

COMPLETION AGREEMENT

AGREEMENT made as of the [ ] day of [ ], 200[ ] among [Producer Name] ("Producer") and Film Finances, Inc., a California corporation, of 9000 Sunset Boulevard, Suite 1400, Los Angeles, California 90069.

WITNESSETH:

1. Representations of Producer: The Producer represents that it intends to produce a motion picture (the "Film") having the following elements:

- (a) Present title: "[Film Title]";
- (b) Based upon:
  - (i) Underlying literary property: [Property title and description, if any];
  - (ii) Screenplay: entitled "[Screenplay title]" written by [Writer name(s)] and dated [ ], 200[ ] with current revisions by [Revision Writer name(s)] up through [ ], 200[ ];
- (c) Director: [Director name];
- (d) Producers: [Producer name(s)];
- (e) Principal members of cast:
  - [Actor name] in the role of "[Character name]";
  - [Actor name] in the role of "[Character name]";
  - [Actor name] in the role of "[Character name]";
  - [Actor name] in the role of "[Character name]";

(f) Budget (dated [redacted], 200[redacted]) consisting of:

Direct Costs	\$ [redacted]
Contingency	\$ [redacted]
Our Fee	\$ [redacted]
Bank Charges	\$ [redacted]

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Total	\$ [redacted]
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(g) Production Schedule dated: [redacted], 200[redacted];

(h) Location agreements: In and around [redacted] has been approved as the principal location site;

(i) Delivery Date: No later than [redacted], 200[redacted];

(j) Rating: a rating from the Motion Picture Association of America not more restrictive than "R".

2. Financing: The Producer further represents that the financing for all the Budget Costs and the interest and other financing charges in connection therewith, if any, will be provided by [redacted] ("Financier") pursuant to that certain Financing Agreement (the "Financing Agreement") dated as of [redacted], 200[redacted], between Financier and Producer.

3. Distribution: Producer further represents that it has granted to [redacted] (the "Distributor") the exclusive worldwide distribution rights in the Film pursuant to that certain agreement between the Producer and the Distributor (the "Distribution Agreement").

4. Guarantor's Recoupment Rights: The Producer further represents that if the Guarantor expends any Secured Sums (as such term is defined in the Standard Terms hereto), and if such Secured Sums are not otherwise repaid to the Guarantor in full, the Guarantor shall have the right to recoup the unpaid balance of such Secured Sums from the Gross Receipts of the Film. Such right of recoupment shall be subject to the Prior Rights, which for the purposes of this Completion Agreement consist of:

(a) The rights and security interests of Financier pursuant to the Financing Agreement;

(b) A Screen Actors Guild security interest, if any, a Director's Guild of America security interest, if any and a Writer's Guild of America security interest, if any (provided that said guilds execute subordination agreements in form and substance reasonably satisfactory to Guarantor) and laboratory liens in relation to the production of the Film (provided that each such

laboratory executes a laboratory pledgeholder agreement (or similar instrument) in form and substance reasonably satisfactory to Guarantor).

Notwithstanding anything contained herein to the contrary, Guarantor acknowledges that except in the event of a material default by Producer of its obligations under this Completion Agreement, the Financing Agreement, the Distribution Agreement resulting in liability to Guarantor under this Completion Agreement or the Completion Guaranty, the Secured Sums and the repayment thereof shall be without recourse to Producer and shall be paid to Guarantor from the Gross Receipts of the Film (subject to the Prior Rights).

5. Application for Guaranty: The Producer has applied to the Guarantor to issue its guaranty of completion of production of the Film to the Financier.

6. Agreement of the Parties: In consideration of the Producer's representations set forth above, and of the Producer's warranties and agreements hereunder, and subject to the payment by the Producer to the Guarantor of the referenced Guarantor's Fee of \$ [REDACTED]. Guarantor shall issue its Completion Guaranty to the Financier, in form mutually approved by the Guarantor and the Financier, and upon the terms and conditions set forth in the Guarantor's Standard Terms attached hereto and made a part of this agreement by this reference. By executing this Completion Agreement, the parties hereto agree that they will, respectively, fully perform their respective obligations and agreements under this Completion Agreement, and under the agreements which are ancillary hereto.

7. Notices:

(a) Copies of all notices to the Producer shall be sent to the address first listed above, with a copy to:

With a copy to:

[Producer's Attorney]  
[REDACTED]  
[REDACTED]

8. Miscellaneous:

(a) Producer hereby acknowledges and agrees that the Film, as produced and delivered by Producer shall (i) be a new and original English language theatrical motion picture of no less than [REDACTED] minutes and no more than [REDACTED] minutes (including main and end titles) in length; (ii) be photographed in color on super 35 mm, 35 mm or anamorphic 35 mm film stock; (iii) have an aspect ratio suitable for first class theatrical exhibition; (iv) be shot substantially in accordance with the Screenplay (subject to minor variations or modifications arising as a result of the normal exigencies of film production or at the Director's request); (v) be fully edited, titled, synchronized, and assembled, free of any defects, scratches and dirt, the sound track fully and perfectly synchronized with the photographic action thereof; (vi) be able to qualify for an MPAA rating no more restrictive than "R"; (vii) be in focus and of first-class technical quality with a film negative

and sound track of such technical quality and condition that first-class release materials suitable for exhibition in the media granted throughout the territories set forth in the Distribution Agreement can be made therefrom; and (iv) be delivered to the Distributor by the Delivery Date.

(b) Producer hereby acknowledges and agrees that the Contingency allowance in the Budget is to provide funds for unanticipated costs and that it is not intended to be a discretionary fund to pay for unbudgeted enhancements to the Film, provided that the contingency may be used for unbudgeted enhancements if approved in writing by Guarantor.

(c) Producer hereby acknowledges and agrees that prior to the start of principal photography of the Film, all of the principal cast members shall have taken their physicals ("Physicals") required by the production insurance carrier. Producer further acknowledges that the Guarantor requires that the principal cast members be covered under the production insurance without any exclusions. Should any exclusions be determined by the insurer after the Physicals, Producer acknowledges and agrees that Producer and, not Guarantor, shall be solely responsible for paying the premiums to buy-out such exclusions.

(d) Producer hereby acknowledges and agrees to provide all necessary "cover shots" of the Film which can be used in lieu of any unacceptable scenes, sounds or dialogue for television broadcasting and "in flight" exhibition.

(e) Producer hereby acknowledges and agrees that all financial and contractual obligations, if any, required by the Screen Actors Guild in connection with the Film have been satisfied. In the event Producer fails to obtain such SAG Assurances, Producer agrees to indemnify and hold Guarantor harmless from and against any and all liability, loss, damage and costs related to, arising out of, or in connection with any claims or demands by third parties as a result of Producer's failure hereunder.

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

[Producer name]  
("Producer")

By \_\_\_\_\_

Its \_\_\_\_\_

FILM FINANCES, INC.  
("Guarantor")

By \_\_\_\_\_

Its \_\_\_\_\_

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COMPLETION AGREEMENT  
STANDARD TERMS

1. Definitions: The words and phrases defined in this paragraph 1 are used in the Principal Agreement and in these Standard Terms as so defined:

Bank Charges: The term “Bank Charges” shall mean and include interest, commitment fees, legal fees and any other costs and expenses payable to Financier pursuant to the Financing Agreement.

Budget: The final budget of the Film, as described in paragraph 1(f) of the Principal Agreement, and which has been approved in writing by the Producer, the Guarantor, and, if required, the Distributor and the Financier.

Budget Costs: The projected production costs of the Film as set forth in the Budget.

Budget Funds: The moneys needed to pay the Budget Costs.

Collateral: See paragraph 8(a) of these Standard Terms.

Completion Agreement: The agreement between the Producer and the Guarantor consisting of the Principal Agreement and these Standard Terms.

Completion Funds: The moneys needed to pay Over-Budget Costs, if any.

Completion Guaranty: The agreement between the Financier and Guarantor.

Distribution Agreement: The agreement identified as the Distribution Agreement in paragraph 2 of the Principal Agreement.

Distributor: The company identified as the Distribution Agreement in paragraph 2 of the Principal Agreement.

Employees: Persons engaged to perform services in relation to the production of the Film, whether as employees, or under loanout agreements, or as independent contractors or otherwise.

Employment Agreements: The agreements whereby personnel are employed to perform services in relation to the production of the Film, whether such agreements are employment agreements, loanout agreement or other types of agreements, and whether such agreements are oral or in writing, or are formal agreements, memorandum agreements, deal memoranda or otherwise.

Film: The motion picture designated as the Film in the Principal Agreement.

Financier: The company identified as “Financier” in paragraph 2 of the Principal Agreement.

Financing Agreement: The agreement whereby the Financier agrees to provide the funds for payment of Budget Costs.

Gross Receipts: All of those gross receipts of the Film derived from the exploitation, sale, distribution or exhibition of the Film in any and all media throughout the world.

Guarantor: Film Finances, Inc.

Including: Means including but not limited to.

Location Agreement: An agreement for the use of a location for the production of the Film.

Music: Includes background music and songs (including the music, lyrics and titles of such songs) used in the Film.

Non-Budget Costs: Costs which the Guarantor is not obligated to fund, pursuant to paragraphs 4.1 and 4.2 of these Standard Terms.

Over-Budget Costs: Those production costs, if any, of the Film which are in excess of the Budget Costs.

Principal Agreement: The agreement between the Producer and the Guarantor to which these Standard Terms are annexed.

Prior Rights: The rights identified as such in paragraph 4 of the Principal Agreement, to which the Guarantor's recoupment rights are subject.

Producer: The company designated in the Principal Agreement as the Producer.

Production Bank Account: The term "Production Bank Account" shall mean account number #[Account Number] in the name of Producer located at [Bank name and address], where all advances by Financier and/or Producer shall be made unless otherwise agreed to in writing by Guarantor.

Production Schedule: The final production schedule of the Film (including the pre-production and post-production schedules), identified in paragraph 1(g) of the Principal Agreement.

Screenplay: The final screenplay on which the Film is to be based, identified in paragraph 1(b)(ii) of the Principal Agreement, and which has been approved in writing by the Producer, the Guarantor and, if required, the Distributor and the Financier.

Secured Sums: All moneys, if any, expended by the Guarantor in relation to the production and delivery of the Film, pursuant to this Principal Agreement or pursuant to the Completion Guaranty, including Completion Funds and (i) all out-of-pocket costs and expenses advanced by Guarantor and (ii) losses and liabilities reasonably incurred by the Guarantor directly in relation to, or arising

out of, the performance of this Completion Agreement or the Completion Guaranty, less any refunds, credits, set-offs, rebates, etc. received and retained by the Guarantor from insurance or otherwise; provided, however, that Secured Sums will not include any costs or expenses incurred by the Guarantor in monitoring the production of the Film prior to such time, if ever, that Guarantor takes over control of the production of the Film, or any costs, salaries or expenses attributable to Guarantor's general overhead (including any costs or expenses incurred by Guarantor in connection with the preparation and negotiation of this Completion Agreement and all agreements ancillary thereto).

Underlying Literary Property: The literary property or other work, if any, upon which the Screenplay is based.

2. Warranties, Representations and Agreements of the Producer: The Producer hereby warrants, represents and agrees that:

(a) The Screenplay, Production Schedule and Budget have been approved by the Producer and, if required, the Distributor and Financier. For the purposes of this agreement, a copy of the Screenplay, Production Schedule and Budget shall be initialed by the Producer, Distributor and, if required, the Financier, and shall be delivered to and initialed by the Guarantor concurrently with the execution of this Completion Agreement.

(b) The producers, executive producers, if any, director and principal members of the cast of the Film (as identified in paragraph 1 of the Principal Agreement) have been approved by the Producer, and if required, the Distributor and the Financier. If any such person is not identified in the Principal Agreement, the person engaged to perform such services shall be subject to the Guarantor's reasonable approval (not to be unreasonably withheld, conditioned or delayed). Such approval shall not be based on artistic or creative considerations, but only on matters which, in the Guarantor's good faith, reasonable business judgment, materially adversely affect the Guarantor's obligations under this Completion Agreement or the Completion Guaranty. The Producer has entered into or will use its best efforts (prior to the commencement of services of the respective Employee) to enter into written Employment Agreements with the persons identified in paragraph 1 of the Principal Agreement, and (if not so identified) with the persons engaged to perform the services referred to in said paragraph. All such written agreements which are subject to Guarantor's reasonable approval, which approval shall not be unreasonably withheld, conditioned or delayed, shall be acted upon reasonably and as expeditiously as possible. In any case in which the use of a specific location for filming is an important element of the production of the Film, the Location Agreement shall also be in writing and shall be subject to the Guarantor's approval, which shall not be unreasonably withheld, conditioned or delayed. Written notice of approval or disapproval shall be given within two (2) business days after the respective agreement is submitted for approval to Guarantor in writing, and shall be deemed to have been given unless disapproval is given in writing within said period (or within such shorter period of time as may be required by production exigencies). If the Guarantor disapproves of any agreement so submitted, the reason(s) for the disapproval shall be given in the notice. Disapproval because an agreement includes a "stop date" or because it does not include "pay or play" provisions (as those terms are understood in the entertainment industry) shall be deemed to be reasonable. Guarantor's approval rights hereunder

shall be exercised as expeditiously as possible so as not to frustrate the timely completion and delivery of the Film.

(c) The Financing Agreement and the Distribution Agreement have been executed, have been approved by the Guarantor, and are in full force and effect, and no default exists thereunder.

(d) Subject to the provisions of the Distribution Agreement, the Financing Agreement, the Prior Rights and the obligation to make payments required by guilds, if any, the Producer owns (or will own, prior to the delivery of the Film), all such rights in the Screenplay and in the Underlying Literary Property, if any, and owns or, prior to the completion and delivery of the Film, will own (or will have obtained licenses for) all such rights in the music used in the Film, and in all results and proceeds of all services performed in relation to the production of the Film, and in all other content of the Film as will enable the Producer to comply with its obligations to the Distributor and to the Financier and, as are and will be necessary to permit (to the best of Producer's knowledge and insofar as an act or omission or commission by Producer, without violating any rights of third parties) the production and delivery of the Film; and such rights are and will be, to the best of Producer's knowledge, free and clear of all adverse rights, claims and security interests whatsoever, except for the Prior Rights.

(e) The Producer will be the producing entity of the Film.

(f) Except as otherwise provided in the Financing Agreement and the Distribution Agreement, and subject to the Prior Rights, the copyright of the Film and all rights to market and exploit the Film will be owned solely and exclusively by the Producer throughout the production of and upon the completion of production of the Film.

(g) Subject only to the Prior Rights, the Gross Receipts will be available for the recoupment of the Secured Sums, if any.

(h) Producer shall apply all proceeds received by it under the Financing Agreement for payment of production costs of the Film in accordance with the Budget and this Completion Agreement.

3. Insurance. The Producer represents, warrants and agrees that:

(a) The Producer has obtained or will obtain that insurance in relation to the Film which is listed in Schedule 1 of this Completion Agreement. Said insurance shall be maintained in force throughout the production and until the delivery of the Film; provided that the so-called Errors and Omissions Insurance shall be maintained in force for a period of not less than three (3) years from the date of commencement of production of the Film, or for such shorter period of time as the Guarantor may approve in writing. The Guarantor and its various underwriters under Policy #A80222, and any renewals thereof, shall be named as additional insureds and as loss payees of all such insurance, as their respective interests may appear. The insurer and the policies of insurance shall be subject to the Guarantor's reasonable approval. Among other things, such

insurance shall (i) provide that at least ten days prior written notice of cancellation thereof must be served upon the Guarantor, if any such insurance is cancelled, and (ii) include a notice to the insurer of the Guarantor's rights pursuant to subparagraphs (c) and (e) of this paragraph 3. Copies of the insurance policies and of receipts for premiums paid shall be delivered to the Guarantor on demand.

(b) The Producer shall from time to time during the production of the Film, if any material conditions change substantially and Guarantor determines in the exercise of its good faith sound business judgment that such change results in the need for additional insurance, obtain such additional insurance for such amounts as the Guarantor may reasonably specify, and shall immediately use its best efforts to replace any cancelled insurance so as to maintain full insurance in effect at all times until the completion of the production and delivery of the Film. In this regard, Guarantor agrees to consult in good faith with Producer with respect to any additional insurance which Producer may be required to purchase. The Producer shall inform the Guarantor of all additional insurance, modifications, extensions or substitutions effected as aforesaid and shall deliver to the Guarantor on demand the additional policies of insurance or endorsements to existing policies and the receipts for premiums paid (which premiums shall be included in the cost of production of the Film). If Budget Funds or funds from other sources are not available for such premiums, the Guarantor shall advance the necessary funds to pay such premiums as Completion Funds.

(c) The Producer shall not knowingly do or authorize to be done any act or thing whereby any such policy of insurance may become in whole or in part void or voidable. If an insured event has occurred which results or contributes to the cost of the Film being over-budget, or which in Guarantor's good faith sound business judgment may have such result, the insurance claim shall not be settled without the Guarantor's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

(d) If the Producer shall fail to obtain any such insurance following Guarantor's request of Producer to obtain such insurance or to maintain it in force, the Guarantor may obtain such insurance, and in that event any premiums paid by the Guarantor for such insurance shall forthwith be repaid to it by the Producer from the Budget Funds, or if such funds are not available or not permitted pursuant to the terms of any pre-existing agreements, such payments shall be deemed to be Completion Funds advanced by the Guarantor.

(e) If any claim covered by insurance should arise, the insurance recovery (unless paid to a third party, such as in relation to a personal injury or property damage claim) shall be paid to Guarantor and shall be used to repay any Secured Sums advanced by Guarantor.

(f) If any costs are incurred by the Producer which ought to have been covered by insurance pursuant to this paragraph 3, but which are not insured, or are not insured for at least the minimum amounts specified in Schedule 1, the Producer shall pay the Guarantor within a reasonable period of time following Guarantor's request such sums as would have been received from the insurer had such costs been insured in full or (as the case may be) had been insured for at least the minimum amounts specified in Schedule 1, less the costs of premiums, brokers' fees, deductibles and other costs and fees which would have been paid to third parties had such insurance

been obtained, but not exceeding (with sums paid to the Guarantor pursuant to subparagraph (e) of this paragraph 3) any unreimbursed Secured Sums; it being understood that Producer's failure to insure such costs shall not relieve Guarantor of its obligations under the Completion Guaranty. If the Producer has in force all of the insurance provided for in Schedule 1, and any other insurance required by the Guarantor pursuant to subparagraph (b) of this paragraph 3, the Producer shall be deemed to have satisfied the requirements of this subparagraph (f). Nothing contained herein shall be deemed to render Producer liable to the Guarantor for any breach of contract by, or insolvency of, the Film's insurers.

(g) If the Film goes over-budget (i.e. there are Over- Budget Costs) in whole or in part, because of acts of omission or commission by third parties which are not covered, or are only partially covered, by insurance obtained hereunder, subject to the Prior Rights the Guarantor shall be subrogated to all of the Producer's rights and remedies against and recoveries from such third party or its insurers, to the extent of the Secured Sums, if any, resulting from such over-budget condition. Any surplus of such recoveries over the amount of such Secured Sums shall be paid to the Producer and the Financier or other party, as their respective interests may appear. The Producer agrees to execute and deliver to the Guarantor such instruments as may be reasonably necessary or desirable to evidence or effectuate such subrogation, and otherwise to cooperate with the Guarantor for this purpose. Subject to the terms of the Completion Guaranty and the Prior Rights, the Guarantor shall control all actions taken to recover such loss, including all settlement negotiations, and the Producer agrees to do nothing which would prejudice these rights. The reasonable cost of obtaining such recoveries, if and to the extent paid by the Guarantor, shall be Secured Sums. The Guarantor will meaningfully consult with the Producer with respect to all actions taken by the Guarantor to recover any such loss and all settlement negotiations relating thereto. In any event, the Guarantor's rights pursuant to this subparagraph shall be subject to the rights of the Producer's insurers in the case of a partially insured loss.

4.1 Non-Budget Costs. The Guarantor shall not be obligated to advance Completion Funds for any of the following costs: (a) legal fees in excess of the amount allowed in the Budget; (b) the cost of delivery items not provided for in the Budget; (c) advertising and publicity costs in excess of the amounts allowed in the Budget; (d) interest and finance charges except to the extent required by the terms of the Completion Guaranty; (e) any costs incurred in obtaining for the Film the seal, certificate or rating of the Motion Picture Association of America, Inc., or arising from the Film not conforming to the standards and requirements of production set forth in the Production Code of said association, other than the fee of said association for such seal, certificate or rating, if provided for in the Budget or if advanced by Distributor; provided, however, that the Guarantor will not itself photograph or record any material which would result in a rating of said association more restrictive than "R" and further provided that the Film as delivered by the Guarantor will qualify for the rating, if any, which is necessary to Complete and Deliver the Film (as that term is defined in the Completion Guaranty) and provided further that Guarantor shall be responsible to advance Completion Funds for the payment of the rating specified in the Principal Agreement; (f) any costs incurred to photograph, record or include in the Film "cover shots" for television or other purposes or other substitute or additional material except and only to the extent provided for in the Budget and/or included in the normal work day; (g) except to the extent provided for in the Budget, the cost of previews; (h) except to the extent provided for in the Budget,

any costs incurred in connection with recutting, reediting, retakes and changes required for reasons other than (1) correction of technical defects or (2) conforming the Film to the contractual specifications for which the Guarantor is responsible pursuant to the Completion Guaranty; (i) except to the extent provided for in the Budget, guild and union deferred or contingent payments; (j) any payments pursuant to tax indemnity obligations; (k) scenes or other material not included in the Screenplay except as permitted in paragraph 5(b) hereof; (l) except to the extent provided for in the Budget, any costs incurred as a result of the willful violation by the Producer of any law or governmental regulations; (m) except to the extent provided for in the Budget, any production costs incurred after the completion and delivery of the Film; (n) except to the extent included in the Budget, any distribution expenses, including costs incurred in meeting censorship or exhibitor requirements, or to make foreign language versions of the Film (dubbed, subtitled or otherwise) or any other versions other than the original English language version (unless included in the Budget) and (o) and any costs not needed to "Complete and Deliver the Film" as such term is defined in the Completion Guaranty. The Producer agrees not to expend Budget Funds or Completion Funds for the payment of Non-Budget Costs, and to pay all such Non-Budget costs from other funds. If there is no claim made on the Guarantor and the Guarantor will incur no liability under the Completion Guaranty or Completion Agreement and Guarantor has been released under the Completion Guaranty, Producer may use the contingency allowance to pay Non-Budget Costs, including any insurance payments pursuant to paragraph 3(b) above.

4.2 Certain Costs in Excess of Budget. Producer hereby agrees that: (a) the rates of compensation (including minimum guarantees) which the Producer has agreed and shall agree to pay personnel engaged to perform services in relation to the Film, and the number of persons employed in each classification (including but not limited to performers, extras, stand-ins and crowds) will not exceed the rates and allowances provided therefor in the Budget; (b) the rates upon which the expense allowances provided for in the Budget are computed will not be exceeded except for lab cost increases or retroactive union scale increases that were not reasonably foreseeable; (c) the cost of obtaining and recording the music and lyrics contained in the Film, including all worldwide clearances with respect thereto, will not exceed the allowances provided therefor in the Budget and (d) the cost of all of the delivery items necessary to effectuate delivery of the Film will be reflected in the Budget. If any of the limitations provided for above in this paragraph are exceeded, the resulting excess costs ("Excess Costs") shall not be the responsibility of Guarantor, and the Producer shall provide or cause to be provided any additional monies needed to finance such Excess Costs on demand. No Budget Funds will be expended for the payment of such Excess Costs. Notwithstanding the foregoing, if Producer believes in its good faith business judgment that the production and delivery of the Film can be completed within the Budget, so that the Guarantor is not called upon to provide Completion Funds, the Excess Costs may be paid for from the unused excess of the Budget Funds, or if any such Excess Costs are incurred, but are offset by savings in any of the costs referred to in this paragraph or otherwise included in the Budget, such savings of costs may be used to pay such Excess Costs. Notwithstanding the foregoing, the Producer shall not be required to provide any Excess Costs resulting from exceeding the limitations set forth in sub-paragraph (a) and (b) above as a result of (i) the sickness or incapacity of the individual producer, director or any of the principal artists or other persons essential to the production of the Film; (ii) the happening of an event of force majeure; (iii) any extension of the Production Schedule; or (iv) any other matter for which the Producer is insured.

5. Guarantor's Rights Concerning Production.

(a) The Producer shall, until the Guarantor shall be released from the Completion Guaranty, promptly inform the Guarantor of all matters substantially and adversely affecting the Producer's credit and financial condition, including any proceedings threatened (in writing) or commenced against the Producer, the progress of such proceedings, and any judgments obtained against the Producer relating to the Film.

(b) The Producer shall use reasonable efforts to produce the Film in all respects in accordance with the provisions of the Distribution Agreement, the Financing Agreement, the Screenplay, the Production Schedule and the Budget, and shall not without the prior written consent, not to be unreasonably withheld, conditioned or delayed, of the Guarantor knowingly vary from or make or agree to make any modification therein or in the personnel or other details of production approved by the Guarantor other than minor variations or modifications arising as a result of the normal exigencies of film production (e.g. establishing shots, exits and entrances and drive-bys) and not resulting in a material increase in the cost of production of the Film or in a violation of the Distribution Agreement, or the Financing Agreement. In this regard, and without limiting the generality of the foregoing, the Producer will not enhance the Film in any manner from Budget Funds without the prior written consent of the Guarantor. In the event the Producer enhances the Film with the consent of the Guarantor, the Producer shall provide (or shall cause to be provided) such sums as are necessary to pay for the cost of such enhancement, and the cost of any such enhancements shall in no way be the responsibility of Guarantor; provided, however, if the production and delivery of the Film are completed within the Budget so that the Guarantor is not called upon to provide Completion Funds and the Film is enhanced, but the cost of the enhancement is offset by savings of cost in other categories of the Budget of the Film, the Producer's obligations under this paragraph 5(b) shall be limited to providing the funds needed to pay the amount not offset, if any. The term "enhance" means adding to or changing any elements of the Film as presently provided for in the Budget, Production Schedule and Screenplay without Guarantor's prior written approval which (in the aggregate) result in materially increasing the cost of production of the Film provided that minor changes which are made in the Film which arise as the result of normal exigencies of production shall not be deemed to be enhancements. Notwithstanding the foregoing, if Guarantor determines in its sole good faith discretion that the Film is within or under budget and that Guarantor will not have to expend any Secured Sums in connection with the Film, then Guarantor may permit Producer to use a portion of the contingency to enhance the music and/or post-production of the Film; provided, however, Producer shall only do so after obtaining the written consent of Guarantor, which such consent shall not be unreasonably withheld, conditioned or delayed.

(c) During the production of the Film the Producer shall keep the Guarantor informed about the progress of production and the plans for continuing and completing the production and delivery of the Film, shall telephone or fax to the Guarantor daily production progress reports during principal photography and weekly at all other times unless otherwise requested by Guarantor, shall prepare and promptly deliver to the Guarantor weekly itemized production cost statements (including item by item good faith estimates of cost to complete), and

shall promptly submit to the Guarantor any estimates of future expenditures or statement of costs incurred or other production reports which the Producer is required to submit to the Distributor, or the Financier or which the Guarantor may reasonably require from time to time. At Guarantor's sole expense, the Guarantor or its representatives shall be entitled at any reasonable times and without interfering with the production and delivery of the Film until it shall be released from the Completion Guaranty to attend at the studios or locations where the Film is being produced to watch the production of the Film, to see rushes or rough cuts and to inspect the production accounts, books and records of the Producer in relation to the Film and take extracts therefrom insofar as the same relates to the Film.

(d) The Guarantor shall have the right to demand from the Producer an explanation of any matter relating to the production of the Film, whether or not arising from anything disclosed in the documents and accounts made available to the Guarantor as aforesaid, if it reasonably seems to the Guarantor in the exercise of its good faith sound business judgment that such matter is likely to cause the Guarantor to incur liability under the Completion Guaranty. The Producer shall give such explanations as may be reasonably required without undue delay and (if required by the Guarantor) shall attend one or more meetings at which the producer, director or any other person concerned with the production, whose presence the Guarantor shall reasonably request, shall be present to discuss the matter with the Guarantor's representatives (provided always that no such meetings shall by reason of their place, time or frequency interfere with the production of the Film) and shall give full consideration to the views and proposals put forward by the Guarantor regarding the steps to be taken to avoid or reduce such risk.

(e) If:

(i) after such explanations or meeting(s) the Guarantor shall not be satisfied, in the exercise of its reasonable good faith sound business judgment, that the likelihood of such risk arising will be avoided or adequately reduced by the steps proposed to be taken by the Producer, or

(ii) at any time it seems to the Guarantor, in the exercise of its reasonable good faith sound business judgment, that the production is likely to cause the Guarantor to incur liability under the Completion Guaranty, or

(iii) The Producer shall at any time after such explanation or meeting fail, refuse or willfully neglect to comply with any of the material terms of this Completion Agreement or of the Distribution Agreement or of the Financing Agreement, and the Guarantor determines in the exercise of its reasonable good faith sound business judgment that such failure, refusal or neglect is likely to cause Guarantor to incur liability under this Completion Agreement or the Completion Guaranty,

the Guarantor shall give written notice to Producer specifying the events which the Guarantor believes create a risk of its incurring liability under the Completion Guaranty or the Completion Agreement and Producer shall have three (3) business days (24 hours if during principal photography) from receipt of such notice to satisfy Guarantor that such risk does not exist. In the

event Guarantor is not satisfied with Producer's response, the Producer shall (1) forthwith and thereafter faithfully comply with all instructions given by the Guarantor with respect to the production of the Film for the purpose of avoiding or reducing such risk or remedying such failure, refusal or neglect, including but not limited to the dismissal of any person(s) engaged in the production of the Film, provided that no such instruction shall be contrary to the provisions of the Distribution Agreement, or of the Financing Agreement, or any other contractual obligations of the Producer in respect of the Film previously approved by the Guarantor, except with the consent of the third person concerned, and (2) if requested by the Guarantor, place at the disposal of the Guarantor the production bank accounts and all other production funds in relation to the Film, but the Guarantor shall expend such funds only for the production and delivery of the Film as well as with respect to any monetary contractual obligations of the Producer to third parties relating to the productions of the Film, provided such monetary contractual obligations have been made known to Guarantor and (to the extent required to be approved by Guarantor under this Completion Agreement) approved by the Guarantor and are consistent with the provisions of this Completion Agreement, the Budget and the Production Schedule and for reimbursement of Secured Sums in accordance with this Agreement.

(f) If:

(i) the Producer shall be in default in the performance of any of its material obligations under any of the provisions of this Completion Agreement, which in Guarantor's good faith, sound business judgment will adversely affect the cost, i.e., excess of the Budget, and/or timely delivery of the Film to Guarantor's detriment, and shall fail to remedy such default within three (3) business days (24 hours if during principal photography) after receipt of written notice thereof in reasonable detail specifying each event to be cured by the Guarantor upon the Producer (which notice shall also be given to Distributor), or

(ii) at any time, it seems to the Guarantor, in the exercise of its reasonable good faith sound business judgment, that the production will cause the Guarantor to incur liability under the Completion Guaranty, and the Producer, to cure the situation which is of concern to the Guarantor, to the Guarantor's reasonable good faith satisfaction, or to carry out immediately and faithfully any instructions given by the Guarantor pursuant to the provisions of this paragraph 5,

(iii) with respect to those periods of time when the Film is not in principal photography the time periods provided for above shall be increased to five (5) business days,

the Guarantor shall have the right after discussing the situation fully with Producer to take over control, and to complete, the production and delivery of the Film, subject to the provisions of the Completion Guaranty, and in accordance with this Completion Agreement, the Distribution Agreement, the Financing Agreement and any other third party written agreements that Guarantor has approved in writing. Where reference is made above to written notice, the notice shall set forth in detail the nature of the alleged default so as to give Producer a clear indication of the manner in

which Producer may attempt to cure the alleged default.. If the Guarantor exercises its right to take over control of the production and/or delivery of the Film, the Guarantor shall be deemed to have been irrevocably appointed the manager and agent of the Producer for such purpose. The Guarantor shall give the Producer, the Distributor and Financier written notice of its decision to take over control of the production of the Film, as aforesaid, which notice shall specify in reasonably sufficient detail the reasons for Guarantor's decision, and forthwith upon service of such notice the Producer shall place at the disposal and under the control of the Guarantor the production bank account(s) and all other production funds, and all persons, facilities and equipment employed and used and to be employed and used by the Producer for the production of the Film, and shall in all other respects required by the Guarantor cooperate with the Guarantor so that all necessary personnel, facilities and equipment will be available to the Guarantor, as manager and agent for the Producer, to the extent the same is under Producer's control, as would have been available to the Producer had the Producer remained in control of production of the Film. The Producer irrevocably appoints the Guarantor its attorney-in-fact, with power to appoint other persons as attorney-in-fact, to execute such instruments in the name and stead of the Producer as they may consider necessary and proper in acting pursuant to this paragraph 5 should Producer fail to execute such documents within five (5) business days of its receipt of Guarantor's request therefor. The Guarantor agrees to observe the contractual obligations of the Producer to third parties relating to the production of the Film, provided that they have been made known to the Guarantor and (to the extent required to be approved by the Guarantor under this Completion Agreement) approved by the Guarantor, and are consistent with the provisions of this Completion Agreement, the Distribution Agreement, the Financing Agreement, the Budget and Production Schedule. The Guarantor reserves all of its rights and remedies against the Producer, at law or in equity, in the event of any material or substantial breach of this Completion Agreement by the Producer. The exercise of the rights granted to the Guarantor under subparagraphs (e) and (f) of this paragraph 5 shall terminate if (x) the Producer shall raise such additional funds or take such other steps as shall in the Guarantor's reasonable good faith sound business judgment adequately protect the Guarantor from incurring liability under the Completion Guaranty (including immediate repayment of any Secured Sums), but without prejudice to the right of the Guarantor subsequently to exercise any of its rights under said subparagraphs (e) and (f), if the Guarantor should again conclude in the exercise of its good faith sound business judgment that its position under the Completion Guaranty is at risk, or (y) each of Financier, Distributor, if required, and Producer release Guarantor from any and all of its obligations under this Completion Agreement, the Completion Guaranty and any other agreement which Guarantor enters into in connection with the Film, and immediately repay the Secured Sums, if any, to Guarantor. If the Guarantor takes over control of production of the Film, the Guarantor shall keep true and accurate records of its expenditures in relation to the Film, and shall retain all such records, and any other documents which it may obtain in relation to its production of the Film, for not less than two (2) years and Guarantor shall allow Producer access to such documents and records at Producer's written request. Thereafter, if it desires to dispose of such records and documents, it shall first offer them in writing to the Producer, who in the meanwhile shall have access thereto at reasonable times for auditing purposes. If the Producer fails to take possession of such records and documents within thirty (30) days after they are offered to the Producer, the Guarantor shall have the right to destroy them.

6. Recoupment. To the extent that the Producer has or will have any control of or interest in the worldwide Gross Receipts and the gross income from the sale or exploitation of the other Collateral referred to in paragraph 8 hereof but only to the extent Guarantor has not otherwise recouped the Secured Sums, the Producer shall pay or cause to be paid to the Guarantor out of said Gross Receipts an amount equal to the Secured Sums, if any, subject only to the Prior Rights.

7. Insolvency and Adverse Proceedings. The Secured Sums, if any, shall become immediately due and payable to the Guarantor by the Producer, subject to the Prior Rights, under any of the following circumstances: if the Producer is adjudicated a bankrupt, or if a petition for or consent to any relief under any bankruptcy, receivership, liquidation, compromise, arrangement or moratorium statute is filed against the Producer; or if a petition for the appointment of a receiver, liquidator, trustee or custodian for all or a substantial part of the Producer's assets is filed; or if a receiver, liquidator, trustee or custodian for all or a substantial part of the Producer's assets is appointed; or if any judgment is obtained against the Producer which substantially and adversely affects Producer's credit and financial standing, and such judgment is not discharged or stayed within thirty (30) days after such judgment is obtained; or if an attachment or execution is levied upon any of the Producer's property needed for the production of the Film and such attachment or execution adversely affects the production of the Film; or if proceedings are initiated to wind up or liquidate the Producer (except winding up for the purposes of consolidation or other corporate reorganization); or if the Producer shall cease or threaten in writing to cease to carry on its business. The occurrence of any such event shall permit the Guarantor to immediately exercise its rights under paragraphs 8 and 9 of these Standard Terms.

8. Security Interest.

(a) To the extent, if any, that the Producer owns any right, title or interest in the Collateral, the Producer hereby grants to the Guarantor a security interest in the Collateral to secure repayment of the Secured Sums, if any. Said security interest shall be subject and subordinate to the Prior Rights, but (provided Guarantor takes the necessary steps to perfect its security interest in the Film) shall have priority over any other rights or security interests of any other person, company or entity other than the Prior Rights in or with respect to the Collateral, including deferments, gross receipts or net profit participations. The Collateral, as that term is used in this Completion Agreement, consists of Producer's right, title and interest in and to all of the following rights of every kind and nature (including, without limitation, copyrights) in and to the Film, and all properties and things of value pertaining thereto, and all products and proceeds thereof, whether now in existence or hereafter made, acquired or produced, including, without limitation: (i) all positive and negative film, all sound tracks and all other physical properties of or relating to the Film, whether now or hereafter in existence and wherever located; (ii) all artwork and drawings, storyboards, animatics, character modeling and design, character animation, set and prop modeling and design, layout, backgrounds, names, symbols, designs, likenesses, visual representations, voice records, inventions, photographs, all digital files and information including any and all data and information, in whatever form, relating to the Film, whether now or hereafter in existence and wherever located or stored; (iii) all literary property and ancillary rights in relation to the Film, including without limitation the Screenplay, the Underlying Literary Property, if any, and the copyrights thereof, (iv) the copyright or copyrights of the Film; (v) the music of the Film; (vi)

subject to the distribution rights of the Distributor under the Distribution Agreement, all rights to distribute, lease, license, sell, exhibit, broadcast or otherwise deal with the Film by all methods and means and in all media throughout the universe; (vii) the right of the Producer to any film production tax credits, rebates, grants, or other similar benefits relating to the Film; (iv) all contracts and contract rights, accounts, inventories and general intangibles of the Producer relating to the Film or to any literary property and ancillary rights and any other elements of the Film referred to in this subparagraph; and (v) the Gross Receipts and all other financial proceeds of the Collateral, including all income and receipts derived and to be derived from the marketing, distribution, licensing, sale, exhibition, broadcasting and other exploitation of the Film and of the other elements of the Collateral, and (subject to paragraph 3 of these Standard Terms) all proceeds of insurance relating to the Film.

(b) Subject to the Prior Rights, with respect to its security interest, the Guarantor, its successors and assigns, are hereby granted all of the rights, powers and privileges of a secured party under the California Uniform Commercial Code in force and effect from time to time.

(c) The Producer agrees to execute and deliver to the Guarantor, when reasonably requested by the Guarantor from time to time, UCC Financing Statements and a Mortgage of Copyright in form satisfactory to the Guarantor for recording purposes, confirming and evidencing the Guarantor's security interest in and to the Collateral. The Guarantor is hereby irrevocably appointed the Producer's attorney-in-fact to execute such instruments in the name and stead of the Producer, should the Producer fail to do so within five (5) days after its receipt of written request therefor, and to file or record them as deemed necessary or advisable by the Guarantor. Guarantor agrees to provide Producer with copies of all documents so executed.

(d) The Producer shall not (i) grant any rights or security interests (other than the Prior Rights) ranking in priority to or pari passu with the security interest hereby granted; (ii) while any moneys are due to the Guarantor hereunder, agree to market or exploit any of the Collateral, other than pursuant to the Distribution Agreement or the Financing Agreement, without the prior written consent of the Guarantor, such consent not to be unreasonably withheld, conditioned or delayed.

(e) The security interest hereby granted shall terminate: (i) if and when it is finally determined that the Guarantor will incur no liability under the Completion Guaranty and Guarantor has been released from its obligations under the Completion Guaranty; or (ii) (if such liability has been incurred) if and when the Guarantor has received payment in full of the Secured Sums. When and if said security interest in and to the Collateral terminates, the Guarantor shall promptly, at its sole cost and expense, execute and deliver to Producer such instruments as may be necessary to evidence the release and termination of its security interest.

(f) In the event that, pursuant to the Completion Guaranty, the Guarantor repays any financing provided by the Financier, then, to the extent permitted in the Financing Agreement, in addition to its security interest in and to the Collateral hereunder, the Guarantor shall automatically be subrogated to the security interests of the Financier in relation to such financing, and shall in all respects succeed to the position of the Financier under the Financing Agreement and

under all instruments ancillary thereto (subject to Distributor's rights under the Distribution Agreement).

9. Additional Remedies. As an additional remedy if the Guarantor expends or advances any Secured Sums the Guarantor shall, after consulting with the Producer, have all or any of the following rights (either itself or by appointment of an agent, on such terms as to the compensation of such agent and otherwise as the Guarantor shall reasonably determine):

(a) To take possession of the Collateral or any part thereof;

(b) To manage and control, or to supervise the management and control, of the business of the Producer in relation to the Film, and for this purpose to raise or borrow moneys upon the security of the Collateral or any part thereof, and to engage such personnel or such other companies as it shall consider necessary;

(c) To enter into distribution, exhibition, sales and leasing agreements in relation to the Film or any of the Collateral for any media and for any territories, and to make any settlements, arrangements and compromises, and to do such other acts and things in relation to the Film as the Producer would itself have the right to do.

Guarantor shall incur no liability to the Producer in connection with Guarantor's performance under this paragraph 9 except as a result of Guarantor's gross negligence. All such acts of the Guarantor shall be such as in its good faith judgment it considers to be in the best interests of the Guarantor, the Distributor, the Financier, and the Producer. If called upon by the Guarantor, the Producer shall, without additional compensation, render such reasonable assistance to the Guarantor in connection with such action by the Guarantor or its appointee as the Guarantor may reasonably require from time to time provided that to the extent Producer has any costs in providing such services Producer shall notify Guarantor of what those costs are and Guarantor shall be obligated to reimburse Producer for such costs. The Producer irrevocably appoints the Guarantor its attorney-in-fact, with power to appoint other persons as attorney-in-fact, to execute such instruments in the name and stead of the Producer as they may consider necessary and proper in acting pursuant to this paragraph 9 should Producer fail to execute such documents within five (5) business days of its receipt of Guarantor's request therefor. The powers and authority of the Guarantor pursuant to this paragraph 9 shall cease when the Guarantor has recouped the Secured Sums and has been irrevocably released from its obligations under the Completion Guaranty, without prejudice however to any acts done by the Guarantor or its appointee and the continued effectiveness of all instruments executed by them or either of them pursuant to this paragraph. Subject to the Prior Rights, all moneys received by the Guarantor or its appointee pursuant to the exercise of the Guarantor's powers and authority under this paragraph, which remain after payment or recoupment of all costs, charges and expenses incidental to the exercise of such powers and authority, and after payment of the Secured Sums, shall be paid to the Producer or other party entitled thereto. Guarantor shall provide Producer with copies of all documents executed in Producer's name pursuant to any power of attorney executed under this Completion Agreement.

10. Statements. If and as long as there are any unrecouped Secured Sums, the Producer shall deliver or cause to be delivered to the Guarantor, concurrently with or immediately following delivery thereof to the Producer, copies of all statements which the Producer receives from the Distributor or other third parties) in relation to the marketing and exploitation of the Film, or any of the other Collateral.

11. The Completion Guaranty. The Producer hereby acknowledges and confirms that it is not entitled to nor does it have any interest in the benefit of the Completion Guaranty, and the Producer hereby waives and releases all interest and benefit in the Completion Guaranty, present or future.

12. Miscellaneous Provisions. This Completion Agreement has been executed in the State of California, and shall in all respects be interpreted, enforced and governed by the laws of that State. The language of this Completion Agreement shall be construed as a whole according to its fair meaning and not strictly for or against either of the parties. If the Producer consists of more than one company, this agreement shall be binding jointly and severally upon such companies and each of them. Producer acknowledges that Guarantor has entered into agreements with certain insurers who insure certain of Guarantor's obligations in relation to the Film. Pursuant to those arrangements, such insurers shall have the right to assume Guarantor's obligations and rights under this Completion Agreement, subject to the terms hereof. Any term used in this Completion Agreement in the singular shall be deemed to be used in the plural wherever appropriate. If any one or more of the provisions of this Completion Agreement shall be held to be illegal or unenforceable in any respect, the legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. No modification or waiver of any provision of this Completion Agreement or waiver of any default hereunder shall be effective, unless in writing and signed by the parties hereto (in the case of a modification) or by the waiving party (in the case of a waiver), and any such waiver shall apply only to the specific matter waived.

13. Notices. Notices may be served by either party hereto on the other by mail, telecopy, or personal delivery and shall be deemed to have been served at the expiration of four (4) business days after the date of mailing, postage prepaid, or one (1) business day after the date of dispatching the telecopy, charges prepaid or otherwise provided for or the date of personal delivery. In proving such service it shall be sufficient to show (by affidavit of the person who sent the notice) that the telecopy, telegram or letter was dispatched or posted as aforesaid. The respective addresses of the parties shall be as stated at the beginning of the Principal Agreement, but either party may change its address from time to time by written notice to the other party.

END OF STANDARD TERMS

## SCHEDULE 1

### INSURANCE

- a) Cast Insurance in an amount equal to at least 100% of the amount of the Budget to cover, among other things, extra expense necessary to complete the principal photography of the Film due to the death, injury or sickness of any principal performer or the director.
- b) Negative Insurance in an amount equal to at least 100% of the amount of the Budget to cover, among other things, all risks of direct physical loss, damage or destruction of raw film stock, exposed film, whether developed or underdeveloped, and sound tracks.
- c) Faulty Stock, Camera and Processing Insurance to cover, among other things, loss, damage or destruction of raw film, exposed film, whether developed or underdeveloped, and sound tracks caused by or resulting from fogging or the use of faulty sound equipment, faulty developing, faulty editing and faulty processing.
- d) Props, Sets and Wardrobe Insurance to cover, among other things, all risks of direct physical loss, damage or destruction of props, sets and wardrobe during production of the Film.
- e) Extra Expense Insurance to cover, among other things, any extra expense necessary to complete the principal photography of the Film due to the damage or destruction of property, including, without limitation, facilities, props, sets or equipment used in connection with the Film, including loss due to faulty generators.
- f) Miscellaneous Equipment Insurance to cover, among other things, all risks of direct physical loss, damage or destruction to cameras, camera equipment, sound, lighting (including breakage of globes) and grip equipment, and mobile equipment, vans or studio location units or other such similar units owned by, or rented to, the Producer of the Film.
- g) Property Damage Liability Insurance covering, among other things, the damage to or destruction of the property of others, including, without limitation, the loss of use of that property while such property is in the care, custody or control of the Producer of the Film.
- h) Errors and Omissions Insurance covering, among other things, the legal liability and defense of the Producer of the Film against lawsuits alleging the unauthorized use of title, format, ideas, characters, plots, plagiarism, unfair competition and breach of implied or quasi-contract. Such insurance shall also protect against alleged libel, slander, defamation of character and invasion of privacy. The Errors and Omission Insurance shall be in the minimum amount of \$3,000,000 U.S. per occurrence and \$5,000,000 U.S. in the aggregate

with a deductible of \$10,000 U.S. and a period of coverage of not less than three years from the commencement of principal photography of the Film (plus such longer periods as coverage is required to be in effect pursuant to contracts for the exhibition or distribution of the Film).

- i) Comprehensive Liability Insurance covering the Producer of the Film against, among other things, all claims for bodily injury, personal injury or property damage which arise in connection with the Film, with minimum liability limits of \$10,000,000 U.S.
- j) Worker's Compensation Insurance as required by the various jurisdictions in which any services are rendered in connection with the Film covering, among other things, all temporary or permanent cast or production crew members.
- k) Any insurance coverage required by applicable collective bargaining agreements. Coverage is to be blanket and the limits of liability must be sufficient so as to meet all requirements of such collective bargaining agreements.
- l) Broad Form Monies and Securities Insurance covering, among other things, the loss of money or other securities through disappearance, destruction or wrongful abstraction at any location site any place in the world in an amount equal to the greater of \$25,000 or the amount of the highest estimated weekly cash payroll for the Film.