

555 MOVIE PRODUCTIONS
555 Movie Mania Street
Los Angeles, California 90028
Telephone: (555) 555-5555

As of January 2, 2010

Gumball Productions, L.L.C.
555 Producing Movies Ave. # 105
North Hollywood, California 91606

Re: THE GUMBALL SLASHER (“the “Picture”)

Gentlemen:

This letter shall set forth the terms and conditions of the agreement (“Agreement”) between 555 Movie Productions, Inc. (“555MP”) and Gumball Productions, L.L.C. (“GP”) regarding the financing, production and distribution of the Picture. Our Agreement is as follows:

1. Ownership: 555MP shall own, in perpetuity, throughout the universe, all right, title and interest in and to the Picture, including without limitation all common law and statutory United States and other copyrights and the results and proceeds of the foregoing. The payments specified herein constitute full and complete consideration for all services provided and rights granted hereunder. 555MP shall have the right to exploit the Picture as it deems appropriate throughout the universe in perpetuity without any revenue sharing or accounting obligation to GP whatsoever.
2. Production Services Agreement: 555MP hereby engages GP as the production services company to assist 555MP in producing the Picture. 555MP shall own, in perpetuity, throughout the universe, all right, title and interest in and to the Picture, the elements thereof, and the results and proceeds of the services of the GP and every employee or independent contractor who provides services with respect to the Picture, and all materials produced thereby or furnished by GP or such employee or independent contractor, of any kind and nature whatsoever, and free and clear of any and all claims for royalties. GP acknowledges that any and all results and proceeds of GP’s services shall be a work made-for-hire for 555MP, specially commissioned for use as part of a motion picture or other audiovisual work. 555MP shall own the Picture produced hereunder and all rights whatsoever therein, including, but not limited to, all copyrights, throughout the world and in perpetuity, and in all elements thereof, and shall have the right to sell, lease, license and otherwise exploit such rights and elements, as 555MP may determine in its sole discretion.
3. Picture Specifications: The picture shall be delivered in One (1) version, one version shall be no less than eighty-four (84) minutes long and shall be rateable by the MPAA no more or less restrictively than R.
4. Approvals: As a specific condition precedent to any payment due hereunder 555MP must approve the shooting script and the final cut of the Picture and Trailer.
5. Payment: As full and complete payment for the services to be rendered by GP hereunder 555MP shall provide funding for the picture in accordance with the Cashflow. Attached as exhibit “A” hereto (The “Cashflow”) GP shall be responsible for all costs in excess

of the Cashflow except for enhancements and/or overages approved in writing by 555MP. All funding provided by 555MP shall be used solely for production and post production of the Picture and not otherwise. All payments provided by 555MP shall be cashier's checks. 555MP shall have the right to audit, inspect and copy GP's books and records pertaining to the production of the Picture. In the event that 555MP provides direct payment for any production expense for the Picture, or any of the delivery items set forth on the delivery schedule attached as Exhibit "B" hereto and by this reference incorporated herein, GP agrees that the cost of such expense or item shall be deducted from the Cashflow for the Picture.

6. Credits: All credits whatsoever either on screen, in advertising and/or publicity in connection with the Picture shall be subject to 555MP's written approval which will not be reasonably withheld. The main titles of each Picture shall include a presentation credit substantially in the form of "555 Movie Productions present a Gumball Productions, L.L.C.". The Picture shall have a copyright notice in the end titles as follows: (c) 2010- 555 Movie Productions, Inc.. GP agrees to provide a draft of the main and end title for the Picture, no later than (4) Four weeks after the completion of principal photography for the Picture. On the VHS sleeve and DVD sleeve and any poster if made the GP logo will be displayed at no less than 50% of the 555MP Logo.

7. Delivery: GP agrees to deliver all materials (the "Materials") for the Pictures in accordance with Exhibit B attached hereto. GP shall notify 555MP in writing when it considers delivery to be complete for the Picture, and 555MP shall have thirty (30) days from such notice to examine the Materials and verify that delivery has been effected. Acceptance in writing by 555MP of the Materials shall be referred to herein as "Complete Delivery." In the event that 555MP rejects any of the tendered Materials, GP shall have fourteen (14) days to cure any defects and re-tender the rejected Materials and 555MP shall have an additional fourteen (14) days to examine any such re-tendered Materials. In the event that any of the Materials remain unacceptable after such examination the provisions of paragraph 13 hereof shall apply.

8. Representations: GP represents and warrants that it has the right to enter into this agreement, that there are no claims which might interfere with 555MP rights, that all music in the Picture will be clear for inclusion without the payment of additional monies and that no residuals and/or any other future payments of any kind will be required, that all rights in and to all elements of the Picture shall be cleared by the time of delivery to 555MP hereunder, and that GP shall indemnify and hold 555MP harmless with regard to breaches of such and/or claims with regard thereto.

9. Default: Either party shall be deemed in default hereunder if it breaches any representation or warranty made by it hereunder. In the event of a breach or alleged breach of this agreement 555MP shall thirty (30) days after receipt of written notice from GP specifying such breach to remedy same. 555MP shall be limited to an action for monetary damages only and may not seek rescission or other equitable relief.

10. Indemnification: Each party indemnifies the other for any and all costs (including reasonable attorneys fees), incurred for any breach by the respective indemnifying party of any representation or warranty contained herein.

11. Additional Documents: As a condition precedent to the payment of any monies which may become due and payable under this agreement, GP shall sign, have notarized, and return to 555MP on execution of this Agreement the Short Form Assignment attached as Exhibit "C" hereto. Additionally, GP agrees to sign all further documents necessary to effectuate the intent

hereof. In the event GP fails to do so promptly upon request, 555MP shall have the right to do so in GP's name and for this purpose is irrevocably appointed as GP's attorney-in-fact, which appointment hereunder is a power coupled with an interest.

12. Notices: All notices shall be in writing and shall be addressed to the recipient at the respective address stated above; and, in the case of 555MP, shall be directed to the attention of 555MP Business Affairs Department. All such notices shall be personally delivered, sent by fax with electronic confirmation of receipt and mailing of a second copy as stated below, or deposited in the U.S. Mail, certified return receipt requested, postage prepaid. All such notices shall be deemed received when personally delivered or faxed as aforesaid, or three business days following deposit in the U.S. Mail as aforesaid.

13. Arbitration: The parties agree that any dispute relating to this Agreement shall be resolved by expedited binding arbitration with a single arbitrator (experienced in the Entertainment Industry) pursuant to the laws of the State of California for agreements entered into and to be fully performed within said State, under the arbitration rules of American Arbitration Association, in Los Angeles, California, and that any arbitration award may be entered for judgement in the Los Angeles County Superior Court.

14. Formal Agreement: This agreement, including the above terms and such other provisions as are customary in 555MP's more formal agreements of this type and which are incorporated herein by reference, will constitute a binding and enforceable agreement between the parties upon the signature of both parties hereinbelow. In due course a formal agreement may be prepared but the failure of the parties to prepare and/or execute such formal agreement shall not affect their rights as set forth in this Agreement, which shall in any event be binding upon them.

15. Other: GP will receive one hundred and fifty(150) DVD consumer releases if manufactured.

Please indicate your agreement to the foregoing by signing in the space provided below.

Very truly yours,
JOHN DOE
555 MOVIE PRODUCTIONS, INC.

By: _____

Its: _____

AGREED TO AND ACCEPTED BY:
GUMBALL PRODUCTIONS, L.L.C.

By: _____

Its: _____

EXHIBIT “A”

CASH FLOW

December 26, 2010	\$2,500.00
January 2, 2010	\$2,500.00
January 4, 2010	\$5,000.00
January 7, 2010	\$5,000.00
January 9, 2010	\$5,000.00
January 11, 2010	\$5,000.00
January 21, 2010	\$5,000.00
February 4, 2010	<u>\$5,000.00</u>
TOTAL (including POST)	\$35,000.00

SAMPLE ONLY

EXHIBIT “B” DELIVERY SCHEDULE

Delivery of the Picture shall consist of the following for each version as set forth in Paragraph 3 of the foregoing Agreement:

1. ORIGINAL NEGATIVE: Delivery of the Original Digital Video Motion Picture Negative of the Picture and Trailer.
2. STEREO PRINTMASTER: Delivery of one DA-88 (or equivalent) Stereo Music and Effects Track, with a stereo configuration of Stereo composite and Stereo M & E.
3. TEXTLESS MATERIAL: Delivery of all textless backgrounds to the main, credit, insert and end titles of the Picture for the Feature.
4. RELEASES: If any releases were required – delivery of any product releases or audio/visual releases necessary for clearance of rights to the Picture.
5. NTSC VIDEO MASTER: a) DIGI-BETA letterboxed (1.85:1) feature master for DVD, , with textless elements at tail, stereo comp on chs. 1& 2. b) DIGI_BETA letterboxed (1.85:1) trailer master, filmlooked w/stereo comp on chs. 1&2. c) DV Cam “making of” master w/stereo comp on chs. 1&2 if available. d) DIGI-BETA letterboxed (1.85:1) screener master including requested slates, cards, trailer, etc. w/stereo comp on chs. 1&2. F
6. NTSC TEXTLESS MATERIAL: Attached to the tail end of the NTSC Master must be one (1) NTSC Color Corrected Direct Video Transfer Master of all textless backgrounds to the main, credit, insert and end titles of all versions of the Picture. The pre-print element(s) from which the Textless Video Master will be manufactured must be free from splices and scratches and fully panned and scanned or in letterbox. All textless materials shall be appropriately slated, and shall be located approximately 30 seconds after the conclusion of the program.
7. NTSC TRAILER MASTER: Delivery of one (1) NTSC DIGI-BETA Color Corrected Direct Video Transfer Master of the Trailer. The pre-printed element(s) from which the video master will be manufactured must be free from splices and scratches and fully panned and scanned. Audio shall be configured as follows:
 - Channel 1 – Stereo Composite Left
 - Channel 2 – Stereo Composite Right
8. COLOR TRANSPARENCIES: Delivery of original color transparencies and/or undeveloped negatives of unit photography stills of the Picture, with a minimum of one hundred (100), including all necessary approvals.
9. PRESS KITS: Delivery of biographies of key cast (with head shots).
10. DIRECTORS AGREEMENT: Delivery of fully executed Director’s agreement with Certificates of Engagement showing waivers of so-called “moral rights” applicable in certain European territories, and acknowledgement of consideration for the assignment of EC Rental and Lending Rights.

11. OTHER AGREEMENTS: Delivery of all fully executed cast agreements, and copies of fully executed agreements or signed releases for every person or entity receiving billing block credit.
12. MUSIC CUE SHEETS: Delivery of three (3) copies of the music cue sheets of the Picture and any other materials delivered which contain music, including without limitation, trailer and promotional reels (if available), setting forth:
 - (i) the title(s) of the musical compositions and sound recordings, if applicable
 - (ii) the name(s) of the composer(s) and their performing rights society affiliation
 - (iii) the names of recording artists, and their agreements if original material for the Picture; and
 - (iv) the nature, extent, type of use and exact timing of the uses made of each musical composition contained in the Picture.
13. SYNCH LICENCES: Delivery of one (1) copy of each of all master use and/or synchronization licenses covering licensed music.
14. COMPOSER AGREEMENT: Delivery of two (2) copies of the fully executed composer's agreement, including a notarized certificate of results and proceeds.
15. MAIN AND END TITLE CREDITS: Delivery of a complete typewritten list of the main and end credits before finalizing, for approval by 555MP.
16. CAST LIST: Delivery of a list of all cast members and the roles they play in the Picture.
17. STATEMENT OF CREDIT AND PAID AD OBLIGATIONS: Delivery of a statement of all credit obligations, including paid advertising and photo kill obligations in connection with the Picture, in table form, with each credit in one column and a summary of the credit obligation in an adjacent column, including form, placement, typesize and exclusions. If there is no obligation to accord a credit which has been accorded on screen or in the billing block, the "obligation" should be stated as "Producer's Discretion." An additional column shall indicate any contractual approval entitlements, including without limitation approvals of key art and any contractual approval entitlements, including without limitation approvals of key art and photo kill approvals.
18. BILLING BLOCK: Delivery of a draft typewritten billing block for approval by 555MP.
19. SCREENPLAY: Delivery of one (1) copy of the final version of the screenplay and lined script, including a PC Compatible floppy disk containing the script.
20. PRODUCTION PACKAGE: GP will use 555MP'S production and liability insurance policies. And GP will be named as an additional insured.
21. CHARACTERISTICS OF THE PICTURE: Delivery of a statement setting forth:
 - a) Nationality of principal cast;
 - b) Brand and type of film used to shoot the Picture;
 - c) Laboratory where original film was struck;
 - d) Studio(s) where the Picture was shot;
 - e) Exact running time of the Picture; and
 - f) The aspect ratio

-END OF EXHIBIT B-

SAMPLE ONLY

EXHIBIT "C"
SHORT FORM ASSIGNMENT

See attached

