587,606
	=====	=====	=====

</TABLE>

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THE ACTAVA GROUP INC.  
 PRO FORMA BALANCE SHEET  
 JUNE 30, 1994  
 (In Thousands)  
 (Unaudited)

<TABLE>  
 <CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	Actava	Pro Forma Adjustments	Pro Forma as of June 30, 1994
---	--------	--------------------------	-------------------------------------

<S>	----- <C>	----- <C>	----- <C>
Current Liabilities			
Accounts payable, accrued expenses and other current liabilities	\$ 116,121	\$	\$ 116,121
Notes payable	100,447		100,447
Current portion of long-term debt	4,604		4,604
	-----	-----	-----
Total current liabilities	221,172		221,172
Deferred income taxes	33,621		33,621
Long-term debt	2,107		2,107
Subordinated debt	187,787		187,787
Redeemable common stock	12,000		12,000
Stockholders' equity:			
Common Stock	22,768		22,768
Additional capital	36,310		36,310
Retained earnings	179,719		179,719
Less treasury stock - at cost	(107,878)		(107,878)
	-----	-----	-----
Total equity	130,919		130,919
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 587,606	\$	\$ 587,606
	=====	=====	=====

</TABLE>

- (a) Represents the disposition of the Company's equity investment in Qualex of \$142,832,000 in exchange for a cash payment of \$36,000,000 and a non-interest bearing note with a discounted value of \$92,832,000. The note has required payments of \$50,000,000 each on the dates six and twelve months from the date of the transaction. Also reflects the receipt of cash payments by the Company of \$10,000,000 and \$4,000,000 in exchange for a covenant-not-to-compete and a release relating to certain items arising under the Qualex Shareholders' Agreement dated as of June 7, 1987, between Kodak and the Company, respectively.

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THE ACTAVA GROUP INC.  
PRO FORMA STATEMENTS OF CONTINUING OPERATIONS  
(In Thousands, Except Per Share Data)  
(Unaudited)

The following Pro Forma Statements of Continuing Operations reflect the consolidated results of operations of the Company for the two years ended December 31, 1991 and 1992 after classifying Qualex's results of operations as discontinued as a result of the sale of the Company's interest in Qualex as if it had occurred on January 1, 1991. The statements are based on the assumptions explained herein. These pro forma statements do not necessarily reflect the results of operations as they would have been if the Company had disposed of its interest in Qualex on January 1, 1991. The information presented below should be read in conjunction with the separate audited consolidated financial statements and notes thereto of the Company for the years ended December 31, 1991 and 1992 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.

THE ACTAVA GROUP INC.  
PRO FORMA CONSOLIDATED STATEMENT OF CONTINUING OPERATIONS  
(In Thousands, Except Per Share Data)  
(Unaudited)

<TABLE>  
<CAPTION>

	Year Ended December 31, 1991		
	Actava	Qualex (a)	Pro Forma
<S>	<C>	<C>	<C>
Net Sales	\$ 924,635	\$ 649,728	\$ 274,907
Cost and Expenses:			
Costs of products sold	608,283	385,730	222,553
Selling, general & administrative	352,043	235,979	116,064
	-----	-----	-----
Total operating expenses	960,326	621,709	338,617
	-----	-----	-----
Operating (Loss)	(35,691)	28,019	(63,710)
Interest (expense)	(23,534)	(3,871)	(19,663)
Other income -- net	3,537	602	2,935
	-----	-----	-----
(Loss) before income taxes and minority interest	(55,688)	24,750	(80,438)
Income tax (benefit)	(10,033)	14,418	(24,451)
	-----	-----	-----
Income (loss) before Minority Interest	(45,655)	10,332	(55,987)
Minority Interest	(5,166)	(5,166)	-
	-----	-----	-----
(Loss) from Continuing Operations	\$ (50,821)	\$ 5,166	\$ (55,987)
	=====	=====	=====
Average Common and Common Equivalent Shares:			
Primary	16,526		16,526
Fully Diluted	16,526		16,526
(Loss) Per Share of Stock:			
Primary--(Loss) from Continuing Operations	\$ (3.07)		\$ (3.39)
Fully Diluted --(Loss) from Continuing Operations	\$ (3.07)		\$ (3.39)

</TABLE>

(a) Represents deletion of the financial accounts of Qualex to the extent included in the Company's consolidated results of continuing operations.

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THE ACTAVA GROUP INC.  
PRO FORMA CONSOLIDATED STATEMENT OF CONTINUING OPERATIONS  
(In Thousands, Except Per Share Data)  
(Unaudited)

<TABLE>  
<CAPTION>

	Year Ended December 31, 1992		
	Actava	Qualex (a)	Pro Forma

<S>	<C>	<C>	<C>
Net Sales	\$1,148,743	\$ 770,853	\$ 377,890
Cost and Expenses:			
Costs of products sold	743,130	459,495	283,635
Selling, general & administrative	333,477	256,722	76,755
	-----	-----	-----
Total operating expenses	1,076,607	716,217	360,390
	-----	-----	-----
Operating Income	72,136	54,636	17,500
Interest (expense)	(33,454)	(12,643)	(20,811)
Other income -- net	6,099	1,448	4,651
	-----	-----	-----
Income before income taxes and minority interest	44,781	43,441	1,340
Income tax expense	23,328	21,666	1,662
	-----	-----	-----
Income (loss) before Minority Interest	21,453	21,775	(322)
Minority Interest	(10,888)	(10,888)	-
	-----	-----	-----
Income (Loss) from Continuing Operations	\$ 10,565	\$ 10,887	\$ (322)
	=====	=====	=====
Average Common and Common Equivalent Shares:			
Primary	16,544		16,544
Fully Diluted	16,544		16,544
Income (Loss) Per Share of Stock:			
Primary--Income (Loss) from Continuing Operations	\$ 0.64		\$ (0.02)
Fully Diluted -- Income (Loss) from Continuing Operations	\$ 0.64		\$ (0.02)

</TABLE>

(a) Represents deletion of the financial accounts of Qualex to the extent included in the Company's consolidated results of continuing operations.

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The following Pro Forma Statements of Continuing Operations reflect the consolidated results of operations of the Company for the year ended December 31, 1993 and the six months ended June 30, 1994 after classifying the results of operations of Qualex as discontinued and after giving effect to the sale of the Company's interest in Qualex as if the disposition had taken place at January 1, 1993. The statements are based on the assumptions explained herein. These pro forma statements do not necessarily reflect the results of operations as they would have been if the Company had disposed of its interest in Qualex on January 1, 1993. The information presented below should be read in conjunction with the separate audited and unaudited consolidated financial statements and notes thereto of the Company which were included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 and its Quarterly Report on Form 10-Q for the six months ended June 30, 1994, and the Pro Forma Balance Sheet and notes thereto included elsewhere in this Report.

THE ACTAVA GROUP INC.  
PRO FORMA STATEMENT OF CONTINUING OPERATIONS  
(In Thousands, Except Per Share Data)  
(Unaudited)

<TABLE>

<CAPTION>

Year Ended December 31, 1993

	Adjustments for			Pro Forma
	Actava	Qualex (a)	Other	
<S>		<C>	<C>	<C>
Net Sales	\$1,241,111	\$775,299	\$	\$465,812
Cost and Expenses:				
Costs of products sold	957,440	555,969		401,471
Selling, general and administrative	256,958	167,983		88,975
Total operating expenses	1,214,398	723,952		490,446
Operating Profit (Loss)	26,713	51,347		(24,634)
Interest (expense)	(43,299)	(16,488)		(26,811)
Other income (expense) - net	(2,915)	(1,209)	7,168 (b) (c)	5,462
(Loss) Before Income Taxes, & Minority Interest	(19,501)	33,650	7,168	(45,983)
Income Tax Expense (Benefit)	15,163	16,598		(1,435)
(Loss) Before Minority Interest	(34,664)	17,052	7,168	(44,548)
Minority Interest	(8,526)	(8,526)		-
(Loss) from Continuing Operations	\$ (43,190)	\$ 8,526	\$ 7,168	\$ (44,548)
Average Common and Common Equivalent Shares:				
Primary	17,163			17,163
Fully Diluted	17,163			17,163
(Loss) Per Share of Stock:				
Primary -- (Loss) from Continuing Operations	\$ (2.52)			\$ (2.60)
Fully Diluted -- (Loss) from Continuing Operations	\$ (2.52)			\$ (2.60)

</TABLE>

- (a) Represents deletion of the financial accounts of Qualex to the extent included in the Company's consolidated results of continuing operations.
- (b) Represents imputed interest income of \$7,168,000 on the \$100,000,000 non-interest bearing note received by the Company in the sale of its investment in Qualex.
- (c) No pro forma investment income from the proceeds received by the Company from the sale of its investment in Qualex is included in the pro forma financial statement.



<TABLE>  
<CAPTION>

Six Months Ended June 30, 1994				
	Actava (a)	Adjustments for		Pro Forma
		Qualex	Other	
<S>	<C>	<C>	<C>	<C>
Net Sales	\$279,214	\$	\$	\$279,214
Cost and Expenses:				
Costs of products sold	233,488			233,488
Selling, general and administrative	49,908			49,908
Total operating expenses	283,396			283,396
Operating (Loss)	(4,182)			(4,182)
Interest (expense)	(14,822)			(14,822)
Other income -- net	741			741
(Loss) Before Income Taxes & Discontinued Operations	(18,263)			(18,263)
Income Tax Expense	-			-
(Loss) from Continuing Operations	\$ (18,263)			\$ (18,263)
Average Common and Common Equivalent Shares:				
Primary	17,918			17,918
Fully Diluted	17,918			17,918
(Loss) Per Share of Stock:				
Primary -- (Loss) from Continuing Operations	\$ (1.02)			\$ (1.02)
Fully Diluted -- (Loss) from Continuing Operations	\$ (1.02)			\$ (1.02)

</TABLE>

- (a) Reflects Actava's historical financial information as previously reported in its Quarterly Report on Form 10-Q for the quarter ended June 30, 1994. The sale of Actava's 50% ownership interest in Qualex had been given effect in the Company's results of operations for the quarter ended June 30, 1994, by treating Qualex as a discontinued operation. Discontinued operations are excluded from the condensed pro forma statement set forth above.
- (b) No pro forma investment income from the proceeds received by the Company in the herein described transaction is included in the pro forma financial statement.

- 2(a)    Stock Purchase Agreement by and among JCJ, Inc., Eastman Kodak Company and The Actava Group Inc. dated August 12, 1994. Also filed as exhibits thereto are: Exhibit A - Promissory Note; Exhibit B - Seller Release; and, Exhibit C - Noncompetition Agreement. The following is a list of omitted schedules (or similar attachments) which the Company as registrant agrees to furnish supplementally to the Commission upon request: Exhibit D - Certificate of Incorporation of Qualex Inc.; Exhibit E - By-Laws of Qualex Inc.; Exhibit F - Buyer Release; Schedule 1 - Shares Owned by Seller; Schedule 2.02 - Capitalization of Qualex Inc.; and, Schedule 2.06 - Agreements between The Actava Group Inc. and Qualex Inc.
- 99      Amendment dated August 17, 1994 to Shareholder Rights Agreement between the Company and Westinghouse Electric Corporation dated June 8, 1993.

Item 8.    Change in Fiscal Year

On August 12, 1994, the Company's Board of Directors approved a change in the Company's fiscal year from a calendar year-end to a fiscal year ending on August 31, to be effective for the year ending August 31, 1994. The resulting transition period will be covered on Form 10-K to be filed for the year ended August 31, 1994.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE ACTAVA GROUP INC.  
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Registrant

/s/    Frederick B. Beilstein, III  
-----

Frederick B. Beilstein, III  
Senior Vice President and  
Chief Financial Officer

Dated:    August 25, 1994

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Exhibit Index

Exhibit  
Number

Description

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- 2(a) Stock Purchase Agreement by and among JCJ, Inc., Eastman Kodak Company and The Actava Group Inc. dated August 12, 1994. Also filed as exhibits thereto are: Exhibit A - Promissory Note; Exhibit B - Seller Release; and, Exhibit C - Noncompetition Agreement. The following is a list of omitted schedules (or similar attachments) which the Company as registrant agrees to furnish supplementally to the Commission upon request: Exhibit D - Certificate of Incorporation of Qualex Inc.; Exhibit E - By-Laws of Qualex Inc.; Exhibit F - Buyer Release; Schedule 1 - Shares Owned by Seller; Schedule 2.02 - Capitalization of Qualex Inc.; and, Schedule 2.06 - Agreements between The Actava Group Inc. and Qualex Inc.
- 99 Amendment dated August 17, 1994 to Shareholder Rights Agreement between the Company and Westinghouse Electric Corporation dated June 8, 1993.

## EXHIBIT 2(a)

## STOCK PURCHASE AGREEMENT

This Agreement is made and entered into as of the 12th day of August, 1994, by and among JCJ, Inc., a Delaware corporation ("Seller"), Eastman Kodak Company, a New Jersey corporation ("Buyer"), and The Actava Group Inc., a Delaware corporation ("Parent").

## WITNESSETH:

WHEREAS, Seller is the owner of the issued and outstanding shares of capital stock of Qualex Inc., a Delaware corporation (the "Company"), as set forth in Schedule 1 hereto (the "Shares"); and

WHEREAS, Seller desires to sell and Buyer desires to purchase the Shares upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements herein contained, and upon the terms and subject to the conditions hereinafter set forth, the parties do hereby agree as follows:

## ARTICLE I

## SALE AND PURCHASE OF SHARES

1.01 Sale of Shares. Upon the terms and subject to the conditions set forth herein, at the Closing (as defined in Section 1.02 hereof), Seller shall sell, assign, transfer, convey and deliver to Buyer and Buyer shall purchase and acquire from Seller, the Shares.

1.02 The Closing. The closing of the transactions contemplated hereby (the "Closing") shall commence at 12:00 noon on August 12, 1994, or on such other date and/or other time as the parties may mutually agree (the "Closing Date"). The Closing shall take place at the offices of Eastman Kodak Company, 343 State Street, Rochester, New York, or at such other place as the parties may mutually agree.

1.03 Consideration. The purchase price for the Shares shall be \$136 million (the "Purchase Price"). The Purchase Price shall be payable as follows:

- (a) At the Closing, Buyer shall pay \$36 million to Seller by wire transfer in immediately available funds to an account designated by Seller.

- (b) At the Closing, Buyer shall execute and deliver to Seller a promissory note in the principal

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amount of \$100 million in the form attached hereto as Exhibit A (the "Promissory Note").

1.04 Deliveries by Seller at Closing. Seller shall deliver to Buyer at the Closing:

- (a) the certificates representing the Shares duly endorsed for transfer or accompanied by stock powers executed in blank; and
- (b) all other documents, instruments and other items required to be delivered by or on behalf of Seller or Parent at or prior to the Closing pursuant to Article V hereof.

1.05 Deliveries by Buyer at Closing. Buyer shall deliver to Seller at the Closing:

- (a) the Purchase Price as provided in Section 1.03 and the consideration for (i) the release in the form annexed hereto as Exhibit B (the "Seller Release") and (ii) the Noncompetition Agreement in the form annexed hereto as Exhibit C (the "Noncompetition Agreement") in immediately available funds by wire transfer to an account designated by Seller; and
- (b) all other documents, instruments and other items required to be delivered by or on behalf of Buyer at or prior to the Closing pursuant to Article VI hereof.

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## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF SELLER AND PARENT

Seller and Parent represent and warrant to Buyer as follows:

2.01 Capacity and Authority; Validity of Agreement. Seller and Parent have all requisite legal capacity and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby in

accordance with the terms of this Agreement, and have taken all necessary corporate action to consummate the transactions contemplated hereby and to perform their respective obligations hereunder. This Agreement has been duly and validly executed and delivered by Seller and Parent and, assuming the due authorization, execution and delivery hereof by Buyer, constitutes a valid and binding obligation of each of Seller and Parent, enforceable against each in accordance with its terms, except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally. The execution, delivery and performance by Seller and Parent of this Agreement and the consummation by Seller and Parent of

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the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time: (i) violate or conflict with any provision of law, rule or regulation to which Seller or Parent is subject; (ii) violate or conflict with any order, judgment or decree applicable to Seller or Parent; (iii) violate or conflict with any provision of the By-laws of Seller or Parent; or (iv) violate, conflict with, result in the breach of any provision of, constitute a default or event of default under or result in the termination of or permit any third party to terminate (with or without notice, lapse of time or pursuant to any legal principle) or accelerate the performance required on the part of Seller or Parent under the terms of any contract, agreement or understanding to which Seller or Parent is a party or by which any of their respective assets are bound, except for violations, conflicts or breaches in the case of any of the foregoing which, individually or in the aggregate, would not hinder or impair the consummation of the transactions contemplated hereunder.

2.02 Capitalization. The authorized, issued and outstanding capital stock of the Company is set forth in Schedule 2.02 hereto. All of the Shares are duly authorized, validly issued, fully paid and non-assessable and are owned of record and beneficially by Seller free and clear of all liens, claims, security interests, options, charges, restrictions or other encumbrances or rights of third parties ("Liens"). On the Closing Date, subject to

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termination of the Shareholders' Agreement between Buyer and Parent (then named Fuqua Industries, Inc.) dated as of December 7, 1987, as amended (the "Shareholders' Agreement"), Buyer will acquire good and valid record and

beneficial title to the Shares, free and clear of any Liens.

2.03 Organization. The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to carry on its business as it is now being conducted and to own and lease its properties and assets. Attached hereto as Exhibits D and E, respectively, are complete and accurate copies of the Certificate of Incorporation and By-Laws of the Company in effect as of the Closing Date.

2.04 Compliance with Securities Laws. In connection with the transactions contemplated hereby, Parent has complied and will comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

2.05 Consents and Approvals. No consent, approval or authorization of, or filing or registration with, any governmental or regulatory authority is required to be made or obtained by Parent or Seller in connection with the execution, delivery and performance of this Agreement by

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Parent and Seller and the consummation by Parent and Seller of the transactions contemplated hereby.

2.06 Agreements between Parent and the Company. Except as set forth on Schedule 2.06, there are no agreements between Parent or its affiliates (other than the Company) and the Company which are not cancelable on notice of thirty (30) days or less or which require or contemplate payments to or from the Company in excess of an aggregate amount of \$100,000 during any 12-month period beginning on or after July 1, 1994.

2.07 Knowledge of the Company. Parent and Seller have evaluated Seller's interest in the Company and are selling the Shares based upon their independent examination and judgment as to the prospects of the Company and Parent's strategic intent. Parent and Seller have had an opportunity to ask questions of and to receive answers from officers of the Company and to obtain additional information in writing regarding the Company to the extent that the Company possesses such information or could acquire it without unreasonable effort or expense. All such information requested by Seller and Parent has been made available to and examined by Seller and Parent. Parent and Seller have sufficient knowledge and experience in business and financial matters to evaluate the Company, to evaluate the risk of selling the Shares, to make an informed decision with respect thereto and to protect their interest in connection therewith.

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2.08 Disclosure. No representation or warranty by Parent or Seller in this Agreement, and no statement contained in any document, certificate or exhibit furnished or to be furnished by or on behalf of Parent or Seller to Buyer or any of its representatives on, prior to or subsequent to the date hereof in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of a material fact or omits or will omit a material fact necessary in order to make the statements contained herein or therein not misleading.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller and Parent as follows:

3.01 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey and has all requisite corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby in accordance with the terms of this Agreement.

3.02 Corporate Power and Authority; Authorization and Validity of Agreement. The execution, delivery and performance by Buyer of this Agreement and the consummation

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by Buyer of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly and validly executed and delivered by Buyer and, assuming the due authorization, execution and delivery by Parent and Seller, constitutes a valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally. The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, (i) violate or conflict with any provision of law, rule or regulation to which Buyer is subject, (ii) violate or conflict with any order, judgment or decree applicable to Buyer, (iii) violate or conflict with



any provision of the certificate of incorporation or By-Laws of Buyer or (iv) violate, conflict with, result in the breach of any provision of, constitute a default or event of default under or result in the termination of or permit any third party to terminate (with or without notice, lapse of time or pursuant to any legal principle) or accelerate the performance required on the part of Buyer under the terms of any contract, agreement or understanding; except for such violations, conflicts or breaches in the case of any of the foregoing which, individually or in the aggregate, would not hinder or impair the consummation of the transactions contemplated hereby.

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3.03 Consents and Approvals. No consent, approval, authorization of, or filing with or notification to, any governmental or regulatory authority is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby.

3.04 Experience. Buyer is an accredited investor as defined in Rule 501(a) of the rules and regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended. Buyer has evaluated the risk of purchasing the Shares and is acquiring the Shares based upon its independent examination and judgment as to the prospects of the Company as determined from information obtained by Buyer from the Company. Buyer has had an opportunity to ask questions of and to receive answers from officers of the Company and to obtain additional information in writing regarding the Company to the extent that the Company possesses such information or could acquire it without unreasonable effort or expense. All such information requested by Buyer has been made available to and examined by Buyer. Buyer has sufficient knowledge and experience in business and financial matters to evaluate the Company, to evaluate the risk of an investment in the Company, to make an informed investment decision

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with respect thereto and to protect its interest in connection with its purchase of the Shares.

3.05 Investment. Buyer is acquiring the Shares for investment for its own account, not as a nominee or agent, and not with the view to, or for resale in connection with, any distribution thereof.

3.06 Disclosure. No representation or warranty by Buyer in this

Agreement, and no statement contained in any document, certificate or exhibit furnished or to be furnished by or on behalf of Buyer to Parent or Seller or any of their representatives on, prior to or subsequent to the date hereof in connection with the transactions contemplated by this Agreement contains or will contain any untrue statement of a material fact or omits or will omit a material fact necessary in order to make the statements contained herein or therein not misleading.

#### ARTICLE IV

#### COVENANTS

4.01 Distributions. From and after the Closing Date, Seller and Parent shall not be entitled to any distribution on the Shares whatsoever, whether or not accruing prior to the Closing Date, except for any accrued and unpaid dividends on the Series D Preferred Stock of the Company as declared by the Board of Directors of the Company. Within

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thirty (30) days after the Closing Date, Buyer shall cause the Company to pay any such dividends accrued through the Closing Date.

4.02 New York Real Property Transfer Gains Tax and New York Real Estate Transfer Tax. Seller shall file all New York Real Property Transfer Gains Tax returns required under Article 31B of the New York Tax Law and shall pay any tax due thereunder and any New York Real Estate Transfer Tax which is payable as a result of the sale of the Shares.

4.03 Election. Buyer will cause the Company to file a timely election to apply Section 197 of the Internal Revenue Code of 1986, as amended (the "Code"), to all acquisitions made by the Company after July 25, 1991 and before August 11, 1993, as specified by the Omnibus Budget Reconciliation Act of 1993 and in accordance with Regulation Section 1.197-1T under the Code. The information provided in this election shall be that which is specified in Regulation Section 1.197-1T(e)(2). Parent will timely file an election consistent with the Company's filing.

4.04 Workers' Compensation. Parent shall cooperate with the Company, and Buyer shall cause the Company to cooperate with Parent, in (a) identifying the states where Parent functions as a guarantor or surety for the workers' compensation obligations of the Company; (b) removing Parent as a guarantor or surety in such states; and

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(c) settling all reserve balances with respect to the Company's workers' compensation claims for the calendar years 1988 through 1992, inclusive, as referenced in Schedule 2.06. The Indemnity Agreement between Parent and Buyer, dated June 14, 1991, is hereby terminated, except insofar as it applies to obligations of Parent which are in existence as of the Closing Date or were in existence at any time prior thereto.

4.05 Other Parent Guaranties of Company Obligations. From and after the Closing Date, Buyer will indemnify and reimburse Parent and Seller for any claims, losses, liabilities, damages, costs (including court costs), and expenses (including reasonable attorneys' and accountants' fees) incurred by Parent or Seller, or their respective successors or assigns, and their respective officers, employees, consultants and agents after the Closing Date as a result of any guaranty or assurance of any obligation (payment or performance) of the Company and its subsidiaries, provided that the liability which underlies such obligation has been reflected on the June 30, 1994 balance sheet of the Company or relates to premises occupied by the Company on the Closing Date.

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## ARTICLE V

### CONDITIONS TO BUYER'S OBLIGATIONS

The obligations of Buyer to consummate the transactions contemplated hereby shall be subject to the satisfaction (or waiver) at or prior to the Closing of all of the following conditions:

5.01 No Prohibition. No statute, rule or regulation or order of any court or administrative agency shall be in effect which prohibits Buyer from consummating the transactions contemplated hereby in the manner set forth herein.

5.02 Consents and Approvals. All consents and approvals and all other authorizations, exceptions and waivers required in order to enable the parties hereto to consummate the transactions contemplated hereby shall have been obtained.

5.03 Opinion of Counsel to Seller and Parent. Buyer shall have received the opinion of Walter M. Grant, general counsel to Parent, dated the Closing Date, in form and substance reasonably satisfactory to counsel for Buyer to the

effect that:

- (a) This Agreement, the Seller Release and the Noncompetition Agreement have been duly and validly authorized and executed by Seller and Parent;

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- (b) The execution, delivery and performance by Seller and Parent of this Agreement and the consummation by Seller and Parent of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, (i) violate or conflict with any order, judgment or decree applicable to either, (ii) violate or conflict with any provision of the Certificate of Incorporation of either, or (iii) require the approval of Parent's shareholders; and
- (c) All of the Shares are owned of record and beneficially by Seller free and clear of all Liens (assuming termination of the Shareholders' Agreement); and at the Closing, Buyer will acquire good and valid record and beneficial title to the Shares, free and clear of all Liens, except for any Liens that may have been created by Buyer.

5.04 Additional Documents. Seller and Parent shall have delivered to Buyer:

- (a) resignations of Frederick B. Beilstein III, Walter M. Grant, D. Carl Hamill, Michael A. Lustig and John D. Phillips as directors of the Company, effective as of the Closing Date;

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- (b) the Noncompetition Agreement executed by Parent and Seller;
- (c) the Seller Release executed by Parent and Seller;
- (d) a certified copy of the resolutions of Parent's Board of Directors duly authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby;

- (e) a certified copy of the resolutions of Seller's Board of Directors and shareholder duly authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby; and
- (f) the corporate seal and minute books of the Company.

ARTICLE VI

CONDITIONS TO THE OBLIGATIONS OF SELLER AND PARENT

The obligations of Seller and Parent to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction (or waiver) at or prior to the Closing of all of the following conditions:

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6.01 No Prohibition. No statute, rule or regulation or order or any court of administrative agency shall be in effect which prohibits Seller or Parent from consummating the transactions contemplated hereby in the manner set forth herein.

6.02 Consents and Approvals. All consents and approvals and all other authorizations, exemptions and waivers required in order to enable the parties hereto to consummate the transactions contemplated hereby, shall have been obtained.

6.03 Opinion of Counsel to Buyer. Seller shall have received the opinion of Gary P. Van Graafeiland, general counsel to Buyer, dated the Closing Date, in form and substance reasonably satisfactory to counsel for Parent to the effect that:

- (a) This Agreement, the Promissory Note, the Noncompetition Agreement and the Buyer Release (as hereinafter defined) have been duly and validly authorized and executed by Buyer; and
- (b) The execution, delivery and performance by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time,
  - (i) violate or conflict with any order,

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judgment or decree applicable to Buyer, (ii) violate or conflict with any provision of the Certificate of Incorporation of Buyer or (iii) require the approval of Buyer's shareholders.

6.04 Additional Documents. Buyer shall have delivered to Seller and Parent:

- (a) a certified copy of the resolutions of Buyer's Board of Directors duly authorizing the execution and delivery of this Agreement;
- (b) the Noncompetition Agreement executed by Buyer; and
- (c) a release in the form annexed hereto as Exhibit F (the "Buyer Release").

## ARTICLE VII

### INDEMNIFICATION

7.01 Survival of Representations and Warranties. Each representation and warranty set forth herein shall survive until the third anniversary of the Closing Date, other than the representations and warranties set forth in Sections 2.01, 2.02, and 2.03 relating to title and the right to transfer the Shares, each of which shall survive indefinitely.

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7.02 Indemnification by Parent and Seller.

- (a) Upon the terms and subject to the conditions of this Article VII, Parent and Seller shall jointly and severally indemnify, defend and hold harmless Buyer and the Company against all Losses (as hereinafter defined) and all demands, claims, actions or causes of action based upon any Loss which arises out of, is based upon or results from any breach of any representation or warranty of Parent or Seller contained in this Agreement. The obligations of Parent and Seller under this Article VII represent the exclusive remedy of Buyer for any breach of the representations and warranties of Parent and Seller contained in this Agreement.
- (b) "Loss" shall mean any loss, damage, liability,

cost and expense (including, without limitation, any interest, fine, penalty, assessment, court cost, attorneys' fees and disbursements) suffered by Buyer or the Company.

- (c) Buyer and the Company shall not be entitled to demand indemnification pursuant to this Section 7.02 with respect to a breach of any representation or warranty contained in this Agreement after the date on which such representation or warranty ceases to survive

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pursuant to Section 7.01, provided that if a demand for indemnification with respect to a breach of a representation or warranty is timely made, it may continue to be asserted beyond the survival date set forth in Section 7.01 with respect to the representation or warranty to which such demand relates.

7.03 Retention of Liability. Buyer and the Company shall be entitled to indemnification in respect of claims against Parent and Seller under Section 7.02 only after the aggregate amount of such claims exceeds \$500,000, and then only for amounts in excess thereof.

7.04 Conditions of Indemnification. The obligations and liabilities of Parent and Seller for indemnification with respect to claims made by or against a party other than the Company or a party to this Agreement (a "Claim") shall be subject to the following terms and conditions:

- (a) As used in this Section 7.04, the term "Indemnified Party" means Buyer, and/or the Company, as the case may be; and the term "Indemnifying Parties" means Seller and Parent.
- (b) The Indemnified Party will give the Indemnifying Parties prompt notice of each Claim, and the Indemnifying Parties will (except as otherwise contemplated by the proviso to Section 7.04(c)

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hereof) assume the defense thereof; provided, that an Indemnified Party shall be entitled to participate in such

action and to employ counsel at its own expense to assist in the handling of each such Claim.

- (c) If the Indemnifying Parties fail promptly to assume the defense thereof, the Indemnified Party shall (without further notice to the Indemnifying Parties) have the right to undertake the defense or to undertake a compromise or settlement of such Claim on behalf of and for the account and risk of the Indemnifying Parties, subject to the rights of the Indemnifying Parties to assume the defense of such Claim at any time prior to the settlement, compromise or final determination thereof. During any period when the Indemnifying Parties are contesting any such Claim in good faith, the Indemnified Party shall not pay, compromise or settle such Claim without the consent of the Indemnifying Parties (which shall not be reasonably withheld or delayed); provided that the Indemnified Party may nonetheless pay, compromise or settle such Claim without such consent during such period, in which event it shall, automatically and without any further action on its part, waive any right (whether or not pursuant to this Agreement) to

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indemnity in respect of all Losses relating to such Claim. If the Indemnified Party shall defend any such Claim until such Claim shall be adjudicated by order, decree, ruling or other action, then the Indemnified Party shall have the right, in the exercise of its sole discretion, to determine whether or not to appeal such adjudication.

- (d) Anything in this Section 7.04 to the contrary notwithstanding, the Indemnifying Parties shall not, without the prior written consent of the Indemnified Party (which consent shall not be withheld unreasonably or delayed), settle or compromise any Claim or consent to the entry of any judgment which imposes any future obligation on the Indemnified Party or which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the Indemnified Party a release from all liability in respect of such Claim.
- (e) The Indemnified Party shall, and shall cause its affiliates to, provide the Indemnifying Parties with such assistance (without charge) as they may reasonably request in connection with any indemnification or defense provided for



herein, including, without limitation, providing such information, documents and records and

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reasonable access to the services of and consultations with such personnel of the Indemnified Party or its affiliates as the Indemnifying Parties reasonably shall deem necessary (provided that such access shall not unreasonably interfere with the performance of the duties performed by or responsibilities of such personnel).

## ARTICLE VIII

### MISCELLANEOUS

8.01 Entire Agreement. This Agreement, including the Schedules and Exhibits hereto, constitutes the sole and entire understanding of the parties with respect to the subject matter hereof. The Shareholders' Agreement shall be deemed terminated and all rights and obligations thereunder shall expire as of the Closing.

8.02 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective parties and their respective permitted successors and assigns.

8.03 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

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8.04. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the construction hereof.

8.05. Modification, Waiver and Reliance. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto, except that any of the terms or provisions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits of such waived terms or provisions. No waiver of any of the provisions of this Agreement shall be

deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof. Parent and Seller, on one hand, and Buyer, on the other, in making their respective representations under this Agreement, are entitled to rely on the accuracy of the representations and warranties made by the other party or parties, as the case may be.

8.06. Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party shall be in writing and delivered personally or sent by overnight, next-day delivery, or by facsimile confirmed by first class mail as follows:

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If to Parent or Seller, addressed to:

Attention: President  
The Actava Group Inc.  
4900 Georgia-Pacific Center  
Atlanta, Georgia 30303  
Fax: (404) 524-4713

with a copy to General Counsel at  
the above-referenced address  
(Fax No. (404) 525-3010)

If to Buyer, addressed to:

Attention: Vice President and General Manager,  
Consumer Imaging  
Eastman Kodak Company  
343 State Street  
Rochester, New York 14650-0107  
Fax: (716) 724-9493

with a copy to General Counsel at the above-referenced address (Fax  
No. (716) 724-9448)

or to such other address for a party as shall be specified by like notice. Any notice which is delivered personally or by facsimile in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon delivery or facsimile transmission, respectively, to such party. Any notice which is addressed and delivered in the other manner herein provided shall be deemed to have been duly given to the party to which it is addressed on the next business day after the date on which such notice is deposited with

the firm or service retained to make the delivery.

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8.07 Governing Law. This Agreement shall be construed in accordance with and governed by the internal laws of the State of New York.

8.08 Public Announcements. None of the parties hereto shall make any public statement, including without limitation, any press release, with respect to this Agreement and the transactions contemplated hereby or disclose the existence or terms of this Agreement or the transactions contemplated hereby without the prior written consent of the other parties; provided, however, that this Section shall not be deemed to prohibit any party hereto from making any disclosure which (i) its counsel deems necessary or advisable upon prior notice to the other party in order to fulfill disclosure obligations imposed by law; or (ii) does not materially vary in substance from any disclosure to which the other parties have previously consented.

8.09 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expense.

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8.10 Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by Seller or Parent without the prior written consent of Buyer, or by Buyer without the prior written consent of Parent.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first written above.

JCJ, INC.

By: /s/ Frederick B. Beilstein, III

-----  
Name: Frederick B. Beilstein, III  
Title: President

THE ACTAVA GROUP INC.

By: /s/ John D. Phillips

-----  
Name: John D. Phillips  
Title: President and Chief Executive Officer

EASTMAN KODAK COMPANY

By: /s/ David P. Biehn

-----  
Name: David P. Biehn  
Title: Vice President

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TABLE OF ATTACHMENTS

EXHIBITS

-----  
A Promissory Note  
B Seller Release  
C Noncompetition Agreement  
D Certificate of Incorporation of the Company  
E By-Laws of the Company  
F Buyer Release

SCHEDULES

-----  
1 Shares Owned by Seller  
2.02 Capitalization  
2.06 Agreements between Parent and the Company

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EXHIBIT A

PROMISSORY NOTE

\$100,000,000.00

August 12, 1994

FOR VALUE RECEIVED, the undersigned, EASTMAN KODAK COMPANY, a New Jersey corporation (the "Company"), hereby promises to pay to the order of JCJ, Inc., a Delaware corporation (the "Payee"), the principal sum of One Hundred Million Dollars (\$100,000,000.00). The principal amount hereunder shall be paid by the Company in two installments of Fifty Million Dollars (\$50,000,000.00) each, with the first such installment to be due and payable on February 13, 1995, and with the final installment to be due and payable on August 11, 1995.

No interest shall be due or payable on the principal amount of this Note unless payments of principal are not paid when due. Overdue principal shall bear interest, payable on demand, at the rate of twelve percent (12%) per annum.

All payments of principal or interest shall be made in lawful money of the United States of America and in immediately available funds by wire transfer to an account designated by the Payee at the time of execution and delivery of this Note or to such other account as the Payee or other holder of this Note may designate by written notice to the Company at least ten (10) days prior to the date on which any payment is due.

The indebtedness evidenced by this Note may be prepaid, either in whole or in part, at any time without penalty.

Upon default in the payment of any installment of principal on this Note, then the Payee or other holder of this Note may declare the unpaid principal balance hereunder to be immediately due and payable, anything hereinabove to the contrary notwithstanding. The Company acknowledges that time is of the essence.

If this Note is not paid when due, whether at maturity or by acceleration, the Company promises to pay all costs of collection, including but not limited to reasonable attorneys' fees, whether or not suit is filed.

The Company waives presentment, demand for payment, protest, notice of

dishonor and any and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note. The Company agrees that no delay on the part of the Payee or other holder of this Note in exercising any power or right hereunder shall operate as a waiver; nor shall any single or partial exercise of any power or right preclude the later exercise of that right or any other right.

Nothing contained in this Note shall be deemed to establish or require the payment of a rate of interest in excess of the maximum rate permitted by law. In the event that the rate of

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interest required to be paid under this Note exceeds the maximum rate permitted by law, the rate of interest required to be paid hereunder shall be automatically reduced to the maximum rate permitted by law.

IN WITNESS WHEREOF, the duly authorized officers of the Company have hereunto set their hands under the corporate seal of the Company as of the day and year first above written.

EASTMAN KODAK COMPANY

By:

-----

Title:

-----

ATTEST:

-----

Secretary

[CORPORATE SEAL]

In consideration of the sum of Four Million Dollars (\$4,000,000) and other good and valuable consideration, receipt of which is hereby acknowledged, The Actava Group Inc. ("Actava") and JCJ, Inc. ("JCJ") for themselves and their predecessors, successors and assigns, hereby release and forever discharge Eastman Kodak Company ("Kodak"), its affiliated companies, officers and employees and their respective successors and assigns (each a "Released Kodak Entity") from all demands, contracts, obligations, agreements, actions, causes of actions, debts, losses, damages or claims, which heretofore existed, which now exist or hereafter arise of whatever kind or nature and whether known or unknown or suspected or unsuspected which could be asserted against any Released Kodak Entity by Actava or JCJ in connection with or arising out of or under the Shareholders' Agreement dated as of December 7, 1987, as amended, between Actava (then named Fuqua Industries, Inc.) and Kodak ("Released Claims").

Notwithstanding the above, the Released Claims shall not include any claims arising out of the breach of any representations or warranties or failure to comply with any of the continuing covenants or obligations contained or referred to in the Stock Purchase Agreement between Actava, Kodak and JCJ of even date herewith.

Actava hereby covenants and agrees never to commence, aid in any way, prosecute or cause to permit to be commenced or prosecuted any action or other proceeding against a Released Kodak Entity based upon any of the Released Claims.

IN WITNESS WHEREOF, The Actava Group Inc. and JCJ, Inc., by their duly authorized representatives have executed this Release as of this 12th day of August 1994.

THE ACTAVA GROUP INC.

JCJ, INC.

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

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This Agreement is entered into as of the 12th day of August, 1994, by and among Eastman Kodak Company, a New Jersey corporation ("Buyer"), The Actava Group Inc., a Delaware corporation ("Actava"), and JCJ, Inc., a Delaware corporation and a wholly-owned subsidiary of Actava ("JCJ").

WHEREAS, Buyer has purchased from JCJ all of its interest in Qualex Inc. (the "Company") pursuant to a Stock Purchase Agreement dated as of August 12, 1994; and

WHEREAS, it is essential to Buyer and the Company that Actava and JCJ refrain from involvement in businesses that compete with the Company.

NOW, THEREFORE, the parties agree as follows:

1. Covenant Not to Compete.

(a) For the benefit of Buyer and the Company, Actava and JCJ shall not, separately or jointly with a third party or directly or indirectly, for a period of five years from the date hereof: (i) engage in activities or businesses anywhere in the world which are in competition with the current business of the Company and its subsidiaries, including without limitation, rendering of wholesale or retail photofinishing services and wholesale and retail sale and distribution of photographic equipment and supplies; (ii) solicit any customer or prospective customer of the Company or its subsidiaries to purchase any goods or services currently sold by the Company or its subsidiaries from anyone other than the Company or its subsidiaries; (iii) assist any person in any way to do, or attempt to do, anything prohibited by (i) or (ii) above; (iv) solicit or recruit any employee of the Company or its subsidiaries or solicit or encourage any employee of the Company or its subsidiaries to leave the employment of the Company or its subsidiaries as applicable; or (v) disclose or furnish to anyone any confidential information relating to the Company or otherwise use such confidential information for their own benefit or the benefit of any other person.

(b) In the event that the duration or geographical limit of any restriction contained herein is determined to be unenforceable by any competent authority in any enforcement proceeding, it is the intention of the parties that the restrictive covenants set forth herein shall not thereby be terminated but shall be deemed amended to the extent required to render it valid and enforceable, such amendment to apply only with respect to the operation hereof in the jurisdiction of the tribunal or court that has made the adjudication. Actava and JCJ acknowledge that the restrictive covenant set forth herein is necessary for the protection of the legitimate business interests of the Company and Buyer.



2. Compensation. In consideration for the covenants of Actava and JCJ, Buyer shall pay the sum of Ten Million Dollars (\$10,000,000) concurrently with the execution hereof.

3. Equitable Remedies. In the event of any actual or threatened breach of the covenants contained herein, Actava and JCJ acknowledge that monetary damages may not be sufficient to remedy such breach, and that Buyer and the Company shall be entitled to an injunction restraining the breach thereof and may pursue any of their available remedies for such actual or threatened breach, including the recovery of monetary damages. If, in any judicial proceeding, a court shall refuse to enforce any of such covenants, any such unenforceable covenant shall be deemed amended to the extent necessary to permit its enforcement to the extent practicable; otherwise, any such covenant shall be deemed eliminated from this Agreement for the purposes of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced.

4. Miscellaneous.

(a) This Agreement shall be binding on and inure to the benefit of the respective transferees, successors and assigns of the parties hereto.

(b) This Agreement shall be governed by and construed in accordance with the laws of the New York.

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

JCJ, INC.

THE ACTAVA GROUP INC.

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

EASTMAN KODAK COMPANY

By: \_\_\_\_\_  
Title:

## EXHIBIT 99

[LOGO]

Westinghouse  
Electric Corporation

Law Department

11 Stanwix Street  
Pittsburgh Pennsylvania 15222-1384  
Telecopier (412) 642-4905

August 17, 1994

The Actava Group Inc.  
4900 Georgia-Pacific Center  
Atlanta, GA 30303  
Attn: Frederick B. Beilstein, III

Re: Amendment ("Amendment") of June 8, 1993 Shareholder Rights Agreement between The Actava Group Inc. (formerly Fuqua Industries) and Westinghouse Electric Corporation ("Shareholder Agreement")

Ladies and Gentlemen:

The purpose of this Amendment is to confirm that in consideration of the agreement of the Westinghouse Executive Pension Trust Fund ("Fund") to defer for a limited time exercising the put right to sell to The Actava Group Inc. ("Company") all of the 1,090,909 shares of Company common stock (the "Shares") acquired by Westinghouse Electric Corporation ("WEC") pursuant to the April 30, 1993 Asset Purchase Agreement, within ten days of the execution of this Amendment, the Company shall pay to the Fund a fee in the amount of \$435,000 (the "Fee"), and shall deliver to the Fund an irrevocable letter of credit in favor of Mellon Bank, N.A., as Trustee ("Trustee") of the Fund, as beneficiary, in the amount of \$12,000,000, payable at any time ("Letter of Credit").

The parties hereby agree to delete Section 6(e) of the Shareholder Agreement, and to delete Sections 6(b) and 6(c) thereof, and to substitute the following provisions in lieu of such latter two Sections.

b) Notice. Each WEC Holder may exercise the Put Right with respect to all of the Shares by delivery of notice (the "Notice of Exercise") to the Company on or before February 7, 1995. The Notice of Exercise shall bind all WEC Holders to sell to the Company (and shall bind the Company to purchase) all of the Shares.

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August 17, 1994

The Actava Group Inc.

Amendment of Shareholder Agreement

(c) Closing. The closing of any sale of the Shares pursuant to the Notice of Exercise of the Put Right automatically shall occur on February 17, 1995. At such closing, (i) each WEC Holder selling the Shares shall deliver to the bank issuing the Letter of Credit certificates representing all the Shares, endorsed to the Company or accompanied by duly-executed stock powers transferring all the Shares to the Company, and appropriate certification that the selling WEC Holder has good, valid, and unencumbered title to all the Shares, and has transferred such free and clear title to the Company; and (ii) the WEC Holder shall immediately receive \$12,000,000 upon draft or demand by the Trustee to the bank issuing the Letter of Credit.

In addition to the foregoing, notwithstanding any other provision of the Shareholder Agreement to the contrary, the parties hereby agree to the following terms.

1. From the date hereof through February 6, 1995, the Company shall have the right but not the obligation ("Call Right") to require the Fund or any other WEC Holder to sell to the Company all of the Shares then owned by the Fund or any other WEC Holder. The call purchase price ("Call Purchase Price") shall equal the greater of (a) \$11.00 per Share or (b) that amount offered to the Fund or any other WEC Holder pursuant to a bonafide written offer to purchase the Shares received by the Fund or any other WEC Holder from an unrelated third party with the financial ability to purchase the Shares. In the event the Fund or any other WEC Holder does not provide the Company with a copy of such bonafide written offer within five (5) days of the date of the notice of exercise hereunder, the Call Purchase Price shall equal the greater of (a) \$11.00 per Share or (b) ninety percent (90%) of the average trading price for the Shares on the New York Stock Exchange for the ten (10) days prior to the date on which the Company exercises its Call Right. The Company may exercise its Call Right by delivery of notice to the Fund or any other WEC Holder no later than February 6, 1995. The notice shall bind the Fund or such WEC Holder to sell to the Company (and shall bind the Company to purchase) all of the Shares. The closing of any sale of the Shares pursuant to the Call Right shall occur on such date and at such place as shall be agreed upon by the Company and the Fund or any other WEC Holder; provided, however, that such closing shall occur within ten (10) days of the date of the

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notice, or the next business day thereafter. Such closing shall occur in accordance with the terms, conditions and procedures set forth in Section 6(c) (i) and (ii) of the Shareholder Agreement, as amended; the Fund or any other WEC Holder selling the Shares shall immediately receive from the Company that amount, if any, by which the Call Purchase Price exceeds \$12,000,000; and the Fund or any other WEC Holder shall refund to the Company a prorated portion of the Fee which shall be an amount equal to the product of (a) the Fee; and (b) a fraction, the numerator of which is the number of days from the date on which the closing occurs to February 17, 1995, and the denominator of which is the number of days from the date hereof to February 17, 1995. If such closing is to occur before February 17, 1995, the Company shall, on or before the date of such closing, deliver to the bank issuing the Letter of Credit the Company's written consent to the drawing by the Trustee of the \$12,000,000 under the Letter of Credit on the date of such closing.

2. The Trustee shall only draw upon the Letter of Credit in connection with the exercise of the Put Right or the Call Right.

3. For purposes of this Amendment, the Shares shall be deemed to be represented by share certificates numbers NSD100053 through NSD100063, inclusive, together with the certificates representing any other securities hereafter issued with respect to the Shares by way of exchange, reclassification, dividend or distribution. On or before any closing pursuant to this Amendment, the Company shall furnish written certification to the bank issuing the Letter of Credit either identifying any such additional or different certificates issued and delivered by the Company to WEC or any WEC Holder, or confirming that no such additional or different certificates have been issued, as the case may be.

This Amendment is the final and entire agreement among the parties with respect to the subject matter of this Amendment. Except as specifically modified by this Amendment, the Shareholder Agreement shall remain in full force and effect, and shall not operate as a waiver of either party's rights thereunder. To confirm your acceptance of this Amendment, please execute the enclosed counterpart original and return it to the undersigned.

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Westinghouse Electric Corporation

By: /s/ August W. Frisch

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Name: August W. Frisch  
Title: Vice President and General Tax Counsel

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AGREED TO AND ACCEPTED BY:

Mellon Bank, N.A., as Trustee for the  
Westinghouse Executive Pension Trust Fund,  
as Directed by Westinghouse Electric Corporation

By: /s/ Allan M. Seaman

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Name: ALLAN M. SEAMAN

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Title: ASSOCIATE COUNSEL

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Date:

The decision to participate in this investment, any representations made herein by the participant, and any actions taken hereunder by the participant has/have been made solely at the direction of the investment fiduciary who has sole investment discretion with respect to this

investment.

The Actava Group Inc.

By: /s/ Frederick B. Beilstein III  
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Name: Frederick B. Beilstein III  
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Title: Senior Vice President  
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Date: 8-17-94  
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