

As of _____, 2010

[FINANCIER]

Re: “_____”

Dear _____:

The following shall set forth the terms of the agreement (the “Agreement”) between _____ (“Producer”) and _____ (“Financier”) with regard to Financier’s investment in the motion picture currently entitled “_____” (the “Picture”). For good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Investment.

1.1 Subject to the terms and conditions of this Agreement, Financier agrees to provide Producer with funds in the amount of _____ Dollars (\$_____) (the “Capital Contribution”) within five (5) business days of the full execution hereof, to be used by Producer in the development, production and completion of the Picture.

1.2 Producer shall be responsible for securing the remainder of the budget of the Picture (the “Additional Funds”) and the parties acknowledge that additional investors (“Additional Investors”) will contribute investment funds towards the Picture.

2. Recoupment.

2.1 Financier shall be entitled to recoup an amount equal to one hundred fifteen percent (115%) of the Capital Contribution from one hundred percent (100%) of Adjusted Gross Proceeds (as defined below), as follows:

(a) First, one hundred percent (100%) of Adjusted Gross Proceeds shall be paid to Financier and the Additional Financiers on a pro rata (based on the ratio that the Capital Contribution bears to the aggregate of the Capital Contribution and the Additional Funds) and pari passu basis, until Financier and the Additional Financiers have each recouped an amount equal to one hundred percent (100%) of the Capital Contribution and the Additional Funds, respectively.

(b) Second, any deferred production costs (“Deferments”) related to the Picture (e.g., deferred compensation payable to cast and crew) shall be paid to the recipients of such Deferments, provided that the amount of such Deferments shall not exceed _____ (\$_____) in the aggregate.

(c) Third, one hundred percent (100%) of Adjusted Gross Proceeds shall be paid to Financier and the Additional Financiers on a pro rata (based on the ratio that the Capital Contribution bears to the aggregate of the Capital Contribution and the Additional Funds) and pari passu basis, until Financier

and the Additional Financiers have each recouped an additional amount equal to fifteen percent (15%) of the Capital Contribution and the Additional Funds, respectively.

2.2 Following such time, if ever, as: (i) Financier has recouped one hundred fifteen percent (115%) of the Capital Contribution from Adjusted Gross Proceeds; and (ii) the Additional Financiers have recouped one hundred fifteen percent (115%) of the Additional Funds from Adjusted Gross Proceeds, then any remaining Adjusted Gross Proceeds (“Net Profits”) shall be paid as follows: (A) fifty percent (50%) to Financier and the Additional Financiers on a pro rata (based on the ratio that the Capital Contribution bears to the aggregate of the Capital Contribution and the Additional Funds) and pari passu basis; and (B) fifty percent (50%) to Producer.

2.3 As used herein, “Gross Proceeds” shall mean one hundred percent (100%) of any and all amounts, including nonrefundable advances, received by Producer from the exploitation of the Picture in any and all manner and media and from all related subsidiary and ancillary rights, worldwide, in perpetuity. “Adjusted Gross Proceeds” shall mean Gross Proceeds less only the following: (i) reasonable, documented, third-party, out-of-pocket amounts incurred by Producer in connection with the sale or licensing of the Picture, including, without limitation, sales agency and producer’s representative fees; (ii) reasonable, documented, third party, out-of-pocket expenses incurred by Producer in connection with the processing of payments to Financier, the Additional Financiers and any third parties who have an interest in Producer’s share of Net Profits; (iii) reasonable, documented, third-party, out-of-pocket expenses incurred by Producer in connection with the ongoing ownership of the Picture (e.g., usual and customary costs incurred in connection with the preservation and storage of negatives and master prints of the Picture and any expenses incurred in connection with the copyrighting of the Picture); (iv) any residual payments required by any guilds or unions in accordance with the agreements between Producer and such guilds or unions with respect to the Picture if such residuals have not been assumed by the Picture’s distributors; and (v) any amounts required to be withheld by law. Notwithstanding anything to the contrary contained in the foregoing, any advance received from a record company in connection with a soundtrack album from the Picture will be included in Gross Proceeds only to the extent that such advance is not required to pay music or other production costs. Producer agrees that all tax rebates, credits or subsidies payable in connection with the production of the Picture shall either be applied to the production budget of the Picture or included in Gross Proceeds, in Producer’s sole discretion. It is understood that Producer makes no representations or warranties as to the amount of Gross Proceeds, if any, that Producer will receive from the exploitation of the Picture.

2.4 Financier’s recoupment schedule for the Capital Contribution and premium as set forth in this Paragraph 2, as well as the definitions of “Adjusted Gross Proceeds” and “Net Profits” accorded to Financier hereunder, shall be no less favorable than that provided to any other equity financier of the Picture.

2.5 Within sixty (60) days after the end of each calendar year, Producer agrees to provide to Financier a form K-1 with respect to Producer, and any other tax information concerning Producer and/or the Picture which is necessary for preparing Financier’s income tax returns for that year.

3. Accounting/Audit. Producer may elect to engage a collection agent with respect to the Picture. If Producer engages a collection agent, Producer will require that the collection agent for the Picture provide Financier with accounting statements reflecting, in reasonable detail, the calculation of “Adjusted Gross Proceeds” and “Net Profits” within a reasonable amount of time following Producer’s receipt of other than nominal revenue in connection with the Picture. If Producer does not engage a collection agent, Producer shall provide Financier with accounting statements reflecting, in reasonable detail, the calculation of “Net Profits” on a quarterly basis during the first two (2) years following the theatrical release of the Picture, if any, semi-annually during the third year following the theatrical release of the Picture, if any, and annually thereafter, provided that statements need not be rendered for any statement period during which no payments are due Financier, provided that Financier shall have the right to request and receive an accounting statement

no more than once annually. Each statement shall be furnished sixty (60) days after the applicable period covered by such statement. Financier shall have the right, at Financier's sole expense, to examine and audit the books and records of Producer that are related to the distribution and exploitation of the Picture upon reasonable notice during normal business hours not more than once in any twelve (12) month period.

4. Credit. Provided that Financier provides Producer with the Capital Contribution, Financier may be accorded a "Special Thanks" in the end titles of the Picture. All aspects of such credit shall be in Producer's sole discretion. No casual or inadvertent failure of Producer, and no failure of any third party, to comply with the credit provisions of this Paragraph 4 shall be a breach of this Paragraph or this Agreement.

5. Copyright. Copyright in the Picture shall be owned by Producer. Producer shall have sole ownership and control of all rights in and to the Picture, including, without limitation, all distribution, exploitation, ancillary, derivative and subsidiary rights, and Financier shall not have the right or authority to dispose of or exploit any rights in the Picture.

6. Premiere. Provided that Financier is not in uncured material default of this Agreement, Producer will provide Financier with two (2) invitations to the initial U.S. celebrity premiere of the Picture, if any. Financier will be solely responsible for its travel costs.

7. DVD/Blu-ray. Provided that Financier is not in uncured material default of this Agreement, Producer shall provide Financier with a copy of the Picture on DVD and Blu-ray at such time as such DVDs and Blu-rays are commercially released, if ever, provided that Financier shall execute any release required by the distributor of such DVDs and Blu-rays.

8. Insurance. Financier shall be named as an additional insured under Producer's errors and omissions insurance policy for the Picture, if any, and shall be covered under Producer's general liability insurance policy for the Picture, if any, subject to the standard exclusions of such policies.

9. Risk of Investment. Financier acknowledges the following: (i) investments in the motion picture industry involve a high degree of risk; (ii) Producer makes no assurance that the Picture will be completed, and if completed, that it will be released or distributed in any particular medium or territory; and (iii) Producer makes no assurance that the Picture will generate any Gross Receipts sufficient to return to Financier all or any part of the Capital Contribution.

10. Offering Waiver. Financier acknowledges that no offering literature has been filed with, or in any way examined by, any government authorities, including without limitation the Securities and Exchange Commission, and Financier hereby expressly waives Financier's right to receive information in an offering circular that would otherwise be required by certain provisions of the law.

11. Publicity. For the avoidance of doubt, Financier shall not have the right to issue any press releases with regard to the Picture without the prior approval of Producer which can be withheld for any reason; provided that the foregoing shall not be deemed to apply to incidental and non-derogatory mention of the Picture made in publicity issued by Financier of which Financier is the primary focus.

12. Financier's Representations, Warranties and Indemnities.

12.1 Financier hereby represents and warrants that: (i) Financier has the full right and authority to enter into this Agreement and to perform Financier's obligations contained herein; (ii) none of the statements, representations or warranties made by Financier in this Agreement contains any untrue statement of a material fact or, to the best of Financier's knowledge after reasonable inquiry, omits any material fact; and (iii) Financier has not made or assumed and will not hereafter make or assume any commitment,

agreement or obligation that will or might (as reasonably foreseeable) conflict with or impair Financier's ability to perform Financier's obligations hereunder.

12.2 Financier represents and warrants that Financier has the financial ability to bear the substantial economic risk of investment hereunder (including its possible entire loss) and has no need for liquidity with respect to such investment. Financier is an accredited investor. Financier has relied solely on the information contained in this Agreement. Financier is not relying on Producer with respect to tax or other economic considerations involved in this investment.

12.3 Financier represents and warrants that Financier has no intention of selling or otherwise transferring or assigning Financier's interest in this production as set forth herein or in the proceeds of the Picture, and that Financier is acquiring such interest for investment purposes only and not with a view to the resale or distribution thereof.

12.4 Financier shall indemnify and hold harmless Producer from and against any and all claims, damages, liabilities, costs and expenses, including reasonable outside attorneys' fees and disbursements, arising out of any breach or, in the case of a third party claim, alleged breach, of any representation, warranty, covenant or agreement made by such Financier herein. In no event shall Financier's indemnification obligation hereunder be deemed to create any right of action by any third party against Financier.

12.5 The provisions of this Paragraph 12 will survive termination of this Agreement.

13. Producer's Representations, Warranties and Indemnities.

13.1 Producer hereby represents and warrants that:

(i) Producer owns all right, title and interest in and to the Picture and has the full right, power and authority, and has obtained all consents necessary or required, to enter into this Agreement, to grant the rights granted herein, and to perform and fulfill all of the obligations to be rendered and satisfied by Producer hereunder, and that there are no claims, facts or circumstances existing or pending which would prevent Producer's full performance of Producer's obligations hereunder;

(ii) Producer is a _____ duly formed, validly existing and in good standing under the laws of _____;

(iii) none of the statements, representations or warranties made by Producer in this Agreement contains any untrue statement of a material fact or, to the best of Producer's knowledge after reasonable inquiry, omits any material fact;

(iv) all necessary rights will be obtained with respect to materials used in the Picture or such materials will be original with Producer or are in the public domain, and, to the best of Producer's knowledge after reasonable inquiry, no part of the Picture nor the exhibition, distribution, exploitation, promotion or other use of the Picture as contemplated herein will violate or infringe upon any rights whatsoever of any person or entity (including, without limitation, any copyright, rights of publicity or rights against libel, slander, defamation, invasion of privacy or unauthorized use of name, likeness or biography);

(v) Producer has not made or assumed, and will not hereafter make or assume, any commitment, agreement or obligation that will or might be reasonably expected to conflict with or impair Financier's complete enjoyment of the rights and privileges granted to Producer hereunder; and

(vii) Producer has not granted, assigned, encumbered, or otherwise disposed of any right, title or interest in and to the Picture or any rights similar, adverse to or inconsistent with the rights granted hereunder, or by which any of the rights granted hereunder or the full exercise of any or all such rights might be reasonably expected to be diminished, encumbered or impaired and will not do so in the future.

13.2 Producer shall indemnify and hold harmless Financier and its officers, partners, agents, employees, affiliates and licensees from and against any and all claims, damages, liabilities, costs and expenses, including reasonable outside attorneys' fees and disbursements, arising out of Producer's breach or, in the case of a third party claim, alleged breach, of any of the representations, warranties or agreements contained herein, or arising in connection with the development, production or exploitation of the Picture and not subject to Financier's indemnity as set forth in Paragraph 12.4 above.

13.3 The provisions of this Paragraph 13 will survive termination of this Agreement.

14. Assignment.

14.1 Producer shall have the right to sell, assign or transfer its rights and/or obligations pursuant to this Agreement to any financially responsible person, corporation or entity and shall be relieved of its obligations to the extent they are assumed in writing by such assignee. Notwithstanding anything to the contrary contained in the foregoing, nothing hereunder shall be construed so as to limit Producer's ability to license, exploit or otherwise dispose of any rights in the Picture.

14.2 Financier shall not have the right to sell, assign or transfer its rights or obligations hereunder to any third party (other than an entity wholly owned by Financier) without the prior written consent of Producer which consent can be withheld in Producer's sole discretion and any such purported assignment shall be null and void. Notwithstanding the foregoing, Financier shall have the right at any time to assign to any third party any right it may have to receive revenue hereunder.

15. Notices. All notices to the parties will be in writing and sent to the addresses noted above. A copy of all notices hereunder will be sent to: (i) _____; (ii) _____, Attention: _____; and (iii) _____, Attn: _____. Notices may be sent by fax, overnight courier or messenger and shall be deemed received upon the day they are actually received.

16. Miscellaneous.

16.1 This Agreement shall be governed by the laws of the state of _____ applicable to agreements entered into and wholly performed therein without regard to its choice of law provisions and each party hereby consents to the sole and exclusive jurisdiction and venue of any state or federal court located in the state of _____, county of _____.

16.2 This Agreement sets forth the entire understanding of the parties regarding its subject matter and shall supersede all previous understanding and agreements, whether oral or written. This Agreement may not be modified except by a written instrument signed by both parties.

16.3 Financier's rights and remedies in the event of any breach of this Agreement by Producer will be limited to the right, if any, to recover money damages in an action at law. In no event will Financier be entitled by reason of any such breach to: (i) terminate this Agreement; (ii) seek injunctive or other equitable relief against Producer, the Picture or any distributor or licensor of the Picture; or (iii) enjoin or restrain the production, distribution, exhibition, advertising or any other means of exploitation of the Picture or any subsidiary or ancillary rights in connection therewith.

16.4 Any breach or default hereunder by any party shall be subject to a five (5) business day cure period from the date that the allegedly breaching party receives written notice thereof, provided that such breach or default is reasonably capable of being cured.

16.5 In the event that there is any conflict between: (a) any provision of this Agreement; and (b) any statute, law, or regulation, the latter (set forth in subpart (b)) shall prevail; provided, however, that in such event the provision of this Agreement so affected shall be curtailed and limited only to the minimum extent necessary to permit compliance with the minimum requirement, and no other provision of this Agreement shall be affected thereby and all other provisions of this Agreement shall continue in full force and effect.

The foregoing reflects our understanding of the essential terms of our agreement and this Agreement will serve as a binding agreement between us.

Sincerely,

By: _____
Authorized Representative

[FINANCIER]

By: _____