



# TOMY COMPANY, INC.

NO.7-9-10 TATEISHI KATSUSHIKA-KU, TOKYO, JAPAN TEL:693-1031  
CABLE:TOMIYAMATOU, TOKYO TELEX:J24461 TOMYTOY

TOMY CORPORATION U.S.A TOMY FRANKFURT OFFICE TOMY (HONG KONG) LTD. TOMY (SINGAPORE) PTE. LTD.

XV  
AURORA PRODUCTS DIVISION, LOUIS MARX & CO., INC.  
633 Hope Street, Satamford,  
Connecticut 06904,  
U.S.A.

July 3, 1979

Dear Sirs :

- 1) "Tomy" agrees to remit to "Aurora" the royalties, due in respect of sales by "Tomy" in the territory in 1978.
- 2) There is to be a new License Agreement between "Aurora" and "Tomy" covering the three (3) years period from January 1, 1980 to December 31, 1982.
- 3) The conditions of such Agreement are to be similar to those of the existing July 1, 1977 License Agreement between "Aurora" and "Tomy".
- 4) The question of a further License Agreement being concluded for the period from January 1, 1983 to December 31, 1985 is to be discussed and agreed between "Aurora" and "Tomy" before the end of 1981.
- 5) The basis of royalty payments payable to "Aurora" by "Tomy" against the Agreement commencing from January 1, 1980 to December 31, 1982 shall be 10% of the "Tomy" net selling price to their customers.
- 6) Included in this new Agreement shall be a provision to the effect that "Aurora" will collaborate with "Tomy" in the joint design and development by "Aurora" and "Tomy" of an improved track design for Aurora AFX Model Motor Racing slot system for sale in the territory.
- 7) The new Agreement shall also include a provision to the effect that "Aurora" and "Tomy" will discuss and agree upon a formula of an annual sales and advertising promotional Financial Allowance by "Aurora" to "Tomy" based upon an annually increasing percentage discount of the annual royalty payable by "Tomy" to "Aurora". Such promotional annual Financial Allowance shall be applicable in the event of "Tomy" manufacturing in the territory Aurora AFX Model Motor Rociing slot track for sale in the territory from molds and tools provided by "Tomy" at the expense of "Tomy".

TOMY TOYS ALL OVER THE WORLD





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- 8) This Agreement is to include a provision whereby such molds and tools provided by "Tomy" shall be made available by "Tomy" for purchase by "Aurora" in the event of the Agreement between "Tomy" and "Aurora" ceasing for any reason whatsoever.

Such purchase price is to be based upon a formula related to annual, or part annual, depreciation of the original cost to "Tomy" of the molds and tools such depreciation being related to the age and utilization of molds and tools and the quantities of tracks manufactured therefrom.

- 9) The minimum annual royalties payable by "Tomy" to "Aurora" against this Agreement are to be as follows :

1980	US\$110,000.00
1981	US\$120,000.00
1982	US\$120,000.00

- 10) This Agreement will include a clause to the effect that "Tomy" are agreeable to reviewing with "Aurora", within four (4) weeks of "Tomy" being presented by "Aurora" with the new Model Motor Racing developments of "Aurora" for sale by "Tomy" in the territory, an increase in the minimum royalty payable by "Tomy" to "Aurora" in the year following such presentation.
- 11) In the event of special market circumstances developing in the territory which in the opinion of "Tomy" are of such significance as to make it possible for "Tomy" to achieve sufficient sales achieve in the territory to pay the minimum annual royalty agreed between "Aurora" and "Tomy", a provision is to be included in the Agreement whereby "Tomy" reserve the right, at the same time as "Aurora" presents products to "Tomy" for sale by "Tomy" in the territory in the following year, to bring such "special market circumstances" to the attention of "Aurora" with a view to "Aurora" giving consideration to an application by "Tomy" for the minimum royalty for the following year only to be reduced.
- 12) There shall also be included in the Agreement a provision to the effect that, providing the annual royalty payable by "Tomy" to "Aurora" is not less than US\$10,000.00 in excess of the annual minimum royalty agreed for each year of the three (3) years Agreement, "Aurora" will make a special annual Sponsorship Financial Allowance to "Tomy" to the amount of US\$10,000.00 with a view to assisting "Tomy" in promoting in the territory the "Aurora marketing concept of "Tomy/Aurora-

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Model Motor Racing ... the closest thing to real motor racing."

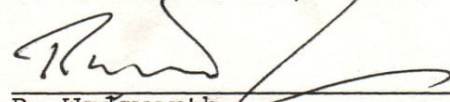
- 13) "Aurora" are to prepare a formal legal Agreement for submission to "Tomy", which incorporates the understanding between "Aurora" and "Tomy" as set out in this letter.

Yours faithfully,

TOMY COMPANY, INC.

  
H. Sugimoto, Deputy Merchandising

LOUIS MARX & CO., INC.

  
R. Wadsworth  
Vice-President, International

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