

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Paramount Pictures Inc. et al., U.S. District Court, S.D. New York, 1948-1949 Trade Cases 162,377, (Mar. 3, 1949)

United States v. Paramount Pictures Inc. et al.

1948-1949 Trade Cases ,162,377. U.S. District Court, S.D. New York. Equity No. 87-273. March 3, 1949.

Sherman Antitrust Act

Film Industry-Consent Judgment-Separation of Production and Distribution from Theatre Operation.
-A consent judgment entered against a motion picture production and distribution company, in an antitrust suit charging eight prominent companies in the film industry with violations of the Sherman Act, requires the defendant to divest itself of all interest in a given number of theatres and enjoins the company from granting licenses with controlling stipulations attached thereto, from agreeing to maintain a system of clearances, from performing any existing franchise, formula deal, or pooling arrangement, as well as requiring it to divorce its domestic exhibition business from its production and distribution business. Such separation is achieved by the formation of two independent companies and the transfer of the defendant's theatre assets to one and the transfer of production and distribution assets to the others. The two new companies are required to issue to the defendant in exchange for the assets so received, a number of shares of their common capital stock equal to one-half the aggregate amount of common capital stock of Paramount Pictures Inc. then outstanding. The latter company is ordered to be dissolved and to distribute the stock of the first company *pro rata* among its stockholders and transfer the shares of the second company into the name of a Trustee appointed by the court to be held subject to the super vision of the Court. The judgment directs that the newly formed companies have no common directors, and that they be free of any previous managerial connection with the other, or the defendant. The decree requires each company to refrain from attempting to influence the operating policy of the other.

Judgment rendered and entered in lieu of and in substitution for the decree dated December 31, 1946, reported at *1948-1949 Trade Cases* 1 57,526.

For plaintiff: Tom C. Clark, Attorney General; Herbert A. Bergson, Assistant Attorney General; Robert L. Wright, Sigmund Timberg, Special Assistants to the Attorney General.

For the defendants Paramount Pictures Inc. and Paramount Film Distributing Corporation: Simpson Thacker and Bartlett; Albert C. Bickford, a member of the firm.

Consent Judgment as to the Paramount Defendants

The plaintiff, United States of America, having filed its Amended and Supplemental Complaint in this action on November 14, 1940; the defendants, Paramount Pictures Inc. and Paramount Film Distributing Corporation (hereinafter sometimes referred to as the "Paramount defendants"), having filed their Answers to such Complaint, denying the substantive allegations thereof; the Court after trial having entered a decree herein, dated December 31, 1946, as modified by order entered February 11, 1947; the plaintiff and the Paramount defendants, among others, having appealed from such decree; the Supreme Court of the United States having in part affirmed and in part reversed such decree, and having remanded this cause to this Court for further proceedings in conformity with its opinion dated May 3, 1948; and this Court having, on June 25, 1948, by order made the mandate and decree of the Supreme Court the order and judgment of this Court; and

The Paramount defendants, having represented to the plaintiff and to this Court that they propose, for the purpose of avoiding discrimination against other exhibitors and distributors, promoting substantial independent theatre competition for the Paramount theatres and promoting competition in the distribution and exhibition of films generally, (1) to divorce their domestic exhibition business from their production and distribution business, (2) to divest Paramount Pictures Inc. and the divorced exhibition business of all interest in a minimum of 774

theatres, and (3) to subject themselves and said divorced distribution and exhibition businesses to injunctive provisions, all as hereinafter set forth; and that accordingly they propose to adopt prior to April 19, 1949, a plan of reorganization which will have as its purpose and effect the complete divorcement of the ownership and control of all of the theatre assets of Paramount Pictures Inc. located in the United States from all other assets of the Paramount defendants; that pursuant to such plan two new corporations will be formed, one of which (hereinafter called the New Theatre Company) will own directly or indirectly all of the said theatre assets; and the other of which (hereinafter called the New Picture Company) will own directly or indirectly all of the said other assets; and that thereafter Paramount Pictures Inc. will be dissolved; and that for the purpose of establishing separate ownership and control of the said two new corporations the stock of the New Theatre Company will be delivered to a Trustee who will hold such stock subject to the terms and conditions of this judgment, and certificates of interest representing such trustee stock will be issued by the Trustee, and such certificates of interest together with the stock in the New Picture Company will be distributed *pro rata* by Paramount Pictures Inc. among its stockholders; and Paramount Pictures Inc. having set forth certain understandings with and made certain representations to the Attorney General in a letter filed herewith; and

The Paramount defendants having consented to the entry of this judgment after the taking of evidence upon the remand of this cause by the Supreme Court to this Court but without rendition of any decision by this Court upon any of the issues and matters which were to be determined upon said remand, without any findings of fact upon such issues and matters made after said remand, and without admission by the Paramount defendants in respect to any such issue or matter, and the Court having considered the matter,

NOW, THEREFORE, UPON CONSENT OF THE PARTIES HERETO, IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

I.

The Complaint is dismissed as to all claims made against the Paramount defendants based upon their acts as producers of motion pictures, whether as individuals or in conjunction with others.

II.

[Acts Enjoined]

A. The Paramount defendants, their officers, agents, servants and employees are each hereby enjoined:

1. From granting any license in which minimum prices for admission to a theatre are fixed by the parties, either in writing or through a committee, or through arbitration, or upon the happening of any event or in any manner or by any means.
2. From agreeing with each other or with any exhibitors or distributors to maintain a system of clearances; the term "clearances" as used herein meaning the period of time stipulated in license contracts which must elapse between runs of the same feature within a particular area or in specified theatres.
3. From granting any clearance between theatres not in substantial competition.
4. From granting or enforcing any clear ance against theatres in substantial competition with the theatre receiving the license for exhibition in excess of what is reason ably necessary to protect the licensee in the run granted. Whenever any clearance provision is attacked as not legal under the provisions of this judgment, the burden shall be upon the distributor to sustain the legality thereof.
5. From further performing any existing franchise to which it is a party and from making any franchises in the future, except for the purpose of enabling an independent exhibitor to operate a theatre in competition with a theatre affiliated with a defendant. The term "franchise" as used herein means a licensing agreement or series of licensing agreements, entered into as a part of the same transaction, in effect for more than one motion picture season and covering the exhibition of pictures released by one distributor during the entire period of agreement.
6. From making or further performing any formula deal or master agreement to which it is a party. The term "formula deal" as used herein means a licensing agreement with, a circuit of theatres in which the license fee of

a given feature is measured for the theatres covered by the agreement by a specified percentage of the feature's national gross. The term "master agreement" means a licensing agreement, also known as a "blanket deal," covering the exhibition of features in a number of theatres usually comprising a circuit.

7. From performing or entering into any license in which the right to exhibit one feature is conditioned upon the licensee's taking one or more other features. To the extent that any of the features have not been trade shown prior to the granting of the license for more than a single feature, the licensee shall be given by the licensor the right to reject twenty percent of such features not trade shown prior to the granting of the license, such right of rejection to be exercised in the order of release within ten days after there has been an opportunity afforded to the licensee to inspect the feature.

8. From licensing any feature for exhibition upon any run in any theatre in any other manner than that each license shall be offered and taken theatre by theatre, solely upon the merits and without discrimination in favor of affiliated theatres, circuit theatres or others.

B. If a final judgment be entered in this cause against Loew.'s Incorporated, Twentieth Century-Fox Film Corporation, and Warner Bros. Pictures, Inc., or any of them, which shall prescribe for any of such defendants provisions for licensing the exhibition of feature motion pictures different from those required by this judgment, the Paramount defendants or the New Picture Company or either or the successor or successors of either, may file herein a written notice of election to be relieved from further compliance with such provisions of this judgment and to comply with such provisions of such judgment against said defendants or any of them, and thereupon an order or supplemental judgment shall be entered on the application of such party or parties so electing, which shall subject such party or parties to such provisions of such other judgment and entitle it or them to the benefits of any terms thereof and relieve it or them from further compliance with such provisions of this judgment.

III.

A. The defendant Paramount Pictures Inc. (hereinafter in this Section III referred to as "Paramount"), its officers, agents, servants and employees are each hereby enjoined:

1. From performing or enforcing agreements referred to in paragraphs A-5 and A-6 of the foregoing section II hereof to which it may be a party.

2. From making or continuing to perform pooling agreements whereby given theatres of two or more exhibitors normally in competition are operated as a unit or whereby the business policies of such exhibitors are collectively determined by a joint committee or by one of the exhibitors or whereby profits of the "pooled" theatres are divided among the owners according to prearranged percentages.

3. From making or continuing to perform agreements that the parties may not acquire other theatres in a competitive area where a pool operates without first offering them for inclusion in the pool.

4. From making or continuing leases of theatres under which it leases any of its theatres to another defendant or to an independent operating a theatre in the same competitive area in return for a share of the profits.

5. From continuing to own or acquiring any beneficial interest in any theatre, whether in fee or in shares of stock or otherwise, in conjunction with another defendant.

(a) The said existing relationships in connection with the theatres in Michigan (excluding Detroit) named in paragraph 9 hereof shall be terminated by November 8, 1949 in accordance with the provisions relating to such theatres set forth in such paragraph 9.

(b) The said existing relationship in connection with the Great Lakes, Hippodrome, Niagara, Seneca, Kenmore, Buffalo, Teck, Bellevue, Kensington, North Park, Lackawanna, and Elmwood Theatres in Greater Buffalo, N. Y., shall be terminated by March 31, 1949, and the said existing relationship in connection with the Roosevelt Theatre, Buffalo, N. Y., shall be terminated by December 31, 1949. Paramount or the New Theatre Company may elect to acquire the interest of the co-owner or co-owners in the five theatres first mentioned in this subparagraph (b).

(c) The said existing relationships in connection with the Parkhill Theatre, Yonkers, N. Y., shall be terminated by November 8, 1949 in accordance with the provisions relating to such theatre set forth in paragraph 9 hereof.

6. From acquiring a beneficial interest in any theatre other than those named in paragraph 9 hereof, provided that:

(a) Until the joint ownerships set forth in paragraph 9 have been completely terminated, as provided for in said paragraph, beneficial interests in theatres may be acquired.

(i) As a substantially equivalent replacement for wholly owned theatres^{*} held or acquired in conformity with this judgment which may be lost through physical destruction or conversion to non-theatrical purposes;

(ii) In renewing leases covering any wholly owned theatre held or acquired in conformity with this judgment or in acquiring an additional interest in any such theatre under lease;

(iii) As a substantially equivalent replacement for any wholly owned theatre held or acquired in conformity with this judgment which has been lost through inability to obtain a renewal of the lease thereof upon reasonable terms, if Paramount or the New Theatre Company shall show to the satisfaction of the Court, and the Court shall first find, that such acquisition will not unduly restrain competition;

(iv) In one theatre in Miami, Florida, Chattanooga, Tennessee, Salt Lake City, Utah, and Tampa, Florida, respectively (which theatres Paramount represents it plans to construct upon sites now controlled by it and are to be substantially equivalent replacements for theatres heretofore lost by fire or failure to obtain renewal of leases), if Paramount or the New Theatre Company shall show to the satisfaction of the Court, and the Court shall first find, that such acquisition will not unduly restrain competition.

(b) After termination of the joint ownerships set forth in paragraph 9 hereof, Paramount or the New Theatre Company may acquire a beneficial interest in any theatre only in the situations covered by paragraphs (i) and (ii) of the preceding sub-section (a) unless the New Theatre Company shall show to the satisfaction of the Court, and the Court shall first find, that the acquisition will not unduly restrain competition.

7. From operating, booking or buying features for any of its theatres through any agent who is known by it to be also acting in such manner for any other exhibitor, in dependent or affiliate.

8. From making or enforcing any agreement which restricts the right of any other exhibitor to acquire a motion picture theatre.

9. From acquiring or continuing to own in conjunction with any actual or potential independent exhibitor any beneficial interest in motion picture theatres. The theatres in which such ownership now exists are the following:

<i>State</i>	<i>City</i>	<i>Names of Theatre</i>
ALABAMA	Anniston	Calhoun Cameo Noble Ritz
	Auburn	Tiger
	Bessemer	Grand State
	Birmingham	Alabama Lyric Ritz Grand Temple Drive-In
	Chickasaw	Chickasaw
	Ensley (suburb of Birmingham)	Ensley

	Jasper	Franklin Jasper New
	Mobile	Crown Drive-In Empire Lyric Loop Saenger
	Montgomery	Charles Clover Empire Grand Paramount Strand
	Selma	Walton Wilby
	Troy	Enzor
	Tuscaloosa	Bama Diamond Druid Ritz
ARIZONA	Phoenix	Studio Drive-In Indian Head Drive-In
ARKANSAS	Camden	Rialto Ritz Strand
	Clarksville	Joy Strand
	Conway	Conway Grand
	Dardanelle Fayetteville	Joy Ozark Palace Royal U-Ark
	Fort Smith	Hoyts Joie New Plaza Temple Uptown
	Helena	Paramount Pastime
	Hope	New Rialto Saenger
	Hot Springs	Central Malco Paramount
	Jonesboro	Victory Liberty Palace Strand

	Little Rock	Arkansas Capitol Drive-In Heights Lee New Prospect Pulaski Roxy Royal
	McGehee	Ritz
	Morrilton	Rialto
	Newport	Capitol Strand
	Pine Bluff	Malco Saenger Strand
	Russellville	Ritz
	Smackover	Joy
	Stuttgart	Majestic Strand
	Van Buren	Bob Burns Rio
CALIFORNIA	Hollywood	Paramount
FLORIDA	Pensacola	Drive-In Isis Rex Saenger
GEORGIA	Athens	Georgia Morton Palace Ritz Strand Imperial Miller Modjeska Rialto
	Augusta	Ritz Bijou Ritz Roxy
	Barnesville	Allen
	Brunswick	Colonial
	Buford	Bradley
	Columbus	Georgia Rialto Royal Springer Village Rexview Drive-In
	Elberton	Elbert
	Gainesville	Ritz Roxy Royal State

	Lexington	Lex
	Macon	Capitol
		East Macon
		Rialto
		Grand
		Ritz
	Moultrie	Colquitt
		Moultrie
	St. Simons	
	Island	Casino
	Savannah	Avon
		Beach
		Bijou
		Lucas
		State
		Victory
	Waycross	Carver
		Lyric
		Ritz
IDAHO	Boise	Ada
		Boise
		Granada
		Pinney
ILLINOIS	Chicago	Iris
		McVickers
		North Center
		United Artists
	Galesburg	Colonial
	LaSalle	LaSalle
		Majestic
	Moline	Illini
		Le Claire
	Oak Park	Lake
		Lamar
	Peru	Peru
		Star
	Quincy	Orpheum
		Washington
	Rockford	Auburn
		Coronado
		Midway
		Palace
		Times
	Rock Island	Fort
		Armstrong
		Rocket
		Spencer
INDIANA	Gary	Grand State
IOWA	Algona	Call
		Iowa
	Boone	Boone
		Princess
		Rialto
	Burlington	Capitol
		Palace
		Zephyr

Cedar Falls	Regent
Cedar Rapids	Paramount State
Centerville	Majestic Ritz
Chariton	Ritz State
Charles City	Charles Gem
Clarion	Clarion
Clear Lake	Lake Park
Clinton	Capitol Rialto Strand
Cresco	Cresco
Davenport	Capitol Esquire Garden
Des Moines	Des Moines Garden Hiland Ingersoll Paramount Roosevelt Uptown Strand Eastown Iowa Drive-In
Eagle Grove	Princess
Estherville	Grand
Forest City	Forest
Fort Dodge	Iowa Rialto Strand
Grinnell	Iowa Strand
Iowa City	Englert Strand Varsity
Mason City	Cecil Palace Strand
New Hampton	Firemens
Newton	Capitol Rialto
Oelwein	Grand Ritz
Oskaloosa	Mahaska Princess Rivoll
Otturawa	Capitol Ottumwa Rialto Strand
Sioux City	Zephyr Capitol

		Drive-In
		Hipp
		Hollywood
		Iowa
		State
		Victory
	Waterloo	Paramount
		Strand
KENTUCKY	Fulton	Fulton Orpheum
		Strand
	Henderson	Kentucky
		Kraver
	Owensboro	Blelch
		Malco
		Seville
		Strand
LOUISIANA	Alexandria	Paramount Rex
		Sienger
	Baton Rouge	Drive-In
		Fort
		Louisiana
		Paramount
		Varsity
	Monroe	Capitol
		Delta
		Paramount
	New Orleans	Globe
		Saenger
		Tudor
	Shreveport	Centenary
		Drive-In
		Majestic
		Rex
		Saenger
		Strand
		Venus
		West End
MAINE	Auburn	Auburn
	Augusta	Colonial
		Capitol
	Bangor	Bijou
		Opera House
		Park
	Brunswick	Cumberland
		Pastime
	Gardiner	Opera House
	Hollowell	Rialto
	Lewiston	Empire
		Priscilla
		Strand
	Livermore Falls	Dreamland
	Norway	Rex
	Orono	Strand
	Ramford	Strand
	SouthParis	Strand
	Wilton	Wilton

MASSACHUSETTS	Chicopee	Rivolt
	Fitchburg	Fitchburg
	Greenfield	Garden
	Haverhill	Colonial
		Paramount
	Holyoke	Bijou
		Strand
		Victory
	North Adams	Paramount
		Richmond
	Northampton	Calvin
		Plaza
	Palmer	Strand
	Pittsfield	Capitol
		Colonial
		Palace
		Strand
	Springfield	Paramount
		Broadway
	Ware	Casino
	Westfield	Strand
MICHIGAN	Adrian	Croswell
		Family
	Allegan	Regent
	Alpena	Lyric
		Malz
	Ann Arbor	Orpheum
		Michigan
		State
		Whitney
		Wuerth
	Battle Creek	Bijou
		Michigan
		Post
		Regent
		Strand
	Bay City	Bay
		Center
		Regent
		Westtown
	Benton Harbor	Lake
		Liberty
	Big Rapids	Big Rapids
	Cadillac	Center
		Lyric
	Detroit	Alger
		Royal
		United Artist
	East Lansing	State
	Flint	Capitol
		Della
		Garden
		Palace
		Regent
		Roxy
		State

Grand Haven	Strand Grand Robinhood
Grand Rapids	Center Eastown Royal Four Star Kent Majestic Our Wealthy
Greenville	Gibson Silver
Hillsdale	Dawn Hill
Holland	Center Colonial Holland
Ionia	Center Ionia
Jackson	Capitol Majestic Michigan Regent Rex
Kalamazoo	Capitol Fuller State Michigan Orpheum Uptown
Lansing	Capitol Gladmer Lansing Michigan Nortown Southown
Ludington	Center Lyric
Manistee	Lyric Ramsdell Vogue
Monroe	Family Monroe
Muskegon	Michigan Regent State
Niles	Ready Riviera
Owosso	Capitol Center Strand
Pontiac	Eagle Oakland Orpheum Rialto

		State
		Strand
	Port Huron	Desmond
		Family
		Majestic
	Saginaw	Center
		Franklin
		Mecca
		Michigan
		Strand
		Temple
		Wolverine
	St. Joseph	Caldwell
	South Haven	Michigan
		Model
	Sturgis	Roxy
		Strand
	Three Rivers	Rialto
		Riviera
	Traverse City	Michigan
		Trabay
	Willow Run	Center
	Yosilanti	Martha Washington
		Wuerth
MINNESOTA	Fairmont	Nicholas Strand
MISSISSIPPI	Biloxi	Buck
		Saenger
	Clarksdale	Delta Paramount
	Columbus	Dixie
		Princess
		Varsity
	Greenville	Delta
		Paramount
	Greenwood	La Flore
		Paramount
	Gulfport	Gulf
		Paramount
	Hattiesburg	Buck
		Lomo
		Rose
		Saenger
	Jackson	Century
		Drive-In
		Majestic
		Paramount
		Pix
	Meridian	Alberta
		Strand
		Temple
	Natchez	Baker Grand
		Ritz
	Tupelo	Lyric Tupelo
	Vicksburg	Alamo
		Saenger
		Strand
	West Point	Ritz

	Winona	Star
NEBRASKA	Fairbury	Winona
		Bonham
	Falls city	Majestic
		Oil City
	Grand Island	Rivoll
		Capitol
		Empress
	Hastings	Grand
		Rivoll
		Strand
	Omaha	Omaha
		Orpheum
		Paramount
NEW HAMPSHIRE	Berlin	Drive-In
		Albert
		Princess
	Concord	Strand
		Capitol
	Portsmouth	Star
		Colonial
NEW JERSEY	Newark	Olympix
		Adams
	Paterson	Paramount
NEW MEXICO	Albuquerque	U. S.
		Cheif
		Kimo
		Lobo
		Mission
		Rio
		Sunshine
		Yucca
		Drive-In
NEW YORK	Fulton	Mesa
		Avon
	New York City	State
	Owego	Rivoll
	Rochester	Tioga
		Capitol
		Paramount
	Waverly	Regent
		Amuzu
		Capitol
NORTH CAROLINA	Yonkers Asheville	Parkhill
		Carolina
		Imperial
		Isis
		Palace
		Paramount
		Plaza
		State
		Commitment to build new
		theatre
	Burlington	Alamance
		Carolina
		Paramount

Canton	Colonial Strand
Chapel Hill	Carolina Village
Concord	Cabarrus Paramount
Durham	Carolina Center Rialto
Fayetteville	Broadway Carolina Colony
Gastonia	Lyric Temple
Goldsboro	Carolina Paramount Wayne
Greensboro	Carolina Imperial National
Greenville	Colony Pitt State
Hendersonville	Carolina State
Hickory	Center Park
High Point	Broadhurst Center Paramount Rialto
Lenoir	Center State
Lexington	Carolina Granada
Lumberton	Carolina Pastime
Monroe	Center State
Mt. Airy	Center
Raleigh	Ambassador Capitol Palace State Varsity
Rockingham	Little Richmond
Rocky Mount	Carolina Center
Salisbury	Capitol State Victory
Wilmington	Bailey Bijou Carolina Royal

	Wilson	Ritz Carolina Ritz Wilson Carolina State Colonial
	Winston-Salem	Forsyth Star
NORTH DA KOTA	Jamestown	Rialto
PENNSYLVANIA	Aliquippa	State Strand Temple State
	Ambridge	Capitol
	Bloomsburg	Columbia
	Butler	Capitol Penn
	Carlisle	Comerford Strand
	Danville	Capitol
	Dickson City	Rex
	Dunmore	Orient
	Duryea	Pastime
	Forest City	Freedman
	Forty Port	Forty Fort Institute
	Hawlay	Ritz
	Hazleton	Capitol Feeley Grand
	Honesdale	Lyric
	Jersey Shore	Victoria
	Kingston	Kingston
	Lebanon	Capitol Colonial Jackson
	Luzerne	Luzerne
	Mauch Chunk	Capitol
	Miners Mills	Crystal
	Northumber-land	Savoy
	Old Forge	Holland
	Olyphant	Olyphant Granada
	Parsons	Parsons
	Pittston	American Roman
	Plymouth	Shawnee
	Pottsville	Capitol Hippodrome Hollywood
	Sayre	Sayre
	Scranton	Bell Capitol Comerford Family Globe

		Rialto
		Riviera
		Roosevelt
		State
		Strand
		Temple
		Westside
		Pinebrook
	Shenandoah	Strand
	Sunbury	Rialto
		Strand
	Towanda	Keystone
	Wilkes-Barre	Capitol
		Comerford
		Hart
		Orpheum
		Penn
		Sterling
		Strand
		Temple
		Irving
	Willianisport	Capitol
		Keystone
SOUTH CAROLINA	Anderson	Drive-in
	Columbia	Drive-In
	Darlington	Liberty
		Darlington
	Florence	Carolina
		Colonial
	Greenville	Drive-In
	Greenwood	Carolina
		Ritz
		State
SOUTH DAKOTA	Madison	Lyric
		State
TENNESSEE	Elizabethton	Bonnie Kate
		Ritz
	Jackson	Paramount
		State
		Met
		Drive-In
	Kingsport	State
	Memphis	Malco
		Strand
	Abilene	Majestic
		Palace
		Paramount
		Queen
	Amarillo	Capitol
		Paramount
		Rialto
		State
		Esquire
	Anahuac	Rig
	Arlington	Aggie
		Texan

Arp	Rex
Austin	Paramount
	Queen
	State
	Austin
	Capitol
	Texas
	Varsity
Baytown	Arcadia
	Bay
Beaumont	Gem
	Jefferson
	Lamar
	Liberty
	Star
	Tivoli
	Peoples
	Circle Drive-In
Breckenridge	National
	Palace
Brownsville	Capitol
	Queen
Brownwood	Bowie
	Lyric
	Gem
Channelview	Sanja
Conroe	Crichton
	Liberty
Corsicana	Grand
	Ideal
	Palace
	Rio
Dallas	Capitol
	Dalsec
	Fair
	Forest
	Majestic
	Melba
	Palace
	Rialto
	Tower
	White
	Circle
	Inwood
	Knox
	Lakewood
	Lawn
	Esquire
	Varsity
	Village
	Wilshire
	Telenews
	Drive-In-Buckner Bvd.
	Drive-In-Northwest H'way.
Denison	Rialto
	Rio

	State
Denton	Dreamland Palace
Donna	Texas Plaza
Eagle Lake	Cole
Eastland	Majestic Lyric
El Paso	Ellanay Palace Pershing Plaza Texas Grand Wigwam
Fort Worth	Bowie Gateway Hollywood Majestic Palace Parkway River Oaks Worth Tower Varsity Bowie Drive-In Belknap Drive-In 7th St. Theatre
Galveston	Key Martini Queen State Tremont Broadway
Gladewater	Cozy Gregg Palace
Goose Creek	Palace Texan
Greenville	Colonial Rialto Texan
Groves	Lyric
Hallettsville	Cole
Harlingen	Arcadia Grande Rialto Strand
Henderson	Palace Strand
Houston	Alabama Almeda Bluebonnet Eastwood Kirby Majestic

	Metropolitan
	North Main
	River Oak
	Tower
	Village
	Wayside
	Yale
	Santa Rosa.
	Broadway
	Garden Oaks
	Fulton
	Shepard Drive-In
	So Main Drive-In
	Winkler Drive-In
Jacksonville	Jackson
	Palace
	Rialto
Kilgore	Crim
	Strand
	Texan
La Porte	Port
Longview	Arlyne
	Rembert
	Rita
Lufkin	Lynn
	Pines
	Texan
McAllen	Azteca
	Palace
	Queen
	El Rey
Marshall	Lynn
	Paramount
Mercedes	Rex
	Rio
	State
Nacogdoches	Rita
	Stonefort
	Texan
Nederland	Rio
Needville	Cole
Orange	Bengal
	Gem
	Royal
	Strand
Overton	Gem
	Strand
Paris	Grand
	Main
	North Star
	Plaza
	Rex
Pelly	Alamo
Pharr	Drive-In
Port Arthur	Majestic
	Pearce

	Peoples
	Port
	Sabine
	Strand
	Surf Drive-In
Port Neehes	Lynn
	Neches
Richmond	Lamar
Rosenberg	Cole
	State
Rusk	Cherokee
San Antonio	Aztec
	Empire
	Majestic
	Texas
	Broadway
	Laurel
	State
	Sunset Woodlawn
San Marcos	Hayes
	Palace
	Texas
Silsbee	Palace
	Pines
Temple	Arcadia
	Bell
	Gem
	Rio
	Texas
Texarkana	Drive-In
	Paramount
	Strand
	Texan
Tyler	Arcadia
	Liberty
	Majestic
	Tyler
Vernon	Pictorium
	Vernon
Waco	Orpheum
	25th Street
	Texas
	Waco
	Circle Drive-In
Wallis	Cole
Weslaco	Gem
	Ritz
Wichita Falls	Majestic
	State
	Strand
	Wichita
Yoakum	Grand
	Ritz
UTAHOgden	Colonial
	Orpheum
	Paramount

VERMONT	Brattleboro	Paramount
	Burlington	Flynn
		Majestic
	Montpelier	Capitol
VIRGINIA	Cape Charles	Radium
	Charlottesville	Jefferson
		Lafayette
		Paramount
		University
	Danville	Capitol
		Dan
		Rialto
	Exmore	Cameo
	Hampton	Langley
		Rex
	Hilton Village	
		Village
	Lynchburg	Isis
		Paramount
		Trenton
	Newport News	
		James
		Paramount
WEST VIRGINIA	Phoebus	Lee
	Bluefield	Granada State
	Wheeling	Rex
WISCONSIN	LaCrosse	Fifth Avenue Hollywood

The existing joint ownership in the above enumerated theatres shall be terminated as to all such theatres within three years from the date of entry of this judgment, and as to at least one-third of such theatres within one year from such date, and as to at least two-thirds of such theatres within two years from such date, in accordance with the following provisions:

(a) Paramount or the New Theatre Company shall terminate the existing joint ownership in each of said theatres by a sale or other outright transfer of the entire interest of Paramount or the New Theatre Company therein either (i) to a co-owner or co-owners, or (ii) to a person who is not a defendant herein and not owned or controlled by or affiliated with a defendant herein, except as otherwise provided in sub-paragraph (b) below.

(b) In the event that Paramount's interest in any joint ownership shall not be terminated as provided in sub-paragraph (a), Paramount or the New Theatre Company may acquire the interest of such co-owner or co-owners, after first negotiating for such acquisition with such co-owner or co-owners, in not to exceed the following theatres from the above list in each of the following communities:

State	City	Theatres
ALABAMA	Anniston	Any two of the theatres above listed, only one of which may be a first run theatre.
	Auburn	Tiger Theatre.
	Bessemer	Any one of the theatres above listed in each of these cities.
	Ensley	
	Jasper	
	Selma	
	Birmingham	Any four of the theatres above listed, only two of

		which may be first run theatres.
	Chickasaw	Chickasaw Theatre.
	Mobile	Any four of the theatres above listed, only one of which may be a first run theatre.
	Montgomery	Any three of the theatres above listed, only one of which may be a first run theatre.
	Troy	Enzor Theatre.
	Tuscaloosa	Any three of the theatres above listed, only one of which may be a first run theatre.
ARIZONA	Phoenix	Either one of the two drive-in theatres above listed.
ARKANSAS	Camden	Any one of the theatres above listed in each of these cities.
	Jonesboro	
	Fayetteville	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	Fort Smith	
	Hot Springs	
	Little Rock	Any two of the theatres above listed.
FLORIDA	Pensacola	Any three of the theatres above listed, only one of which may be a first run theatre.
GEORGIA	Athens	Any one of the theatres above listed in each of these cities.
	Augusta	
	Brunswick	
	Columbus	
	Gainesville	
	Macon	
	Waycross	
	Savannah	Any two of the theatres above listed, only one of which may be a first run theatre.
IDAHO	Boise	Any two of the theatres above listed, only one of which may be a first run theatre.
ILLINOIS	LaSalle	Any one of the theatres above listed in each of these cities.
	Moline	

	Oak Park	
	Peru	
	Quincy	
	Rock Island	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	Rockford	
INDIANA	Gary	Any one of the theatres above listed.
IOWA	Cedar Rapids	Any one of those theatres above listed.
	Davenport	Any two of the theatres above listed, only one of which may be a first run theatre.
	Des Moines	Any six of the theatres above listed, only two of which may be first run theatres.
	Sioux City	Any one of the theatres above listed in each of these cities.
	Waterloo	
KENTUCKY	Fulton	Any one of the theatres above listed.
	Owensboro	Any two of the theatres above listed, only one of which may be a first run theatre.
LOUISIANA	Alexandria	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	Monroe	
	Baton Rouge	Any one of the theatres above listed in each of these cities.
	New Orleans	
	Shreveport	Any four of the theatres above listed, only one of which may be a first run theatre.
MAINE	Bangor	Any one of the theatres above listed in each of these cities.
	Lewiston	
MASSACHUSETTS	Haverhill	Any one of the theatres above listed in each of these cities.
	Holyoke	
	North Adams	
	Northampton	
	Pittsfield	
	Springfield	

MICHIGAN	Ann Arbor	Any one of the theatres above listed in each of these cities.
	Battle Creek	
	Flint	
	Grand Rapids	
	Kalamazoo	
	Lansing	
	Pontiac	
	Saginaw	
	Detroit	The Royal Theatre, provided however, that promptly after the acquisition by Paramount or the New Theatre Company of the interest of the co-owner therein, Paramount or the New Theatre Company shall lease the said theatre to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein and which lease shall contain no rental provisions based upon a share of the profits of such theatre or any other theatre, and provided further that Paramount or the New Theatre Company shall sell such theatre property as soon as practicable and in any event before the expiration of such lease.
MINNESOTA	Fairmont	Any one of the theatres above listed.
MISSISSIPPI	Biloxi	Any one of the theatres above listed in each of these cities.
	Clarksdale	
	Greenville	
	Greenwood	
	Gulfport	
	Natchez	
	Hattiesburg	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	Meridian	
	Vicksburg	
	Jackson	Any three of the theatres above listed, only one of which may be a first run theatre.
	Winona	Winona Theatre

NEBRASKA	Fairbury	Any one of the theatres above listed in each of these cities.
	Falls City	
	Hastings	
	Grand Island	Any two of the theatres above listed, only one of which may be a first run theatre.
	Omaha	Any two of the theatres above listed.
NEW HAMPSHIRE	Concord	Any one of the theatres above listed in each of these cities.
	Portsmouth	
NEW JERSEY	Newark	Any one of the theatres above listed.
NEW MEXICO	Albuquerque	Any one of the theatres above listed.
NEW YORK	Fulton	Any one of the theatres above listed.
	New York City	Rivoli Theatre.
	Rochester	Any two of the theatres above listed, only one of which may be a first run theatre.
NO. CAROLINA	Asheboro	Carolina Theatre.
	Asheville	Any four of the theatres above listed (and which list shall be deemed to include the theatre in this city, when built, as to which there is a commitment to build), provided that such four theatres shall not include, and Paramount or the New Theatre Company shall concurrently dispose of the interest of Paramount in, one first run theatre in this city.
	Burlington	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	Durham	
	Fayetteville	
	Goldsboro	
	Greensboro	
	Greenville	
	High Point	
	Salisbury	
	Wilmington	
	Wilson	
	Winston-Salem	

	Canton	Any one of the theatres above listed in each of these cities.
	Chapel Hill	
	Concord	
	Gastonia	
	Hendersonville	
	Hickory	
	Lumberton	
	Monroe	
	Rockingham	
	Rocky Mount	
	Raleigh	Any three of the theatres above listed, only one of which may be a first run theatre.
PENNSYLVANIA	Aliquippa	Any one of the theatres above listed in each of these cities.
	Bloomsburg	
	Butler	
	Carlisle	
	Hazleton	
	Lebanon	
	Pittston	
	Pottsville	
	Shenandoah	
	Sunbury	
	Wilkes-Barre	
	Williamsport	
	Scranton	Any two of the theatres above listed.
SO. CAROLINA	Anderson	The drive in theatre in each of these cities.
	Columbia	
	Greenville	
	Greenwood	Any two of the theatres above listed, only one of which may be a first run theatre.
SO DAKOTA	Madison	Any one of the theatres above listed.
TENNESSEE	Elizabethton	Any one of the theatres above listed in each of these cities.
	Jackson	
	Memphis	
	Kingsport	State Theatre
TEXAS	Abilene	Any one of the theatres above listed in each of these cities.
	Beaumont	
	Breckenridge	
	Brownwood	
	Brownsville	
	Corsicana	

	Denison	
	Denton	
	Galveston	
	Harlingen	
	McAllen	
	Orange	
	Paris	
	Port Arthur	
	Temple	
	Tyler	
	Vernon	
	Wichita Falls	
	Austin	Any three of the theatres above listed, only one of which may be a first run theatre.
	Amarillo	Any two of the theatres above listed (only one of which may be a first run theatre) in each of these cities.
	El Paso	
	Texarkana	
	WacoDallas	Any seven of the theatres above listed, only two of which may be first run theatres.
	Fort Worth	Any four of the theatres above listed, only one of which may be a first run theatre.
	Houston	Any seven of the theatres above listed, only one of which may be a first run theatre.
	San Antonio	Any four of the theatres above listed, only one of which may be a first run theatre.
UTAH	Ogden	Any two of the theatres above listed, only one of which may be a first run theatre.
VIRGINIA	Charlottesville	Any one of the theatres above listed, in each of these cities.
	Lynchburg	
	Newport News	
WISCONSIN	La Crosse	Any one of the theatres above listed.

(c) With respect to any jointly owned theatre as to which Paramount's interest shall not be sold or otherwise transferred in accordance with the provisions of sub-paragraph (a) or as to which the interest of the co-owner or co-owners shall not be acquired by Paramount or the New Theatre Company under the provisions of sub-paragraph (b) of this paragraph 9, Paramount or the New Theatre Company may negotiate with a third person who is not a defendant herein and not owned or controlled by or affiliated with a defendant herein, for a sale of

the entire joint interest in such theatre to such third person and may negotiate for the acquisition thereof and thereafter, acquire the interest or its co-owner or co-owners for the sole purpose of effectuating such a sale, provided that such sale shall be consummated not later than six months following such acquisition¹ and shall create substantial motion picture theatre operating competition in any community in which Paramount or the New Theatre Company shall retain any theatre.

10. From voting its stock in any of the corporations through which said joint ownerships are held for the purpose of preventing corporate action which will effectuate dissolution of such joint ownerships upon reasonable terms in accordance with paragraph 9 hereof.

B. Paramount owns a beneficial interest in the following theatres, and the only other beneficial interests in such theatres are those of persons who are solely investors: Houlton and Temple Theatres, Houlton, Me.; Empire, Park and Strand Theatres, Rockland, Me.; Chateau, Empress, Lawler and Time Theatres, Rochester, Minn.; Avon, Broadway, State and Winona Theatres, Winona, Minn.; and Grand, Paramount and Strand Theatres, Rutland, Vt.

1. As to not to exceed the following theatres from the above list, Paramount or the New Theatre Company may elect to acquire the interest of the co-owner or co-owners therein, or to sell or otherwise transfer the interest of Paramount therein in accordance with the provisions of sub-paragraph (a) or (c) of paragraph 9 of sub-section A of this Section III, or to continue the same in the existing joint ownership applicable thereto:

Any one of the theatres above listed in Houlton, Me.

Any two of the theatres above listed in Rockland, Me., only one of which may be a first run theatre.

Any two of the theatres above listed in Rochester, Minn., only one of which may be a first run theatre.

Any two of the theatres above listed in Winona, Minn., only one of which may be a first run theatre.

Any two of the theatres above listed in Rutland, Vt., only one of which may be a first run theatre.

2. The remainder of the theatres above listed in the first paragraph of this subsection B shall be disposed of by Paramount or the New Theatre Company, or by the existing joint ownership if continued as above provided for in this sub-section B, to a person not a defendant herein and not owned or controlled or affiliated with a defendant herein, in accordance with the provisions of sub-paragraph (a) or (c) of said paragraph 9.

3. The provisions set forth in paragraphs 1 and 2 of this sub-section B shall be effectuated within two years from the date hereof and in such a manner as to create substantial motion picture theatre operating competition in any community in which Paramount or the New Theatre Company, or the joint ownership if continued as above provided, shall retain any theatres.

C. 1. For the purpose of creating substantial motion picture theatre operating competition in the communities hereinafter listed, Paramount or the New Theatre Company shall dispose of all of the interests of Paramount in at least one half of the following motion picture theatres within one year from the date hereof, and in all of the following motion picture theatres within two years from the date hereof, and each such disposition shall be to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein:

One theatre in each of the following cities in Florida: Bartow and Bradenton.

Two theatres in Clearwater, Fla. *

One first run theatre in Daytona Beach, Fla.

One theatre in Deland, Fla.

Two theatres in Fort Lauderdale, Fla.,

One of which shall be a first run theatre.

The Ritz Theatre in Fort Myers, Fla.

One first run theatre in Gainesville, Fla.
One theatre in Hollywood, Fla., which theatre shall not be the theatre located in the Hollywood Hotel.
Three theatres in Jacksonville, Fla.,
One of which shall be a first run theatre.
Two theatres in Lakeland, Fla.,
One of which shall be a first run theatre.
One theatre in Lake Worth, Fla.
One first run theatre in Ocala, Fla.
Two theatres in Orlando, Fla.,
One of which shall be a first run theatre.
One theatre in Plant City, Fla.
One theatre in St. Augustine, Fla.
Four theatres in St. Petersburg, Fla., of which one shall be a first run theatre.
One theatre in Sanford, Fla.
One theatre in Sarasota, Fla.
One first run theatre in West Palm Beach, Fla.
One theatre in Winter Park, Fla.
One first run theatre in Atlanta, Ga.
One theatre in Preston, Idaho.
One first run theatre in Bloomington, Ill.
One first run theatre in Elgin, Ill.
One first run theatre in Kankakee, Ill.
One theatre in Peking Ill.
One first run theatre in Peoria, Ill.
One first run theatre in South Bend, Ind.
One theatre in Danville, Ky.
One theatre in Bath, Maine.
The Regent Theatre and the Annex Theatre, Detroit, Mich.
One theatre in Austin, Minn.
One first run theatre in Mankato, Minn.
One first run theatre in Minneapolis, Minn.
One first run theatre in St. Cloud, Minn.
One first run theatre in St. Paul, Minn.
One theatre in Peekskill, N. Y.
One first run theatre in Poughkeepsie, N. Y.
One first run theatre in Charlotte, N. C.
One first run theatre in Fargo, N. D.

One first run theatre in Minot, N. D.

One theatre in Bellevue, Ohio.

One first run theatre in each of the following cities: Fremont, Ohio, Hamilton, Ohio, and Middle town, Ohio.

One first run theatre in each of the following cities: Columbia, S. C. and Spartanburg, S. C.

One theatre in Sumter, S. C.

One first run theatre in Aberdeen, S. D.

One first run theatre in Huron, S. D.

One first run theatre in Watertown, S. D.

One first run theatre in Chattanooga, Tenn.

Two first run theatres in Knoxville, Tenn.

One theatre in Logan, Utah.

One theatre in Provo, Utah.

One theatre in Barre, Vt.

One theatre in Eau Claire, Wis.

As to not to exceed twelve of the foregoing theatres, in the event that Paramount or the New Theatre Company is unable to sell on reasonable terms, Paramount or the New Theatre Company, upon application to the Court in any such case and with the approval of the Court first obtained, may lease or sublease the same to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein; on condition, however, that no such lease or sublease shall contain any rental provisions based upon a share of the profits of the theatre covered by the lease or any other theatre; and further on condition that Paramount or the New Theatre Company shall thereafter sell its interest in any such theatre so leased or subleased as soon thereafter as it can do so upon reasonable terms and in any event prior to the expiration of such lease or sublease.

2. If the existing decree entered in the United States District Court for the Northern District of Illinois, Eastern, Division, in the case of *Florence B. Bigelow, et al. against RKO Radio Pictures Inc., et al.*, shall be modified or vacated, and if, after such modification or vacating, the competitive situation in outlying Chicago (outlying Chicago for the purposes hereof including the entire city of Chicago except the downtown portion of Chicago and also including Berwyn, Blue I stand, Chicago Heights, Evanston, La Grange and Oak Park) shall be less favorable for the independent exhibitors in outlying Chicago (an independent exhibitor for the purposes hereof meaning an exhibitor who is not a defendant herein or owned or controlled by or affiliated with a defendant herein), and if such less favorable competitive situation shall be shown by the Attorney General to the satisfaction of the Court in which this consent judgment is entered, then such Court may order such relief against, or with respect to, the theatres of Paramount or the New Theatre Company located in outlying Chicago as it may deem just or proper in order to create proper competitive conditions in outlying Chicago or in any particular section thereof.

3. As to the cities hereinafter mentioned in this paragraph 3, Paramount or the New Theatre Company (in lieu of disposing of the interest of Paramount in any motion picture theatres in such cities) shall commence within six months from the date hereof, and shall thereafter, until in any case the Attorney General otherwise consents in writing or, if such consent cannot be obtained, the Court otherwise orders, operate (a) only one first run theatre^{*}, as distinguished from a theatre or theatres operating other than first run, in each of the following cities: Tucson, Ariz.; Aurora, Ill.; Alton, Ill.; Danville, Ill.; Decatur, Ill.; Galesburg, Ill.; Kewanee, Ill.; Joliet, Ill.; Waukegan, Ill.; Grand Forks, N. D.; Anderson, S. C.; Greenville, S. C., and Mitchell, S. D., and only two first run theatres in San Francisco, Cal., in Duluth, Minn., and in Sioux Falls, S. D.

D. If Paramount so elects, the "theatre assets of Paramount located in the United States" and to be transferred to the New Theatre Company as provided in this judgment may be construed as not to include the Paramount

Theatre property in New York, N. Y. Such property, if not so included, shall be regarded as being included in the other assets of the Paramount defendants to be transferred to the New Picture Company as provided in this judgment, provided, however, that (a) the theatre portion of such property may not be operated by the New Picture Company and may not be leased by Paramount or the New Picture Company to a defendant herein or a person owned or controlled by or affiliated with a defendant herein but may be leased by Paramount or the New Picture Company to the New Theatre Company (or a subsidiary of the New Theatre Company) under a lease which contains no rental provisions based upon a share of the profits of the theatre so leased or any other theatre, and (b) such property shall be sold by the New Picture Company within five years from the date hereof to a party not a defendant herein or owned or controlled by or affiliated with a defendant herein.

IV

[Formation of Independent Companies]

A. Within a period not to exceed one year after the entry of this judgment the New Theatre Company and the New Picture Company shall be operated wholly independently of one another and shall have no common directors, officers, agents or employees. Each of them shall thereafter be enjoined from attempting to control or influence the business or operating policies of the other by any means whatsoever. The foregoing provisions shall not be construed to prohibit the directors, officers, agents or employees of Paramount Pictures Inc. who become affiliated with either one of said new companies and who receive stock in such companies, either in exchange for stock presently held by them in Paramount Pictures Inc. or as the result of the exercise of option privileges now owned by them or who receive certificates of interest in the New Theatre Company issued by the Trustee as herein provided, from so acquiring stock or certificates of interest in the company with which they do not become affiliated and holding such stock or certificates of interest for a sufficient period of time to permit them to sell such stock or certificates of interest to persons not affiliated with the seller's company without undue hardship to the seller, provided that in any event such sales shall be made within a period not to exceed one year from the effective date of the reorganization of Paramount Pictures Inc.

B. The by-laws of the New Theatre Company shall provide that a majority of its Board of Directors shall consist of individuals who have not had any prior connection with the defendant, Paramount Pictures Inc., or the New Picture Company, as directors, officers, agents or employees. The names of the candidates for election or designation to the original Board of Directors of the New Theatre Company shall be submitted to and approved by the Attorney General and the Court.

C. The by-laws of the New Picture Company shall provide that all replacements of members of the Board of Directors on and after the date of reorganization of Paramount Pictures Inc. shall be filled by individuals who have not had any prior connection with the defendant Paramount Pictures Inc. or the New Theatre Company as directors, officers, agents or employees, until such time as a majority of the Board of Directors of the New Picture Company shall consist of such individuals and such Board shall thereafter continue to have such a majority.

V

[Transfer of Assets]

A. The defendant, Paramount Pictures, Inc., shall present to its stockholders, prior to April 19, 1949, a plan of reorganization to effect a divorcement of its theatre assets located in the United States from its other assets. Such plan shall provide that one of the new companies, viz., the New Theatre Company, shall receive the said theatre assets, and the other, viz. the New Picture Company, shall receive the said other assets, and the two new companies shall each issue to Paramount Pictures Inc. in exchange for the assets so received a number of shares of their common capital stock equal to one-half the aggregate amount of common capital stock of Paramount Pictures Inc. then outstanding. Paramount Pictures Inc. shall be dissolved and (a) shall distribute the stock of the New Picture Company *pro rata* among its own stockholders, and (b) shall on behalf of its stockholders transfer the shares of the New Theatre Company to, and register the same in the name of Bank of New York and Fifth Avenue Bank, a corporation organized and existing under the laws of New York,

as Trustee, herein after called the Trustee, to hold in accordance with the terms and conditions herein after set forth.

B. Upon the organization of the New Picture Company, Paramount Pictures Inc. shall cause the New Picture Company to file with the Court its consent to be bound by, and receive the benefits of, the terms of sections II, IV, VI (in so far as section VI is applicable to the New Picture Company), VIII and IX of this judgment, and there after the New Picture Company shall be in all respects bound by, and receive the benefits of, the terms of such sections of this judgment.

C. Upon the organization of the New Theatre Company, Paramount Pictures Inc. shall cause the New Theatre Company to file with the Court its consent to be bound by and receive the benefits of, the terms of sections III, IV, VI, VIII and IX of this judgment, and thereafter the New Theatre Company shall be in all respects bound by, and receive the benefits of, the terms of such sections of this judgment.

VI

[Supervision of Trustee]

A. The Trustee shall declare its submission to the jurisdiction of this Court for all purposes of this cause, and shall enter its appearance herein by counsel, and is made a party hereto; and said Trustee is hereby appointed to receive and hold, as the custodian of this Court, subject to the provisions of this judgment and to the further orders and judgment of the Court herein, the shares of capital stock of the New Theatre Company which shall be transferred to it as above provided for the purpose of assuring effective separation of the ownership and control of the New Picture Company from the ownership and control of the New Theatre Company.

B. The Trustee shall execute and issue certificates of interest representing the shares transferred to it hereunder and shall deliver them to the defendant, Paramount Pictures Inc., which shall distribute such certificates of interest, together with the shares of stock of the New Picture Company, *pro rata* among its own stockholders. All such certificates shall be registered by the Trustee in the names of the recipients.

C. The certificates of interest issued hereunder may be in such denominations as the Trustee shall elect. The certificates of interest shall be executed on behalf of the Trustee by such officer or officers of the Trustee as it may authorize, and such certificates of interest may be countersigned by a trust company in the City of New York, as registrar.

D. The Trustee shall, so long as any of the shares of the capital stock of the; New Theatre Company shall be held by the Trustee, collect and receive any and; all cash dividends declared by the New Theatre Company appertaining to the shares so held which shall be payable to the Trustee as the registered stockholder entitled to such dividends by the terms of the declaration thereof. Such dividends shall be held by the Trustee as trustee for the respective registered holders of certificates of interest to be paid to or upon their order as hereinafter provided.

The Trustee shall as soon as practicable after receipt of each cash dividend pay to each registered holder of a certificate of interest an amount which is equal to 50% of the amount of such dividend applicable to the shares of stock represented by such certificate of interest, in order to permit the holder thereof to apply such amount toward payment of income taxes on the income deemed to have been constructively received by him by virtue of the payment of such dividend to the Trustee; provided, however, that unless at least 51% of the shares of stock of the New Theatre Company have been released by the Trustee and registered in names other than that of the Trustee within two years from the date of creation of the Trust, the Trustee shall retain 100% of the dividends thereafter paid to it by the New Theatre Company and shall thereafter pay over no part of such dividends to certificate holders as provided above.

E. At any time upon the surrender to the Trustee at its office in the City of New York of any outstanding certificates of interest by the registered holder thereof, or his transferee, and the filing with the Trustee of a duly executed affidavit, substantially in the forms annexed as "FORMS A THROUGH B", the Trustee shall as soon as practicable unless it has reason to believe that the facts are not as represented in the affidavit, deliver to such

applicant stock certificates for the number of shares of capital stock of the New Theatre Company represented by the surrendered certificates of interest. The term "applicant" as hereinafter used shall refer to a registered holder of a certificate of interest, or his transferee, who may surrender such certificate of interest to the Trustee in accordance with this or any of the succeeding paragraphs.

If at any time the number of shares of capital stock of the New Theatre Company held by the Trustee have been reduced by the conversion of certificates of interest in accordance with the preceding paragraph to 33 1/3% or less of the total number of shares of capital stock of the New Theatre Company outstanding, the Court may, upon application of the New Theatre Company, declare the trust terminated and all shares released therefrom if the Court shall first find that upon such termination there will be no working control of or controlling influence over the New Theatre Company by a person or persons affiliated with the New Picture Company, and no working control of or controlling influence over the New Picture Company by a person or persons affiliated with the New Theatre Company.

In the event of an order of the Court terminating the Trust in accordance with the preceding paragraph, it shall be the duty of the New Theatre Company promptly to notify the holders of certificates of interest; and thereafter, upon the surrender to the Trustee at its office in the City of New York of any outstanding certificate of interest by an applicant whose shares have been released by such direction or order, the Trustee shall as soon as practicable deliver to the applicant stock certificates for the number of shares of capital stock of the New Theatre Company represented by the surrendered certificate of interest.

When certificates of interest are surrendered to the Trustee for transfer and the circumstances are not such as to entitle the applicant to the issuance of a certificate for shares of capital stock of the New Theatre Company, the Trustee shall issue a new certificate of interest in the name specified by the applicant.

F. Upon the delivery by the Trustee of a certificate for shares of capital stock of the New Theatre Company against the surrender of an outstanding certificate of interest or upon the transfer of a certificate of interest into the name of a new registered holder, the Trustee shall pay in cash, to or upon the order of the person in whose name the surrendered certificate (or the certificate delivered for transfer) is registered, the amount of all cash dividends received by the Trustee appertaining to the number of shares represented by such certificate during the period in which such person was the registered holder of such certificate, less the amount theretofore released and paid by it in respect of the shares represented by such certificate, but without interest there on, as well as the amount of any dividends in respect of such shares which have been declared by the New Theatre Company payable on a date subsequent to the surrender (or delivery for transfer) of the certificate of interest to holders of record on a date prior to such surrender (or delivery for transfer).

G. The Trustee shall at any time after the end of four years from the date of the creation of the Trust, if the Attorney General so requests, and in any event not later than five years from such date, mail to each of the registered holders of remaining certificates of interest, addressed to him at the last known post office address appearing on the books of the Trustee, a notice stating that the shares of capital stock of the New Theatre Company remaining in the name of the Trustee as of a date not less than ninety days after the mailing of such notice, will be sold and the net proceeds distributed among such holders in proportion to the number of shares represented by their certificates; and as promptly as practicable after the date specified in such notice, the Trustee shall sell, in such manner as the Court shall direct, the remaining shares in the Trust to persons who are not owners of stock in the New Picture Company and upon distribution of the net proceeds (together with any dividends in the hands of the Trustee to which the holders of the remaining certificates of interest may be entitled) the Trust shall terminate.

H. If it shall appear to the Court or the Attorney General at the time that the Trust is proposed to be terminated, as provided in subsections E or G of this section VI, that a working control of or controlling influence over the affairs of either of the two new companies is being exerted by or on behalf of a person or persons affiliated with the other such company, and the Court finds that such a working control or controlling influence exists, the Court may take such action as may be necessary and appropriate in respect of such persons to ensure the termination of such working control or controlling influence, including, but not limited to, if such persons are stockholders

of either company, the suspension of their right to vote or to receive dividends upon their stock, and, if such persons are officers, agents, directors or employees of either company, their removal from such positions.

I. Any shares which may be issued by the New Theatre Company during the existence of the Trust provided for herein, shall likewise be transferred to the Trustee and be subject to the terms of this judgment unless the person to whom such shares are proposed to be issued files an affidavit in substantially the forms annexed marked "FORM A THROUGH B" with the New Theatre Company.

J. To aid the Court in the enforcement of this judgment, appropriate provisions shall be made in the charters or the by-laws of the New Picture Company and the New Theatre Company requiring that so long as the Trust provided for herein is in existence any person to whom a dividend is paid (other than the Trustee) shall have first disclosed the identity of the beneficial Owner of the shares in respect of which the dividend is payable, and that, in the event that one of such companies shall not have paid a dividend within thirty days of a dividend payment by the other, any person (other than the Trustee) to whom the dividend is paid shall also have first disclosed the extent of any beneficial ownership such person and the beneficial owner may then have in the other company. Before the Trust is terminated both of said companies will procure from all of the stockholders then of record and the transfer agents whatever additional data as to beneficial ownership may be necessary to determine accurately as of the date of proposed termination the names of all beneficial owners of stock and the amounts respectively held by them.

K. The two new companies shall make arrangements with their transfer agents for the submission to each of them, at any desired intervals, of all such information as will enable such companies to determine the name of every person who is a holder of shares (or certificates of interest) in both companies, and the number of shares (including shares represented by certificates of interest) in each company standing in his name, and such information will be made available to the Attorney General.

L. All certificates of interest surrendered pursuant to conversions or exchanges effected under this section VI shall forthwith be cancelled by the Trustee and shall not be reissued.

Within 60 days after the conversion of certificates of interest as herein provided shall have commenced, and at monthly intervals thereafter, the Trustee shall file with the New Theatre Company a report showing the aggregate amounts of certificates of interest transferred and converted since the last previous report of the Trustee and the names of all persons to whom share of stock of the New Theatre Company shall have been issued pursuant to every such conversion and to whom certificates of interest shall have been transferred; and from time to time upon the request of the Attorney General the Trustee shall furnish him with any information which he may require relating to the carrying out of this judgment.

M. The Trustee shall exercise full voting rights on the shares of capital stock of the New Theatre Company registered in its name, having due regard for the interests of the holders of the certificates of interest, in accordance with the terms, conditions and purposes of this judgment.

N. The Trustee shall keep at an office maintained by it in the City of New York books for the transfer of the certificates of interest issued hereunder. The Trustee shall furnish to the New Theatre Company as and when requested lists containing the names and addresses of the holders of certificates of interest and the respective amounts held by them.

The Trustee may to enable it to effect the purposes of this judgment (so far as consistent with the provisions hereof), decide all matters of detail in respect of the form of certificates of interest and the arrangements necessary for their issuance and transfer.

The Trustee shall be accountable for its action hereunder only in proceedings in this cause, and any order of the Court entered upon notice to the Trustee and to the New Theatre Company shall be full protection to the Trustee for any action which it may take pursuant thereto, and any action so taken by the Trustee shall be binding upon all holders of certificates of interest. The Trustee shall not be liable to anyone for deferring to take any action until instructed by the Court.

O. In case any certificate of interest issued hereunder shall become mutilated or be destroyed, the Trustee, in its discretion, may issue a new certificate of interest of the same denomination in lieu of such mutilated or destroyed certificate. In case of loss or destruction, the applicant for a substituted certificate of interest shall furnish to the Trustee evidence of such loss or destruction to the satisfaction of the Trustee in its discretion and such reasonable indemnity as the Trustee shall require.

P. The Trustee shall be entitled to reasonable compensation, the amount thereof to be approved by the Court, for all services by it hereunder, which compensation, together with counsel fees and other expenses incurred hereunder and approved by the Court, and all stamp and other taxes imposed by law upon the transfer of the shares of the New Theatre Company from the Trustee to the holders of certificates of interest, shall be paid by the New Theatre Company.

Q. The Trustee shall be subject to removal by the Court in its discretion and, in the event of such removal, or in the event of the resignation of such Trustee, the Court may appoint a successor Trustee. The term "Trustee" as herein used shall be deemed to refer to any such successor Trustee.

VII

[*Transitory Period*]

A. Nothing contained in this judgment shall be construed to limit, in any way what soever, the right of the Paramount defendants, during the period required for the completion of the reorganization of the Paramount defendants, which shall in any event occur within one year of the entry of this judgment, to license or in any way to provide for the exhibition of any or all of the motion pictures which it may distribute, in such manner, and upon such terms, and subject to such conditions as may be satisfactory to it, in any theatre in which Paramount Pictures Inc. has or may acquire pursuant to the terms of this judgment a proprietary interest of ninety-five per cent or more either directly or through subsidiaries.

B. From and after the effective date of the reorganization of the Paramount defendants, the provision of the preceding paragraph shall terminate and be of no effect; and from and after such date all licenses of motion pictures distributed by the New Picture Company or Paramount Pictures Inc. for exhibition in any theatre, regardless of its owner or operator, shall be in all respects subject to the terms of this judgment.

VIII

[*Enforcement*]

A. For the purpose of securing compliance with this judgment, and for no other purpose, duly authorized representatives of the Department of Justice shall, on written request of the Attorney General or an Assistant Attorney General, and on notice to any defendant, reasonable as to time and subject matter, made to such defendant at its principal office, and subject to any legally recognized privilege (1) be permitted reasonable access, during the office hours of such defendant, to all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of such defendant, relating to any of the matters contained in this judgment, and that during the times that the plaintiff shall desire such access, counsel for such defendant may be present, and (2) subject to the reasonable convenience of such defendant, and without restraint or interference from it, be permitted to interview its officers or employees regarding any such matters, at which interviews counsel for the officer or employee interviewed and counsel for such defendant may be present. For the purpose of securing compliance with this judgment any defendant upon the written request of the Attorney General, or an Assistant Attorney General, shall submit such reports with respect to any of the matters contained in this judgment as from time to time may be necessary for the purpose of enforcement of this judgment.

B. Information obtained pursuant to the provisions of this section shall not be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Department of Justice, except in the course of legal proceedings to which the United States is a party, or as otherwise required by law.

IX

[1946 Decree Superseded]

A. This judgment is rendered and entered in lieu of and in substitution for the decree of this Court dated December 31, 1946. This judgment shall be of no further force and effect and this cause shall be restored to the docket without prejudice to either party if the proposed reorganization of the Paramount defendants shall not have been approved by the stockholders of Paramount Pictures Inc. prior to April 19, 1949.

B. For the purpose of any application under this judgment, the plaintiff and the defendant, Paramount Pictures Inc., hereby waive the necessity of convening a court of three judges pursuant to the expediting certificate filed herein on June 13, 1945; and agree that any application may be determined by any judge sitting in the United States District Court for the Southern District of New York.

Any application by either party under this judgment shall be upon reasonable notice to the other.

C. Jurisdiction of this cause is retained for the purpose of enabling any of the parties to this consent judgment to apply to the Court at any time for such orders or direction as may be necessary or appropriate for the construction, modification or carrying out the same (including applications for alternative relief to accomplish termination of any joint ownership in a manner consistent with the purposes of this judgment in situations where none of the methods of terminating any such joint ownership provided in paragraph 9 of section III of this judgment has effected such termination, due to the unreasonableness of Paramount or a co-owner), for the enforcement of compliance therewith, and for the punishment of violations thereof, or for other or further relief.

Forms

"FORM A-1"

(Individual Form)

STATE OF

ss:

COUNTY OF

- - - - being duly sworn deposes and says:

That deponent is surrendering a certificate or certificates of interest registered in the name of numbered, issued by ... , as Trustee, under a judgment entered on the - - day of - - - - , 1949 by a statutory three judge District Court in the suit of United States of America v. Paramount Pictures Inc. and others; that he is the beneficial owner of - - - shares of capital stock of - - - - - (herein referred to as the New Theatre Company) represented, by said certificate or certificates; and that he makes this affidavit for the purpose of procuring the issuance in the name of deponent of a certificate or certificates for such shares of capital stock of the New Theatre Company held by said Trustee in exchange for said certificate or certificates of interest. That deponent does not own any beneficial interest in any shares of the capital stock of - - - - (herein referred to as the New Picture Company) a corporation of the State of - - - - , whether registered in deponent's name on the books of the New Picture Company or registered in the name: or names of others. That deponent in making this application is not acting either directly or indirectly for or on behalf of any stockholder of the New Picture Company, or in concert, agreement or understanding with any other individual, firm or corporation for the control of the New Theatre Company in the interest of any individual, firm or corporation affiliated with the New Picture Company, but in his own behalf in good faith.

Sworn to before me this - - - day of - - - - , 19...

"FORM A-2"

(Form for Joint Tenants and Tenants in Common)

STATE OF

ss:

COUNTY OF

... being duly sworn deposes and says:

That deponent is one of ... joint tenants (or tenants in common), all of such tenants being herein referred to as the "Applicants"; that he is, pursuant to authority duly conferred on him, surrendering on behalf of Applicants a certificate or certificates of interest registered in the name of ..., numbered ..., issued by ..., as Trustee, under a judgment entered on the ... day of ..., 1949 by a statutory three judge District Court in the suit of United States of America v. Paramount Pictures Inc. and others; that the Applicants are the beneficial owners of ... shares of capital stock of ... (herein referred to as the New Theatre Company) represented by said certificate or certificates; and that deponent makes this affidavit for the purpose of procuring the issuance in the name of the Applicants of a certificate or certificates for such shares of capital stock of the New Theatre Company held by said Trustee in exchange for said certificate or certificates of interest. That none of the Applicants owns any beneficial interest in any shares of the capital stock of ... (herein referred to as the New Picture Company) a corporation of the State of ..., whether registered in his own name on the books of said New Picture Company or registered in the name or names of others. That Applicants in making this application are not acting either directly or indirectly for or on behalf of any stockholder of the New Picture Company, or in concert, agreement or understanding with any other individual, firm or corporation for the control of the New Theatre Company in the interest of any individual, firm or corporation affiliated with the New Picture Company, but in their own behalf in good faith.

Sworn to before me this ... day of ..., 19..

(Partnership Form)

STATE OF

ss:

COUNTY OF

... being duly sworn deposes and says:

That deponent is a member of the partnership of ..., the members of which are ... (hereinafter called the "Applicants"); that he is, pursuant to authority duly conferred on him, surrendering on behalf of Applicants a certificate or certificates of interest registered in the name of ..., numbered ..., issued by ..., as Trustee, under a judgment entered on the ... day of ..., 1949 by a statutory three judge District Court in the suit of United States of America v. Paramount Pictures Inc. and others; that Applicants are the beneficial owners of ... shares of capital stock of ... (herein referred to as the New Theatre Company) represented by said certificate or certificates; and that deponent makes this affidavit for the purpose of procuring the issuance in the name of the Applicants of a certificate or certificates for such shares of capital stock of the New Theatre Company held by said Trustee in exchange for said certificate or certificates of interest That none of the Applicants owns any beneficial interest in any shares of the capital stock of ... (herein referred to as the New Picture Company) a corporation of the State of ..., whether registered in his own name on the books of said New Picture Company or registered in the name or names of others. That Applicants in making this application are not acting either directly or indirectly for or on behalf of any stockholder of the New Picture Company, or in concert, agreement or understanding with any other individual, firm or corporation for the control of the New Theatre Company in the interest of any individual, firm or corporation affiliated with the New Picture Company, but in their own behalf in good faith.

Sworn to before me this ... day of ..., 19..

"FORM A-4"

(Corporate Form)

STATE OF

ss:

COUNTY OF}

- - - - - being duly sworn deposes and says:

That deponent is - - - - - of the - - - - - , a corporation (or a joint stock company), hereinafter called the "Applicant"; that he is, pursuant to authority duly conferred on him, surrendering on behalf of Applicant a certificate or certificates of interest registered in the name of - - - - - , numbered - - - - - , issued by - - - - - as Trustee, under a judgment entered on the - - day of ; - - - - - , 1949 by a statutory three judge District Court in the suit of United States of America v. Paramount Pictures Inc. and others; that Applicant is the beneficial owner of - - - - - shares of capital stock of - - - - - (hereinafter referred to as the New Theatre Company) represented by said certificate or certificates; and that deponent makes this affidavit for the purpose of procuring the issuance in the name of the Applicant of a certificate or certificates for such shares of capital stock of the New Theatre Company held by said Trustee in exchange for said certificate or certificates of interest. That Applicant does not own any beneficial interest in any shares of the capital stock of - - - - - (herein referred to as the New Picture Company) a corporation of the State of - - - - - , whether registered in the Applicant's own name on the books of the New Picture Company or registered in the name or names of others. That the Applicant in making this application is not acting either directly or indirectly for or on behalf of any stockholder of the New Picture Company; or in concert, agreement or understanding with any other individual, firm or corporation for the control of the New Theatre Company in the interest of any individual, firm or corporation affiliated with the New Picture Company, but in its own behalf in good faith.

Sworn to before me this - - - - - day of - - - - - , 19..

"FORM A-5"

(Trustee Form)

STATE OF }

ss:

COUNTY OF}

- - - - - being duly sworn deposes and says:

That deponent is trustee under the . trust, that on behalf of such trust estate he is surrendering a certificate or certificates of interest registered in the name of - - - - - , numbered - - - - - , issued by - - - - - , as Trustee, under a judgment entered on the - - - - - day of - - - - - , 1949 by a statutory three judge District Court in the suit of United States of America v. Paramount Pictures Inc. and others; that such trust estate is the beneficial owner of - - - - - shares of capital stock of - - - - - (herein referred to as the New Theatre Company) represented by said certificate or certificates; and that deponent makes this affidavit for the purpose of procuring the issuance in the name of the trust estate of a certificate or certificates for such shares of capital stock of the New Theatre Company held by said Trustee in exchange for said certificate or certificates of interest. That such trust estate does not own any beneficial interest in any shares of the capital stock of - - - - - (herein referred to as the New Picture Company) a corporation of the State of - - - - - , whether registered in the name of such trust estate on the books of said New Picture Company or registered in the name or names of others. That deponent in making this application is not acting either directly or indirectly for or on behalf of any stockholder of the New Picture Company, or in concert, agreement or understanding with any other individual, firm or corporation for the control of the New Theatre Company in the interest of any individual, firm or corporation affiliated with the New Picture Company, but in behalf of such trust estate in good faith."

Sworn to before me this - - - - - day of - - - - - , 19..

Footnotes

- * As used herein the phrase "wholly owned theatre" means a theatre in which Paramount or the New Theatre Company, or Paramount or the New Theatre Company together with persons who are solely investors, own a beneficial interest of 95% or more.
- 1 [1 By order of September 5, 1950, the words six months following such acquisition" were changed to read "October 5. 1950" CCH.j
- * The term "first run theatre," as used in this paragraph 3, shall be understood to mean a theatre with a policy of playing features in the particular city on a first run basis, other than second choice or western features or features released by distributors other than the defendants herein.
- * The term "first run theatre," as used in this paragraph 3, shall be understood to mean a theatre with a policy of playing features in the particular city on a first run basis, other than second choice or western features or features released by distributors other than the defendants herein.