FORM 10-K

Annual report pursuant to section 13 and 15(d)

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LIVE ENTERTAINMENT INC

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1993
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-17342

LIVE ENTERTAINMENT INC.
(Exact name of Registrant as specified in its charter)

Delaware	95-4178252
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
15400 Sherman Way, Van Nuys, California	91406
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (818) 988-5060

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange
Series B Cumulative Convertible Preferred Stock, $1.00 par value	NASDAQ Small Cap Market

Securities registered pursuant to Section 12(g) of the Act:
Contingent Payment Rights
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of March 31, 1994 was approximately $13,680,000.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes X No
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As of March 31, 1994, there were 12,093,610 shares of the Registrant's Common Stock, 6,000,000 shares of the Registrant's Series B Cumulative Convertible Preferred Stock and 15,000 shares of the Registrant's Series C Convertible Preferred Stock outstanding.

PART I

ITEM 1. BUSINESS

Introduction

LIVE Entertainment Inc., a Delaware corporation (the "Company" or "LIVE") was formed in 1988 and its largest ongoing businesses are LIVE Home Video Inc. ("LHV") and LEI-IVE Entertainment N.V. ("LIVE NV"), which acquire rights to theatrical motion pictures, children's films and special interest programs which they market and distribute primarily on videocassettes to wholesalers, retailers and consumers in the United States and Canada (LHV) and internationally (LIVE NV). The Company owns an 81% interest in VCL/Carolco Communications GmbH ("VCL"), a home video distribution and marketing company headquartered in Munich, Germany. The Company also owns the "Specialty Retail Division," consisting of its wholly owned subsidiary, Strawberries Inc. ("Strawberries"), and Strawberries' wholly owned subsidiary, Waxie Maxie Quality Music Co. ("Waxie Maxie"). The Specialty Retail Division engages in the retail sale of audio records and tapes, compact discs and video products and consists of 142 stores in the Northeastern United States and the Baltimore/Washington D.C. metropolitan area. As discussed below under "Recent Developments for the Company - Decision to Dispose of Specialty Retailing Division and VCL," the Company intends to dispose of its interests in both VCL and the Specialty Retail Division. The Company's continuing operations are primarily in a single business segment, the distribution and retail sale of a broad variety of entertainment software products.

The Company's executive offices are located at 15400 Sherman Way, Suite 500, Van Nuys, California 91406 and its telephone number is (818) 988-5060.

Recent Developments for the Company

Agreement in Principle on Business Combination with Carolco Pictures Inc. ("Carolco")

In March 1994, the Company and Carolco reached agreement in principle on a business combination (the "Combination"). The Combination will be structured as a tax free exchange whereby each Carolco stockholder will receive one share of newly issued LIVE Common Stock for each 5.5 shares of Carolco Common Stock held by them. The exchange ratio will be subject to adjustment based on the market price of Carolco Common Stock prior to the consummation of the Combination, subject to two limitations. The first limitation is that the number of Carolco shares to be exchanged for each share of LIVE will be adjusted upward, if necessary, so that the market value of Carolco shares to be exchanged is at least $3.00, but in no event will more than 6.5 shares of Carolco be exchanged for each share of LIVE. The second limitation is similar to the first in that the number of Carolco shares to be exchanged for each share of LIVE will be adjusted downward, if necessary, so that the market value of Carolco shares to be exchanged is no more than $4.00, but in no event will fewer than 4.5 shares of Carolco be exchanged for each share of LIVE. The market value of Carolco shares will be deemed to be the average trading price of Carolco Common Stock for the twenty (20) trading days ending no earlier than three days prior to the closing of the Combination.

As a result of the Combination, the current LIVE stockholders will own between 22% and 29% of the combined company, the name of which will be changed to Carolco Entertainment Inc.

The Combination is subject to a number of conditions, including (a) redemption of LIVE's Series B Cumulative Convertible Preferred Stock (the "Series B Preferred Stock"), (b) amendments to the Indenture (the "12% Note Indenture") governing the $37,000,000 in principal amount of LIVE's 12% Subordinated Secured Notes Due September 1994 (the "12% Notes"), the Indenture (the "Public Indenture") governing the $40,000,000 in principal amount of LIVE's Increasing Rate Senior Subordinated Notes due 1999 (the "Public Notes"), and the terms of LIVE's Series C Convertible Preferred Stock (the "Series C Preferred Stock"), (c) delivery of fairness opinions by the independent financial advisors to each company, and (d) the availability of financing commitments at each company prior to the closing of the Combination. The Combination is also subject to the execution of a definitive business combination agreement by no later than April 22, 1994 and the subsequent approval of the Combination by a majority of the non-affiliated common stockholders of each of Carolco and LIVE.

Decision to Dispose of Specialty Retailing Division and VCL

In March 1994, both as a result of a desire of the Company to focus its efforts on its core entertainment business and as a result of the agreement in principle on the Combination, the Board of Directors of the Company decided to dispose of the Company's interests in the Specialty Retail Division and VCL. Accordingly, the Company's interests in the Specialty Retail Division and VCL have been recorded as "Assets Held For

Sale" and "Liabilities Related To Assets Held For Sale" as of December 31, 1993 and have been written down to their estimated net realizable or liquidation values. The operating statements presented have been restated to separately disclose the results of operations of VCL as a disposal of a portion of a line of business and to account for the Specialty Retail Division as a discontinued operation.

As of March 31, 1994, no purchase offers had yet been received for either the Specialty Retail Division or VCL, although management was engaged in discussions regarding the sale of both entities. In particular, the President of the Specialty Retail Division is in the process of seeking financing to make an offer for a management led buy out of the Division. The Board of Directors of the Company has stated that it intends to give serious consideration to any such offer.

The Series B Preferred Stock is mandatorily redeemable from the net proceeds of any sale of the Specialty Retail Division. As a result of the Company's decision to dispose of its interest in the Specialty Retail Division, a total of $40,000,000 of the Series B Preferred Stock has been re-classified from equity to current liabilities as of December 31, 1993 reflecting the Company's expectation to sell the Division for no less than $40,000,000.

Restructuring of Senior Subordinated Notes and Series A Preferred Stock

On March 17, 1993, the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") confirmed a prepackaged plan of reorganization (the "Prepackaged Plan") for LIVE, providing for the issuance of $40,000,000 in principal amount of Public Notes, 6,000,000 shares of Series B Preferred Stock, with a liquidation preference of $60,0000,000, par value $1.00 per share, initially bearing an annual dividend of 5% if paid in cash or 8% if paid in kind and $8,000,000 in cash, replacing an aggregate of $110,000,000 principal amount of the Company's then-outstanding 14.5% Senior Subordinated Notes due May 15, 1999 (the "Outstanding Notes"), plus accrued and unpaid interest of $12,672,000 through August 31, 1992, and 1,050,000 shares of outstanding Series A Cumulative Convertible Preferred Stock, with a liquidation preference of $21,000,000, bearing a 10% cash dividend of which $872,000 was accrued and unpaid as of August 31, 1992 (the "Series A Preferred Stock") (the Outstanding Notes and the Series A Preferred Stock are referred to herein collectively as the "Outstanding Securities"). This completed the financial restructuring of LIVE begun in 1992 (the "Restructuring") that contemplated these transactions. Reorganized LIVE emerged from bankruptcy on March 23, 1993.

Upon tender of their Outstanding Securities to American Stock Transfer & Trust Company, the holders of the Outstanding Securities received the following:

(a) $72.727 in cash plus $335.20 principal amount of Public Notes plus 50.28 shares of Series B Preferred Stock for each $1,000 principal amount of Outstanding Notes; and

(b) $2.98 principal amount of Public Notes plus 0.447 shares of Series B Preferred Stock for each share of Series A Preferred Stock.

The Prepackaged Plan was filed with the Bankruptcy Court on February 2, 1993 following LIVE's receipt of acceptances of the Prepackaged Plan by the holders of the Outstanding Securities pursuant to a Prospectus, Consent Solicitation, Proxy Statement and Solicitation of Prepackaged Plan Acceptances dated December 18, 1992, and supplemented on January 13, 1993 and January 18, 1993, filed with the Securities and Exchange Commission.

Credit Issues

On January 28, 1994, the Company's and LHV's pre-existing bank credit facility (the "Bank Credit Facility") with a group of banks headed by Chemical Bank and Credit Lyonnais Bank Nederland N.V. (the "Bank Group") was amended. The maximum credit available under the Bank Credit Facility was reduced to $20,000,000 effective on the date of the amendment. The commitments under the Bank Credit Facility will be further reduced on a monthly basis to $10,000,000 by June 29, 1994. Furthermore, the maximum credit amount available under the Bank Credit Facility will continue to be further reduced by an amount equal to cash dividends paid on the Series B Preferred Stock and Series C Preferred Stock. On April 1, 1994, cash dividends totaling $750,000 were paid on the Series B Preferred Stock, thereby reducing the maximum credit currently available under the Bank Credit Facility to $15,916,000 as of that date.

The term of the Bank Credit Facility ends July 29, 1994 and earlier in the event of a default. The Bank Credit Facility provides that if the

Bank Group chooses to terminate its lending commitment thereunder without accelerating the loans thereunder prior to July 29, 1994, the Company must apply all its cash receipts (except net proceeds of equity sales) to the repayment of the amounts outstanding under the Bank Credit Facility for up to six months after termination, at which time any amounts remaining unpaid are due. Additionally, the 12% Notes are due and payable on September 15, 1994.

As a result of the Company's operating results in 1993, as well as its decision to dispose of the Specialty Retail Division and VCL, the Company was not in compliance with a number of ratios under the Bank Credit Facility and the 12% Note Indenture as of December 31, 1993. The Company is in discussions with the Bank Group to obtain waivers of the non-compliance and management believes that those waivers will be obtained. If the Bank Group waives the non-compliance, such waiver automatically acts as a waiver of the corresponding non-compliance under the 12% Note Indenture. If the Company does not secure the waivers, an event of default will exist under both the Bank Credit Facility and the 12% Note Indenture, allowing the Bank Group and the holders of the 12% Notes to accelerate payment of the amounts due to them. If such acceleration occurs, the Company might not be in a position to pay the amounts due and might not be able to continue as a going concern.

The Company is in negotiations with members of the Bank Group, as well as others, to provide a replacement source of financing of up to $40,000,000, having a term of at least one year, prior to the expiration of the Bank Credit Facility (the "New Bank Credit Facility"). A condition to obtaining the New Bank Credit Facility is the agreement of the holders of at least $31,000,000 in principal amount of the 12% Notes to extend the maturity date for payment of the 12% Notes held by them to a date which would be not earlier than several months after the maturity date of the New Bank Credit Facility (the "12% Note Extension"). Although management believes there is a realistic possibility of obtaining both the New Bank Credit Facility and the 12% Note Extension prior to the expiration of the Bank Credit Facility, there is no assurance that management will be successful in these efforts. If the Company is unable to obtain replacement financing, it may not be in a position to pay the amounts due under the Bank Credit Facility and the 12% Notes upon the maturity thereof and might not be able to continue as a going concern.

Management is also seeking to replace the Bank Credit Facility, as well as the New Bank Credit Facility once the New Bank Credit Facility is in place, with a new credit facility of approximately $75,000,000 having a term of at least one year (the "Permanent Facility"), prior to the expiration of the Bank Credit Facility (or the New Bank Credit Facility, if the New Bank Credit Facility replaces the Bank Credit Facility). Funds from the Permanent Facility may also be used to pay all then-outstanding 12% Notes in full. Management does not expect the Permanent Facility to be available unless and until after the closing of the Combination. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Carolco Financial Restructuring and Change in Control

On October 20, 1993, Carolco, formerly the owner of approximately 51.7% of the outstanding Common Stock and 37% of the voting equity of the Company, completed a financial restructuring (the "Carolco Restructuring"). As part of the Carolco Restructuring, Pioneer LDCA, Inc. ("Pioneer"), RCS Video International Services B.V. ("RCS") and Le Studio Canal+ ("Canal+" and collectively with Pioneer and RCS, the "Strategic Investors") received all 6,245,283 shares of LIVE Common Stock owned by Carolco. Canal+ subsequently transferred to its affiliate, Cinepole Productions B.V. ("Cinepole"), all of the Common Stock in the Company owned by Canal+. As of March 31, 1994, the voting ownership percentage of LIVE held by Pioneer, RCS and Cinepole and their affiliates was 53.2%, 7.5% and 7.5%, respectively.

Although Carolco no longer owns any voting equity of LIVE, as a result of the Carolco Restructuring, the Strategic Investors currently own approximately 63.8% of the common stock voting ownership of Carolco.

Carolco product sold by LHV accounted for 13.0%, 38.4% and 40.3% of combined LHV and VCL net sales for the years ended December 31, 1993, 1992 and 1991, respectively.

Management Changes

Since the beginning of 1993, Thomas Bradshaw resigned from the Board of Directors, Roy A. Salter did not stand for re-election as a member of the Board of Directors and Jay Burnham, Masao Nomura and Ronald B. Cushey have been elected or appointed as Directors. Neither of the departures

from the Board of Directors was the result of any dispute with the Company.

In September 1993, David A. Mount resigned as President and Chief Executive Officer of the Company. Mr. Mount continues to serve as a member of the Company's Board of Directors. In December 1993, Roger A. Burlage was appointed President and Chief Executive Officer of the Company.

Entertainment Marketing and Distribution Operations

General

Historically, the operations of LHV and VCL have focused on the acquisition and distribution of home video programming in the United States and Canada (through LHV) and in German-speaking Europe (through VCL), by marketing and distributing videocassettes to wholesalers, retailers and consumers directly. In early 1994, the Company announced plans to expand LHV's business activities into the theatrical release of a limited number of motion pictures and the direct licensing of international, television rights and other ancillary rights to third parties rather than through intermediaries. This expansion is meant to enhance the core video business of the Company. LHV controls the United States and Canadian home video rights (hereinafter referred to as "domestic home video rights") to a catalog of approximately 1,800 titles, inclusive of approximately 1,000 titles acquired from Vestron, Inc. ("Vestron").

As an independent distribution company, the Company acquires the rights to programming from a variety of sources, including production companies and independent producers. The Company often acquires the rights to completed motion pictures. However, in order to secure rights to motion pictures which might not otherwise be available to the Company and to acquire a wider array of distribution rights on more favorable terms, the Company also secures the rights to motion pictures prior to or during production.

Distribution rights which the Company may acquire include (a) DOMESTIC: home video, free television, pay television (including cable and pay-per-view), theatrical and electronic publishing, and (b) INTERNATIONAL: all media.

The United States Motion Picture Industry

The United States motion picture industry encompasses the production and theatrical exhibition of feature-length motion pictures and the subsequent distribution of such pictures in home video, television and other ancillary markets. The industry is dominated by the major studios, including Universal Pictures, Warner Bros., Twentieth Century Fox, MGM, Sony Pictures Entertainment (including Columbia Pictures and Tri-Star Pictures), Paramount Pictures and Walt Disney Company, which historically have produced and distributed the majority of theatrical motion pictures released annually in the United States. In recent years, however, "independent" motion picture production companies such as The Samuel Goldwyn Company, New Line Cinema Corporation, Republic Pictures, Castle Rock Entertainment and Morgan Creek Productions, Inc. have played an important role in the production of motion pictures for the worldwide feature film market. There are also a large number of smaller production companies that produce theatrical motion pictures.

The "majors" generally own their production studios and have national or worldwide distribution organizations. Major studios typically release films with direct production costs ranging from $10,000,000 to $50,000,000 or more and provide a continual source of motion pictures to the nation's theater exhibitors. The independents do not own production studios and, with certain exceptions, have more limited distribution capabilities than the major studios. Independents typically produce fewer motion pictures at substantially lower average production costs than major studios.

Motion Picture Production and Financing

The production of a motion picture begins with the screenplay adaptation of a popular novel or other literary work acquired by the producer or the development of an original screenplay having its genesis in a story line or scenario conceived of or acquired by the producer. In the development phase, the producer typically seeks production financing and tentative commitments from a director, principal cast members and other creative personnel. A proposed production schedule and budget are also prepared during this phase.

Upon completing the screenplay and arranging financing commitments,

pre-production of the motion picture begins. In this phase, the producer engages creative personnel to the extent not previously committed; finalizes the filming schedule and production budget; obtains insurance and secures completion guarantees, if necessary or available, as recently the costs of securing such guarantees has increased and the number of companies providing such guarantees has decreased; establishes filming locations and secures any necessary studio facilities and stages; and prepares for the start of actual filming.

Principal photography, the actual filming of the screenplay, may extend from four to twelve weeks or more, depending upon such factors as budget, location, weather and complications inherent in the screenplay. Following completion of principal photography, the motion picture is edited, opticals, dialogue, music and any special effects are added, and voice, effects and music sound tracks and picture are synchronized during post-production. This results in the production of the negative from which the release prints of the motion picture are made.

The cost of a motion picture produced by an independent production company for limited distribution ranges from approximately $1,000,000 to $10,000,000 as compared with an average of more than $20,000,000 for commercial films produced by major studios for wide release. Production costs consist of acquiring or developing the screenplay, film studio rental, cinematograph, post-production costs and the compensation of creative and other production personnel. Distribution expenses, which consist primarily of the costs of advertising and release prints, are not included in direct production costs.

The major studios generally fund production costs from cash flow from their motion picture and related activities, or in some cases from unrelated businesses. Substantial overhead costs, consisting largely of salaries and related costs of the production staff and physical facilities maintained by the major studios, also must be funded.

Independent production companies generally avoid incurring substantial overhead costs by hiring creative and other production personnel and retaining the other elements required for pre-production, principal photography and post-production activities on a project-by-project basis. Unlike the major studios, the independents also typically finance their production activities from discrete sources. Such sources include bank loans, "pre-sales," equity offerings and joint ventures. Independents generally attempt to complete their financing of a motion picture production prior to commencement of principal photography, at which point substantial production costs begin to be incurred and require payment.

"Pre-sales" are often used by independent film companies to finance all or a portion of the direct production costs of a motion picture. Pre-sales consist of fees paid to the producer by third parties in return for the right to exhibit the completed motion picture in theaters or to distribute it in home video, television, foreign or other ancillary markets. Producers with distribution capabilities may retain the right to distribute the completed motion picture either domestically or in one or more foreign markets. Other producers may separately license theatrical, home video, television, foreign and all other distribution rights among several licensees.

Both major studios and independent film companies often acquire motion pictures for distribution through a customary industry arrangement known as a "negative pickup," under which the studio or independent film company agrees to acquire from an independent production company all rights to a film upon completion of production. The independent production company normally finances production of the motion picture pursuant to financing arrangements with banks or other lenders in which the lender is granted a security interest in the film and the independent production company's rights under its arrangement with the studio or independent. When the studio or independent "picks up" the completed motion picture, it assumes (and in the case of the Company, most often simply pays) the production financing indebtedness incurred by the production company in connection with the film. In addition, the independent production company is paid a production fee and generally is granted a participation in the net profits from distribution of the motion picture.

Both major studios and independent film companies generally incur various third-party participations in connection with the distribution and production of a motion picture. These participations are contractual rights of actors, directors, screenwriters, owners of rights and other creative and financial contributors entitling them to share in revenues or net profits (as defined in the respective agreements) from a particular motion picture. Except for the most sought-after talent, participations

are generally payable after all distribution and marketing fees and expenses, direct production costs and financing costs are paid in full.

Motion Picture Distribution

Motion picture distribution encompasses the distribution of motion pictures in theaters and in ancillary markets such as home video, pay-per-view, pay television, broadcast television, foreign and other markets. The distributor typically acquires rights from the producer to distribute a motion picture in one or more markets. For its distribution rights, the distributor typically agrees to advance the producer a certain minimum royalty or guarantee, which is to be recouped by the distributor out of revenues generated from the distribution of the motion picture and is generally non-refundable. The producer also is entitled to receive a royalty equal to an agreed-upon percentage of all revenues received from distribution of the motion picture over and above the royalty advance.

Theatrical Distribution

The theatrical distribution of a motion picture involves the manufacture of release prints, the promotion of the picture through advertising and publicity campaigns and the licensing of the motion picture to theatrical exhibitors. The size and success of the promotional advertising campaign can materially affect the revenues realized from the theatrical release of a motion picture. The costs incurred in connection with the distribution of a motion picture can vary significantly, depending on the number of screens on which the motion picture is to be exhibited and the ability to exhibit motion pictures during peak exhibition seasons. Competition among distributors for theaters during such seasons is great. Similarly, the ability to exhibit motion pictures in the most popular theaters in each area can affect theatrical revenues.

The distributor and theatrical exhibitor generally enter into an arrangement providing for the exhibitor's payment to the distributor of a percentage of the box office receipts for the exhibition period, in some cases after deduction of the theater's overhead, or a flat negotiated weekly amount. The distributor's percentage of box office receipts generally ranges from an effective rate of 35% to over 50%, depending upon the success of the motion picture at the box office. Distributors carefully monitor the theaters which have licensed the picture for exhibition to ensure that the exhibitor promptly pays all amounts due the distributor. Substantial delays in collection are not unusual.

Motion pictures may continue to play in theaters for up to six months following their initial release. Concurrently with their release in the United States, motion pictures generally are released in Canada and may also be released in one or more other foreign markets. The motion picture then becomes available for distribution in other markets as follows:

	Months After Initial Release	Approximate Release Period
Domestic home video	4-6 months	----
Domestic pay-per-view	6-9 months	3 months
Domestic pay television	10-18 months	12-21 months
Domestic network/basic cable	30-36 months	18-36 months
Domestic syndication	30-36 months	3-15 years
Foreign home video	6-12 months	----
Foreign television	18-24 months	18-30 months

Home Video

The home video distribution business involves the promotion and sale of videocassettes and videodiscs to distributors as well as local, regional and national video retailers (e.g., video specialty stores, convenience stores, record stores and other outlets), which then rent or sell such videocassettes and videodiscs to consumers primarily for private viewing.

Major feature films are usually scheduled for release in the home video market within four to six months after theatrical release to capitalize on the theatrical advertising and publicity for the film. Promotion of new releases is generally undertaken during the nine to twelve weeks before the release date. Videocassettes of feature films are generally sold to domestic wholesalers at approximately $50 to $60 per unit and generally are rented by consumers for fees ranging from $1 to $5 per day. Wholesalers who meet certain sales and performance objectives may earn rebates, return credits and cooperative advertising allowances. Selected titles, including certain made-for-video programs, are priced significantly lower (at a wholesale price ranging from $5 to $19 per unit) to encourage direct purchase by consumers. Direct sale to consumers is

referred to as the "priced-for-sale" or "sell-through" market.

Overall growth in the domestic home video market has slowed as growth in the number of new outlets and new VCR homes has moderated. The growth in outlets designed to serve the rental market has remained essentially flat for the past several years, while the number of new outlets which offer videocassettes and videodiscs for sale has increased. The sell-through market continues to be a seasonal business, except for feature films initially released at prices generally below $30. Furthermore, technological developments which regional telephone companies and others are developing could make competing delivery systems economically viable and could alter the home video marketplace.

Pay-per-view

Pay-per-view television allows cable television subscribers to purchase individual programs, including recently released motion pictures and live sporting, music or other events, on a "per use" basis. The subscriber fees are typically divided among the program distributor, the pay-per-view operator and the cable system operator.

Pay Television

Pay television allows cable television subscribers to view HBO, Cinemax, Showtime, The Movie Channel, Encore and other pay television network programming offered by cable system operators for a monthly subscription fee. The pay television networks acquire a substantial portion of their programming from motion picture distributors.

Broadcast and Basic Cable Television

Broadcast television allows viewers to receive, without charge, programming broadcast over the air by affiliates of the major networks (ABC, CBS, NBC and Fox), independent television stations and cable and satellite networks and stations. In certain areas, viewers may receive the same programming via cable transmission for which subscribers pay a basic cable television fee. Broadcasters or cable systems operations pay fees to distributors for the right to air programming a specified number of times.

Foreign Markets

In addition to their domestic distribution activities, some motion picture distributors generate revenues from distribution of motion pictures in foreign theaters, home video, television and other foreign markets. There has been a dramatic increase in recent years in the worldwide demand for filmed entertainment. This growth is largely due to the privatization of television stations, introduction of direct broadcast satellite services, growth of home video and increased cable penetration.

Other Markets

Revenues also may be derived from the distribution of motion pictures to airlines, schools, libraries, hospitals and the military, licensing of rights to perform musical works and sound recordings embodied in a motion picture, and rights to manufacture and distribute games, dolls, clothing and similar commercial articles derived from characters or other elements of a motion picture.

Acquisition of Motion Picture Distribution Rights by the Company

General

Distribution rights to motion pictures can encompass various media (e.g., theatrical, home video, free or pay television, electronic publishing) and various markets or territories (e.g., the United States and Canada, Great Britain, Japan). The Company prefers to acquire worldwide distribution rights to a motion picture in all media wherever feasible although historically the Company has focused its activities in the domestic video market.

Domestic Home Video Distribution Rights

LHV has developed operating strategies which it believes enhance sales and profit growth potential by focusing on securing long-term access to commercially viable motion pictures for video release. It categorizes the feature films it releases in video by reference to relative acquisition costs and expected unit sales. "A+" titles generally are those films with some combination of significant box office revenues, established stars, wide theatrical distribution and/or large budgets. "A" titles usually are feature films with cast or other elements which give

them a defined audience appeal and which also receive wide theatrical distribution. Those films categorized as "B" titles generally include a variety of more modestly budgeted films which, if released theatrically, are done so on a limited or regional basis. In addition to motion picture product, LHV also acquires non-theatrical programming such as sports and fitness programming, children's programming and special interest products.

As a result of its agreement with Carolco, LHV has secured access to broadly distributed theatrical motion pictures. Carolco has granted to LHV domestic home video rights to motion pictures produced or controlled by Carolco prior to August 1995. Canadian home video rights have not been granted to LHV in the case of several films produced by Carolco. In consideration for the rights granted by Carolco, LHV has agreed to pay Carolco certain advances for each picture. These advances are recoupable from LHV's net receipts from video distribution of the pictures. LHV is entitled to cross-collateralize both net receipts from groups of pictures and advances on subsequent groups of pictures in order to ensure that it earns a certain minimum overall distribution fee on each group of films. There is a corresponding upper limit on the total gross distribution fee that LHV can earn on each group of films. "Net receipts" generally are LHV's wholesale receipts less certain expenses such as marketing and costs of manufacturing. These agreements have been (or will be in the case of any future amendments or pictures) approved by the independent committees of LIVE's Board of Directors (including members elected by holders of the Series B Preferred Stock) and Carolco's Board of Directors. During 1993, LHV released two Carolco titles under this arrangement: "Chaplin" and "Dark Wind." The Company does not anticipate releasing any additional titles under this arrangement until 1995. The Company expects that this output agreement will be extended and modified if the Combination is consummated.

In March 1993, a subsidiary of LHV entered into a distribution agreement with Miramax Film Corp. ("Miramax") for the video release by LHV of a number of motion pictures, some of which have been theatrically released by Miramax domestically, including "The Crying Game," "The Piano," "House of the Spirits" and "Fortress." "The Piano" won three Academy Awards, including Best Actress, out of eight nominations. LHV released "The Crying Game," along with ten other titles, during 1993 and anticipates releasing the remaining titles, including "The Piano," during 1994.

Under an agreement with Gladden Productions Inc. ("Gladden") dated as of November 1993, a subsidiary of LHV obtained home video distribution rights in the United States and Canada to ten motion pictures to be produced in the future with minimum negative costs of $10,000,000 each. Under the agreement, all ten movies are to receive a theatrical release. None of the films are yet in production and there is no assurance that any films will be produced under this agreement. The Company does not expect to have any of these films available for video release until late 1995 at the earliest.

Pursuant to various other agreements with independent motion picture producers, exclusive of Carolco and Miramax, LHV released 29 other feature film titles during 1993, including among others, "Light Sleeper," "Reservoir Dogs," "Bob Roberts," "Glengarry Glen Ross," "Bad Lieutenant" and "Tom and Jerry: The Movie." Although there can be no assurance that motion pictures to be released theatrically in the future will be delivered to LHV, pursuant to those same and other agreements, LHV anticipates releasing a total of between 50 to 75 feature films in 1994 and 1995. Management believes that, under current market conditions, "B" titles generally will be available at favorable prices on a title by title basis, either in the pre-production stage or as finished product. LHV also intends to continue to pursue opportunities to acquire video rights in children's, budget line and special interest programming, assuming sufficient capital resources are available to the Company.

Domestic home video rights are acquired under exclusive licenses, typically for a term of 15 years or more, in return for non-refundable advances against future royalties which are generally based on either a percentage of LHV's wholesale selling price or a percentage of profit contribution derived from the sale of videocassettes. In most instances, the advance is paid on or after the delivery of the applicable picture to the Company, which typically occurs six to twelve months prior to video release. Furthermore, the licenses may require the film's producer or distributor to make certain minimum print and advertising expenditures toward the theatrical release of the motion picture. In those instances where LHV pays a substantial portion of the royalty advance prior to completion, a completion bond in favor of LHV guaranteeing that a movie will be finished is almost always required or the funds are escrowed or secured by a letter of credit. Acquisition costs vary substantially from title to title, depending on LHV's assessment of the projected demand for

the program.

LHV, under its children's programming label, Family Home Entertainment ("FHE"), has over the years built a substantial library of children's titles. In 1988, FHE secured worldwide rights to release videocassettes of the "Teenage Mutant Ninja Turtles" animated television series. LHV also has an agreement with Broadway Video Entertainment granting it home video rights to programs including "Rudolph the Red Nosed Reindeer," "Frosty the Snowman," "Santa Claus is Coming to Town," "The Little Drummer Boy," "Here Comes Peter Cottontail" and "Frosty Returns." In addition, license agreements have been secured for programming featuring the products of major toy manufacturers including such licensed characters as "Robotech," "Pound Puppies," "G.I. Joe," "Transformers," "JEM," "Mapletown," "Velveteen Rabbit," "Strawberry Shortcake," "The Mad Scientist," "Babar," "Care Bears" and"Bucky O'Hare."

LHV also distributes non-theatrical products such as the "Smithsonian Series" and the "Audubon Series." LHV distributes music videos, including those by Michael Jackson, the Rolling Stones and the Doobie Brothers. Sports and fitness titles include the "PGA Tour," a Jose Canseco instructional tape and Paula Abdul and Marla Maples fitness tapes.

LHV maintains its own sales organization which prepares sales and marketing plans for new release and catalog promotions, and, in conjunction with the sales force of WEA Corp. ("WEA"), works closely with wholesale distributors, rackjobbers and key retailers in the United States. Pursuant to an agreement expiring in May 1995, WEA handles all physical aspects of United States sales, distribution, billing and collections for LHV. LHV, through its wholly owned subsidiary LIVE America Inc., has a similar arrangement with MCA Canada Ltd., with respect to LHV's Canadian sales, marketing and distribution activities under an agreement expiring in August 1994.

Acquisition agreements typically define "home video rights" as the rights to manufacture and market videocassettes, videodiscs and other information storage devices for the purpose of viewing the motion pictures embodied therein in private living accommodations. These agreements generally do not include the right to broadcast or cablecast programs or exhibit programs on pay-per-view television or in movie theaters or similar locations, although from time to time these agreements include such rights. Historically, where these other rights were acquired, the Company exploited them by sublicensing the rights to third parties whose principal businesses included exploitation of such rights. In early 1994, the Company announced plans to expand LHV's business activities into the theatrical release of a limited number of motion pictures and the direct licensing of international and television rights to third parties rather than through intermediaries. Therefore, the Company anticipates acquiring more of these non-video rights in the future.

Other Domestic Distribution Rights

The Company intends to acquire theatrical distribution rights as part of the overall acquisition where possible, even if a film ultimately will not be released theatrically. In addition, television distribution rights will be acquired where available. Television networks, independent television networks, television stations and cable system operators generally license television series, films and film packages (consisting of theatrically released feature films and made-for-television movies) pursuant to agreements with distributors or syndicators that allow a fixed number of telecasts over a prescribed period of time for a specified cash license fee or for barter of advertising time.

International Distribution Rights

International distribution rights include rights in various media (e.g., television, theatrical and home video) and to various territories (e.g., the United Kingdom, Japan, and the Benelux nations). To acquire these rights, the Company is required to pay a minimum guarantee. The minimum guarantee, along with specific recoupable marketing and other expenses, is recovered from the motion picture's gross revenues before the producer begins to participate in the net revenues. The Company is in the process of developing a sales force to manage international sales and to promote its motion pictures at foreign film markets, including the Cannes Film Festival in France, the American Film Market in Los Angeles and MIFED in Italy.

Other International Activities

In addition to LHV's newly created international sales division, the Company conducts its foreign home video operations through a series of

foreign subsidiaries, including LIVE NV and VCL. LIVE NV and VCL are engaged in the acquisition of rights to, and the marketing and distribution of, home video programming in certain foreign markets.

The activities of VCL are in the German-speaking market in Europe. VCL has entered into a series of agreements with Rank Video Services GmbH ("Rank Germany") whereby Rank Germany became the exclusive provider of videocassette duplication services to VCL. As part of those agreements, Rank paid VCL DM5,000,000. A portion of the funds advanced to VCL must be repaid to Rank Germany if certain minimum volume duplication requirements are not met.

In March 1994, both as a result of a desire of the Company to focus its efforts on its core domestic entertainment business and as a result of the agreement in principle on the Combination, the Board of Directors of the Company decided to dispose of the Company's interest in VCL.

Specialty Retail Operations

Strawberries, started in 1976, has grown to be one of the largest specialty retailers of pre-recorded music in the New England market.

The Specialty Retail Division currently operates 142 stores in 11 states, providing audio and video software products. Its largest market is the greater Boston area from which it derives more than one-quarter of its revenue. Acquired by the Company in June 1989, Strawberries is a wholly owned subsidiary of LIVE. In March 1990, Strawberries acquired Waxie Maxie, a retailer of pre-recorded music and video, which currently operates 32 stores in the greater Baltimore/Washington D.C. metropolitan area, including Virginia and Maryland.

The stores are generally clustered in metropolitan markets which allows for potentially greater name recognition, advertising efficiency and distribution and shipping economies of scale. Most stores are located in strip retail centers with high visibility locations as opposed to mall locations. Because mall stores frequently present parking and other logistical problems for customers, management believes that strip centers are better suited for the sale of entertainment products. By locating in such strip centers, the Specialty Retail Division is able to lease locations at a lower cost per square foot than a major mall since the rents charged for strip shopping center locations are generally lower than rents charged for mall stores. The Division operates one central warehouse distribution center and administrative offices in Milford, Massachusetts.

Most of the Division's stores range in size from 1,800 to 4,000 square feet. The Division also has three "superstores" of over 10,000 square feet, the most recent being the 11,300 square foot store that opened on Boston's Boylston Street in April 1994. The "superstore" model is seen by the Division as a prototype for large format stores in major metropolitan areas. In 1993 the Division continued its store development program by opening, remodeling and/or relocating a total of 21 stores and intends to continue to retrofit and, where physically possible and justified by other factors, including availability of capital, open new stores and enlarge a significant number of existing stores over the next several years.

Sales of pre-recorded music represent approximately 90% of all the Specialty Retail Division's revenues; the balance is from pre-recorded videocassettes and accessories. Most of the Division's stores carry between 8,000 and 15,000 pre-recorded music titles in both the compact disc and cassette configurations and cover the spectrum of rock, pop, jazz, dance, soul, classical and country. The stores offer a broad selection of pre-recorded music, usually at least as broad as that offered by competitors in their markets.

The Specialty Retail Division extensively advertises its products on radio and in newspapers and to a lesser extent on television and by flyers. Its advertising is handled by its own staff, with substantially all advertising expenditures covered by manufacturers' cooperative allowances.

Most of the stores sell pre-recorded videocassettes, although video sales constituted only 3.5% and 2.8% of the Specialty Retail Division's revenues for the twelve months ended January 31, 1993 and 1994, respectively.

Substantially all of the home entertainment products sold by the Specialty Retail Division are purchased directly from manufacturers. Six major manufacturers produce over 90% of the pre-recorded music sold in the United States. Pre-recorded music manufacturers' return policies

typically permit the right of return all unsold product, subject to certain financial penalties if returns exceed a predetermined level. However, these return policies differ among manufacturers and are subject to change without notice. In the twelve months ended January 31, 1994, the Specialty Retail Division received return allowances from manufacturers for substantially all pre-recorded music product.

In March 1994, both as a result of a desire of the Company to focus its efforts on its core domestic entertainment business and as a result of the agreement in principle on the Combination, the Board of Directors of the Company decided to dispose of the Company's interest in the Specialty Retail Division.

Competition

Success in the home video market is largely dependent on a company's ability to acquire home video rights to programming at attractive prices and upon the subsequent performance of this programming in the marketplace. The Company currently has an exclusive output arrangement with Carolco with respect to the acquisition of programming and also has multi-picture distribution arrangements with Miramax and Gladden. There is no assurance that the films which the Company expects to receive under these arrangements will be commercially successful. The output arrangement with Carolco will not cover films produced after July 31, 1995. Although the Company intends to use its best efforts to extend LHV's existing output agreement with Carolco beyond its current July 1995 expiration date, there is no assurance that an extension agreement will be reached. Should the Combination occur, the Company expects this agreement will be extended and modified.

The Company also acquires additional distribution rights on a film-by-film basis. The Company faces significant competition both in obtaining distribution rights and in selling products. The Company's competitors for product acquisitions are companies such as New Line, HBO and Trimark, and it competes with these companies as well as major studios in the marketing of its product. Certain of the Company's competitors, particularly those affiliated with major studios or pay television broadcasters, have significantly greater financial resources than the Company. Competition for distribution rights is based primarily on the amount of the royalty advances which companies are willing to offer to producers as well as on the producer's perception of the company's marketing capabilities and its commitment to marketing the release of a film.

The distribution of video and audio software merchandise by the Specialty Retail Division is highly competitive. Identical merchandise is available to competitors at approximately the same price. Buying and selling is performed in open competitive markets in which the measure of success is largely determined by the degree of efficiency and effectiveness of the retailer. Competition for the Specialty Retail Division is mostly regionalized with competitors affecting business to various degrees in each market.

Regulation Affecting the Company

Distribution rights to motion pictures are granted legal protection under the copyright law of the United States and most foreign countries, which provide substantial civil and criminal sanctions for unauthorized duplication and exhibition of motion pictures. The Company endeavors to maintain copyright protection for all its films under the laws of all applicable jurisdictions.

United States television stations and networks as well as foreign governments impose restrictions on the content of motion pictures which may restrict in whole or in part exhibition on television or in a particular territory. There can be no assurance, therefore, that current or future restrictions on the content of Company films, may not limit or affect the Company's ability to exhibit certain of such motion pictures in such media or markets.

Major Customers

During the year ended December 31, 1991 and 1993, no one customer accounted for more than 10% of the combined net sales of LHV and VCL. During the year ended December 31, 1992, one customer accounted for approximately 16.6% of the combined net sales of LHV and VCL.

Employees

As of March 31, 1994, LHV had 95 full-time employees and 7 part-time employees, the Specialty Retail Division had 679 full-time employees and

649 part-time employees and VCL had 79 full-time employees and 14 part-time employees. None of the Company's employees are covered by a collective bargaining agreement and the Company believes that its employee relations are good.

ITEM 2. PROPERTIES

The Company's executive offices, which include the offices of LHV, are leased in Van Nuys, California. The Specialty Retail Division owns its administrative offices and a distribution center which are located in Milford, Massachusetts; its 142 retail store locations, located in 11 states in the Northeastern and mid-Atlantic regions, are in leased facilities. VCL leases its offices and distribution center, which are all located in Munich, Germany. LIVE NV leases its offices, which are located in Curacao, Netherlands Antilles. The Company believes that its office and warehouse facilities described above are adequate to meet its current and anticipated future needs.

ITEM 3. LEGAL PROCEEDINGS

On January 9, 1992, a purported class action lawsuit was filed in the U.S. District Court, Central District of California, by alleged stockholders of the Company against the Company, Carolco and certain of the Company's past and present directors and executive officers. The complaint alleges, among other things, that the defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder (a) by concealing the true value of certain of LIVE's assets, and overstating goodwill, stockholders' equity, operating profits and net income in LIVE's Form 10-K for the year ended December 31, 1990, in its 1990 Annual Report and in its Forms 10-Q for the quarters ended March 31, 1991 and June 30, 1991, and (b) by materially understating the true extent of the write off of goodwill in connection with the sale of substantially all of the assets of the Company's wholly owned subsidiary, Lieberman Enterprises Incorporated ("Lieberman"), to Handleman Company ("Handleman") in July 1991. In addition, the complaint alleges that certain of the defendants are liable as controlling persons under Section 20 of the Exchange Act and alleges that certain other defendants are liable for aiding and abetting the primary violations. Subsequently, two additional lawsuits were filed in the U.S. District Court, Central District of California, by alleged stockholders of the Company against the same persons and entities who were defendants in the original actions, making substantially the same allegations as were made in the first lawsuit. On March 30, 1992, these lawsuits were consolidated. Further, in April 1992, an amended complaint was filed in the consolidated action, lengthening the alleged class period and adding as defendants certain additional officers, directors and affiliates of the Company and Carolco, including Pioneer, as well as a lender to LHV and Carolco. On June 17, 1992, the U.S. District Court, Central District of California, entered an order conditionally certifying the class, subject to possible decertification after discovery is completed. On January 27, 1993, a second amended complaint was filed in the consolidated class action making additional and modified allegations against certain of the defendants claiming they are liable as controlling persons under Section 20 of the Exchange Act and claiming that certain other defendants are liable for aiding and abetting the primary violations. On April 19, 1993, the court issued a ruling dismissing Pioneer from this lawsuit.

In February 1992, a purported class action lawsuit was filed in the U.S. District Court, District of Delaware, by an alleged holder of Carolco's public debt, against the Company, Carolco and certain directors and executive officers of Carolco. The Delaware complaint alleges, among other things, that the defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by concealing the true value of certain of the Company's assets, and overstating goodwill, stockholders' equity, operating profits and net income in the Company's Form 10-K for the year ended December 31, 1990 and in its Forms 10-Q for the quarters ended March 31, 1991 and June 30, 1991. In April of 1992 this lawsuit was transferred to the U.S. District Court, Central District of California. The proceedings are being coordinated with the consolidated action described in the preceding paragraph. On July 17, 1992, the U.S. District Court, Central District of California, entered an order conditionally certifying the class, subject to possible decertification after discovery is completed.

On March 24, 1994, the same day as the Company and Carolco announced that they had reached agreement in principle on the Combination, a purported class action lawsuit was filed in the Delaware Chancery Court by an alleged stockholder of the Company against the Company, Carolco, Pioneer, Cinepole and certain past and present directors of the Company and Carolco. The complaint alleges, among other things, that the defendants breached their fiduciary duties in agreeing in principle to the

Combination. The complaint seeks an injunction prohibiting the Company and Carolco from proceeding with the Combination, as well as unspecified monetary damages.

Management and counsel to the Company are unable to predict the ultimate outcome of the above-described actions at this time. However, the Company and the other defendants believe that all these lawsuits are without merit and intend to defend them vigorously. Accordingly, no provision for any liability which may result has been made in the Company's consolidated financial statements. In the opinion of management, these actions, when finally concluded and determined, will not have a material adverse effect upon the Company's financial position or results of operations.

Other than as described above, there are no material legal proceedings to which LIVE or any of its subsidiaries are a party other than ordinary routine litigation in the ordinary course of business. In the opinion of management (which is based in part on the advice of outside counsel), resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the fourth quarter of the Company's fiscal year ended December 31, 1993.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Prices

The Company's Common Stock is listed with, and has been traded on, the New York Stock Exchange under the symbol "LVE." As of March 31, 1994, there were 1,281 holders of record of the Company's Common Stock. As of the same date, 12,093,610 shares of the Company's Common Stock were outstanding out of 120,000,000 shares authorized.

The following table sets forth for the periods indicated the high and low sales prices for the Company's Common Stock on the New York Stock Exchange.

Year Ended December 31, 1992

Quarter Ended	High	Low
March 31, 1992.	$4.750	$2.000
June 30, 1992	3.500	1.625
September 30, 1992.	1.750	1.125
December 31, 1992	2.125	1.250

Year Ended December 31, 1993

Quarter Ended	High	Low
March 31, 1993	$2.875	$1.625
June 30, 1993	2.375	1.625
September 30, 1993.	2.625	1.750
December 31, 1993	2.875	1.750

Year Ending December 31, 1994

Quarter Ended	High	Low
March 31, 1994.	$3.125	$2.000

Cash Dividends

The Company has never paid cash dividends on its Common Stock, which in part has been due to restrictions imposed by debt instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." The Board of Directors expects that it will continue to retain all earnings for use in the Company's business except as required to be paid on the Series B Preferred Stock and the Series C Preferred Stock.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth the selected financial data and other operating information of LIVE and is derived from the audited consolidated financial statements of LIVE. The table does not include financial data of Strawberries prior to June 1989 and Waxie Maxie and VCL prior to their respective acquisition dates in 1990. The data should be read in conjunction with the consolidated financial statements, related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. Certain re-classifications were made to the financial information from 1989 through 1992 to conform to the 1993 presentations.

<TABLE>
<CAPTION>

	Year Ended December 31,				
	1989	1990	1991	1992	1993
	(Amounts in Thousands, Except Per Share Data)				
<S>	<C>	<C>	<C>	<C>	<C>
Summary of Operations					
Net sales	$110,931	$322,878	$264,418	$192,513	$172,246
Operating profit (loss)	20,683	59,851	(586)	(4,854)	(21,177)
Interest expense, net	12,496	8,852	(15,834)	(14,424)	(6,264)
Income (loss) from continuing operations	11,304	38,008	(17,737)	(17,460)	(28,209)
Income (loss) from discontinued operations	8,123	(12,460)	(89,315)	1,090	(22,083)
Extraordinary item.	--	--	--	3,967	--
Net income (loss)	19,427	25,548	(107,052)	(12,403)	(50,292)
Income (loss) per common share:					
	(a)		(a)	(a)	(a)
Continuing operations	.96	3.12	(1.55)	(1.64)	(2.63)
Discontinued operations	.71	(1.02)	(7.40)	.09	(1.83)
Extraordinary item.	--	--	--	0.33	--
	(a)		(a)	(a)	(a)
Net income (loss)	$ 1.67	$ 2.10	$ (8.95)	$ (1.22)	$ (4.46)

	December 31,				
	1989	1990	1991	1992	1993
	(Amounts in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Selected Financial Data					
Cash and receivables.	$134,446	$149,408	$ 97,597	$ 33,183	$ 44,790
Inventories	83,229	118,576	49,205	48,961	10,124
Total assets.	482,212	567,600	413,977	297,048	253,549
Total long-term debt obligations.	186,195	154,955	118,937	79,061	60,204
Total stockholders' equity.	121,875	149,084	61,597	89,059	10,742
Working capital	118,505	94,762	17,109	15,763	5,797

<FN>
(a) Income (loss) per common share in 1989, 1991, 1992 and 1993 is net of preferred dividends of $367,000, $966,000, $2,397,000 and $3,589,000, respectively.
</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Year Ended December 31, 1993 Compared to Year Ended December 31, 1992

Continuing Operations

Combined net sales of LHV and VCL decreased to $172,246,000 during 1993 compared to $192,513,000 during 1992. The decrease of $20,267,000, or 10.53%, is primarily attributable to a decrease in sales at LHV, resulting from a weaker release schedule in 1993 compared to 1992. Results for 1993 included revenues from the initial rental releases of the theatrical films "Reservoir Dogs," "Bob Roberts," "Glengarry Glen Ross," "The Crying Game," "Bad Lieutenant" and "Chaplin," along with the sell-through release of "Tom and Jerry: The Movie." The net sales from these 1993 releases were less than the revenues generated from 1992's initial rental releases of "Defenseless," "Rambling Rose," "Basic Instinct" and "Universal Soldier," along with the sell-through release of "Terminator 2: Judgment Day." In addition, LHV's 1992 results included sales of

approximately $9,300,000 from titles obtained in the July 1991 acquisition of Vestron that had not been previously released to the video market. All previously unreleased Vestron titles were released by LHV on video by May 1992. Revenues generated by LHV from Carolco titles amounted to 13.0% and 38.4% of combined net sales for 1993 and 1992, respectively. VCL's sales decreased during 1993 compared to 1992, primarily due to a weakening in the video rental market in Germany. In addition, 1992's results included the home video rental release of "Terminator 2: Judgment Day" in Germany; there was no similar release by VCL in 1993.

Combined gross profits of LHV and VCL decreased $924,000, or 3.8%, to $23,138,000 during 1993 compared to $24,062,000 during 1992. As a percentage of sales, gross profit increased from 12.5% during 1992 to 13.4% during 1993. The increase as a percentage of sales despite the decrease in gross profit dollars is primarily due to greater allowances for returns and related items in 1992 than in 1993. In 1992, the Company temporarily increased its returns and related allowances as a result of matters related to the Restructuring.

Combined selling, general and administrative expenses of LHV and VCL decreased $1,113,000, or 4.7%, to $22,700,000 during 1993 compared to $23,813,000 during 1992. As a percentage of sales, the amount increased from 12.4% during 1992 to 13.2% during 1993. The dollar decrease is primarily a result of the Company's efforts to reduce overhead due to lower sales. The percentage increase is primarily due to the decrease in combined sales.

Combined net interest expenses of LHV and VCL decreased $8,650,000, or 59.0%, to $6,003,000 during 1993 compared to $14,653,000 during 1992. Effective September 1, 1992, interest stopped accruing on the Outstanding Notes; the interest expense recorded in 1992 on the Outstanding Notes was approximately $10,600,000. Interest to maturity on $36,872,000 of the Company's $40,000,000 of Public Notes has been included in the carrying value of the Public Notes and will not be recognized as interest expense in 1993 and future years. Interest expense recognized in 1992 and 1993 on the remaining $3,128,000 of Public Notes was $104,000 and $312,000, respectively. This decrease in interest expense in 1993 was partially offset by approximately $3,300,000 of interest expense associated with the 12% Notes that were issued in March and April 1993.

LHV and VCL had a combined operating loss of $5,436,000 during 1993 compared to a combined operating loss of $4,854,000 during 1992. Both LHV and VCL had operating losses for 1992 and 1993. The combined loss of LHV and VCL before income tax expense was $27,441,000 during 1993 compared to a combined loss of $19,278,000 during 1992. The increase in the combined pre-tax loss of $8,163,000 was primarily due to the write down of the carrying value of VCL in anticipation of the disposition thereof, offset by a reduction in interest expense in 1993.

Preferred dividends of $3,589,000 in 1993 represents the 5% cash dividend accrued on both the Series B Preferred Stock and the Series C Preferred Stock. Preferred dividends of $2,397,000 in 1992 represents the 10% cash dividend accrued on the Series A Preferred Stock for the eight months ended August 31, 1992 and the 5% cash dividend on the Series B Preferred Stock for the four months ended December 31, 1992.

In 1992, the Company recognized a pre-tax gain of $3,177,000 associated with the Restructuring. The income tax benefit associated with this transaction was $790,000. There were no similar transactions in 1993.

The effective income tax (benefit) rate from continuing operations for 1993 was (2.8)%. The effective tax rate from continuing operations for 1992 was 9.4%.

Revenues, operating profits/(losses) and identifiable assets of the Company's foreign operations were $34,009,000, ($3,289,000) and $28,871,000, respectively, in 1993 compared to $32,993,000, ($3,043,000) and $42,983,000, respectively, in 1992.

Discontinued Operations

As a result of the Board of Directors' decision to dispose of the Company's interest in the Specialty Retail Division, the Division's results of operations for the periods presented have been classified as a discontinued operation.

The Specialty Retail Division revenues in 1993 were $106,124,000 compared to $98,894,000 in 1992. The increase is due to the opening of new stores and an increase in comparable store sales. The Division had income before income taxes of $2,322,000 during 1993 compared to $992,000

during 1992. The increase is primarily attributable to increased sales and increased margins during 1993. The estimated loss on disposal includes a $2,024,000 provision for operating losses during the phase out period.

Year Ended December 31, 1992 Compared to Year Ended December 31, 1991

Continuing Operations

Combined net sales of LHV and VCL decreased to $192,513,000 during 1992 compared to $264,418,000 during 1991. The decrease of $71,905,000, or 27.2%, was primarily attributable to a decrease in sales at LHV, resulting from a combination of a weaker release schedule in 1992 compared to 1991 as well as a soft video market for straight to video feature films. Results for 1991 included revenues from the initial rental releases of the theatrical films "Air America," "L.A. Story," "The Punisher," "Narrow Margin," "The Doors," "Madonna: Truth or Dare," "Jacob's Ladder" and "Terminator 2: Judgment Day." The only similar video releases by LHV in 1992 were the initial rental releases of "Defenseless, "Rambling Rose," "Basic Instinct" and "Universal Soldier," along with the sell-through release of "Terminator 2: Judgment Day." Revenues generated by LHV from Carolco titles amounted to 38.4% and 40.3% of combined net sales for 1992 and 1991, respectively. VCL's sales increased during 1992 compared to 1991, primarily due to the home video rental release of "Terminator 2: Judgment Day" in Germany.

Combined gross profits of LHV and VCL decreased $24,557,000, or 50.5%, to $24,062,000 during 1992 compared to $48,619,000 during 1991. As a percentage of sales, gross profit decreased from 18.4% during 1991 to 12.5% during 1992. The decrease in gross profit dollars and margin percentages was primarily attributable to lower sales volumes and margins at LHV. The decrease in margins at LHV was partially attributable to higher than anticipated returns of, and allowances related to, product released in 1991 (including price protection and rebate claims), amounting to approximately $4,100,000. With the exception of "Rambling Rose," "Defenseless," "Basic Instinct," "Universal Soldier" and "Terminator 2: Judgment Day" (at a sell-through price), the titles released by LHV in 1992 were mostly "secondary" titles. Secondary titles are those films that are released on video that have a modest production budget and are either released directly to video or, if released theatrically, are done so on a limited or regional basis. The market for secondary titles continued to weaken in 1992, partly because of a general weakness in the United States economy, and partly because of a shift in buying and rental patterns of video retailers and consumers. Among the causes for the shift in buying and rental patterns were (a) a reduction in disposable income during the economic recession in 1991 and 1992 which negatively affected video retailers' revenues and, in turn, limited their budgets to purchase videos and (b) in order to meet reduced demand by consumers for video product and retailers' reduced purchasing budgets, video retailers limited their purchases of secondary titles and shifted their spending to "A" titles. Therefore, additional costs (in the form of rebates and price protection) were necessary to attempt to obtain increased sales volumes for secondary product. These additional costs decreased gross profit as a percentage of sales. The Company's response to this shift has been, among other actions, to change the model LHV uses for acquisition and marketing of secondary titles. The decreased gross profit percentage at LHV also is partially attributable to an increase in sales of sell-through product (which usually generates lower margins as a percentage of total sales) and higher distribution costs associated with the WEA distribution agreement (9% of gross domestic video sales) as compared to the Uni distribution agreement (5% of gross domestic video sales), offset by a decrease in LHV's film amortization as a percentage of LHV's sales from 46.7% in 1991 to 40.2% in 1992 and a decrease of advertising expenditures as a percentage of sales from 15.1% in 1991 to 14.1% in 1992.

Management of the Company believes the decrease in gross profit dollars and percentages from 1991 to 1992 was exacerbated by the Company's financial condition in 1992 and published reports in 1992 regarding such financial condition, which management believes resulted in lower video sales, higher than normal returns of video product from wholesale customers and difficulty in acquiring video product on favorable terms.

Combined selling, general and administrative expenses of LHV and VCL decreased $2,620,000, or 10.0%, to $23,813,000 during 1992 compared to $26,433,000 during 1991. As a percentage of sales, the amount increased from 10.0% during 1991 compared to 12.3% during 1992. The dollar decrease is primarily attributable to a reduction in corporate overhead of approximately $2,700,000, while the percentage increase is primarily due to the decrease in sales.

Combined amortization of goodwill and covenants of LHV and VCL increased $1,218,000, or 33.3%, to $4,874,000 during 1992 compared to $3,656,000 during 1991. The increase is primarily due to a full year of amortization of goodwill associated with the acquisition of the assets of Vestron in July 1991.

During 1991 the Company wrote off $15,000,000 of the excess purchase cost over the fair value of net assets acquired related to its acquisition of Vestron. There was no similar write-off in 1992.

Combined net interest expenses of LHV and VCL decreased $1,391,000, or 8.7%, to $14,653,000 during 1992 compared to $16,044,000 during 1991. Effective September 1, 1992, interest stopped accruing on the Company's Outstanding Notes, reducing 1992 interest expense by $5,450,000. Interest to maturity on $36,872,000 of the Public Notes has been included in the carrying value of the Public Notes and will not be recognized as interest expense in current and future years. Interest expense recognized in 1992 on the remaining $3,128,000 of Public Notes was $104,000. In 1991, approximately $2,389,000 of interest relating to the Outstanding Notes was allocated to Lieberman Enterprises Incorporated ("Lieberman"), the Company's entertainment software distribution subsidiary that was sold in July 1991, and was included in discontinued operations; such interest is included in continuing operations through August 31, 1992.

Both LHV and VCL had operating losses during 1992. The combined loss from continuing operations of LHV and VCL before income taxes was $19,278,000 during 1992 compared to a combined loss of $16,420,000 during 1991. The Company's consolidated loss from continuing operations in 1991 was principally due to the $15,000,000 write-off of the excess of the Vestron purchase price over the fair value of net assets acquired and the $3,905,000 of expenses relating to the proposed business combination with Carolco in 1991 and related restructuring of the Company's management (there were no similar transactions during 1992); 1992's combined loss was due principally to lower sales and gross profits.

The effective income tax expense (benefit) rate from continuing operations for 1992 and 1991 was approximately 9.4% and (8.0)%, respectively.

Preferred dividends of $2,397,000 in 1992 represents the 10% cash dividend accrued on the Company's Series A Preferred Stock for the eight months ended August 31, 1992 and the 5% cash dividend on the Series B Preferred Stock for the four months ended December 31, 1992. The $966,000 of dividends during 1991 represents the dividends on the Series A Preferred Stock from July 1991, the date of issuance.

In 1992, the Company recognized a pre-tax gain of $3,177,000 associated with the financial restructuring of the Outstanding Notes. The income tax benefit associated with this transaction was $790,000.

Revenues, operating profits/(losses) and identifiable assets of the Company's foreign operations were $32,993,000, ($3,043,000) and $42,983,000, respectively, in 1992 compared to $27,788,000, $985,000 and $52,913,000, respectively, in 1991.

Discontinued Operations

The Specialty Retail Division's revenues for the year ended December 31, 1992 were $98,894,000 compared to $96,945,000 for the comparable period in 1991. The increase is due to increased inventories made possible by the Division's two-year, $10,000,000 credit facility obtained from Foothill Capital Corporation in June 1992 (the "Strawberries Credit Facility"), as well as the re-institution of the Division's store development, expansion and relocation programs in 1992. The Division had income before income taxes of $992,000 during 1992 compared to a loss before income taxes of $2,796,000 during 1991. The increase in profits is primarily due to increased sales and a reduction in interest expense during 1992 compared to 1991.

There were no sales at Lieberman during 1992 due to the sale of Lieberman in July 1991. Lieberman's net sales during 1991 (through July 26, 1991, the date operations ceased) were $150,423,000.

Lieberman's loss from discontinued operations after tax benefits was $11,629,000 during 1991. Losses of $8,336,000 during 1992 were charged against the provision of $20,711,000 which was established upon the decision to dispose of Lieberman's assets.

Liquidity and Capital Resources

The Series B Preferred Stock is mandatorily redeemable from the net

proceeds of any sale of the Specialty Retail Division. As a result of the Company's decision to dispose of its interest in the Specialty Retail Division, a total of $40,000,000 of the Series B Preferred Stock has been re-classified from equity to current liabilities as of December 31, 1993 reflecting the Company's expectation to sell the Division for no less than $40,000,000.

At December 31, 1993, the Company had total current assets of $176,472,000 and total current liabilities of $170,675,000, resulting in working capital of $5,797,000, a decrease of $9,966,000 over the working capital at December 31, 1992.

Historically, the Company has funded its operations through a combination of cash generated from operations, bank borrowings, advances from distributors under distribution agreements and the proceeds from the issuance of the Outstanding Notes. For the year ended December 31, 1993, the Company generated negative cash flow from continuing operations of $12,299,000.

On May 11, 1992, LHV entered into a three-year distribution agreement with WEA that became effective on June 1, 1992. Under the terms of the agreement, WEA advanced $20,000,000 to LHV, recoupable from distribution revenues during the three-year term of the agreement at the rate of $555,555 per month plus interest at LIBOR (3.2% at December 31, 1993) plus 0.2%, not to exceed the prime rate. The advance is secured by a first priority security interest in certain of LHV's FHE catalog titles. LHV received an additional advance from WEA of $4,900,000 which was repaid in full in September 1992. The amount of the advance outstanding as of December 31, 1993 was $10,000,000.

In 1993, the Company received a total of $37,000,000 upon issuance of the 12% Notes and as of April 1, 1994 was able to borrow up to $15,916,000 under the Bank Credit Facility for new video rights acquisitions. The total borrowings and borrowing availability under the Bank Credit Facility and the 12% Notes ($52,916,000 as of April 14, 1994) will provide sufficient funds to permit LHV to acquire additional films for distribution.

Investing activities generated a negative cash flow during 1993 of $3,676,000, primarily as a result of the acquisition of property and equipment at all operating subsidiaries. Management expects that cash flows from investing activities will be negative through 1994 as a result of the store opening, expansion, renovation and relocation program at the Specialty Retail Division.

On January 28, 1994, the Company's and LHV's pre-existing Bank Credit Facility with the Bank Group was amended. The maximum credit available under the Bank Credit Facility was reduced to $20,000,000 effective on the date of the amendment. The commitments under the Bank Credit Facility will be further reduced on a monthly basis to $10,000,000 by June 29, 1994. The term of the Bank Credit Facility ends July 29, 1994 and earlier in the event of a default. Furthermore, the maximum credit amount under the Bank Credit Facility will continue to be further reduced by an amount equal to cash dividends paid on the Series B Preferred Stock and Series C Preferred Stock. On April 1, 1994, cash dividends totaling $750,000 were paid on the Series B Preferred Stock, thereby reducing the maximum credit currently available under the Bank Credit Facility to $15,916,000 as of that date.

As a result of the Company's operating results in 1993, as well as its decision to dispose of the Specialty Retail Division and VCL, the Company was not in compliance with a number of ratios under the Bank Credit Facility and the 12% Note Indenture as of December 31, 1993. The Company is in discussions with the Bank Group to obtain waivers of the non-compliance and management believes that those waivers will be obtained. If the Bank Group waives the non-compliance, such waiver automatically acts as a waiver of the corresponding non-compliance under the 12% Note Indenture. If the Company does not secure the waivers, an event of default will exist under both the Bank Credit Facility and the 12% Note Indenture, allowing the Bank Group and the holders of the 12% Notes to accelerate payment of the amounts due to them. If such acceleration occurred, the Company might not be in a position to pay the amounts due and might not be able to continue as a going concern.

The Company is in negotiations with members of the Bank Group, as well as others, to provide the New Bank Credit Facility prior to the expiration of the Bank Credit Facility. The Company also is in negotiations with holders of $31,000,000 in principal amount of the 12% Notes to obtain the 12% Note Extension. A condition to obtaining the New Bank Credit Facility is obtaining the 12% Note Extension. Although management believes there is a realistic possibility of obtaining both the

New Bank Credit Facility and the 12% Note Extension prior to the expiration of the Bank Credit Facility, there is no assurance that management will be successful in these efforts. If the Company is unable to obtain replacement financing, it may not be in a position to pay the amounts due under the Bank Credit Facility and the 12% Notes upon the maturity thereof and might not be able to continue as a going concern.

Management is also seeking to replace the Bank Credit Facility, as well as the New Bank Credit Facility, with the Permanent Facility. Funds from the Permanent Facility may also be used to pay all then-outstanding 12% Notes in full. Management does not expect the Permanent Facility to be available unless and until after the closing of the Combination.

The 12% Notes were issued on March 26, 1993. Repayment of the 12% Notes has been guaranteed by the same subsidiaries of LIVE that are borrowers under the Bank Credit Facility. The 12% Notes bear interest at the rate of 12% per annum, with interest payable monthly, and are currently due and payable on September 15, 1994. The 12% Note Indenture includes warranties, financial ratios, covenants and restrictions which generally mirror the terms of the Bank Credit Facility. Repayment of the 12% Notes is subordinated to repayment of the Bank Credit Facility, and until payment in full of the Bank Credit Facility, the rights of holders of the 12% Notes to accelerate payment thereunder are limited to payment defaults and/or acceleration of the Bank Credit Facility. Repayment of the 12% Notes is secured by a lien on all of the assets of LIVE and LHV, subordinate to the lien under the Bank Credit Facility and other pre-existing liens.

On June 11, 1992, the Specialty Retail Division entered into the Strawberries Credit Facility to provide working capital as well as funds for expansion for the Specialty Retail Division. Borrowings under the Strawberries Credit Facility are secured by substantially all of the assets of the Specialty Retail Division. Outstanding borrowings under the Strawberries Credit Facility bear interest at the rate of 3.5% per annum above the higher of the Bank of America reference rate or the greater of the Citibank or Mellon Bank prime rate. In no event will interest under the loan be less than 9% per annum or $25,000 per month. As of the Specialty Retail Division's 1993 fiscal year end, $3,354,000 was outstanding under the Strawberries Credit Facility. The Specialty Retail Division is currently in the process of negotiating an extension to the Strawberries Credit Facility or securing a new line of credit. Management expects that the Strawberries Credit Facility or a new line of credit, together with funds generated from the operations of the Specialty Retail Division, will be sufficient to provide the Division with all needed capital resources through 1994.

The Specialty Retail Division owns the building housing its corporate headquarters and distribution center in Milford, Massachusetts. In 1988, the Division entered into a $4,000,000 mortgage loan on this building, bearing interest at the prime rate plus 0.5%, with interest payable monthly, annual principal reduction payments of $40,000 and a balloon payment of all unpaid principal and interest on August 20, 1993. In July 1993, the Division agreed with the holder of the mortgage loan to change the interest rate to a fixed rate of 9% per annum, to continue annual principal reduction payments of $40,000 and to extend the balloon payment date to August 20, 1995. The amount outstanding under the mortgage loan as of January 31, 1994 was $3,800,000.

Dividends under the Series C Preferred Stock, at the rate of 5% per annum on the unreturned $15,000,000 liquidation value of the Series C Preferred Stock, are due on June 30 and December 31 of each year. Although the dividends scheduled to be paid on June 30, 1993 and December 31, 1993 were accrued by the Company, those dividends were not paid due to restrictions imposed on the Company by the terms of the Series B Preferred Stock, which prohibit the payment of dividends on the Series C Preferred Stock unless the aggregate amount of such dividends, together with all cash dividends paid on the Series B Preferred Stock, does not exceed the net income of the Company (adding back specified net worth exclusions) since the March 23, 1993 date of issuance of the Series B Preferred Stock and Series C Preferred Stock. The Company had a consolidated net loss for the period subsequent to March 23, 1993. Thus, pursuant to the terms of the Series B Preferred Stock, the Company was prohibited from paying the June 30, 1993 and December 31, 1993 cash dividends on the Series C Preferred Stock.

The unpaid Series C Preferred Stock dividend itself bears a dividend of 5%, and is due on the next regularly scheduled dividend payment date for the Series C Preferred Stock. The Company intends to pay the June 30, 1993 and December 31, 1993 dividends, plus the additional dividends thereon, as soon as it has sufficient net income to permit such payment to occur.

The Company experienced positive cash flows from financing activities of $38,336,000 during 1993, primarily as a result of the receipt of approximately $37,000,000 from the 12% Notes.

The Company's management is taking the following actions to address the liquidity and capital resources issues facing it:

(a) The Company is in negotiations with members of the Bank Group and other potential financing sources to obtain the New Bank Credit Facility prior to the expiration of the Bank Credit Facility.

(b) The Company has held preliminary discussions with holders of the 12% Notes regarding obtaining the 12% Note Extension.

Although there is no assurance that the Company will be successful in any of these activities, management believes that there is a realistic possibility of completing all of them during 1994.

If management is successful in its financing efforts, it believes that the Company will have sufficient capital resources to continue to finance its activities, including the continued acquisition of additional film titles.

Impact of Inflation and Other Matters

The inflation rate in recent years has been negligible. Where manufacturers have increased prices, the Company generally has been able to pass on such price increases within 90 to 180 days. As a result, inflation has not had a material impact on the results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The index to Consolidated Financial Statements of the Company is included in Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information with respect to the directors and executive officers of the Company as of March 31, 1994.

Name	Age	Position	Started with the Company
Anthony J. Scotti	54	Chairman of the Board	1988
Frans J. Afman	60	Director	1988
Jay Burnham	31	Director	1993
Ronald B. Cushey	37	Director	1993
Mario F. Kassar	42	Director	1988
Jonathan D. Lloyd	41	Director	1993
Satoshi Matsumoto	39	Director	1992
David A. Mount	50	Director	1988
Masao Nomura	44	Director	1993
R. Timothy O'Donnell	38	Director	1988
Roger R. Smith	51	Director	1988
Lynwood Spinks	41	Director	1992
Roger A. Burlage	51	President and Chief Executive Officer of the Company and LHV	1994
Ivan R. Lipton	38	President of Specialty Retail Division	1980
Michael J. White	38	Executive Vice President/Chief Administrative Officer, General Counsel and Corporate Secretary of the Company	1990
Rodney W. Trovinger	43	Acting Chief Financial Officer of the Company and Senior Vice President/Chief Financial Officer of LHV	1986

Mr. Scotti has been a Director of the Company since November 1988 and Chairman of the Board since November 1992. Since February 1991, Mr. Scotti has been Chairman of the Board and Chief Executive Officer of All American Communications, Inc. ("All American"), a multi-media

entertainment conglomerate specializing in television production and distribution, record producing, music publishing and motion picture production. From 1976 to 1991, Mr. Scotti served as Co-Chairman of the Board of Directors and Chief Executive Officer of Scotti Brothers Entertainment Industries, a multi-media entertainment company which became a wholly owned subsidiary of All American in February 1991.

Mr. Afman has been a Director of the Company since November 1988. From 1982 until July 1988, Mr. Afman was a Senior Vice President of Credit Lyonnais. He served as a consultant to the Board of Directors of Credit Lyonnais from July 1988 until July 1991. In July 1991, Mr. Afman was appointed Managing Director of a newly formed financial services unit of International Creative Management, a leading worldwide talent and literary agency. Currently, Mr. Afman is an independent financial consultant to the entertainment industry.

Mr. Burnham, a Director of the Company since June 1993, has been an investment analyst with Paul D. Sonz Partners, a diversified investment services firm, since June 1990. From August 1987 until June 1990, he was an investment analyst with Columbia Savings and Loan Association, a financial savings institution. Mr. Burnham is a director of Bally's Casino Resort, a hotel and gaming establishment located in Las Vegas, Nevada.

Mr. Cushey became a Director of the Company on November 9, 1993. He became Executive Consultant for Pioneer North America, Inc. in April 1992. Mr. Cushey served as Chief Financial Officer of Nelson Holdings International Ltd. and Nelson Entertainment Group (collectively, "Nelson") from January 1989 until June 1991, after serving as Nelson's Acting Chief Financial Officer since November 1987.

Mr. Kassar has been a Director of the Company since November 1988. Mr. Kassar has been the Chairman of the Board of Directors of Carolco since November 1989 and Chief Executive Officer of Carolco since March 1992. From 1986 until November 1989, Mr. Kassar was Co-Chairman of the Board of Directors of Carolco. He was a co-founder of Carolco's predecessor companies in 1975, which initially involved the sale, distribution and servicing of feature films worldwide. He also was a Director of Lieberman from March 1989 until 1991. Mr. Kassar is executive producer or co-executive producer of a number of motion pictures produced by Carolco, including the "Rambo" trilogy, "Total Recall," "Terminator 2: Judgment Day," "Basic Instinct," "Chaplin" and "Cliffhanger."

Mr. Lloyd, a Director of the Company since June 1993, is currently the President of Qintex Entertainment, Inc. ("Qintex"), a company engaged in the development and production of television programming, a position he has held since January 1990. In October 1989, Qintex filed for reorganization under Chapter 11 of the United States Bankruptcy Code and a plan of reorganization for Qintex was confirmed in December 1992. From April 1988 to January 1990, Mr. Lloyd was the Executive Vice President and Chief Financial Officer of Qintex. He is also the Chairman of Vanguard Communications, L.P., a privately held developer and operator of microwave cable television systems.

Mr. Matsumoto has been a Director of the Company since April 1992. He was Executive Vice President for Strategic Operations of Carolco from June 1990 until December 1993. From January 1989 to June 1990, Mr. Matsumoto served as Senior Vice President of Movie Studio Relations for Pioneer. From January 1986 until January 1989, he was Marketing Manager for the Home Audio Division of Pioneer High Fidelity (Great Britain), Ltd., a company that markets and sells electronic equipment manufactured by Pioneer Electronic Corporation ("Pioneer Electronic").

Mr. Mount has been the President and Chief Executive Officer of WEA since November 1993. Mr. Mount became Chief Executive Officer and a Director of the Company in December 1991, President of the Company in November 1992 and was President and Chief Executive Officer of LHV from April 1990 to September 1993. In February 1993, the Company filed a "prepackaged plan of reorganization" in the United States Bankruptcy Court in order to consummate the Restructuring. The plan of reorganization was confirmed on March 17, 1993 and the Company emerged from bankruptcy on March 23, 1993. Mr. Mount previously served as Chief Operating Officer of LHV from August 1989 and was Senior Vice President and General Manager since joining LHV in August 1988. Prior to joining LHV, Mr. Mount served for eleven years in a variety of positions with various divisions of Warner Communications, Inc., most recently as Vice President of Sales for Warner Home Video with responsibility for domestic sales and distribution of video product, a position he assumed in 1984.

Mr. Nomura became a Director of the Company on November 9, 1993. He has served as Secretary, Treasurer and Chief Financial Officer of Pioneer

since March 1987.

Mr. O'Donnell has been a Director of the Company since November 1988. He is currently President of Jefferson Capital Group, Ltd. ("Jefferson Capital"), a privately held investment banking group which he co-founded in September 1989. From July 1988 until the founding of such firm, Mr. O'Donnell served as Vice President, Acquisitions of CCA Industries Inc., a privately held diversified investment company. Mr. O'Donnell has been a Director of All American since January 1992 and a Director of Shorewood Packaging Corporation, a packager of records, audiocassettes and videocassettes, since 1992.

Mr. Smith has been a Director of the Company since November 1988 and was Executive Vice President of Carolco from October 1990 to June 1992. Since June 1992, Mr. Smith has been self employed as an independent motion picture producer. He served as Executive Vice President of the Company from November 1989 until September 1990 and Chief Financial Officer of the Company from November 1988 until September 1990. He also served as Senior Vice President of the Company from November 1988 until he became Acting President of the Company in August 1989, a position he held until his appointment as Executive Vice President of the Company. He was also President of LIVE Enterprises Inc., a subsidiary of the Company, from November 1989 until September 1990.

Mr. Spinks has been a Director of the Company since June 1992. He became Executive Vice President/President of Production of Carolco in July 1993. Prior to that date, he served as Executive Vice President for Business and Production Affairs of Carolco since March 1990. Mr. Spinks received the additional title of President of Production in March 1993. He became a Director of Carolco in March 1990. From September 1988 until March 1990, Mr. Spinks was Senior Vice President of Carolco. From June 1986 until September 1988, he was Vice President of Carolco.

Mr. Burlage has served as President and Chief Executive Officer of LIVE and LHV since January 1994. From 1989 until joining LIVE, Mr. Burlage served as President and Chief Executive Officer of Trimark Holdings, Inc., an diversified entertainment company ("Trimark"). Prior to joining Trimark, Mr. Burlage served in several other capacities in the entertainment industry, including positions with New World Pictures, Ltd. and with AVCO Corporation and AVCO Embassy Pictures.

Mr. Lipton became President of the Specialty Retail Division in December 1991, after previously serving as Executive Vice President/Chief Merchandising Officer of the Specialty Retail Division since July 1990. In February 1993, the Company filed a "prepackaged plan of reorganization" in the United States Bankruptcy Court in order to consummate the Restructuring. The plan of reorganization was confirmed on March 17, 1993 and the Company emerged from bankruptcy on March 23, 1993. From October 1989 to July 1990, he was Executive Vice President of Stores/Chief Operating Officer of the Specialty Retail Division, and from February 1988 to October 1989 he was Vice President, Operations. Prior to that, Mr. Lipton served as General Manager of Strawberries, a position he assumed in 1983, after joining Strawberries in 1980.

Mr. White has been Executive Vice President/Chief Administrative Officer of the Company since November 1993 and General Counsel since September 1990. In February 1993, the Company filed a "prepackaged plan of reorganization" in the United States Bankruptcy Court in order to consummate the Restructuring. The plan of reorganization was confirmed on March 17, 1993 and the Company emerged from bankruptcy on March 23, 1993. Prior to joining the Company, Mr. White served as Vice President, Human Resources and Corporate Counsel of PACE Membership Warehouse, Inc. ("PACE") from June 1988 and February 1988, respectively, until April 1990.

Mr. Trovinger has been Acting Chief Financial Officer of the Company since May 1992. He has been Senior Vice President and Chief Financial Officer of LHV since 1988. In February 1993, the Company filed a "prepackaged plan of reorganization" in the United States Bankruptcy Court in order to consummate the Restructuring. The plan of reorganization was confirmed on March 17, 1993 and the Company emerged from bankruptcy on March 23, 1993.

Directors are elected for staggered terms of three years, except for one year in regards to Messrs. Burnham and Lloyd, expiring as follows: Jay Burnham, Ronald B. Cushey, Jonathan D. Lloyd, Satoshi Matsumoto and R. Timothy O'Donnell at the 1994 annual meeting of stockholders; David A. Mount, Roger R. Smith and Lynwood Spinks at the 1995 annual meeting of stockholders; and Frans J. Afman, Mario F. Kassar, Masao Nomura and Anthony J. Scotti at the 1996 annual meeting of stockholders. Officers generally are appointed annually by the Board of Directors and serve at the pleasure of the Board of Directors.

Arrangements Pursuant to Which Certain Directors Have Been Elected

By the terms of the Certificate of Designations, Preferences and Relative, Participating, Optional or Other Special Rights of the Series B Preferred Stock, the holders of the Series B Preferred Stock, voting as a class, are entitled to elect two Directors of the Company, and more in certain events. Messrs. Burnham and Lloyd have been elected as Directors by the holders of the Series B Preferred Stock.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the cash compensation paid by the Company during the fiscal years ended December 31, 1993, December 31, 1992 and December 31, 1991 to Mr. Mount who served as the Chief Executive Officer of the Company until September 1993 and to each of the other executive officers of the Company during 1993 whose annual salary and bonus for such period was in excess of $100,000. As of the end of the fiscal year ended December 31, 1993, the office of President and Chief Executive Officer was vacant and there were only three executive officers of the Company (Michael J. White, Ivan R. Lipton and Rodney W. Trovinger). Such three executives along with Mr. Mount are referred to herein as the "Named Executives." Mr. Burlage became President and Chief Executive Officer of the Company in January 1994.

Following the Summary Compensation Table are certain additional charts and tables detailing other aspects of the compensation of the Named Executives including (a) an Option Grants Table that includes information regarding individual grants of options made to the Named Executives during fiscal 1993 along with the potential realizable values of such options and (b) a Fiscal Year End Option Table that indicates whether any of the Named Executives exercised options in fiscal 1993 and includes the number and value of unexercised options held by the Named Executives at December 31, 1993.

<TABLE>

SUMMARY COMPENSATION TABLE

<CAPTION>

		Annual Compensation			Long-Term Compensation Awards (1)	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen-sation ($)(2)(3)	Options/ SARs (#)	All Other Compen-sation ($)(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
David A. Mount	1993	336,741	125,000 (6)	-	30,000	11,306 (9)
Chief Executive	1992	378,456	300,000 (7)	-	153,500	17,503 (8)(9)
Officer (4)(5)	1991	324,000	-	-	-	-
Michael J. White	1993	236,385	50,000 (6)	-	10,000	3,090 (10)
Executive Vice	1992	220,423	95,000	-	30,000	3,404 (9)
President/Chief	1991	165,000	50,000	-	-	-
Administrative Officer and General Counsel						
Rodney W. Trovinger	1993	157,307	50,000 (6)	-	10,000	2,716 (10)
Acting Chief	1992	141,950	40,000	-	33,000	-
Financial Officer (11)(12)	1991	-	-	-	-	-
Ivan R. Lipton	1993	161,250	70,499	-	20,000	3,090 (10)
President/Straw-berries Inc. (13)(14)	1992	150,000	124,250 (15)	-	30,000	2,250 (9)
	1991	109,582	24,382	-	-	-

<FN>

(1) The column for long-term incentive plan payouts has been omitted because no such payouts were made to any of the Named Executives during any fiscal year covered by this Table.

(2) Does not include information for fiscal years ended prior to December 15, 1992.

(3) Perquisites and other personal benefits are not included to the

extent they do not exceed the lesser of either $50,000 or 10% of the total of annual salary and bonus for the named executive.

(4) Mr. Mount became Chief Executive Officer of the Company on December 24, 1991. Compensation amounts include compensation for fiscal 1991 prior to becoming Chief Executive Officer.

(5) In fiscal 1991, Mr. Mount's predecessor as Chief Executive Officer of the Company received an annual base salary of $600,000.

(6) Represents a bonus paid in recognition of the Named Executive's efforts in connection with the completion of the Restructuring in March 1993.

(7) Includes a $50,000 "signing bonus" for assuming the duties of Chief Executive Officer of LIVE in addition to Mr. Mount's then-existing duties as President and Chief Executive Officer of LHV.

(8) Includes for Messrs. Mount, White and Lipton matching contributions in the amount of $2,477, $3,404, and $2,250, respectively, under the LIVE Incentive Savings Plan, which is a 401(k) savings plan.

(9) Includes $11,306 and $15,026 of life insurance premiums paid in 1993 and 1992, respectively, for Mr. Mount under a $1,000,000 whole-life split dollar insurance policy.

(10) Represents for Messrs. White, Trovinger and Lipton matching contributions in the amount of $3,090, $2,716 and $3,090 each, respectively, under the LIVE Incentive Savings Plan.

(11) Mr. Trovinger became an executive officer of the Company on May 1, 1992. Compensation amounts include compensation for fiscal 1992 prior to becoming an executive officer.

(12) Mr. Trovinger's predecessor as Chief Financial Officer of the Company received an annual base salary of $225,000. In fiscal 1991, such predecessor received total compensation of $295,808.

(13) Mr. Lipton became an executive officer of the Company on December 24, 1991. Compensation amounts include compensation for fiscal 1991 prior to becoming an executive officer.

(14) In fiscal 1991, Mr. Lipton's predecessor as President of Strawberries received an annual base salary of $275,000 and total compensation of $420,695.

(15) Includes a $50,000 "signing bonus" to extend Mr. Lipton's employment agreement through January 1996.

</TABLE>

The following table sets forth certain information regarding the Chief Executive Officer and the other Named Executives identified in the Summary Compensation Table.

<TABLE>

OPTION/SAR GRANTS IN THE LAST FISCAL YEAR

<CAPTION>

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Options/ SARs Granted (#)	% of Total Options/ SARs Granted to Employees in Fiscal Year(1)	Exercise or Base Price ($/Share)(2)	Expir- ation Date	5%($)(3)	10%($)(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
David A. Mount	5,000	0.5%	2.250	3/17/03	7,075	17,930
David A. Mount	25,000	2.7%	1.875	4/20/03	29,479	74,707
Michael J. White	10,000	1.1%	1.875	4/20/03	11,792	29,883
Rodney W. Trovinger	10,000	1.1%	1.875	4/20/03	11,792	29,883
Ivan R. Lipton	20,000	2.2%	1.875	4/20/03	23,584	59,765

<FN>

(1) Total of 929,300 granted.

(2) The closing price of the Company's Common Stock on the New York Stock Exchange on March 31, 1994 was $2.50.

(3) Based upon the number of shares of the Company's Common Stock outstanding as of December 31, 1993, a 5% and 10% increase in the annual rates of stock price appreciation over the option term would result in an aggregate increase of $16,573,134 and $41,248,664, respectively, in the value of the Common Stock held by all the Company's Common Stockholders (assuming no exercise of warrants, other stock options or conversion of Series B Preferred Stock or Series C Preferred Stock).
</TABLE>

The following table sets forth certain information regarding option exercises and option values for the Chief Executive Officer and the other Named Executives identified in the Summary Compensation Table.

AGGREGATED OPTION/SAR EXERCISES IN THE LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

Name	Shares Acquired on Exercise (#)	Value Realized	Number of Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End ($) Exercisable/ Unexercisable
David A. Mount	-0-	--	65,750/ 117,750	625/ 13,125
Michael J. White	-0-	--	15,000/ 40,000	0/ 5,000
Rodney W. Trovinger	-0-	--	16,500/ 43,000	0/ 5,000
Ivan R. Lipton	-0-	--	19,000/ 50,000	0/ 10,000

Board Fees

During 1993, all Directors of the Company were entitled to receive non-qualified options to acquire 5,000 shares of the Company's Common Stock for service as a Board member. All Directors of the Company who are not employed by the Company or its affiliates are also entitled to receive an annual fee of $10,000 plus $1,000 for attendance at each committee meeting. Mr. Scotti does not receive these fees.

Members of the Operations Review Committee who are not employed by the Company are each entitled to receive a $75,000 per annum fee for service on such Committee (in addition to regular fees for service on the Board but excluding a separate meeting fee for the committee members). Mr. Scotti does not receive this fee.

Mr. Scotti receives $25,000 per month for services rendered as Chairman of the Board of Directors of the Company. Mr. Scotti receives no other annual meeting or committee fees for his service on the Board. In March 1993, Mr. Scotti received an additional $125,000 in recognition of his efforts in connection with the Restructuring.

The Company and Mr. Scotti are parties to an agreement dated December 1993, pursuant to which the Company agreed, for a term ending in December 1996, to pay Mr. Scotti $25,000 per month, plus normal directors expenses and other out-of-pocket expenses he may incur in connection with his services to the Company, in return for Mr. Scotti making himself available to the Company or any video subsidiary thereof to act as Mr. Burlage's primary reporting person for the period ending December 31, 1996. Such compensation is payable as long as Mr. Scotti makes himself available for such purpose, whether or not the Company actually utilizes his services and whether or not Mr. Burlage remains in the Company's employ.

Mr. Mount was party to a January 1992 employment agreement amended in November 1992 with LIVE which provided that he would serve as Chief Executive Officer and President of LIVE and Chief Executive Officer and President of LHV for a minimum salary of $425,000 per annum, plus such incentive compensation as may be determined from time to time by the Board of Directors of the Company. Mr. Mount resigned as Chief Executive Officer and President of LIVE and LHV in September 1993 but continues to serve as a Director. Mr. Mount's employment contract provided him with a

$1,000,000 whole-life split dollar insurance policy, health insurance benefits, automobile benefits, vacation benefits and a country club membership. As part of Mr. Mount's employment agreement, LHV made an unsecured, non-interest bearing loan of $150,000 to Mr. Mount. The largest amount outstanding on the loan at any time during 1993 was $150,000. Under the provisions of Mr. Mount's employment agreement, such loan was to be forgiven in its entirety at the normal expiration of the term of the agreement. In connection with Mr. Mount's departure in September 1993 as President and Chief Executive Officer of the Company and LHV, Mr. Mount and the Company entered into a separation agreement whereby Mr. Mount agreed (a) to pay to the Company by January 1994 the sum of $63,500, representing the unamortized portion of such loan, (b) to pay to the Company by January 1994 the sum of $60,000, which was the amount paid by the Company to obtain Mr. Mount's country club membership, and (c) to reimburse to the Company by January 1994 the sum of $22,843.22, representing the cash surrender value of Mr. Mount's life insurance policy. All such amounts were paid in full by early 1994.

On February 5, 1993, the Company, LHV and certain of their subsidiaries entered into a $20,000,000 credit facility (the "Junior Credit Facility") with Pioneer North America, Inc. ("PNA"), the parent of Pioneer, and a group of other participants. PNA committed to fund $15,000,000 of the Junior Credit Facility conditioned upon completion of Restructuring, and a group of participants (the "Junior Credit Facility Participants") funded $5,000,000 of the Junior Credit Facility prior to completion of the Restructuring. Jefferson Capital was one of the Junior Credit Facility Participants, and provided $250,000 of the $5,000,000 funded by the Junior Credit Facility Participants. Mr. O'Donnell, a principal of Jefferson Capital, is a Director of the Company. Borrowings under the Junior Credit Facility bore interest at the Chemical Bank prime rate plus six percentage points, resulting in an interest rate of 12% per annum.

On March 26, 1993, the Junior Credit Facility was refinanced by the 12% Note Indenture and the 12% Notes. Neither Pioneer nor PNA is a holder of any 12% Notes. Fidelity Management & Research Company, a subsidiary of FMR Corp., manages or advises funds that hold $31,250,000 in principal amount of the 12% Notes. Jefferson Capital held $500,000 in principal amount of the 12% Notes; Mr. Scotti held $250,000 in principal amount of the 12% Notes. The notes held by Jefferson Capital and Mr. Scotti were sold to unrelated parties in July 1993. The 12% Notes bear interest at the rate of 12% per annum, with interest payable monthly, and are due and payable on September 15, 1994.

In connection with the Junior Credit Facility and the 12% Notes, the Company issued warrants to purchase 1,333,332 and 1,000,000 shares of the Company's Common Stock at a price of $2.00 and $2.72 per share, respectively. Jefferson Capital received a warrant to purchase 16,667 and 14,706 shares of the Company's Common Stock at a price of $2.00 and $2.72, respectively, for providing funding of $250,000 for both the Junior Credit Facility and the 12% Notes; Mr. Scotti received a warrant to purchase 14,706 shares of the Company's Common Stock at a price of $2.72 per share for his $250,000 investment in the 12% Notes. The warrants are exercisable until March 1998 and the holders have been granted demand and piggyback registration rights for the Common Stock underlying the warrants.

In a May 1992 agreement, amended in July and August 1992, the Company engaged Jefferson Capital and Daniels and Associates (collectively, the "Financial Advisors") to review the Company's capital structure, assist in structuring and placing appropriate working capital facilities at LHV and to make recommendations with respect to the Company's capital structure. As part of their engagement, the Financial Advisors assisted the Company in negotiating and completing the Restructuring and received a total fee of $1,700,000 for such services. LIVE has also agreed to reimburse the Financial Advisors for their reasonable out-of-pocket expenses, including legal fees, in connection with such engagement.

Jefferson Capital has performed various other investment banking services for the Company. In January 1993, Jefferson Capital received a $100,000 retainer for investment banking services to be provided in connection with the Company's consideration of a potential business combination of the Company and Carolco. The fee for such services could increase to $1,000,000 contingent upon consummation of the Combination. LIVE has also agreed to reimburse Jefferson Capital for its reasonable out-of-pocket expenses, including legal fees, and to indemnify Jefferson Capital against certain liabilities, including liabilities under the federal securities laws, relating to or arising out of services performed by Jefferson Capital as financial advisor to LIVE's management.

In April 1993, the Company engaged the Financial Advisors to assist

in structuring and placing a long-term working capital facility for LHV and to make recommendations regarding the Company's capital structure. As part of their engagement, the Financial Advisors received a $150,000 non-refundable retainer. The additional fee for such services will be based on a percentage of the financing obtained or the capital raised and will vary depending upon the type of financing or capital raised. LIVE has also agreed to reimburse the Financial Advisors for their reasonable out-of-pocket expenses, including legal fees, in connection with such engagement.

Houlihan, Lokey, Howard & Zukin, Inc. ("HLHZ") and Mr. Lloyd together acted as advisors to holders of the Senior Subordinated Notes and Series A Preferred Stock in connection with the Restructuring. LIVE paid HLHZ and Mr. Lloyd together a total of $630,000, plus expenses, in connection with such services. Mr. Lloyd received $92,000 of such amount. Mr. Salter, who served as a Director of the Company from April 1993 to June 1993, is a Vice President of HLHZ.

In a July 1993 consulting agreement, the Company engaged Mr. Smith to provide consulting services as an independent contractor in connection with the search by the Company for an individual to replace David Mount as Chief Executive Officer of LIVE and LHV upon Mr. Mount's departure from the Company. The fee for such service was $10,000 per month (pro rated for partial months) plus expenses. This agreement terminated upon the hiring of Roger Burlage as President and Chief Executive Officer of the Company in January 1994. The Company paid Mr. Smith a total of $62,200 in consideration of his services under this agreement.

Metronome Productions N.V. ("Metronome"), which employs Mr. Afman, serves as Managing Director of LIVE NV and was paid $75,000 per year through February 1994 as compensation for such service. Metronome was paid $75,000 in 1993.

Employment and Consulting Agreements

Mr. Burlage is party to a December 1993 employment agreement with LIVE which provides that he will serve as Chief Executive Officer and President of LIVE from January 1994 until December 1997. Mr. Burlage's minimum salary is $450,000 per annum during 1994 and will be increased each calendar year thereafter by 5% of the base salary in effect in the prior calendar year (or more at the discretion of the Company's Board of Directors). Mr. Burlage will also receive incentive compensation equal to two percent of the Company's earnings before interest and taxes in excess of $10,000,000 per annum, subject to certain exclusions, limited to 100% of his base salary for the applicable year. As part of the agreement, the Company paid Mr. Burlage a signing bonus of $100,000 and agreed to pay for and/or provide a life insurance policy, disability benefits, health insurance benefits, automobile benefits, vacation benefits and a country club membership. In addition, the Company granted Mr. Burlage options to acquire 600,000 shares of the Company's Common Stock at a price of $1.875 per share (the closing price of the Company's Common Stock on the New York Stock Exchange on the date the Company and Mr. Burlage reached agreement on his employment), with 150,000 of such options vesting annually commencing December 31, 1994. If Mr. Burlage's employment is terminated by LIVE for other than "good cause," he will receive his salary, incentive compensation, life insurance, health insurance and automobile benefits for the remainder of the term of his employment agreement. All payments pursuant to the provisions of the immediately preceding sentence would be reduced, dollar for dollar, by the amount received by Mr. Burlage from employment following termination of his agreement.

Mr. White is party to a February 1994 employment agreement with the Company which provides that he will serve as Executive Vice President/Chief Administrative Officer and General Counsel of the Company until such time that either the Company or Mr. White gives notice of termination. The agreement provides that Mr. White will receive a minimum annual salary of $250,000, plus such incentive compensation as is determined from time to time by the Board. As part of the agreement, the Company agreed to provide Mr. White with health insurance, life insurance and vacation benefits. If Mr. White's employment is terminated by LIVE for other than "good cause," he will receive his salary for one year, along with health insurance. All payments pursuant to the provisions of the immediately preceding sentence would be reduced, dollar for dollar, by the amount received by Mr. White from employment following termination of his agreement.

Mr. Trovinger is party to an October 1992 employment agreement with LHV which provides that he will serve as Senior Vice President/Chief Financial Officer of LHV for a period of three years. The agreement provides that Mr. Trovinger will receive a minimum annual salary of $150,000, plus such incentive compensation as is determined from time to

time by the Board of Directors of LHV. In addition, as part of the agreement, LHV agreed to provide Mr. Trovinger with health insurance, life insurance, automobile benefits and vacation benefits. If Mr. Trovinger's employment is terminated by LHV for other than "good cause," he will receive his salary for the lesser of one year or the remaining term of his agreement, along with life and health insurance and automobile benefits. In the event of a change of control under Mr. Trovinger's employment contract of LHV involving persons or entities other than the Company, Carolco or their affiliates, and a subsequent reduction in Mr. Trovinger's responsibilities, Mr. Trovinger has the right to terminate his agreement with the same effect as if LHV had terminated his agreement without "good cause." All payments pursuant to the provisions of the two immediately preceding sentences would be reduced, dollar for dollar, by the amount received by Mr. Trovinger from employment following termination of his agreement.

Mr. Lipton and Strawberries are parties to a December 1992 employment agreement which provides that he will serve as President of Strawberries though January 1996. The agreement provides that Mr. Lipton will receive a minimum annual salary of $161,250 through the term of the agreement, plus such incentive compensation as is determined from time to time by the Board of Directors of Strawberries. As part of the agreement, Strawberries paid Mr. Lipton a $50,000 signing bonus and agreed to provide Mr. Lipton with health insurance, life insurance, automobile benefits and vacation benefits. If more than 50% of the stock or assets of Strawberries is sold during the term of Mr. Lipton's contract and, in certain circumstances, within two years after such term, then Mr. Lipton will be entitled to additional compensation based upon the net proceeds received in connection with such sale.

Compensation Committee Interlocks and Insider Participation

Mr. Afman, Mr. O'Donnell and Mr. Scotti all are members of the Company's Compensation Committee. The various agreements between the Company and Messrs. Afman, O'Donnell and Scotti and their respective affiliates are described above under "Board Fees."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Common Stock and Series C Preferred Stock

The following table sets forth as of March 31, 1994, the beneficial ownership of shares of the Company's Common Stock and Series C Preferred Stock (a) by each stockholder who is known by the Company to own more than 5% of the outstanding shares of Common Stock, (b) by each Director of the Company, (c) by the Chief Executive Officer of the Company, (d) by the other executive officers of the Company, and (e) by all executive officers and Directors as a group. The number of shares and percentages set forth below are based upon 12,093,610 shares of Common Stock outstanding as of March 31, 1994 plus 5,119,389 shares of Common Stock that is issuable upon the conversion of the Series C Preferred Stock, including the liquidation value attributable to certain accrued and unpaid dividends. All 15,000 shares of Series C Preferred Stock are owned by Pioneer. The shares of Common Stock underlying immediately exercisable options or warrants or options or warrants that become exercisable within 60 days after March 31, 1994, are deemed to be outstanding for purposes of calculating the number and percentage of Common Stock owned by the holders of such options.

Name of Beneficial Owner or Identity of Group	Shares of Common Stock and Voting Shares of Series C Preferred Stock Owned	Percentage of Outstanding Common Stock and Voting Shares of Series C Preferred Stock
Pioneer LDCA, Inc. (1)	9,148,612	53.2%
Cinepole Productions B.V. (2)	1,288,030	7.5%
RCS Editori S.p.A. (3)	1,288,030	7.5%
FMR Corp. (4)	1,955,882	10.2%
Anthony J. Scotti (5)(6)	54,206	*
Roger A. Burlage (7)	0	*
Frans J. Afman (8)	19,500	*
Jay Burnham (9)(10)	10,000	*
Ronald B. Cushey (11)(12)	5,000	*
Mario F. Kassar (13)	22,500	*
Jonathan D. Lloyd (9)	10,000	*
Satoshi Matsumoto (9)(12)	10,000	*
David A. Mount (14)	139,500	*
Masao Nomura (11)(12)	5,000	*
R. Timothy O'Donnell (5)(15)(16)	80,373	*
Roger R. Smith (17)	95,260	*

Lynwood Spinks (18)	11,500	*
Ivan R. Lipton (19)(20)	32,000	*
Michael J. White (19)(21)	34,000	*
Rodney W. Trovinger (19)(22)	37,010	*
All executive officers and Directors as a group (16 persons)	565,849	3.2%

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* Less than 1%.

(1) Pioneer owns directly 4,029,223 shares of Common Stock. Pioneer also owns 15,000 shares of Series C Preferred Stock. The Series C Preferred Stock has voting rights equivalent to and is convertible into 5,119,389 shares of Common Stock. The addresses of Pioneer are 2265 East 220th Street, Long Beach, California 90810 and 1-20-6, Ebisuminami, Shibuya-jym, Tokyo 150, Japan.

(2) The address of Cinepole is 17, Dumont d'Urville, 75116, Paris, France.

(3) The address of RCS Editori S.p.A. is Via Rizzoli 2, 20132 Milan, Italy. RCS Editori S.p.A. directly owns 60% of the outstanding stock of RCS Video International Services B.V. ("RCS") and indirectly owns 40% of the outstanding stock of RCS.

(4) Represents 1,955,882 shares of Common Stock which are issuable upon exercise of presently exercisable warrants. FMR Corp. is the parent of Fidelity Management & Research Company which manages or advises funds that hold these warrants. The address of FMR Corp. and Fidelity Management & Research Company is 82 Devonshire Street, F7E, Boston, Massachusetts 02109.

(5) Does not include 167,378 shares of Common Stock held by Scotti Brothers.

(6) Represents 54,206 shares of Common Stock which are issuable upon exercise of presently exercisable options and warrants.

(7) Mr. Burlage is the Chief Executive Officer of the Company.

(8) Represents 19,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(9) Represents 10,000 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(10) Does not include 192,400 shares of Common Stock held by entities controlled by Paul D. Sonz Partners.

(11) Represents 5,000 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(12) Does not include 4,029,223 shares of Common Stock and 15,000 shares of Series C Preferred Stock held by Pioneer.

(13) Represents 22,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(14) Represents 139,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(15) Includes 19,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(16) Includes 45,873 shares of Common Stock underlying three warrants issued to Jefferson Capital. See "Board Fees" above.

(17) Includes 94,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(18) Represents 11,500 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(19) Messrs. Lipton, White and Trovinger are executive officers of the Company.

(20) Represents 32,000 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(21) Represents 34,000 shares of Common Stock which are issuable upon exercise of presently exercisable options.

(22) Includes 37,000 shares of Common Stock which are issuable upon exercise of presently exercisable options.

Series B Preferred Stock

The following table sets forth, as of March 31, 1994, the beneficial ownership of shares of Series B Preferred Stock (a) by each stockholder who is known by the Company to own more than 5% of the outstanding shares of Series B Preferred Stock, (b) by each Director of the Company, (c) by the Chief Executive Officer of the Company, (d) by the other executive officers of the Company, and (e) by all officers and Directors as a group. The number of shares and percentages set forth below are based upon 6,000,000 shares of Series B Preferred Stock outstanding as of March 31, 1994.

Name of Beneficial Owner or Identity of Group	Shares of Series B Preferred Stock Owned	Percentage of Outstanding Series B Preferred Stock
Island Investors Partnership (1)	467,604	7.8%
Metropolitan Life Insurance Company (2)	419,094	7.0%
Anthony J. Scotti	0	*
Roger A. Burlage	0	*
Frans J. Afman	0	*
Jay Burnham (3)	0	*
Ronald B. Cushey	0	*
Mario F. Kassar	0	*
Jonathan D. Lloyd	0	*
Satoshi Matsumoto	0	*
David A. Mount	0	*
Masao Nomura	0	*
R. Timothy O'Donnell	0	*
Roger R. Smith	0	*
Lynwood Spinks	0	*
Ivan R. Lipton	0	*
Michael J. White	0	*
Rodney W. Trovinger	0	*
All executive officers and Directors as a group (16 persons)	0	*

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* Less than 1%.

(1) The address of Island Investors Partnership is 40304 Fisher Island Drive, Fisher Island, Florida 33109.

(2) The address of Metropolitan Life Insurance Company is One Madison Avenue, New York, New York 10010.

(3) Does not include 244,586 shares of Series B Preferred Stock held by entities controlled by Paul D. Sonz Partners.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

LHV has entered into an agreement with Carolco entitling LHV to acquire home video rights in the United States and Canada for most motion pictures produced or controlled by Carolco which commence principal photography prior to August 1995, under a series of agreements which principally consist of a master agreement entered into in July 1987, restated in October 1987, and amended in April 1990, March 1991, October 1991 and March 1992 (the "Master Agreement"). Canadian home video rights have not been granted to LHV in the case of several films produced or acquired by Carolco. The Strategic Investors have co-financed certain of the motion pictures subject to the Master Agreement. The Master Agreement provides for the payment by LHV of certain advances for each picture, which advances are recoupable from LHV's net receipts from video distribution of the pictures. LHV is entitled to cross-collateralize both net receipts from groups of pictures and advances on subsequent groups of pictures in order to ensure that it earns a certain minimum overall distribution fee on each group of films. There is a corresponding upper limit on the total gross distribution fee that LHV can earn on each group of films. "Net receipts" generally are LHV's wholesale receipts less certain expenses such as marketing and costs of manufacturing. All aspects of the Master Agreement, amendments thereto and advances on individual pictures have been or will be (in the case of future amendments or pictures) approved by the Independent Committees of each of Carolco's and LIVE's Board of Directors. In 1993, LHV made no payments to Carolco and at December 31, 1993 had no recorded contractual obligations under the

Master Agreement. Additional advances also will be due if additional films are made available from Carolco under the Master Agreement. From time to time, LHV has made payments to Carolco for video rights to films in production prior to the date payment was required under the applicable video distribution agreement. The Company has received discounts for such early payments. As of December 31, 1993, the Company had no such early payments outstanding.

LIVE NV has entered into an agreement with Carolco International N.V. (now Carolco International Inc.) ("CINV") entitling LIVE NV to acquire home video rights in the German-speaking European market for most motion pictures produced or controlled by CINV which commence principal photography prior to August 1995 (other than rights granted by CINV to other parties prior to April 1991), under a master agreement entered into in April 1991 (the "German Master Agreement"). The Strategic Investors have co-financed certain of the motion pictures subject to the German Master Agreement. The German Master Agreement provides for the payment by LIVE NV of certain advances for each picture, which advances are recoupable from LIVE NV's net receipts from video distribution of these pictures. LIVE NV is entitled to cross-collateralize both net receipts from groups of pictures and advances on subsequent groups of pictures in order to ensure that it earns a certain minimum overall distribution fee on each group of films. There is a corresponding upper limit on the total gross distribution fee that LIVE NV can earn on each group of films. "Net receipts" generally are the wholesale receipts of LIVE NV or its designated subsidiaries, including VCL, less certain expenses such as marketing and costs of manufacturing. All aspects of the German Master Agreement and advances on individual pictures have been or will be (in the case of future amendments or pictures) approved by the Independent Committee of each of Carolco's and LIVE's Board of Directors. In 1993, LIVE NV did not pay any advances to CINV. Under the German Master Agreement, LIVE NV may owe CINV up to $900,000 for three completed films to be delivered during the remaining term of the German Master Agreement. Additional advances also will be due if additional films are made available from Carolco under the German Master Agreement.

LIVE NV and CINV are general partners in a Netherlands Antilles general partnership which is involved in the international marketing and distribution of video rights. LIVE NV's contribution to the partnership consists of international video rights, and CINV's contribution consists of international distribution services. LIVE NV has a 99% interest in the partnership and CINV's interest is 1%. During 1993, CINV's portion of the partnership's income was approximately $4,000. Pursuant to a service agreement between CINV and the partnership, CINV has agreed to provide additional international sales, marketing and distribution facilities and expertise to the partnership for an annual fee not to exceed 10% of the partnership's sublicense and royalty revenue. During 1993, CINV's fee for the services rendered pursuant to this service agreement was approximately $152,000.

In December 1992, the Company, Carolco and certain of their affiliates reconciled the amounts owing to each by the others (the "Reconciliation Agreement"). As of January 1, 1993 and December 31, 1993, Carolco and its affiliates owed a total of $5,364,439 and $8,047,318, respectively, to LIVE and its affiliates.

Pursuant to an agreement dated October 1991, LIVE America granted Pioneer a license for United States laser videodisc rights to LIVE America's library of motion pictures (subject to certain reserved rights) for a term ending in September 1995. In October 1991, Pioneer paid LIVE America $5,000,000 under this agreement as a non-returnable advance recoupable on a cross-collateralized basis from all royalties payable to LIVE America under the agreement.

On September 14, 1992, Pioneer and a wholly owned subsidiary of LHV formed a film rights acquisition limited partnership (the "Film Rights Partnership") to acquire video and other film rights and exploit such rights through the distribution facilities of LHV and its subdistributors. Pioneer contributed $15,000,000 in cash to the Film Rights Partnership. At the March 23, 1993 closing date of the Restructuring, Pioneer exchanged with the Company all of its right, title and interest in and to the Film Rights Partnership in return for the Series C Preferred Stock. On March 23, 1993, Pioneer also received $472,500 as the guaranteed return on its investment in the Film Rights Partnership from September 15, 1992 to March 23, 1993. The Company has granted Pioneer piggyback and demand registration rights for the Common Stock into which the Series C Preferred Stock is convertible.

In July 1993, LIVE granted to the Strategic Investors the right to require LIVE to use its best efforts to register all Common Stock in the Company owned by them, whether acquired directly from the Company, upon

conversion of the Series C Preferred Stock, or upon acquisition of such stock from Carolco pursuant to the Carolco Restructuring.

The Company believes that each transaction with an affiliate of the Company was on terms at least as favorable to the Company as would have prevailed in arms-length transactions between unrelated parties. In addition, future transactions between the Company and its affiliates will be referred to either the Company's Board of Directors or a committee of disinterested Directors to ensure that the interests of the Company are protected in any such transaction.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES ACT OF 1934

Section 16(a) of the Securities Act of 1934 requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission ("SEC") and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 1993 all Section 16(a) filing requirements applicable to its officers, directors and greater than ten-percent beneficial owners were complied with except that Mr. Burnham, a Director of the Company, failed to file on a timely basis one report dealing with one transaction, which report was filed two days late.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) The following consolidated financial statements of LIVE and its subsidiaries are included in Item 8 and filed herewith:

Consolidated Balance Sheets as of December 31, 1992 and 1993

Consolidated Statements of Operations for the Years Ended December 31, 1991, 1992 and 1993

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1991, 1992 and 1993

Consolidated Statements of Cash Flows for the Years Ended December 31, 1991, 1992 and 1993

Notes to Consolidated Financial Statements

(a)(2) The following consolidated financial statement schedules are included in Item 14(d):

Schedule II	--	Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other than Related Parties
Schedule VIII	--	Valuation and Qualifying Accounts
Schedule IX	--	Short Term Borrowings
Schedule X	--	Supplementary Income Statement Information

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are either not required under the related instructions or are inapplicable, and therefore have been omitted.

(a)(3) The exhibits listed on the Exhibit Index are filed as part of this report.

(b) On November 3, 1993, the Company filed a report on Form 8-K, dated October 20, 1993, announcing that Carolco had consummated a financial restructuring and that the LIVE Common Stock held by Carolco was conveyed to Carolco's Strategic Investors as partial satisfaction of a loan outstanding from Carolco to the Strategic Investors.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIVE ENTERTAINMENT INC.

By /s/ ROGER A. BURLAGE

Roger A. Burlage
Chief Executive Officer

Dated: April 15, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
ANTHONY J. SCOTTI* - - --- Anthony J. Scotti	Chairman of the Board	April 12, 1994
/s/ROGER A. BURLAGE - - --- Roger A. Burlage	Chief Executive Officer (principal executive officer)	April 15, 1994
RODNEY W. TROVINGER* - - --- Rodney W. Trovinger	Chief Financial Officer (principal financial officer)	April 11, 1994
/s/ROBERT L. DENTON - - --- Robert L. Denton	Vice President and Chief Accounting Officer (principal accouting officer)	April 15, 1994
FRANS J. AFMAN* - - --- Frans J. Afman	Director	April 13, 1994
JAY BURNHAM* - - --- Jay Burnham	Director	April 11, 1994
RONALD B. CUSHEY* - - --- Ronald B. Cushey	Director	April 11, 1994

Signature	Title	Date
JONATHAN D. LLOYD* - - --- Jonathan D. Lloyd	Director	April 9, 1994
DAVID A. MOUNT* - - --- David A. Mount	Director	April 12, 1994
MASAO NOMURA* - - --- Masao Nomura	Director	April 12, 1994
R. TIMOTHY O'DONNELL* - - --- R. Timothy O'Donnell	Director	April 12, 1994

ROGER R. SMITH*	Director	April 12, 1994
Roger R. Smith		
LYNWOOD SPINKS*	Director	April 9, 1994
Lynwood Spinks		

* By signing his name hereto, Roger A. Burlage signs this document as Chief Executive Officer of the Registrant and on behalf of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed herewith.

By: /s/ ROGER A. BURLAGE, ATTORNEY-IN-FACT
Roger A. Burlage, Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIVE ENTERTAINMENT INC.

By /s/ ROGER A. BURLAGE
Roger A. Burlage
Chief Executive Officer

Dated: April 15, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
ANTHONY J. SCOTTI*	Chairman of the Board	April 12, 1994
Anthony J. Scotti		
	Chief Executive Officer	April 15, 1994
Roger A. Burlage	(principal executive officer)	
RODNEY W. TROVINGER*	Chief Financial Officer	April 11, 1994
Rodney W. Trovinger	(principal executive officer)	
	Vice President and	April 15, 1994
Robert L. Denton	Chief Accounting Officer (principal accounting officer)	
FRANS J. AFMAN*	Director	April 13, 1994
Frans J. Afman		
JAY BURNHAM*	Director	April 11, 1994
Jay Burnham		
RONALD B. CUSHEY*	Director	April 11, 1994
Ronald B. Cushey		

Signature	Title	Date
JONATHAN D. LLOYD*	Director	April 9, 1994
Jonathan D. Lloyd		
DAVID A. MOUNT*	Director	April 12, 1994
David A. Mount		
MASAO NOMURA*	Director	April 12, 1994
Masao Nomura		
R. TIMOTHY O'DONNELL*	Director	April 12, 1994
R. Timothy O'Donnell		
ROGER R. SMITH*	Director	April 12, 1994
Roger R. Smith		
LYNWOOD SPINKS*	Director	April 9, 1994
Lynwood Spinks		

* By signing his name hereto, Roger A. Burlage signs this document as Chief Executive Officer of the Registrant and on behalf of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed herewith.

By: /s/ ROGER A. BURLAGE, ATTORNEY-IN-FACT
Roger A. Burlage, Attorney-In-Fact

REPORT OF INDEPENDENT AUDITORS

Board of Directors
LIVE Entertainment Inc.

We have audited the accompanying consolidated balance sheets of LIVE Entertainment Inc. and subsidiaries as of December 31, 1992 and 1993, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. Our audits also included the financial statement schedules listed in the Index at Item 14(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the consolidated financial position of LIVE Entertainment Inc. and subsidiaries at December 31, 1992 and 1993, and

the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming that LIVE Entertainment Inc. will continue as a going concern. As more fully described in Note 1, the Company has incurred recurring operating losses and has not complied with certain restrictive covenants under its debt agreements. Further, the Company's principal credit facility contains decreasing borrowing limits and expires July 29, 1994. In addition, the Company's 12% Subordinated Secured Notes are due and payable September 15, 1994. The Company has not obtained waivers from appropriate parties and as such, approximately $37,000,000 of 12% Subordinated Secured Notes are subject to acceleration. If the Company is unable to generate sufficient cash flows from operations, obtain appropriate waivers, or if it is unable to obtain financing beyond July 29, 1994, it may not be able to repay the required balances or have sufficient borrowing capacity to fund its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of LIVE Entertainment Inc. to continue as a going concern.

ERNST & YOUNG

Century City
Los Angeles, California
April 1, 1994

<TABLE>

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

<CAPTION>

	December 31, 1992	December 31, 1993
ASSETS		
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents, including restricted cash of $7,804 and $17,173	$ 18,847	$ 42,358
Accounts receivable, less allowances of $24,463 and $25,440	14,336	2,432
Officer and employee receivables	524	407
Inventories	48,961	10,124
Video rights	40,716	29,839
Deferred income taxes	--	4,176
Other	2,426	1,136
Assets held for sale	5,911	86,000
TOTAL CURRENT ASSETS	131,721	176,472
PROPERTY AND EQUIPMENT, net	10,948	1,686
RECEIVABLE FROM AFFILIATE	5,364	8,047
VIDEO RIGHTS, net of accumulated amortization of $382,326 and $415,681	51,541	32,228
OTHER ASSETS	1,725	1,320
GOODWILL, net of accumulated amortization of $36,069 and $32,193	95,749	33,796
	$297,048	$253,549
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank debt	$ 2,230	$ --
12% Subordinated Secured Notes due 1994	--	36,707
Current maturities of long-term obligations	12,838	8,043
Current maturities of Increasing Rate Senior Subordinated Notes	3,687	3,791
Video rights obligations	33,314	15,850
Accounts payable, deferred revenue and accrued expenses	58,090	18,343
Liabilities related to assets held for sale	5,412	46,601
Series B Cumulative Convertible Preferred Stock (5,000,000 shares)	--	40,000
Dividends payable	--	1,340
Income taxes payable and deferred income taxes	387	--
TOTAL CURRENT LIABILITIES	115,958	170,675
BANK DEBT, less current maturities	5,370	--
LONG-TERM OBLIGATIONS, less current maturities	13,133	3,333
INCREASING RATE SENIOR SUBORDINATED NOTES DUE 1999, including capitalized interest of $24,245 and $20,662, less current maturities	60,558	56,871

DEFERRED REVENUE AND ACCRUED EXPENSES, less current portion.	7,439	1,740
DEFERRED INCOME TAXES.	5,531	10,188
STOCKHOLDERS' EQUITY:		
Series B Cumulative Convertible Preferred Stock--authorized 9,000,000 shares; $1.00 par value; $60,000,000 liquidation preference; 6,000,000 (1992) and 1,000,000 (1993) shares outstanding	6,000	1,000
Series C Convertible Preferred Stock--15,000 shares authorized and outstanding; $1.00 par value; $15,000,000 liquidation preference	--	15
Common Stock -- authorized 120,000,000 shares; $0.01 par value; 12,086,530 (1992) and 12,090,016 (1993) shares outstanding	121	121
Additional paid-in capital	126,405	106,507
Retained deficit	(43,020)	(96,901)
Cumulative translation adjustment.	(447)	--
	89,059	10,742
	$297,048	$253,549

See notes to consolidated financial statements.

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Per Share Data)

	Year Ended December 31, 1991	1992	1993
Net sales.	$ 237,705	$ 160,953	$ 143,735
Cost of goods sold	200,316	142,000	124,336
GROSS PROFIT.	37,389	18,953	19,399
Operating expenses:			
Selling, general and administrative expenses	16,834	16,092	17,248
Amortization of goodwill	2,365	3,924	3,924
Write-off of excess cost over net assets acquired (goodwill)	15,000	--	--
Other expense.	3,905	--	--
	38,104	20,016	21,172
	(715)	(1,063)	(1,773)
Disposal of VCL/Carolco Communications GmbH (VCL):			
Net Sales.	26,713	31,560	28,511
Costs and Expenses	26,584	35,351	32,174
	129	(3,791)	(3,663)
Loss on disposal of VCL.	--	--	(15,741)
	129	(3,791)	(19,404)
OPERATING LOSS.	(586)	(4,854)	(21,177)
Interest expense, net.	(15,834)	(14,424)	(6,264)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFIT).	(16,420)	(19,278)	(27,441)
Income tax expense (benefit)	1,317	(1,818)	768
LOSS FROM CONTINUING OPERATIONS	(17,737)	(17,460)	(28,209)
Discontinued Operations:			
(Loss) income from discontinued operations net of income taxes	(11,855)	1,090	1,690
Loss on disposal and operating losses during phase-out period, net of income tax benefit.	(77,460)	--	(23,773)
(LOSS)INCOME FROM DISCONTINUED OPERATIONS	(89,315)	1,090	(22,083)
LOSS BEFORE EXTRAORDINARY ITEM.	(107,052)	(16,370)	(50,292)
EXTRAORDINARY ITEM-Gain from debt restructuring, including income tax benefit of $790	--	3,967	--
NET LOSS.	(107,052)	(12,403)	(50,292)
Preferred dividends.	966	2,397	3,589
NET LOSS ATTRIBUTABLE TO COMMON STOCK	$ (108,018)	$ (14,800)	$ (53,881)
(Loss) income per common share:			
Continuing operations.	$ (1.55)	$ (1.64)	$ (2.63)
Discontinued operations.	(7.40)	0.09	(1.83)
Extraordinary item	--	0.33	--
Net loss	$ (8.95)	$ (1.22)	$ (4.46)
Weighted average number of shares outstanding.	12,071,425	12,080,233	12,089,004

See notes to consolidated financial statements.

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollar Amounts in Thousands)

	Year Ended December 31, 1991	1992	1993

	Shares	Amounts	Shares	Amounts	Shares	Amounts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Series A Cumulative Convertible Preferred Stock						
Beginning balance			1,050,000	$ 1,050		
Series A Cumulative Convertible Preferred Stock issued	1,050,000	$ 1,050				
Exchange of Series A Cumulative Convertible Preferred Stock			(1,050,000)	(1,050)		
Ending balance	1,050,000	1,050	-0-	-0-		
Series B Cumulative Convertible Preferred Stock						
Beginning balance					6,000,000	$ 6,000
Series B Cumulative Convertible Preferred Stock issued			6,000,000	6,000		
Transferred to current liabilities					(5,000,000)	(5,000)
Ending balance			6,000,000	6,000	1,000,000	1,000
Series C Convertible Preferred Stock						
Series C Convertible Preferred Stock issued					15,000	15
Ending balance					15,000	15
Series A Common Stock						
Beginning balance	1,084,000	11				
Exchange into Common Stock	(1,084,000)	(11)				
Ending balance	-0-	-0-				
Common Stock						
Beginning balance	10,435,065	104	12,077,667	121	12,086,530	121
Conversion of convertible subordinated debentures	6,785					
Exchange of Series A Common Stock	1,626,000	16				
Common Stock issued	9,817	1	8,863		3,486	
Ending balance	12,077,667	121	12,086,530	121	12,090,016	121

(Continued)

</TABLE>

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Continued)
(Dollar Amounts in Thousands)

	Year Ended December 31, 1991	1992	1993
Additional Paid-in Capital			
Beginning balance	$ 70,994	$ 89,026	$ 126,405
Conversion of convertible subordinated debentures	95		
Common Stock issued	87	9	7
Series A Cumulative Convertible Preferred Stock issued	17,850		
Cancellation of stock options granted at below market price		604	
Exchange of Series A Cumulative Convertible Preferred Stock for Series B Cumulative Convertible Preferred Stock and Increasing Rate Senior Subordinated Notes due 1999		36,766	
Issuance of Warrants			600
Series C Convertible Preferred Stock issued			14,495
Series B Cumulative Convertible Preferred Stock transferred to current liabilities			(35,000)
Ending balance	89,026	126,405	106,507
Retained Earnings (Deficit)			
Beginning balance	79,798	(28,220)	(43,020)
Net loss attributable to Common Stock	(108,018)	(14,800)	(53,881)
Ending balance	(28,220)	(43,020)	(96,901)

Other			
Beginning balance.	(1,823)	(380)	(447)
Cash received.	335		
Translation adjustment	1,108	(67)	447
Ending balance	(380)	(447)	-0-
Total Stockholders' Equity.	$ 61,597	$ 89,059	$ 10,742

See notes to consolidated financial statements.

<TABLE>

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

<CAPTION>

	Year Ended December 31,		
	1991	1992	1993
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES:			
Loss from continuing operations.	$ (18,703)	$ (15,890)	$ (31,798)
Adjustments to reconcile net income (loss) to net cash provided by (used for) continuing operating activities:			
Depreciation and amortization of property and equipment.	1,527	1,496	880
Amortization of goodwill	3,640	4,875	3,924
Write-off of excess cost over net assets acquired (goodwill)	15,000	--	--
Loss on disposal of VCL.	--	--	15,741
Amortization of and adjustments to video rights.	117,543	78,961	53,091
Income taxes payable and deferred income taxes	(8,386)	(2,353)	(478)
Utilization of pre-acquisition net operating loss carryforwards. . .	1,044	1,000	--
(Increase) decrease in operating assets, net of acquisitions:			
Accounts receivable.	(51,744)	56,088	6,515
Officer and employee receivables	3,475	192	42
Refundable income taxes.	(105)	7,718	--
Inventories.	(3,737)	5,250	5,802
Assets held for sale	(2,683)	9,095	(12,637)
Receivable from stockholder.	(566)	(329)	(2,683)
Other assets	4,299	1,276	385
Increase (decrease) in operating liabilities, net of acquisitions:			
Accounts payable and accrued expenses.	7,251	2,263	(13,888)
Liabilities related to assets held for sale.	4,174	(2,028)	6,436
Acquisition of and adjustment to video rights.	(101,042)	(53,331)	(31,907)
Video rights obligations incurred.	101,042	51,360	31,907
Payments on video rights obligations	(127,014)	(70,856)	(43,631)
Cash provided by (used for) continuing operating activities. . . .	(54,986)	74,787	(12,299)
Cash provided by (used for) discontinued operations.	37,496	(17,040)	1,150
Cash provided by (used for) operating activities	(17,490)	57,747	(11,149)
INVESTING ACTIVITIES:			
Increase in goodwill related to additional acquisition costs	(5,900)	--	--
Purchase of subsidiaries, net of cash acquired	(34,461)	--	--
Acquisition of property and equipment.	(2,826)	(3,051)	(3,676)
Retirement of fixed assets	1,538	--	--
Cash used for investing activities	(41,649)	(3,051)	(3,676)
FINANCING ACTIVITIES:			
Issuance of bank debt and long-term obligations.	135,376	166,131	211,260
Payments on bank debt and long-term obligations.	(108,401)	(220,410)	(189,381)
Payment of debt restructuring expenses	--	(2,533)	--
Issuance of Common Stock	524	10	--
Dividends accrued but not paid	--	--	1,340
Issuance of Series C Preferred Stock	--	--	15,117
Cash provided by (used for) financing activities	27,499	(56,802)	38,336
Effect of exchange rate changes.	709	190	--
Increase (decrease) in cash and cash equivalents	(30,931)	(1,916)	23,511
Cash and cash equivalents at beginning of period	51,694	20,763	18,847
Cash and cash equivalents at end of period	$ 20,763	$ 18,847	$ 42,358

See notes to consolidated financial statements.

</TABLE>

Note 1 -- Going Concern

On January 28, 1994, the pre-existing bank credit facility (the "Bank Credit Facility") between LIVE Entertainment Inc. ("LIVE" or the "Company") and LIVE Home Video Inc. ("LHV") and a group of banks headed

by Chemical Bank and Credit Lyonnais Bank Nederland N.V. (the "Bank Group") was amended. The maximum credit available under the Bank Credit Facility was reduced to $20,000,000 effective on the date of the amendment. The commitments under the Bank Credit Facility will be further reduced on a monthly basis to $10,000,000 by June 29, 1994. Furthermore, the maximum credit amount available under the Bank Credit Facility will continue to be reduced by an amount equal to cash dividends paid on the Company's 6,000,000 shares of Series B Cumulative Convertible Preferred Stock (the "Series B Preferred Stock") and 15,000 shares of Series C Convertible Preferred Stock (the "Series C Preferred Stock"). On April 1, 1994, cash dividends totaling $750,000 were paid on the Series B Preferred Stock, thereby reducing the maximum credit currently available under the Bank Credit Facility to $15,916,000 as of that date.

The term of the Bank Credit Facility ends July 29, 1994 and earlier in the event of a default. Additionally, the Company's $37,000,000 in 12% Subordinated Secured Notes Due September 1994 ("12% Notes") are due and payable on September 15, 1994.

The Company is in negotiations with members of the Bank Group, as well as others, to provide a replacement source of financing of up to $40,000,000, having a term of at least one year, prior to the expiration of the Bank Credit Facility (the "New Bank Credit Facility"). A condition to obtaining the New Bank Credit Facility is the agreement of the holders of at least $31,000,000 in principal amount of the 12% Notes to extend the maturity date for payment of the 12% Notes held by them to a date which would be not earlier than several months after the maturity date of the New Bank Credit Facility (the "12% Note Extension"). Although management believes there is a realistic possibility of obtaining both the New Bank Credit Facility and the 12% Note Extension prior to the expiration of the Bank Credit Facility, there is no assurance that management will be successful in these efforts. If the Company is unable to obtain replacement financing, it may not be in a position to pay the amounts due under the Bank Credit Facility and the 12% Notes upon the maturity thereof.

As a result of the Company's operating results in 1993, as well as its decision to dispose of both (a) its "Specialty Retail Division," consisting of its wholly owned subsidiary, Strawberries Inc. ("Strawberries") and Strawberries' wholly owned subsidiary, Waxie Maxie Quality Music Co. ("Waxie Maxie"), and (b) its German video distribution subsidiary, VCL/Carolco Communications GmbH ("VCL"), the Company was not in compliance with a number of ratios under the Bank Credit Facility and the Indenture (the 12% Note Indenture") governing the 12% Notes as of December 31, 1993. The Company is in discussions with the Bank Group to obtain waivers of non-compliance and management believes that those waivers will be obtained. If the Bank Group waives the non-compliance, such waiver automatically acts as a waiver of the corresponding non-compliance under the 12% Note Indenture. If the Company does not secure the waivers, an event of default will exist under both the Bank Credit Facility and the 12% Note Indenture, allowing the Bank Group and the holders of the 12% Notes to accelerate payment of the amounts due to them. If such acceleration occurred, the Company might not be in a position to pay the amounts due.

Without either replacement facilities or an agreement for extension, the Bank Credit Facility will be due on July 29, 1994 and the 12% Notes will be due on September 15, 1994.

These conditions raise substantial doubt about LIVE's ability to continue as a going concern.

The Company's management is taking the following actions to address concerns about its ability to continue as a going concern:

(a) The Company is in negotiations with members of the Bank Group and other potential financing sources to obtain the New Bank Credit Facility prior to the expiration of the Bank Credit Facility.

(b) The Company has held preliminary discussions with holders of 12% Notes regarding obtaining the 12% Note Extension.

Although there is no assurance that the Company will be successful in any of these activities, management believes that there is a realistic possibility of completing all of them during 1994.

Note 2 -- Summary of Significant Accounting Policies

Background and Operations: LIVE was formed in 1988 and its largest ongoing businesses are LHV and LEI-IVE Entertainment N.V. ("LIVE NV"),

which acquire rights to theatrical motion pictures, children's films and special interest programs which they market and distribute primarily on videocassettes to wholesalers, retailers and consumers in the United States and Canada (LHV) and internationally (LIVE NV). As part of its international activities, the Company also owns an 81% interest in VCL, a home video distribution and marketing company headquartered in Munich, Germany. VCL's year-end is November 30. The Company also operates the Specialty Retail Division. The Specialty Retail Division engages in the retail sale of audio records and tapes, compact discs and video products and consists of 142 stores in the Northeastern United States and the Baltimore/Washington D.C. metropolitan area. The Specialty Retail Division has a January 31 year-end. In March 1994, the Company decided to dispose of its interests in the Specialty Retail Division and VCL. The Company expects the sales to be effected in such a manner whereby the buyers assume all liabilities. Accordingly, the Company's interests in the Specialty Retail Division and VCL have been recorded as "Assets Held For Sale" and "Liabilities Related To Assets Held For Sale." The Company's continuing operations are principally in a single business segment, the distribution and retail sale of a broad variety of entertainment software products.

Principles of Consolidation: The financial statements include the accounts of the Company and its subsidiaries - LHV, the Specialty Retail Division, LIVE NV and VCL. The financial statements reflect the Company's interests in the Specialty Retail Division and VCL as "Assets Held For Sale" and "Liabilities Related To Assets Held For Sale" and have been restated to account for the Specialty Retail Division as a discontinued operation. All significant intercompany balances and transactions have been eliminated.

Cash Equivalents: Cash equivalents are all highly liquid investments maturing in three months or less when purchased.

Restricted Cash: Restricted cash is cash on deposit with foreign banks, representing collateral for demand loans or funds subject to certain foreign restrictions, and collateral for domestic letters of credit relating to video rights obligations. Such restricted cash is expected to be available to the Company within 12 months of the balance sheet date. In 1993, cash on deposit with foreign banks (totaling $2,621,000) representing collateral for a demand loan has been re-classified and included in "Assets Held For Sale."

Accounts Receivable Allowances: Accounts receivable are net of allowances for doubtful accounts, sales returns and advertising credits.

Inventory Valuation: LHV's inventory of duplicated videocassettes and boxes is stated at the lower of actual cost or market. All other inventories, which consist of pre-recorded music, videocassettes and accessories, are stated at the lower of cost or market determined by using an average cost which approximates the first-in, first-out (FIFO) method. In 1993, the Specialty Retail Division's and VCL's inventories have been re-classified and included in "Assets Held For Sale."

Depreciation and Amortization: Property and equipment are stated at cost and are depreciated over their estimated service lives using accelerated and straight-line methods. Leasehold improvements are amortized over the lesser of their estimated useful lives or the terms of the related leases.

Video Rights: Video rights, which include minimum guaranteed payments, accrued royalties and advertising and promotional costs associated with unreleased titles, are stated in the aggregate at the lower of unrecovered cost or estimated net realizable value. Video rights are amortized in amounts estimated to match such costs with revenues earned to date in proportion to management's estimate of total anticipated revenues. As revenue estimates change, amortization is adjusted accordingly. Where video rights are acquired from producers for a guaranteed minimum payment and the producer retains a participation in the video profits, the video profits are allocated to the Company until the guaranteed minimum payment is recovered, after which the producer's share is accrued.

Goodwill: Goodwill represents both the excess of consideration paid for companies acquired in purchase transactions over the estimated fair value of the net assets of such companies and the application of pushdown accounting associated with the purchase of LHV by Carolco Pictures Inc. ("Carolco") in 1986. Goodwill is being amortized principally on a straight-line basis over periods ranging from 7 to 30 years. In 1993, the recoverable goodwill balance relating from the acquisition of the Specialty Retail Division and VCL has been re-classified and included in "Assets Held For Sale." It is the Company's

policy to evaluate goodwill and recognize impairment if it is probable that the recorded amounts are not recoverable from future cash flows.

Income Taxes: The Company records its income tax provision in accordance with the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Prior to the adoption of SFAS No. 109, income tax expense was determined using the liability method prescribed by Statement of Financial Accounting Standards No. 96 ("SFAS No. 96"), which was superseded by SFAS No. 109. Among other changes, SFAS No. 109 changed the recognition and measurement criteria for deferred tax assets included in SFAS No. 96. Adoption of SFAS No. 109 has had no material impact on the Company's financial position or results of operations.

Deferred income taxes are provided on transactions which are reported in the financial statements in different periods than they are for income tax purposes. Goodwill is reduced for the tax effect of pre-acquisition net operating losses utilized to reduce current and deferred federal and state income taxes. Current and deferred taxes are provided based on filing a consolidated tax return for federal income tax purposes and combined state tax returns where permitted by state taxing authorities. Income taxes for foreign subsidiaries are provided based upon the applicable statutory rates of the respective jurisdictions.

Sales Revenue and Returns Recognition: Revenue from sales is generally recognized upon shipment to the customer. However, in accordance with industry practice, certain sales are made with the right to return unsold items. An allowance is provided for the gross profit impact of future sales returns, which reduces sales and cost of goods sold accordingly.

Net Loss Per Share: Loss per common share is based on the weighted average number of common and common equivalent shares outstanding during the periods. Common equivalent shares, consisting of outstanding stock options and warrants, and convertible preferred stock are not included as they are antidilutive.

Foreign Currency Translation: The Company's foreign subsidiaries use the local currency as the functional currency. The assets and liabilities are translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated into U.S. dollars based generally on the average rates prevailing during the period. Gains and losses resulting from foreign currency transactions were not significant during 1991, 1992 and 1993.

Concentration of Credit Risk: The Company sells pre-recorded music and videocassettes to wholesalers, retailers and consumers. The Specialty Retail Division sells to customers in the Northeastern United States and Baltimore/Washington D.C. metropolitan area. Sales by LHV are made to customers nationwide. Sales by VCL are made to customers in German-speaking territories in Europe. Credit is extended to wholesalers and retailers based on an evaluation of the customer's financial condition, and generally collateral is not required. Credit losses are provided for in the financial statements and consistently have been within management's expectations. Credit risk relating to the sale and distribution of videocassettes by WEA Corp. ("WEA") to LHV's customers has been assumed by WEA under the terms of a three-year distribution agreement (see Note 11).

The Company places its temporary cash investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Generally, the investments made mature within 30 days and therefore are subject to little risk. The Company has not incurred any losses related to these investments.

Fair Values of Financial Instruments: At December 31, 1993, the carrying value of the Company's financial instruments, which consist primarily of short-term and long-term debt, approximates the fair value thereof. Fair value of public held debt has been determined based on quoted market prices.

Re-classification: Certain re-classifications were made to the 1991 and 1992 financial statements to conform to the 1993 presentations.

Note 3 -- Restructuring of Senior Subordinated Notes and Series A Preferred Stock

On March 17, 1993, the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") confirmed a prepackaged plan of reorganization (the "Prepackaged Plan") for LIVE, providing for the issuance of $40,000,000 in principal amount of

Increasing Rate Senior Subordinated Notes due 1999 (the "Public Notes") (see Note 14), 6,000,000 shares of Series B Preferred Stock, with a liquidation preference of $60,000,000, par value $1.00 per share, initially bearing a dividend of 5% if paid in cash or 8% if paid in kind (see Note 16) and $8,000,000 in cash, replacing an aggregate of $110,000,000 principal amount of the Company's then-outstanding 14.5% Senior Subordinated Notes due May 15, 1999 (the "Outstanding Notes"), plus accrued and unpaid interest of $12,672,000 through August 31, 1992, and 1,050,000 shares of outstanding Series A Cumulative Convertible Preferred Stock, with a liquidation preference of $21,000,000, bearing a 10% cash dividend of which $872,000 was accrued and unpaid as of August 31, 1992 (the "Series A Preferred Stock") (see Note 5) (the Outstanding Notes and the Series A Preferred Stock are referred to herein collectively as the "Outstanding Securities"). This completed the financial restructuring of LIVE begun in 1992 (the "Restructuring") that contemplated these transactions. Reorganized LIVE emerged from bankruptcy on March 23, 1993.

Upon tender of their Outstanding Securities to American Stock Transfer & Trust Company, the holders of the Outstanding Securities received the following:

(a) $72.727 in cash plus $335.20 principal amount of Public Notes plus 50.28 shares of Series B Preferred Stock for each $1,000 principal amount of Outstanding Notes; and

(b) $2.98 principal amount of Public Notes plus 0.447 shares of Series B Preferred Stock for each share of Series A Preferred Stock.

The Prepackaged Plan was filed with the Bankruptcy Court on February 2, 1993 following LIVE's receipt of acceptances of the Prepackaged Plan by the holders of the Outstanding Securities pursuant to a Prospectus, Consent Solicitation, Proxy Statement and Solicitation of Prepackaged Plan Acceptances dated December 18, 1992, and supplemented on January 13, 1993 and January 18, 1993, filed with the Securities and Exchange Commission.

In 1992, the Company recognized an extraordinary gain on the debt restructuring of $3,967,000, including a tax benefit of $790,000.

Note 4 -- Series C Preferred Stock

On March 23, 1993, Pioneer LDCA, Inc. ("Pioneer") received 15,000 shares of the Company's Series C Preferred Stock, par value $1.00 per share.

The Series C Preferred Stock bears a cash dividend rate of 5% ($50 per share) per annum, payable semi-annually on June 30 and December 31 of each year. Although dividends were accrued by the Company during 1993, the June 30, 1993 and December 31, 1993, dividends totaling $589,000 ($39.27 per share) were not paid due to restrictions imposed on the Company by the terms of the Series B Preferred Stock, which prohibit the payment of dividends on the Series C Preferred Stock unless the aggregate amount of such dividends, together with all cash dividends paid on the Series B Preferred Stock, does not exceed the net income of the Company (adding back specified net worth exclusions) since the March 23, 1993 date of issuance of the Series C Preferred Stock and the Series B Preferred Stock. The Company has realized consolidated net losses since the Series C Preferred Stock and the Series B Preferred Stock was issued. Thus, pursuant to the terms of the Series B Preferred Stock, the Company is prohibited from paying the June 30, 1993 and the December 31, 1993 cash dividends on the Series C Preferred Stock.

The Series C Preferred Stock ranks junior to the Series B Preferred Stock and senior to all other classes of stock of the Company. The Series C Preferred Stock is convertible into 5,119,389 shares of common equity of the Company (either Common Stock or Series A Common Stock). The number of shares into which the Series C Preferred Stock is convertible was determined by dividing the $15,588,542 liquidation preference of the Series C Preferred Stock by $3.045, which was 140% of the average closing price of the Company's Common Stock on the New York Stock Exchange for the ten trading days ending March 18, 1993, the date that was three business days before the closing of the Restructuring. Holders of the Series C Preferred Stock are entitled to vote with the holders of Common Stock generally with each share entitled to as many votes as the number of shares of Common Stock into which it may be converted. The Series C Preferred Stock, in combination with the Company's Common Stock owned by Pioneer, represents approximately 53% of the voting equity of the Company (see Note 16). The Series C Preferred Stock may not be redeemed until March 23, 1995. Thereafter, the Series C Preferred Stock may only be redeemed in certain limited circumstances

in the event of increases in the trading price of the Company's Common Stock or in the event of a merger of the Company with another entity.

Note 5 -- Acquisitions

In July 1991, the Company completed its acquisition of substantially all of the assets and liabilities of Vestron Inc. ("Vestron") in exchange for a package of LIVE equity securities and cash. The Company essentially purchased the program and video rights of Vestron, a substantial portion of the value of which related to unreleased titles. The Asset Purchase Agreement between LIVE and Vestron, as amended (the "Purchase Agreement"), provided for the holders of Vestron's $115,000,000 of subordinated debt to receive 1,050,000 shares of Series A Preferred Stock with a liquidation value of $21,000,000, plus $6,325,000 in cash, and contingent rights representing the right to receive future payments in LIVE Common Stock or cash if net revenues realized by LIVE from the exploitation of Vestron's program rights exceed certain levels over a period of approximately four and one-half years. In addition, LIVE was required to fund $25,700,000 to satisfy existing obligations of Vestron and to acquire certain receivables and other assets held for sale.

The Purchase Agreement established what was substantially a fixed purchase price based on estimated values assigned to program and video rights, receivables, assets held for sale and certain other assets as well as estimated liabilities associated with such assets and estimated costs related to the termination of Vestron's remaining activities. During the nine months between the date of the Purchase Agreement and completion of the acquisition, proceeds received from completed sales of assets and proceeds anticipated to be received from planned sales of assets were substantially below those originally estimated. Additionally, Vestron's operating losses and costs associated with its bankruptcy proceedings during this nine-month period were significantly higher than anticipated. As a result, upon a post-closing valuation of the assets acquired and liabilities assumed, it was determined that the consideration paid exceeded the fair value of the net assets acquired by $29,394,000. Because of the decline in the value of the net assets acquired, it was determined that a portion of the excess purchase price was not expected to be recoverable. Accordingly, $15,000,000 of this excess purchase price was written off during 1991. The remainder of the excess purchase price will be amortized over the exploitation period of the acquired rights (approximately seven years).

Note 6 -- Discontinued Operations

The Company is attempting to dispose of its interests in the Specialty Retail Division and VCL. The Company expects the sales to be effected in such a manner whereby the buyers assume all liabilities. Accordingly, the Company's interests in the Specialty Retail Division and VCL have been recorded as "Assets Held For Sale" and "Liabilities Related To Assets Held For Sale" as of December 31, 1993 and have been written down to their estimated net realizable or liquidation values. The Company anticipates completing the disposal of the Specialty Retail Division by the end of the second quarter and VCL by the end of the third quarter. The operating statements presented have been restated to separately disclose the results of operations of VCL and to account for the Specialty Retail Division as a discontinued operation. The losses on disposal of the Specialty Retail Division and VCL include provisions for operating losses during the phase out period of $2,024,000 and $3,885,000, respectively, which have been included in "Liabilities Related To Assets Held For Sale." "Assets Held For Sale" consist primarily of accounts receivable, inventories, properties, equipment and video rights. "Liabilities Related To Assets Held For Sale" consist primarily of accounts payable, accrued expenses, debts and video obligations. Corporate general and administrative expenses have not been allocated to either entity.

The Specialty Retail Division's revenues for the years ending December 31, 1991, 1992 and 1993 were $96,944,000, $98,894,000 and $106,124,000, respectively. (Losses)/income from operations for the same periods were $(226,000), $1,090,000 and $1,690,000, respectively, net of (benefit)/provision for income taxes of $(2,531,000), $(98,000) and $632,000, respectively.

VCL has entered into a series of agreements with Rank Video Services GmbH ("Rank Germany") whereby Rank Germany became the exclusive provider of videocassette duplication services to VCL. As part of those agreements, Rank paid VCL DM5,000,000. A portion of the funds advanced to VCL must be repaid to Rank Germany if certain minimum volume duplication requirements are not met. The DM5,000,000 paid by Rank Germany to VCL has been recorded as a liability on the books of the

Company and this amount will be amortized against cost of sales as product is received from Rank Germany. Prior to the effectiveness of its agreements with Rank Germany, VCL had been satisfying its duplication requirements through its in-house duplication facility, which had been recorded as an asset held for sale since the date the Company acquired VCL and which has since been disposed of. As of VCL's 1993 fiscal year end, $233,000 has been amortized against cost of sales and the remaining balance is classified as deferred revenue and included in "Liabilities Related To Assets Held For Sale." The net loss associated with VCL's duplication operations and certain other operations through June 30, 1991 of $810,000 was reserved for at the acquisition date and has therefore been excluded from the results of operations.

On July 26, 1991, a wholly owned subsidiary of the Company, Lieberman Enterprises Incorporated ("Lieberman"), sold substantially all of its assets (other than its accounts receivable and its Navarre Independent Music and Navarre One-Stop businesses) to Handleman Company ("Handleman") for a total of approximately $74,600,000 in cash plus the assumption by Handleman of approximately $2,000,000 in liabilities. The Company has sold or liquidated all of the remaining assets and liabilities of Lieberman. On October 4, 1991 Lieberman sold all of the stock of Navarre Corporation ("Navarre") for $750,000 in cash to a group headed by Navarre's Chief Operating Officer and Navarre agreed to repayment terms for $6,000,000 of funds previously advanced to it by Lieberman. The full amount was satisfied by December 31, 1992. The loss on disposal of Lieberman and Navarre was $77,460,000 (net of an income tax benefit of $2,569,000), including the write-off of $37,000,000 of goodwill related to the acquisition of Lieberman in 1988 and Navarre in 1990 and $20,711,000 for operating losses during the phase-out period. In segregating the components of the statement of operations attributable to Lieberman and Navarre, interest expense has been included in discontinued operations only to the extent it related to debt directly attributable to the discontinued businesses. Corporate general and administrative expenses have not been allocated to discontinued operations. Between July 26, 1991 and December 31, 1992, operating losses of $20,711,000 had been incurred and charged in full against the provision originally provided for.

Lieberman's revenues for the year ended December 31, 1991 were $150,423,000. The loss from operations of Lieberman and Navarre from January 1, 1991 through July 25, 1991 was $11,629,000, net of income tax benefits of $505,000.

Note 7 -- Foreign Operations

For the year ended December 31, 1993, net revenues, operating (losses) and identifiable assets relating to foreign operations were $34,009,000, ($3,289,000) and $28,871,000, respectively. At December 31, 1993 the assets of VCL have been included in "Assets Held For Sale." For the year ended December 31, 1992, net revenues, operating (losses) and identifiable assets relating to foreign operations were $32,993,000, ($3,043,000) and $42,983,000, respectively. For the year ended December 31, 1991, net revenues, operating profit and identifiable assets relating to foreign operations were $27,788,000, $985,000 and $52,913,000, respectively.

Note 8 -- Officer and Employee Receivables

Officer and employee receivables included a loan of $3,426,000 at December 31, 1990, including interest, due from the estate of the Company's late Chairman of the Board (the "Late Chairman"). The loan was paid during 1991 from the Late Chairman's estate. In 1990, the Company loaned $1,070,000 to six officers of the Company, due between 1992 and 1995. Certain of the loans are secured and bear interest at 10%. The balance outstanding as of December 31, 1993 is $407,000.

Note 9 -- Video Rights

The components of video rights are as follows:

	December 31,	
	1992	1993
	(In Thousands)	
Titles released	$422,379	$443,161
Less amortization	(382,326)	(415,681)
	40,053	27,480
Titles not released, masters received	43,497	17,783
Advances paid, masters not received	7,729	16,804

Other	978	--
TOTAL VIDEO RIGHTS	$ 92,257	$ 62,067
Current portion of video rights	$ 40,716	$ 29,839
Non-current portion of video rights	51,541	32,228
	$ 92,257	$ 62,067

The Company estimates that 65.7% of its video rights will be amortized during the three years ending December 31, 1996.

Note 10 -- Property and Equipment

The components of property and equipment are as follows:

	December 31, 1992	1993
	(In Thousands)	
Land	$ 1,170	$ --
Building and improvements	6,444	415
Equipment and furniture	14,682	6,432
	22,296	6,847
Less accumulated depreciation and amortization.	(11,348)	(5,161)
	$ 10,948	$ 1,686

Note 11 -- Debt and Other Financing

Debt and other financing consist of the following:

	December 31, 1992	1993
	(In Thousands)	
Revolving lines of credit and term loans	$13,684	$ --
12% Subordinated Secured Notes due 1994	--	36,707
Distribution agreements	19,784	11,353
Increasing Rate Senior Subordinated Notes due 1999 (see Note 14), including capitalized interest of $24,245 (1992) and $20,662 (1993).	64,245	60,662
Other	103	23
	97,816	108,745
Less current maturities	18,755	48,541
	$ 79,061	$ 60,204

The Series B Preferred Stock is mandatorily redeemable from the net proceeds of any sale of the Specialty Retail Division. As a result of the Company's decision to dispose of its interest in the Specialty Retail Division, a total of $40,000,000 of the Series B Preferred Stock has been re-classified from equity to current liabilities as of December 31, 1993, reflecting the Company's expectation to sell the Division for no less than $40,000,000.

On January 28, 1994, the Bank Credit Facility was amended. The maximum credit available under the Bank Credit Facility was reduced to $20,000,000 effective on the date of the amendment. The commitments under the Bank Credit Facility will be further reduced on a monthly basis to $10,000,000 by June 29, 1994. Furthermore, the maximum credit amount available under the Bank Credit Facility will continue to be further reduced by an amount equal to cash dividends paid on the Series B Preferred Stock and Series C Preferred Stock. On April 1, 1994, cash dividends totaling $750,000 were paid on the Series B Preferred Stock, thereby reducing the maximum credit currently available under the Bank Credit Facility to $15,916,000 as of that date.

The term of the Bank Credit Facility ends July 29, 1994 and earlier in the event of a default. Additionally, the 12% Notes are due and payable on September 15, 1994.

As a result of the Company's operating results in 1993, as well as its decision to dispose of the Specialty Retail Division and VCL, the Company was not in compliance with a number of ratios under the Bank Credit Facility and the 12% Note Indenture as of December 31, 1993. The Company is in discussions with the Bank Group to obtain waivers of the non-compliance and management believes that those waivers will be obtained. If the Bank Group waives the non-compliance, such waiver automatically acts as a waiver of the corresponding non-compliance under the 12% Note Indenture. If the Company does not secure the waivers, an event of default will exist under both the Bank Credit Facility and the 12% Note Indenture, allowing the Bank Group and the holders of the 12% Notes to accelerate payment of the amounts due to them. If such

acceleration occurs, the Company might not be in a position to pay the amounts due and might not be able to continue as a going concern.

The interest rate on the Bank Credit Facility equals either the Alternate Base Rate (as defined in the Bank Credit Facility) plus 3% per annum or the London Inter-Bank Offering Rate ("LIBOR") plus 4-1/4% per annum and increases by an additional 1/4% every three months commencing March 1, 1993. Fees payable by the Company to members of the Bank Group in connection with the February 5, 1993 amendment to the Bank Credit Facility totalled $1,250,000.

The Company is in negotiations with members of the Bank Group, as well as others, to provide a replacement source of financing of up to $40,000,000, having a term of at least one year, prior to the expiration of the Bank Credit Facility (the "New Bank Credit Facility"). A condition to obtaining the New Bank Credit Facility is the agreement of the holders of at least $31,000,000 in principal amount of the 12% Notes to extend the maturity date for payment of the 12% Notes held by them to a date which would be not earlier than several months after the maturity date of the New Bank Credit Facility (the "12% Note Extension"). Although management believes there is a realistic possibility of obtaining both the New Bank Credit Facility and the 12% Note Extension prior to the expiration of the Bank Credit Facility, there is no assurance that management will be successful in these efforts. If the Company is unable to obtain replacement financing, it may not be in a position to pay the amounts due under the Bank Credit Facility and the 12% Notes upon the maturity thereof and might not be able to continue as a going concern.

Management is also seeking to replace the Bank Credit Facility, as well as the New Bank Credit Facility once the New Bank Credit Facility is in place, with a new credit facility of approximately $75,000,000 having a term of at least one year (the "Permanent Facility"), prior to the expiration of the Bank Credit Facility (or the New Bank Credit Facility, if the New Bank Credit Facility replaces the Bank Credit Facility). Funds from the Permanent Facility may also be used to pay all then-outstanding 12% Notes in full. Management does not expect the Permanent Facility to be available unless and until after the closing of the proposed business combination between the Company and Carolco (see Note 23).

On February 5, 1993, the Company, LHV and certain of their subsidiaries entered into a $20,000,000 credit facility (the "Junior Credit Facility") with Pioneer North America, Inc., ("PNA"), the parent of Pioneer, and a group of other participants. PNA committed to fund $15,000,000 of the Junior Credit Facility conditioned upon completion of Restructuring, and a group of participants (the "Junior Credit Facility Participants") funded $5,000,000 of the Junior Credit Facility prior to completion of the Restructuring. An affiliate of the Company was one of the Junior Credit Facility Participants, and provided $250,000 of the $5,000,000 funded by the Junior Credit Facility Participants. Borrowings under the Junior Credit Facility bore interest at the Chemical Bank prime rate plus six percentage points, resulting in an interest rate of 12% per annum.

On March 26, 1993, the Junior Credit Facility was refinanced by the 12% Note Indenture governing the $37,000,000 in principal amount of the 12% Notes. An affiliate of the Company held $500,000 in principal amount of the 12% Notes; a director of the Company held $250,000 in principal amount of the 12% Notes. The 12% Notes held by this same affiliate and director were sold to unrelated parties in July 1993. Repayment of the 12% Notes has been guaranteed by the same subsidiaries of LIVE that are borrowers under the Bank Credit Facility. The 12% Notes bear interest at the rate of 12% per annum, with interest payable monthly, and are due and payable on September 15, 1994. The 12% Note Indenture includes warranties, financial ratios, covenants and restrictions which generally mirror the terms of the Bank Credit Facility. Repayment of the 12% Notes is subordinated to repayment of the Bank Credit Facility, and, until payment in full of the Bank Credit Facility, the rights of holders of the 12% Notes to accelerate payment thereunder are limited to payment defaults and/or acceleration of the Bank Credit Facility. Repayment of the 12% Notes is secured by a lien on all of the assets of LIVE and LHV, subordinate to the lien under the Bank Credit Facility and other pre-existing liens. As of December 31, 1993, there was a principal amount of $37,000,000 outstanding under the 12% Notes (see Note 16).

On June 11, 1992, the Specialty Retail Division entered into a two-year $10,000,000 line of credit with Foothill Capital Corporation (the "Strawberries Credit Facility") to provide working capital as well as funds for expansion for the Specialty Retail Division. Borrowings

under the Strawberries Credit Facility are secured by substantially all of the assets of the Specialty Retail Division. Outstanding borrowings under the Strawberries Credit Facility bear interest at the rate of 3.5% per annum above the higher of the Bank of America reference rate or the greater of the Citibank or Mellon Bank prime rate. In no event will interest under the loan be less than 9% per annum or $25,000 per month. As of the Specialty Retail Division's 1993 fiscal year end, $3,354,000 was outstanding under the Strawberries Credit Facility and the interest rate under this facility was 9.5%. Such amounts are included in "Liabilities Related To Assets Held For Sale" at December 31, 1993.

The Specialty Retail Division owns the building housing its corporate headquarters and distribution center in Milford, Massachusetts. In 1988, the Division entered into a $4,000,000 mortgage loan on this building, bearing interest at the prime rate plus 0.5%, with interest payable monthly, annual principal reduction payments of $40,000 and a balloon payment of all unpaid principal and interest on August 20, 1993. In July 1993, the Division agreed with the holder of the mortgage loan to change the interest rate to a fixed rate of 9% per annum, to continue annual principal reduction payments of $40,000 and to extend the balloon payment date to August 20, 1995. At December 31, 1992 and 1993, there was $3,840,000 and $3,800,000, respectively, outstanding under the loan. Such amounts are included in "Liabilities Related To Assets Held For Sale" at December 31, 1993.

In December 1989, VCL entered into an agreement with a former shareholder to acquire certain stock and video rights for $2,155,000, of which $1,333,000 accrued interest at 2-1/2% above LIBOR and was paid in 1991. The balance accrues interest at 8% per annum and has required principal payments of 48 equal monthly installments. At December 31, 1992 and 1993 there were $348,000 and $268,000, respectively, outstanding under this obligation. In addition, as of December 31, 1992 and 1993, VCL owed $984,000 and $859,000, respectively, to another former shareholder, of which $199,000 bears interest at 7% per annum and is payable in eight quarterly installments beginning in April 1991. The balance is non-interest bearing and is payable in four equal annual installments commencing in April 1994. Such amounts are included in "Liabilities Related To Assets Held For Sale" at December 31, 1993.

In 1992 and 1993, VCL had a demand note with a bank which bears interest at 11.5%. As of December 31, 1992 and 1993 there was $2,230,000 and $0, respectively, outstanding under this note which is secured by cash collateral provided by the Company. Such amounts are included in "Liabilities Related To Assets Held For Sale" at December 31, 1993.

On May 11, 1992, LHV entered into a three-year distribution agreement with WEA that became effective on May 31, 1992. Under the terms of the agreement, WEA advanced $20,000,000 to LHV, recoupable from distribution revenues during the three year term of the agreement at the rate of $555,555 per month plus interest at LIBOR plus 0.2%, not to exceed the prime rate. In order to obtain the advance, LHV granted WEA a first priority security interest in most of LHV's Family Home Entertainment catalog titles. LHV received an additional $4,900,000 advance from WEA, which was repaid in full in September 1992. At December 31, 1992 and 1993 there was $16,667,000 and $10,000,000, respectively, outstanding. Interest on the advance at December 31, 1993 was 3.45%.

LHV has an agreement with MCA Canada Ltd. ("MCA Canada") under which MCA Canada is the exclusive distributor of LHV's videocassette product in Canada through August 31, 1994. MCA Canada advanced $10,000,000 to LHV in October 1991; $5,000,000 was recoupable from 100% of the proceeds on sales commencing September 1, 1991 and $5,000,000 is recoupable in 31 equal monthly installments commencing March 1, 1992, plus interest at LIBOR plus 0.2%, not to exceed the prime rate. At December 31, 1992 and 1993 there were $3,117,000 and $1,353,000, respectively, outstanding. Interest on the advance at December 31, 1993 was 3.45%.

The future maturities of long-term obligations are as follows:

Year Ending December 31,	(In Thousands)
1994	$ 48,541
1995	7,020
1996	4,008
1997	4,424
1998	23,503
Thereafter	21,249

$108,745

Interest paid for the years ended December 31, 1991, 1992 and 1993 was $27,257,000, $6,280,000 and $9,190,000, respectively, including $1,404,000, $569,000 and $964,000 related to the Company's discontinued operations.

Note 12 -- Leases

The Company generally conducts its operations through leased office and retail store facilities. The Company also leases automobiles, computer equipment, furniture, fixtures and other equipment. Most leases require that the Company perform all necessary repairs and maintenance, provide insurance and pay taxes assessed against the leased property. The terms of leases range from four to ten years, some of which have renewal options. Certain rents are adjusted for increases based upon sales volumes and/or the Consumer Price Index. The leases are classified as operating leases.

Future minimum operating lease payments for LHV and VCL, as of December 31, 1993 are:

	(In Thousands)
1994	$ 1,969
1995	1,787
1996	1,733
1997	1,733
1998	1,185
Thereafter	368
Total net minimum lease payments	$8,775

For the years ended December 31, 1991, 1992 and 1993, rent expense under all operating leases aggregated $8,524,000, $7,505,000 and $7,953,000, respectively, including $6,918,000, $5,964,000 and $6,548,000 related to the Company's discontinued operations.

Minimum annual operating lease commitments relating to the Specialty Retail Division as of December 31, 1993 are $6,872,000; $6,602,000; $6,480,000; $6,125,000 and $5,552,000 for the years 1994 through 1998, respectively; and $16,314,000, thereafter.

Note 13 -- Video Rights Obligations

At December 31, 1993, the unrecorded future obligation for undelivered film product approximates $40,525,000, including $11,321,000 related to VCL. Deposits made for guaranteed delivery of undelivered film product are recorded as video rights.

LHV and LIVE NV entered into contractual agreements with Carolco and certain of its affiliates for the acquisition of certain video rights. The arrangements provide for the acquisition of home video rights to approximately 43 films with an aggregate cost of $141,833,000. Participating Preferred Stock, subsequently converted into Common Stock, was issued to discharge $29,879,000 of this obligation. At December 31, 1993, none of the total obligation was outstanding and $1,100,000 represents unrecorded future obligations for undelivered product. The amounts payable to Carolco are subject to revision based upon the ultimate profits realized on groups of titles.

Certain agreements permit a reduction in the amount of video right payments when stipulated conditions have not been met. Many agreements also contain an obligation for the payment of royalties above the minimum guarantee if sales exceed a stipulated amount. At December 31, 1993, $12,523,000 of royalties payable are included in video rights obligations.

Note 14 -- Increasing Rate Senior Subordinated Notes Due 1999

On March 17, 1993, the Bankruptcy Court confirmed the Prepackaged Plan for LIVE, providing for the issuance of the Public Notes. The Public Notes mature on March 23, 1999. Interest accrues on the Public Notes from September 1, 1992 at 10% per annum and increases to 12% on March 23, 1996. Payment of the Public Notes is secured only by a lien on the Common Stock of LHV, subject and subordinate to liens under the Bank Credit Facility and the 12% Note Indenture and is subordinated to all of the Company's present and future senior debt. The Public Notes are subject to mandatory redemption of $20,000,000 of the principal amount on March 23, 1998 and are redeemable at any time at par plus accrued interest.

The Public Notes are governed by the terms of an Indenture between the Company and American Stock Transfer & Trust Company, as Trustee (the "Public Indenture"). The Public Indenture restricts the ability of the Company and its Restricted Subsidiaries to incur additional senior debt and subsidiary senior debt, to make restricted payments and restricted investments, to merge, consolidate or sell assets of the Company or its Restricted Subsidiaries, to create liens other than to secure senior debt, subsidiary senior debt and certain other permitted debt, or to enter into certain transactions with affiliates of the Company, including Carolco.

Interest to maturity on $36,872,000 of the Public Notes of $24,245,000 and $20,662,000 at December 31, 1992 and 1993, respectively, has been included in the carrying value of the Public Notes, in accordance with Financial Accounting Standards Board Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," and will not be recognized as interest expense in current and future years.

Note 15 -- Income Taxes

As discussed in Note 2, the Company records its income tax provision in accordance with SFAS No. 109.

Income (Loss) From Continuing Operations Before Income Taxes is as Follows:

	December 31,		
	1991	1992	1993
		(In Thousands)	
Domestic.	$(18,868)	$(15,944)	$ (8,037)
Foreign	2,448	(3,334)	(19,404)
	$(16,420)	$(19,278)	$(27,441)

Income Tax Expense (Benefit) From Continuing Operations

	December 31,		
	1991	1992	1993
		(In Thousands)	
Currently payable:			
Federal	$ (7,613)	$ 239	$ 453
State	40	342	332
Foreign	95	263	54
	(7,478)	844	839
Deferred:			
Federal	1,075	(1,023)	411
State	6,751	(2,639)	(482)
	7,826	(3,662)	(71)
Expense in lieu of income taxes resulting from utilization of pre-acquisition net operating losses:			
Foreign	969	1,000	-0-
	969	1,000	-0-
	$ 1,317	$ (1,818)	$ 768

Components of Deferred Income Taxes

	December 31,		
	1991	1992	1993
		(In Thousands)	
Video rights.	$ 5,274	$ (3,280)	$ (71)
Sales returns and other allowances.	887	286	1
Accelerated depreciation and basis reduction	(441)	(20)	2
Accruals not currently deductible for tax purposes	1,337	(685)	(8)
Other	769	37	5
	$ 7,826	$ (3,662)	$ (71)

Reconciliation of Effective Rate of Income Taxes

	Percentage of Income (Loss) December 31,		
	1991	1992	1993
Restated tax provision. . .	$ 1,317	$ (1,818)	$ 768

Book loss	(16,420)	(19,278)	(27,441)
Effective tax rate.	(8.0)%	9.4%	(2.8)%
Federal statutory rate. .	34.0%	34.0%	35.0%
State income taxes.	(27.3)	12.8	(0.4)
Alternative minimum tax effect, other	4.7	(17.3)	(4.4)
Utilized net operating loss .	(7.8)	--	(26.9)
Foreign income subject to local taxes	(6.5)	(6.5)	(0.2)
Foreign deemed dividend . . .	(13.3)	(6.7)	(0.9)
Worthless stock deduction . .	44.2	--	--
Goodwill amortization	(36.0)	(6.9)	(5.0)
Effective tax rate.	(8.0)%	9.4%	(2.8)%

Components of Deferred Tax Liabilities and Assets

	Current	Non-current
Deferred tax liabilities:		
Amortization of video rights.	$ (5,941)	$ (10,188)
Total deferred tax liabilities.	(5,941)	(10,188)
Deferred tax assets:		
Sales returns and other allowances	7,619	--
Accelerated depreciation.	-0-	47
Accruals not currently deductible . .	363	--
Federal tax effect of California franchise tax	223	--
Other	1,314	--
Tax effect of NOL carryforward. . . .	-0-	9,450
Tax basis difference - debt	1,291	5,595
	10,810	15,092
Less valuation allowance.	(693)	(15,092)
Net deferred tax assets	10,117	--
Total deferred tax assets/(liabilities)	$ 4,176	$ (10,188)

Income taxes paid for the years ended December 31, 1991, 1992 and 1993 were $7,822,000, $196,000 and $1,766,000, respectively, including $153,000, $89,000 and $230,000 related to the Company's discontinued operations.

At December 31, 1992, the cumulative undistributed earnings of the Company's foreign subsidiaries of approximately $3,824,000 were deemed remitted as a dividend in accordance with certain provisions of the U.S. Internal Revenue Code ("I.R.C."). During 1993, $4,400,000 of undistributed earnings of the Company's foreign subsidiaries were deemed remitted as a dividend in accordance with the provisions referred to above. The related taxes were provided for these deemed dividends in the Company's 1993 U.S. tax provision.

On March 17, 1993, the Bankruptcy Court confirmed the Prepackaged Plan. In accordance with the I.R.C., this reorganization has caused a "change in ownership" which will result in a limitation on the future utilization of the Company's net operating loss carryforwards beginning with the year ending December 31, 1993. The annual limitation is approximately $1,600,000 per year subject to certain increases relating to built-in gain items. The income tax effect of the confirmation of the Prepackaged Plan was reflected in the Company's statement of operations for the year ended December 31, 1992.

At December 31, 1993, approximately $27,000,000 of net operating loss carryforwards are available for regular federal tax return purposes. In accordance with Section 108 of the I.R.C., the Company was required to reduce its "tax attributes" due to the confirmation of the Prepackaged Plan. This resulted in the reduction of net operating loss carryforwards by approximately $35,000,000. Remaining federal net operating losses of $27,000,000 for regular income tax purposes are subject to annual limitations as described above and will expire between the years 1996 and 2006. State net operating loss carryforwards were $13,000,000 prior to the reduction in "tax attributes." This amount was fully absorbed after the reduction in "tax attributes" due to the confirmation of the Prepackaged Plan, resulting in the elimination of all net operating losses for state tax purposes. For federal Alternative Minimum Tax ("AMT") return purposes, $5,000,000 of net operating loss carryforwards are available after the reduction in "tax attributes." AMT net operating loss carryforwards will expire between 1996 and 2006. AMT credits of $2,000,000 and foreign tax credits of $300,000 are available to offset future regular federal income tax liabilities.

The Company is currently under examination by the Internal

Revenue Service for the years ended 1989 through 1991 and by the California Franchise Tax Board for the years ended 1988 through 1990. The Company does not believe these examinations will have a material impact on the financial position or the results of operations.

Note 16 -- Stockholders' Equity

On October 20, 1993, Carolco, formerly the owner of approximately 51.7% of the outstanding Common Stock and 37% of the voting equity of the Company, completed a financial restructuring (the "Carolco Restructuring"). As part of the Carolco Restructuring, Pioneer, RCS Video International Services B.V. ("RCS") and a subsidiary of Le Studio Canal+ ("Canal+" and collectively with Pioneer and RCS, the "Strategic Investors") received all 6,245,283, shares of LIVE Common Stock owned by Carolco. Canal+ subsequently transferred to its affiliate, Cinepole Productions B.V. ("Cinepole"), all of the Common Stock in the Company owned by Canal+. As of March 31, 1994, the LIVE voting ownership percentage held by Pioneer, RCS and Cinepole and their affiliates was 53.2%, 7.5% and 7.5%, respectively.

On March 23, 1993, pursuant to the Prepackaged Plan, the Series A Preferred Stock was exchanged for a combination of Public Notes and Series B Preferred Stock. Effective upon the completion of the Restructuring, 6,000,000 shares of Series B Preferred Stock were outstanding. Each share of Series B Preferred Stock has a liquidation value of $10.00 per share. Holders of the Series B Preferred Stock are entitled to an annual dividend, payable quarterly, which accrues from September 1, 1992 at 5% ($0.50 per share) if paid in cash or 8% if paid in kind ("PIK") and increases on May 1, 1996 to 10% ($1.00 per share) if paid in cash and 12% if PIK. Dividends of $3,000,000 ($0.50 per share) and $1,000,000 ($0.17 per share) were accrued in 1993 and 1992, respectively, on the Series B Preferred Stock and were paid in March 1993 and quarterly thereafter. The Series B Preferred Stock is subject to mandatory redemption with the net proceeds of any sale of the Specialty Retail Division. The Company may redeem the Series B Preferred Stock at any time, initially at 80% of the liquidation value until March 31, 1994, increasing 1% per month to 100% of the liquidation value after October 31, 1995. In connection with the Company's decision to dispose of the Specialty Retail Division, $40,000,000 of Series B Preferred Stock has been re-classified to current liabilities.

The Series B Preferred Stock is mandatorily redeemable from the net proceeds of any sale of the Specialty Retail Division. As a result of the Company's decision to dispose of its interest in the Specialty Retail Division, a total of $40,000,000 of the Series B Preferred Stock has been re-classified from equity to current liabilities as of December 31, 1993, reflecting the Company's expectation to sell the Division for no less than $40,000,000.

Holders of the Series B Preferred Stock are entitled to elect two directors, and in certain circumstances, up to four members, or under certain other circumstances, a majority of the Company's Board of Directors. In addition, commencing May 1, 1996, or earlier if the Company has elected to pay PIK dividends for a total of four quarters, holders can convert the Series B Preferred Stock into LIVE Common Stock. The conversion price per share is obtained by dividing the liquidation value by either the market price of the Common Stock or the "Floor Price." The Floor Price is initially $4.00 per share of Common Stock, decreasing $0.25 per share at the end of each three month period thereafter. On September 1, 1998, the conversion price will be reset to the lower of the market price or $1.00 per share, resulting in the potential issuance of a minimum of 60,000,000 shares of the Company's Common Stock.

The Company's Stock Option and Stock Appreciation Rights Plan (the "Plan") provides for the granting of incentive stock options, non-qualified stock options and stock appreciation rights ("SARs") to its officers, directors, key employees, consultants and other persons. Options to purchase a maximum of 1,500,000 shares of the Company's Common Stock, of which 600,000 may be granted as SARs, are available under the Plan. In March 1994, the Company's Board of Directors resolved, subject to stockholder approval, to increase the maximum number of shares which may become available under the Plan by 500,000 shares. The options vest over varying periods and expire in 10 years.

A summary of stock option transactions during the three years ended December 31, 1993 follows:

	Number of Shares	Option Price Per Share

Stock options outstanding:		
December 31, 1990	1,140,100	6.67-22.00
Canceled	(160,750)	10.50-15.50
Granted	34,000	11.125-13.125
December 31, 1991	1,013,350	6.67-22.00
Canceled	(1,144,650)	1.875-22.00
Granted	813,700	1.875-6.67
December 31, 1992	682,400	1.875-14.00
Canceled	(120,650)	1.875-14.00
Granted	929,300	1.75-2.75
December 31, 1993	1,491,050	1.75-14.00

At December 31, 1993, 363,250 options were exercisable and no stock appreciation rights were outstanding. Options to purchase 565,650 (1991), 696,600 (1992) and 387,950 (1993) shares of the Company's Common Stock were available for grant under the Plan.

In January 1992, the Board of Directors of the Company, acting as the Stock Option Committee pursuant to the Plan, granted to current employees and directors of LIVE, LHV and the Specialty Retail Division who were holders of options pursuant to the Plan the right to agree to cancel certain options ("Canceled Options") and to receive in return therefore additional options ("New Options") pursuant to the Plan, all on the following terms and conditions: (a) the exercise price for the New Options would equal $2.875, the closing price of the Company's Common Stock on the New York Stock Exchange on January 16, 1992; (b) fifty percent (50%) of the New Options would vest on January 16, 1993, the remainder would vest on January 16, 1994; (c) no New Options would vest earlier than the scheduled vesting date for the corresponding Canceled Options and (d) all New Options would expire on January 15, 2002. In connection with this arrangement, options to purchase 547,200 shares were exchanged for New Options.

Warrants to purchase 49,500 shares of the Company's Common Stock were issued during 1990 and were outstanding as of December 31, 1993. These warrants are currently exercisable at prices ranging from $14.25 to $14.50 per share (fair market value at the date of grant) and expire over varying periods through 2000.

In 1993, the Company issued warrants to purchase 1,333,332 and 1,000,000 shares of the Company's Common Stock at a price of $2.00 and $2.72 per share, respectively. The warrants are exercisable until March 1998 and the holders have been granted demand and piggyback registration rights for the Common Stock underlying the Warrants. Proceeds of $600,000 from the 12% Notes were allocated to the warrants and were accounted for as additional paid-in capital in 1993.

Two directors of the Company owed $331,000 to the Company as of December 31, 1990 in connection with the purchase of the Company's Common Stock. The amounts owed were paid to the Company during 1991.

Note 17 -- Stockholders' Rights Plan

In July 1990, the Board of Directors of LIVE adopted a Stockholders' Rights Plan and declared a dividend of one preferred stock purchase right (a "Right") for each outstanding share of Company Common Stock. Among other provisions, each Right may be exercised to purchase one one-hundredth share of LIVE's Series R Junior Participating Cumulative Preferred Stock at an exercise price of $90, subject to adjustment (the "Exercise Price"). The Rights may only be exercised after a party, exclusive of LIVE, Carolco or their affiliates, has acquired or obtained the right to acquire 20% or more of the Company's Common Stock or in the event certain mergers or sales of assets by LIVE occur. The Rights, which do not have voting rights, expire on July 19, 2000 and may be redeemed by the Company at a price of $.01 per Right at any time prior to their expiration or the acquisition of 20% of the Company's Common Stock by any person other than LIVE, Carolco or their affiliates.

In the event a party other than LIVE, Carolco or their affiliates acquires 20% or more of the Company's outstanding Common Stock in accordance with certain defined terms, each Right will entitle its holder to purchase, at the Right's then Exercise Price, a number of shares of Company Common Stock having a market value of twice the Right's Exercise Price. The independent directors of LIVE may elect to exchange the Rights at an exchange ratio of one share of Company Common Stock per Right upon the occurrence of certain defined acquisition events. If certain mergers or sales of assets by LIVE occur, each Right shall entitle the holder to purchase, at the Exchange Price, a number of shares of common stock of the surviving corporation or purchaser (so long as it is not LIVE) having a market price of two times the Exercise

Price.

Note 18 -- Other Expenses

Other expenses in 1991 include expenses associated with a proposed business combination with Carolco and the related corporate restructuring.

Note 19 -- Related Party Transactions

Related party transactions between Lieberman and a former director of the Company and his affiliates resulted in net payments by Lieberman of $228,000 for the year ended December 31, 1991. The payments were for rental of office and warehouse space, reimbursement of operating expenses and fees for support services, including data processing and administrative services.

Included in accrued and deferred compensation at December 31, 1990 was $3,320,000, payable to the Late Chairman, under a deferred compensation arrangement. The deferred compensation bore interest at the greater of 3% above LIBOR or 1-1/2% above prime and was paid in 1991. The Late Chairman also owed the Company $3,426,000 at December 31, 1990.

Revenues generated by LHV from Carolco titles amounted to 40.3%, 38.4% and 13.0% of combined LHV and VCL net sales for the years ended December 31, 1991, 1992 and 1993, respectively. As of December 31, 1992 and 1993, the Company had a note receivable from Carolco bearing interest at the rate set forth in the Bank Credit Facility aggregating $5,364,000 and $8,047,000, respectively. The amount will be repaid through the delivery of video rights to future films.

In 1991, a subsidiary of LHV granted Pioneer a license for United States laser videodisc rights to LHV's library of motion pictures for a term of four years. Pioneer paid $5,000,000 under this agreement as a non-returnable advance recoupable on a cross-collateralized basis from all royalties payable to LHV's subsidiary.

In 1991, an affiliate of a director of the Company received a $100,000 cash retainer for investment banking services provided in connection with the proposed business combination of the Company and Carolco. During 1992, the same affiliate (together with a co-financial advisor) received $850,000, plus out-of-pocket expenses, as payment for financial advisory services rendered in connection with the Restructuring. In January 1993, this same affiliate received a $100,000 retainer for investment banking services to be provided in connection with the Company's consideration of a potential business combination of the Company and Carolco. The fee for such services could increase to $1,000,000 contingent upon consummation of the Combination. Additionally, $850,000 was paid in connection with the March 1993 completion of the Restructuring. In 1993, the same affiliate and the co-financial advisor received a $150,000 non-refundable retainer to assist the Company in structuring and placing a long-term working capital facility for LHV and to make recommendations regarding the Company's capital structure. In addition, each received warrants to purchase 16,667 and 14,706 shares of the Company's Common Stock at a price of $2.00 and $2.72 per share, respectively.

In connection with the Restructuring, a director of the Company and an affiliate of the same director received a total of $630,000, plus expenses. The director received $92,000 of such amount.

In a July 1993 consulting agreement, the Company engaged a director to provide consulting services as an independent contractor in connection with the search by the Company for an individual to become Chief Executive Officer of LIVE and LHV. The fee for such service was $10,000 per month (pro rated for partial months) plus expenses. This agreement terminated upon the hiring of a President and Chief Executive Officer of the Company in January 1994. The Company paid this same director a total of $62,200 in consideration of his services under this agreement.

In 1993, the Company's Chairman of the Board was issued warrants to purchase 14,706 shares of the Company's Common Stock at a price of $2.72 per share.

The Company and the Chairman of the Board are parties to an agreement dated December 1993, pursuant to which the Company agreed, for a term ending in December 1996, to pay the Chairman $25,000 per month, plus normal directors expenses and other out-of-pocket expenses he may incur in connection with his services to the Company, in return for the

Chairman making himself available to the Company or any video subsidiary thereof to act as the Chief Executive Officer's primary reporting person for the period ending December 31, 1996. Such compensation is payable as long as the Chairman makes himself available for such purpose, whether or not the Company actually utilizes his services and whether or not any particular Chief Executive Officer is in the Company's employ.

An affiliate of a director of the Company received a cash fee of $75,000, $79,000 and $75,000 in 1991, 1992 and 1993, respectively, for services provided to a foreign subsidiary of the Company.

Note 20 -- Incentive Savings Plan

The Company has established the LIVE Incentive Savings Plan, a profit sharing and 401(k) savings plan, in which eligible employees of LIVE, LHV and the Specialty Retail Division may participate. Each employee who has attained the age of 21 may become a participant as of the beginning of each calendar quarter when such employee has completed 1,000 hours of service in the relevant one-year computation period. The Company, at the discretion of the Board of Directors, may make annual contributions to the LIVE Incentive Savings Plan. The Company's profit sharing contributions are allocated to individual accounts of participants in proportion to their compensation. A participant is fully vested in his or her tax-deferred employee contributions at all times. A participant whose employment terminates for any reason other than death or disability is entitled only to the vested portion of the contributions made by the Company on behalf of the plan participant. The LIVE Incentive Savings Plan permits tax-deferred voluntary employee contributions of an amount equal to not more than 10% of compensation, to be matched by a LIVE contribution in an amount equal to 50% of the employee's voluntary contributions which do not exceed 6% of his or her compensation. With certain exceptions, contributions made by the Company vest equally over a period of four years. Company contributions to the Savings Plan were $33,000, $53,000 and $55,000 for the years ended December 31, 1991, 1992 and 1993, respectively.

Note 21 -- Commitments and Contingencies

Letters of Credit and Guarantees:

At December 31, 1993 the Company had outstanding letters of credit of $16,383,000 relating to certain video rights obligations, which are secured by restricted cash, and $300,000 related to the lease of its offices.

Employment and Separation Agreements:

The Company has employment agreements with certain of its officers generally for a term of three years. Future minimum payments under these contracts are $1,147,000, $713,000 and $422,000 for the years ending December 31, 1994, 1995 and 1996. In addition, LHV has separation agreements with several of its former officers, requiring payments aggregating $245,000 in 1994. These separation payments have been accrued for in the year ending December 31, 1993.

Legal Proceedings:

On January 9, 1992, a purported class action lawsuit was filed in the U.S. District Court, Central District of California, by alleged stockholders of the Company against the Company, Carolco and certain of the Company's past and present directors and executive officers. The complaint alleges, among other things, that the defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder (a) by concealing the true value of certain of LIVE's assets, and overstating goodwill, stockholders' equity, operating profits and net income in LIVE's Form 10-K for the year ended December 31, 1990, in its 1990 Annual Report and in its Forms 10-Q for the quarters ended March 31, 1991 and June 30, 1991, and (b) by materially understating the true extent of the write-off of goodwill in connection with the sale of Lieberman Enterprises Incorporated, a subsidiary of the Company ("Lieberman"), to Handleman Company in July 1991. In addition, the complaint alleges that certain of the defendants are liable as controlling persons under Section 20 of the Exchange Act and alleges that certain other defendants are liable for aiding and abetting the primary violations. Subsequently, two additional lawsuits were filed in the U.S. District Court, Central District of California, by alleged stockholders of the Company against the same persons and entities who were defendants in the original actions, making substantially the same allegations as were made in the first lawsuit. On March 30, 1992, these lawsuits were consolidated. Further, in April 1992, an amended complaint was filed in the

consolidated action, lengthening the alleged class period and adding as defendants certain additional officers, directors and affiliates of the Company and Carolco, including Pioneer, as well as a lender to LIVE Home Video Inc. ("LHV") and Carolco. On June 17, 1992, the U.S. District Court, Central District of California, entered an order conditionally certifying the class, subject to possible decertification after discovery is completed. On January 27, 1993, a second amended complaint was filed in the consolidated class action making additional and modified allegations against certain of the defendants claiming they are liable as controlling persons under Section 20 of the Exchange Act and claiming that certain other defendants are liable for aiding and abetting the primary violations. On April 19, 1993, the court issued a ruling dismissing Pioneer from this lawsuit.

In February 1992, a purported class action lawsuit was filed in the U.S. District Court, District of Delaware, by an alleged holder of Carolco's public debt, against the Company, Carolco and certain directors and executive officers of Carolco. The Delaware complaint alleges, among other things, that the defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by concealing the true value of certain of the Company's assets, and overstating goodwill, stockholders' equity, operating profits and net income in the Company's Form 10-K for the year ended December 31, 1990 and in its Forms 10-Q for the quarters ended March 31, 1991 and June 30, 1991. In April of 1992 this lawsuit was transferred to the U.S. District Court, Central District of California. The proceedings are being coordinated with the consolidated action described in the preceding paragraph. On July 17, 1992, the U.S. District Court, Central District of California, entered an order conditionally certifying the class, subject to possible decertification after discovery is completed.

On March 24, 1994, the same day as the Company and Carolco announced that they had reached agreement in principle on the Combination, a purported class action lawsuit was filed in the Delaware Chancery Court by an alleged stockholder of the Company against the Company, Carolco, Pioneer, Cinepole and certain past and present directors of the Company and Carolco. The complaint alleges, among other things, that the defendants breached their fiduciary duties in agreeing in principle to the Combination. The complaint seeks an injunction prohibiting the Company and Carolco from proceeding with the Combination, as well as unspecified monetary damages.

Management and counsel to the Company are unable to predict the ultimate outcome of the above-described actions at this time. However, the Company and the other defendants believe that all these lawsuits are without merit and intend to defend them vigorously. Accordingly, no material provision for any liability which may result has been made in the Company's consolidated financial statements. In the opinion of management, these actions, when finally concluded and determined, will not have a material adverse effect upon the Company's financial position or results of operations.

Other than as described above, there are no material legal proceedings to which LIVE or any of its subsidiaries are a party other than ordinary routine litigation in the ordinary course of business. In the opinion of management (which is based in part on the advice of outside counsel), resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations.

Note 22-Quarterly Financial Information (Unaudited)

<TABLE>

Certain quarterly financial information is presented below:

<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(Amounts in Thousands, Except Per Share Data)				
<S>	<C>	<C>	<C>	<C>	<C>
1992					
Net sales	$ 46,686	$ 21,458	$ 68,407	$ 55,961	$192,512
Gross profit	12,333	(3,518)	14,390	856	24,061
Operating profit (loss)	4,693	(9,481)	6,684	(6,521)	(4,625)
Income (loss) from continuing operations before income taxes	(454)	(13,889)	1,605	(6,540)	(19,278)
Income (loss) from continuing operations	(537)	(13,273)	1,605	(5,255)	(17,460)
Discontinued operations	(826)	(91)	(523)	2,530	1,090
Extraordinary item	--	--	--	3,967	3,967
Net income (loss)	(1,363)	(13,364)	1,082	1,242	(12,403)
Preferred dividends	525	525	525	822	2,397
Net income (loss) attributable to Common Stock	(1,888)	(13,889)	557	420	(14,800)

Net income (loss) per common share:					
Continuing operations	(0.09)	(1.14)	0.09	(0.50)	(1.64)
Discontinued operations	(0.07)	(0.01)	(0.04)	0.21	0.09
Extraordinary item.	--	--	--	0.33	0.33
Net income (loss)	$ (0.16)	$ (1.15)	$ 0.05	$ 0.04	$ (1.22)

1993

Net sales	$ 35,302	$ 44,250	$ 44,123	$ 48,571	$172,246
Gross profit.	7,517	7,325	5,848	2,448	23,138
Operating profit (loss)	863	477	(1,207)	(21,310)	(21,177)
Income (loss) from continuing operations before income taxes.	340	(1,096)	(2,948)	(23,737)	(27,441)
Income (loss) from continuing operations.	(19)	(1,132)	(2,891)	(24,167)	(28,209)
Discontinued operations	(709)	(409)	(387)	(20,578)	(22,083)
Net income (loss)	(728)	(1,541)	(3,278)	(44,745)	(50,292)
Preferred dividends	767	937	938	947	3,589
Net income (loss) attributable to Common Stock.	(1,495)	(2,478)	(4,216)	(45,692)	(53,881)
Net income (loss) per common share:					
Continuing operations	(0.06)	(0.17)	(0.32)	(2.08)	(2.63)
Discontinued operations	(0.06)	(0.03)	(0.03)	(1.70)	(1.83)
Net loss.	$ (0.12)	$ (0.20)	$ (0.35)	$ (3.79)	$ (4.46)

</TABLE>

Note 23 -- Subsequent Events

In March 1994, the Company and Carolco reached agreement in principle on a business combination (the "Combination"). The Combination will be structured as a tax free exchange whereby each Carolco stockholder will receive one share of newly issued LIVE Common Stock for each 5.5 shares of Carolco Common Stock held by them. The exchange ratio will be subject to adjustment based on the market price of Carolco Common Stock prior to the consummation of the Combination, subject to two limitations. The first limitation is that the number of Carolco shares to be exchanged for each share of LIVE will be adjusted upward, if necessary, so that the market value of Carolco shares to be exchanged is at least $3.00, but in no event will more than 6.5 shares of Carolco be exchanged for each share of LIVE. The second limitation is similar to the first in that the number of Carolco shares to be exchanged for each share of LIVE will be adjusted downward, if necessary, so that the market value of Carolco shares to be exchanged is no more than $4.00, but in no event will fewer than 4.5 shares of Carolco be exchanged for each share of LIVE. The market value of Carolco shares will be deemed to be the average trading price of Carolco Common Stock for the twenty (20) trading days ending no earlier than three days prior to the closing of the Combination.

As a result of the Combination, the current LIVE stockholders will own between 22% and 29% of the combined company, the name of which will be changed to Carolco Entertainment Inc.

The Combination is subject to a number of conditions, including (a) redemption of the Series B Preferred Stock, (b) amendments to the 12% Note Indenture, the Public Indenture, and the terms of the Series C Preferred Stock, (c) delivery of fairness opinions by the independent financial advisors to each company, and (d) the availability of financing commitments at each company prior to the closing of the Combination. The Combination is also subject to the execution of a definitive business combination agreement by no later than April 22, 1994 and the subsequent approval of the Combination by the majority of the non-affiliated common stockholders of each of Carolco and LIVE.

The Series B Preferred Stock is mandatorily redeemable from the net proceeds of any sale of the Specialty Retail Division. As a result of the Company's decision to dispose of its interest in the Specialty Retail Division, a total of $40,000,000 of the Series B Preferred Stock has been re-classified from equity to current liabilities as of December 31, 1993, reflecting the Company's expectation to sell the Division for no less than $40,000,000.

Employment Agreements:

Subsequent to year end, the Company and LHV any entered into employment agreements with certain of their officers generally for a term of three years. Future minimum payments under these contracts are $1,125,000, $1,063,000 and $1,106,000 for the years ending December 31, 1994, 1995 and 1996.

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES

<TABLE>

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES AND

UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES

Column A	Column B	Column C	Column D		Column E	
	Balance at Beginning		Deductions			
Name of Debtor	of Period	Additions	Amounts Collected	Amounts Written Off	Balance at End of Period Current	Non Current
			(Dollar Amounts in Thousands)			
Year ended December 31, 1991:						
Carolco Pictures Inc.	$ 1,344	$11,642 (a)	$11,296 (b)	--	--	$ 1,690
Estate of Jose E. Menendez	3,426 (c)	--	3,426	--	--	--
Melvin A. Wilmore	237 (d)	11 (e)	--	--	$ 248	--
David A. Mount.	150 (f)	--	--	--	150	--
Devendra Mishra	318 (g)	29 (e)	59	--	288	--
Eric H. Paulson	314 (h)	--	--	$ 314 (h)	--	--
Year ended December 31, 1992:						
Carolco Pictures Inc.	$ 1,690	$ 3,674 (i)	--	--	--	$ 5,364
Melvin A. Wilmore	248 (d)	--	--	$ 248	--	--
David A. Mount.	150 (f)	--	--	50	$ 100	--
Devendra Mishra	288 (g)	--	--	12	276	--
Year ended December 31, 1993:						
Carolco Pictures Inc.	$ 5,364	$ 2,683 (j)	--	--	--	$ 8,047
David A. Mount.	100 (f)	--	62	38	--	--
Devendra Mishra	276 (g)	13 (e)	--	--	$ 289	--

(a) Amount represents loans ($10,000,000) and interest accrued during the period.
(b) Amount represents payments related to television rights ($1,596,000) and repayment of loan ($10,000,000), net of allocated expenses due to Carolco ($300,000).
(c) Amount consists of a $2,285,000 demand loan including interest at the greater of 1-1/2% above prime or 3% above LIBOR and a non interest bearing loan with an original balance of $170,000 under an employment agreement. The amount payable under a deferred compensation arrangement was less than this balance by $106,000 at December 31, 1990.
(d) Amount represents loan ($130,000) secured by a second deed of trust on Mr. Wilmore's residence and an unsecured loan ($100,000) and accrued interest at 10%.
(e) Amount represents interest accrued during the period.
(f) Amount represents a non-interest bearing, unsecured loan of which $87,500 was forgiven through September 30, 1993, the date Mr. Mount resigned from the Company. The remaining balance of $62,500 was repaid in December 1993.
(g) Amount represents loan ($300,000) secured by a second deed of trust on Mr. Mishra's residence and accrued interest at 5%.
(h) Amount represents loan ($300,000) and accrued interest at 10%, which was written off in connection with the sale of Navarre.
(i) Under an offset agreement with Carolco, all amounts, whether receivable from or payable to Carolco, were netted in the "due from stockholder" account.
(j) Amount represents net adjustments to video rights.

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
		(Dollar Amounts in Thousands)			
Year ended December 31, 1991 Deducted from Asset Accounts:					
Allowance for future sales returns	$31,292	$42,337 (a)	$ --	$59,124 (b)	$14,505
Allowance for doubtful accounts.	9,018	154	--	7,720 (c)	1,452
Allowance for advertising.	3,647	19,563	--	18,123 (d)	5,087
Allowance for overstock inventory.	1,874	4,824	400 (e)	2,045 (f)	5,053
Allowance for video rights in excess of net realizable value	4,732	--	--	1,096 (g)	3,636
Year ended December 31, 1992 Deducted from Asset Accounts:					
Allowance for future sales returns	$14,505	$33,206 (a)	--	$29,647 (b)	$18,064
Allowance for doubtful accounts.	1,452	615	--	297 (c)	1,770
Allowance for advertising.	5,087	13,166	--	13,624 (d)	4,629

Allowance for overstock inventory.	5,053	3,735	--	1,544 (f)	7,244
Allowance for video rights in excess of net realizable value	3,636	1,912	--	12 (g)	5,536
Year ended December 31, 1993 Deducted from Asset Accounts:					
Allowance for future sales returns	$18,064	$18,308 (a)	--	$18,566 (b)	$17,806
Allowance for doubtful accounts.	1,770	413	--	742 (c)	1,441
Allowance for advertising.	4,629	11,215	--	9,651 (d)	6,193
Allowance for overstock inventory.	7,244	2,490	--	5,233 (f)	4,501
Allowance for video rights in excess of net realizable value	5,536	--	--	4,213 (g)	1,323

<FN>
(a) Amounts represent the gross profit impact of anticipated sales returns.
(b) Returns credited to customer accounts during the year and includes $649 re-classified VCL "Assets Held For Sale."
(c) Net amount of accounts written-off and recoveries during the year. Also, includes $679 re-classified VCL "Assets Held For Sale."
(d) Reimbursements for co-op advertising.
(e) Opening balance for Vestron.
(f) Disposal of overstock inventory and includes $103 re-classified VCL "Assets Held For Sale."
(g) Write-off of video rights and includes $513 re-classified VCL "Assets held for Sale."
</TABLE>

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES

<TABLE>
SCHEDULE IX - SHORT TERM BORROWINGS
<CAPTION>

Column A Category of Aggregate Short Term Borrowings	Column B Balance at End of Period	Column C Weighted Average Interest Rate	Column D Maximum Amount Outstanding During the Period	Column E Average Amount Outstanding During the Period(a)	Column F Weighted Average Interest Rate During the Period(b)
			(Dollar Amounts in Thousands)		
<S>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1991:					
Note Payable to Bank (c).	$ --	9.79%	$10,000	$10,000	9.79%
Note Payable to Bank (d).	2,190	13.00%	2,190	2,190	13.00%
Note Payable to Bank (d).	--	10.25%	1,966	1,148	10.25%
Note Payable to Bank (e).	68,420	9.45%	75,783	55,035	8.83%
Note Payable to Bank (f).	--	10.60%	15,700	12,400	10.63%
Year ended December 31, 1992:					
Note Payable to Bank (d).	$ 2,230	11.52%	$ 2,230	$ 2,230	11.52%
Note Payable to Bank (g).	--	7.65%	69,963	36,858	8.50%
Year ended December 31, 1993:					
Note Payable to Bank (d).	$ -0-	11.52%	$ 2,880	$ 2,410	11.52%
12% Notes	36,707	12.0%	37,000	36,500	12.1%
Note Payable to Bank (h).	-0-	9.67%	20,370	2,213	9.25%

<FN>
(a) The average amount outstanding during the period is calculated by dividing the total of month-end outstanding principal balances by the number of months the balance was outstanding during the period.
(b) The weighted average interest rate during the period was computed by dividing the annualized interest expense by the average amount outstanding during the period.
(c) Line of credit with interest at 1% above prime.
(d) Demand notes payable to foreign banks included in "Liabilities Related To Assets Held For Sale" in 1993.
(e) Line of credit with interest at the greater of 1-1/4% above the Alternate Base Rate (as defined in the credit agreement) or 2-1/2% above LIBOR.
(f) Line of credit with interest at the higher of the banks' reference rate of 1/2 of 1% above the Federal Funds rate payable quarterly.
(g) Line of credit with interest through November 1992 at the greater of 1-1/4% above the Alternate Base Rate or 2-1/2% above LIBOR and in December 1992 at the greater of 3% above the Alternate Base Rate or 4-1/4% above LIBOR. Effective with the February 5, 1993 amendment to the line of credit, the term was extended to July 29, 1994 and earlier in the event of default, provided that on January 29, 1994 any lender under the line of credit may choose to terminate the obligation to lend funds. Due to the extension of the term, as of December 31, 1992, the outstanding balance of $5,370,0000 under the line of credit was re-classified from current to long-term.
(h) Line of credit with interest at the greater of 3% above the Alternate Base Rate or 4-1/4% above LIBOR maturing July 29, 1994. Beginning March 31, 1993 and at the first day of each quarter thereafter, the interest rate increases by an additional 1/4%.
</TABLE>

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Column A	Column B		
	Charged to Costs and Expenses		
Item	Year Ended December 31, 1991	Year Ended December 31, 1992	Year Ended December 31, 1993
	(Dollar Amounts in Thousands)		
Maintenance and Repairs . . .	(a)	(a)	(a)
Depreciation and Amortization of Intangible Assets, Pre-operating Costs, and Similar Deferrals	$21,272	$ 6,864	$ 3,924
Taxes, Other Than Payroll and Income Taxes.	(a)	(a)	(a)
Royalties	(a)	11,004	5,164
Advertising Costs	33,700	24,831	20,403

(a) Amounts are not presented as such amounts are less than 1% of total sales and revenues.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS

To

Form 10-K

Of

LIVE ENTERTAINMENT INC.

For the fiscal year ended December 31, 1993

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INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Appendix C of Registrant's Registration Statement No. 33-24396)
3.2	Form of Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 20 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
3.3	Form of Certificate of Designations, Preferences and Relative, Participating, Optional or Other Special Rights of Series B Cumulative Convertible Preferred Stock of the Registrant (incorporated herein by reference to Exhibit 36 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
3.4	Amended Certificate of Designations, Preferences and Rights of Series C Cumulative Convertible Preferred Stock of the Registrant (incorporated herein by reference to Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
3.5	Certificate of Designations specifying the terms of the Series R Junior Participating Preferred Stock, par value $1.00 per share, of the Registrant, filed with the Secretary of State of the State of Delaware (incorporated herein by reference to Exhibit 3 to the Registrant's Current Report on Form 8-K, dated August 1, 1990)
3.6	Bylaws of the Registrant (incorporated herein by reference to Exhibit 3.4 to the Registrant's Registration Statement No. 33-24396)
3.7	Amendment to Bylaws of the Registrant, adopted on June 18, 1992 (incorporated herein by reference to Exhibit 3.6 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
3.8	Contingent Payment Rights Agreement, dated as of June 28, 1991, between the Registrant, Vestron Acquisition Corp., Vestron Inc. and American Stock Transfer & Trust Company, as Rights Agent, and Price Waterhouse, as Representative (incorporated herein by reference to Exhibit 2.1 to the Registrant's Registration Statement on Form 8-A, dated July 15, 1991)
4.1	Form of Common Stock Certificate (incorporated herein by reference to Exhibit 4 to the Registrant's Registration Statement No. 33-24396)
4.2	Rights Agreement, dated as of July 19, 1990, between the Registrant and American Stock Transfer & Trust Company, which includes as exhibits thereto, the form of Right Certificate and the Summary of Rights (incorporated herein by reference to Exhibit 4a to the Registrant's Current Report on Form 8-K, dated August 1, 1990)
4.3	First Amendment to Rights Agreement, dated as of May 1, 1992, between the Registrant and American Stock Transfer & Trust Company (incorporated herein by reference to Exhibit 4 to the Registrant's Current Report on Form 8-K, dated

May 1, 1992)

4.4 Form of Indenture between the Registrant and American Stock Transfer & Trust Company, as trustee, relating to the Exchange Notes (including Note and Pledge Agreement) (incorporated herein by reference to Exhibit 35 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)

4.5 Form of Certificate of Series B Cumulative Convertible Preferred Stock (incorporated herein by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

4.6 Form of Certificate of Series C Convertible Preferred Stock (incorporated herein by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

4.7 Indenture, dated as of March 26, 1993, between the Registrant and U.S. Trust Company of California, N.A., relating to the $37,000,000 of 12% Senior Subordinated Secured Notes due 1994 (including form of Note) (incorporated herein by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

4.8 Agreement dated as of December 22, 1993 between LIVE Ventures Inc. and U.S. Trust Company of California, N.A.*

10.1 Exclusive Distribution Agreement, dated as of March 1, 1987, between International Video Entertainment Inc. and MCA Distribution Corporation (incorporated herein by reference to Exhibit 10.33 to Carolco Pictures Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1986)

10.2 Amendment, dated as of December 28, 1989, of Exclusive Distribution Agreement between International Video Entertainment Inc. and MCA Distribution Corporation (incorporated herein by reference Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990)

10.3 Amendment, dated as of May 10, 1990, of Exclusive Distribution Agreement between International Video Entertainment Inc. and MCA Distribution Corporation (incorporated herein by reference to Exhibit 10.13 to the Registrant's Annual Report of Form 10-K for the fiscal year ended December 31, 1990)

10.4 License and Distribution Agreement, dated as of May 11, 1992, by and between LIVE Home Video Inc., LIVE America Inc., LIVE Distributing Inc., Vestron Inc. and WEA Corp. (incorporated herein by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.5 Amendment to License and Distribution Agreement, dated as of June 8, 1992, by and between LIVE Home Video Inc., LIVE America Inc., LIVE Distributing Inc., Vestron Inc. International Video Productions Inc. and WEA Corp. (incorporated herein by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.6 Four-Party Agreement, dated as of May 19, 1992, among Uni Distribution Corp. (formerly MCA), LIVE Home Video Inc., LIVE America Inc. and WEA Corp. (incorporated herein by reference to Exhibit 10.6

	to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.7	Acceptance of Assignment, dated as of June 17, 1992, from WEA Corp. to Chemical Bank (incorporated herein by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.8	Notice of Assignment and Irrevocable Authority, dated as of June 16, 1992, from LIVE Home Video Inc., LIVE America Inc., International Video Productions Inc. and Vestron Inc. to WEA Corp. (incorporated herein by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.9	Security Agreement, dated as of June 8, 1992, by and between LIVE Home Video Inc., LIVE America Inc., International Video Productions Inc. and WEA Corp. (incorporated herein by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.10	Intercreditor Agreement, dated as of June 8, 1992, by and between Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A., The Long-Term Credit Bank of Japan, Ltd. and WEA Corp. (incorporated herein by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.11	Additional Security Agreement, dated as of June 8, 1992, by and between LIVE Home Video Inc. and WEA Corp. (incorporated herein by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.12	Additional Intercreditor Agreement, dated as of June 8, 1992, by and between Credit Lyonnais Bank Nederland N.V., Chemical Bank, The Bank of California, N.A., The Long-Term Credit Bank of Japan, Ltd. and WEA Corp. (incorporated herein by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)
10.13	Amendment, dated April 12, 1990, to Video Rights License Agreement, dated July 27, 1987, between Carolco Pictures Inc. and International Video Entertainment Inc., as amended as of October 15, 1987 (incorporated herein by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
10.14	Second Amendment, dated March 6, 1991, to Video Rights License Agreement, dated July 27, 1987, between Carolco Pictures Inc. and International Video Entertainment Inc., as amended on October 15, 1987 and April 12, 1990 (incorporated herein by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
10.15	Third Amendment, dated October 21, 1991, to Video Rights License Agreement, dated July 27, 1987, between Carolco Pictures Inc. and LIVE Home Video Inc. (formerly known as International Video Entertainment Inc.), as amended on October 15, 1987, April 12, 1990 and March 6, 1991 (incorporated herein by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.16 Fourth Amendment, dated March 2, 1992, to Video Rights License Agreement, dated July 27, 1987, between Carolco Pictures Inc. and LIVE Home Video Inc., as amended on October 15, 1987, April 12, 1990, March 6, 1991 and October 21, 1991 (incorporated herein by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.17 Memorandum of Agreement, dated as of September 1, 1991, between LIVE America Inc. and MCA Canada Ltd. (incorporated herein by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.18 Laser Videodisc Sublicense Deal Memorandum, dated as of October 1, 1991, by and between LIVE America Inc. and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.19 Employment Agreement, dated as of December 23, 1993, for the services of Roger A. Burlage*^

10.20 Employment Agreement, dated as of January 2, 1992, for the services of David A. Mount (incorporated herein by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)^

10.21 First Amendment to Employment Agreement, dated as of November 20, 1992, to Employment Agreement for the services of David A. Mount (incorporated herein by reference to Exhibit 10.21.1 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)^

10.22 Letter Agreement, dated as of September 29, 1993, pertaining to the departure of David A. Mount as President and Chief Executive Officer of the Registrant*^

10.23 Employment Agreement, dated as of September 1, 1989, for the services of Devendra Mishra (incorporated herein by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1989)^

10.24 Letter Agreement, dated as of July 7, 1992, pertaining to the Employment Agreement for the services of Devendra Mishra (incorporated herein by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)^

10.25 Separation Agreement, dated as of November 26, 1991, by and between the Registrant and Wayne H. Patterson (incorporated herein by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)^

10.26 Employment Agreement, dated as of February 1, 1994, for the services of Michael J. White*^

10.27 Employment Agreement, dated as of October 1, 1992, between LIVE Home Video Inc. and Rodney W. Trovinger (incorporated herein by reference to Exhibit 10.95 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)^

10.28 Employment Agreement, dated as of December 1, 1992, for the services of Ivan R. Lipton (incorporated herein by reference to Exhibit

10.28 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)^

10.29 Memorandum Agreement dated as of December 23, 1993, by and between the Registrant and Anthony J. Scotti*^

10.30 Jefferson Capital Group, Ltd. and Bear Stearns & Co. Inc. Retainer Letter with the Registrant, dated as of May 21, 1992, with Indemnification Agreement (incorporated herein by reference to Exhibit 27 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)^

10.31 Agreement, dated as of July 31, 1992, between Jefferson Capital Group, Ltd. and the Registrant (incorporated herein by reference to Exhibit 28 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)^

10.32 Agreement, dated as of August 13, 1992, between Daniels & Associates and the Registrant (incorporated herein by reference to Exhibit 29 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)^

10.33 Agreement, dated as of July 7, 1993, between Jefferson Capital Group, Ltd. and Daniels & Associates and the Registrant*^

10.34 Engagement Letter between Houlihan Lokey Howard & Zukin, Inc. and the Registrant dated May 27, 1992 (incorporated herein by reference to Exhibit 32 to the Registrant's Schedule 13E-3 and Schedule 13E-4, filed on September 24, 1992, as amended)^

10.35 Amendment dated August 17, 1992 to Engagement Letter dated May 27, 1992 between Houlihan Lokey Howard & Zukin, Inc. and the Registrant (incorporated herein by reference to Exhibit 33 to the Registrant's Schedule 13E-3 and Schedule 13E-4, filed on September 24, 1992, as amended)^

10.36 Consulting Agreement, dated as of July 26, 1993, between Roger R. Smith and the Registrant*^

10.37 Letter of Understanding, dated as of January 26, 1993, by and between the Registrant and Jefferson Capital Group, Ltd. (incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)^

10.38 Agreement, dated as of February 13, 1991, between Metronome Productions N.V. and LEI-IVE Entertainment N.V. (incorporated herein by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)^

10.39 Asset Purchase Agreement, dated as of October 30, 1990, between Vestron Acquisition Corp. and Vestron Inc., including annexes (incorporated herein by reference to Exhibit 10.66 of Registrant's Current Report on Form 8-K, dated October 30, 1990)

10.40 Indemnification Agreement, dated as of October 30, 1990, by and among Vestron Acquisition Corp., Furst Holdings, Inc., Frogtown Holdings Inc., Austin O. Furst, Jr., and Vestron Inc., including annex (incorporated herein by reference to Exhibit 10.67 of Registrant's Current Report on Form 8-K, dated October 30, 1990)

10.41 Securities Indemnification Agreement, dated as of October 30, 1990, by and among Vestron Acquisition Corp., Furst Holdings, Inc., Frogtown

	Holdings Inc., Austin O. Furst, Jr., and Vestron Inc., including annex (incorporated herein by reference to Exhibit 10.68 of Registrant's Current Report on Form 8-K, dated October 30, 1990)
10.42	Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, by and among the Registrant, LIVE Home Video Inc. (formerly known as International Video Entertainment Inc.), LIVE America Inc. (formerly known as I.V.E. America Inc.), LEI-IVE Entertainment N.V., International Video Productions Inc., Credit Lyonnais Bank Nederland N.V. and Chemical Bank (incorporated herein by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
10.43	First Amendment to Third Amended and Restated Loan and Security Agreement, dated as of October 26, 1990, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank and Imperial Bank (incorporated herein by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
10.44	Second Amendment to Third Amended and Restated Loan and Security Agreement, dated as of December 4, 1990, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and National Westminster Bank PLC, San Francisco Overseas Branch (incorporated herein by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)
10.45	Third Amendment to Third Amended and Restated Loan and Security Agreement, dated as of April 23, 1991, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A., National Westminster Bank PLC, San Francisco Overseas Branch and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10.46	Fourth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of July 16, 1991, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Acquisition Corp., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.39 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)
10.47	Fifth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of November 21, 1991, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated

herein by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.48 Sixth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of January 27, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.41 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.49 Seventh Amendment to Third Amended and Restated Loan and Security Agreement, dated as of March 20, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.50 Eighth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of June 16, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.52 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.51 Ninth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of November 25, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.56.1 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.52 Tenth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of February 5, 1993, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.53 Eleventh Amendment to Third Amended and Restated Loan and Security Agreement, dated as of March 26, 1993, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.52 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.54 Twelfth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of January 28, 1994, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd.*

10.55 Supplemental Agreement, dated as of July 16, 1991, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Acquisition Corp., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.43 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.56 Limited Waiver, dated as of April 16, 1991, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A., and National Westminster Bank PLC, San Francisco Overseas Branch (incorporated herein by reference to Exhibit 10.44 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.57 Consent and Waiver Letter Agreement, dated as of August 25, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.55 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.58 Consent Agreement, dated as of September 11, 1992, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Credit Lyonnais Bank Nederland N.V., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 10.56 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.59 Consent and Waiver Letter Agreement, dated as of March 5, 1993, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd.*

10.60 Consent and Waiver Letter Agreement, dated as of December 22, 1993, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd.*

10.61 Agreement, dated as of December 22, 1993 by and among LIVE Ventures Inc., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd.*

10.62 Consent Letter, dated as of January 28, 1994, by and among the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions Inc., Vestron Inc., LIVE Ventures Inc., Chemical Bank, Imperial Bank, The Bank of California, N.A., and The Long-Term Credit Bank of Japan, Ltd.*

10.63 New Notes Intercreditor Agreement, dated as of March 26, 1993 by and between Chemical Bank, as Administrative Agent and as Collateral Agent, and U.S. Trust Company of California, N.A. (incorporated herein by reference to Exhibit 10.57 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.64 Addendum to New Notes Intercreditor Agreement, dated as of December 22, 1993 by and between Chemical Bank, as Administrative Agent and as Collateral Agent, and U.S. Trust Company of California, N.A.*

10.65 Amended and Restated Trustee Intercreditor Agreement, dated as of March 26, 1993 by and among Chemical Bank, as Administrative Agent and as Collateral Agent, U.S. Trust Company of California, N.A. and American Stock Transfer & Trust Company (incorporated herein by reference to Exhibit 10.58 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.66 Warrant Agreement and Warrant Certificate, dated as of November 26, 1990, between the Registrant and Jefferson Capital Group, Ltd. (incorporated herein by reference to Exhibit 10.44 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990)^

10.67 Loan Fund Warrant Agreement, dated as of March 23, 1993, between the Registrant and the Warrant Holders (incorporated herein by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.68 Loan Fund Common Stock Purchase Warrants, dated as of March 23, 1993, between the Registrant and Jefferson Capital Group, Ltd. (incorporated herein by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)^

10.69 Registration Rights Agreement for Loan Fund Common Stock Purchase Warrants, dated as of March 23, 1993, by and among the Registrant and the holders of the Loan Fund Common Stock Purchase Warrants (incorporated herein by reference to Exhibit 10.62 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.70 Class B Warrant Agreement, dated as of March 26, 1993, between the Registrant and the Class B Warrant Holders (incorporated herein by reference to Exhibit 10.63 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.71 Class B Common Stock Purchase Warrants, dated as of March 29, 1993, between the Registrant and Jefferson Capital Group, Ltd. (incorporated herein by reference to Exhibit 10.64 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)^

10.72 Class B Common Stock Purchase Warrants, dated as of March 29, 1993, between the Registrant and Anthony J. Scotti (incorporated herein by reference to Exhibit 10.65 to the Registrant's

Annual Report on Form 10-K for the fiscal year ended December 31, 1992)^

10.73 Registration Rights Agreement for Class B Common Stock Purchase Warrants, dated as of March 26, 1993, by and among the Registrant and the holders of the Class B Common Stock Purchase Warrants (incorporated herein by reference to Exhibit 10.66 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.74 1988 Stock Option and Stock Appreciation Rights Plan of the Registrant as amended through June 30, 1993*^

10.75 Agency Agreement, dated as of December 31, 1986, by and between International Video Entertainment Inc. and Carolco International N.V. (incorporated herein by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.76 Agreement, dated as of June 1, 1988, by and between Carolco International N.V. and Carolco-LIVE International V.O.F. (incorporated herein by reference to Exhibit 10.50 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.77 Agreement of Partnership, dated as of November 16, 1988, of Carolco-LIVE International V.O.F. by and between Carolco International N.V. and LEI-IVE Entertainment N.V. (incorporated herein by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.78 Master Agreement for Home Video Rights to German Language Versions, dated as of April 25, 1991, by and between LEI-IVE Entertainment N.V. d/b/a/ LIVE Entertainment International and Carolco International N.V. (incorporated herein by reference to Exhibit 10.52 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.79 Short-Form Agreement, dated as of August 15, 1991, by and between Carolco Television Inc. and Vestron Inc. (incorporated herein by reference to Exhibit 10.53 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.80 Short-Form Agreement (International), dated as of August 15, 1991, by and between Carolco International N.V. and Vestron Inc. (incorporated herein by reference to Exhibit 10.54 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.81 Registration Rights Agreement, dated as of July 3, 1990, by and between the Registrant and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 10.55 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.82 Registration Rights Agreement, dated as of March 24, 1992, by and between the Registrant and Carolco Pictures Inc., Pioneer LDCA, Inc., RCS Video Services International B.V., RCS Video Services Antilles N.V. and Le Studio Canal+ S.A. (incorporated herein by reference to Exhibit 10.56 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991)

10.83 Amendment to Registration Rights Agreement, dated as of August 1992, by and between the Registrant and Carolco Pictures Inc., Pioneer LDCA, Inc.,

RCS Video Services International B.V., RCS Video Services Antilles N.V. and Le Studio Canal+ S.A. (incorporated herein by reference to Exhibit 10.68 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.84 Registration Rights Agreement for Common Stock dated as of July 20, 1993, by and among the Registrant, Carolco Pictures Inc., Pioneer LDCA, Inc., RCS Video Services International B.V., RCS Video Services Antilles N.V., and Le Studio Canal+ S.A.*

10.85 Reconciliation and Offset Agreement, dated as of December 31, 1992, by and between Carolco Pictures Inc., Carolco International N.V., the Registrant, LIVE Home Video Inc. and LEI-IVE Entertainment N.V.*

10.86 General Loan and Security Agreement, dated as of June 11, 1992, by and between Foothill Capital Corporation, Strawberries Inc., Strawberries Connecticut Inc., Strawberries Maine Inc., Strawberries Massachusetts Inc., Strawberries New York Inc., Strawberries New Jersey Inc., Strawberries Pennsylvania Inc., Strawberries Rhode Island Inc., Strawberries Vermont Inc., Strawberries Records and Tapes New Hampshire Inc. and Waxie Maxie Quality Music Co. (incorporated herein by reference to Exhibit 10.69 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.87 Amendment Number One to General Loan and Security Agreement, dated as of January 1, 1993, by and between Foothill Capital Corporation, Strawberries Inc. and Waxie Maxie Quality Music Co. (incorporated herein by reference to Exhibit 10.78 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.88 Amendment Number Two to General Loan and Security Agreement, dated as of March 17, 1993, by and between Foothill Capital Corporation, Strawberries Inc. and Waxie Maxie Quality Music Co. (incorporated herein by reference to Exhibit 10.79 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

10.89 Amendment Number Three to General Loan and Security Agreement, dated as of May 5, 1993, by and between Foothill Capital Corporation, Strawberries Inc. and Waxie Maxie Quality Music Co.*

10.90 Amendment Number Four to General Loan and Security Agreement, dated as of July 29, 1993, by and between Foothill Capital Corporation, Strawberries Inc. and Waxie Maxie Quality Music Co.*

10.91 Agreement of Limited Partnership of LIVE Home Video L.P., dated as of September 14, 1992, by and among LIVE Distributing Inc. and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 9 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)

10.92 LHV Guarantee, dated as of September 14, 1992, by LIVE Home Video Inc. to and for the benefit of Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 10 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)

10.93 Partnership Security Agreement, dated as of September 14, 1992, by LIVE Home Video L.P. and Pioneer LDCA, Inc. (incorporated herein by

	reference to Exhibit 11 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.94	LDI Security Agreement, dated as of September 14, 1992, between LIVE Distributing Inc. and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 12 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.95	LHV Pledge and Security Agreement, dated as of September 14, 1992, between LIVE Home Video Inc. and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 13 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.96	LHV Inducement Letter from LIVE Home Video Inc. to LIVE Home Video L.P. and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 14 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.97	WEA Letter, dated September 14, 1992, from LIVE Home Video Inc. to WEA Corp. (incorporated herein by reference to Exhibit 15 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.98	Stock Purchase Agreement, dated as of September 14, 1992, by and among the Registrant and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 16 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.99	Registration Rights Agreement for Series C Convertible Preferred Stock, dated as of September 14, 1992, by and among the Registrant and Pioneer LDCA, Inc. (incorporated herein by reference to Exhibit 17 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.100	Letter, dated as of September 14, 1992, from Pioneer LDCA, Inc. to Chemical Bank, Credit Lyonnais Bank Nederland N.V., The Bank of California, N.A. and The Long-Term Credit Bank of Japan, Ltd. (incorporated herein by reference to Exhibit 25 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.101	Engagement Letter, dated as of August 27, 1992, between the Registrant and Seidler Amdec Securities Inc. (incorporated herein by reference to Exhibit 26 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
10.102	Strawberries Incentive Compensation Plan, adopted November 20, 1992 (incorporated herein by reference to Exhibit 10.96 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)^
10.103	Fiscal 1993 Incentive Cash Compensation Program for the Registrant, dated July 1993*^
10.104	Fiscal 1994 Incentive Cash Compensation Program for the Registrant and LIVE Home Video Inc., dated February 1994*^
10.105	Fiscal 1994 Incentive Cash Compensation Program for the LIVE Specialty Retail Division, dated February 1994*^
10.106	Settlement Agreement, dated as of October 31, 1992, among New Line International Releasing, Inc., New Line Distributing, Inc. and LIVE America Inc. (incorporated herein by reference to Exhibit 10.97 to the Registrant's Registration Statement on Form S-4, filed on December 15, 1992, as amended)

10.107	Securities Exchange Agreement, dated as of March 26, 1993, by and between the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions, Inc., Vestron Inc., Daniels & Associates and Jefferson Capital Group, Ltd. (incorporated herein by reference to Exhibit 10.96 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10.108	Form of Securities Purchase Agreement, dated as of March 26, 1993, by and between the Registrant, LIVE Home Video Inc., LIVE America Inc., LEI-IVE Entertainment N.V., International Video Productions, Inc., Vestron Inc. and various purchasers (incorporated herein by reference to Exhibit 10.97 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)
10.109	Letter of Intent between the Registrant and Carolco Pictures Inc. dated March 23, 1994*
11	Computation of Earnings Per Share*
21	Subsidiaries of the Company*
22.1	Prospectus, Consent Solicitation, Proxy Statement and Solicitation of Prepackaged Plan Acceptances, with Appendices of the Registrant dated as of December 18, 1992 (incorporated herein by reference to Exhibit 1 to the Registrant's Schedule 13E-3, filed on December 15, 1992, as amended)
22.2	Extension of Expiration Date to January 28, 1993 and First Supplement dated January 13, 1993 to Prospectus, Consent Solicitation, Proxy Statement and Solicitation of Prepackaged Plan Acceptances dated December 18, 1992 (incorporated herein by reference to Exhibit 54 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
22.3	Second Supplement dated January 18, 1993 to Prospectus, Consent Solicitation, Proxy Statement and Solicitation of Prepackaged Plan Acceptances dated December 18, 1992, as supplemented January 13, 1993 (incorporated herein by reference to Exhibit 55 to the Registrant's Schedule 13E-4, filed on December 15, 1992, as amended)
23	Consent of Independent Auditors*
24	Powers of Attorney and Board of Directors resolution authorizing the same*
99.1	Presentation of Seidler Amdec Securities Inc., dated September 18, 1992, to the Board of Directors of the Registrant (incorporated herein by reference to Exhibit 49 to the Registrant's Schedule 13E-3, filed on December 15, 1992, as amended)
99.2	Update Letter, dated as of March 23, 1993, from Seidler Amdec Securities Inc. (incorporated herein by reference to Exhibit 28.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992)

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*Filed Herewith
^Management contract or compensatory plan or arrangement required to be filed pursuant to Item 14(c)

AGREEMENT

THIS AGREEMENT is made and entered into as of this 22nd day of December, 1993, by and between LIVE VENTURES INC., a Delaware corporation ("LVI") and U.S. TRUST COMPANY OF CALIFORNIA, N.A., a national banking association ("Trustee").

W I T N E S S E T H

WHEREAS, Trustee is the trustee under that certain Indenture dated as of March 26, 1993, among (i) LIVE Entertainment Inc. ("LIVE"), (ii) LIVE Home Video Inc. (formerly known as International Video Entertainment Inc.) ("LHV"), LIVE America Inc. (formerly known as I.V.E. America Inc.), LEI-IVE Entertainment N.V., International Video Productions Inc., and Vestron Inc., as "Guarantors", and (iii) Trustee, as trustee (the "Indenture"); and

WHEREAS, Section 12.20 of the Indenture provides that each Person, other than Lieberman, Strawberries or any of their respective Subsidiaries, who becomes a Subsidiary of a Guarantor shall be and be deemed to be a Guarantor under the Indenture, and within ten (10) days after acquiring such status, shall execute and deliver to Trustee an agreement agreeing to be bound by the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith; and

WHEREAS, LHV has recently formed a Delaware wholly owned subsidiary, LVI, for the purpose of entering into a joint venture known as BET Film Productions; and

WHEREAS, by the execution and delivery of this Agreement and subject to the terms and conditions hereinafter set forth, the parties desire to add LVI as a Guarantor under the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith; and

WHEREAS, capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

A G R E E M E N T

NOW, THEREFORE, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration by each of the parties hereto in hand paid to the other, the receipt and adequacy of which are hereby acknowledged, LVI and Trustee hereby agree as follows:

1. LVI Added as Guarantor. Effective as of the date hereof, LVI shall be added as and shall be deemed to be a Guarantor under

the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith. LVI hereby assumes all of the obligations of a Guarantor under the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith and agrees to be bound by all of the terms and conditions thereof as if it had been a Guarantor thereof from the inception thereof. From and after the date hereof, all references in the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith to a "Guarantor" or the "Guarantors" shall be deemed to include LVI. From and after the date hereof, all references in the Pledge Agreement to a "Pledgor" or the "Pledgors" shall be deemed to include LVI. All assets of LVI shall be included in the Collateral under the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith, and all securities owned by LVI shall be included as Pledged Securities under the Indenture, the Notes, the Collateral Documents and all agreements and instruments executed in connection therewith. In furtherance of the foregoing, LVI shall execute and/or deliver to Trustee the following:

a. this Agreement;

b. all financing statements and amendments to existing financing statements relating to the Collateral necessary to put any security interest in the assets of LVI of record; and

c. such other counterpart copies of or amendments to the Indenture, the Notes, the Collateral Documents or the agreements and instruments executed in connection therewith as the Trustee shall require.

In addition, LVI shall cause the Guarantors to deliver the certificates representing any additional securities to be included in the Pledged Securities, including, without limitation, the shares representing all of the issued and outstanding shares of capital stock of LVI and any and all promissory notes made by LVI to the order of any of LIVE or the Guarantors, to Trustee.

2. Subordination. The provisions of this Agreement are subject to Article Ten of the Indenture and the provisions of the New Intercreditor Agreement, as the same has been and in the future may be amended and supplemented from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"LVI"

LIVE VENTURES INC., a Delaware corporation

By:
Rodney W. Trovinger, President

"TRUSTEE"

U.S. TRUST COMPANY OF CALIFORNIA, N.A.,
a national banking association

By:
Its:

ACKNOWLEDGED THIS 22ND DAY OF
DECEMBER, 1993

LIVE Entertainment Inc.,
a Delaware corporation

By:
Michael J. White, Senior VP

LIVE Home Video Inc.,
a Delaware corporation

By:
Rodney W. Trovinger, Senior VP

LIVE America Inc.,
a Delaware corporation

By:
Rodney W. Trovinger, Senior VP

LEI-IVE Entertainment N.V.,
a Netherlands Antilles corporation

By:
Michael J. White
Supervisory Director

International Video Productions Inc.,
a California corporation

By:
Rodney W. Trovinger, Senior VP

Vestron Inc.,
a Delaware corporation

By:
Rodney W. Trovinger, Senior VP

LIVE Entertainment Inc.
15400 Sherman Way
Suite 500
Van Nuys, California 91406

DATE: As of December 23, 1993

Roger A. Burlage
5451 North Newcastle Lane
Calabassas, California 91302

Re: Employment Agreement

Dear Mr. Burlage:

When executed by you ("Executive") and by a duly authorized representative of LIVE Entertainment Inc., a Delaware corporation ("Company"), this letter will set forth the terms and conditions of your employment.

1. Services

1.1 Employment. Company employs Executive during the Term (as hereinafter defined) to serve as Chief Executive Officer and President of Company, and to render such other services ("Services"), as Company or corporations controlled by, directly or indirectly, Company ("Company's Affiliates"), may from time to time reasonably request which are consistent with the duties Executive is to perform and Executive's stature and experience. Executive shall also be appointed to the Board of Directors of Company as soon as practicable after the date hereof and shall thereafter be included in management's slate of directors nominated for approval by the Company's shareholders. Executive shall comply with all of the reasonable and customary employment policies of Company and its Affiliates. The Services shall be generally performed at the principal offices of Company, currently in Van Nuys, California. In addition, the Services may be performed by Executive from time to time on a temporary travel basis at such other locations as Company shall reasonably request consistent with its reasonable business needs. Executive agrees to perform such Services in a competent and professional manner, consistent with the skills to be possessed by a senior executive officer in Company's business.

1.2 Reporting Requirements and Authority. Executive shall report to the Chairman of the Board of Directors of Company, the Board of Directors, or the Executive Committee thereof. The Company shall retain the services of Anthony J. Scotti as Chairman of the Board of Company during the period ending December 31, 1996, and, except as provided in Section 1.3.1 below, Executive's primary

reporting responsibility shall be to Anthony J. Scotti during such period and no person shall be interposed between Executive and Mr. Scotti. (Except as provided in Section 1.3.1 below, the failure of Anthony J. Scotti to be available for such purposes during such period, if due to a breach by Company of any obligation to, or agreement with, Anthony J. Scotti, shall be a material breach of Company's obligations to Executive hereunder.) Except for those officers and employees subject to election by the Board of Directors of Company Executive shall have the authority to select and employ all staff necessary to conduct the business of Company and each of its subsidiaries, and all such staff shall ultimately report to, and be subject to the control and direction of, Executive.

1.3 Public Board. Executive acknowledges that the Company may not remain as a public corporation and that the failure of the Company to so remain shall not be a breach hereunder. Executive also acknowledges that Company has, in the past, had merger discussions with Carolco Pictures Inc. and may have such discussions in the future. In the event that Company is merged with or acquired by Carolco Pictures Inc. or any other corporation, Executive acknowledges and agrees that he may not be requested to serve as a member of the Board of Directors of Carolco Pictures Inc. or any other company which acquires the Company. The Company's obligation to nominate Executive as a member of management's slate of its Board may be satisfied by nomination to the board or boards of nonpublic companies which operate and control the businesses then operated or controlled by the Company, such as the Board of LIVE Home Video Inc. In the event of such a merger or acquisition, then, notwithstanding the provisions of Section 1.2 above, Executive shall report directly to the Chief Executive Officer and/or the Chairman of the Board of the combined company. After such a merger or acquisition, the fact that Executive may not report to Mr. Scotti shall not constitute a breach of Company's obligations to Executive hereunder.

1.4 Ownership of Properties. Company, as employer, shall own, and Executive hereby transfers and assigns to Company, all rights in and to any material and/or ideas written, suggested or submitted by Executive during the Term and all other results and proceeds of the Services (the "Properties"). Company and its licensees and assigns shall have the right to adapt, change, revise, delete from, add to and/or rearrange the Properties or any part thereof written or submitted by Executive and to combine the same with other works to any extent, and to change or substitute the title thereof and in this connection Executive hereby waives any so-called "moral rights" of authors. Executive agrees to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence its ownership of the results and proceeds of Executive's services; provided, however, that nothing in this Section 1.4 shall be deemed

in any manner to restrict or qualify Executive's ownership or right to exploit Executive's personal memoirs.

1.5 Term/Exclusivity

1.5.1 The Term of this Agreement shall commence and this Agreement shall become effective as soon as possible after the date hereof, but no later than January 15, 1994, and shall end on December 31, 1997 unless extended or sooner terminated in accordance with the provisions of this Agreement (the "Term").

1.5.2 The Services shall be rendered on a full time basis during normal working hours and all services of Executive shall be exclusive to Company; provided, however, that Executive may engage in other business activities with Company's prior written consent which consent shall not be unreasonably withheld provided that such other business activities shall not constitute a Competitive Business (as defined in Section 1.5.3 hereof), and shall not adversely affect the performance of Executive's Services hereunder. Executive acknowledges that Executive's performances and services hereunder are of a special, unique, unusual, extraordinary and intellectual character which gives them peculiar value, the loss of which cannot be reasonably or adequately compensated in an action at law for damages and that a breach by Executive of the terms hereof (including without limitation this Section 1.5 and Section 1.7) will cause Company irreparable injury. Executive agrees that Company is entitled to seek injunctive and other equitable relief to prevent a breach or threatened breach of this Agreement, which shall be in addition to any other rights or remedies to which Company may be entitled.

1.5.3 During the term of this Agreement and of Executive's employment by Company (the "Restricted Period"), Executive shall not, directly or indirectly, (i) engage in any business for his own account which is competitive with the Businesses of Company or Company's Affiliates (collectively, "Competitive Business") so long as Company or Company's Affiliates (as the case may be) continue to engage in such business; (ii) enter the employ of, or render any services to, any person engaged in a Competitive Business; (iii) become interested in a Competitive Business in any capacity, including, without limitation, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or (iv) induce any customer or supplier of Company or Company's Affiliates to terminate its relationship with Company or Company's Affiliates (as the case may be). Notwithstanding anything to the contrary, Executive may acquire and/or retain, solely as an investment, and take customary actions to maintain and preserve Executive's ownership of:

A. securities of any corporation which are registered under Sections 12(b) or 12(g) of the Securities Exchange

Act of 1934, as amended, and which are publicly traded, as long as Executive is not part of any control group of such corporation (the Company is aware that Executive holds shares and options in Trimark Holdings, Inc. and such holdings are not in conflict with this Section 1.5.3A.); and

B. any securities of a partnership, trust, corporation or other person so long as Executive remains a passive investor in that entity and does not become part of any control group thereof (except in a passive capacity) and so long as such entity is not, directly or indirectly, in competition with Company or its Affiliates.

1.6 Offices. Company may from time to time appoint Executive to one or more offices of Company's subsidiaries or Affiliates and to elect Executive to the Board of Directors of such subsidiaries or Affiliates. Executive agrees to accept such offices if consistent with his stature and experience and with the type of offices previously held by Executive.

1.7 Confidentiality. Executive acknowledges that his Services will, throughout the Term, bring Executive into close contact with many confidential affairs of Company and its Affiliates, including information about costs, profits, markets, sales, products, key personnel, pricing policies, operational methods, technical processes and other business affairs and methods and other information not readily available to the public, and plans for future development. Executive further acknowledges that the businesses of Company and its Affiliates are international in scope, that their products are marketed throughout the world, that Company and its Affiliates compete in nearly all of their business activities with other organizations which are or could be located in nearly any part of the world and that the nature of Executive's Services, position and expertise are such that he is capable of competing with Company and its Affiliates from nearly any location in the world. In recognition of the foregoing, Executive covenants and agrees:

1.7.1 that Executive will keep secret all material confidential matters of Company and its Affiliates which are not otherwise in the public domain and will not intentionally disclose them to anyone outside of Company or its Affiliates, either during or after the Term, except with Company's written consent and except for such disclosure as is necessary in the performance of Executive's duties during the Term; and

1.7.2 that Executive will deliver promptly to Company on termination of the Term or at any other time Company may so request, at Company's expense, all confidential memoranda, notes, records, reports and other documents (and all copies thereof) relating to Company's and its Affiliates' business, which Executive

obtained while employed by, or otherwise serving or acting on behalf of, Company, or which Executive may then possess or have under his control.

1.8 Indemnification. Executive shall be entitled throughout the Term to the benefit of the indemnification provisions contained on the date hereof in the Bylaws of Company notwithstanding any future changes therein, to the extent permitted by applicable law at the time of the assertion of any liability against Executive, and to the most favorable indemnification provisions or agreements available to any other senior executive of Company.

2. Compensation

As compensation and consideration for all Services provided by Executive during the Term pursuant to this Agreement, Company agrees to pay to Executive the compensation set forth below.

2.1 Fixed Annual Compensation. For the period commencing on the effective date hereof and ending on December 31, 1994 Executive shall receive Fixed Annual Compensation in the amount of Four Hundred Fifty Thousand Dollars ($450,000). Executive's Fixed Annual Compensation shall be increased each calendar year thereafter by 5% (or more at the Board's discretion) of the Fixed Annual Compensation in effect in the prior calendar year. Executive's Fixed Annual Compensation shall be payable in equal installments on Company's regular pay dates following commencement of the Term.

2.2 Incentive Compensation. Executive shall receive an annual bonus equal to two percent (2%) of the Company's earnings before interest and taxes on income ("EBIT") determined in accordance with generally accepted accounting principles and the Company's regular accounting methods, in excess of $10,000,000 per annum, with losses, if any, on the disposition, if any, of the Companies Strawberries or VCL subsidiaries excluded in determining EBIT ("Incentive Compensation"). Incentive Compensation in any year shall be capped at 100% of Fixed Annual Compensation for the applicable year. The determination of Executive's annual Incentive Compensation shall be based upon a report by the Company's regular outside accounting firm (the "Accounting Firm") prepared upon completion of the Company's regular year-end audits, delivered to a committee of two independent Board members who shall verify such calculation and cause the Company to pay such Incentive Compensation no later than 15 days after completion of the Company's year-end audit, but no later than May 1 of the following year. Any dispute concerning the calculation of Incentive Compensation shall be settled by the Company's Accounting Firm.

2.3 Stock Options. Upon Executive's execution of the stock option agreement referred to hereinafter in this Section 2.3, as a

special inducement to Executive, Company will grant to Executive options to acquire 600,000 shares of Company's common stock at the closing price of Company's common stock on December 22, 1993 (the "Options"), with the Options to vest as follows (unless they vest earlier as provided in Section 3.2.2 or Section 3.3.3 (b)):

(i) 150,000 Options will vest on December 31, 1994;

(ii) an additional 150,000 Options will vest on December 31, 1995;

(iii) an additional 150,000 Options will vest on December 31, 1996;

(iv) the final 150,000 Options will vest on December 31, 1997.

The Options may be exercised until the earlier of: (a) ten (10) years from the date hereof, (b) three (3) years after termination of employment unless due to Executive's Material Breach (as hereinafter defined); or (c) termination of employment due to Executive's Material Breach. The Options will be subject to such additional terms and conditions as may be set forth in Company's 1988 Stock Option and Stock Appreciation Rights Plan, as amended through March 1993 (the "Option Plan"), as well as the form of stock option agreement. In the event of a merger of the Company, the Options will be converted into substantially similar options to receive substantially the same consideration as received by the holders of the Company's Common Stock, as determined by the Company's Stock Option Committee. The Company covenants that it shall secure shareholder approval for the Options and shall register the shares underlying the Options with the Securities and Exchange Commission on Form S-8 (if available for such purpose) on or before the first anniversary hereof. The options may be assigned to a trust established for the benefit of Executive's family, if to do so does not make the underlying shares ineligible for registration of Form S-8.

2.4 Signing Bonus. To provide to Executive in January 1994 upon commencement of employment a one-time "Signing Bonus" in the amount of One Hundred Thousand Dollars ($100,000) (less applicable taxes) which shall be paid to Executive in one lump sum.

2.5 Special Inducements. As a special inducement to Executive to enter into this Agreement, during the Term, Company agrees as follows:

2.5.1 To provide to Executive a life insurance policy ("Life Insurance Benefits") structured as the Company and Executive shall agree with premiums approximately equal to those paid by the Company for life insurance for Executive's predecessor

(approximately $16,000 per year) (taking into account the split-dollar feature of such predecessor's policy) and to pay all premiums thereon during the Term.

2.5.2 To provide, as additional compensation, long term disability insurance coverage of the type generally provided to the senior executives of Company ("Disability Benefits"), at the maximum percentage of Executive's Fixed Annual Compensation available for $10,000 per annum.

2.5.3 To provide Executive with a luxury automobile consistent with Executive's stature with Company for business purposes, or reimbursement to Executive of Executive's cost for such an automobile. In addition, Company shall pay all costs of reasonable maintenance, repair and insurance on such automobile ("Automobile Benefits"). Executive covenants and agrees that he shall operate any automobile provided by the Company hereunder with "reasonable care." Executive further agrees that Company shall retain title to such automobile. At the end of the Term, Executive shall have the right to acquire any automobile provided by Company at its then lease retention price. Upon exercise of such right by Executive and transfer to Executive of title to the automobile, Company shall no longer be responsible for the payment of any costs described herein.

2.5.4 During each year of the Term, to provide Executive a paid vacation of up to four (4) weeks. Such vacation shall be taken at such time or times during the applicable year as may be determined by Executive subject to Company's business needs ("Vacation Benefits"). Any additional vacation period shall be determined by Company consistent with the general customs and practices of Company applicable to its executives.

2.5.5 To provide, as additional compensation, health insurance coverage of the type generally provided to the senior executives of Company ("Health Insurance Benefits").

2.5.6 Company shall increase Executive's compensation in an amount sufficient to pay Executive's monthly membership dues for the business use of a local country club (the "Club") for the Term hereof, but in no event in excess of $10,000 per year. In addition, Company agrees to provide Executive with an interest free loan of up to $60,000 to allow Executive to purchase an equity membership in such Club ("Club Benefits"). Upon termination of Executive's employment hereunder for any reason, Executive shall return to Company, in cash, the amount provided by Company to purchase such membership.

The foregoing Life Insurance Benefits, Disability Benefits, Health Insurance Benefits, Automobile Benefits, Vacation Benefits and Club Benefits shall be hereinafter referred to as "Special Benefits."

2.6 Additional Benefits. Without limiting any other provision hereof, Executive shall be entitled to participate in any profit-sharing, pension, health, vacation, insurance or other plans, benefits or policies available to the senior executive employees of Company and not duplicative of those provided herein on the terms determined by the Company in its sole and absolute discretion from time to time, and will be entitled to reimbursement of his reasonable and customary business expenses (including first-class travel) incurred on behalf of Company or Company's Affiliates ("Additional Benefits").

3. Termination

3.1 Termination by Company.

3.1.1 Executive Material Breach. Company shall have the right, at its election, to terminate the Term, by written notice to Executive to that effect, only for "good cause" defined for this purpose to mean (i) material and repeated instances of misconduct or habitual inability to perform the Services, or violation of Company's published policies or procedures after written notice, (ii) a single act so grievous as to constitute the equivalent of such repeated instances (including, without limitation, theft, misappropriation of Company's assets, or sexual harassment), (iii) unauthorized disclosure of confidential information which is materially damaging to the Company, or (iv) a material breach of any covenant, condition, agreement or term of this Agreement ("Executive's Material Breach") and only if Company shall have given written notice to Executive specifying the claimed cause or breach and, provided such breach is curable, Executive fails to correct the claimed breach or fails to alter the objectional pattern of conduct specified in the applicable written notice as soon as practical thereafter but no later than thirty (30) days after receipt of the applicable notice or such longer time as may be reasonably required by the nature of the claimed breach. However, in no event shall a material breach of the provisions of Sections 1.7 or 3.1.1(i), (ii) or (iii) be subject to cure.

3.1.2 Effect of Termination by Company. Should the Term be terminated by Company by reason of Executive's Material Breach, Executive shall have no right to any further Fixed Annual Compensation from and after termination, or to any Incentive Compensation, Special Benefits, or Additional Benefits accruing for the fiscal year of termination or thereafter, and all Options not then vested shall terminate.

3.2 Termination by Executive.

3.2.1 Company's Material Breach. Executive shall

have the right, at his election, to terminate the Term by written notice to Company to that effect if Company shall have failed to substantially comply with or perform a material condition or covenant of this Agreement ("Company's Material Breach"); provided that, if such breach is curable, termination for Company's Material Breach will not be effective until Executive shall have given written notice specifying the claimed breach and Company fails to correct the claimed breach within thirty (30) days after the receipt of the applicable notice or such longer time as may be reasonably required by the nature of the claimed breach (but within five (5) business days, if the failure to perform is a failure to pay monies when due under the terms of this Agreement).

3.2.2 Effect of Termination by Executive. Subject to the provisions of Section 3.4 below, should Executive terminate the Term due to Company's Material Breach, Company shall, for the then remainder of the Term, pay to Executive or provide Executive with:

(i) Executive's Fixed Annual Compensation,

(ii) Incentive Compensation,

(iii) Life Insurance and Disability,

(iv) Health Insurance, and

(v) Automobile Benefits.

In addition, all Options shall vest on the date of such termination. Executive also shall receive, through the date of termination, such Vacation Benefits accrued but unpaid through such date. All other benefits shall cease on the date of termination of employment.

Should Executive terminate the Term other than for Company's Material Breach, such termination shall be treated as a termination by the Company for Executive's Material Breach.

3.3 Executive's Death or Disability.

3.3.1 Death. The Term shall immediately terminate upon Executive's death as certified in accordance with the provisions of California law ("Death").

3.3.2 Disability. As used herein, the term "Disability" shall have such meaning as set forth in Company's disability policy in effect as of the date hereof. If there is no Company disability policy in effect on the date of a potential Disability, the term "disability" shall mean Executive becoming unable to perform the Services as a result of his permanent or temporary, total or partial, physical or mental disability. In

such event, absent a Material Breach by Executive, Company shall not have the right (notwithstanding any other provision of this Agreement to the contrary) to terminate the Term due to Disability prior to the expiration of the Disability Period. As used herein, the term "Disability Period" shall mean the period commencing on the first day of the calendar month following the month during which such Disability occurs and ending on the first to occur of the following: (i) the expiration of the Term; (ii) if the Disability is continuous throughout the six (6) consecutive months following the month during which the Disability occurs, then the last day of such sixth consecutive calendar month; and (iii) if the Disability is intermittent and shall exist throughout each of any twelve (12) calendar months following the month during which the Disability occurs, then the last day of such twelfth calendar month.

3.3.3 Effect of Death or Disability.

(a) Fixed Annual Compensation, Special Benefits and Additional Benefits: Should the Term be terminated in accordance with the provisions of Sections 3.3.1 or 3.3.2 by reason of Executive's Death or Disability, Executive or his estate (as the case may be) shall have no right to any further Fixed Annual Compensation, any Incentive Compensation, any Special Benefits, any Additional Benefits or any other sums or benefits accruing to Executive hereunder after the date of termination; provided, however, that the Fixed Annual Compensation otherwise payable during the Disability Period shall nevertheless be payable on the terms set forth herein to Executive as a disability benefit ("Disability Benefit"). Any disability insurance proceeds actually received by Executive during the Disability Period with respect to such Disability shall reduce on a dollar-for-dollar basis the Disability Benefit otherwise payable by Company during the Disability Period pursuant to this Section 3.3.3.

(b) Incentive Compensation and Options: Should the Term be terminated in accordance with the provisions of Sections 3.3.1 or 3.3.2 by reason of Executive's Death or Disability, Executive or his estate (as the case may be) shall be entitled to receive such prorated Incentive Compensation that shall have accrued during that portion of the fiscal year prior to such Death or Disability. All Options shall vest on the date of termination by reason of Executive's Death or Disability, and Executive's estate shall be entitled to exercise all such Options by reason of Executive's Death as provided in the Option Agreement.

3.4 Mitigation. Executive agrees to attempt to mitigate the damages he may incur in the event of termination due to Company's Material Breach provided, however, that he shall not be required to accept employment not consistent with his stature and position in the entertainment industry. Executive agrees that if Executive

furnishes his services for other engagements or employment after termination hereunder, the total compensation actually earned by Executive together with any other benefits earned by Executive shall reduce any amounts and benefits which Company would otherwise be required to pay or provide to Executive. Executive agrees that he shall give written notice to Company (promptly after accepting employment or furnishing his services after termination of his employment with Company) of any amounts earned (or to be earned) by Executive and any benefits provided (or to be provided) to Executive pursuant to his new employment arrangement. Executive's inability to mitigate due to Disability shall not be a breach hereof.

4. General

4.1 Applicable Law Controls. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law and wherever there is any conflict between any provisions of this Agreement and any material statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, then the latter shall prevail; provided, however, that in any such event the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to bring them within applicable legal requirements, and provided further that if any obligation to pay the Fixed Annual Compensation or any other amount due Executive hereunder is so curtailed, then such compensation or amount shall be paid as soon thereafter, either during or subsequent to the Term, as permissible.

4.2 Waiver/Estoppel. Any party hereto may waive the benefit of any term, condition or covenant in this Agreement or any right or remedy at law or in equity to which any party may be entitled but only by an instrument in writing signed by the party to be charged. No estoppel may be raised against any party except to the extent the other party relies on an instrument in writing, signed by the party to be charged, specifically reciting that the other party may rely thereon. The parties' rights and remedies under and pursuant to this Agreement or at law or in equity shall be cumulative and the exercise of any rights or remedies under one provision hereof or rights or remedies at law or in equity shall not be deemed an election of remedies; and any waiver or forbearance of any breach of this Agreement or remedy granted hereunder or at law or in equity shall not be deemed a waiver of any preceding or succeeding breach of the same or any other provision hereof or of the opportunity to exercise such right or remedy or any other right or remedy, whether or not similar, at any preceding or subsequent time.

4.3 Notices. Any notice which Company is required or may desire to give to Executive hereunder shall be in writing and may

be served by delivering it to Executive, or by sending it to Executive by mail (effective three (3) days after mailing) or overnight delivery of same (effective the next business day), at the address set forth on page one hereof, or by telecopy (effective twelve (12) hours after confirmation), or such substitute address as Executive may from time to time designate by notice to Company. A courtesy copy of all notices to Executive shall be delivered to Kenneth Kleinberg, Esq., Kleinberg & Lange, 1880 Century Park East, Suite 1150, Los Angeles, California 90067. Any notice which Executive is required or may desire to serve upon Company hereunder shall be served in writing and may be served by delivering it personally or by sending it by mail, telex or telegraph to the address set forth on page one hereof, attention Chairman of the Board, or such other substitute address as Company may from time to time designate by notice to Executive.

4.4 Governing Law. This Agreement shall be governed by, construed and enforced and the legality and validity of each term and condition shall be determined in accordance with the internal, substantive laws of the State of California applicable to agreements fully executed and performed entirely in California.

4.5 Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

4.6 No Joint Venture. Nothing herein contained shall constitute a partnership between or joint venture by the parties hereto or appoint any party the agent of any other party. No party shall hold itself out contrary to the terms of this Section and, except as otherwise specifically provided herein, no party shall become liable for the representation, act or omission of any other party. This Agreement is not for the benefit of any third party who is not referred to herein and shall not be deemed to give any right or remedy to any such third party.

4.7 Modification/Entire Agreement. This Agreement may not be altered, modified or amended except by an instrument in writing signed by all of the parties hereto. No person, whether or not an officer, agent, employee or representative of any party, has made or has any authority to make for or on behalf of that party any agreement, representation, warranty, statement, promise, arrangement or understanding not expressly set forth in this Agreement or in any other document executed by the parties concurrently herewith ("Parol Agreements"). This Agreement and all other documents executed by the parties concurrently herewith constitute the entire agreement between the parties and supersede all express or implied, prior or concurrent, Parol Agreements and prior written agreements with respect to the subject matter hereof. The parties acknowledge that in entering into this Agreement, they have not relied and will not in any way rely upon any Parol

Agreements.

Please confirm your agreement to the foregoing by signing below where indicated.

Dated as of December 23, 1993

Very truly yours,

LIVE Entertainment Inc., a Delaware corporation

By:_____
Anthony J. Scotti
Chairman of the Board

AGREED AND ACCEPTED
as of this 23rd day of December, 1993

_____
Roger A. Burlage

LIVE Entertainment Inc.
15400 Sherman Way, Suite 500
Van Nuys, California 91406

September 29, 1993

David A. Mount
4720 Golf Course Drive
Westlake Village, California 91362

Dear Mr. Mount:

We have received, and agreed to accept, your resignation effective as of September 30, 1993 (the "Termination Date") as President and Chief Executive Officer of LIVE Entertainment Inc., a Delaware corporation ("LIVE"), and from any and all other positions you may have held from time to time with any of LIVE's parents, subsidiaries and associated or affiliated companies (LIVE and all of its subsidiaries and associated or affiliated companies are hereinafter collectively referred to as the "Company"). We understand, however, that you will remain as a member of the Board of Directors of LIVE, although on the Termination Date you will resign from all Committees of the Board of Directors of LIVE of which you currently are a member. The purpose of this letter agreement and general release (the "Agreement") is to confirm our discussions concerning your resignation and to set forth the terms and provisions agreed to among us in that connection.

In consideration of the mutual promises and agreements contained herein, you and LIVE agree as follows:

1. Except for your Directorship of LIVE, you have resigned as a Director, officer and employee of the Company effective as of the Termination Date. You have signed and delivered the attached resignation letter with your delivery of a copy of this letter.

2. On or before the Termination Date, the Company will pay you the sum of $57,211.53, representing accrued and unpaid vacation pay. On the Termination Date, the Company will pay you all accrued and unpaid salary due to you. Both such payments will be reduced by deductions required under the laws of the United States of America and the State of California. You agree that said payments represent, and are in lieu of, any and all accrued and outstanding Fixed Annual Compensation, Incentive Compensation and Special Benefits, all as defined in the Employment Agreement between you and LIVE dated as of January 2, 1992, as amended as of November 20, 1992 (the "Employment Agreement"), and any other amounts or benefits to which you may be entitled under the Employment

Agreement. You will not receive a bonus payment for 1993. As a member of the Board of Directors of LIVE, effective October 1, 1993, you will be entitled to payment of regular Board fees and expenses as an "outside Director."

3. Until your departure as a member of the Board of Directors of LIVE, you will retain your 183,500 options to purchase LIVE Common Stock in accordance with the various Option Agreements between you and the Company related to such options. Upon your departure as a member of LIVE's Board of Directors, all such options not then vested shall terminate and be canceled. All options that are vested on the date of such departure shall be canceled ninety (90) days thereafter, unless such vested options are exercised by you prior to the end of such ninety (90) day period.

4. On the Termination Date, you will turn over to Michael J. White, or his designee, any keys to Company offices or Company credit cards, as well as the keys to the Mercedes automobile being leased by the Company for your use. On that same date, you will turn over to Mr. White, or his designee, any of the Company's files, records, or equipment kept in or maintained by you in your office or elsewhere. In addition, you will submit by thirty (30) days from the Termination Date any and all expense account reports and vouchers relating to your employment for which you seek reimbursement.

5. You will remain entitled to any rights and benefits that you may have under the Company's 401(k) Plan for employees in accordance with the terms of such Plan.

6. Pursuant to Section 3.4.1 of the Employment Agreement, the Company has been paying the premiums on the one million dollar ($1,000,000) whole life split dollar life insurance policy that the Company is carrying for the benefit of your beneficiaries (the "Policy"). In accordance with that Section 3.4.1, the Company shall continue to pay all premiums on the Policy up to the Termination Date, whereupon the Company shall stop paying premiums on the Policy. On or before ninety (90) days after the Termination Date, you will pay to the Company the sum of $22,843.22, representing what the cash surrender value of the Policy would be if the Policy were returned to the insurance company. Upon receipt of such payment, the Company shall assign the Policy to you and execute all documents reasonably requested either by you or the insurance company to effectuate such assignment.

7. On or before ninety (90) days after the Termination Date, you will pay to the Company the sum of sixty thousand dollars ($60,000), representing the amount paid by the Company to acquire a membership in your name at North Ranch Country Club in Thousand Oaks, California.

8. On or before ninety (90) days after the Termination Date, you will repay the Company $62,500 of the principal amount of that certain Promissory Note dated as of May 7, 1990 from you to the order of the Company, as amended by First Amendment dated as of January 2, 1992 (collectively, the "Note"), following which payment the Company will return the original Note to you, marked canceled.

9. You will be entitled to the continued protection of the indemnification provisions of Section 2.7 of the Employment Agreement.

10. You acknowledge that you continue to be bound by the provisions of Sections 2.3 and 2.6 of the Employment Agreement dealing with "Ownership of Properties" and "Confidentiality" in accordance with their terms.

11. You will be responsible for all local, state and federal income and social security or self-employment taxes on the payments and benefits to be provided to you hereunder.

12. Following termination of your employment with LIVE, you will not be required to perform any further services for the Company except:

(a) services rendered as a member of the Board of Directors of LIVE;

(b) as is necessary to cooperate with and assist the Company, its officers and employees, in the orderly transition of management; and

(c) to assist and cooperate (including, but not limited to, testifying or providing information to the Company) in the investigation and handling of any actual or threatened court action, arbitration or administrative proceeding involving any matter that arose during the period of your employment with LIVE.

13. You, and anyone claiming through you, hereby unconditionally release, remise, forever discharge and agree not to sue the Company and any and all parents, divisions, subsidiaries, affiliates and/or other related entities of the Company, including but not limited to, LIVE Home Video Inc., Carolco Pictures Inc. and each of the Company's past, present and future owners, directors, officers, employees, and the predecessors, successors and assigns of each of them, in their personal and corporate capacities (hereinafter jointly referred to as the "released parties"), from any and all liabilities, actions, claims, obligations, damages, attorneys' fees, suits, and demands of any kind or nature, known and unknown, liquidated or unliquidated, in law or in equity, whether arising under any local, state, or federal statute or

ordinance, or under the common law of any state of the United States, or under any federal common law of the United States, or under any contract, from the beginning of time to the Termination Date, including, but not limited to, all claims for breach of or benefits under the Employment Agreement, which Employment Agreement shall be terminated effective as of the Termination Date, and all claims relating to your employment and resignation, including any claims under the doctrines of defamation, libel, slander, invasion of privacy, interference with contractual relations, or implied contracts arising from employee handbooks, policies, manuals or statements of procedure and wrongful discharge, it being the intention of the Company and you to make this release as broad and as general as the law permits; provided, however, that you do not hereby release the Company from its obligations under this Agreement and any rights you may have for indemnification by reason of the fact that you were an officer, director, employee or agent of the Company, and provided further that this Paragraph 13 does not prohibit you, at your own expense, from filing a lawsuit for the sole purpose of enforcing this Agreement. Further, to the extent permitted by law, you hereby waive the provisions of Section 1542 of the California Civil Code, which states:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Except for enforcement of this Agreement, the Company similarly releases you from any claims it may have against you. You accept this Agreement as being in full accord, satisfaction, compromise and settlement of any and all disputed claims and the payment thereof and is not an admission by the Company or any of the released parties, of any tort, breach of contract or violation of any federal, state or local law, regulation or ordinance.

14. The parties hereto agree that they will not at any time engage in any action either directly or indirectly which disparages or results in the disparagement of the other party or any of the released parties.

15. Neither you, on the one hand, nor the Company, on the other, will cause or encourage any other legal proceedings to be maintained or instituted against the other party or any of the released parties, and neither will participate in any manner in any other legal proceedings against the other party or any of the released parties with respect to the matters referred to in this Agreement except for enforcement of this Agreement. In the event of a breach or a threatened or intended material breach of this Agreement by one party, the other shall be entitled, in addition to

remedies otherwise available to it at law or in equity, to injunctive relief, both preliminary and permanent, enjoining such breach or threatened or intended breach, which shall be issued forthwith by any court of competent jurisdiction.

16. This Agreement represents the entire agreement between the parties relating to the subject matters covered hereby (and supersedes any prior agreement as to such matters, except as provided herein) and shall not be amended or waived except in a writing signed by the parties hereto.

17. You acknowledge that the Company has encouraged you to have this Agreement reviewed and negotiated by an attorney of your own choosing and that you have carefully read, fully understand and voluntarily executed this Agreement.

Please indicate your acceptance of the above arrangement by signing and returning to us the enclosed copy of this letter and the attachment.

Very truly yours,

LIVE ENTERTAINMENT INC.

By:

Title:

Agreed to:

David A. Mount

Date: September 29, 1993

David A. Mount
4720 Golf Course Drive
Westlake Village, California 91362

September 29, 1993

The Board of Directors of
LIVE Entertainment Inc.
15400 Sherman Way, Suite 500

Van Nuys, California 91406

Gentlemen:

I hereby resign, effective September 30, 1993, as President and Chief Executive Officer of LIVE Entertainment Inc., as well as from any and all other positions I may have held with any of the parents, subsidiaries or affiliates of LIVE Entertainment Inc. I will remain as a member of the Board of Directors of LIVE Entertainment Inc., although effective September 30, 1993, I hereby resign from all Committees of the Board of Directors of LIVE Entertainment Inc. of which I currently am a member.

Sincerely,

_____
David A. Mount

LIVE ENTERTAINMENT INC.
15400 SHERMAN WAY
SUITE 500
VAN NUYS, CALIFORNIA 91406

DATE: As of February 1, 1994

Mr. Michael J. White
c/o LIVE Entertainment Inc.
15400 Sherman Way
Suite 500
Van Nuys, California 91406

Re: Employment Agreement

Dear Mr. White:

When executed by you ("Employee") and by a duly authorized representative of LIVE Entertainment Inc., a Delaware corporation ("Company"), this letter will set forth the terms and conditions of Employee's employment.

1. Services

1.1 Employment. Company employs Employee during the Term (as hereinafter defined) to serve as Executive Vice President/Chief Administrative Officer and General Counsel of Company, and to render such other services ("Services") as Company or corporations controlled by, under common control with or controlling, directly or indirectly, Company ("Company's Affiliates"), may from time to time reasonably request which are consistent with the duties Employee is to perform and Employee's stature and experience. Employee shall comply with all of the reasonable and customary employment policies of Company and its Affiliates. The Services shall be generally performed at the principal offices of Company, currently in Van Nuys, California. In addition, the Services may be performed by Employee from time to time on a temporary travel basis at such other locations as Company shall reasonably request consistent with its reasonable business needs. Employee agrees to perform such Services in a competent and professional manner, consistent with the skills to be possessed by a senior executive officer in Company's business.

1.2 Reporting Requirements. Employee shall report to the Chief Executive Officer of Company.

1.3 Ownership of Properties. Company, as employer, shall

own, and Employee hereby transfers and assigns to Company, all rights in and to any material and/or ideas written, suggested or submitted by Employee during the Term and all other results and proceeds of the Services ("Properties"). Company and its licensees and assigns shall have the right to adapt, change, revise, delete from, add to and/or rearrange the Properties or any part thereof written or submitted by Employee and to combine the same with other works to any extent, and to change or substitute the title thereof and in this connection Employee hereby waives any so-called "moral rights" of authors. Employee agrees to execute and deliver to Company such assignments or other instruments as Company may require from time to time to evidence its ownership of the results and proceeds of Employee's services; provided, however, that nothing in this Section 1.3 shall be deemed in any manner to restrict or qualify Employee's ownership or right to exploit Employee's personal memoirs.

1.4 Term/Exclusivity

1.4.1 The Term of this Agreement shall commence on the date hereof and shall end upon notice of termination from one party to the other (the "Term").

1.4.2 The Services shall be rendered on a full time basis during normal working hours and all services of Employee shall be exclusive to Company; provided, however, that Employee may engage in other business activities with Company's prior written consent which consent shall not be unreasonably withheld provided that such other business activities shall not constitute a Competitive Business (as defined in Section 1.4.3 hereof), and shall not adversely affect the performance of Employee's Services hereunder. Employee acknowledges that Employee's performances and services hereunder are of a special, unique, unusual, extraordinary and intellectual character which gives them peculiar value, the loss of which cannot be reasonably or adequately compensated in an action at law for damages and that a breach by Employee of the terms hereof (including without limitation this Section 1.4 and Section 1.5) will cause Company irreparable injury. Employee agrees that Company is entitled to injunctive and other equitable relief to prevent a breach or threatened breach of this Agreement, which shall be in addition to any other rights or remedies to which Company may be entitled.

1.4.3 During the term of this Agreement and of Employee's employment by Company (the "Restricted Period"), Employee shall not, directly or indirectly, (i) engage in any business for his own account which is competitive with the businesses of Company or Company's Affiliates (collectively, "Competitive Business") so long as Company or Company's Affiliates (as the case may be) continue to engage in such business; (ii) enter the employ of, or render any services to, any person engaged

in a Competitive Business; (iii) become interested in a Competitive Business in any capacity, including, without limitation, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or (iv) induce any customer or supplier of Company or Company's Affiliates to terminate its relationship with Company or Company's Affiliates (as the case may be). Notwithstanding anything to the contrary, Employee may acquire and/or retain, solely as an investment, and take customary actions to maintain and preserve Employee's ownership of:

A. securities of any corporation which are registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and which are publicly traded, as long as Employee is not part of any control group of such corporation; and

B. any securities of a partnership, trust, corporation or other person so long as Employee remains a passive investor in that entity and does not become part of any control group thereof (except in a passive capacity) and so long as such entity is not, directly or indirectly, in competition with Company or its Affiliates.

1.5 Confidentiality. Employee acknowledges that his Services will, throughout the Term, bring Employee into close contact with many confidential affairs of Company and its Affiliates, including information about costs, profits, markets, sales, products, key personnel, pricing policies, operational methods, technical processes and other business affairs and methods and other information not readily available to the public, and plans for future development. Employee further acknowledges that the businesses of Company and its Affiliates are international in scope, that their products are marketed throughout the world, that Company and its Affiliates compete in nearly all of their business activities with other organizations which are or could be located in nearly any part of the world and that the nature of Employee's Services, position and expertise are such that he is capable of competing with Company and its Affiliates from nearly any location in the world. In recognition of the foregoing, Employee covenants and agrees:

1.5.1 that Employee will keep secret all material confidential matters of Company and its Affiliates which are not otherwise in the public domain and will not intentionally disclose them to anyone outside of Company or its Affiliates, either during or after the Term, except with Company's written consent and except for such disclosure as is necessary in the performance of Employee's duties during the Term; and

1.5.2 that Employee will deliver promptly to Company on termination of the Term or at any other time Company may so request, at Company's expense, all confidential memoranda, notes,

records, reports and other documents (and all copies thereof) relating to Company's and its Affiliates' business, which Employee obtained while employed by, or otherwise serving or acting on behalf of, Company, or which Employee may then possess or have under his control.

1.6 Indemnification. Employee shall be entitled throughout the Term to the benefit of the indemnification provisions contained on the date hereof in the Bylaws of Company notwithstanding any future changes therein, to the extent permitted by applicable law at the time of the assertion of any liability against Employee, and to the most favorable indemnification provisions or agreements available to any other senior executive of Company.

2. Compensation

As compensation and consideration for all Services provided by Employee during the Term pursuant to this Agreement, Company agrees to pay to Employee the compensation set forth below.

2.1 Fixed Annual Compensation. A Fixed Annual Compensation in the amount of no less than Two Hundred Fifty Thousand Dollars ($250,000). Employee's Fixed Annual Compensation shall be payable in equal installments on Company's regular pay dates following commencement of the Term.

2.2 Incentive Compensation. Employee shall be eligible to participate in Company's discretionary Corporate Bonus Program, as determined, modified and published by Company from time to time ("Incentive Compensation").

2.3 Vacation Benefits. During each year of the Term, Employee shall be entitled to a vacation of four (4) weeks, without deduction of salary. Such vacations shall be taken at such time or times during the applicable year as may be determined by Employee subject to Company's business needs. Employee shall be entitled to take any unused portion of his paid vacation in any subsequent year of the Term, subject to the Company's business needs and policy and consistent with applicable laws ("Vacation Benefits"). Notwithstanding the foregoing, Employee shall at no time have more than six (6) weeks of accrued vacation, and at such time as six (6) weeks of vacation are accrued by Employee, no additional vacation will accrue unless and until vacation time is taken and the amount of Employee's accrued vacation time becomes less than six (6) weeks. Any additional vacation period shall be determined by Company consistent with the general customs and practices of the Company applicable to its executives.

2.4 Additional Benefits. Without limiting any other provision hereof, Employee shall be entitled to participate in any profit-sharing, pension, health, vacation, insurance or other

plans, benefits or policies available to the executives of Company of similar stature and seniority on the terms generally applicable to such executives and will be entitled to reimbursement of his reasonable and customary business expenses incurred on behalf of Company or Company's Affiliates ("Additional Benefits"). Employee acknowledges that such benefits can change from time to time without notice to Employee, and Employee shall retain no residual rights in any superseded benefit plan.

3. Termination

3.1 Termination by Company.

3.1.1 Employee Material Breach. Company shall have the right, at its election, to terminate the Term, by written notice to Employee to that effect, only for "good cause" defined for this purpose to mean (i) material and repeated instances of misconduct or habitual inability to perform the Services, or violation of Company's published policies or procedures, (ii) a single act so grievous as to constitute the equivalent of such repeated instances (including, without limitation, theft, mis-appropriation of Company's assets, or sexual harassment), (iii) unauthorized disclosure of confidential information related to customers, employees or general business strategies, or (iv) a material breach of any covenant, condition, agreement or term of this Agreement ("Employee's Material Breach") and only if Company shall have given written notice to Employee specifying the claimed cause or breach and, provided such breach is curable, Employee fails to correct the claimed breach or fails to alter the objectional pattern of conduct specified in the applicable written notice as soon as practical thereafter but no later than thirty (30) days after receipt of the applicable notice or such longer time as may be reasonably required by the nature of the claimed breach. However, in no event shall a material breach of the provisions of Section 1.3, 1.5 or 3.1.1(i), (ii) or (iii) be subject to cure.

3.1.2 Effect of Termination by Company for Employee Material Breach. Should the Term be terminated by Company by reason of Employee's Material Breach, Employee shall have no right to any further Fixed Annual Compensation from and after termination, or to any Incentive Compensation or Additional Benefits accruing for the fiscal year of termination or thereafter.

3.1.3 Company Notice of Termination and Effect Thereof. Company shall have the right to terminate the Term at any time as provided in Section 1.4 hereof upon notice from Company to Employee, provided that such termination by Company shall be treated as if Employee had terminated the Term as a result of Company's Material Breach pursuant to Section 3.2.1 hereof, in which event Employee shall be entitled to the payments and benefits

set forth in Section 3.2.2 hereof.

3.2 Termination by Employee.

3.2.1 Company's Material Breach. Employee shall have the right, at his election, to terminate the Term by written notice to Company to that effect if Company shall have failed to substantially perform a material condition or covenant of this Agreement, or if Company shall materially reduce Employee's job duties or responsibilities in the absence of Employee's Material Breach ("Company's Material Breach"); provided that, if such breach is curable, termination for Company's Material Breach will not be effective until Employee shall have given written notice specifying the claimed breach and Company fails to correct the claimed breach within thirty (30) days after the receipt of the applicable notice or such longer time as may be reasonably required by the nature of the claimed breach (but within ten (10) days, if the failure to perform is a failure to pay monies when due under the terms of this Agreement).

3.2.2 Effect of Termination by Employee. Subject to the provisions of Section 3.4 below, should Employee terminate the Term due to Company's Material Breach, Company shall, for a period of one year after such termination, pay to Employee or provide Employee with:

(i) Employee's Fixed Annual Compensation, and

(ii) Health Insurance.

In addition, all options held by Employee to purchase stock in the Company pursuant to the Company's Stock Option Plan (collectively, the "Options") shall vest on the date of termination. Employee shall also receive such Incentive Compensation and Vacation Benefits accrued through the date of termination. All other benefits shall cease on the date of termination of employment.

Except with regard to a termination of the Term by reason of Employee's Death or Disability (as both terms are defined in Section 3.3), should Employee terminate the Term other than for Company's Material Breach, such termination shall be treated as a termination by Company for Employee's Material Breach.

3.3 Employee's Death or Disability.

3.3.1 Death. The Term shall immediately terminate upon Employee's death as certified in accordance with the provisions of California law ("Death").

3.3.2 Disability. In the event that during the Term Employee becomes unable to perform the Services as a result of his

permanent or temporary, total or partial, physical or mental disability (as defined in Company's disability insurance policy, if any) ("Disability"):

3.3.2.1 the Fixed Annual Compensation otherwise payable during the Disability Period (as herein defined) shall nevertheless be payable on the terms set forth herein to Employee as a disability benefit ("Disability Benefit");

3.3.2.2 any disability insurance proceeds actually received by Employee during the Disability Period with respect to such Disability shall reduce on a dollar-for-dollar basis the Disability Benefit otherwise payable by Company during the Disability Period pursuant to this Section 3; and

3.2.2.3 Company shall not have the right (notwithstanding any other provision of this Agreement to the contrary) to terminate the Term due to such Disability prior to the expiration of the Disability Period.

As used herein, the term "Disability Period" shall have such meaning as shall be defined in Company's disability insurance policy in effect as of the date hereof, and if no such policy is in effect it shall mean the period commencing on the first day of the calendar month following the month during which such Disability occurs and ending on the first to occur of the following: (i) if the Disability is continuous throughout the six (6) consecutive months following the month during which the Disability occurs, then the last day of such sixth consecutive calendar month; and (ii) if the Disability is intermittent and shall exist throughout each of any twelve (12) calendar months following the month during which the Disability occurs, then the last day of such twelfth calendar month. Company shall have the right to terminate the Term at the expiration of the Disability Period if and only if the Disability of Employee is then continuing.

3.3.3 Effect of Death or Disability.

(a) Fixed Annual Compensation and Additional Benefits: Should the Term be terminated in accordance with the provisions of Sections 3.3.1 or 3.3.2 by reason of Employee's Death or Disability, Employee or his estate (as the case may be) shall have no right to any further Fixed Annual Compensation, any Additional Benefits or any other sums or benefits accruing to Employee hereunder; provided, however, that the sums identified in Section 3.3.2 hereof shall be paid to Employee on the terms set forth therein.

(b) Incentive Compensation and Options: Should the Term be terminated in accordance with the provisions of Sections 3.3.1 or 3.3.2 by reason of Employee's Death or Disability,

Employee or his estate (as the case may be) shall be entitled to receive such Incentive Compensation that shall have accrued during that portion of the fiscal year prior to such Death or Disability. All Options shall vest on the date of termination by reason of Employee's Death or Disability, and Employee's estate shall be entitled to exercise all Options which have vested on or prior to the date of termination by reason of Employee's Death.

3.4 Mitigation. Employee agrees that if Employee furnishes his services for other engagements or employment after termination hereunder, the total compensation actually earned by Employee together with any welfare or other benefits earned by Employee shall reduce any amounts and benefits which Company would otherwise be required to pay or provide to Employee. Employee agrees that he shall give written notice to Company (promptly after accepting employment or furnishing his services after termination of his employment with Company) of any amounts earned (or to be earned) by Employee and any benefits provided (or to be provided) to Employee pursuant to his new employment arrangement.

4. General

4.1 Applicable Law Controls. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law and wherever there is any conflict between any provisions of this Agreement and any material statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, then the latter shall prevail; provided, however, that in any such event the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to bring them within applicable legal requirements, and provided further that if any obligation to pay the Fixed Annual Compensation or any other amount due Employee hereunder is so curtailed, then such compensation or amount shall be paid as soon thereafter, either during or subsequent to the Term, as permissible.

4.2 Waiver/Estoppel. Either party hereto may waive the benefit of any term, condition or covenant in this Agreement or any right or remedy at law or in equity to which either party may be entitled but only by an instrument in writing signed by the party to be charged. No estoppel may be raised against either party except to the extent the other party relies on an instrument in writing, signed by the party to be charged, specifically reciting that the other party may rely thereon. The parties' rights and remedies under and pursuant to this Agreement or at law or in equity shall be cumulative and the exercise of any rights or remedies under one provision hereof or rights or remedies at law or in equity shall not be deemed an election of remedies; and any waiver or forbearance of any breach of this Agreement or remedy granted hereunder or at law or in equity shall not be deemed a

waiver of any preceding or succeeding breach of the same or any other provision hereof or of the opportunity to exercise such right or remedy or any other right or remedy, whether or not similar, at any preceding or subsequent time.

4.3 Notices. Any notice which Company is required or may desire to give to Employee hereunder shall be in writing and may be served by delivering it to Employee, or by sending it to Employee by mail, telex or telegraph, at the address set forth on page 1 hereof, or such substitute address as Employee may from time to time designate by notice to Company. Any notice which Employee is required or may desire to serve upon Company hereunder shall be served in writing and may be served by delivering it personally or by sending it by mail, telex or telegraph to the address set forth on page 1 hereof, attention of the Chief Executive Officer, or such other substitute address as Company may from time to time designate by notice to Employee.

4.4 Governing Law. This Agreement shall be governed by, construed and enforced and the legality and validity of each term and condition shall be determined in accordance with the internal, substantive laws of the State of California applicable to agreements fully executed and performed entirely in California.

4.5 Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

4.6 No Joint Venture. Nothing herein contained shall constitute a partnership between or joint venture by the parties hereto or appoint either party the agent of the other party. Neither party shall hold itself out contrary to the terms of this Section and, except as otherwise specifically provided herein, neither party shall become liable for the representation, act or omission of the other party. This Agreement is not for the benefit of any third party who is not referred to herein and shall not be deemed to give any right or remedy to any such third party.

4.7 Modification/Entire Agreement. This Agreement may not be altered, modified or amended except by an instrument in writing signed by both of the parties hereto. No person, whether or not an officer, agent, employee or representative of either party, has made or has any authority to make for or on behalf of that party any agreement, representation, warranty, statement, promise, arrangement or understanding not expressly set forth in this Agreement or in any other document executed by the parties concurrently herewith ("Parol Agreements"). This Agreement and all other documents executed by the parties concurrently herewith constitute the entire agreement between the parties and supersede all express or implied, prior or concurrent, Parol Agreements and prior written agreements with respect to the subject matter hereof.

The parties acknowledge that in entering into this Agreement, they have not relied and will not in any way rely upon any Parol Agreements.

Please confirm your agreement to the foregoing by signing below where indicated.

Dated as of February 1, 1994

Very truly yours,

LIVE ENTERTAINMENT INC.
a Delaware corporation

By:
Roger A. Burlage
President and Chief
Executive Officer

AGREED AND ACCEPTED
this ____ day of , 1994

MICHAEL J. WHITE

MEMORANDUM AGREEMENT BETWEEN LIVE ENTERTAINMENT INC.
AND ANTHONY J. SCOTTI

This is a memorandum agreement between LIVE Entertainment Inc. ("LIVE") and Anthony J. Scotti ("Scotti") dated as of this 23rd day of December, 1993.

Scotti presently serves as Chairman of the Board of LIVE. LIVE has engaged Roger A. Burlage to act as its Chief Executive Officer and President pursuant to an employment agreement dated as of December 23, 1993, which agreement extends through December 31, 1997. A provision in the Burlage employment agreement calls for Burlage to report to Scotti and the Board of Directors of LIVE and provides that LIVE "shall retain the services of Anthony J. Scotti as Chairman of the Board of [LIVE] during the period ending December 31, 1996" for such purposes. The employment agreement further provides that "the failure of Anthony J. Scotti to be available for such purposes during such period, if due to a breach by [LIVE] of any obligation to or agreement with Anthony J. Scotti, shall be a material breach of [LIVE's] obligations to [Burlage]."

This memorandum agreement confirms the understanding between LIVE and Scotti with respect to Scotti's services as Chairman of the Board of LIVE or in some similar capacity. Scotti agrees that he will make himself available to to LIVE or any video subsidiary to act as Burlage's primary reporting person for the period ending December 31, 1996 on the same terms and conditions as are presently in effect with respect to his services as the Chairman of the Board, and LIVE agrees to engage Scotti for such purposes for such period on such terms.

ANTHONY J. SCOTTI

LIVE Entertainment Inc.

By:
Michael J. White, Senior Vice President

July 7, 1993

LIVE Entertainment Inc.
15400 Sherman Way
Suite 500
Van Nuys, CA 91406

Attention: David A. Mount
President and Chief Executive Officer

Gentlemen:

We are pleased to set forth the terms of the retention of Jefferson Capital Group, Ltd. and Daniels & Associates (collectively, the "Financial Advisors") by LIVE Entertainment Inc. (collectively with its affiliates, the "Company"). The Financial Advisors will assist the Company in connection with the activities enumerated in Paragraph 1 below (collectively, the "Transaction").

1. In connection with their activities hereunder, the Financial Advisors will, among other things, (a) continue to review and familiarize themselves with the business, operations, properties, financial condition and prospects of the Company and its subsidiaries; (b) review the Company's capital structure; (c) assist in structuring and placing an appropriate working capital facility at the Company; (d) assist in structuring and placing of debt or equity securities, the proceeds of which shall be used to redeem all or a portion of the Company's Series B Cumulative Convertible Preferred Stock; and (e) assist in an analysis of the value of the Company and its subsidiaries under differing financing scenarios.

2. In connection with the Financial Advisors' activities on the Company's behalf, the Company will cooperate with the Financial Advisors and will furnish the Financial Advisors with all information and data concerning the Company and the Transaction (the "Information") which the Financial Advisors deem appropriate and will provide the Financial Advisors and any prospective financing sources with access to the Company's officers, directors, employees, independent accountants and legal counsel. The Financial Advisors agree to use such information only in connection with their agreement herein, unless otherwise agreed by the Company in writing. The Company represents and warrants that to the best of its knowledge all information (a) made available to the Financial Advisors by the Company, or (b) contained in any

memorandum or offering document prepared by the Company with respect to the Transaction (the "Memorandum") will, at all times during the period of the engagement of the Financial Advisors hereunder, be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they are made. The Company further represents and warrants that any projections provided by it to the Financial Advisors will have been prepared in good faith and will be based upon assumptions which, in light of the circumstances under which they are made, are reasonable. The Company acknowledges and agrees that in rendering their services hereunder, the Financial Advisors will be using and relying on the information (and information available from public sources and other sources deemed reliable by the Financial Advisors) without independent verification thereof by the Financial Advisors or independent appraisal by the Financial Advisors or any of the Company's assets. The Financial Advisors do not assume responsibility for the accuracy or completeness of the information or any other information regarding the Company, or any Transaction. Any advice rendered by the Financial Advisors pursuant to this agreement may not be disclosed publicly without the Financial Advisors' prior written consent unless required by law, rule or regulation. The Financial Advisors acknowledge that the relationship created pursuant to this Agreement between the Company and the Financial Advisors will constitute a related party transaction required to be publicly disclosed by the Company in accordance with Federal securities laws.

3. In consideration of the services to be provided pursuant to this Agreement, the Financial Advisors shall be entitled to receive, and the Company agrees to pay, the Financial Advisors the following compensation, without duplication:

(a) An initial non-refundable cash fee in the amount of $150,000, the receipt of which is hereby acknowledged.

(b) 1% of the aggregate amount of any working capital facility arranged by the Financial Advisors.

(c) 2% of the aggregate amount of any senior debt arranged by the Financial Advisors having a term of three years or more.

(d) 3% of the aggregate amount of any subordinated debt arranged by the Financial Advisors.

(e) 4% of the aggregate amount of any convertible subordinated debt or preferred equity financing

arranged by the Financial Advisors.

(f) 5% of the aggregate amount of any equity financing arranged by the Financial Advisors.

Notwithstanding the foregoing, the Financial Advisors agree that they will approach the "Carolco Partners" consisting of Le Studio Canal+, RCS Video International Services B.V. and Pioneer LDCA, Inc. or their affiliates, for an equity or debt investment in the Company only with the prior consent of the Company. Furthermore, should the Financial Advisors arrange for a debt or equity investment in the Company from the Carolco Partners, the Financial Advisors shall receive, in lieu of the amounts set forth above, a fee equal to fifty percent (50%) of the fee that would be due were such lender or investor not a Carolco Partner, provided however, that no fee shall be due to the Financial Advisors with respect to a debt or equity investment in the Company from the Carolco Partners unless the Financial Advisors have had substantial and substantive involvement in arranging such debt or equity investment.

4. The fees set forth in Paragraph 3 above shall be in addition to any other fees that the Company may be required to pay directly to any financing source (which may include the Financial Advisors to the extent the Financial Advisors shall have actually provided any such financing) to secure its financing commitment. This Agreement does not constitute a commitment or undertaking on the part of the Financial Advisors to provide any part of the financing and does not ensure the successful arrangement or completion of the financing or any portion thereof. This Agreement does not apply to any underwritten offering of securities of the Company, for which a separate fee arrangement will be negotiated.

5. In addition to the fees described in Paragraph 3 above, the Company agrees to promptly reimburse the Financial Advisors, upon request from time to time, for all reasonable out-of-pocket expenses incurred by the Financial Advisors (including reasonable fees and disbursements of counsel, and of other consultants and advisors retained by the Financial Advisors, provided the retention of such other consultants and advisors has been approved in advance by the Company) in connection with the matters contemplated by this agreement.

6. The Company agrees to indemnify the Financial Advisors in accordance with the indemnification provisions (the "Indemnification Provisions") attached to this Agreement, which Indemnification Provisions are incorporated herein and made a part hereof.

7. This Agreement may be terminated by either the Company or the Financial Advisors upon receipt of written notice to that effect by the other party. If at any time prior to the expiration of twelve (12) months after the termination or expiration of this agreement a Transaction is consummated, the Financial Advisors will be entitled to payment in full of the fees described in the third, fourth and fifth paragraphs of this letter. Upon any termination of this agreement, the Financial Advisors will be entitled to prompt reimbursement of its out-of-pocket expenses as described above. The Indemnity Provisions contained in Schedule I hereto will also remain operative and in full force and effect regardless of any such termination.

8. The validity and interpretation of this Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be fully performed therein.

9. The Financial Advisors and the Company are parties to that certain engagement letter dated May 21, 1992, as amended by Agreements dated July 31, 1992 and August 13, 1992 (collectively, the "Prior Agreement"). The Financial Advisors and the Company agree that except for the provisions of the Prior Agreement which expressly survive the termination thereof, such as the reimbursement of expenses of the Financial Advisors thereunder and the indemnification obligations of the Company thereunder, effective with the execution of this Agreement by the Company and the Financial Advisors the Prior Agreement shall be terminated, null and void and of no further force or effect.

10. The benefits of this Agreement shall inure to the respective successors and assigns of the Company, and the obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon their respective successors and assigns.

11. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto. Each such counterpart shall be, and shall be deemed to be, an original instrument, but all such counterparts taken together shall constitute one and the same Agreement. This Agreement may not be modified or amended except in writing signed by the parties hereto.

If the foregoing correctly sets forth our Agreement, please

sign the enclosed copy of this letter in the space provided and return it to us.

Very truly yours,

JEFFERSON CAPITAL GROUP, LTD.

By:_____
President
JEFFERSON CAPITAL GROUP, LTD.

DANIELS & ASSOCIATES

By:_____
Executive Vice President
DANIELS & ASSOCIATES

Confirmed and Agreed to as of
this 7th day of July, 1993:

LIVE ENTERTAINMENT INC.

By:_____
David A. Mount
President and Chief Executive Officer

SCHEDULE I

LIVE Entertainment Inc. (the "Company") will indemnify and hold harmless the Financial Advisors (the "Financial Advisors"), their affiliates, the respective directors, officers, agents and employees of the Financial Advisors, their affiliates and their parent and their affiliates (collectively, the "Financial Advisors' Group") from and against any claims, actions, proceedings, investigations, demands, liabilities, damages, judgments, assessments, losses and costs, including fees and expenses, arising out of or in connection with any investigation or the services rendered by the Financial Advisors under this agreement, and will reimburse the Financial Advisors' Group for all such fees and expenses including the reasonable fees of counsel as they are incurred by the Financial Advisors' Group in connection with

pending or threatened litigation whether or not the Financial Advisors' Group is a party. The Company will not, however, be responsible for any claims, liabilities, losses, damages or expenses that are determined by final judgement of a court of competent jurisdiction to result primarily from the Financial Advisors' Group's gross negligence, wilful misconduct or bad faith. The Company also agrees that the Financial Advisors' Group shall have no liability for claims, liabilities, damages, losses or expenses, including legal fees, incurred by the Company unless they are determined by final judgment of a court of competent jurisdiction to result primarily from the Financial Advisors' Group's gross negligence, wilful misconduct or bad faith.

In the event that the foregoing indemnity is unavailable to the Financial Advisors' Group, then the Company shall contribute to amounts paid or payable by the Financial Advisors' Group with respect of such losses, claims, damages, cost, judgments, fines, liabilities or amounts paid in settlement in the proportion that the Company's interest bears to the Financial Advisors' Group's interest in the matters contemplated by this agreement (if the Financial Advisors' Group's engagement concerns an acquisition, divestiture or financing, the Company's interest shall be deemed to be an amount equal to the proposed or actual consideration to be paid or received by the Company and the Financial Advisors' Group's interest shall be deemed to be an amount equal to the fees actually paid to it in connection with such engagement). If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or otherwise, then the Company shall contribute to such amount paid or payable by it in such proportion as is appropriate to reflect not only such relative interests but also the relative fault of the Company on the one hand and the Financial Advisors' Group on the other hand in connection with the matters as to which such losses, claims, damages, costs, judgments, fines, liabilities or amounts paid in settlement relate and other equitable considerations.

In case any action shall be brought against the Financial Advisors' Group with respect to which indemnity may be sought against the Company under this agreement, the Financial Advisors' Group shall promptly notify the Company in writing and the Company shall, if requested by the Financial Advisors' Group, assume the defense thereof, including the employment of counsel and payment of all fees and expenses related thereto. The Financial Advisors' Group shall have the right to employ separate counsel in such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Financial Advisors' Group, unless: (i) the Company has failed to assume the defense and employ counsel, or (ii) the named parties to any such action (including any impleaded parties) include the Financial Advisors' Group and the Company, and the Financial Advisors' Group shall have been advised by such counsel that there may be one or

more legal defenses available to it which are different from or additional to those available to the Company; provided, however, that the Company shall not in such event be responsible hereunder for the fees and expenses of more than one such firm of separate counsel, in addition to any local counsel. The Company shall not be liable for any settlement of any such action effected without the written consent of the Company, and the Company agrees to indemnify and hold harmless the Financial Advisors' Group from and against any loss or liability by reason of settlement of any action effected with the consent of the Company.

LIVE ENTERTAINMENT INC.
15400 SHERMAN WAY
SUITE 500
VAN NUYS, CALIFORNIA 91406

As of July 26, 1993

Mr. Roger R. Smith
c/o River City Productions
1901 Avenue of the Stars
Suite 240
Los Angeles, California 90067

Re: Consulting Agreement

Dear Roger:

Pursuant to our previous conversations, this letter will confirm the agreement between the Ad Hoc Transition Committee of the Board of Directors of LIVE Entertainment Inc. (the "Committee") and you that you will provide consulting services to the Committee as an independent contractor in connection with the search by LIVE Entertainment Inc. ("LIVE") for an individual to replace David Mount as Chief Executive Officer of LIVE and of LIVE Home Video Inc. upon Mr. Mount's departure from LIVE. Your services will include collecting and reviewing resumes of potential candidates, conducting preliminary interviews and suggesting candidates for interview by the Committee. You shall not retain or agree to pay any executive search firm or outside professional agency without the prior consent and approval of the Committee.

In connection with your services hereunder, LIVE shall pay you the sum of $10,000 per month (pro rated for partial months) beginning August 1, 1993. The payment for the first month of your services hereunder shall include a pro rated payment for your services from July 26 through July 31. LIVE also will reimburse you, promptly upon receipt of an invoice therefor, for the reasonable and necessary out of pocket expenses incurred by you in connection with your services. Either the Committee or you may terminate this agreement at any time, provided that the terminating party has given notice to the other at least fifteen (15) days before the date of termination.

By your execution hereof, you acknowledge that your relationship with LIVE in connection with this engagement is as an independent contractor and not as a servant, agent or employee of LIVE. You also acknowledge that LIVE is contracting for the results of your

services, and has no interest in the particular times during which you perform your services or the manner by which such results are achieved. As an independent contractor, you will receive a Form 1099 from LIVE and you will be responsible for paying in due course any and all federal, state and local taxes that may be due as a result of the compensation to be provided to you for your services. By your execution hereof, you agree to indemnify and hold LIVE harmless from and against any and all loss, cost, damage and expense, including attorneys' fees, that may be suffered by LIVE arising out of the failure by you to comply with the provisions of the immediately preceding sentence.

If the terms of this letter reflect your understanding of our agreement, please execute the enclosed copy of this letter and return it to Michael J. White, the Corporate Secretary of LIVE.

Very truly yours,

AD HOC TRANSITION COMMITTEE OF
THE BOARD OF DIRECTORS OF LIVE
ENTERTAINMENT INC.

By:
Anthony J. Scotti

AGREED AND ACCEPTED
this ____ day of , 1993

ROGER R. SMITH

TWELFTH AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This TWELFTH AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is dated as of January 28, 1994 (the "Execution Date"), by and among (i) LIVE Entertainment Inc. ("LIVE"), a Delaware corporation, LIVE Home Video Inc., a Delaware corporation, LIVE America Inc., a Delaware corporation, LEI-IVE Entertainment N.V., a Netherlands Antilles corporation, International Video Productions Inc., a California corporation, Vestron Inc. (formerly known as Vestron Acquisition Corp.), a Delaware corporation, and LIVE Ventures Inc., a Delaware corporation (sometimes individually referred to herein as a "Borrower", as the context so requires, and collectively referred to as the "Borrowers"); (ii) Credit Lyonnais Bank Nederland N.V., a bank established in The Netherlands ("Credit Lyonnais"), Chemical Bank, a New York banking corporation ("Chemical"), Imperial Bank, a California state-chartered bank ("Imperial"), The Bank of California, N.A., a national banking association ("Bank of California"), The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency ("LTCB"), and such additional lenders as may become parties to the Loan Agreement (as hereinafter defined), as amended hereby and as the same may be further amended from time to time (Credit Lyonnais, Chemical, Imperial, Bank of California, LTCB and such additional lenders being sometimes individually referred to herein as a "Bank" and collectively as the "Banks"); (iii) Chemical, as successor-in-interest to Credit Lyonnais, as administrative agent (the "Administrative Agent") for the Banks, and (iv) Chemical, as collateral agent (the "Collateral Agent") for the Banks (the Administrative Agent and Collateral Agent are hereinafter collectively referred to herein as the "Agent"), with reference to the following facts:

R E C I T A L S

A. Pursuant to that certain Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, as amended by that certain First Amendment to Third Amended and Restated Loan and Security Agreement, dated as of October 26, 1990, as further amended by that certain Second Amendment to Third Amended and Restated Loan and Security Agreement, dated as of December 4, 1990, as further amended by that certain Third Amendment to Third Amended and Restated Loan and Security Agreement, dated as of April 23, 1991, as further amended by that certain Fourth Amendment to Third Amended and Restated Loan and Security Agreement (the "Fourth Amendment"), dated as of July 16, 1991, as further amended by that certain Fifth Amendment to Third Amended and Restated Loan and

Security Agreement dated as of November 21, 1991, as further amended by that certain Sixth Amendment to Third Amended and Restated Loan and Security Agreement, entered into on January 27, 1992, to be effective as of December 31, 1991, as further amended by that certain Seventh Amendment to Third Amended and Restated Loan and Security Agreement, entered into on March 20, 1992, to be effective as of April 1, 1992, as further amended by that certain Eighth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of June 16, 1992, as further amended by that certain Ninth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of November 25, 1992, as further amended by that certain Tenth Amendment to Third Amended and Restated Loan and Security Agreement, dated as of February 5, 1993, and as further amended by that certain Eleventh Amendment to Third Amended and Restated Loan and Security Agreement, dated as of March 26, 1993 (as amended, the "Loan Agreement"), between the Borrowers and the Banks, the Banks have extended certain credit to the Borrowers, which extensions of credit are evidenced by the Revolving Note. The Borrowers' obligations under the Loan Agreement and the Revolving Note are secured by a first priority security interest in the Collateral, subject to the rights, if any, of WEA in the WEA Collateral.

B. By the execution and delivery of this Amendment and subject to the terms and conditions hereinafter set forth, in consideration of the waiver by the Banks of the right to declare a Termination Event on January 29, 1994, the parties hereto desire (i) to reduce the aggregate Commitments of the Banks as provided herein, and (ii) to make certain other modifications to the terms of the Loan Agreement as more particularly set forth herein.

C. Capitalized terms used herein without definition shall have the meanings assigned to them in the Loan Agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and agreements set forth herein, the parties hereto agree as follows:

1. Waiver.

Subject to and in accordance with the terms and conditions of this Amendment, the Agent and the Banks hereby waive the right to declare a Termination Event on January 29, 1994 as permitted under the terms of the Loan Agreement.

The foregoing waiver shall be limited to the specific waiver hereunder and the specific events and facts surrounding such waiver. Neither this Amendment nor any waiver

granted hereunder shall constitute or be deemed to constitute a consent to, a departure from, or a waiver of any other provision of the Loan Agreement or further instances of the same events or facts surrounding the waiver effectuated hereby.

2. Subject to the prior satisfaction of the conditions set forth in Section 4 hereof, and in consideration of the waiver granted pursuant to Section 1 hereof, the Loan Agreement is hereby amended as follows:

(a) The definition of "Permitted Encumbrances" in Article I of the Loan Agreement is hereby amended by changing the period at the end of subparagraph (xx) to a semicolon and then adding the word "and" at the end thereof and then adding new subparagraph (xxi) to read in full as follows:

> "(xxi) The security interest of Chemical Bank in all cash collateral in Account No. 323-601421 at Chemical Bank, 270 Park Avenue, New York, New York 10017, securing certain letters of credit heretofore issued by such bank and such letters of credit which may be issued by such bank in the future."

(b) The table and final paragraph of Section 2.1(a) of the Loan Agreement are hereby amended to read in full as follows:

"Bank	Participation Percentage	Commitment
CLBN	48.000000%	$ 9,600,000.00
Chemical	34.666667%	$ 6,933,333.40
Imperial	7.000000%	$ 1,400,000.00
Bank of Cal	7.000000%	$ 1,400,000.00
LTCB	3.333333%	$ 666,666.60
Total	100.000000%	$20,000,000.00"

(c) Subsection (vi) of Section 2.6 of the Loan Agreement is hereby amended to read in full as follows:

> "(vi) [intentionally omitted]"

(d) A new subsection (viii) is hereby added to Section 2.6 of the Loan Agreement to read in full as follows:

> "(viii) The aggregate Commitments hereunder shall be permanently

reduced on the following dates to the following amounts:

Date	Commitments
February 28, 1994	$18,333,000
March 29, 1994	$16,666,000
April 29, 1994	$14,999,000
May 29, 1994	$12,499,500
June 29, 1994	$10,000,000

Each such mandatory reduction in the aggregate Commitments shall be in addition to any other mandatory Commitment reduction required hereunder."

(e) The references to David A. Mount in Sections 8.1(h) and 13.1(c) of the Loan Agreement are hereby amended to refer to Roger Burlage.

3. Representations and Warranties. The Borrowers hereby represent and warrant, jointly and severally, to the Agent and the Banks, on and as of the date hereof as follows:

(a) Each of the representations and warranties of the Borrowers contained in the Loan Agreement is hereby reaffirmed as of the date made, and except as disclosed on Schedule 3 hereto, there have been no material changes to such representations and warranties since such date. Except as disclosed on Schedule 3 hereto, there has been no material adverse change in the assets, properties, liabilities, business or financial condition of the Borrowers taken as a whole from that indicated on the most recent financial statements delivered to the Agent as contemplated by Section 6.11 of the Loan Agreement.

(b) The execution, delivery and performance of this Amendment by each Borrower and the other agreements, instruments and documents executed and delivered or to be executed and delivered by each Borrower pursuant to this Amendment have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of the United States or of any state thereof or foreign state having jurisdiction thereof, the charter documents of any Borrower or, in any respect, having a materially adverse effect on any Borrower, any provision of any indenture, agreement or other instrument to which any Borrower is a party, or by which any Borrower or any of the properties or assets of any Borrower is bound or affected, or be in material conflict with, result in a material breach of or constitute (with or without due notice and/or lapse of time), a material default under any indenture, agreement

or other instrument, or result in the creation or imposition of any security interest, lien, charge or encumbrance (other than a Permitted Encumbrance) of any nature whatsoever upon the Collateral or any of the properties or assets of any of the Borrowers, other than in favor of the Agent and the Banks as a result of this Amendment, the Loan Agreement and the other Loan Documents.

(c) All consents, authorizations, approvals, registrations or filings from or with any governmental or public regulatory body or authority of the United States or of any state thereof or any foreign state having jurisdiction or any other person which are required for the execution, delivery and performance by each Borrower of this Amendment and the other agreements, instruments and documents to be executed and delivered pursuant to this Amendment have been duly obtained, made or granted and are in full force and effect, and if any further (or, with respect to any other agreements, instruments and documents to be executed and delivered by any of the Borrowers pursuant to this Amendment) or additional consents, authorizations, approvals, registrations or filings should hereafter become necessary, the Borrowers shall use their respective best efforts to obtain or make all such consents, authorizations, approvals, registrations or filings.

(d) This Amendment and all agreements, instruments and documents to be executed and delivered in connection herewith will, when duly executed and delivered, constitute legally valid and binding obligations of the Borrowers, enforceable jointly and severally against them in accordance with the respective terms of such agreements, instruments and documents.

(e) Except for the Event of Default or Potential Event of Default described in Section 1(a)(v) of the Tenth Amendment to the Loan Agreement, which were conditionally waived pursuant to Section 1 thereof, the Borrowers are in compliance with all terms and provisions of the Loan Agreement, the Revolving Note and the other Loan Documents to be observed or performed on the part of the Borrowers, and no Event of Default or Potential Event of Default has occurred and is continuing or would occur by reason of the execution and delivery of this Amendment or any document to be executed and delivered in connection herewith.

4. Conditions Precedent. The effectiveness of this Amendment shall be subject to the satisfaction in full of the following conditions precedent on or before January 28, 1994 (the "Closing Date"). Upon satisfaction in full of all of the following conditions precedent, this Amendment shall be deemed effective as of the Closing Date. Should any one or more of the following conditions precedent not be satisfied in full by the Closing Date, this Amendment, other than the provisions of Sections 3, 5, 6, 7, 8, 9, 10 and 11 shall be of no legal effect whatsoever and shall

not be binding on the Agent or any of the Banks. The Loan Agreement, as heretofore amended, but unaffected by this Amendment, shall be in full force and effect, and the Agent and the Banks shall be deemed not to have waived the right to declare a Termination Event on January 29, 1994.

(a) The Agent shall have received each of the following on the Execution Date:

(i) this Amendment duly executed by each of the Borrowers, the Agent and the Banks;

(ii) a Certificate of the Secretary of each of the Borrowers in the form of Exhibit "E" to the Eleventh Amendment to the Loan Agreement certifying, among other things, (x) that attached thereto is a true and complete copy of resolutions of the Board of Directors of such Borrower authorizing the execution, delivery and performance of this Amendment, (y) as to the incumbency and signature of each officer or agent of such Borrower executing this Amendment or any other document furnished pursuant hereto, and (z) that attached thereto are true and complete copies of the Bylaws and charter documents or any and all amendments to the Bylaws and the charter documents of such Borrower since the closing of the Loan Agreement or that there have been no amendments to such Bylaws or charter documents since the closing of the Loan Agreement, as appropriate;

(iii) to the extent available, a certificate of good standing issued by the Secretary of State of incorporation of each Borrower and each state in which each Borrower is qualified to do business; and

(iv) such other additional agreements, documents and instruments as the Agent and/or the Banks and their respective legal counsel may reasonably require.

(b) Each of the representations and warranties set forth herein shall be true and correct on and as of the Execution Date and the Closing Date, and there shall have been no material adverse change in the assets, properties, liabilities, business or financial condition of the Borrowers taken as a whole from that indicated in the most recent financial statements delivered to the Agent as contemplated by Section 6.11 of the Loan Agreement. Each of the Borrowers shall deliver to the Agent a Certificate, dated the Closing Date and signed by a duly authorized officer of each such Borrower, certifying to the foregoing effect as of the Closing Date.

(c) Except for the Events of Default and Potential Events of Default referred to in Section 3(e) hereof, on the Execution Date and the Closing Date, the Borrowers shall be in

compliance with all terms and provisions of the Loan Agreement, the Revolving Note and the other Loan Documents to be observed or performed on the part of the Borrowers, and no additional Event of Default or Potential Event of Default shall have occurred and be continuing nor shall any such event occur by reason of the effectiveness of this Amendment and the agreements and instruments and other documents executed and delivered in connection herewith. Each of the Borrowers shall deliver to the Agent a Certificate, dated the Closing Date and signed by a duly authorized officer of each such Borrower, certifying as to the foregoing effect as of the Closing Date.

(d) The Agent shall have been paid a waiver fee in the amount of $37,500 to be shared pro rata among the Banks. On April 29, 1994, an additional $37,500 shall be paid to the Agent to be shared pro rata among the Banks in respect of the waiver granted herein unless on such date the Obligations have been paid and satisfied in full and the Commitments of the Banks have been terminated.

(e) All other agreements, documents and instruments relating to and/or contemplated by this Amendment or any of the matters set forth herein shall be satisfactory in form and substance to the Agent, the Banks and their respective legal counsel in their sole and absolute discretions.

5. No Defenses; Ratification. The Borrowers hereby expressly acknowledge that none of them has any defenses, offsets or claims of any nature whatsoever against the Agent or any of the Banks with respect to this Amendment or any other Loan Document, and that except as amended by this Amendment and the other agreements and instruments delivered pursuant hereto, the Loan Documents shall remain in full force and effect and are hereby ratified and affirmed. Subject to the timely satisfaction of the conditions precedent to the effectiveness of this Amendment set forth in Section 4 hereof, from and after the Closing Date, each reference in the Loan Agreement to "this Loan Agreement," "hereunder," "herein," "hereof," or words of like import referring to the Loan Agreement shall mean and refer to the Loan Agreement, as amended by this Amendment.

6. Indemnification. The Borrowers hereby confirm and agree that any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of any nature whatsoever incurred by the Agent or any of the Banks arising out of, resulting from or relating to this Amendment, any agreement or document executed or delivered in connection herewith, the transactions contemplated hereby or thereby, including, without limitation, the making of any Loans hereunder or the administration and enforcement or exercise of any right or remedy granted to the Agent and the Banks under the Loan Agreement or any other Loan

Document shall be covered by the indemnification provision set forth in Section 13.5 of the Loan Agreement.

7. Release. The Borrowers acknowledge and admit that the Borrowers have no claims, defenses or offsets whatsoever against the Agent or any of the Banks or any of their respective officers, directors, shareholders, employees, representatives, agents, contractors, attorneys, subsidiaries or Affiliates (the "Bank Parties"), but in the event that any such claims should exist, the Borrowers, and on behalf of their respective partners, employees, agents, heirs, successors and assigns and each of them (the "Borrowers' Parties") hereby release, relinquish and forever discharge any and all claims, demands or causes of action whatsoever, whether in tort, contract or any other theory of recovery in law or equity, whether for compensatory or punitive damages, equitable relief or otherwise, whether now known or unknown, suspected or unsuspected, which the Borrowers' Parties may have or hereafter assert to have against any of the Bank Parties, arising out of, in connection with, or relating to the Obligations of the Borrowers to the Agent or the Banks, this Amendment, the Loan Agreement, the Revolving Note, the Collateral Documents or any other Loan Document or any of the transactions contemplated hereunder or thereunder. THE BORROWERS' PARTIES HEREBY WAIVE WHATEVER RIGHTS THEY MAY HAVE UNDER ANY PROVISIONS OF APPLICABLE LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

8. Choice of Law. This Amendment shall be deemed to be a contract under and subject to, and shall be construed for all purposes in accordance with, the laws of the State of New York.

9. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

10. Entire Agreement. Regardless of the substance and nature of any of the discussions which may have been had among any of the parties during the discussion and/or negotiation of this Amendment, this Amendment and the exhibits hereto are intended to embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and expressly supersedes all prior oral and written agreements and understandings of the parties hereto relating to the subject matter hereof.

11. Interpretation. To the extent that any agreement is defined in the Loan Agreement to include any amendments, modifications and supplements to such agreement and the provisions of the Loan Agreement prohibit any amendment, modification or

supplement to such agreement without the consent of the Agent or the Banks, the Loan Agreement shall be construed with respect to such agreement as originally executed and with only such amendments, modifications and supplements as shall have been consented to by the Agent and the Banks.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first written above.

"BORROWERS"

LIVE Entertainment Inc.,
a Delaware corporation

By:_____
Its:_____

LIVE Home Video Inc.,
a Delaware corporation

By:_____
Its:_____

LIVE America Inc.,
a Delaware corporation

By:_____
Its:_____

LEI-IVE Entertainment N.V.,
a Netherlands Antilles
corporation

By:_____
Its:_____

International Video Productions
Inc., a California corporation

By:_____
Its:_____

Vestron Inc., a Delaware
corporation (formerly known as
Vestron Acquisition Corp.)

By:_____
Its:_____

LIVE Ventures Inc., a Delaware
corporation

By:_____
Its:_____

"THE BANKS"

Credit Lyonnais Bank Nederland N.V., a bank established in The Netherlands,

Executed in Rotterdam, The Netherlands on January __, 1994

By:_____
Its:_____

Chemical Bank, a New York banking corporation, individually and as the Administrative Agent and the Collateral Agent

Executed in New York, New York on January __, 1994

By:_____
Its:_____

Imperial Bank, a California state chartered bank

Executed in Beverly Hills, California on January __, 1994

By:_____
Its:_____

The Bank of California, N.A., a national banking association

Executed in Los Angeles, California on January __, 1994

By:_____
Its:_____

The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency

Executed in Los Angeles, California on January __, 1994

By:_____
Its:_____

March 5, 1993

LIVE Entertainment Inc.
LIVE Home Video Inc.
LIVE America Inc.
LEI-IVE Entertainment N.V.
International Video Productions Inc.
Vestron Inc.
c/o LIVE Entertainment Inc.
15400 Sherman Way, Suite 500
Van Nuys, California 91406

Gentlemen:

Reference is made to that certain Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, as amended (the "Loan Agreement"), between each of you, as the Borrowers, each of the undersigned Banks, and Chemical Bank, as Administrative Agent and Collateral Agent for the Banks (the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

You have advised us that International Video Productions Inc. ("IVP") wishes to acquire home video distribution rights to 28 Films in two packages from Miramax Film Corp. ("MFC") pursuant to an Agreement, dated March 5, 1993 (the "Miramax Agreement"), between IVP and MFC (the "Miramax Acquisition"). The purchase price for the first package consisting of the home video distribution rights to the eight "Group-A Pictures" listed on Exhibit "A" hereto is $15,000,000. The purchase price for the second package consisting of the home video distribution rights to the 20 "Group-B Pictures" and "Group-C Pictures" listed on Exhibit "A" hereto is $17,500,000. The rights to the "Group-B Pictures" and "Group-C Pictures" will not vest in IVP unless the purchase price is received by MFC on or before March 31, 1993 pursuant to that certain Option Agreement, dated March 5, 1993 (the "Option Agreement"). You have also advised us that two of the Films in the first package have not yet commenced principal photography and that while some of the Film Assets to be acquired in the Miramax Acquisition are included in LIVE's 1993-1994 Business Plan, others are not included in such Business Plan. Finally, you have advised us that IVP will grant to MFC a security interest in the Rights (as defined in the Miramax Agreement) and all proceeds actually received by IVP from IVP's exploitation of such Rights which are payable to MFC pursuant to the Miramax Agreement, but only to the extent necessary to secure IVP's royalty payment obligations to MFC under the Miramax Agreement.

Section 7.3 of the Loan Agreement prohibits you from granting, creating or causing or allowing to exist any liens or security interests other than Permitted Encumbrances, and Section 6.17 requires you to keep all receivables and account proceeds and other Collateral free and clear of all liens other than Permitted Encumbrances.

Section 7.10 of the Loan Agreement prohibits you from making, paying or committing or agreeing to make or paying any advances or other fixed payments aggregating in excess of $7,000,000 in connection with the acquisition of Film Assets in more than one Film pursuant to any single Film Asset Acquisition Agreement (i.e. so-called "output" or "multiple picture" deals), except for certain existing specified acquisitions.

In addition, Section 7.21 of the Loan Agreement prohibits you from paying any advances or other sums with respect to any Film Asset relating to any Film for which principal photography has not commenced and for which a completion bond (in customary form and in compliance with the terms of the Loan Agreement) has not been issued naming the applicable IVE Company and the Agent as beneficiaries and guaranteeing the completion and delivery of such film to such IVE Company.

Finally, Section 7.25 of the Loan Agreement prohibits you from agreeing or committing to acquire any Film Assets other than the aggregate dollar amount for pre-existing commitments and the specified contingency set forth in LIVE's 1993-1994 Business Plan. You are permitted, however, to acquire Film Assets with any LHV Excess Cash Flow which you are permitted to retain and the proceeds of the Pioneer Credit Facility.

In view of the foregoing restrictions set forth in the Loan Agreement, you have requested that the Agent and the Banks (a) consent to the Miramax Acquisition, and (b) waive the provisions of Sections 6.17, 7.3, 7.10, 7.21 and 7.25 of the Loan Agreement in connection therewith.

Accordingly, the Agents and the Banks hereby (a) consent to the Miramax Acquisition, and (b) waive the provisions of Sections 6.17, 7.3, 7.10, 7.21 and 7.25 of the Loan Agreement in connection therewith, provided that (a) you have delivered true and complete copies of the Miramax Agreement, the Option Agreement, the Intercreditor Agreement, the security agreements and any and all other documents relating to the Miramax Acquisition to the Agent, and the terms and conditions thereof have been determined to be satisfactory to the Agent and the Banks in their sole and absolute discretion; (b) you only acquire the home video rights to the "Group-B Pictures" and the "Group-C Pictures" if you have obtained financing therefor acceptable to the Agent and the Banks in their

sole and absolute discretion; (c) you execute and deliver to the Agent appropriate Copyright Mortgages relating to the Film Assets to be acquired pursuant to the Miramax Acquisition immediately upon consummation of each stage thereof; and (d) you deliver to the Agent a statement in writing from the Pioneer Agent or its counsel acknowledging that, pursuant to Section 4.2 of the Pioneer Intercreditor Agreement, the consent and waivers herein are deemed a consent to and waivers by the Pioneer Agent and the Pioneer Lenders of similar provisions of the Pioneer Loan Agreement and other Pioneer Documents.

You hereby agree that the Loan Agreement is hereby ratified and confirmed in all respects, that all of the terms and conditions thereof, except as waived hereby, shall remain in full force and effect and that you have no defenses, offsets or claims whatsoever in respect thereto. You further agree that the consent and waivers to be effected pursuant hereto shall be limited to the specific provisions consented to or waived hereunder and the specific events and facts surrounding such consent and waivers and that such consent and waivers shall not be deemed to constitute a consent to, a waiver of, or a departure from any other provision of the Loan Agreement or any other agreement, document or instrument executed and delivered in connection therewith, all of which are to remain in full force and effect.

If the foregoing correctly sets forth your understanding of our agreement, please indicate your acceptance below whereupon this letter shall constitute an agreement between us in accordance with its terms. This instrument may be executed in two or more counterparts, each of which will be deemed an original and taken together shall constitute the same instrument.

Very truly yours,

Credit Lyonnais Bank
Nederland N.V.

By_____
Its_____

Chemical Bank, individually and as Administrative Agent and Collateral Agent for the Banks

By_____
Its_____

Imperial Bank

By_____
Its_____

The Bank of California, N.A.

By_____
Its_____

The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency

By_____
Its_____

AGREED TO AND ACCEPTED
AS OF MARCH __, 1993:

LIVE Entertainment Inc.

By_____
Its_____

LIVE Home Video Inc.

By_____
Its_____

LIVE America Inc.

By_____
Its_____

LEI-IVE Entertainment N.V.

By_____
Its_____

International Video Productions Inc.

By_____
Its_____

Vestron Inc.

By_____
Its_____

December 22, 1993

LIVE Entertainment Inc.
LIVE Home Video Inc.
LIVE America Inc.
LEI-IVE Entertainment N.V.
International Video Productions Inc.
Vestron Inc.
c/o LIVE Entertainment Inc.
15400 Sherman Way, Suite 500
Van Nuys, California 91406

Gentlemen:

Reference is made to that certain Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, as amended (the "Loan Agreement"), between each of you, as the Borrowers, each of the undersigned Banks, and Chemical Bank, as Administrative Agent and Collateral Agent for the Banks (the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

You have advised us that LIVE Home Video Inc. ("LHV") intends to form a single purpose wholly owned Delaware subsidiary to be known as LIVE Ventures Inc. ("LVI"), which will enter into a Joint Venture Agreement in substantially the form of Exhibit "A" hereto (the "Joint Venture Agreement"), pursuant to which LVI, BET Films, Inc., a Delaware corporation ("BET"), and Encore Media Corporation, a Colorado corporation, or its wholly owned subsidiary ("Encore"), will form a joint venture (the "Joint Venture") named BET Film Productions under the Delaware Uniform Partnership Act for the purpose of developing, producing and exploiting motion pictures targeted primarily to minority audiences with budgets of no more than $2,000,000 each (collectively, the "Joint Venture Films"). Pursuant to the terms of the Joint Venture Agreement, LVI will make a total capital contribution of $5,000,000 to the Joint Venture. LHV and/or the other Borrowers intend to invest an aggregate of $5,000,000 in LVI by way of capital contributions or loans which will be used by LVI to make its capital contribution to the Joint Venture. No additional capital contributions shall be required of LVI or any other joint venturer. The joint venturers will share in the profits and losses of the Joint Venture in proportion to their respective capital contributions.

Concurrently with the execution of the Joint Venture Agreement, the Joint Venture will enter into distribution agreements with each of the joint venturers or their affiliates.

In that connection, BET or its affiliate will exploit pay-per-view rights in the United States, Canada and the Caribbean (the "Territory"); Encore or its affiliate will exploit the pay television rights in the Territory, and International Video Productions Inc. ("IVP") will exploit the home video rights to such films in the Territory. IVP will receive a thirty percent (30%) distribution fee plus recoupment of distribution costs and expenses in respect of its exploitation of the home video rights relating to the Joint Venture Films from the gross revenues derived from exploitation of such home video rights by IVP. Neither LHV nor IVP will be required to make any advance or minimum guarantee payments to the Joint Venture in consideration of such distribution rights. IVP may grant the Joint Venture a first priority security interest in the Joint Venture's share of the Home Video Gross Receipts (i.e., all of IVP's gross receipts attributable to the Joint Venture Films less only the distribution fee and distribution costs which are retainable by IVP in accordance with the Distribution Agreement to be entered into between IVP and the Joint Venture). IVP's grant of such security interest will be conditioned upon the Joint Venture receiving reciprocal security interests from each of the other joint venturers or their affiliates which are engaged to exploit the films produced or developed by the Joint Venture. In any event, the Joint Venture will grant IVP a first priority security interest in the home video distribution rights to the Joint Venture Films.

Section 6.2 of the Loan Agreement requires the IVE Companies at all times to remain engaged solely in activities directly related to the home video business. Section 7.3 of the Loan Agreement prohibits any Borrower, directly or indirectly, from granting, creating or causing or allowing to exist any liens or security interests other than Permitted Encumbrances. Section 7.9 of the Loan Agreement prohibits the Borrowers, directly or indirectly, from incurring or becoming liable with respect to any Contingent Obligations, except those specifically enumerated in the Loan Agreement. Section 7.14 of the Loan Agreement prohibits the Borrowers from, directly or indirectly, making any Investment in any other Person or in property in excess of $5,000,000 excluding certain specified Investments. Section 7.15 of the Loan Agreement prohibits the Borrowers, directly or indirectly, from using any of the proceeds of the Loan for any purpose other than those specified in such section, and Section 7.25 of the Loan Agreement prohibits the Borrowers, directly or indirectly, from agreeing to acquire any Film Asset other than the aggregate dollar amount for pre-existing commitments and the specified contingencies set forth in LIVE's 1993-1994 Business Plan, subject to certain exceptions set forth in such section. Finally, Section 13.20 of the Loan Agreement provides that each Person, other than Lieberman, Strawberries or any of their respective subsidiaries, who becomes a Subsidiary of any Borrower shall be deemed to be a Borrower under the Loan Agreement and within ten (10) days after acquiring such status,

shall execute and deliver to the Agent an agreement agreeing to be bound by the terms of the Loan Agreement, the Revolving Note, the Collateral Documents and all of their agreements and instruments executed in connection therewith, together with such executed counterpart copies of any of the foregoing agreements or any such instruments as the Agent may request, and all securities of such Subsidiary shall be included as Pledged Securities under the Loan Agreement and be subject to the terms and conditions of the Pledge Agreement. The appropriate Borrower is to deliver the certificates representing such securities to the Agent promptly after the issuance thereof.

In view of the proposed formation of the Joint Venture and the foregoing restrictive covenants in the Loan Agreement, you have requested that the Agent and the Banks (a) consent to LIVE's formation of a single purpose wholly owned Delaware subsidiary to enter into the Joint Venture Agreement; (b) agree to waive the covenants contained in Sections 6.2, 7.3, 7.9, 7.14, 7.15 and 7.25 of the Loan Agreement in connection with formation of the Joint Venture; (c) approve the restriction on transfer set out in paragraph 9.1 of the Joint Venture Agreement; and (d) consent to IVP's grant to the Joint Venture of a first priority security interest in the Joint Venture's share of the Home Video Gross Receipts (as such term will be defined in the security agreement to be executed by LVI in favor of the Joint Venture), subject to the Joint Venture receiving reciprocal security interests from each of the other joint venturers or their affiliates which are engaged to exploit the films produced or acquired by the Joint Venture.

Subject to the terms and conditions hereof, the undersigned Agent and Banks hereby consent and agree to the foregoing; provided, that:

(a) All agreements and documents relating to the formation and operation of the Joint Venture, including, without limitation, the Joint Venture Agreement, the security agreement to be executed by the Joint Venture in favor of IVP and the security agreements to be executed by IVP and the other joint venturers or their affiliates in favor of the Joint Venture are in form and substance satisfactory to the Agent and the Banks and their respective counsel, such satisfaction to be evidenced by delivery of this Consent Letter, and copies of all of the foregoing agreements, duly executed by all of the parties thereto, are delivered to the Agent;

(b) Each of the Borrowers observes corporate formalities between the Borrowers and the Joint Venture, including, without limitation, ensuring that the Joint Venture contracts in its own name to develop, produce and acquire Film Assets and enters into separate and independent distribution or subdistribution agreements in its own name with respect to Film Assets developed, produced or

acquired by the Joint Venture (the "Joint Venture Film Assets");

(c) The aggregate Investment of LHV and the other Borrowers in LVI, whether by way of capital contribution, loans or otherwise, shall not exceed an aggregate of $5,000,000, and all funds so invested shall be used by LVI solely to make its capital contribution to the Joint Venture. All loans from LHV or any of the other Borrowers to LVI shall be evidenced by promissory notes which shall be delivered to the Agent and be included in the Collateral.

(d) No Borrower or any affiliate thereof (except LVI and as provided in paragraph (c) above) shall make or be required to make any Investment of any kind whatsoever in the Joint Venture or any other Person or to incur directly or indirectly any Contingent Obligation whatsoever in connection with the business or operations of the Joint Venture or any of the Joint Venture Films;

(e) Within five (5) days of receipt by LHV or any affiliate thereof of the quarterly draft financial statements and annual financial statements of the Joint Venture referred to in paragraph 8.7 of the Joint Venture Agreement, the Borrowers shall deliver copies of such financial statements to the Agent and the Banks; and

(f) Each of the Borrowers agrees that effective as of the date hereof, LVI shall be and be deemed to be a Borrower under the Loan Agreement, and that concurrently herewith (i) the Borrowers shall cause LVI to execute and deliver to the Agent an agreement agreeing to be bound by the terms of the Loan Agreement, the Revolving Note, the Collateral Documents and all of the agreements and instruments executed in connection therewith, together with such executed counterpart copies of any of the foregoing agreements, or any other agreements or instruments as the Agent and the Banks may request, including, without limitation, an Addendum to the New Notes Intercreditor Agreement in form and substance satisfactory to the Agent and the Banks executed by the Trustee under the New Notes Indenture and the other New Notes Documents; (ii) all securities of LVI shall be included as Pledged Securities under the Loan Agreement and be subject to the terms and conditions of the Pledge Agreement; (iii) LHV shall deliver the certificates representing such securities to the Agent; and (iv) the Borrowers shall deliver any and all promissory notes made by LVI to the order of any Borrower to the Agent to be included in the Pledged Securities.

Under the terms of the Loan Agreement, any one Bank, at its sole option, may call a Termination Event on January 29, 1994. The cash flow projections, dated December 14, 1993, which you have provided to the Agent and the Banks show that you may have insufficient funds to make the required capital contributions to

the Joint Venture if and when a Termination Event is called on January 29, 1994 and you are unable to find replacement financing. You therefore acknowledge that you fully understand and agree that if and when any one Bank calls a Termination Event on January 29, 1994, notwithstanding the consent and waivers granted herein or your inability to find replacement financing, the Commitments of the Banks shall terminate in accordance with the terms of the Loan Agreement, and the Agent and the Banks shall have no further obligation whatsoever to make any Loans under the Loan Agreement whether in respect of your required capital contributions to the Joint Venture or any other purpose.

You have also advised the Agent and the Banks that Chemical Bank has issued certain letters of credit on your behalf, which letters of credit are secured by certain cash collateral in Account No. 323-601421 at Chemical Bank, 270 Park Avenue, New York, New York 10017. The security interest of Chemical Bank in all cash collateral in the foregoing account, whether with respect to letters of credit heretofore issued by Chemical Bank or any letters of credit which may be issued by Chemical Bank in the future, shall be deemed a "Permitted Encumbrance" as such term is defined in Article I of the Loan Agreement.

You hereby agree that the Loan Agreement is hereby ratified and confirmed in all respects, that all of the terms and conditions thereof, except as otherwise agreed herein, shall remain in full force and effect and that you have no defenses, offsets or claims whatsoever in respect thereto. You further agree that the consents and waivers to be effected pursuant hereto shall be limited to the specific provisions consented to or waived hereunder and the specific events and facts surrounding such consents and waivers and that such consents and waivers shall not be deemed to constitute a consent to, a waiver of or a departure from any other provision of the Loan Agreement or any other agreement, document or instrument executed and delivered in connection therewith, all of which are to remain in full force and effect.

If the foregoing correctly sets forth your understanding of our agreement, please indicate your acceptance below whereupon this letter shall constitute an agreement between us in accordance with its terms. This instrument may be executed in two or more counterparts, each of which shall be deemed an original and taken together shall constitute the same instrument.

Very truly yours,

Credit Lyonnais Bank Nederland N.V.

By:_____
Its:_____

Chemical Bank, in its individual capacity and as Administrative Agent and Collateral Agent for the Banks

By:_____
Its:_____

Imperial Bank

By:_____
Its:_____

The Bank of California, N.A.

By:_____
Its:_____

The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency

By:_____
Its:_____

AGREED TO AND ACCEPTED
AS OF DECEMBER __, 1993:

LIVE Entertainment Inc.

By:_____
Its:_____

LIVE Home Video Inc.

By:_____
Its:_____

LIVE America Inc.

By:_____
Its:_____

LEI-IVE Entertainment N.V.

By:_____
Its:_____

International Video Productions Inc.

By:_____
Its:_____

Vestron Inc.

By:_____
Its:_____

AGREEMENT

This AGREEMENT ("Agreement") is dated as of December __, 1993, by and among (i) LIVE Ventures Inc., a Delaware corporation ("LVI") ; (ii) Credit Lyonnais Bank Nederland N.V., a bank established in The Netherlands ("Credit Lyonnais"), Chemical Bank, a New York banking corporation, Imperial Bank, a California state-chartered bank, The Bank of California, N.A., a national banking association ("Bank of California"), The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency ("LTCB"), and such additional lenders as may become parties to the Loan Agreement (as hereinafter defined) (Credit Lyonnais, Chemical Bank, Imperial Bank, Bank of California, LTCB and such additional lenders being sometimes individually referred to herein as a "Bank" and collectively as the "Banks"); (iii) Chemical, as successor-in-interest to Credit Lyonnais, as administrative agent (the "Administrative Agent") for the Banks, and (iv) Chemical, as collateral agent (the "Collateral Agent") for the Banks, with reference to the following facts:

R E C I T A L S

A. Pursuant to that certain Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, as heretofore amended (as heretofore amended, the "Loan Agreement"), among (i) LIVE Entertainment Inc. ("LIVE"), a Delaware corporation, LIVE Home Video Inc. ("LHV"), a Delaware corporation, LIVE America Inc., a Delaware corporation, LEI-IVE Entertainment N.V., a Netherlands Antilles corporation, International Video Productions Inc., a California corporation, and Vestron Inc. (formerly known as Vestron Acquisition Corp.), a Delaware corporation (collectively, the "Borrowers"), (ii) the Banks, and (iii) the Administrative Agent and the Collateral Agent for the Banks (collectively the "Agent"), the Banks have extended certain credit to the Borrowers, which extensions of credit are evidenced by the Revolving Note. The Borrowers' obligations under the Loan Agreement and the Revolving Note are secured by a first priority security interest in the Collateral, subject to the rights, if any, of WEA in the WEA Collateral.

B. Section 13.20 of the Loan Agreement provides that each Person, other than Lieberman, Strawberries or any of their respective subsidiaries, who becomes a Subsidiary of a Borrower shall be and be deemed to be a Borrower under the Loan Agreement, and within ten (10) days after acquiring such status, shall execute and deliver to the Agent an agreement agreeing to be bound by the terms of the Loan Agreement, the Revolving Note, the Collateral Documents and all agreements and instruments executed in connection therewith (in form and substance acceptable to the Agent), together

with such executed counterpart copies of any of the foregoing agreements, or such other instruments as the Agent may request.

C. LHV has recently formed a Delaware wholly owned subsidiary, LVI, for the purpose of entering into a joint venture arrangement with BET Films, Inc. and Encore Media Corporation to be known as BET Film Productions. The joint venture will develop, produce and exploit motion pictures targeted primarily to minority audiences.

D. By the execution and delivery of this Agreement and subject to the terms and conditions hereinafter set forth, the parties hereto desire to add LVI as a party to the Loan Agreement and the other Loan Documents.

E. Capitalized terms used herein without definition shall have the meanings assigned to them in the Loan Agreement.

A G R E E M E N T

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and agreements set forth herein, the parties hereto agree as follows:

1. LVI Added as Borrower. Effective as of the date hereof, LVI shall be added as and shall be deemed to be a Borrower under and a party to the Loan Agreement, the Revolving Note, the Collateral Documents and all of the other Loan Documents. LVI hereby assumes all of the obligations of a Borrower under the Loan Agreement, the Revolving Note, the Collateral Documents and all of the other Loan Documents and agrees to be bound by all of the terms and conditions thereof as if it had been a party thereto from the inception thereof. From and after the date hereof, all references in the Loan Agreement or any other Loan Document to a "Borrower" or the "Borrowers" shall be deemed to include LVI. From and after the date hereof, all references in the Pledge Agreement to a "Pledgor" or the "Pledgors" shall be deemed to include LVI. All assets of LVI shall be included in the Collateral under the Loan Agreement, the Collateral Documents and the other Loan Documents, and all securities owned by LVI shall be included as Pledged Securities under the Loan Agreement, the Collateral Documents and the other Loan Documents, subject to the terms and conditions of the Loan Agreement, the Collateral Documents and the other Loan Documents. In furtherance of the foregoing, LVI shall execute and/or deliver to the Agent the following:

(a) this Agreement;

(b) all financing statements and amendments to existing financing statements relating to the Collateral necessary to put any security interest in the assets of LVI of record;

(c) an Addendum to the New Notes Intercreditor Agreement in form and substance satisfactory to the Agent and the Banks executed by the Trustee under the New Notes Indenture and the other New Notes Documents;

(d) a Certificate of the Secretary of LVI certifying (i) that attached thereto is a true and complete copy of resolutions of the Board of Directors of LVI authorizing the execution, delivery and performance of this Agreement, the agreements, instruments and documents to be executed and delivered in connection herewith and the Loan Documents to which LVI will become a party pursuant hereto; (ii) as to the incumbency and signature of each officer or agent of LVI executing this Agreement or any other document furnished pursuant hereto, and (iii) that attached thereto are true and complete copies of the Bylaws and charter documents of LVI;

(e) a certificate as to the good standing of LVI in the State of Delaware and each state in which LVI is qualified to do business;

(f) a copy of an insurance certificate evidencing the policy of coverage required under Section 6.6 of the Loan Agreement showing the Agent and the Banks as loss payees and/or additional insured as required under such Section 6.6; and

(g) such other counterpart copies of or amendments to any of the Loan Documents or such other agreements and instruments as the Agent or any of the Banks shall require.

In addition, LVI shall cause the Borrowers to deliver the certificates representing any additional securities to be included in the Pledged Securities, including, without limitation, the shares representing all of the issued and outstanding shares of capital stock of LVI and any and all promissory notes made by LVI to the order of any of the Borrowers, to the Agent.

2. Representations and Warranties. LVI hereby represents and warrants to the Agent and the Banks on and as of the date hereof as follows:

(a) The execution, delivery and performance of this Agreement by LVI, the other agreements, instruments and documents executed and delivered or to be executed and delivered by LVI pursuant to this Agreement and the Loan Documents to which LVI will become a party pursuant hereto have been duly authorized by all requisite corporate action and will not violate any provision of law, any order of any court or other agency of the United States or of any state thereof or foreign state having jurisdiction thereof, the charter documents of LVI or any other Borrower, the Joint

Venture Agreement of BET Film Productions or, in any respect, having a materially adverse effect on LVI or any Borrower, any provision of any agreement, indenture or other instrument to which LVI or any other Borrower is a party, or by which LVI or any other Borrower or any of the properties or assets of LVI or any other Borrower is bound or affected, or be in material conflict with, result in a material breach of or constitute (with or without due notice and/or lapse of time) a material default under any agreement, indenture or other instrument, or result in the creation or imposition of any security interest, lien, charge or encumbrance (other than a Permitted Encumbrance) of any nature whatsoever upon the Collateral or any of the properties or assets of LVI or any of the other Borrowers, other than in favor of the Agent and the Banks as a result of this Agreement, the Loan Agreement and the other Loan Documents.

(b) All consents, authorizations, approvals, registrations or filings from or with any governmental or public regulatory body or authority of the United States or of any state thereof or any foreign state having jurisdiction or any other Person which are required for the execution, delivery and performance by LVI of this Agreement, the other agreements, instruments and documents to be executed and delivered pursuant hereto and the Loan Documents to which LVI will become a party pursuant hereto have been duly obtained, made or granted and are in full force and effect, and if any further (or, with respect to any other agreements, instruments and documents to be executed and delivered by LVI pursuant hereto) or additional consents, authorizations, approvals, registrations or filings should hereafter become necessary, LVI shall use its best efforts to obtain or make all such consents, authorizations, approvals, registrations or filings.

(c) This Agreement, all agreements, instruments and documents to be executed and delivered in connection herewith and the Loan Documents to which LVI will become a party pursuant hereto will, when duly executed and delivered or upon due execution and delivery hereof, constitute legally valid and binding obligations of LVI, enforceable against it in accordance with the respective terms of such agreements, instruments and documents.

3. Choice of Law. This Agreement shall be deemed to be a contract under and subject to, and shall be construed for all purposes in accordance with, the laws of the State of New York.

4. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

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

"LVI"

LIVE Ventures Inc., a Delaware corporation

By:_____
Its:_____

"THE BANKS"

Credit Lyonnais Bank Nederland N.V., a bank established in The Netherlands

By:_____
Its:_____

Chemical Bank, a New York banking corporation, individually and as the Administrative Agent and the Collateral Agent

By:_____
Its:_____

Imperial Bank, a California state chartered bank

By:_____
Its:_____

The Bank of California, N.A., a national banking association

By:_____
Its:_____

The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency

By:_____
Its:_____

ACKNOWLEDGED THIS __ DAY OF DECEMBER, 1993:

LIVE Entertainment Inc., a Delaware corporation

By_____
Its_____

LIVE Home Video Inc., a Delaware corporation

By_____
Its_____

LIVE America Inc., a Delaware corporation

By_____
Its_____

LEI-IVE Entertainment N.V., a Netherlands Antilles corporation

By_____
Its_____

International Video Productions Inc., a California corporation

By_____
Its_____

Vestron Inc., a Delaware corporation

By_____
Its_____

January 28, 1994

LIVE Entertainment Inc.
LIVE Home Video Inc.
LIVE America Inc.
LEI-IVE Entertainment N.V.
International Video Productions Inc.
Vestron Inc.
LIVE Ventures Inc.
c/o LIVE Entertainment Inc.
15400 Sherman Way, Suite 500
Van Nuys, California 91406

Gentlemen:

Reference is made to that certain Third Amended and Restated Loan and Security Agreement, dated as of July 26, 1990, as amended (the "Loan Agreement"), between each of you, as the Borrowers, each of the undersigned Banks, and Chemical Bank, as Administrative Agent and Collateral Agent for the Banks (the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

You have advised us that International Video Productions Inc. ("IVP") wishes to enter into an Agreement, dated as of November 15, 1993, substantially in the form of Exhibit "A" hereto (the "Gladden Agreement") with Gladden Productions Inc. ("Gladden") to acquire home video distribution rights in the United States and Canada to ten Films to be produced by Gladden (the "Gladden Films") during the period November 15, 1993 and December 31, 1998. Each Gladden Film will have a Minimum Budgeted Negative Cost (as defined in the Gladden Agreement) of not less than $10,000,000 and a Maximum Budgeted Negative Cost (as defined in the Gladden Agreement), subject to certain exceptions.

In consideration of the home video distribution rights to the Gladden Films, IVP will pay to Gladden the various guarantee amounts specified in the Gladden Agreement (the "Guarantee") as advances chargeable against and recoupable from the share of the Gross Receipts (as defined in the Gladden Agreement) payable to Gladden pursuant to the Gladden Agreement. IVP may be required to provide a letter of credit to Gladden or Gladden's designee to secure its obligation to pay the Guarantee relating to a specific Gladden Film 120 days prior to the scheduled start of principal photography of such Gladden Film. The Guarantee relating to a specific Gladden Film will be payable in two installments. Sixty percent (60%) of the Guarantee will be payable upon mandatory

delivery of a Gladden Film, and forty percent (40%) will be payable on the day following IVP's receipt of a certificate relating to satisfaction of certain theatrical release requirements relating to such Gladden Film. At no time will IVP be required to put up more than three Guarantee payments in respect of mandatory delivery and three Guarantee payments in respect of theatrical release at any one time. Concurrently with IVP's payment of any portion of the Guarantee with respect to any Gladden Film, under certain circumstances, Gladden must cause the Qualified Theatrical Distributor (as defined in the Gladden Agreement) of such Gladden Film to deliver an irrevocable standby letter of credit in the amount of the print and advertising commitment for such Gladden Film.

To secure Gladden's performance obligations under the Gladden Agreement, Gladden will grant IVP a security interest in all of Gladden's right, title and interest in the physical properties relating to the Gladden Films, the home video distribution rights to the Gladden Films and certain other collateral relating thereto pursuant to a Security Agreement substantially in the form of Exhibit "E" to the Gladden Agreement (the "Gladden Security Agreement"). Likewise, to secure IVP's obligation to pay Gladden its share of the Gross Receipts from the exploitation of the home video distribution rights to the Gladden Films payable to Gladden after recoupment of the Guarantee by IVP, IVP will be required to grant Gladden a security interest in the share of the Gross Receipts from the exploitation of the home video distribution rights to the Gladden Films payable to Gladden pursuant to a Security Agreement substantially in the form of Exhibit "F" to the Gladden Agreement (the "IVP Security Agreement").

Section 7.3 of the Loan Agreement prohibits any Borrower, directly or indirectly, from granting, creating or causing or allowing to exist any liens or security interests other than Permitted Encumbrances, and Section 6.17 requires you to keep all receivables and account proceeds and other Collateral free and clear of all liens other than Permitted Encumbrances.

Section 7.10 of the Loan Agreement prohibits you from making, paying or committing or agreeing to make or paying any advances or other fixed payments aggregating in excess of $7,000,000 in connection with the acquisition of Film Assets in more than one Film pursuant to any single Film Asset Acquisition Agreement (i.e., so-called "output" or "multiple picture" deals), except for certain existing specified acquisitions.

In view of the foregoing restrictive covenants in the Loan Agreement, you have requested that the Agent and the Banks (a) consent to IVP's entering into the Gladden Agreement and agree to waive the covenant contained in Section 7.10 of the Loan Agreement

in connection therewith, and (b) consent to IVP's grant to Gladden of a security interest pursuant to the IVP Security Agreement in all of IVP's right, title and interest in Gladden's share of the Gross Receipts from exploitation of the home video distribution rights to the Gladden Films payable to Gladden after recoupment of the Guarantee paid by IVP.

Subject to the terms and conditions hereof, the undersigned Agent and Banks hereby consent and agree to the foregoing; provided, that: (a) you have delivered true and complete copies of the Gladden Agreement, the Gladden Security Agreement, the IVP Security Agreement and any and all other agreements and documents to be executed and delivered pursuant thereto to the Agent, and the terms and conditions thereof have been determined to be satisfactory to the Agent and the Banks in their sole and absolute discretion, such satisfaction to be evidenced by delivery of this Consent Letter, and copies of all of the foregoing agreements, duly executed by all of the parties thereto, are delivered to the Agent; (b) you execute and deliver to the Agent an appropriate Copyright Mortgage relating to each of the Gladden Films immediately upon issuance and delivery of any letter of credit with respect to any such Gladden Film; (c) the Guarantee amounts paid with respect to the Gladden Films do not exceed the following maximum amounts: $7,000,000 for the first six Gladden Films acquired pursuant to the Gladden Agreement, $7,276,500 for the seventh and eighth Gladden Films acquired pursuant to the Gladden Agreement, and $7,640,325 for the ninth and tenth Gladden Films acquired pursuant to the Gladden Agreement; and (d) without the prior written consent of the Agent and the Banks, you do not agree to any amendment of the Gladden Agreement or any other agreement executed and delivered in connection therewith, including, without limitation, the Gladden Security Agreement and the IVP Security Agreement, which would (x) increase the amount of the maximum Guarantee payable with respect to any Gladden Film above the amounts set forth in the preceding clause (c); (y) accelerate or otherwise alter the payment terms of the Guarantee amount with respect to any of the Gladden Films, or (z) alter the terms in any way whatsoever of the security interests granted pursuant to such agreements.

The cash flow projections, dated December 14, 1993, which you provided to the Agent and the Banks show that you may have insufficient funds to pay the guarantee amounts required under the Gladden Agreement if you are unable to find additional financing. You therefore acknowledge that you fully understand and agree that, notwithstanding the consent and waivers granted herein or your inability to find additional financing between the date hereof and the Maturity Date or replacement financing following the Maturity Date, the Agent and the Banks shall have no obligation whatsoever to make any Loans under the Loan Agreement in excess of the aggregate Commitments of the Agent and the Banks under the terms of

the Loan Agreement, as amended by the Twelfth Amendment thereto, or to extend the Maturity Date to finance any guarantee payments or other amounts due and payable under the Gladden Agreement or for any other purpose.

You hereby agree that the Loan Agreement is hereby ratified and confirmed in all respects, that all of the terms and conditions thereof, except as otherwise agreed herein, shall remain in full force and effect and that you have no defenses, offsets or claims whatsoever in respect thereto. You further agree that the consents and waivers to be effected pursuant hereto shall be limited to the specific provisions consented to or waived hereunder and the specific events and facts surrounding such consents and waivers and that such consents and waivers shall not be deemed to constitute a consent to, a waiver of or a departure from any other provision of the Loan Agreement or any other agreement, document or instrument executed and delivered in connection therewith, all of which are to remain in full force and effect.

If the foregoing correctly sets forth your understanding of our agreement, please indicate your acceptance below whereupon this letter shall constitute an agreement between us in accordance with its terms. This instrument may be executed in two or more counterparts, each of which shall be deemed an original and taken together shall constitute the same instrument.

Very truly yours,

Credit Lyonnais Bank Nederland N.V.

By:_____
Its:_____

Chemical Bank, in its individual capacity and as Administrative Agent and Collateral Agent for the Banks

By:_____
Its:_____

Imperial Bank

By:_____
Its:_____

The Bank of California, N.A.

By:_____
Its:_____

The Long-Term Credit Bank of Japan, Ltd., Los Angeles Agency

By:_____
Its:_____

AGREED TO AND ACCEPTED
AS OF JANUARY __, 1994:

LIVE Entertainment Inc.

By:_____
Its:_____

LIVE Home Video Inc.

By:_____
Its:_____

LIVE America Inc.

By:_____
Its:_____

LEI-IVE Entertainment N.V.

By:_____
Its:_____

International Video Productions Inc.

By:_____
Its:_____

Vestron Inc.

By:_____
Its:_____

LIVE Ventures Inc.

By:_____
Its:_____

ADDENDUM TO NEW NOTES INTERCREDITOR AGREEMENT

This Addendum to New Notes Intercreditor Agreement ("Addendum") is entered into as of December 22, 1993, by and between (i) Chemical Bank, a New York banking corporation, as Administrative Agent and Collateral Agent for the Banks under the below-defined Bank Loan Agreement (the "Bank Group Agent") and in all cases hereunder acting on behalf of the Banks and (ii) U.S. Trust Company of California, N.A., a national banking association, in its capacity as trustee and collateral agent under the New Notes Indenture and the other New Notes Documents (the "Trustee"), with reference to the following facts:

A. The Bank Group Agent and the Trustee have heretofore entered into that certain New Notes Intercreditor Agreement, dated as of March 26, 1993 (the "New Notes Intercreditor Agreement") in order to clarify the relative priorities of the Liens on certain Collateral which were granted pursuant to certain Bank Documents and New Notes Documents and to provide for the exercise or non-exercise of certain rights, remedies and options with respect to such Collateral by such parties.

B. Section 13.20 of the Bank Loan Agreement provides that each Person, other than Lieberman, Strawberries or any of their respective subsidiaries, who becomes a Subsidiary of a Borrower shall be deemed to be a Borrower under the Bank Loan Agreement, and within ten (10) days after acquiring such status, shall execute and deliver to the Bank Group Agent an agreement agreeing to be bound by the terms of the Bank Loan Agreement and the other Bank Documents. Section 12.20 of New Notes Indenture contains an analogous provision requiring any new subsidiary of a guarantor to become a guarantor under the New Notes Indenture and the other New Notes Documents.

C. LIVE Home Video Inc. has recently formed a new Delaware wholly owned subsidiary, LIVE Ventures Inc. ("LVI"), for the purpose of entering into a joint venture arrangement to be known as BET Film Productions with BET Films, Inc. and Encore Media Corporation or its wholly owned subsidiary to develop, produce and exploit motion pictures targeted primarily to minority audiences. Accordingly, LVI will be added as a joint and several borrower under the Bank Loan Agreement and the other Bank Documents and as a guarantor under the New Notes Indenture and other New Notes Documents, and all of the assets of LVI will be included in the Collateral securing the Bank Obligations and any collateral securing the New Notes Obligations.

D. By execution of this Addendum, the parties hereto

desire to reconfirm the relative priorities of the Liens on the Collateral in view of the addition of LVI as a party to the Bank Documents and the New Notes Documents.

E. Capitalized terms used herein without definition shall have the meanings assigned to them in the New Notes Intercreditor Agreement.

A G R E E M E N T

Now, therefore, in consideration of the foregoing premises and the mutual promises, covenants and agreements set forth herein, the parties hereto agree as follows:

1. Reaffirmation of Subordination. The Trustee and the Bank Group Agent acknowledge that (i) LVI has been added as a joint and several borrower under the Bank Loan Agreement and the other Bank Documents and all of the assets of LVI are therefore included in the Collateral securing the Bank Obligations, and (ii) LVI will be added as a guarantor under the New Notes Indenture and the other New Notes Documents and that all of the assets of LVI are therefore included in the collateral securing the New Notes Obligations. Notwithstanding (a) any contrary provision of any Bank Document or New Notes Document; (b) the loss of priority by the Bank Group Agent or any of the Banks to any other creditors or claimants of LIVE or any of the other Borrowers; (c) the invalidity of any Lien of the Bank Group Agent or any of the Banks on any of the Collateral; (d) any priority in time of creation, attachment or perfection of any Lien on the Collateral, including, without limitation, the assets of LVI included in the Collateral, in favor of the Bank Group Agent and the Banks or the Trustee, respectively, or (e) any provision of, or any filing or recording under, the Uniform Commercial Code of any state or any other applicable statute, rule or regulation or the United States, including without limitation, the United States Copyright Act of 1976, as amended, any state thereof, their counties or municipalities or any other country or other applicable jurisdiction or any subdivision of any of the foregoing, the Trustee hereby agrees with the Bank Group Agent that neither the addition of LVI as a joint and several borrower under the Bank Loan Agreement and the other Bank Documents and the pledge and inclusion of all of the assets of LVI pursuant thereto as Collateral for the Bank Obligations, the addition of LVI as a guarantor under the New Notes Indenture and the other New Notes Documents and the pledge and inclusion of all of the assets of LVI pursuant thereto as collateral for the New Notes Obligations, nor any amendment, modification or change to any of the Bank Documents or New Notes Documents in connection therewith, shall in any way affect the seniority, superiority and priority of the Lien of the Bank Group Agent on the Collateral, including, without limitation, the assets of LVI included in the Collateral, or the absolute subordination of right of payment by the Trustee

and the New Notes Holders to the prior indefeasible payment and performance in full of all Bank Obligations (except as expressly provided in the New Notes Intercreditor Agreement), and the Trustee waives any rights to the contrary. Any Liens heretofore or hereafter granted to the Trustee on the Collateral, including, without limitation, the assets of LVI included in the Collateral, shall be subordinate, junior and inferior to any Liens of the Bank Group Agent and the Banks on the Collateral, including, without limitation, the assets of LVI included in the Collateral.

2. No Modification. Except as supplemented hereby, all terms and provisions of the New Notes Intercreditor Agreement shall remain in full force and effect.

3. Governing Law. This Addendum shall be governed by and construed in accordance with the laws of the state of New York without regard to its principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

"BANK GROUP AGENT"

Chemical Bank, a New York banking corporation, as Administrative Agent and Collateral Agent for the Banks

By_____
Its_____

"TRUSTEE"

U.S. Trust Company of California, N.A., a national banking association, as trustee and collateral agent under the New Notes Indenture and the other New Notes Documents

By_____
Its_____

ACKNOWLEDGED THIS __ DAY OF DECEMBER, 1993:

LIVE Entertainment Inc., a Delaware corporation

By_____
Its_____

LIVE Home Video Inc., a

Delaware corporation

By_____
Its_____

LIVE America Inc., a Delaware
corporation

By_____
Its_____

LEI-IVE Entertainment N.V., a
Netherlands Antilles corporation

By_____
Its_____

International Video Productions
Inc., a California corporation

By_____
Its_____

Vestron Inc., a Delaware
corporation

By_____
Its_____

LIVE Ventures Inc., a Delaware
corporation

By_____
Its_____

1988 STOCK OPTION AND STOCK APPRECIATION RIGHTS PLAN OF LIVE ENTERTAINMENT INC.
(As Amended through June 30, 1993)

1. Purpose.

The purpose of this 1988 Stock Option and Stock Appreciation Rights Plan (the "Plan") of LIVE Entertainment Inc., a Delaware corporation (the "Company"), is to secure for the Company and its stockholders the benefits arising from stock ownership and participation in stock appreciation by selected key employees of the Company or its subsidiaries, Directors, consultants or other persons ("Participants") as an independent committee of the Company's Board of Directors (the "Board of Directors") may from time to time determine. The Plan will provide a means whereby (i) such employees may purchase shares of the Common Stock of the Company pursuant to options that will qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) such employees, Directors, consultants or other persons, may purchase shares of the Common Stock of the Company pursuant to "non-qualified stock options" and (iii) such employees, Directors, consultants or other persons may acquire the right to participate in the appreciation of the Common Stock of the Company pursuant to "stock appreciation rights." Incentive stock options and non-qualified stock options are sometimes referred to collectively as "options."

2. Administration.

2.1 The Plan shall be administered by a committee (the "Committee") consisting of at least two Directors, each of whom is a "disinterested person" as that term is defined in Rule 16B-3(c)(2) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any action of the Committee with respect to administration of the Plan shall be taken by a majority vote or written consent of its members.

2.2 Subject to the provisions of the Plan, the Committee shall have authority (i) to construe and interpret the Plan, (ii) to define the terms used therein, (iii) to prescribe, amend and rescind rules and regulations relating to the Plan, (iv) to determine the individuals to whom and the time or times at which options or stock appreciation rights shall be granted, whether any options granted will be incentive stock options or non-qualified stock options, the number of shares to be subject to each option or stock appreciation right, the exercise price of an option or the Initial Value of a stock appreciation right, the number of installments, if any, in which each option or stock appreciation right may be exercised, and the duration of each option or stock

appreciation right, (v) to approve and determine the duration of leaves of absence which may be granted to Participants without constituting a termination of their employment for the purposes of the Plan, and (vi) to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Committee shall be binding and conclusive on all Participants in the Plan and their legal representatives and beneficiaries. The Committee may delegate some or all of its power and authority to the Chief Executive Officer of the Company or the other executive officer, as the Committee deems appropriate; provided, however, that the Committee may not delegate its authority with regard to any matter or action affecting any director or officer who is subject to Section 16 of the Exchange Act.

3. Shares Subject to the Plan.

Subject to adjustments as provided in Paragraph 15 hereof, the shares to be issued under the Plan shall consist of the Company's authorized but unissued Common Stock. Subject to adjustment as provided in Paragraph 15 hereof, the aggregate number of stock appreciation rights that may be granted under the Plan shall not exceed 600,000. The authorized, unissued stock appreciation rights may be issued as stock options, notwithstanding anything contained in this paragraph to the contrary. If any stock appreciation rights granted under the Plan should expire or terminate for any reason without having been exercised in full, the unexercised stock appreciation rights shall again be available to be granted under the Plan either as stock appreciation rights or stock options. The aggregate amount of stock which may be issued upon exercise of all options under the Plan shall not exceed 900,000 shares plus the 600,000 shares if all of the stock appreciation rights that may be granted under the Plan are issued as stock options, for a total of 1,500,000 shares. If any option granted under the Plan shall expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for options to be granted under the Plan.

4. Eligibility and Participation.

4.1 All regular salaried employees of the Company or any subsidiary corporation (as defined in Section 425(f) of the Code) shall be eligible to receive incentive stock options, non-qualified stock options and stock appreciation rights. Directors of the Company or any subsidiary corporation, consultants and other persons who are not regular salaried employees of the Company or any subsidiary corporation are not eligible to receive incentive stock options, but are eligible to receive non-qualified stock options and stock appreciation rights.

4.2 No incentive stock options may be granted to any

employee, at the time the incentive stock option is granted, owns shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company (or of its subsidiary corporations as defined in Section 425(f) of the Code), unless the exercise price of such incentive stock option is at least one hundred ten percent of the fair market value of the stock subject to the incentive stock option determining fair market value as of the date each respective option is granted in accordance with Paragraph 8 hereof, and such incentive stock option by its terms is not exercisable after the expiration of five years from the date such incentive stock option is granted.

4.3 The aggregate fair market value of the Common Stock for which incentive stock options granted to any one employee under this Plan or any other incentive stock option plan of the Company may by their terms first become exercisable during any calendar year shall not exceed $100,000, determining the fair market value as of the date each respective option is granted.

4.4 All options and stock appreciation rights granted under the Plan shall be granted within ten years from September 20, 1988.

4.5 Directors who are members of the Committee shall not be eligible to receive any grants of stock options or stock appreciation rights granted pursuant to the Committee's discretion under the Plan. Such Directors shall be granted options to purchase 5,000 shares of Common Stock per calendar year at the fair market value of the Common Stock, pursuant to option grants of equal amount on the first business day following January 1 of each calendar year. Each option granted pursuant to this Paragraph 4.5 shall be fully exercisable on the date of grant and shall be exercisable for a period of ten years from the date of grant.

5. Duration of Options and Stock Appreciation Rights.

Each option and stock appreciation right and all rights associated therewith shall expire on such date as the Committee may determine, but in no event later than ten years from the date on which the option or stock appreciation right is granted, and shall be subject to earlier termination as provided herein; provided, however, that options granted in accordance with Paragraph 4.5 shall be exercisable for a period of ten years from the date on which such an option is granted.

6. Price and Exercise of Options.

6.1 All options shall be evidenced by a stock option agreement. Subject to Paragraph 4.2 and 4.5, the purchase price of the Common Stock covered by each option shall be determined by the Committee, but in the case of an incentive stock option shall not be less than one hundred percent of the fair market value of such

Common Stock on the date the incentive stock option is granted. The purchase price of the Common Stock upon exercise of an option shall be paid in full at the time of exercise (i) in cash or by certified cashier's check payable to the order of the Company, (ii) by cancellation of indebtedness owed by the Company to the Participant, (iii) by delivery of shares of Common Stock of the Company already owned by, and in the possession of, the Participant or by authorizing the Company to retain shares of Common Stock otherwise issuable upon exercise of an option, (iv) if authorized by the Committee or if specified in the option being exercised, by a promissory note made by the Participant in favor of the Company, subject to terms and conditions determined by the Committee, secured by the Common Stock issuable upon exercise, and in compliance with applicable law (including, without limitation, state, corporate and federal requirements), (v) by any combination thereof or (vi) in such other manner as the Committee may specify in order to facilitate the exercise of options by the holders thereof. Shares of Common Stock used to satisfy the exercise price of an option shall be valued at their fair market value determined in accordance with Paragraph 8 hereof.

6.2 No option granted under this Plan shall be exercisable if such exercise would involve a violation of any applicable law or regulation (including, without limitation, federal and state securities laws and regulations). Subject to Section 4.5, each option shall be exercisable in such installments during the period prior to its expiration date as the Committee shall determine; provided, however, that unless otherwise determined by the Committee, if the Participant shall not in any given installment period purchase all of the shares which the Participant is entitled to purchase in such installment period, then such Participant's right to purchase any shares not purchased in such installment period shall continue until the expiration date or sooner termination of the Participant's option. No option may be exercised for a fraction of a share and no partial exercise of any option may be for fewer than ten shares unless fewer than ten shares remain unpurchased.

7. Terms and Conditions of Stock Appreciation Rights.

All stock appreciation rights shall be evidenced by a Certificate of Grant (sometimes referred to herein as the "Certificate") in such form as the Board of Directors or the Committee shall from time to time approve. A grant of stock appreciation rights shall be subject to the following terms and conditions.

7.1 Each stock appreciation right shall entitle a Participant to an amount (the "Appreciation") equal to the excess of the Exercise Value of one share of Common Stock over the Initial Value of one share of Common Stock. The Initial Value of each stock

appreciation right shall be specified in the Certificate of Grant. The Exercise Value of each stock appreciation right shall be the fair market value of a share of Common Stock on the date the stock appreciation right is exercised, determined as set forth in Paragraph 8. The total Appreciation available to a Participant from the exercise of any stock appreciation right is a method of incentive compensation for key employees, Directors, consultants and other persons and does not constitute an offering or sale of Common Stock to anyone.

7.2 The Appreciation available to a Participant upon exercise of the Participant's stock appreciation rights shall be paid to the Participant in cash or Common Stock as determined by the Committee. If payment is made in Common Stock of the Company, then the fair market value of the Common Stock for purposes of calculating the number of shares of Common Stock that shall be issued to pay the Appreciation of a stock appreciation right shall be based upon the fair market value of the Common Stock as determined in Paragraph 8 on the date of exercise of the stock appreciation right. If the total Appreciation is paid in Common Stock, the total Appreciation will be reduced to the largest amount divisible by the fair market value of one share of Common Stock. Appreciation shall be paid as compensation and without interest by the Company as specified in the Certificate of Grant.

7.3 All stock appreciation rights must have an Initial Value no less than the fair market value of a share of Common Stock as determined in Paragraph 8 as of the date of grant of the stock appreciation right.

7.4 A stock appreciation right (a "Related Right") may be granted under this Plan pursuant to a Certificate of Grant providing that the exercise of the stock appreciation right affects the exercise of an option granted pursuant to this Plan (the "Related Option"). Unless the Certificate of Grant pursuant to which the Related Right is granted provides otherwise, the Related Right may be exercised only to the extent to which the Related Option is exercisable. Upon the exercise or termination of the related Right, the Related Option shall cease to be exercisable and shall be canceled to the extent of the number of shares with respect to which the Related Right was exercised or terminated. Upon exercise or termination of the Related Option, the Related Right shall cease to be exercisable and shall be canceled to the extent of the number of shares to which the Related Option was exercised or terminated. In addition to the foregoing, if the Related Option is an "incentive stock option" granted pursuant to the Plan, then the Related Right must satisfy the following conditions:

(i) The Related Right must be granted only at the time of grant of the Related Option;

(ii) The Related Right must expire no later than the expiration of the Related Option;

(iii) The Related Right must be granted for an amount of Appreciation equal to or less than one hundred percent of the difference between the exercise price of the Related Option and the market price of the Common Stock subject to the Related Option at the time the Related Right is exercised;

(iv) The Related Right may be transferable only when the Related Option is transferable, and only under the same conditions;

(v) The Related Right may be exercised only when the Related Option is eligible to be exercised; and

(vi) The Related Right may be exercised only when the market price of the Stock subject to the Related Option exceeds the exercise price of the Related Option.

7.5 No stock appreciation right granted under this Plan shall be exercisable if such exercise would involve a violation of any applicable law or regulation (including, without limitation, federal and state securities laws and regulations). Each stock appreciation right shall be exercisable in such installments during the period prior to its expiration date as the Committee shall determine; provided, however, that, unless otherwise determined by the Committee, if the Participant shall not in any given installment period exercise all of the stock appreciation rights which the Participant is entitled to exercise in such installment period, then the Participant's right to exercise any stock appreciation rights not exercised in such installment period shall continue until the expiration date or sooner termination of the Participant's stock appreciation rights.

8. Fair Market Value of Common Stock.

The fair market value of a share of Common Stock of the Company shall be determined for purposes of this Plan by reference to the mean between the bid and asked price of a share as supplied by the National Association of Securities Dealers through NASDAQ (or its successor function) or, if such shares are then traded on a principal stock exchange, by reference to the closing price of a share on the principal stock exchange on which such shares are traded, in each case as reported by the Wall Street Journal for the business day immediately preceding the date on which the fair market value is determined (or, if for any reason no such price is available, in such other manner as the Committee may deem appropriate to reflect the then fair market value thereof).

9. Withholding Tax.

Upon (i) the disposition of shares of Common Stock acquired pursuant to the exercise of an incentive stock option granted pursuant to the Plan within two years of the granting of the incentive stock option or within one year after exercise of the incentive stock option, (ii) the exercise of a non-qualified stock option, or (iii) the exercise of a stock appreciation right, the Company shall have the right to require such employee or other person, and such employee or other person by accepting the options or stock appreciation rights granted under the Plan agrees, to pay the Company the amount of taxes which the Company may be required to withhold with respect thereto. In the event of (i) or (ii), or in the event of (iii) if the Appreciation is paid with Common Stock, then such employee or other person may elect to pay the amount of any taxes which the Company may be required to withhold by delivering to the Company shares of the Company's Common Stock having a fair market value determined in accordance with Paragraph 8 equal to the withholding tax obligation determined by the Company. Such shares so delivered may be either shares withheld by the Company upon the exercise of the option stock appreciation right or other shares. Such election must be made by those persons subject to the provisions of Section 16 of the Exchange Act in accordance with the General Rules and Regulations under the Exchange Act, but in no event later than the date as of which the amount of tax to be withheld is determined.

10. Non-transferability.

An option or stock appreciation right granted under the Plan shall, by its terms, be nontransferable by the holder either voluntarily or by operation of law, other than by will or the laws of descent and distribution, and shall be exercisable during the holder's lifetime only by the holder, regardless of any community property interest therein of the spouse of the holder, or such spouse's successors in interest. If the spouse of the holder shall have acquired a community property interest in an option or stock appreciation right, the holder, or the holder's permitted successors in interest, may exercise the option or stock appreciation right on behalf of the spouse of the holder or such spouse's successors in interest.

11. Holding of Stock After Exercise of Option.

At the discretion of the Committee, any option or stock appreciation right may provide that the Participant, by accepting such option or stock appreciation right, represents and agrees, for the Participant and the Participant's permitted transferees, that none of the shares acquired upon exercise of an option or stock appreciation right will be acquired with a view to any sale,

transfer or distribution of said shares in violation of the Securities Act of 1933, as amended, (the "Act"), and the rules and regulations promulgated thereunder and the person entitled to exercise the same shall furnish evidence satisfactory to the Company (including a written and signed representation) to that effect in form and substance satisfactory to the Company, including an indemnification of the Company in the event of any violation of the Act by such person.

12. Termination of Employment.

If a holder of an incentive stock option ceases to be employed by the Company or one of its subsidiary corporations (as defined in Section 425(f) of the Code) for any reason other than the holder's death or permanent disability (within the meaning of Section 105(d)(4) of the Code), the holder's incentive stock options shall immediately become void and of no further force or effect; provided, however, that if such cessation of employment shall be due to the holder's voluntary resignation with the consent of the Board of Directors of the Company or such subsidiary, expressed in the form of a written resolution, or shall be due to the holder's retirement under the provisions of any pension or retirement plan of the Company or such subsidiary then in effect, then within three months after the date the holder ceases to be an employee of the Company or such subsidiary such incentive stock option may be exercised to the extent exercisable on the date of such cessation of employment. A leave of absence approved in writing by the Board of Directors or the Committee shall not be deemed a termination of employment for the purposes of this Paragraph 12, but no incentive stock option may be exercised during any such leave of absence, except during the first three months thereof. Termination of employment or other relationship with the Company by the holder of a non-qualified stock option or stock appreciation right will have the effect specified in the individual option agreement or Certificate of grant as determined by the Committee; provided, however, that an option granted pursuant to Paragraph 4.5 shall be exercisable for a period of 12 months following termination of employment or other relationship with the Company to the extent exercisable on the date of such cessation of employment or other relationship.

13. Death or Permanent Disability of Option Holder.

If the holder of an incentive stock option dies or becomes permanently disabled while the option holder is employed by the Company or one of its subsidiary corporations (as defined in Section 425(f) of the Code), the holder's option shall expire one year after the date of such death of permanent disability unless by its terms it expires sooner. During such period after death, such incentive stock option may, to the extent that it remains unexercised (but exercisable by the holder according to such

option's terms) upon the date of such death, be exercised by the person or persons to whom the option holder's rights under the incentive stock option shall pass by the option holder's will or by the laws of descent and distribution. The death or permanent disability of a holder of a non-qualified stock option or stock appreciation right will have the effect specified in the individual option agreement or Certificate of Grant as determined by the Committee; provided, however, that a vested option granted pursuant to Paragraph 4.5 shall be exercisable for a period of 12 months following death or permanent disability of a holder of such an option to the extent exercisable on the date of death or permanent disability.

14. Privileges of Stock Ownership.

No person entitled to exercise any option or stock appreciation right granted under the Plan shall have any of the rights or privileges of a stockholder of the Company in respect of any shares of Common Stock issuable upon exercise of such option or stock appreciation right until certificates representing such shares shall have been issued and delivered. No shares shall be issued and delivered upon exercise of any option or stock appreciation right unless and until in the opinion of counsel for the Company there shall have been full compliance with any applicable registration requirements of the Exchange Act, any applicable listing requirements of any national securities exchange on which the Common Stock is then listed, and any other requirements of law or of any regulatory bodies having jurisdiction over such issuance and delivery.

15. Adjustments.

15.1 If the outstanding shares of the Common Stock of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, an appropriate and proportionate adjustment shall be made in the maximum number and kind of stock appreciation rights and shares as to which options may be granted under this Plan. A corresponding adjustment changing the number or kind of stock appreciation rights and shares allocated to unexercised options or portions thereof, which shall have been granted prior to any such change, shall likewise be made. Any such adjustment in the outstanding options shall be made without change to the aggregate purchase price applicable to the unexercised portion of the option but with a corresponding adjustment in the purchase price for each share covered by the option. Any such adjustment in the outstanding stock appreciation rights shall be made without change in the aggregate Initial Value applicable to the unexercised portion of the stock appreciation rights but with a corresponding adjustment

in the Initial Value for each share covered by the stock appreciation right.

15.2 Upon the dissolution or liquidation of the Company, or upon a reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation, or upon the sale of substantially all the property or more than eighty percent of the then outstanding stock of the Company to another corporation, the Plan shall terminate, and any stock appreciation rights and options granted hereunder shall terminate.

15.3 Notwithstanding the foregoing, the Committee may provide in writing in connection with such transaction for any or all of the following alternatives (separately or in combinations): (i) for the stock appreciation rights and options theretofore granted to become immediately exercisable; (ii) for the assumption by the successor corporation for the stock appreciation rights and options theretofore granted or the substitution by such corporation for such stock appreciation rights and options or new stock appreciation rights and options covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; or (iii) for the continuance of the Plan by such successor corporation in which event the Plan and the stock appreciation rights and options theretofore granted shall continue in the manner and under the terms so provided.

15.4 Adjustments under this Paragraph 15 shall be made by the Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional share of stock shall be issued under the Plan on any such adjustment.

16. Amendment and Termination of Plan.

16.1 The Committee may at any time suspend or terminate the Plan. The Committee may also at any time amend or revise the terms of the Plan provided that the number of shares subject to an option granted to non-employee directors pursuant to Paragraph 4.5, the purchase price therefor, the date of grant of any such option, the termination provisions relating thereto and the category of persons eligible to be granted such options shall not be amended more than once every six months, other than to comport with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations thereunder and provided further that no amendment or revision shall, unless appropriate stockholder approval of such amendment or revision is obtained, (i) increase the maximum number of shares which may be acquire pursuant to options, and the maximum number of stock appreciation rights granted under the Plan, except as permitted under the provisions of

Paragraph 15, (ii) change the minimum purchase price set forth in Paragraphs 4.2 and 6 or the Initial Value set forth in Paragraph 7, (iii) increase the maximum term of options or stock appreciation rights provided for in Paragraph 5, or (iv) change the designation of persons eligible to receive options or stock appreciation rights as provided in Paragraph 4.

16.2 No amendment, suspension or termination of the Plan shall, without the consent of the holder, alter or impair any rights or obligations under any option or stock appreciation right theretofore granted under the Plan.

17. Effective Date of Plan.

No option or stock appreciation right may be granted under the Plan unless and until (i) the options and underlying shares and stock appreciation rights have been registered under the Act and qualified with the appropriate state regulatory agencies, or (ii) the Company has been advised by counsel that such options, shares and stock appreciation rights are exempt from such registration and/or qualification. An amendment to the Plan to comply with certain provisions of the Code was adopted by the Board of Directors on June 30, 1993. The next most recent amendment and restatement of the Plan was approved on July 19, 1990 by the holders of the outstanding voting stock of the Company.

REGISTRATION RIGHTS AGREEMENT FOR

LIVE ENTERTAINMENT INC. COMMON STOCK

DATED AS OF JULY 20, 1993

BY AND AMONG

LIVE ENTERTAINMENT INC.

AND

CAROLCO PICTURES INC.

AND

THE STRATEGIC PARTNERS

REGISTRATION RIGHTS AGREEMENT FOR
COMMON STOCK

This Registration Rights Agreement for Common Stock (the "Agreement") is made and entered into as of July 20, 1993, by and among LIVE Entertainment Inc., a Delaware corporation (the "Company"), and Carolco Pictures Inc., a Delaware corporation ("Carolco"), and the Strategic Partners (as defined below), with reference to the following facts:

A. Carolco Pictures Inc., a Delaware corporation, on the one hand, and Pioneer LDCA, Inc., a Delaware corporation ("Pioneer"), RCS Video Services International B.V., a Netherlands corporation ("RCS BV"), RCS Video Services Antilles N.V., a Netherlands Antilles corporation ("RCS NV") (RCS BV and RCS NV collectively, "RCS") and Le Studio Canal+ S.A., a French corporation ("Studio Canal"), on the other hand, are parties to the Stock Pledge Agreement and the Pioneer Stock Pledge Agreement (collectively, the "Pledge Agreements"), dated as of March 20, 1992 and Carolco, Pioneer, RCS BV and Studio Canal are parties to a Loan Agreement

dated as of March 20, 1992. Pioneer, RCS and Studio Canal are known collectively herein as the Strategic Partners.

B. To induce some or all of the Strategic Partners to enter into the Pledge Agreements, the Loan Agreement and the other agreements referenced therein for the benefit of Carolco and for the indirect benefit of the Company as the distributor in the United States and Canada of Carolco's motion picture video product, and in consideration of the performance of the obligations and commitments of some or all of the Strategic Partners in the Loan Agreement, the Company previously agreed to provide the registration rights set forth in a Registration Rights Agreement among the Company and some or all of the Strategic Partners dated March 24, 1992, as amended (the "Original Agreement").

C. Carolco is engaged in a further restructuring pursuant to a registration statement on Form S-1 filed with the Commission (as defined below) on December 24, 1992, as amended (the "1993 Restructuring"), upon the completion of which Carolco will sell to Pioneer 3,885,223 shares of Common Stock (the "Pioneer Restructuring Shares"), Studio Canal 1,180,030 shares of Common Stock (the "Studio Canal Restructuring Shares") and RCS 1,180,030 shares of Common Stock (the "RCS Restructuring Shares") of the total 6,245,283 shares of Common Stock presently held by Carolco (collectively, the "Restructuring Shares").

D. The Strategic Partners also hold 360,000 shares of Common Stock which they purchased from Carolco in June 1992, of which 144,000 shares are held by Pioneer, 108,000 shares are held by Studio Canal and 108,000 shares are held by RCS (collectively, the "Purchased Shares").

E. The parties hereto, upon the closing (as defined in the registration statement referred to in Recital C hereof) of the 1993 Restructuring (the "Carolco Closing"), wish to terminate their prior agreements with respect to the registration of Registrable Securities and to provide for registration of such Securities.

The parties hereby agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following respective meanings:

(a) "Affiliate" of a specified Person means any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified, or who holds or beneficially owns 50% or more of the equity interest in the Person specified or 50% or more of any class of voting securities of the Person

specified.

(b) "Commission" means the Securities and Exchange Commission.

(c) "Common Stock" means the Company's common stock, $.01 par value, as constituted on the date hereof, any stock into which such common stock shall have been changed or any stock resulting from any reclassification, stock split or stock dividend of such common stock, and all other stock of any class or classes (however designated) of the Company the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference.

(d) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

(e) "Holders" means the Strategic Partners and their respective Affiliates holding Registrable Securities.

(f) "Majority Holders" means those Holders and Transferees, if any, holding at least a majority of the shares of each class of Registrable Securities held by Holders of such class and Transferees, if any, at the time of determination.

(g) "Registrable Securities" means the Restructuring Shares and the Purchased Shares as described in Recital C and Recital D hereof, respectively. There shall be three classes of Registrable Securities: the Registrable Securities held by Pioneer, its Affiliates and its Transferees, if any, are known herein as the "Pioneer Registrable Securities"; the Registrable Securities held by Studio Canal, its Affiliates and its Transferees, if any, are known herein as the "Studio Canal Registrable Securities"; and the Registrable Securities held by RCS, its Affiliates and its Transferees, if any, are known herein as the "RCS Registrable Securities." As to any particular Registrable Securities, such securities shall cease to be Registrable Securities for which no demand registration under Section 2(a) or piggyback registration rights under Section 2(b) may be requested when (x) such securities shall have been disposed of pursuant to an effective registration statement, (y) such securities shall have been transferred to any person pursuant to Rule 144 (or any successor provision) under the Securities Act, or (z) they shall have ceased to be held by the Holders or Transferees. Furthermore, no shares of Common Stock of a class of Registrable Securities shall be Registrable Securities on or after the earlier of (i) a date which is three years after the Carolco Closing (unless extended pursuant to Sections 2(a) and 4(c)) and (ii) a date on which any class of the Holders and their

Transferees collectively hold 25% or fewer of such class of Registrable Securities which were outstanding on the date of the Carolco Closing.

(h) "Registration Expenses" means all expenses incident to the Company's performance of or compliance with the registration rights granted herein, including, without limitation, all registration, filing, listing and NASD fees, all fees and expenses of complying with securities or blue sky laws, all word processing, duplicating and printing expenses, messenger and delivery expenses, the fees and expenses of Company counsel, the fees and expenses of the Company's independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, and any fees and disbursements of underwriters customarily paid by issuers and sellers of securities; provided, however, that Registration Expenses shall not include fees and expenses of the Holders's counsel nor shall it include underwriting discounts, commissions and transfer taxes, which shall not be the responsibility of the Company.

(i) "Securities Act" means the Securities Act of 1933, as amended, or any successor statute thereto, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder, all as the same shall be in effect at the time.

(j) "Selling Holders" means those Holders and Transferees, if any, who have requested registration pursuant to Section 2(a) or 2(b) hereof.

(k) "Transferee" shall mean the first holder (other than an Affiliate of the transferor Holder) of Registrable Securities by a transfer from a Holder; provided, however, that a person acquiring such Registrable Securities pursuant to a transfer under an effective registration statement or pursuant to a sale under Rule 144 shall not be a Transferee. Any Affiliate of a Transferee shall also be deemed a Transferee for purposes of this Agreement. If a Strategic Partner or any of its Affiliates acquires Registrable Securities from an unaffiliated Holder, the Registrable Securities so acquired shall remain Registrable Securities but shall be part of the class of Registrable Securities associated with the transferee Strategic Partner or Affiliate.

2. Registration Rights.

(a) Requested Registration. Upon written request of the Majority Holders of a class of Registrable Securities that the Company effect the registration under the Securities Act of all or part of their Registrable Securities and specifying the intended method of disposition thereof (a "Requested Registration"), the

Company will use its best efforts to effect the registration under the Securities Act of the then Registrable Securities requested to be registered within 120 days of the request which the Company has been so requested to register by such Holders (and any other Holders of any class of Registrable Securities who within 10 days of such request elect to join in the sale) for disposition in accordance with the intended method of disposition stated in such request; provided that the Company need not effect any Requested Registration pursuant to this Section 2(a) unless the request covers an aggregate number of shares of such class of Registrable Securities at least equal to 50% of the class of Registrable Securities then outstanding and not previously registered under any prior registration statement of the Company; further provided, the Company shall not be required to effect more than one Requested Registration for each class of Registrable Securities pursuant to this Section 2(a). Subject to Section 2(f), the Company may include in such Requested Registration other securities of the Company for sale, for the Company's account or for the account of any other person. If the three year period referred to in Section 1(g) would otherwise terminate during the 120 day period, the expiration of such three year period shall toll during the 120 day period.

Notwithstanding anything in the foregoing paragraphs of this Section 2(a), the Company shall have the right to delay any registration of Registrable Securities requested pursuant to this Section 2(a) for up to 90 days if such registration would, in the sole reasonable judgment of the Company's Board of Directors or Executive Committee of the Board of Directors, substantially interfere with any material transaction being considered at the time of receipt of the request. If the three year period of Section 1(g) would otherwise terminate during such 90 day period, the expiration of such three year period shall toll during the 90 day period.

(b) Company Registration. If (without any obligation to do so) the Company proposes to register any of its Common Stock or other securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration on Forms S-4 or S-8 or equivalent successor forms), then the Company shall, at such time, promptly give all Holders of then Registrable Securities and Transferees written notice of such registration. Any such registration effected by the Company other than a Requested Registration is referred to herein as a "Company Registration." Upon the written request of a Holder or Transferee given within fifteen (15) days after the giving of such notice by the Company, the Company shall, subject to the provisions of Section 2(f) below, cause to be included (without priority over the holders of similar registration rights) in such registration statement and registered under the Securities Act all of the Registrable Securities that each such Holder or Transferee has

requested to be registered. A registration under this Section 2(b) shall not be deemed to be a Requested Registration.

(c) Registration Statement Form. The Company may, if permitted by law, effect any registration requested under Section 2(a) by the filing of a registration statement on Form S-3 (or any successor or similar short-form registration statement).

(d) Expenses. Carolco shall pay all Registration Expenses incurred in connection with the registration of Registrable Securities pursuant to Section 2(a) requested on or after December 31, 1994. The Holders requesting registration shall pay all Registration Expenses incurred in connection with the registration of Registrable Securities pursuant to Section 2(a) requested before such date. The Company need not comply with a request for registration pursuant to Section 2(a) unless and until it has received reasonable adequate assurance of payment of such Registration Expenses. The Company, or such other person who is responsible for such costs, shall pay the Registration Expenses of any Company Registration pursuant to Section 2(b) hereof.

(e) Effective Registration Statement. The registration requested pursuant to Section 2(a) shall not be deemed to have been effected unless it has become effective with the Commission, provided that a registration which does not become effective after the Company has filed a registration statement with respect thereto with the Commission solely by reason of the Selling Holders failing to proceed with the registration shall be deemed to have been effected by the Company in satisfaction of the Company's obligation to register Registrable Securities pursuant to a Requested Registration, unless the Holders reimburse the Company and Carolco for all of their costs and expenses incurred in connection with such registration statement. Notwithstanding the foregoing, a registration statement will not be deemed to have been effected if (i) after it has become effective with the Commission, such registration is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or any court proceeding for any reason other than a misrepresentation or omission by a Holder or (ii) the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied, other than by reason of some act or omission or failure to agree to close by a Selling Holder.

(f) Priority in Registrations. If the registration pursuant to Section 2(a) involves an underwritten offering, and the managing underwriter shall advise the Company in writing (with a copy to the Holders) that, in its opinion, the number of securities requested to be included in such registration (including securities of the Company which are not Registrable Securities) exceeds the number which can be sold in such offering, the Company will include

in such registration to the extent of the number of securities which the Company is so advised can be sold in such offering (i) first, Registrable Securities of the class requested to be included in such registration by the Holders making the request for registration pro rata, and (ii) second, other Holders or Transferees of the class desiring to participate in the registration pro rata, and (iii) third, other securities of the Company proposed to be included in such registration, in accordance with the priorities, if any, then existing among the Company and the holders of such other securities and if there are not priorities, pro rata in accordance with the number of securities they hold. In the event of a registration under Section 2(b), the priority in registration shall be (i) first, other securities of the Company proposed to be included in such registration, in accordance with the priorities, if any, then existing among the Company and the holders of such other securities and (ii) second, Registrable Securities of any class requested to be included in such registration by the Holders or Transferees making the request for registration, pro rata in accordance with the number of shares held.

(g) Conflicting Instructions from Holders. (i) The Company shall not be bound in any way by any agreement or contract among the Holders, Transferees, the Strategic Partners and Carolco, or any Affiliates of any of them (whether or not the Company has knowledge thereof) other than this Agreement, except as to those to which the Company is a party. With respect to receipt of instructions under this Section 2(g), the Company shall have no liability with respect to any action taken by it except for its own gross negligence or willful misconduct. The Company may rely and shall be protected in relying upon any resolution, certificate, opinion, request, communication, demand, receipt or other paper or document in good faith believed by it to be genuine and to have been signed or presented by the proper party or parties. The Company may act in reliance upon the advice of its counsel in reference to any matter in connection with this Agreement and shall not incur any liability for any action taken in good faith in accordance with such advice.

(ii) In the event the Company receives conflicting instructions from the Holders regarding any action to be taken or withheld hereunder, the Company will promptly notify all of the Holders who have given instructions and, if taking action at that time, may suspend further action relating to such instructions until such time as the conflicting instructions are resolved by the parties giving the same or until the Company is instructed to take or withhold the requested action by a final order from which no appeal may be taken issued by a court of competent jurisdiction.

(h) Effectiveness of the Agreement. This Agreement shall become effective only upon the Carolco Closing (and only if

such closing shall have occurred on or before December 31, 1993). Upon the effectiveness of this Agreement, the Original Agreement shall no longer be effective for any purpose and all rights granted thereunder shall cease.

3. Registration Procedures.

(a) If and whenever the Company is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 2, the Company, as expeditiously as possible and subject to the terms and conditions of Section 2, will:

(i) prepare and file with the Commission the requisite registration statement to effect such registration and use its best efforts to cause such registration to become effective (the Company shall provide the Selling Holders and their counsel with drafts of such registration statements);

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the Selling Holders thereof set forth in such registration statement or the expiration of 90 days after such registration statement becomes effective;

(iii) furnish to the Selling Holders such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as the Selling Holders may reasonably request;

(iv) use its best efforts to register or qualify all Registrable Securities covered by such registration statement under such other United States state securities or blue sky laws of such jurisdictions as the Selling Holders shall reasonably request, to keep such registration statement qualification in effect for so long as such registration remains in effect, and take any other action which may be reasonably necessary or advisable to enable the Selling Holders to consummate the disposition in such jurisdictions of the securities owned by the Selling Holders, except that the

Company shall not for any such purpose be required to (a) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (iv) be obligated to be so qualified, (b) subject itself to taxation in any such jurisdiction or (c) consent to general service of process in any such jurisdiction;

(v) use its best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other United States state governmental agencies or authorities as may be necessary to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(vi) use its best efforts to furnish to the Selling Holders a signed counterpart, addressed to the Selling Holders or seller of Registrable Securities (and the underwriters, if any), of

(x) an opinion of counsel for the Company, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), reasonably satisfactory to the Selling Holders in their reasonable judgment, and

(y) a "comfort" letter, reasonably satisfactory to the Selling Holders dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have certified the Company's financial statements included in such registration statement,

covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of the accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to the underwriters in underwritten public offerings of securities and, in the case of the accountants' letter, such other financial matters as such seller or such Holders (or the underwriters, if any) may reasonably request;

(vii) immediately notify the Selling Holders at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or

omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of the Selling Holders promptly prepare and furnish to the Selling Holders a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(viii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act, and not file any amendment or supplement to such registration statement or prospectus to which the Selling Holders shall have reasonably objected in writing on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or of the rules or regulations thereunder, having been furnished with a copy thereof (other than with respect to a 430A prospectus or pricing amendment) at least two business days prior to the filing thereof;

(ix) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(x) use its best efforts to list all Registrable Securities covered by such registration statement on any securities exchange on which any of the Registrable Securities are then listed.

(b) As a condition of these Registration Rights, the Company may require the Selling Holders, at their own expense, to furnish the Company with such information and undertakings as it may reasonably request regarding the Selling Holders and the distribution of such securities as the Company may from time to time reasonably request in writing, and the Holders, by their execution hereof, agree to provide such information and make such undertakings as are requested.

(c) The Selling Holders shall agree as a condition to receiving the benefits under this Agreement (A) that upon receipt of any notice from the Company of the happening of any event of the

kind described in subdivision (vii) of Section 3(a), the Selling Holders will forthwith discontinue their disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until the Selling Holders' receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (vii) of Section 3(a) and, if so directed by the Company, will deliver to the Company all copies, other than permanent file copies, then in the Selling Holders' possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice and (B) that they will immediately notify the Company, at any time when a prospectus relating to the registration of such Registrable Securities is required to be delivered under the Securities Act, of the happening of any event as a result of which information previously furnished by the Selling Holders to the Company for inclusion in such prospectus contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In the event the Company or the Selling Holders shall give any such notice, the period referred to in subdivision (ii) of Section 3(a) shall be extended by a number of days equal to the number of days during the period from and including the giving of notice pursuant to subdivision (vii) of this Section 3 to and including the date when the Selling Holders shall have received the copies of the supplemented or amended prospectus contemplated by subdivision (vii) of Section 3(a).

(d) Notwithstanding anything in this agreement to the contrary, the Company will not be required to file such a registration statement if it receives an opinion of counsel in form and substance reasonably satisfactory to the Majority Holders to the effect that the sale of the Registrable Securities in the manner contemplated by the Selling Holders may be effected without registration regardless of the identity or status of the buyer(s) of such Registrable Securities, and the Company shall reflect such sale and effect such transfer on the books of the Company.

4. Underwritten Offerings.

(a) Underwritten Offerings. If requested by the underwriters for any underwritten offering by the Selling Holders pursuant to a registration requested under Section 2(a), the Company will enter into an underwriting agreement with such underwriters for such offering, such agreement to be in form and substance reasonably satisfactory to the Company, the Selling Holders and its underwriters in their reasonable judgment and to contain such representations and warranties by the Company and such other terms as are customarily contained in agreements of this type, including, without limitation, indemnities to the effect and to the extent provided in Section 6, which agreement (or a separate

agreement among the parties) shall also contain a provision regarding the payment of Registration Expenses set forth in Section 2(d) hereof. The Selling Holders shall be a party to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of the Selling Holders and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of the Selling Holders.

(b) Selection of Underwriters. If a requested registration pursuant to Section 2(a) involves an underwritten offering, then the Majority Holders may select the underwriter from underwriting firms of national reputation.

(c) Holdback Agreements. Each Holder agrees, if so required in writing by the managing underwriter, not to effect any public sale or distribution of Registrable Securities or sales of such Registrable Securities pursuant to Rule 144 or Rule 144A under the Securities Act, during the seven days prior to and the 90 days after any firm commitment underwritten registration pursuant to Section 2 has become effective (except as part of such registration) or, if the managing underwriter advises the Company in writing that, in its opinion, no such public sale or distribution should be effected for a period of 120 days after such underwritten registration in order to complete the sale and distribution of securities included in such registration and the Company gives notice to the Holders of such advice, each Holder shall not effect any public sale or distribution of Registrable Securities or sales of such Registrable Securities pursuant to Rule 144 or Rule 144A under the Securities Act during such 120-day period after such underwritten registration, except as part of such underwritten registration, whether or not the Holder participates in such registration. If the three year period of Section 1(g) would otherwise terminate during such 120 day period, the expiration of such three year period shall toll during the 120 day period. Regardless of whether the three year period of Section 1(g) terminates during any such 120 day period, if a Holder is prevented from effecting registration pursuant to this Section 4(c), the expiration of the three year period of Section 1(g) shall be extended by 120 days with respect to such Holder.

5. Preparation, Reasonable Investigation.

In connection with the preparation and filing of each registration statement under the Securities Act, the Company will give the Selling Holders, the underwriters, if any, and their respective counsel and accountants, the opportunity to participate

in the preparation of such registration statement, each prospectus included therein or filed with the Commission and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of the Selling Holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

6. Indemnification.

(a) Indemnification by the Company. In the event of any registration under the Securities Act pursuant to Section 2 hereof of any Registrable Securities covered by such registration, the Company will, and hereby does, indemnify and hold harmless the Selling Holders, their directors and officers, each other person who participates as an underwriter in the offering or sale of such securities (if so required by such underwriter as a condition to including the Selling Holders' Registrable Securities in such registration) and each other person, if any, who controls the Selling Holders or any such underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Selling Holders or any such director or officer or underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein or any document incorporated therein by reference, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will reimburse the Selling Holders and each such director, officer, underwriter and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; provided that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with information furnished to the Company by any Holder; provided further that the Company shall not be liable to any person who participates as an underwriter in the offering or sale of Registrable Securities or

any other person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of such person's failure to send or give a copy of the final prospectus to the person claiming an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such person if such statement or omission was corrected in such final prospectus.

(b) Indemnification by the Selling Holders. The Company may require, as a condition to including any Registrable Securities of the Selling Holders in any registration statement filed pursuant to Section 2, that the Company shall have received an undertaking satisfactory to it from the Selling Holders to indemnify and hold harmless (in the same manner and to the same extent as set forth in subdivision (a) of this Section 6) the Company, each director of the Company, each officer of the Company and each other person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by the Selling Holders either specifically for inclusion therein or which the Company has informed the Selling Holders will be used for such purposes.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding subdivisions of this Section 6, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this Section 6, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the

latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall consent to entry of any judgment or enter into any settlement without the consent of the indemnified party which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Other Indemnification. Indemnification similar to that specified in the preceding subdivisions of this Section 6 (with appropriate modifications) shall be given by the Company and the Selling Holders with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority, other than the Securities Act.

(e) Indemnification Payments. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

(f) Contribution. If the indemnification provided for in this Section 6 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein, then the indemnifying party, to the extent such indemnification is unavailable, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions that resulted in such losses, claims, damages, liabilities or expenses. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(f) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable

considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any person.

If indemnification is available under this Section 6, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 6(a) and 6(b) without regard to the relative fault of said indemnifying parties or indemnified party or any other equitable consideration provided for in this Section 6(f).

7. Miscellaneous.

(a) Specific Performance. The parties hereto acknowledge that there may be no adequate remedy at law if any party fails to perform any of its obligations hereunder and that each party may be irreparably harmed by any such failure, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of any other party under this Agreement in accordance with the terms and conditions of this Agreement.

(b) Notices. All notices, requests, claims, demands, waivers and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, if delivered personally by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows:

(i) Carolco:

8800 Sunset Boulevard
Los Angeles, California 90069
Attention: General Counsel
Telecopy No. 310/652-1343

(ii) Company:

15400 Sherman Way, Suite 500
Van Nuys, California 91405
Attention: General Counsel
Telecopy No. 818/908-9539

All notices to or from any Strategic Partner shall be copied to the other Strategic Partners at the following addresses:

(iii) Pioneer:

Arco Tower, 8-1
Shimomeguro 1-chome
Meguro-ku
Tokyo 153, Japan
Attention: Mr. Ryuichi Noda, President
Telecopy No. 011-81-33-493-7861

with a copy to:

Mr. Kudo
Pioneer LDCA, Inc.
2265 East 220th Street
Long Beach, California 90801
Telecopy No. 310/816-0420

(iv) RCS:

Museumplein 11
1071 DJ Amsterdam
Netherlands
Attention: Mr. Koopsman or Mr. Peters
Telecopy No. 011-59-99-611-061

with a copy to:

Avv. Enzo Pulitano
Affari Legali e Societari
RCS Editori SPA
Corso Garibaldi 86
20121 Milan Italy
Telecopier No. 011-39-2-653-330

and

Paul D. Downs, Esq.
Werbel McMillin & Carnelutti
711 Fifth Avenue
New York, New York 10022
Telecopier No. 212/832-3353

(v) Studio Canal:

17 rue Dumont d'Urville
75116 Paris
France
Attention: Direction Financier
Telecopy No. 011-331-4720-1358

with a copy to:

Coudert Freres
52, Avenue des Champs-Elysee
7508 Paris
France
Attention: Jonathan M. Wohl, Esq.

or to such other address as any person may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

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

(d) Headings. The descriptive headings of the several Sections and paragraphs of this Agreement are inserted for convenience only, and do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(e) Entire Agreement; Amendments. This Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the Majority Holders of a class of Registrable Securities with respect to the rights of the Holders of such class. Each Holder or Transferee of any class of Registrable Securities at the time or thereafter outstanding shall be bound by an amendment or waiver authorized by this Section 7(e), whether or not any such Registrable Securities shall have been marked to indicate such consent.

(f) Assignability. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto provided, however, that the Registration Rights hereunder shall only be available to the Holders or Transferees as provided herein.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

By its execution hereof, the Company represents and warrants that it has the corporate power to execute, deliver and perform the terms and provisions of this Agreement and that it has taken all appropriate and necessary corporate action to authorize the

transactions contemplated hereby and the execution, delivery and performance of this Agreement. The Company further represents that this Agreement will be, upon its execution and delivery, the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws related to or limiting creditors rights generally.

LIVE ENTERTAINMENT INC.

By:_____
Name:
Title:

Accepted and agreed as of the
date first written above

CAROLCO PICTURES INC.

By: _____
Name:
Title:

STRATEGIC PARTNERS:

PIONEER LDCA, INC.

By: _____
Name:
Title:

RCS VIDEO SERVICES INTERNATIONAL B.V.

By: _____
Name:
Title:

LE STUDIO CANAL+ S.A.

By: _____
Name:
Title:

In consideration of the Company's execution of this Agreement, RCS Video Services Antilles N.V. hereby waives and releases all rights

it may have had under the Original Agreement.

RCS VIDEO SERVICES ANTILLES N.V.

By: _____
Name:
Title:

RECONCILIATION AND OFFSET AGREEMENT

THIS RECONCILIATION AND OFFSET AGREEMENT is made as of this 31st day of December, 1992, among CAROLCO PICTURES INC., a Delaware corporation ("CPI"), CAROLCO INTERNATIONAL N.V., a Netherlands Antilles corporation ("CINV"), LIVE ENTERTAINMENT INC., a Delaware corporation ("LEI"), LIVE HOME VIDEO INC., a Delaware corporation ("LHV") and LEI-IVE ENTERTAINMENT N.V., a Netherlands Antilles corporation ("LIVE NV").

WHEREAS, CPI, CINV and their affiliates, on the one hand (collectively, the "Carolco Group") and LEI, LHV, LIVE NV and their affiliates, on the other hand (collectively, the "LIVE Group") are parties to various transactions requiring the payment of sums from members of one Group to members of the other; and

WHEREAS, the parties desire to reconcile the open account relationship between them, confirm the various amounts owing by members of each Group to members of the other, permit the offset of the various accounts and memorialize the terms of payment of amounts remaining owing from members of one Group to members of the other.

NOW, THEREFORE, for and in consideration of TEN DOLLARS ($10.00) and other good and valuable consideration by each of the parties hereto in hand paid to the others, the receipt and adequacy of which are hereby acknowledged, CPI and CINV, on behalf of the Carolco Group, and LEI, LHV and LIVE NV, on behalf of the LIVE Group, hereby agree as follows:

1. As of the date hereof, the following amounts, totalling $23,218,508, are due from members of the Carolco Group to members of the LIVE Group for the reasons set forth on Exhibit 1 attached hereto.

2. As of the date hereof, the following amounts, totalling $14,209,502, are due from members of the LIVE Group to members of the Carolco Group for the reasons set forth on Exhibit 2 attached hereto.

3. CPI and CINV, on behalf of the Carolco Group, hereby confirm that the LIVE Group may offset the amounts owing by members of the LIVE Group to members of the Carolco Group under paragraph 2 against the amounts owed to members of the LIVE Group under paragraph 1, and hereby agree that the remainder of $9,009,006 shall be paid as follows:

a. $3,644,567 of such amount shall be paid by CPI

assigning and delivering to LHV that certain Non-Negotiable Promissory Note dated September 24, 1990, in the original principal amount of Three Million Dollars ($3,000,000), together with accrued interest through the date hereof of $644,567, issued by Strawberries Inc. to the order of CPI; and

b. The remaining $5,364,439, plus interest thereon from the date hereof until the date paid or satisfied at the rate set forth in that certain Third Amended and Restated Loan and Security Agreement dated as of July 26, 1990, as amended, between certain members of the LIVE Group as borrowers and Chemical Bank and others as lenders, shall be reduced by way of offset by the following:

i. All proceeds under the "Light Sleeper" existing and future distribution and/or sublicense agreements between CPI and/or CINV and any sublicensor shall be assigned to LHV (for domestic and Canadian proceeds) or LIVE NV (for international proceeds);

ii. All proceeds under the "Reservoir Dogs" existing and future distribution and/or sublicense agreements between LHV and LIVE NV, on the one hand, and CPI and CINV, on the other, shall be assigned to LHV (for domestic and Canadian proceeds) or LIVE NV (for international proceeds); and

iii. All payments to be received by Orbis (now Carolco Television Inc.) on sublicense, sale or other transactions related to LIVE product; and

iv. Payments currently due to, or to become due to, CINV for German language home video rights in Europe for the following completed films, for which delivery has not been made as of the date hereof:

1. "Career Opportunities";
2. "Opportunity Knocks"; and
3. "The Wizard."

Furthermore, the parties agree that if in the future amounts are owing by any member of the LIVE Group to any member of the Carolco Group, while at the same time other amounts are owing by any member of the Carolco Group to any member of the LIVE Group, such amounts may be offset against each other, with such offset to be effected by the appropriate member of the offsetting Group sending a notice thereof to the other Group identifying the amounts being offset. In the case of notice to the Carolco Group, such notice shall be sent in care of the Chief Financial Officer of CPI; in the case of notice to any member of the LIVE Group, such notice

shall be sent in care of the Chief Financial Officer of LHV.

Notwithstanding the provisions of the immediately preceding paragraph, the parties hereto agree that unless the written consent of the appropriate member of the Carolco Group is first obtained, members of the LIVE Group may not offset against any amounts otherwise owing to any member of the Carolco Group any amounts claimed owing to LHV by reason of profit shortfalls in Packages #1, #2 or #3 above and beyond the amounts set forth in Exhibit 1 hereto, provided however, that, in accordance with the agreements governing such Packages, LHV may offset such shortfalls against amounts owing for advances for films to be provided by CPI to LHV in the future.

4. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Reconciliation and Offset Agreement as of the day and year first above written.

CAROLCO PICTURES INC.

By:

Title:

CAROLCO INTERNATIONAL N.V.

By:

Title:

LIVE HOME VIDEO INC.

By:

Title:

LEI-IVE ENTERTAINMENT N.V.

By:

Title:

LIVE ENTERTAINMENT INC.

By:

Title:

AMENDMENT NUMBER THREE TO
GENERAL LOAN AND SECURITY AGREEMENT
STRAWBERRIES INC.

This AMENDMENT NUMBER THREE TO GENERAL LOAN AND SECURITY AGREEMENT (this "Amendment") is entered into as of May 5, 1993 by and between FOOTHILL CAPITAL CORPORATION, a California corporation ("Foothill"), with an office located at 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, California 90025-3333, on the one hand, and STRAWBERRIES INC., a Delaware corporation, and WAXIE MAXIE QUALITY MUSIC CO., a Delaware corporation (collectively hereafter referred to as "Borrowers"), whose chief executive office is located at 205 Fortune Boulevard, Milford, Massachusetts 01757, on the other hand, in light of the following facts:

FACTS

FACT ONE: Foothill and Borrowers have previously entered into that certain General Loan and Security Agreement dated June 11, 1992, as amended (the "Agreement").

FACT TWO: Foothill and Borrowers have agreed to amend the Agreement as provided herein.

NOW, THEREFORE, Foothill and Borrowers hereby amend and supplement the Agreement as follows:

1. All initially capitalized terms used in this Amendment shall have the meanings ascribed thereto in the Agreement unless specifically defined herein.

2. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one agreement.

3. The last sentence of the definition of "Eligible Inventory" in Section 1.1. of the Agreement under Definitions and Constructions is hereby deleted therefrom and a new sentence shall be substituted therefor which shall read as follows: "Foothill acknowledges that the 2.5% shrinkage reserve set by Borrower for fiscal 1993 is satisfactory as of February 1, 1993."

4. Section 7.8 of the Agreement is hereby amended in its entirety to read as follows: "Capital Expenditures. Make any capital expenditure, or any commitment therefor, or lease any property, which lease would constitute a capital lease in accordance with GAAP, in excess of One Million Dollars ($1,000,000) for any individual transaction or where the aggregate amount of

such transactions in any fiscal year is in excess of Five Million Dollars ($5,000,000) in the aggregate for all Borrowers. In addition to the foregoing, Borrowers shall be permitted to make a capital expenditure of up to $2,500,000 in connection with the acquisition and installation of a "point of sale" hardware and software system."

5. Section 7.12 of the Agreement is hereby amended in its entirety to read as follows: "Investments. Other than Permitted Investments in an aggregate amount not to exceed Ten Million Dollars ($10,000,000) at any one time, directly or indirectly make or own any beneficial interest in (including stock, partnership interest, or other securities of), or make any loan, advance, or capital contribution to, any corporation, association, person, or entity other than any other Borrower."

6. Borrower shall pay to Foothill as documentation fee in the amount of $500.00 which shall be payable upon execution hereof. Said fee shall be fully earned at the time of payment and shall be non-refundable.

7. This Amendment Number Three to the General Loan And Security Agreement amends, supercedes and replaces in its entirety that certain Amendment Number Three to the General Loan And Security Agreement dated April 22, 1993.

IN WITNESS WHEREOF, Foothill and Borrowers have executed this Amendment as of the date first written above.

FOOTHILL CAPITAL CORPORATION

By:

Its:

STRAWBERRIES INC.

By:

Its:

WAXIE MAXIE QUALITY MUSIC CO.

By:

Its:

AMENDMENT NUMBER FOUR TO
GENERAL LOAN AND SECURITY AGREEMENT
STRAWBERRIES, INC.

This Amendment Number Four To General Loan And Security Agreement (this "Amendment") is entered into as of July 29, 1993, by and between FOOTHILL CAPITAL CORPORATION, a California corporation ("Foothill"), with an office located at 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, California 90025-3333 on the one hand, and STRAWBERRIES INC., a Delaware corporation, and WAXIE MAXIE QUALITY MUSIC CO., a Delaware corporation (collectively hereinafter referred to as "Borrowers"), whose chief executive office is located at 205 Fortune Boulevard, Milford, Massachusetts 01757, in light of the following facts:

FACTS

FACT ONE: Foothill and Borrowers have previously entered into that certain General Loan And Security Agreement dated June 11, 1992, (as amended and supplemented, the "Agreement");

FACT TWO: Foothill and Borrowers have agreed to further amend and supplement the Agreement as follows:

1. All initially capitalized terms used in this Amendment shall have the same meanings ascribed thereto in the Agreement unless specifically defined herein.

2. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one agreement.

3. Section 1.1 of the Agreement is hereby amended to add a new definition called "L/Cs" to read as follows: "L/Cs" has the meaning set forth in Section 2.2(a)."

4. Section 1.1 of the Agreement is hereby amended to add a new definition called "L/C Guarantees" to read as follows: "L/C Guarantees" has the meaning set forth in Section 2.2(a).

5. The definition regarding the term "Obligations" under Section 1.1 of the Agreement, is hereby amended in its entirety to read as follows: "Obligations" means all loans, advances, debts, principal, interest (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued), contingent reimbursement obligations owing to Foothill under any outstanding L/Cs or L/C Guarantees, premiums, liabilities (including all amounts charged to Borrowers' loan account pursuant to any provision of any Loan Document authorizing Foothill to charge Borrowers' loan account), obligations, fees (including the Early Termination Fee), guaranties,

covenants, and duties owing by any Borrower to Foothill of any kind and description, pursuant to or evidenced by the Loan Documents, whether or not for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and further including all interest not paid when due and all Foothill Expenses which Borrower is required to pay or reimburse by the Loan Documents, by law, or otherwise."

6. Section 2.2 of the Agreement shall hereafter become Section 2.10.

7. A new Section 2.2 is hereby added to the Agreement which shall read as follows: "2.2 Letters of Credit and Letter of Credit Guarantees. (a) Subject to the terms and conditions of this Agreement, Foothill agrees to issue commercial or standby letters of credit for the account of Borrower (each, an "L/C") or to issue guarantees of payment with respect to L/Cs (each, an "L/C Guaranty") in an aggregate face amount not to exceed the lesser of: (i) the Borrowing Base less the amount of outstanding revolving advances pursuant to Section 2.1, and (ii) Two Hundred Fifty Thousand Dollars ($250,000). Borrower expressly understands and agrees that Foothill shall have no obligation to arrange for the issuance by other financial institutions of L/Cs that are to be the subject of L/C Guarantees and that certain of such L/Cs may be outstanding on the date hereof. Each such L/C (including those that are the subject of L/C Guarantees) shall have an expiry date no later than sixty (60) days prior to the date on which this Agreement is scheduled to terminate under Section 3.2 hereof and all such L/Cs and L/C Guarantees shall be in form and substance acceptable to Foothill in its sole discretion. Foothill shall not have any obligation to issue L/Cs or L/C Guarantees to the extent that the face amount of all outstanding L/Cs and L/C Guarantees, plus the amount of revolving advances outstanding pursuant to Section 2.1, would exceed the Maximum Amount. The L/Cs and the L/C Guarantees issued under this Section 2.2 shall be used by Borrower, consistent with this Agreement, for its general working capital purposes. If Foothill is obligated to advance funds under an L/C or L/C Guaranty, the amount so advanced shall be deemed to be an advance made by Foothill to Borrower pursuant to Section 2.1 and, thereafter, shall bear interest on the terms and conditions provided in Section 2.3.

(b) Borrower hereby agrees to indemnify, save, and hold Foothill harmless from any loss, cost, expense, or liability, including payments made by Foothill, expenses, and reasonable attorneys' fees incurred by Foothill arising out of or in connection with any L/Cs or L/C Guarantees. Borrower agrees to be bound by the issuing bank's regulations and interpretations of any L/Cs guaranteed by Foothill and opened to or for Borrower's account or by Foothill's reasonable interpretations of any L/C issued by Foothill to or for Borrower's account, even though this interpretation may be different from Borrower's own, and Borrower understands and agrees that Foothill shall not be liable for any error, negligence, or mistakes, whether of

omission or commission, in following Borrower's instructions or those contained in the L/Cs or any modifications, amendments, or supplements thereto, except as maybe caused by the gross negligence or willful misconduct of Foothill. Borrower understands that the L/C Guarantees may require Foothill to indemnify the issuing bank for certain costs or liabilities arising out of claims by Borrower against such issuing bank. Borrower hereby agrees to indemnify and hold Foothill harmless with respect to any loss, cost, expense, or liability incurred by Foothill under any L/C Guaranty as a result of Foothill's indemnification of any such issuing bank.

(c) Borrower hereby authorizes and directs any bank that issues an L/C guaranteed by Foothill to deliver to Foothill all instruments, documents, and other writings and property received by the issuing bank pursuant to the L/C, and to accept and rely upon Foothill's instructions and agreements with respect to all matters arising in connection with the L/C and the related application. Borrower may or may not be the "account party" on such L/Cs.

(d) Any and all service charges, commissions, fees and costs incurred by Foothill relating to the L/Cs guaranteed by Foothill shall be considered Foothill Expenses for purposes of this Agreement and shall be immediately reimbursable by Borrower to Foothill. On the first Business Day of each month, Borrower will pay Foothill a fee equal to three percent (3%) per annum times the average Daily Balance of the undrawn L/Cs and L/C Guarantees that were outstanding during the immediately preceding calendar month. Service charges, commissions, fees and costs may be charged to Borrower's loan account at the time the service is rendered or the cost is incurred.

(e) Immediately upon the termination of this Agreement, Borrower agrees to either: (i) provide cash collateral to Foothill in an amount equal to the maximum amount of Foothill's obligations under L/Cs plus the maximum amount of Foothill's obligations to any issuing bank under outstanding L/C Guarantees, or (ii) cause to be delivered to Foothill releases of all of Foothill's obligations under its outstanding L/Cs and L/C Guarantees. At Foothill's discretion, any proceeds of Collateral received by Foothill may be held as the cash collateral required by this Section 2.2(e). Upon the cancellation or other termination of any L/C or L/C Guarantees, Foothill shall release such cash collateral to Borrowers at such time when Borrower's other Obligations have been paid in full to Foothill."

8. Section 2.3(a) of the Agreement is hereby amended in its entirety to read as follows: "(a) Interest Rate. The Obligations, except for undrawn L/Cs and L/C Guarantees, shall bear interest, on the average Daily Balance, at a per annum rate of three and one half (3-1/2) percentage points above the Reference Rate.

9. Section 2.3(b) of the Agreement is hereby amended in its entirety to read as follows: "(b) Default Rate. All Obligations, except

for undrawn L/Cs and L/C Guarantees, shall bear interest, from and after the occurrence of an Event of Default, at a rate of six and one half (6-1/2) percentage points above the Reference Rate. From and after the occurrence and during the continuance of an Event of Default, the fee provided in Section 2.2 (d) shall be increased to a fee equal to six percent (6%) per annum times the average Daily Balance of the undrawn L/Cs and L/C Guarantees that were outstanding during the immediately preceding calendar month."

10. The following shall be inserted after the word "Obligations" and before the word "together" in the first sentence of Section 3.2 of the Agreement to read as follows: "and providing the cash collateral or releases as described in Section 2.2(e), . . ."

11. The first sentence under Section 3.2(b) of the Agreement shall be amended in its entirety to read as follows: "(b) if such prepayment is made after the first anniversary of the Closing Date, then an amount equal to (i) fifty percent (50%) of the average monthly interest charges plus fifty percent (50%) of the average monthly L/C and L/C Guarantee fees for the immediately preceding six (6) months, times (ii) the number of months remaining in the term of this Agreement."

12. The first sentence in Section 3.4 of the Agreement is hereby amended in its entirety to read as follows: "Effect of Termination. On the date of termination, all Obligations shall become immediately due and payable without notice or demand and the Borrowers shall provide Foothill with the cash collateral and/or releases described in Section 2.2(e)."

13. The first sentence in Section 5.13 of the Agreement shall be amended in its entirety to read as follows: "Each warranty, representation, and agreement contained in this Agreement shall be automatically deemed repeated with each advance or issuance of an L/C or L/C Guaranty and shall be conclusively presumed to have been relied on by Foothill regardless of any investigation made or information possessed by Foothill."

14. Section 9.1(a) of the Agreement is hereby amended in its entirety to read as follows: "(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable, and require that the Borrowers, in addition, provide Foothill with the cash collateral and/or releases described in Section 2.2(e);"

15. In the event of conflict between the terms and provisions of this Amendment and the terms and provisions of the Agreement, the terms of this Amendment shall govern. In all other respects, the Agreement, as amended and supplemented hereby, shall remain in full force and effect.

IN WITNESS WHEREOF, Foothill and Borrowers have executed this

Amendment as of the date first written above.

FOOTHILL CAPITAL CORPORATION

By_____

Its_____

STRAWBERRIES, INC.

By_____

Its_____

WAXIE MAXIE QUALITY MUSIC CO.

By_____

Its_____

LIVE ENTERTAINMENT INC.

FISCAL 1993

INCENTIVE CASH COMPENSATION PROGRAM

JULY, 1993

I. Background

In 1992 LIVE Entertainment Inc. ("LIVE") and each of its domestic operating subsidiaries - LIVE Home Video Inc. ("LHV") and the Specialty

Retail Group ("SRG") - adopted the Fiscal 1992 Incentive Cash Compensation Program (the "1992 Program") that rewarded key managers of LIVE, LHV and SRG with year end cash payments based upon a combination of individual performance and company profitability. We believe that the 1992 Program accomplished its goals and recommend that a similar program be adopted for 1993, with the modifications suggested in this Report. This Report is organized in the following manner:

1. Goals of Fiscal 1993 LIVE Incentive Cash Compensation Program (the "1993 Program").
2. Identification of Who Should Participate in the 1993 Program.
3. Determination of Appropriate Bonus Parameters.
4. Suggested 1993 Program.
5. Expected Costs of the 1993 Program.
6. Miscellaneous Provisions of the 1993 Program.

A discussion of the various elements of the follows.

II. Goals of 1993 Program

We believe that the goals of the 1993 Program should be the same as they were in the 1992 Program, namely:

1. To focus key manager attention and energy on achieving targeted profitability.

2. To provide direct linkage between results and rewards and thereby incent managers to improve performance.

3. To cover as many managers as possible within reasonable cost constraints.

4. To be able to budget for bonuses at the beginning of the fiscal year, rather than the end.

5. To create a stronger sense of the "team" by making profit performance of the individual unit a part of everyone's bonus.

6. To place "at risk" (i.e., make subject to a bonus program) a larger percentage of the base salaries of managers who have a direct impact on profitability, as opposed to "support" managers whose impact on profitability generally is indirect; support managers should have a smaller percentage of their total salaries subject to bonus awards.

7. To provide consistency among the bonus programs of LIVE and its subsidiaries in order to foster internal equity.

We believe that the 1993 Program supports the above-stated goals.

III. Who Should Participate in the 1993 Program

The Chief Executive Officers of each of LIVE, LHV and SRG have provided lists of their key managers who have the greatest ability to impact profitability. We have taken those lists and segregated them as follows:

1. Type of Position
   a. "Executive" - includes only senior managers who are in a position to control the management policies of the entire subsidiary; generally includes only "executive officers".
   b. "Sales and Merchandising" - the position has direct involvement in sales and margin, and with virtually every decision the manager's performance has a direct impact on the profitability of the unit.
   c. "Support" - the position supports the activities of the Sales and Merchandising group and therefore most of the decisions made by managers in the position have an indirect impact on the profitability of the unit.

2. Level of Authority within the Organization ("Management Levels")
   a. People occupying the same "type" of position who have a similar ability to impact a unit's profits have been grouped together.
   b. Because of their positions within a unit, some groups are ranked higher than others.

IV. Determination of Appropriate Bonus Parameters

There are as many ways to determine bonus amounts as there are managers to design bonus programs. Nevertheless, there are basic elements in the determination of bonus amounts that exist in most bonus programs, and those elements are as follows:

1. Arbitrary
2. As a percentage of an individual's salary
3. As a percentage of the average salary for a group
4. Different potential bonus awards for different Management Levels
5. Some combination of 1, 2, 3 and/or 4

Once those basic elements are determined, the "slope" of the bonus curve for a particular target then needs to be determined, i.e.:

A. At what point does any bonus become payable for that target (e.g., once the company reaches 80% of its profit goal).
B. What bonus is payable once a target is reached.
C. What is the maximum bonus achievable, and at what point is the maximum reached.

Examples of "slopes" of various bonus curves are as follows:

i. Straight Line - e.g., a fixed amount if the "at Plan" target is met, with 50% of that amount if the minimum threshold is met (e.g., 85% of "at Plan") and 150% of that amount if the maximum target is reached (e.g., 115% of "at Plan"). An example of this type of bonus calculation, using an "at Plan" bonus amount of $3,000, is attached as Figure 1.

ii. Stair Step - e.g., a fixed amount if a certain range around the "at Plan" target is met (such as 95% to 105% of "at Plan"), with 50% of that amount if the minimum threshold is met (e.g., 85% of "at Plan") and 150% of that amount if the maximum target is reached (e.g., 115% of "at Plan"). An example of this type of bonus calculation, using an "at Plan" bonus amount of $3,000, is attached as Figure 2.

iii. Varying Slopes - Adjust either the minimum threshold or the maximum target, either up or down. In the example used in paragraph (i) above, the 85% minimum threshold could be changed to 70% or to 90%; similarly, the 115% maximum target could be changed to 110% or 130%. An example of this type of bonus calculation, using an "at Plan" bonus amount of $3,000, is attached as Figure 3. The same variable slope result could be achieved by changing the bonus awards at either the minimum or maximum levels. For example, instead of awarding 50% of the "at Plan" amount upon achievement of the minimum threshold, the award could be 33% or 75% of that amount; likewise, instead of awarding 150% of the "at Plan" amount upon achievement of the maximum target, the award could be 125% or 175% of that amount. An example of this type of bonus calculation, using an "at Plan" bonus amount of $3,000, is attached as Figure 4.

iv. Some combination of (i), (ii) and/or (iii).

The 1993 Program described in this Report uses the basic parameters set forth in this Section IV.

V. Suggested 1993 Program

A. Basis for Bonus Grants

As with the 1992 Program, we suggest that bonus awards be made based on a percentage of the actual base salary of the particular individual at the end of fiscal 1993 (as opposed to base salary at the beginning of the year or actual salary paid over the course of the year). We recommend that, over time, a greater percentage of the base salaries of Sales and Merchandising managers be allocated to bonuses than their Support counterparts. However, we believe that in order to avoid paying a windfall to Sales and Merchandising managers such a process should occur gradually, with base salary increases of Sales and Merchandising managers being constrained while at the same time increasing bonus potential as a percentage of base salary. Thus, as with the 1992

Program, for the 1993 Program we again recommend that the "at Plan" bonus percentages be identical for Sales and Merchandising and Support managers in equivalent Management Levels.

We suggest that the bonus amounts be broken down as a percentage of salary as follows:

1. Executive

Management Level	"At Plan" Bonus Percentage
CEO	33%
E1	25%
E2	22%

2. Sales and Merchandising and Support

Management Level	"At Plan" Bonus Percentage
SAM1/SUP1	20%
SAM2/SUP2	15%
SAM3/SUP3	10%

These percentages are the same as they were for the 1992 Program.

B. Allocation of Bonuses

i. Matrix Factors

We suggest that a matrix be established for each Management Level, and that the elements of the matrix be allocated as follows as a percentage of the total bonus award of an individual (the percentages for the 1992 Program are shown in italics):

1. CEO and Executive
   a. Unit Profit - 100% (1992 Program - 100%)

2. Sales and Merchandising
   a. Individuals with major corporate responsibility who are not Executive Officers (generally Vice Presidents and Directors)
      i. Unit Profit - 50% (1992 Program - 80%)
      ii. Individual Performance (based on formal performance evaluation) - 10% (1992 Program - 20%)
      iii. Quantifiable targets (such as sales, gross margin, sub-unit profit, inventory turnover, expense control (either two or three goals for each manager)) - 40% total (1992 Program - 0%)

b. All other bonus-eligible managers
   i. Unit Profit - 20% (1992 Program - 50%)
   ii. Individual Performance (based on formal performance evaluation) - 10% (1992 Program - 50%)
   iii. Quantifiable targets (such as sales, gross margin, sub-unit profit, inventory turnover, expense control (either two or three goals for each manager)) - 70% total (1992 Program - 0%)

3. Support
   a. Individuals with major corporate responsibility who are not Executive Officers (generally Vice Presidents and Directors)
      i. Unit Profit - 50% (1992 Program - 80%)
      ii. Individual Performance (based on formal performance evaluation) - 50% (1992 Program - 20%)

   b. All other bonus-eligible managers
      i. Unit Profit - 20% (1992 Program - 50%)
      ii. Individual Performance (based on formal performance evaluation) - 80% (1992 Program - 50%)

Because the 1992 Program was not approved until November 1992, the only elements that were used to determine bonuses under the 1992 Program were unit profits and individual performance. Since we anticipate adoption of the 1993 Program before the mid-point of the fiscal year, we suggest the use in the 1993 Program of quantifiable targets for bonus eligible Sales and Merchandising managers. Those targets could be established and agreed upon as part of the annual review process held each year.

ii. Thresholds and Maximums

The percentages described in Section V(A) above show amounts, as a percentage of base salary, that an individual can receive once "Plan" is achieved. The purpose of this Section V(B)(ii) is to identify, for specific targets, what those "at Plan" amounts are and what maximum amounts would be awardable for superior performance.

1. Unit Profit Target
   a. Threshold - Minimum bonus (50% of "at Plan" amount) awardable at 80% of Plan.
   b. Maximum - Maximum bonus (150% of "at Plan" amount) awardable at 130% of Plan.

2. Individual Performance Target
   a. "Meets Expectations" - Individual receives "at Plan" amount
   b. "Greatly Exceeds Expectations" - Individual receives 150% of "at Plan" amount.
   c. "Exceeds Expectations" - Individual receives 125% of "at

Plan" amount.

d. "Misses Expectations by a Small Amount" - Individual receives no bonus for the "Individual Performance" target.

e. "Misses Expectations by a Significant Amount" - An amount equal to (minus 0.75) times the "at Plan" bonus will be subtracted from bonuses earned from attaining other targets.

f. "Unsatisfactory" - No bonus at all; poor performance will disqualify a manager from receiving any bonus under the 1993 Program.

3. All Other Unit Targets (not a part of the 1992 Program)

a. Minimum - at or below 85% of Plan, an amount equal to (-1) times the "at Plan" bonus will be subtracted from bonuses earned from attaining other targets

b. As performance approaches the target, each 1% gain offsets the "negative bonus" by 10%.

c. From 95% of Plan to One Dollar less than 100% of Plan, no bonus will be awarded.

d. "At Plan" - 100% of Plan, at which point the "at Plan" bonus will be awarded.

e. Maximum - 130% of Plan, at which point 200% of the "at Plan" bonus will be awarded.

f. Example - a graphic representation of how the 1993 Program would operate with a unit target, and a $3,000 "at Plan" bonus for that target, is attached as Figure 5.

iii. Establishment of Matrices

As noted in Sections V(B)(i) and V(B)(ii) above, a matrix would be established for each bonus eligible manager. Using the information contained in this Section V, examples of matrices of hypothetical Sales and Merchandising and Support Vice Presidents, whose base salary is $100,000, are attached as Exhibit A and Exhibit B, respectively.

iv. 1993 Program Parameters for Each Unit

Using the 1993 Program design as suggested in this Section V, Management Levels and bonus amounts for the current employees of LHV (including LIVE) and SRG are shown in the attached Exhibits C and D. Exhibit C shows actual 1993 base salaries and assumes a 5% base salary increase for those employees who have not yet received their 1993 salary reviews. Exhibit D shows actual 1993 base salaries assuming an across the board 5% base salary increase.

VI. Costs

The most important element of the 1993 Program is its cost to LIVE and its subsidiaries. Under the 1993 Program as suggested in Section V

above, using the information contained in Exhibits C and D, assuming that all bonus-eligible employees receive a raise during 1993 equal to 5% of their year-end 1992 base salaries, and assuming further that each unit and each employee in that unit meet their planned performance goals, a total of approximately $1,200,000 would be paid in bonuses in early 1994. If bonuses of Chief Executive Officers are excluded, the total bonuses would be approximately $1,000,000. As a percentage of operating profits, the bonuses would be as follows:

Unit	Including CEO's	Excluding CEO's
LHV/LIVE	4.9%	4.1%
SRG	8.7%	7.2%
Overall	5.6%	4.7%

As with the 1992 Program, the bonus percentages for both "LHV/LIVE" and "Overall" seem to us very appropriate. However, again as with the 1992 Program, the bonus percentages for SRG seem high at first glance. Although 1992 showed a significant improvement in performance at SRG, both in terms of sales and in terms of profits, and SRG's 1993 Business Plan shows those trends to continue, SRG's operating profits for 1993 remain at relatively low levels; thus, as was the case for the 1992 Program, any meaningful bonus program for SRG probably would use a significant portion of SRG's profits. We believe that implementation of the 1993 Program suggested in this Report could continue to lead to higher profits at SRG, meaning that over time the percentage of SRG's profits devoted to the Program would continue to decrease substantially. For purposes of comparison, "at Plan" bonuses under the 1992 Program for SRG as a percentage of operating profits, including the 1992 "at Plan" bonus for the CEO, were 10.3%. The corresponding percentage under the 1993 Program is 8.7%.

We therefore believe that it is appropriate to allocate the above percentages of Company profits to senior manager bonuses under the 1993 Program.

The following table shows what portion of incremental profits (once planned levels have been achieved) are devoted to bonuses under the 1993 Program:

Unit	Including CEO's	Excluding CEO's
LHV/LIVE	8.9%	7.5%
SRG	15.5%	13.1%
Overall	10.0%	8.5%

Once again, the incremental bonus percentages for both "LHV/LIVE" and "Overall" seem appropriate, whereas the incremental bonus percentages for SRG appear high. Once again for purposes of comparison, incremental bonuses under the 1992 Program for SRG as a percentage of incremental operating profits, including the 1992 incremental bonus for the CEO,

were 17.1%. The corresponding percentage under the 1993 Program is 15.5%. Therefore, for the same reasons that are discussed above, we believe that it is proper to allocate the above percentages of additional Company profits to increasing senior manager bonuses.

The 1993 Business Plan for LHV/LIVE includes $850,000 for senior management bonuses. This is approximately $20,000 less than the bonuses that would be awarded under the 1993 Program if LHV/LIVE's performance in 1993 reached planned levels. The 1993 Business Plan for SRG includes $300,000 for senior management bonuses. This is approximately $25,000 less than the bonuses that would be awarded under the 1993 Program if SRG's performance in 1993 reached planned levels. We believe that the variance is insignificant, and that as a result of turnover, the performance review process and overall expense management in general, bonuses under the 1993 Program will be equal to or less than budgeted amounts, unless, of course, 1993 operating profit exceeds planned levels, in which event bonuses under the 1993 Program also will exceed planned levels.

VII. Miscellaneous Provisions

A. Basic Rules

In addition to the other provisions of the 1993 Program discussed in this Report, the following basic rules should apply to the 1993 Program:

1. Subject to the provisions of Section VII(A)(8) below, and notwithstanding any other provision of the 1993 Program, if a unit did not achieve 75% of its profit plan, no bonuses would be payable pursuant to the 1993 Program.

2. When a person moves from one Management Level to another, maximum bonus potential should be prorated based upon the portion of year the person was in each job. The pro ration should be calculated as of the month ending closest to the effective date of the promotion/transfer.

3. When a person enters a bonus eligible position in the middle of the year, maximum bonus potential should be prorated based upon the portion of the year the person was in the bonus eligible job. The pro ration should be calculated as of the month ending closest to the effective date of the hiring/promotion/transfer.

4. If managers are transferred from one bonus eligible position to another, bonuses should be calculated by aggregating the total bonus amount for each position; however, in the event that the total bonus for one position is a negative amount, the bonus for that particular position should be assumed to be zero. Bonuses for a position should be calculated by taking

the results from the Department for the entire year and multiplying those results by a fraction, the numerator of which is the number of months during which the manager was in the particular position, and the denominator of which is 12.

5. For managers who have multiple areas of responsibility (such as Group Vice Presidents with SRG), then, for all Department bonus targets, the 1993 Program aggregates the results of the Departments for which the managers were responsible.

6. Except for individuals transferring from one bonus eligible position into another, an individual hired or promoted into a bonus eligible position should hold such position for three (3) months prior to the fiscal year end to be eligible for a bonus for the new position.

7. Individuals who (a) are no longer employed by LIVE or its subsidiaries at the end of the fiscal year, (b) who have given notice of their resignation before the fiscal year end, or (c) who are demoted out of a bonus eligible position prior to the fiscal year end, should not be eligible for a bonus under the 1993 Program.

8. Notwithstanding any other provision of the 1993 Program, the Chief Executive Officers of LIVE and its subsidiaries would retain discretion to modify bonus grants based on performance and/or extraordinary factors. Any such modifications would have to be approved by LIVE's Chief Executive Officer.

9. The profit target should be calculated using operating income and excluding (a) extraordinary items, (b) amortization of goodwill, and (c) any reduction for bonuses pursuant to the 1993 Program.

10. Bonus payments should be paid in cash as soon as possible after the close of the fiscal year and the approval of LIVE's financial statements by its auditors.

11. Prior to the distribution of details of the 1993 Program to bonus eligible managers, the Chief Executive Officers of the applicable business units should establish the data sources that would be used in the 1993 Program.

12. If new Departments are added during the year, if Plan numbers are modified, or if a Department head desires to add new positions to the 1993 Program, the Chief Executive Officer of the business unit should be notified prior to discussion with the affected employee(s) so that appropriate adjustments can be made.

13. At year end, the Human Resources Departments of each business

unit should calculate actual bonuses, the Accounting Department should audit those calculations, and the Department heads should review the calculations.

B. Communication

If the 1993 Program is adopted, we recommend the following method for communicating its terms:

1. The Human Resources Department of each business unit would send a customized copy of the letter attached hereto as Exhibit E to each manager who is eligible for the 1993 Program. A similar letter also would be sent to managers who are promoted/hired into bonus eligible positions during the course of the fiscal year.

2. Attached to each letter would be the following:
   a. A copy of the matrix for that manager;
   b. If the manager is in "Sales and Merchandising", a copy of the approved budget for the elements that are a part of the bonus matrix;
   c. A description of the data sources that would be used to calculate the bonus at the end of the year; and
   d. A summary of the basic rules of the 1993 Program (Section VII(A) above).

3. The letter would state that all questions regarding the 1993 Program must be directed to the Human Resources Department.

The theory behind bonus programs is that they are effective as incentives only if they can be understood. We believe that the suggested communication process would assist in that understanding.

C. Test Program; Institutionalizing the Program

We recommend that if the 1993 Program is adopted we clearly communicate that, for the first few years, the Program would be considered in a "test phase" and therefore subject to significant modification or elimination in its entirety. After completion of the "test phase" LIVE's Incentive Cash Compensation Program then should be "institutionalized". Such an action would allow managers at LIVE and its subsidiaries to become familiar with the Program and to realize the "test phase" had ended, rather than having to face major changes with each passing year. The only changes that we then would expect after the "test phase" would be the addition of more employees and fine tuning of "at Plan" bonus amounts.

VIII. Conclusion

We believe that the 1993 Program described in this Report will accomplish the goals set forth in Section II, the most important of

which is to have a bonus program that acts as a true incentive to improve performance.

LIVE ENTERTAINMENT INC./LIVE HOME VIDEO INC.

FISCAL 1994

CORPORATE INCENTIVE CASH COMPENSATION PROGRAM

FEBRUARY, 1994

I. Background

For the past few years LIVE Entertainment Inc. and each of its domestic operating subsidiaries (LIVE Home Video Inc. and the Specialty Retail

Division) have had in place Incentive Cash Compensation Programs that were designed to reward employees with year end cash payments based upon a combination of individual performance and company profitability. We believe that those prior Programs accomplished their goals and recommend that a similar program be adopted for 1994. This Report is organized in the following manner:

1. Goals of Fiscal 1994 LIVE Corporate Incentive Cash Compensation Program (the "1994 LIVE Program").
2. Suggested 1994 LIVE Program.
3. Expected Costs of the 1994 LIVE Program.
4. Miscellaneous Provisions of the 1994 LIVE Program.

A discussion of the various elements of the 1994 LIVE Program follows.

II. Goals of 1994 LIVE Program

We believe that the goals of the 1994 LIVE Program should be the same as they were in past Programs, namely:

1. To focus employee attention and energy on achieving targeted profitability.

2. To provide direct linkage between results and rewards and thereby incent employees to improve performance.

3. To cover all employees of LIVE other than those who are eligible to receive sales commissions.

4. To be able to budget for bonuses at the beginning of the fiscal year, rather than the end.

5. To create a stronger sense of the "team" by making LIVE's profit performance a part of everyone's bonus.

We believe that the 1994 LIVE Program supports the above-stated goals.

III. Suggested 1994 LIVE Program

A. Basis for Bonus Grants

As with prior Programs, we suggest that bonus awards be made based on a percentage of the actual base salary of the particular individual at the end of fiscal 1994 (as opposed to base salary at the beginning of the year or actual salary paid over the course of the year).

We suggest that the bonus amounts be broken down as a percentage of salary as follows:

Management Level	"At Plan" Bonus Percentage
CEO	15%
EXECUTIVE VICE PRESIDENT	12%
SENIOR VICE PRESIDENT	10%
VICE PRESIDENT	9%
DIRECTOR	8%
MANAGER	5%
NON-EXEMPT EMPLOYEES	One week of base salary

These percentages are approximately one-half of what they were for the 1993 LIVE Program.

In the case of bonus eligible employees who have employment contracts and whose contracts contain specific provisions regarding bonuses, we recommend that the bonus awarded to such employees be the greater of the bonus dictated by the contract or the bonus calculated pursuant to the 1994 LIVE Program.

B. Allocation of Bonuses

i. Performance Factors

We suggest that an individual's bonus potential be allocated among the following performance factors:

1. CEO, Executive Vice Presidents and Senior Vice Presidents
   a. Unit Profit - 100%

2. Vice Presidents and Directors
   a. Unit Profit - 80%
   b. Individual Performance (based on formal performance evaluation) - 20%

3. Managers
   a. Unit Profit - 50%
   b Individual Performance (based on formal performance evaluation) - 50%

4. Non-Exempt Employees
   a. Unit Profit - 100%

ii. Thresholds and Maximums

The percentages described in Section III(A) above show amounts, as a percentage of base salary, that an individual can receive once "Plan" is achieved. The purpose of this Section III(B)(ii) is to identify, for specific targets, what those "at Plan" amounts are and what maximum amounts would be awardable for superior performance.

1. Unit Profit Target (all except non-exempt employees)
   a. Threshold - "At Plan" bonus awardable at between 95% and 100% of Plan.
   b. Maximum - an additional 1.5% of the "at Plan" bonus is awardable for each 1% increase in profitability above 100% of Plan, with the maximum bonus (150% of "at Plan" amount) awardable at 133% of Plan and above.

2. Unit Profit Target (non-exempt employees)
   a. Threshold - One week base salary awardable at between 95% and 115% of Plan.
   b. Maximum - an additional one week of base salary is awardable if LIVE exceeds 115% of its planned profit goal.

3. Individual Performance Target
   a. "Meets Expectations" - Individual receives "at Plan" amount
   b. "Greatly Exceeds Expectations" - Individual receives 150% of "at Plan" amount.
   c. "Exceeds Expectations" - Individual receives 125% of "at Plan" amount.
   d. "Misses Expectations" - Individual receives no bonus for the "Individual Performance" target.
   e. "Unsatisfactory" - No bonus at all; unsatisfactory performance will disqualify an employee from receiving any bonus under the 1994 LIVE Program.

iii. 1994 LIVE Program Parameters

Using the 1994 LIVE Program design as suggested in this Section III, Management Levels and bonus amounts for the current employees of LIVE who are not eligible to receive sales commissions are shown in the attached Exhibit A. That Exhibit shows current base salaries and assumes a base salary increase of 4.5% for those employees who are scheduled to receive salary reviews in 1994.

IV. Costs

The most important element of the 1994 LIVE Program is its cost to LIVE. Under the 1994 LIVE Program as suggested in Section III above, using the information contained in Exhibit A, and assuming that LIVE meets its 1994 profit goal and that each bonus eligible employee meets their planned performance goals, a total of approximately $500,000 would be paid in bonuses in early 1995. If the bonus of LIVE's Chief Executive Officer is excluded, the total bonuses would be approximately $435,000. As a percentage of operating profits, the bonuses would be as follows:

	Including CEO	Excluding CEO
"At Plan" Bonus	3.5%	3.0%

Incremental Bonuses (as a percentage of incremental profits)	5.6%	4.9%

We believe that it is appropriate to allocate the above percentages of Company profits to bonuses under the 1994 LIVE Program.

The 1994 Business Plan for LHV/LIVE includes $450,000 for corporate bonuses. This is approximately $50,000 less than the bonuses that would be awarded under the 1994 LIVE Program if LIVE's performance in 1994 reached planned levels. We believe that as a result of turnover, the performance review process and overall expense management in general, actual year end bonuses under the 1994 LIVE Program will be equal to or less than budgeted amounts, unless, of course, 1994 operating profit exceeds planned levels, in which event bonuses under the 1994 LIVE Program also will exceed planned levels.

V. Miscellaneous Provisions

A. Basic Rules

In addition to the other provisions of the 1994 LIVE Program discussed in this Report, the following basic rules should apply to the 1994 LIVE Program:

1. Subject to the provisions of Section V(A)(6) below, and notwithstanding any other provision of the 1994 LIVE Program, if LIVE does not achieve 95% of its profit plan, no bonuses would be payable pursuant to the 1994 LIVE Program.

2. When a person moves from one Management Level to another, bonus potential should be prorated based upon the portion of year the person was in each job. The pro ration should be calculated as of the month ending closest to the effective date of the promotion/transfer.

3. For all except non-exempt employees, when a person enters a bonus eligible position in the middle of the year, bonus potential should be prorated based upon the portion of the year the person was in the bonus eligible job. The pro ration should be calculated as of the month ending closest to the effective date of the hiring/promotion/transfer. No pro ration will be made for the bonuses of non-exempt employees, provided they have met the minimum service requirement identified in paragraph 4 below.

4. Except for individuals transferring from one bonus eligible position into another, an individual hired or promoted into a bonus eligible position should hold such position for three (3) months prior to the fiscal year end to be eligible for a

bonus for the new position.

5. Individuals who (a) are no longer employed by LIVE at the end of the fiscal year, (b) who have given notice of their resignation before the fiscal year end, (c) who are transferred out of a bonus eligible position prior to the end of the fiscal year, or (d) who have in their personnel file a current written warning stating that unless their work performance improves, they will face termination of employment on or before January 31, 1995, should not be eligible for a bonus under the 1994 LIVE Program.

6. Notwithstanding any other provision of the 1994 LIVE Program, LIVE's Chief Executive Officer would retain discretion to modify bonus grants based on performance and/or extraordinary factors.

7. The profit target should be calculated using operating income before interest and amortization of goodwill and covenants and excluding (a) extraordinary items, and (b) any reduction for bonuses pursuant to the 1994 LIVE Program.

8. Bonus payments should be paid in cash as soon as possible after the close of the fiscal year and the approval of LIVE's financial statements by its auditors.

B. Communication

If the 1994 LIVE Program is adopted, we recommend that each employee be sent a summary of the Program; an example of such a summary is attached to this Report as Exhibit B. A summary also would be sent to employees who are promoted/hired into bonus eligible positions during the course of the fiscal year.

The theory behind bonus programs is that they are effective as incentives only if they can be understood. We believe that the suggested communication process would assist in that understanding.

VI. Conclusion

We believe that the 1994 LIVE Program described in this Report will accomplish the goals set forth in Section II, the most important of which is to have a bonus program that acts as a true incentive to improve performance.

LIVE SPECIALTY RETAIL DIVISION

FISCAL 1994

CORPORATE AND DISTRIBUTION CENTER

INCENTIVE CASH COMPENSATION PROGRAM

FEBRUARY, 1994

I. Background

For the past few years LIVE Entertainment Inc. and each of its domestic operating subsidiaries (LIVE Home Video Inc. and the LIVE Specialty

Retail Division ("LSR")) have had in place Incentive Cash Compensation Programs that were designed to reward employees with year end cash payments based upon a combination of individual performance and company profitability. We believe that those prior Programs accomplished their goals and recommend that a similar program be adopted for 1994. This Report is organized in the following manner:

1. Goals of Fiscal 1994 LIVE Specialty Retail Corporate and Distribution Center Incentive Cash Compensation Program (the "1994 LSR Program").
2. Suggested 1994 LSR Program.
3. Expected Costs of the 1994 LSR Program.
4. Miscellaneous Provisions of the 1994 LSR Program.

A discussion of the various elements of the 1994 LSR Program follows.

II. Goals of 1994 LSR Program

We believe that the goals of the 1994 LSR Program should be the same as they were in past Programs, namely:

1. To focus employee attention and energy on achieving targeted profitability.

2. To provide direct linkage between results and rewards and thereby incent employees to improve performance.

3. To cover all corporate and distribution center employees of LSR.

4. To be able to budget for bonuses at the beginning of the fiscal year, rather than the end.

5. To create a stronger sense of the "team" by making LSR's profit performance a part of everyone's bonus.

We believe that the 1994 LSR Program supports the above-stated goals.

III. Suggested 1994 LSR Program

A. Basis for Bonus Grants

As with prior Programs, we suggest that bonus awards be made based on a percentage of the actual base salary of the particular individual at the end of fiscal 1994 (as opposed to base salary at the beginning of the year or actual salary paid over the course of the year).

We suggest that the bonus amounts be broken down as a percentage of salary as follows:

Management Level	"At Plan" Bonus Percentage
CEO	31%
EXECUTIVE VICE PRESIDENT	23%
SENIOR VICE PRESIDENT	23%
VICE PRESIDENT	18%
DIRECTOR	13%
MANAGER	8%
DISTRIBUTION CENTER NON-MANAGERS AND CORPORATE NON-EXEMPT EMPLOYEES	One week of base salary

These percentages are approximately the same as what they were for the 1993 LSR Program.

B. Allocation of Bonuses

i. Performance Factors

We suggest that an individual's bonus potential be allocated among the following performance factors:

1. CEO, Executive Vice Presidents and Senior Vice Presidents
   a. Unit Profit - 100%

2. Vice Presidents and Directors
   a. Unit Profit - 80%
   b. Individual Performance (based on formal performance evaluation) - 20%

3. Managers
   a. Unit Profit - 50%
   b. Individual Performance (based on formal performance evaluation) - 50%

4. Distribution Center Non-Managers and Corporate Non-Exempt Employees
   a. Unit Profit - 100%

ii. Thresholds and Maximums

The percentages described in Section III(A) above show amounts, as a percentage of base salary, that an individual can receive once "Plan" is achieved. The purpose of this Section III(B)(ii) is to identify, for specific targets, what those "at Plan" amounts are and what maximum amounts would be awardable for superior performance.

1. Unit Profit Target (all except distribution center non-managers and corporate non-exempt employees)
   a. Threshold - "At Plan" bonus awardable at between 95% and

100% of Plan.

b. Maximum - an additional 1.5% of the "at Plan" bonus is awardable for each 1% increase in profitability above 100% of Plan, with the maximum bonus (150% of "at Plan" amount) awardable at 133% of Plan and above.

2. Unit Profit Target (distribution center non-managers and corporate non-exempt employees)

a. Threshold - One week base salary awardable at between 95% and 115% of Plan.

b. Maximum - an additional one week of base salary is awardable if LSR exceeds 115% of its planned profit goal.

3. Individual Performance Target

a. "Meets Expectations" - Individual receives "at Plan" amount

b. "Greatly Exceeds Expectations" - Individual receives 150% of "at Plan" amount.

c. "Exceeds Expectations" - Individual receives 125% of "at Plan" amount.

d. "Misses Expectations" - Individual receives no bonus for the "Individual Performance" target.

e. "Unsatisfactory" - No bonus at all; unsatisfactory performance will disqualify an employee from receiving any bonus under the 1994 LSR Program.

iii. 1994 LSR Program Parameters

Using the 1994 LSR Program design as suggested in this Section III, Management Levels and bonus amounts for the current corporate and distribution center employees of LSR are shown in the attached Exhibit A. That Exhibit shows current base salaries and assumes a base salary increase of 3% for those employees who are scheduled to receive salary reviews in 1994.

IV. Costs

The most important element of the 1994 LSR Program is its cost to LSR. Under the 1994 LSR Program as suggested in Section III above, using the information contained in Exhibit A, and assuming that LSR meets its 1994 profit goal and that each bonus eligible employee meets their planned performance goals, a total of approximately $345,000 would be paid in bonuses in early 1995. If the bonus of LSR's Chief Executive Officer is excluded, the total bonuses would be approximately $290,000. As a percentage of operating profits, the bonuses would be as follows:

	Including CEO	Excluding CEO
"At Plan" Bonus	5.4%	4.5%
Incremental Bonuses (as a		

percentage of incremental profits)	8.9%	7.7%

We believe that it is appropriate to allocate the above percentages of LSR's profits to bonuses under the 1994 LSR Program.

The 1994 Business Plan for LSR includes $300,000 for corporate and distribution center bonuses. This is approximately $45,000 less than the bonuses that would be awarded under the 1994 LSR Program if LSR's performance in 1994 reached planned levels. We believe that as a result of turnover, the performance review process and overall expense management in general, bonuses under the 1994 LSR Program will be equal to or less than budgeted amounts, unless, of course, 1994 operating profit exceeds planned levels, in which event bonuses under the 1994 LSR Program also will exceed planned levels.

V. Miscellaneous Provisions

A. Basic Rules

In addition to the other provisions of the 1994 LSR Program discussed in this Report, the following basic rules should apply to the 1994 LSR Program:

1. Subject to the provisions of Section V(A)(6) below, and notwithstanding any other provision of the 1994 LSR Program, if LSR does not achieve 95% of its profit plan, no bonuses would be payable pursuant to the 1994 LSR Program.

2. When a person moves from one Management Level to another, bonus potential should be prorated based upon the portion of year the person was in each job. The pro ration should be calculated as of the month ending closest to the effective date of the promotion/transfer.

3. For all except distribution center non-managers and corporate non-exempt employees, when a person enters a bonus eligible position in the middle of the year, bonus potential should be prorated based upon the portion of the year the person was in the bonus eligible job. The pro ration should be calculated as of the month ending closest to the effective date of the hiring/promotion/transfer. No pro ration will be made for the bonuses of distribution center non-managers and corporate non-exempt employees, provided they have met the minimum service requirement identified in paragraph 4 below.

4. Except for individuals transferring from one bonus eligible position into another, an individual hired or promoted into a bonus eligible position should hold such position for three (3) months prior to the fiscal year end to be eligible for a bonus for the new position.

5. Individuals who (a) are no longer employed by LSR at the end of the fiscal year, (b) who have given notice of their resignation before the fiscal year end, (c) who are transferred out of a bonus eligible position prior to the end of the fiscal year, or (d) who have in their personnel file a current written warning stating that unless their work performance improves, they will face termination of employment on or before January 31, 1995, should not be eligible for a bonus under the 1994 LSR Program.

6. Notwithstanding any other provision of the 1994 LSR Program, the Chief Executive Officer of LSR would retain discretion to modify bonus grants based on performance and/or extraordinary factors. Any such modifications would have to be approved by LIVE's Chief Executive Officer.

7. The profit target should be calculated using operating income before interest and amortization of goodwill and covenants and excluding (a) extraordinary items, and (b) any reduction for bonuses pursuant to the 1994 LSR Program.

8. Bonus payments should be paid in cash as soon as possible after the close of the fiscal year and the approval of LIVE's financial statements by its auditors.

B. Communication

If the 1994 LSR Program is adopted, we recommend that each employee be sent a summary of the Program; an example of such a summary is attached to this report as Exhibit B. A summary also would be sent to employees who are promoted/hired into bonus eligible positions during the course of the fiscal year.

The theory behind bonus programs is that they are effective as incentives only if they can be understood. We believe that the suggested communication process would assist in that understanding.

VI. Conclusion

We believe that the 1994 LSR Program described in this Report will accomplish the goals set forth in Section II, the most important of which is to have a bonus program that acts as a true incentive to improve performance.

March 23, 1994

LIVE Entertainment Inc.
15400 Sherman Way, Suite 500
Van Nuys, California 91406

Gentlemen:

This letter sets forth our agreement concerning the terms and conditions upon which Carolco Pictures Inc., a Delaware corporation ("Carolco"), and LIVE Entertainment Inc., a Delaware corporation ("LIVE"), will enter into the following business combination (the "Merger"). The company which issues equity securities as a result of the Merger is referred to herein as the "Surviving Company" and the company or companies which will disappear in the Merger or the equity securities of which are no longer held publicly as a result of the Merger are referred to herein as the "Disappearing Companies."

1. The Merger.

In the Merger, (a) the Surviving Company shall issue to holders of common stock of the Disappearing Companies a number of shares of common stock of the Surviving Company (the "Survivor Common Stock") determined in accordance with the Exchange Ratio set forth in paragraph 2 below, (b) if LIVE is not the Surviving Company, each share of Series C Convertible Stock, par value $1.00 per share, of LIVE (the "LIVE Series C Stock") shall be converted into the right to receive one share of newly-designated preferred stock of the Surviving Company having the designations, powers, preferences and limitations set forth on Exhibit A hereto (the "Survivor Series C Preferred"), (c) if Carolco is not the Surviving Company, each share of Series A Convertible Preferred Stock, par value $1.00 per share, of Carolco (the "Carolco Series A Stock") shall be converted into the right to receive one share of newly-designated preferred stock of the Surviving Company having the designations, powers, preferences and limitations equivalent to the Carolco Series A Stock with appropriate adjustments to the conversion price as provided for the Carolco Series A Stock (the "Survivor Series A Preferred"), and (d) each option, warrant, convertible security or other right to acquire (by exercise, exchange or conversion) shares of the Disappearing Companies' common stock or other securities of the Disappearing Companies and each stock option and other right to acquire securities of the Disappearing Companies which has been granted to

directors, officers and employees of the Disappearing Companies and their subsidiaries and which remain outstanding prior to the effective date of the Merger (the "Closing Date") shall be converted into the right to receive stock options or other rights of the Surviving Company for a number of shares of Survivor Common Stock equal to the number of shares of the Disappearing Companies' common stock as the holder of such right would have been entitled to receive had it exercised such right immediately prior to the Closing Date, multiplied by the Exchange Ratio set forth in paragraph 2 below at an exercise price equal to the exercise price of such right immediately prior to the Closing Date divided by the Exchange Ratio set forth in paragraph 2 below.

2. Merger Exchange Ratio.

For each share of common stock, par value $.01 per share, of LIVE ("LIVE Common Stock"), a holder will receive (or retain) a number of shares of Survivor Common Stock that is 5.5 times the number of shares of Survivor Common Stock received (or retained) by a holder of common stock, par value $.01 per share, of Carolco ("Carolco Common Stock") for each share of Carolco Common Stock (the "Exchange Ratio"), subject to adjustment as provided in this paragraph 2. If the average Trading Price (as defined below) of Carolco Common Stock for the 20 consecutive Trading Days (as defined below) ending on a date that is three Trading Days prior to the date of the stockholders' meetings of Carolco and LIVE called for the purpose of voting on the Merger, or ending on such earlier date as may be required by the Securities and Exchange Commission (the "Carolco Share Price") is less than $0.545 per share, then the Exchange Ratio shall be determined by dividing $3.00 by the Carolco Share Price; provided, however, that in no event shall the Exchange Ratio increase above 6.5 to 1 as a result of the foregoing adjustment. If the Carolco Share Price is greater than $0.727 per share, then the Exchange Ratio shall be determined by dividing $4.00 by the Carolco Share Price; provided, however, that in no event shall the Exchange Ratio decrease below 4.5 to 1 as a result of the foregoing adjustment.

"Trading Day" shall mean a day on which the New York Stock Exchange is open for at least one-half of its normal business hours.

"Trading Price" shall mean, on any day, the last reported sale price of a security regular way on the New York Stock Exchange or, if such security is not listed on the New York Stock Exchange, the last sale price of such security regular way, as reported in a composite published report of transactions which includes transactions on the exchange or other principal markets on which such security is traded or, if there is no such composite report as to any day, the last reported sale price, regular way (or if there is no such reported sale on such day, the average of the closing reported bid and asked prices) on the principal United States securities trading market (whether a stock exchange, National Association of Securities Dealers Automated Quotation System or otherwise) on which such security is traded.

3. Conditions of LIVE and Carolco to Execution of Merger Agreement.

The obligations of Carolco and LIVE to enter into an agreement governing the Merger (the "Merger Agreement") shall be subject to the following conditions:

(a) The negotiation, execution and delivery of a mutually satisfactory Merger Agreement which, in addition to the matters specified in this letter, shall include the composition of the board of directors and senior management of the Surviving Company, customary representations and warranties, conditions, covenants, indemnifications, and other provisions usually included in agreements governing similar transactions and any others which are reasonable and appropriate in the specific context of the Merger.

(b) Each of the Carolco Investors (as defined in paragraph 4(a) below) shall have agreed (i) subject to receipt of proxy materials to vote all of the shares of capital stock of Carolco which they have the right to vote in favor of the transactions contemplated hereby, (ii) not to sell, grant a proxy with respect to or otherwise encumber any of such shares until the earlier of termination of the Merger Agreement or the Closing Date, and (iii) subject to applicable law, otherwise act in all respects in a manner consistent with, and in furtherance of, the transactions contemplated hereby (including any filings required pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act")).

(c) Each of the LIVE Investors (as defined in paragraph 4(a) below) shall have agreed (i) subject to receipt of proxy materials to vote all of the shares of capital stock of LIVE which they have the right to vote in favor of the transactions contemplated hereby, (ii) not to sell, grant a proxy with respect to or otherwise encumber any of such shares until the earlier of termination of the Merger Agreement or the Closing Date, and (iii) subject to applicable law, otherwise act in all respects in a manner consistent with, and in furtherance of, the transactions contemplated hereby (including any filings required pursuant to the HSR Act).

(d) Each of LIVE and Carolco shall have completed its investigation (made by its own personnel as well as its accountants and counsel) of the assets, liabilities, properties, commitments and affairs of the other and shall be satisfied with the results thereof.

4. Conditions of LIVE and Carolco to the Merger.

The obligations of Carolco and LIVE to consummate the Merger shall be subject, among other things, to the following conditions:

(a) The Merger, the Merger Agreement and the

transactions contemplated hereby shall have been approved or consented to by (i) holders of at least a majority of the combined voting power with respect to Carolco's voting securities present at the meeting (other than voting securities held by Pioneer LDCA, Inc. ("Pioneer"), Cinepole Productions B.V. ("Cinepole"), MGM Holdings Corporation, RCS International Communications N.V. and RCS Video International Services B.V. (collectively, "RCS") and New Carolco Investments B.V. (collectively in their capacity as holders of voting securities of Carolco, the "Carolco Investors")), (ii) holders of at least a majority of the combined voting power with respect to Carolco's voting securities entitled to vote, (iii) holders of at least 80% of Carolco's Series A Convertible Preferred Stock, par value $1.00 per share, voting as a class, (iv) holders of at least a majority of the combined voting power with respect to LIVE's voting securities present at the meeting (other than voting securities held by Pioneer, Cinepole and RCS (collectively in their capacity as holders of voting securities of LIVE, the "LIVE Investors")), (v) holders of at least 66 2/3% of the combined voting power with respect to LIVE's voting securities entitled to vote, (vi) holders of at least a majority of LIVE's Series C Stock, voting as a class, and (vii) if deemed necessary or advisable by the parties hereto, holders of at least a majority of LIVE's Series B Cumulative Convertible Preferred Stock, par value $1.00 per share (the "LIVE Series B Stock") then outstanding, and/or the Special Committee, as defined in the Certificate of Designations, Preferences and Rights governing LIVE's Series B Stock.

(b) The Merger Agreement and the transactions contemplated thereby shall have been approved by the Board of Directors of Carolco and the Board of Directors of LIVE.

(c) Each of Carolco and LIVE shall have received opinions from a reputable investment banking firm that the Merger is fair from a financial point of view to holders of Carolco Common Stock other than the Carolco Investors and LIVE Common Stock other than the LIVE Investors, respectively.

(d) A registration statement with respect to (i) any securities of the Surviving Company which are issued in exchange for securities of the Disappearing Companies upon consummation of the Merger, (ii) any Survivor Common Stock into which such securities may be converted, and (iii) any other transactions relating to the Merger for which a registration statement must be effective shall have become effective and there shall not have been issued and in effect a stop order with respect thereto or the securities registered thereunder by the Securities and Exchange Commission.

(e) The Survivor Common Stock to be issued upon consummation of the Merger shall have been accepted for listing (subject to notice of issuance) on the New York Stock Exchange or, if the Survivor Common Stock was listed on another exchange immediately prior to the Closing Date, on such other exchange.

(f) Each of Carolco and LIVE shall be reasonably satisfied that it will not recognize material taxable gain as a result of the Merger and that its stockholders will not recognize any taxable gain as a result of the Merger. Each party hereto shall receive such opinions of counsel and accountants in respect of the tax and accounting consequences of the Merger as such party may reasonably request.

(g) Aggregate commitments shall have been received acceptable to Carolco and to LIVE for funding the working capital needs of Carolco and LIVE, the proposed terms of which shall be set out more fully in the Merger Agreement.

(h) There shall not have occurred any change or development in or affecting the assets, liabilities, business, operations, condition (financial or other) or prospects of Carolco or LIVE which, in the aggregate, could be reasonably expected to have a material adverse effect on such party, except for (i) such changes at LIVE as are contemplated by and approved in accordance with paragraph 5(g) below or (ii) such changes resulting from facts disclosed as of the date of the Merger Agreement in the public filings of such party.

(i) All consents and approvals of, and notices to and filings with, any governmental authority or agency as are required in connection with the consummation of the Merger and the transactions contemplated hereby shall have been obtained, given and made, and all waiting periods, if any, applicable to the consummation of the Merger imposed by any applicable law, rule or regulations (including, but not limited to, the HSR Act) shall have expired without any action, proceeding or investigation being commenced or threatened which seeks to enjoin or delay consummation of the Merger or to impose any material restrictions or onerous requirements on the Surviving Company, Carolco, LIVE or their respective stockholders.

(j) All actions, proceedings, instruments and documents required to carry out the transactions contemplated hereby or incidental hereto and all other related legal matters shall be reasonably satisfactory to and approved by counsel for each of Carolco and LIVE and such counsel shall have been furnished with such certified copies of such corporate actions and proceedings and such other instruments and documents as it shall have reasonably requested.

(k) All consents and approvals of, and notices to and filings with, any non-governmental persons required in connection with the consummation of the Merger and the transactions contemplated hereby shall have been obtained, given or made, except for any thereof which, if not obtained, given or made would not, in the aggregate, have a material adverse effect on the ability of any party to consummate the transactions contemplated hereby or on the assets, liabilities, business, operations, condition (financial or other) or prospects of the combined company or any of its direct or indirect subsidiaries.

(l) No court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is then in effect and has the effect of preventing the consummation of the Merger or making the transactions contemplated hereby illegal (each party hereto agreeing to use its best efforts to have any such order, injunction or the like lifted or waived).

(m) The Carolco Investors or the LIVE Investors, as applicable, shall have entered into a registration rights agreement with the Surviving Company as to the Survivor Common Stock to be received by them in connection with the Merger.

5. Conditions of Carolco to the Merger.

The obligations of Carolco to consummate the Merger shall be subject, among other things, to the following conditions:

(a) LIVE shall have redeemed all outstanding shares of the LIVE Series B Stock in accordance with the provisions of the Certificate of Designations, Preferences and Rights governing the LIVE Series B Stock.

(b) LIVE shall not have incurred any Indebtedness from the date hereof through the Closing Date other than (i) borrowings under its existing credit facility with Chemical Bank and any extensions or replacements thereof (the "Chemical Facility") which borrowings may be used solely for working capital purposes, and (ii) borrowings of up to $7,500,000 which may be used solely for retirement of the LIVE Series B Stock. "Indebtedness" shall mean (a) any liability, contingent or otherwise, (i) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of LIVE or only to a portion thereof), (ii) evidenced by a note, debenture or similar instrument (including a purchase money obligation), or (iii) for the payment of money relating to a capitalized lease obligation; (b) any liability of others of the kind described in the preceding clause (a) which LIVE has guaranteed or which is otherwise its legal liability; (c) any obligation secured by a lien to which the property or assets of LIVE are subject, whether or not the obligations secured thereby shall have been assumed by or shall otherwise be LIVE's legal liability, and (d) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any liability of the kind described in any of the preceding clauses (a), (b) or (c).

(c) LIVE shall have received amendments to the Indenture governing its Increasing Rate Secured Senior Subordinated Notes due 1999 in form, scope and substance and on terms acceptable to LIVE and Carolco.

(d) The Indenture governing LIVE's 12% Senior Subordinated Secured Notes due 1994 shall have been amended to extend the maturity date to September 15, 1995 or later and LIVE shall have received other amendments to such indenture in form, scope and substance and on terms acceptable to LIVE and Carolco.

(e) Carolco shall have received a comfort letter of Ernst & Young, LIVE's independent accountants, dated immediately prior to the date upon which the registration statement becomes effective, in form and substance reasonably satisfactory to Carolco and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the registration statement contemplated by paragraph 4(d).

(f) The rights issued pursuant to that certain Rights Agreement dated as of July 19, 1990 between LIVE and American Stock Transfer & Trust Company, as amended (the "Rights Agreement") shall either no longer be outstanding or the Rights Agreement shall be amended in a manner satisfactory to Carolco.

(g) Any disposition of assets by LIVE or its subsidiaries and any write-down of the carrying value of assets by LIVE or its subsidiaries from the date hereof prior to the Merger shall be in accordance with the business plan of LIVE previously delivered to Carolco (the "Business Plan") and shall be on other terms and conditions satisfactory to Carolco.

6. Conditions of LIVE to the Merger.

The obligations of LIVE to consummate the Merger shall be subject, among other things, to the following conditions:

(a) LIVE shall have received a comfort letter of Ernst & Young, Carolco's independent accountants, dated immediately prior to the date upon which the registration statement for the Merger becomes effective, in form and substance reasonably satisfactory to LIVE and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the registration statement contemplated by paragraph 4(d).

7. Actions Prior to Merger Agreement.

Except as otherwise contemplated herein, from the date hereof prior to the execution of the Merger Agreement, neither party will, without the prior written consent of the other party, take any of the following actions: (a) pay any dividends or make any other distribution on its stock, except for dividends required to be paid on series preferred stock existing on the date hereof, (b) acquire or dispose of any substantial assets or acquire any assets which would make completion of the Merger by the other party impossible or a violation of applicable laws, rules or regulations, or (c) enter into any other material

transaction or incur any material obligation outside of the ordinary course of its business.

8. Reasonable Best Efforts.

The parties hereto acknowledge that the terms of this letter have been approved by the respective Boards of Directors of Carolco and LIVE. Each of the parties hereto agrees to proceed with the proposed transactions on a prompt basis and to use their respective reasonable best efforts to prepare all necessary documentation, obtain all necessary consents, authorizations, approvals and waivers required in connection with the consummation of the transactions contemplated hereby (including all necessary stockholder and regulatory approvals) and take all other actions necessary to consummate the transactions contemplated hereby in a manner consistent with applicable law.

9. Cooperation.

Each party hereto will use its reasonable best efforts to (a) furnish to the other party such necessary information and reasonable assistance as such other party may reasonably request in connection with the transactions contemplated hereby, (b) cooperate in preparing, causing to be filed and to be declared effective a registration statement containing a proxy statement in connection with the transactions contemplated by the Merger (including, without limitation, providing all information as may be required for inclusion in the registration statement), (c) provide the officers, employees, attorneys, accountants, investment bankers and other representatives of the other party with reasonable access to the properties and personnel of such party and furnish upon request copies of all books, records, documents and other information of such party applicable to the financial condition, business, assets or liabilities of such party (including, without limitation, interim financial reports of such party), (d) defend and cooperate with the other party in defending any legal proceedings, whether judicial or administrative and whether brought derivatively or on behalf of third parties, challenging any part of the transactions contemplated hereby, and (e) provide such further assistance as the other party hereby may reasonably request.

10. Termination.

This letter shall terminate without further obligation on the part of either party the earlier of (i) the 30th day following the date of this letter or (ii) the execution of the Merger Agreement, provided, that such termination shall not excuse any breach arising prior to the date of such termination. Additionally, this letter shall terminate if one party accepts a proposal from any third party, or makes a proposal to a third party which is accepted, for a merger, consolidation, sale of a substantial portion of assets, tender offer or any similar transaction or business combination involving such party or any transaction which would defeat the intent of this letter (an "Acquisition Proposal"),

other than any Acquisition Proposal contemplated herein. This letter may be terminated by Carolco if LIVE shall have failed to comply in any material respect with its covenants herein, which failure has not been cured within five business days following receipt by LIVE of notice of such breach. This letter may be terminated by LIVE if Carolco shall have failed to comply in any material respect with its covenants herein, which failure has not been cured within five business days following receipt by Carolco of notice of such breach.

11. Miscellaneous.

(a) Expenses. All legal, accounting and other costs and expenses incurred in connection with the transactions contemplated hereby shall be paid by the party incurring such costs or expenses. Additionally, all compensation, commissions, fees and expenses of any person or firm which is entitled to be compensated for services as a broker, finder or in any similar capacity shall be paid by the party incurring such expenses. Notwithstanding the foregoing, (i) if this letter is terminated for any reason other than execution of the Merger Agreement, legal fees and the expenses incurred in connection with printing and mailing the registration statement referred to in paragraph 4(d) and related materials will be shared equally by LIVE and Carolco; provided, however, that if this letter is terminated by a party as a result of a breach by the other party, then the breaching party shall bear all such legal fees and expenses, and (ii) if this letter is terminated as a result of one party's acceptance of an Acquisition Proposal, then the accepting party shall reimburse the other party for all out-of-pocket expenses incurred by the other party through the date of termination of the letter. Each of the parties hereto acknowledges that, as of the date hereof, it is not engaged in discussions with respect to any such Acquisition Proposal.

(b) Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this letter, regardless of the law that might be applied under applicable principles of conflicts of law.

(c) Confidentiality Agreement. Each party acknowledges that this letter shall not affect either party's obligations under (i) that certain Confidentiality and Review Letter dated January 28, 1994 from LIVE to Carolco, or (ii) that Certain Confidentiality and Review Letter dated January 28, 1994 from Carolco to LIVE, each of which shall remain in effect in accordance with the terms thereof.

(d) Counterparts. This letter may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Please acknowledge your agreement to, and acceptance of, the foregoing, by executing a copy of this agreement in the appropriate space set forth below and returning the same to the undersigned,

whereupon it will constitute our agreement with respect to the matters contained herein.

Very truly yours,

CAROLCO PICTURES INC.

By:_____
Name:
Title:

Agreed to and accepted as of
the date first written above:

LIVE ENTERTAINMENT INC.

By:_____
Name:
Title:

EXHIBIT A

Terms of Survivor Series C Preferred

Dividend:	5% of the liquidation value of the Survivor Series C Preferred per annum, payable quarterly out of funds legally available therefor.
Liquidation Value:	$1,000 per share, plus accrued and unpaid dividends which will be added to the liquidation value and accrue additional cash dividends at the rate set forth above.
Ranking:	Senior to all other series preferred stock of the Surviving Company at the Closing Date.
Conversion:	Convertible into Survivor Common Stock at the option of the holder at a conversion price equal to the Liquidation Value divided by $0.5536, subject to adjustment as provided in paragraph 2 (the "Conversion Price").
Protective Rights:	Affirmative vote or consent of a majority of the Survivor Series C Preferred, voting as a class, shall be required to issue capital stock which is senior to or pari passu with the Survivor Series C Preferred or to undertake any other action which materially

	adversely affects the rights of the holders of the Survivor Series C Preferred.
Voting Rights:	Holders are entitled to the same voting rights as if they had converted their Survivor Series C Preferred to Survivor Common Stock.
Optional Redemption:	The Surviving Company may, at its option, redeem the Survivor Series C Preferred at a redemption price equal to the Liquidation Value at any time or from time to time after the third anniversary of issuance, if (i) a Redemption Event has occurred, and (ii) all dividends on the Survivor Series C Preferred have been paid in cash to the date of redemption. A "Redemption Event" shall occur (a) on the tenth day following any ten (10) consecutive trading days on which the market price of Survivor Common Stock is greater than 150% of the Conversion Price, or (b) in the event of a merger or consolidation of the Surviving Company with another corporation (or other business entity) or a voluntary sale of all or substantially all of the assets of the Surviving Company (a "Redemption Event Merger") in which the consideration to be paid to holders of Survivor Common Stock in the Redemption Event Merger is either payable entirely in cash or is property with a fair market value (as reasonably determined in good faith by the Board of Directors of the Surviving Company) of not less than 150% of the Conversion Price on the date fixed for purposes of determining the holders of Survivor Common Stock entitled to receive consideration in the Redemption Event Merger.
Transfer Restrictions:	None.
Registration Rights:	Registration rights shall be reasonably satisfactory to Pioneer LDCA, Inc. and the Surviving Company.

EXHIBIT 11
LIVE ENTERTAINMENT INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE

	Year Ended December 31,		
	1991	1992	1993
	(Amounts in thousands, except per share data)		
PRIMARY:			
Weighted average shares outstanding	12,071	12,080	12,089
Net effect of dilutive stock options - based on the treasury stock method using average market price	--	--	--
Total	12,071	12,080	12,089
Income (loss) from continuing operations	$ (17,737)	$ (17,460)	$ (28,209)
Less preferred dividends	966	2,397	3,589
Income (loss) from continuing operations attributable to Common Stock	(18,703)	(19,857)	(31,798)
Income (loss) from discontinued operations	(89,315)	1,090	(22,083)
Extraordinary item	--	3,967	--
Net income (loss) attributable to common stock	$(108,018)	$ (14,800)	$ (53,881)
Income (loss) per common share:			
Continuing operations	$ (1.55)	$ (1.64)	$ (2.63)
Discontinued operations	(7.40)	0.09	(1.83)
Extraordinary item	--	0.33	--
Net income	$ (8.95)	$ (1.22)	$ (4.46)
FULLY DILUTED:			
Weighted average shares outstanding	12,071	12,080	12,089
Net effect of dilutive stock options - based on the treasury stock method using the year-end market price, if higher than average market price	--	--	--
Assumed conversion of convertible Subordinated 7-5/8% debentures	--	--	--
Total	12,071	12,080	12,089
Income (loss) from continuing operations	$ (17,737)	$ (17,460)	$ (28,209)
Less preferred dividends	966	2,397	3,589
Income (loss) from continuing operations, attributable to Common Stock	(18,703)	(19,857)	(31,798)
Income (loss) from discontinued operations	(89,315)	1,090	(22,083)
Extraordinary item	--	3,967	--
Net income (loss) attributable to Common Stock	$(108,018)	$ (14,800)	$ (53,881)
Income per common share:			
Continuing operations	$ (1.55)	$ (1.64)	$ (2.63)
Discontinued operations	(7.40)	0.09	(1.83)

Extraordinary items	--	0.33	--
Net income.	$ (8.95)	$ (1.22)	$ (4.46)

EXHIBIT 21

List of Subsidiaries of the Registrant

Subsidiary	Jurisdiction of Incorporation
LIVE Home Video Inc.	Delaware
LIVE Distributing Inc.	Delaware
LIVE America Inc.	Delaware
Vestron Inc.	Delaware
VAC Holding Inc.	Delaware
Vestron Video Incorporated	Delaware
International Video Productions Inc.	California
Silent Films Inc.	Delaware
Lieberman Enterprises Incorporated	Delaware
LEI-IVE Entertainment N.V.	Netherlands Antilles
Loud Films Inc.	Delaware
Carolco Acquisition Corp.	Delaware
LIVE Ventures Inc.	Delaware
LIVE Entertainment International Inc.	Delaware
Strawberries Inc.	Delaware
Waxie Maxie Quality Music Co.	Delaware
Strawberries Investments Inc.	Delaware
VCL/Carolco Communications B.V.	The Netherlands
VCL/Carolco Communications GmbH	Germany
Rainbow Distribution Services GmbH	Germany

EXHIBIT 23

LIVE ENTERTAINMENT INC. AND SUBSIDIARIES

CONSENT OF INDEPENDENT AUDITORS

Consent to Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Forms S-8 and S-3 No. 33-30862 and No. 33-38902, respectively) pertaining to the 1988 Stock Option and Stock Appreciation Rights Plan, and in the Registration Statement (Form S-8 No. 33-34489) pertaining to the LIVE Incentive Savings Plan of LIVE Entertainment Inc. and in the Related Prospectuses of our report dated April 1, 1994, with respect to the consolidated financial statements and schedules of LIVE Entertainment Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 1993.

Ernst & Young

Century City
Los Angeles, California
April 13, 1994

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 13th day of April, 1994.

FRANS J. AFMAN
Frans J. Afman
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 12th day of April, 1994.

R. TIMOTHY O'DONNELL
R. Timothy O'Donnell
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W.

Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 12th day of April, 1994.

ANTHONY J. SCOTTI
Anthony J. Scotti
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 12th day of April, 1994.

ROGER R. SMITH
Roger R. Smith
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 11th day of April, 1994.

RODNEY W. TROVINGER
Rodney W. Trovinger
Chief Financial Officer

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 12th day of April, 1994.

DAVID A. MOUNT
David A. Mount
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 9th day of April, 1994.

LYNWOOD SPINKS
Lynwood Spinks
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 12th day of April, 1994.

MASAO NOMURA
Masao Nomura
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 11th day of April, 1994.

RONALD B. CUSHEY
Ronald B. Cushey
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this

11th day of April, 1994.

JAY BURNHAM
Jay Burnham
Director

LIVE ENTERTAINMENT INC.

POWER OF ATTORNEY TO SIGN ANNUAL REPORT ON FORM 10-K

KNOW ALL BY THESE PRESENTS, that the undersigned, in his capacity set forth below, hereby constitutes and appoints Roger A. Burlage, Rodney W. Trovinger and Michael J. White, and each of them severally, as his true and lawful attorneys and agents with the power to act with or without the others to execute the Annual Report on Form 10-K of LIVE Entertainment Inc. for the fiscal year ended December 31, 1993, and any amendments thereto.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 9th day of April, 1994.

JONATHAN D. LLOYD
Jonathan D. Lloyd
Director

LIVE ENTERTAINMENT INC.

Certificate of Secretary

I, Michael J. White, Secretary of LIVE ENTERTAINMENT INC., a Delaware corporation (the "Company"), do hereby certify that attached hereto as Exhibit A is a true and correct copy of resolutions adopted by the Board of Directors of the Company on March 3, 1994, and that such resolutions have not been amended, modified or revoked and are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have signed this Certificate on the 5th day of April, 1994.

MICHAEL J. WHITE
Michael J. White
Secretary

I, Roger A. Burlage, President and Chief Executive Officer of the Company, do hereby certify that Michael J. White has been duly elected (or

appointed) and is duly qualified as, and on this day is, Secretary of the Company, and the signature above is his genuine signature.

IN WITNESS WHEREOF, I have signed this Certificate on the 5th day of April, 1994.

ROGER A. BURLAGE
Roger A. Burlage
President and Chief Executive Officer

EXHIBIT A

. . .

RESOLVED, that Michael J. White, Rodney W. Trovinger and Roger A. Burlage, and each of them severally, are hereby appointed as attorneys with the power to execute the Corporation's Annual Report on Form 10-K for the Corporation's fiscal year ended December 31, 1993 ("Fiscal 1993") on behalf of such directors and officers of the Corporation who approve such appointment in their individual cases by the execution of appropriate powers of attorney.

AND FURTHER RESOLVED, that Michael J. White, Rodney W. Trovinger and Roger A. Burlage, and each of them severally, shall have the authority to execute, on behalf of the Corporation, the Corporation's Annual Report on Form 10-K for Fiscal 1993.

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