

## INDEPENDENT FILM OFFERING

THE LIMITED PARTNERSHIP INTERESTS (THE "INTERESTS") OFFERED HEREBY ARE SECURITIES AND ARE BEING OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE SECURITIES LAWS OF THE STATE OF \_\_\_\_\_. THIS MEMORANDUM IS AN OFFER ONLY TO PERSONS WHOSE NAMES APPEAR ON THE COVER PAGE AND WHO ARE RESIDENTS OF THE STATE. THE OFFEREE AGREES NOT TO COPY THIS MEMORANDUM, AND TO RETURN IT TO THE PARTNERSHIP IF THE OFFEREE DOES NOT PURCHASE ANY INTERESTS.

NO STATE OR FEDERAL SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THESE MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

INVESTMENT IN THE INTEREST OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK, AND CERTAIN CONFLICTS OF INTEREST. INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE PURCHASING THE INTERESTS FOR INVESTMENT ONLY AND NOT WITH A VIEW TO RESALE OR SUBSEQUENT DISTRIBUTION, AND HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE MERITS AND RISKS OF INVESTMENT. THERE EXIST SUBSTANTIAL LIMITATIONS ON THE RESALE OR OTHER TRANSFER OF THE INTERESTS.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, ATTACHMENTS HERETO OR MATERIALS AVAILABLE ON REQUEST. IF ANY SUCH INFORMATION OR REPRESENTATIONS ARE GIVEN OR MADE, THEY MUST NOT BE RELIED ON AS HAVING BEEN AUTHORIZED BY THE GENERAL PARTNER. THE DELIVERY OF THIS OFFERING CIRCULAR, OR MATERIALS AVAILABLE UPON REQUEST AT ANY TIME, DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION THE DATE HEREOF.

ALL OFFERS ARE SUBJECT TO PRIOR SALES OF THE INTERESTS, OR WITHDRAWALS OR CANCELLATION OF SUCH OFFERS WITHOUT NOTICE. THE GENERAL PARTNER RESERVES THE RIGHT TO REJECT, IN WHOLE OR IN PART, ANY SUBSCRIPTION FOR INTERESTS; PROVIDED, HOWEVER, THAT ANY SUBSCRIPTION SHALL REMAIN IN FULL FORCE AND EFFECT AS TO ANY ACCEPTED PORTION.

## A. THE OFFERING

\_\_(Full name of Film Company)\_\_, a \_\_(State)\_\_\_ Corporation, (hereinafter referred to as the “Company”) intends to produce a feature-length motion picture, presently entitled “\_\_\_\_(title)\_\_\_\_\_”, and three short non-theatrical promotional films, based on and edited from the feature length motion picture (all of which collectively shall be referred to as the “Motion Picture”), and offer limited partnership interests in a partnership to be formed for that purpose under the laws of the State of \_\_ (state)\_\_ (hereinafter referred to as the “Partnership”). The general partner(s) of the partnership (hereinafter referred to as the “General Partner”) shall be the \_\_\_\_ (Full name of Company)\_\_\_ and any other parties selected by it who sign the Limited Partnership Agreement for the Partnership as general partners prior to the formation of the Partnership. The addition of general partners shall not affect or impair the obligations of any Limited Partner nor give rise to any right of rescission.

The Motion Picture, set in the present, is the story of a contemporary American family having to deal with the fixation of the youngest son to enter into the film and music business. A synopsis of the feature-length motion picture, as currently proposed, is included attached hereto. \_\_\_\_\_ (Name of screenplay writer)\_\_\_ authored the screenplay. The author and \_\_\_\_ (name of Company)\_\_\_, a \_\_ (state)\_\_ corporation, are the sole owners of the Company, which was established for the purpose of producing the Motion Picture.

The Partnership will acquire the Motion Picture production rights to the screenplay, and produce and oversee distribution of the Motion Picture. The Company will contribute all of its interests in the screenplay production rights to the Partnership in exchange for its General Partnership interests.

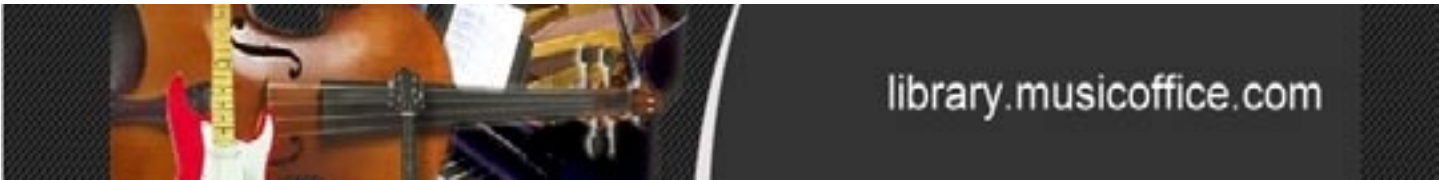
The General Partner will make no other financial contributions as such, but will receive FORTY PERCENT (40%) of any profits. If there are no profits, Limited Partners will bear the entire risk of loss to the extent of their respective contributions. Any losses in excess of that amount will be borne by the General Partner. For contributing the entire capital of the Partnership, the Limited Partners will receive SIXTY PERCENT (60%) of the profits of the Partnership.

An investor’s share of the net profits will bear the same proportion to the Limited Partners’ aggregate 60% share of the net profits of the Partnership as his/her contribution bears to the total amount raised. The amount to be raised hereunder is a minimum of \$2,000,000 and a maximum of \$2,500,000. (See section entitled “Use of Proceeds.”) There is no overcall. The General Partner may form the Partnership at any time after such minimum capitalization has been raised, but may continue to accept contributions until the maximum of \$2,500,000 has been raised. A \$25,000 contribution will entitle a Limited Partner to a 1% share of the profits if \$2,500,000 is raised and to a 1.333% share thereof if \$2,000,000 is raised; if more than \$2,000,000 and less than \$2,500,000, is raised, that Limited Partner’s share of the profits will vary proportionately. In all events, the Limited Partners, in the aggregate, will always be entitled to receive 60% of the profits of the Partnership.

If the General Partner believes additional funds are necessary for carrying on the affairs of the Partnership, the General Partner has the right to advance, or to borrow in the Partnership’s name, the amounts deemed necessary; any amounts so advanced or borrowed are to be repaid prior to the repayment to the Limited Partner(s) of their contribution(s).

If, and to the extent, the General Partner (or any of them) invests in the Partnership, it (or they) will become a Limited Partner as well and will receive a proportionate share of the Limited Partner’s interest in the profits in addition to a share thereof as General Partner.

The rights and obligations of the General and Limited Partners are set forth in the Partnership Agreement. This must be signed by all subscribers to the Limited Partnership interest and copies thereof may be obtained from the General Partner.



## **B. NUMBER AND TYPE OF SECURITIES OFFERED**

A maximum of 100 Limited Partnership interests (hereinafter referred to as the “Interests”) are being offered at a per Interest price of \$25,000, payable by \$15,000 cash and \$10,000 secured by an irrevocable letter of credit. A limited number of fractional Interests may be available at the sole discretion of the General Partner.

Subsequent to the formation of the Partnership, additional Limited Partners will be admitted as subscriptions for Interests are made and payments received, until the date when the General Partner shall determine to discontinue the offering of Interests.

Such date will occur upon the earlier of the following events:

- (a) Sale of all 100 Interests or the raising of \$2,500,000 or such lesser amount as the General Partner deems appropriate to the production and distribution of the Motion Picture, from other sources, including loans, deferments, pre-sales and grants;
- (b) April 30, 20\_\_ unless such date is otherwise extended by the General Partner; or
- (c) On such date as the General Partner deems appropriate.

## **C. USE OF PROCEEDS**

The cash proceeds of this offering, assuming the sale of all Interests offered will aggregate \$1,500,000. When combined with borrowings based on Limited Partner’s letters of credit aggregating \$1,000,000, the Partnership will have a total of \$2,500,000 in cash and liquid assets with which to begin operations. Such amounts will be utilized approximately as follows:

\$ 100,000 or offering expenses in connection with the sale of Interests and formation of the Partnership.

\$ 103,000 for expenditures related to development, casting, location searches and other expenses related to the pre-production of the Motion Picture.

\$ 217,000 to be retained by the Partnership for production contingencies and additional fund-raising expenses.

\$ 165,000 to be retained by the Partnership for prints, publicity and other expenses related to the promotion and distribution of the Motion Picture.

\$ 1,915,000 to the Company to produce the Motion Picture pursuant to the budget included as Attachment D herein.

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**\$ 2,500,000 TOTAL**

The General Partner believes, however, that it may be able to reduce the need for production funds by securing deferrals, from persons or organizations who will be furnishing services and/or materials to the production. To the extent that the General Partner is able to do so, and to the extent the General Partner believes that the reserve can be reduced, it may elect to form the Partnership and go forward with the production with less than, \$2,500,000. any arrangements providing for deferred compensation to persons or organizations so furnishing services or materials to the production will be payable only out of the General Partner’s share of profits and will, therefore, not affect the Limited Partner’s share of profits or delay the return of their contribution.

All cash proceeds of this offering obtained prior to the formation of the Partnership shall be placed by the General Partner in an escrow account at \_\_\_\_ (Name and address of Bank) \_\_\_\_\_. Such escrow funds will be maintained by the General Partner and shall not be used (unless a contributor shall otherwise agree) for any purpose until at least the Minimum

Aggregate Contribution of \$2,000,000 has been received and the Partnership shall commence.

To the extent the General Partner advances funds for production requirements, it will be reimbursed upon formation of the Partnership. The General Partner has advanced approximately \$25,000 to date for expenses such as travel and development expenses.

In the event that less than \$2,500,000 is raised from the sale of interests, and in the event that supplemental funds are not raised from other sources, such as pre-sales of certain rights, the shortfall will be absorbed by reducing or eliminating the reserves for prints, publicity and other expenses related to distribution and production contingencies, and by seeking deferments and lower salaries from all salaried personnel.

As the budget included as D is an estimate, actual expenditures may vary from those shown, depending upon production and distribution requirements. The Company will have the authority to vary such expenditures without seeking the approval of the Limited Partners.

#### D. THE RISK TO INVESTORS

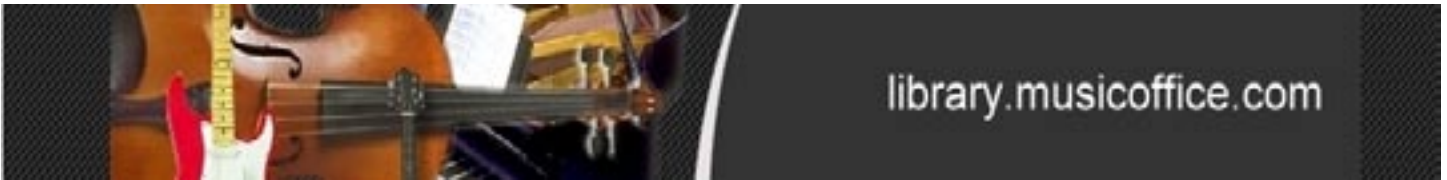
A prospective investor should be aware that this is a highly speculative investment. The sole business of the Partnership will be the production and arrangement for the exploitation of the Motion Picture. While no accurate industry statistics are available, it is a fact that there is a high ratio of loss to investors in limited partnerships formed to produce motion pictures. The risk of loss is especially high in contrast with the prospects for any profit. These securities should not be purchased unless the investor is prepared for the possibility of total loss.

##### 1. PRODUCTION RISKS

a. The process of producing a feature-length motion picture is time-consuming and expensive. A high degree of planning and organization is essential to controlling the costs of making the Motion Picture. Many factors may influence costs which are beyond the control of the Producer and Director. There may be production delays occasioned by illness, accidents, strikes, faulty equipment or weather. Scenes may need to be reshot, or additional footage filmed. Such matters may jeopardize production of the Motion Picture within the budget, and require additional funds for the completion of the Motion Picture.

b. The production budget for the Motion Picture is approximately \$1,915,000. In addition, the Partnership has a production contingency reserve of \$217,000. While some feature films are produced for less than \$2,132,000, that amount is considered extremely small by industry standards. There can be no assurance that such amount will be adequate to meet the production costs of the Motion Picture (the average major studio budget being approximately \$10,000,000 per film).

c. In the event the Company does not have sufficient funds to complete the Motion Picture, the Partnership, and thus the Limited Partners, may deem it necessary and desirable to advance additional funds to the Company (although the Limited Partners have no obligation to do so). If additional financing is required to complete production of the Motion Picture, such additional financing may have to be recouped prior to the return of the investment of the Limited Partners. To the extent the production costs of the Motion Picture increase, the amount of the gross receipts necessary to yield sufficient cash to return the Limited Partner's investment will increase by a factor of three to four times the increase in production costs. If additional financing is required and cannot be obtained by the Partnership or the Company, the Motion Picture may have to be sold in its incomplete



state to a company which will complete it, or the production of the Motion Picture may have to be terminated. In the latter case, the Limited Partners could lose their entire investment in the Interests.

## **2. FINANCIAL RISKS**

a. The Partnership proposes to borrow up to \$1,000,000 in connection with the production and distribution of the Motion Picture. If the Partnership assets were transferred, voluntarily or by liquidation or foreclosure, and at the time of the transfer the liabilities of the Partnership exceeded the Partnership's basis in its assets, taxable gain would be realized, and taxes on such gain would have to be paid by the Partners even though the Partnership would have no cash to distribute to its partners.

b. If the General Partner advances or borrows monies in the Partnership's name, which it may do, such monies will be repaid prior to the repayment to the Limited Partners of their capital contributions and, accordingly, such loans and/or advances might result in a considerable delay in the repayment of the Limited Partners' contributions or in a loss to investors if such additional funds exceed incoming revenues, if any, from distribution and exhibit of the Motion Picture.

c. The General Partner has the right, in its discretion, at any time, before or after the completion of production of the Motion Picture, to sell any or all of the Partnership's rights in the Motion Picture. If all rights are sold or otherwise disposed, the Partnership will terminate.

d. The financial statement which the General Partner has agreed to furnish to the Limited Partners may be unaudited statements and the Limited Partners will be relying on the General Partners concerning the accuracy of such statements.

e. An individual subscriber may agree in writing to the use of his contributions prior to the formation of the Partnership or waive his absolute right of refund in the event of insufficiency of funds in abandonment prior to formation. The General Partner will be liable to subscribers who agree to immediate use but who do not waive full refund of their contributions, but the subscriber must rely on the General Partner's ability to repay. A subscriber who agrees to earlier use may, under certain circumstances, be personally liable as a general partner for production debts incurred prior to the date of formation of the Partnership. Investors should note that there is no advantage to entering into these agreements. In fact, there is a distinct disadvantage since persons who do so risk loss of their entire investment even if the Partnership is never formed. Subscribers who agree to the use of their contributions forthwith but do not waive their right to refund may never be reimbursed in the event that the Partnership is not formed.

f. Even after the Motion Picture has been completed, the Partnership may incur further expenses for, among other things, accounting and legal services, and in connection with the efforts of the General Partner to arrange for the distribution and other exploitation of the Motion Picture. All of such expenses will be payable from Partnership funds before repayment of the capital investments of the Limited Partners.

g. The offering price of the Interests has been established by the General Partner based on its estimate of Partnership capital requirements in connection with the acquisition of the story rights and screenplay, production and distribution of the Motion Picture, recovery of expenses incurred in connection with organizing the Partnership and offering the Interest, and fees desired by the General Partner in connection with managing the Partnership's business. There can be no assurance that any market will exist for the resale of the Interest, let alone that the Interest could be resold at their offering price; nor can there be any assurance that the price of the Interests will be returned through the conduct of the business of the Partnership or upon liquidation of the Partnership.

### 3. DISTRIBUTION RISKS

a. As of the date of this offering circular, the General Partner has made no arrangements for the distribution of the Motion Picture. (Note: See “Distribution of the Motion Picture.”) Either prior to or after completion of the Motion Picture, the General Partner intends to enter into a distribution agreement or agreements for the distribution thereof. However, there is no assurance that any distribution agreement(s) will ever be entered into and the Motion Picture may never be distributed.

b. Distribution involves negotiations with sub-distributors, bookers, and theater owners and operators both in the United States and foreign countries, negotiations with agents for distribution to domestic and foreign broadcast and non-broadcast television, negotiations for sales to public television, and perhaps negotiating for the production and mechanical duplication of the Motion Picture’s soundtrack, if such soundtrack is considered to be commercially viable. Such distribution will also involve significant expenditures in advance of received revenues for 35mm and 16mm prints, video cassettes, publicity materials, personnel to assist in the distribution effort, and media advertising and promotion in the markets in which the Motion Picture is to be exhibited. Lack of effective distribution is one of the principal reasons a motion picture is commercially unsuccessful.

c. Distribution will also involve competition for theater bookings with independent distributors and all of the major studio distributors are larger, have greater resources to utilize in film distribution, have more experienced personnel and greater leverage with theater owners because of their continuous access to commercial films.

d. Because the distribution of motion pictures is highly competitive, any distributor with which the Partner will contract for distribution of the Motion Picture will be competing with numerous other companies, many of which will have significant financial resources and distribution experiences. The Motion Picture will be in competition with other feature-length motion pictures for theater dates, theater locations, audience, and the attention of movie critics and members of the various media who write about or publicize films. The fact that the Motion Picture is independently produced on a limited budget by an entity with limited resources, will, in all likelihood, be a competitive disadvantage. Finally, the investor must be aware that all motion pictures face competition from many other varieties of public entertainment, particularly network, public and cable television.

e. Since the Partnership will seek to produce and distribute only the Motion Picture, it is totally dependent on the commercial results of this one project. This lack of diversification substantially increases the risks inherent in motion picture production and distribution.

### 4. LEGAL AND TAX RISKS

a. An investment in the Interests will be subject to certain risks arising out of federal income tax considerations, including:

i. the possibility of the Internal Revenue Service audits and resulting possibility of amendments to the Partnership and Partners’ tax returns; and

ii. possible adverse tax consequences resulting from changes in the current tax code and/or administrative interpretations thereof; and

iii. tax liability on the part of Partners in the event that the Partnership assets (e.g. the Motion Picture) are transferred voluntarily or by liquidation or foreclosure, if at the time of transfer the liabilities of the Partnership (e.g. for borrowings secured by the Letters of Credit) exceed the Partnership’s basis in its assets (resulting in a taxable gain); such tax liability would exist even though the Partnership would have no cash to

distribute to its Partners.

b. Ownership of Interests should be viewed as a long-term investment, which may not yield short-term cash flow. As indicated in “Federal Income Tax Matters,” it is not anticipated that there will be available significant federal income tax deductions in excess of taxable income from the Partnership.

c. Prospective investors should consult their own tax advisors with respect to tax and related matters concerning investments in the Partnership. No ruling will be sought from the Internal Revenue Service that the Partnership will be treated as a partnership for Federal income tax purposes and not as an association taxable as a corporation.

d. The Interests offered hereby have not been registered under the Securities Act of 1933, or any applicable state securities laws. The Interests are transferable only with the consent of a General Partner, subject to certain conditions including registration of the Interests under the Securities Act of 1933 and any state securities laws, or the receipt of an opinion of counsel that such registration is not required. As Limited Partners will have no rights to require registration of their Interests, the Interests may only be resold in transactions exempt from the registration requirements of federal and state securities laws.

e. Prior to this offering, there was no market for the Interests. Immediately subsequent to this offering, and partly because of the restrictions on transfer of the Interest, there is not expected to be a market for the Interests. The purchase of the Interests should therefore be viewed as a long-term illiquid investment.

f. A Limited Partner of the Partnership will generally not be liable for debts or obligations of the Partnership in excess of his or her capital contribution. A Limited Partner may, however, be liable for the full amount of his or her capital contribution even if part of that contribution has been returned by way of distributions. Distributions to Limited Partners may be subject to return to the Partnership upon action by creditors if after such distribution the Partnership’s liabilities exceed its assets.

g. The Certificate and Articles provide that the Limited Partners may exercise rights relating to the internal affairs or organization of the Partnership (such as a right to vote on removal of the General Partner or amendment of the Certificate and Article). Questions have been raised periodically as to whether such rights provide a basis for determining that the Limited Partners would not be entitled to the limitation of liability for which the Certificate provides. Counsel has advised that since there is no authoritative precedent on this issue, a question exists as to whether the exercise (or perhaps even the existence) of such rights might provide a basis on which a court could hold that the liability of the Limited Partners for obligations of the Partnership may not be limited.

h. The Limited Partners of the Partnership are prohibited by the Certificate and Articles from participating in the management of the Partnership as such participation would destroy the limited liability of such Limited Partnerships, and thus must rely exclusively on the management abilities and decisions of the General Partner.

i. While the General Partner of the Partnership is required to act in good faith and with integrity in managing the affairs of the Partnership, the Certificate and Articles provide that the General Partner will not be liable to the Limited Partnership for any act or omission, except in the event of fraud, intentional wrongdoing, or gross negligence. The Certificate and Articles require the Partnership to indemnify the General Partner(s) against any expenses (including reasonable attorney’s fees), claim or liability incurred by them in connection with the business of the Partnership.

## 5. MISCELLANEOUS AND GENERAL RISKS

a. The General Partner is not required to and may not devote its full time and efforts to the production and distribution of the Motion Picture.

b. Limited Partners are not entitled to participate in management of the Partnership. The General Partner has sole management authority over the Partnership and its affairs, including the right to dissolve it, but the General Partner may enter into arrangements with others including, but not limited to, co-production or joint venture arrangements, whereby the General Partner may share the power to control the production and exploitation of the Motion Picture.

c. The Interests acquired by a Limited Partner are not assignable without the General Partner's consent, which may be arbitrarily withheld. Even if the assignment is permitted, there is not expected to be a ready market for the Limited Partnership Interests.

d. The General Partner has the right to cause additional persons, firms or corporations to become general partners at any time prior to the formation of the Partnership or to enter into joint ventures or co-production agreements, provided that no share of profits payable to Limited Partners is affected thereby. No right or rescission will be offered to the Limited Partners by reason of the addition of additional general partners.

e. There are several conflicts of interest, which arise out of the relationships between the principals of the Company, the Partnership, and the Authors and co-producers. Such conflicts of interest may expose the Limited Partners to the risk that decisions made and transactions entered into by and between the above parties may not reflect the best interest of the Limited Partners.

f. While the experience of the principals of the Company is extensive in the area of film production, the company itself has no prior history.

g. While the original footage shot will be safeguarded, there exists a minimal risk that a portion of the original footage could be damaged, stolen or lost during or prior to development, or at the time of final printing. If such damage or loss occurred after the cessation of filming and the departure of the cast, it would be very costly to attempt to reshoot the damaged or lost portions. The Partnership carries insurance against risk of loss by destruction, theft or fire.

#### **E. PARTNERSHIP INTEREST IN MOTION PICTURE**

All of the rights, interests and obligations of the General Partner in the Motion Picture, including the screenplay, except for novelization rights, which the General Partner is retaining, will be assigned, without any royalty or other payment obligation on the Partnership's part, to the Partnership upon its formation.

These rights, which extend for the entire duration of the copyright in the Motion Picture, any renewals or extensions, include: The right to copyright the Motion Picture, the right to produce and exploit it, and all subsidiary rights including the right to produce one or more sequels or remakes, or to produce video programs or series based upon the Motion Picture or any character therein.

#### **F. PROFITS, LOSSES AND DISTRIBUTION**

Based upon present estimates, the film rentals (monies received by the Motion Picture's distribution from theaters exhibiting the Motion Picture) derived from the Picture would have to equal approximately four to six times the production cost of the Motion Picture in order for the Limited Partners to receive the return of their contributions. See "Estimate of Profits."

The Partnership's receipts derived from any source in connection with the exploitation of the Motion Picture (with the exception of novelization rights) will be allocated in the following order of priority:

- To the expenses of the Partnership;
- To the repayment of loans and advances made to the Partnership, and interest thereon;
- To the repayment of the aggregate Limited Partner's investment, ratably among the Limited Partners.

Any receipts in excess of the foregoing will be deemed profits of the Partnership and are allocatable 60% to the Limited Partners (and, among the Limited Partners, in direct proportion of their investments) and 40% to the General Partner.

Losses arising after profits have been realized will be allocated against profits; losses in excess of profits will be allocated entirely to the Limited Partners, in direct proportion of their investments (and ratably among them).

The investment tax credit, if any, for Federal income tax purposes, has been allocated to the Limited Partners.

As the Partnership receives funds, the General Partner, after paying or providing for any Partnership debts and liabilities, including taxes, contingent liabilities and projected operating needs, will pay such receipts in accordance with the foregoing order of priority. Distributions will be made at least semi-annually.

Profits already distributed to Partners and Limited Partners' investments previously returned to them may be subject, in that order, to be repaid by the recipients to the Partnership should obligations of the Partnership thereafter require.

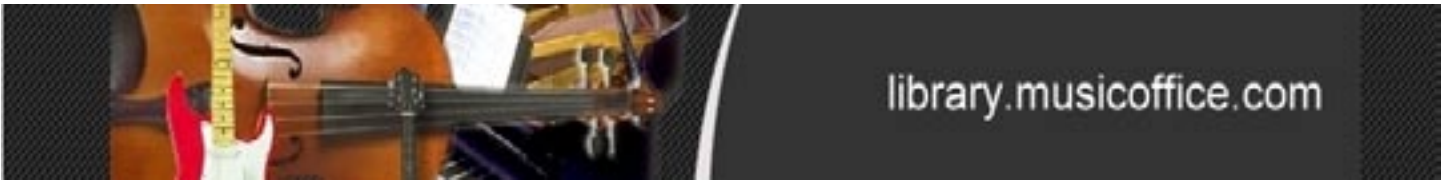
A portion of the producer's and author's fees payable to the General Partner are to be deferred and paid only out of the General Partner's share of the profits; such fees accordingly, will not affect the Limited Partner's participation in profits, if any.

#### G. DISTRIBUTION OF THE MOTION PICTURE

The producers of the Motion Picture will write a distribution and marketing plan that will be implemented during the production stages. The plan will represent the best case scenario for the film and is designed to maximize exposure and profits for the production, and if possible, provide pre-sales agreements and co-production financing for future Partnership projects. A distribution and marketing plan is essential in order to better define audience appeal and film distributor interest. The plan will not only be aimed at the North American market, but also the world market, including Europe, South America, the Scandinavian countries, etc. The distribution and marketing plan will include a time schedule outlining (1) when to approach a major film distributor, (2) what rights to negotiate, (3) what film festivals and film markets to attend, (4) foreign theatrical sales strategies, and (5) television, cable sales, home video rights, etc. By having access to a well developed film distribution plan, the producers can effectively evaluate the best possible distribution deal, and better negotiate contract terms with a major film distributor both in the United States and abroad. What follows is a capsule description of the categories which the final distribution and marketing plan will address in greater detail.

#### THEATRICAL DISTRIBUTION (Domestic)

The theatrical motion picture market is, of course, the most important and most prestigious market for any feature film. The producers of the Motion Picture will approach the major film distributors such as Warner Brothers, Paramount, United Artists, Universal, Columbia, etc., about distribution. These major distributors offer the most prestigious route for the independent producer. The majors virtually handle all the most important films, and are able to secure the best theaters for booking at the best times of the year. The producers will also ap-



proach the mini-majors, such as Cannon Film Group, New World Picture, etc., and independent film distributors such as New York Films, Cinecom International Films, Almi/Cinema 5, etc. It is hoped that a United States distribution deal can be successfully negotiated during post production or festivals showings of the Motion Picture. With the subject matter of the Motion Picture and its wide audience appeal, the producers are confident that a major company will be interested in the Motion Picture.

#### **NON-THEATRICAL DISTRIBUTION**

These rights include distribution to clubs, airlines, colleges, etc. The producers will retain these rights and negotiate them with a distributor who specializes in non-theatrical sales. Three edited, shortened versions of the feature length motion picture and/or short features about the making of the Motion Picture will be made for service to cable television operators prior to the Motion Pictures release to promote and exploit the upcoming film release. This market could allow for thousands of dollars in revenues for the producers, and it is the intention of the Partnership to maximize the Motion Picture's exposure in this vital and profitable market place. Offers of distribution have been made to cover portions of this major market.

#### **TELEVISION SALES/CABLE**

Television sales include network showings, subscription TV, cable TV direct satellite, independent television stations, syndication rights, etc. These rights would be negotiated and granted to the distributor handling United States theatrical sales as part of the initial distribution agreement. However, these rights would not be given away since they can account for a large source of revenue for the distributor and producers. A sale to network television is somewhat dependent upon the Motion Picture's success in its theatrical release, i.e., box office receipts and critical response. These factors dictate whether or not a network sale could range from three hundred thousand to five hundred thousand dollars depending upon the particular network and its programming policies and schedule. Sales to the cable and subscription television industry could command a bottom line figure of two hundred thousand dollars. Although these rights will be handled by the Motion Picture's theatrical distributor, the profit participation will be greater for the Partnership than for the production company, thereby resulting in greater profits to the Partnership in the latter stages of its distribution and licensing window.

#### **HOME VIDEO CASSETTE DVD MARKET**

The United States home video market is exploding and has become a very lucrative source of income for film distributors and independent producers. Presently, there are over 30 million VCR units in American homes; conservative projections indicate that number will increase to 45 million by 1991. Regarding the home video rights, the producers will negotiate with the major film distributors such as Paramount, Universal, United Artists, Columbia, etc., who have established the most effective distribution network for the licensing of product in this rapidly expanding market. It is hoped that one of these distributors will handle the Motion Picture.

#### **FOREIGN THEATRICAL SALES**

Outside North America, the world theatrical market can account for hundreds of thousands of dollars in gross revenues to producers. Markets such as Germany, France, England, Italy, the Scandinavian countries, Japan, South America, etc., all actively negotiate distribution agreements for American films. The producers will directly handle sales to all foreign territories in an effort to increase profits, and to arrange pre-sale agreements and co-production financing for future Partnership projects.

#### **FOREIGN TELEVISION AND HOME VIDEO SALES**

Again, the producer will directly handle sales to the foreign television market which, at present is rapidly growing because of the advent of cable in Europe, Japan, etc. Consequently, the demand for and the prices paid for American film programming are at their highest in years. Of course, licensing fees vary from country to coun-

try, but bottom line figure of total foreign sales could exceed three hundred thousand dollars, and depending on the Motion Picture's box office and critical response, the figure could be much higher.

#### **FILM FESTIVALS AND FILM MARKETS**

The producers will plan a schedule of American and foreign film festivals to attend in order to showcase the Motion Picture and to effectuate sales. The most prestigious film festivals, such as Cannes, Berlin, Milan, Los Angeles, etc., not only premiere films, but will also operate well organized film markets where buyers from around the world view new productions for ultimate distribution in their home markets. Agreements can be made at these festivals for foreign as well as U.S. theatrical distribution, and films winning prizes or receiving critical praise are sold for substantially higher up-front guarantees than anticipated.

#### **I. FEDERAL INCOME TAX MATTERS**

The Partnership will not seek a ruling from the Internal Revenue Service as to whether the Partnership will be treated for Federal income tax purposes as a partnership rather than an association taxable as a corporation. Even if applied for, there is no assurance that such a ruling would issue. Under current Federal income tax laws, a partnership, as such, is not subject to Federal income taxes, so that a partner will take into account on his personal tax return his distributive share of partnership income, gains, losses, deductions or credits (including the investment credit, if any) for the taxable year of the partnership ending within or with the partner's taxable year.

If, for any reasons, the Partnership is determined to be an association taxable as a corporation for Federal income tax purposes, the following consequences, among others, would result: income earned by the Partnership would be taxable at corporate rates; distribution of funds to Partners would be taxable as dividends; losses and credits, if any, realized by the Partnership would not pass through to Limited Partners to be used as deductions or credits.

Assuming the Partnership is treated as a partnership for Federal income tax purposes, an investor should note that partners are taxed based on distributive shares of profits, not on actual cash distributed. A Limited Partner may thus be taxed on funds not received by him.

It is impractical to comment on all aspects of Federal, state and local tax laws which may affect the tax consequences of participation by the Limited Partner in this venture. Moreover, the various statutory provisions, regulations and decisions upon which any tax discussion must be based are subject to change by interpretation in the courts and by legislative or administrative action, any of which could adversely affect the tax consequences of participation in this venture. Therefore, each prospective Limited Partner should satisfy himself as to the income and other tax consequences of his participation in the partnership by first obtaining advise from his own tax counsel.

Furthermore, while the General Partner will furnish each Limited Partner with the necessary information to enable him to file the Federal, state and local tax returns for which he may be liable, the preparation and filing of such returns will be the personal responsibility of each Limited Partner. If the Internal Revenue Service proposes any adjustment with respect to any item of Partnership income, gain, loss, deduction or credit, such adjustment will also be reflected in the individual return of each Limited Partner who will be liable for the payment of any resulting deficiency and, should he/she choose to do so, the cost of contesting deficiency.

#### **J. OTHER FINANCING**

The General Partner reserves the right for any reason whatsoever to pay to individual investors, persons rendering services to the Motion Picture and others an additional participation in profits solely from the General Partner's share of profits, for any reason.

## K. FINANCIAL STATEMENTS

The ultimate issuer of these securities will be the Partnership to be formed. Accordingly, no financial statements are presently available. After the formation of the Partnership, and so long as the Partnership is exploiting any interest(s) in the Motion Picture, the General Partner will furnish to the Limited Partners annually a balance sheet and a statement of operations prepared by an independent public accountant, which need not be certified, and with such other financial statements as may be from time to time required by law. In addition, the Limited Partners will have the right to examine Partnership books if they so desire, during regular business hours and subject to reasonable prior written notice.

### ESTIMATE OF PROFITS

Admission price x Number of People = \$ Per Theater x Total Houses x Days = Gross

1st Run:  $\$4 \times 300 = \$1,200 \times 300 (= \$360,000) \times 10 \text{ days} = \$3,600,000$   
 2nd Run:  $\$2 \times 300 = \$600 \times 100 (= \$60,000) \times 10 \text{ days} = \$ 600,000$   
 Less 50% for companion feature = \$ -300,000  
 \$ 300,000

1st Run Gross	\$3,600,000
2nd Run Gross	+ 300,000
	3,900,000
Less 50% to theaters	-1,950,000
Less 35% to distribution fees	- 682,500
Motion Picture profit U.S. & Canada	\$1,267,500
Odd Foreign Market expectancy	+1,267,500
Total World theatrical profit	\$ 2,535,000

Add TV sales expectancy over 7 years	\$ 1,000,000
Add Miscellaneous revenue	+ 100,000
Total Motion Picture Gross	\$ 3,535,000
Less Production costs	-2,577,000
Net after Investor recoupment	\$ 957,885
60% Profits to Limited Partners	\$ 574,731

NOTE: This tabulation is an estimate of potential profits. The actual profits, if any, may be substantially different from the figures above.

### SUMMARY OF PROPOSED BUDGET FOR MOTION PICTURE

#### PRODUCTION COMPANY EXPENSES

##### ABOVE LINE

Producers	\$ 118,000
Director	42,000
Cast (including extras)	470,000
TOTAL: Above Line	630,000

##### BELOW LINE

Production Staff Salaries	\$ 130,930
Production Operating Staff	167,215
Location Expense	130,874
Film Laboratory, Sound Expenses	131,716
Editing Staff & Expenses	72,480



<b>Music</b>		<b>43,000</b>
<b>Legal &amp; Accounting</b>		<b>71,000</b>
<b>Insurance, taxes &amp; fees</b>		<b>353,700</b>
<b>General Overhead</b>		<b>91,945</b>
<b>TOTAL: Below Line</b>	<b>\$</b>	<b>1,192,860</b>
<b>TOTAL: Above and Below Line</b>	<b>\$</b>	<b>1,822,860</b>



**CERTIFICATE AND ARTICLES OF LIMITED PARTNERSHIP OF \_\_ (PARTNERSHIP NAME) \_\_\_\_\_**

**THIS CERTIFICATE AND ARTICLES OF LIMITED PARTNERSHIP (hereinafter referred to as this “Certificate”) is made this \_\_th day of \_\_\_\_\_, 20\_\_, by and between the \_\_ (General Partner) \_\_ (hereinafter referred to as the “General Partner”), and the individuals named and designated as Limited Partners on Schedule I and who have executed and acknowledged this Certificate on Schedule II, both of which schedules are attached hereto and hereby made a part hereof (jointly and severally hereafter referred to as the “Limited Partners”).**

**ARTICLE I. FORMATION**

**(1) FORMATION OF PARTNERSHIP.** The Partners hereby form a limited partnership (hereinafter referred to as the “Partnership”) pursuant to the provisions of the Uniform Limited Partnership Act of the State of \_\_\_\_\_, as amended from time to time, and the rights and liabilities of the Partners shall be as provided under such law, except as herein otherwise expressly provided.

**(2) NAME.** The Partnership shall operate under the name \_\_ (Partnership Name) \_\_\_\_\_.

**(3) CERTIFICATES.** The General Partner(s) shall promptly cause this Certificate of Limited Partnership to be filed of record in the office of the Secretary of State of \_\_\_\_\_. The General Partner(s) shall also cause to be filed and published the Certificate of Assumed Name. Such certificate filings shall be amended at appropriate times in the manner prescribed by law, and specifically in the case of this Certificate, each time there is a change in the identities of the Partners or any amendment to this Certificate or to schedules attached hereto. All Partners waive their right to receive a copy of the certificate marked “filed” by the \_\_\_\_ (State) \_\_\_\_\_ Secretary of State.

**(4) PRINCIPAL PLACE OF BUSINESS.** The principal place of business of the Partnership shall be at \_\_\_\_ (Full Address) \_\_\_\_, where the Partnership books shall be kept, unless changed from time to time by the General Partner(s) upon written notice to all Limited Partners.

**(5) TERM OF PARTNERSHIP.** The Partnership shall be deemed to exist from and after the date on which this Certificate is recorded as required by law and as provided in Section 1(3) herein, and shall continue for an indefinite term, and thereafter shall be wound up and terminated.

**(6) BUSINESS OF PARTNERSHIP.** The character of the business of the Partnership shall be the acquisition, purchase and perfection of Production Rights for, and the production, promotion and distribution of, a dramatic feature-length motion picture, and three short promotional films, and any other related business activities appropriate in connection therewith.

**(7) PARTNERS.** The names, places of residence, and designation of the Partners are:

**General Partner:**     \_\_(General Partner) \_\_  
                              \_\_(Street) \_\_\_\_\_  
                              \_\_(City, State) \_\_\_\_\_  
                              ----(Zip) \_\_\_\_\_

**Limited Partners:**    As set forth in Schedule I hereto

## ARTICLE 2. CAPITAL CONTRIBUTIONS AND ACCOUNTS

(1) **INITIAL CAPITAL.** The initial capital contributions of the original Partners shall consist of the cash and property (including letters of credit) which have been contributed by the respective Partners in the amount or with the agreed values as set forth in Schedule I hereto. Additional Limited Partners may be admitted upon their contribution of cash and letters of credit to the Partnership, execution of an amended Schedule I, and the filing for record of an appropriate amendment to this Certificate.

The original Partners' percentage interests in the capital of the Partnership as a result of their respective contributions shall be determined by the General Partner and set forth on Schedule I. Such original percentage interests shall be determined by reference to each Limited Partner's proportionate share of total contributions by all Limited Partners (taking into account the percentage interest allocated to the General Partner(s). In the event of the original Limited Partners shall be appropriately reduced. Limited Partners shall not be required to make any additional contributions to th Partnership beyond those specified on Schedule I.

Each Limited Partner shall deposit with the General Partner(s) an irrevocable assignable letter of credit, in form and substance acceptable to the General Partner(s), issued by a bank acceptable to the General Partner(s), in an amount with respect to each Limited Partner as indicated opposite such Partner's name on Schedule I hereto. This letter of credit, and any replacement letter of credit, shall be herein referred to as the "Letter of Credit". Each Limited Partner shall deliver his or her Letter of Credit to the General Partner on or before the date specified on Schedule I. Failure of a Limited Partner to deposit his or her Letter of Credit or make his or her cash capital contributions as agreed shall, in the sole discretion of th General Partner, result in forfeiture of his or her entire interest and all funds previously contributed and, in addition, shall subject the Limited Partner to any remedies available, in law or equity, to the General Partner or Partnership.

The Letter of Credit delivered by each Limited Partner shall be effective and irrevocable from the date delivered through April 30, 20\_\_ Each Limited Partner agrees to deliver to the General Partner(s) on or before April 1, 20\_\_ and on or before each succeeding April 1, so long as the Partnership is in existence, a replacement Letter of Credit effective, assignable and irrevocable during the twelve-month period from May 1 through the following April 30 immediately following the April 1 by which deposit of such replacement Letter of Credit is required. If any Limited Partner fails so to deposit a replacement Letter of Credit, the General Partner shall, prior to the expiration of the then-effective Letter of Credit, issue a draft upon, or other demand for payment under, such Limited Partner's Letter of Credit in an amount equal to the face value of such Letter of Credit. Any proceeds received from any Letter of Credit which is drawn upon shall be used in the Partnership business as the General Partner(s) determines. A Limited Partner whose Letter of Credit is drawn upon because of a failure to deposit a replacement Letter of Credit shall not be entitled to any increase in his or her share of distributions from the Partnership or any other compensation because of such event.

(2) **CAPITAL ACCOUNTS.** A separate Capital Account shall be maintained for each Partner. The Capital Account of each Partner shall consist of each Partner's initial capital contribution as set forth on Schedule I, increased by (i) each Partner's share of Partnership income, and (ii) each Partner's additional capital contributions to the Partnership, if any, of Partnership losses or expenditures properly chargeable to capital. If there is any change in the amount or character of the capital contributions of any Limited Partner, an appropriate amendment shall be made to this Certificate filed of record. No Capital Account balance shall bear interest. A debit balance in any Partner's Capital Account shall not constitute a personal liability of that Partner to the Partnership.

(3) **NO RIGHT TO RETURN OF CONTRIBUTION.** The Limited Partners shall have no right to withdraw from the Partnership or to the return of their capital contributions, as reflected in their respective Capital Accounts from time to time, except for distributions of cash as provided in Article 3, and except upon the dissolution and liquidation of the Partnership pursuant to this Certificate. Any such withdrawals or returns of capital shall be solely from Partnership assets and may, in the discretion of the General Partner, be solely in cash. Partnership capital shall be at risk and the General Partner shall not be personally liable for the return or distribution thereof.

(4) **FAILURE TO MAKE REQUIRED CONTRIBUTIONS.** In the event a Partner fails to make any contribution to capital for which he or she is obligated, such Partner shall be in default with respect to his or her contribution. Upon failure to cure such default within ten days of mailing of written notice of default from the General Partner(s), such defaulting Partner shall be deemed expelled from the Partnership and shall thereafter have none of the rights of a Partner in this Partnership. The amount of such expelled Partner's initial contribution to Partnership capital (as reflected in Schedule I) shall be reallocated pro rata amount the Capital Accounts of all remaining Partners for their benefit. An expelled Partner shall have no right of any portion of capital previously contributed and shall have no rights to share in income, profits or earnings of the Partnership, nor have any other rights whatsoever with respect to his or her investment in this Partnership.

**ARTICLE 3. ALLOCATION AND DISTRIBUTION OF CASH AVAILABLE,  
PROFITS, INCOME AND LOSSES**

(1) **DEFINITIONS.** The following terms shall have the following meanings:

(a) "Gross Receipts" as used herein shall mean any and all monies received from any source by the Partnership from the exploitation of the Motion Picture and any rights therein.

(b) "Expenses" as used herein shall be deemed to mean all costs, expenses and liabilities incurred by the Partnership for production and completion of the Motion Picture, and all other legitimate costs, expenses and liabilities actually incurred in the operation of the Partnership including, but not limited to, distribution fees and expenses, commissions, claims payments, insurance, taxes, legal and accounting costs, advertising and overhead which the General Partner, at its discretion, may deem necessary or appropriate to incur.

(c) "Net Profits" as used herein shall mean all Gross Receipts remaining after repayment or provision for Loans and Expenses and the return to the Limited Partners of their aggregate capital contributions.

(2) **ALLOCATION AND DISTRIBUTION.** The Gross Receipts of the Partnership, as received shall be allocated (and paid, as hereinafter provided) in the following order of priority

(a) To the repayment of all Loans and interest, if any, accruing thereon and Expenses (which Loans and Expenses shall be allocated (and paid) in such order of priority as the General Partner shall determine).

(b) To the repayment of the Limited Partners of their aggregate capital contributions in direct proportion among them to their respective capital contributions, until repaid in full.

(c) To the Partners, as Net Profits, in the manner described below.

(3) **PROFITS.** Net Profits of the Partnership shall be allocated as follows:

60% to the Limited Partners in the direct proportion among them as the capital contribution of each Limited Partner bears to the aggregate capital contributions of the Limited Partners; and 40% to the General Partner(s).

(4) **LOSSES.** Losses, if any, of the Partnership shall be allocated to the Limited Partners in the direct proportion among them as the capital contribution of each bears to the aggregate capital contributions; losses in excess thereof shall be borne by the General Partner(s); provided, however, that if there shall be Net Profits of the Partnership, losses shall first be allocated, and borne by the Partners, to the extent of such Net Profits. Any investment shall be allocated entirely among the Limited Partners in the direct proportion among them as the capital contribution of each bears to the aggregate capital contributions of the Limited Partners.

(5) **DISTRIBUTIONS TO PARTNERS.** After payment or provisions for Loans and Expenses, and after reserving such funds as the General Partner may deem appropriate to cover its reasonable business fees, including contingent liabilities, if any, the General Partner shall make distributions, if available, first to the Limited Partners in repayment of their aggregate capital contributions and, then, to the Partners of any available Net Profits. Distributions shall be made at such times and in such amounts as the General Partner, in its discretion, shall determine, but not less frequently than annually. No Partner shall be entitled to interest on undistributed capital contributions or Net Profit.

#### **ARTICLE 4. FINANCIAL STATEMENTS, BOOKS AND BANK ACCOUNTS**

(1) **BOOKS AND RECORDS.** The General Partner shall maintain accurate and complete books and records of the Partnership at its principal business office unless moved in accordance with Section 1(4) herein. All Limited Partners shall have full access to and the right to inspect, examine and copy such books at all reasonable times upon written notice to the Partnership a least five (5) business days in advance of the proposed inspection date.

(2) **FINANCIAL STATEMENTS.** The General Partner shall deliver to the Limited Partners within 75 days after each fiscal year accurate and complete financial statements, including a balance sheet and profit and loss statement, a statement showing the Capital Accounts of each Partner and the amounts of net income and net loss reportable for federal income tax purposes, a statement showing the computations for determining Cash Available and its distribution, and, if relevant, a statement showing the computations of Partnership Net Film Receipts and payment of Participations.

(3) **BANKING.** The General Partner shall open and maintain in the name of the Partnership one or more separate bank accounts in which shall be deposited all the monies of the Partnership and no other monies. The Partnership funds shall be used solely for Partnership purposes, and all disbursements shall be made by the General Partner or such person as the General Partner may from time to time authorize.

(4) **RATIFICATION OF FINANCIAL STATEMENTS.** Unless written notice is made by a Partner within 60 days after receipt of Partnership annual financial statement, each such statement shall be deemed to have been ratified and accepted by all Partners, except for such matters as may not be reflected in such annual financial statements as a result of fraud or misrepresentation.

#### **ARTICLE 5. PARTNERSHIP MANAGEMENT AND RESTRICTIONS ON PARTNERS**

(1) **RIGHTS AND OBLIGATIONS OF THE GENERAL PARTNER.** The General Partner shall have the full power, right and authority to manage the Partnership business in all matters and shall have the sole and exclusive power on behalf of the Partnership to control the conduct of the Partnership business. The General Partner shall have all the necessary and appropriate powers and authority to carry out the purposes and conduct of the business of the Partnership, including, without limitation, the following:

(a) To acquire, hold, improve, acquire additions to, and provide for the maintenance of the Partnership property on such terms as the General Partners, in their absolute discretion, deem to be in the best interests of the Partners.

(b) To take such action, make such arrangements and enter into such agreements, including but not limited to financing arrangements, service contracts or joint ventures, as the General Partner shall deem appropriate and necessary for the Partnership to carry out its business purposes.

(c) To deal in any Partnership assets, including to sell, license, lease, assign or otherwise dispose of or transfer or grant options for the disposition of any part or all of the Partnership property or rights therein at such price and on such terms as the General Partner, in its discretion, deems to be in the best interests of the Partners.

(d) To borrow money or refinance and as security therefore to mortgage or otherwise encumber all or any part of the Partnership property.

(e) To acquire and enter into any contracts of insurance appropriate for the Partnership, or for the protection of the Partnership property.

(f) To employ or enter into agreements and contracts on behalf of the Partnership with persons, firms or corporations, relating to the conduct or operation of the Partnership business, including but limited to, accountants and attorneys, and including such firm, corporation or persons as the General Partner may select to perform film productions services and/or distribution services of any and all kinds for the Partnership, on such terms and for such compensation, including Participations, as the General Partner shall determine, notwithstanding the fact that the General Partner may have, directly or indirectly, an interest in any such firm or corporation; provided, nevertheless, that such transactions or business relationships with related or affiliated parties shall be commercially reasonable.

(g) To execute, acknowledge and deliver any and all instruments in the name of the Partnership, including notes and other evidences of indebtedness, mortgages, or other security interests, leases, contracts, agreements or other instruments to effectuate the foregoing powers.

(2) **SERVICES AND MANAGEMENT FEE OF GENERAL PARTNER.** The General Partner is required to devote to the business of the Partnership only the time and attention that it believes in good faith is required for the efficient operation of the Partnership. The General Partner shall not be required to devote full time to the Partnership business and shall not be restricted from engaging in other business or related activities. In addition to its respective shares of Partnership income and cash distributions under Article 3 herein, the Partnership shall pay to the General Partner, or its duly appointed agent, the following items of compensation, which shall be deemed expenses:

(a) Reimbursement of expenses incurred prior to commencement of the Partnership, for the Partnership's benefit, such as legal fees and expenses, accounting fees, advertising and filing fees, and pre-production expenses.

(b) A charge for office facilities and secretarial services furnished to the Partnership at a rate of \$2,000 per month for up to eight months.

(c) The General Partner intends to arrange for the Motion Picture to be distributed by an established distributor pursuant to an agreement containing terms customary to the industry. If for any reason the General Partner shall be unable to make such arrangements, it shall have the right itself to distribute the Motion Picture, and in such event, in consideration for such services, it shall be entitled to receive a distribution fee and reimbursement of expenses on the same basis as would be received by United Artists Corporation under the terms of its standard distribution arrangement at the time prevailing.

(d) The General Partner may also furnish equipment, services and facilities to the Partnership not customarily furnished by a general partner, and may be paid reasonable compensation therefore; provided, however, that there shall be no producer's, director's or author's fees paid by the Partnership to the General Partner. The General Partner may, however, pay such fees out of its share in Net Profits.

All such fees to the General Partner shall be guaranteed payments under Internal Revenue Code Section 707(c), determined without regard to Partnership income, and shall not be treated as a share of Partnership profits. The General Partner's compensation by way of such fees shall be deducted as an expense Of the Partnership in calculating net income or loss of the Partnership as well as in calculating Cash Available under Section 3 of this Certificate, except to the extent such amounts are required to be capitalized and amortized under the provisions of Internal Revenue Code Section 280.

(3) **RESTRICTIONS ON LIMITED PARTNERS.** The Limited Partners shall take no part in, nor interfere in any manner with the management, conduct or control of the Partnership business or the production, distribution, promotion or sale of its assets. The Limited Partners shall have no right or authority to act for or bind the Partnership, nor have any authority to enter into any transaction on behalf of the Partnership, nor make any conveyance or alienation of Partnership assets.

(4) **GENERAL PARTNER'S LIABILITY.** The General Partner shall not be liable to the Limited Partners for any act or omission performed or omitted except only in the event of fraud, intentional wrongdoing, or gross negligence by the General Partner. The Partnership shall indemnify the General Partner against any expense (including reasonable attorney's fees), claim or liability incurred by the General Partner in performing its duties as General Partner (or in connection with the business of the Partnership); provided, however, that such indemnification shall not apply in the event of fraud, intentional wrongdoing, or gross negligence by the General Partner.

(5) **OTHER ACTIVITIES.** Any Partner, General or Limited, and any entity in which the Partner has an interest, may engage in or possess any interest in any other ventures or businesses of any nature or description, independently or with others, without limitation, regardless of whether or not such other ventures or businesses compete with the business of the Partnership or any other Partner. No Partner shall have any duty to tender any business opportunity to the Partnership. Neither the Partnership nor any other Partner shall have any right by virtue of the existence of this Partnership to participate in any way in such other venture, or the income or profits derived therefrom.

(6) **EXECUTION OF DOCUMENTS.** Any deed, mortgage, security interest, pledge, bill of sale, lease, contract or other instrument purporting to convey or encumber the assets of the Partnership in whole or part, or any other instrument of behalf of the Partnership, may be signed by the General Partner on behalf of the Partnership, and no other signatures shall be required, whether during the continuation or winding up of the Partnership.

#### **ARTICLE 6. PROVISIONS APPLICABLE TO LIMITED PARTNERS**

(1) **EXCESS LOSSES.** Notwithstanding anything to the contrary contained herein, the liability of any Limited Partner for losses and obligations of the Partnership or otherwise with respect to the Partnership shall in no event exceed in the aggregate the amount of such Limited Partner's respective Capital Account with the Partnership (representing such Partner's interest in the assets of the Partnership), plus unpaid obligations to make additional capital contributions, except as may be otherwise provided by applicable statute. Any excess losses and obligations shall be borne solely by the General Partner.

(2) **NO WITHDRAWAL.** No Limited Partner shall at any time withdraw from the Partnership except as provided in this Certificate. No Limited Partner shall have the right to have his or her capital of the Partnership returned except as provided herein. The death or adjudication of bankruptcy or insolvency of any of the Limited Partner(s) shall not dissolve or terminate the Partnership.

(3) **CONVERSION TO GENERAL PARTNERSHIP INTEREST.** Any General Partner who is also a Limited Partner at any time during the term of this Partnership may, upon causing an amendment hereto to be filed for record, convert such Limited Partnership interest to that of a General Partnership interest.

(4) **CONSENT.** To the fullest extent permitted by law, the Limited Partners hereby consent to the exercise by the General Partner of all of the rights and powers conferred on the General Partner by this Certificate or applicable law.

(5) **POWER OF ATTORNEY.** Each of the Limited Partners irrevocably constitutes and appoints the General Partner, each of such Limited Partner's true and lawful attorney-in-fact, with full power of substitution, in the name, place and stead of each of such Limited Partners, to make, swear to, execute, acknowledge and file:

(a) Any amendments to this Certificate which may be adopted pursuant to Article 8 herein or which may be required or desirable for the admission or substitution of Limited Partners, or for the continuation of the business of the Partnership with one or more substitute General Partners.

(b) Any certificate or other instrument and any amendments thereto which may be required or desirable to be filed by the Partnership in order to accomplish the business and purposes of the Partnership, including any business certificate, fictitious or assumed name certificate or trade name certificate.

(c) Any cancellation of such certificates or instruments and any and all other documents and instruments which may be required or desirable upon the dissolution and liquidation of the Partnership.

(d) New certificates of limited partnership and any and all documents and instruments which may be required or desirable to effectuate a continuation of the business of the Partnership as provided in this Certificate.

It is expressly intended that the foregoing power of attorney is coupled with an interest.

If a Limited Partner assigns his or her interest in the Partnership, as provided in Section 7(3) herein, the foregoing power of attorney shall survive the delivery of the instruments effecting such assignment for the purpose of enabling the General Partner to sign, swear to, execute and acknowledge and file any and all amendments to this Certificate of the Partnership and other instruments and documents necessary to effectuate the substitution of the assignee as a Limited Partner.

#### ARTICLE 7. ASSIGNMENT OF PARTNERSHIP INTERESTS

(1) **PROHIBITION OF ASSIGNMENT OF PARTNERSHIP INTERESTS.** Except as otherwise expressly provided in this Article 7, the interest of any Partner in the Partnership shall not be assignable during his or her lifetime by gift, sale, or other assignment, in whole or in part, for the purpose of transferring or assigning an interest in the Partnership.

(2) **ASSIGNMENT OF INTEREST OF GENERAL PARTNER.** Without the prior written consent of all Partners, a General Partner may not assign, pledge, encumber, sell or otherwise dispose of its General Partnership interest, nor without such consent may any person be admitted or substituted as a General Partner in this Partnership.

The failure of the Partners to consent to an action by a General Partner which is within the provisions of this Section 7(2) shall not affect the validity of any instrument of assignment of the right to receive Partnership distributions provided that a duly executed and acknowledged counterpart of the assignment is filed with the Partnership, the appropriate provisions of the Securities Act of 1933 and any applicable state securities law are complied with, and the assignee is not a minor or legally incompetent. Unless the conditions of this paragraph are met, an attempted assignments of the rights of a General Partner to receive Partnership distributions shall be void and ineffective as between the Partnership and the parties thereto, and shall not bind the Partnership.

(3) **LIMITED PARTNERS.** The interests of a Limited Partner may not be assigned, pledged, mortgaged, sold or otherwise disposed of and no Limited Partner shall have the right to substitute an assignee in such Limited Partner's place except as follows:

(a) **SUBSTITUTION.** No assignee of all or part of the interest of any Limited Partner shall have the right to become a substituted Limited Partner unless (i) his or her assignor has stated such intention in the instrument of assignment, and (ii) the General Partner has consented to such assignment and substitution. The General Partner shall have no obligation to consent to such substitution. The admission of a substituted Limited Partner may be effected without the consent of any other Limited Partner.

(b) **DOCUMENTS AND EXPENSES.** As a condition to admission as a substituted Limited Partner, an assignee, legatee or distributee of all or any part of the interest of any Limited Partner shall execute and acknowledge such instruments, in form and substance satisfactory to the General Partner, as the General Partner shall deem necessary or advisable to effectuate such admission and to confirm the Agreement of the person so being admitted to be bound by all of the terms and provisions of this Certificate. Such assignee, legatee or distributee shall pay all responsible expenses in connection with such admission as a substituted Limited Partner including, but not limited to, legal fees and costs of preparation filing and publishing of an amendment to his Certificate.

(c) **ASSIGNMENT WITHOUT CONSENT.** The General Partner's failure to consent to substitution shall not affect the validity of any instrument of assignment of the right to receive Partnership distributions, provided the General Partner has been duly notified of such assignment, a duly executed and acknowledged counter-part of the assignment is filed with the Partnership, the conditions set forth in Section 7(3)(d) are met, and provided further the assignee is not a minor or legally incompetent. Unless the conditions of this paragraph are met, any other attempted assignment, transfer, pledge or hypothecation of the rights of a Limited Partner to receive Partnership distributions shall be void and ineffectual as between the Partnership and the parties thereto, and shall not bind the Partnership.

(d) **SECURITIES LAWS REQUIREMENTS.** The General Partner shall in no event give its consent to an assignment of an interest and substitution of a Limited Partner, and any attempted assignment shall be void, unless they have received an opinion of counsel satisfactory in form and substance to the General Partner and counsel to the Partnership to the effect that such assignment and substitution is exempt from the registration of the Securities Act of 1933 and any applicable state securities laws.

(e) **RESTRICTION ON TRANSFER.** In addition to the foregoing provisions of this Article 7, and not in limitation thereof, the General Partner may prohibit (i) any sale or other disposition of an interest if the interest sought to be sold or exchanged, when added to the total of all other interests sold or exchanged within the period of 12 consecutive months prior thereto, would result in the termination of the Partnership under Internal Revenue Code Section 708 (or any successor section), (ii) any sale or other disposition of less than all of a Partner's entire interest, or (iii) any sale or other disposition of an interest when such sale or disposition would adversely affect any business purpose of the Partnership such as maintenance of a franchise or permit.

## ARTICLE 8. DISSOLUTION AND WINDING UP OF THE PARTNERSHIP

(1) **EVENTS NOT CAUSING DISSOLUTION.** The occurrence of any of the following events shall not effect the continuation of the Partnership:

- (i) the death of any Limited Partner(s);
- (ii) an adjudication that any Limited Partner(s) is insolvent or bankrupt;
- (iii) the return unsatisfied of any levy of execution against any Limited Partner(s);
- (iv) the adjudication that any Limited Partner(s) is mentally incompetent.

(2) **NO VOLUNTARY WITHDRAWAL BY THE GENERAL PARTNER; VOLUNTARY DISSOLUTION.** A General Partner may not voluntarily withdraw or retire from the Partnership except by giving written notice of dissolution of the Partnership to all other Partners which shall be effective to dissolve the Partnership 90 days after the receipt of such notice by all Partners (the “effective date”).

(3) **AUTOMATIC DISSOLUTION.** Subject to the provisions of Section 8 herein, the Partnership shall automatically be dissolved upon the occurrence of:

(a) The event that the General Partner is adjudicated bankrupt, making a general assignment for the benefit of creditors, having an adverse judgement entered and a levy of execution thereon returned unsatisfied, or having similar orders entered.

(b) An assignment by the General Partner of such General Partner’s Partnership interest in violation of Section 7(2) hereof.

(c) The sale by the Partnership of substantially all of its rights in and to the Motion Picture to be produced and all other substantial business assets.

Upon dissolution, the Partnership shall be wound up and shall conduct only activities necessary to its liquidation or to the completion of transactions previously commenced.

#### **ARTICLE 9. WINDING UP AND SETTLEMENT**

(1) **SHARING INCOME DURING LIQUIDATION.** Upon the dissolution of the Partnership, the Partnership shall expeditiously wind up its affairs. The Partners shall continue to share in income and losses during dissolution, including any gain or loss on disposition of Partnership properties in the process of liquidation, as provided in Article 3 herein. For allocation purposes only, any property distributed in kind in liquidation shall be valued and treated as though the property were sold and the cash proceeds distributed; the difference between such value of property distributed in kind and its book value shall be treated as gain or loss on the sale of property and shall be credited or charged to the Partner’s in the proportions specified in Article 3 herein.

(2) **DISTRIBUTION OF PROCEEDS.** Partnership assets, including proceeds from liquidation, shall be applied in the following order of priority:

(a) To Partnership liabilities to creditors other than Partners, including liquidation and winding up.

(b) To Partnership liabilities owed to Partners other than for their interest in capital and income.

(c) To set up reasonable reserves, if any, deemed necessary in the sole discretion of the General Partner, to provide for the contingent liabilities of the Partnership.

(d) To the distribution to Partners of their respective proportionate interests in Partnership capital.

The Partners acknowledge that such order of priority differs materially from the priorities set out in the applicable provisions of the State of \_\_ (STATE, where valid) \_\_ Uniform Limited Partnership Act and that the amount each Partner will receive upon distribution of proceeds may vary considerably from the settlement he or she would receive should the statutory order of priority be followed. Each Partner waives any right to demand a settlement in accordance with the priorities set out in the \_\_ (State, where valid) \_\_ Statutes. If any Partners receive a settlement other than as provided herein, they agree to pay the difference to the other Partners so that the terms of this certificate are fulfilled.

(3) **RETENTION OF BOOKS.** Unless otherwise agreed upon, in the event of any winding up of the Partnership, the books and records of the Partnership shall be deposited with the accountants regularly employed by the Partnership and such books and records shall be retained for inspection and use by the Partners for a period of not less than 76 months following the effective date of termination of the Partnership. Each Partner shall be furnished with a statement of the assets and liabilities of the Partnership as of the date of dissolution and the manner in which the assets have been applied and distributed.

#### **ARTICLE 10. ADMINISTRATIVE AND LEGAL MATTERS**

(1) **BINDING.** Except as many be specifically provided herein to the contrary, this Certificate, shall be binding upon all parties hereto, their heirs, legal representatives, successors and assigns.

(2) **NOTICES.** All notices provided for in this Certificate shall be directed to the parties at the addresses set forth in Schedule I, or as such other addresses as the Partnership shall be notified in writing by the respective Partners. All notices shall be deemed properly given in reduced to writing and personally delivered or forwarded by U.S. mail, postage prepaid, and addressed as set forth on Schedule I. Such notices shall be deemed delivered and received five days after the same have been so mailed.

(3) **INVESTMENT INTENT.** Each of the Limited Partners named on Schedule I hereof represents that he or she is a bona fide resident of the state indicated on such Partner's Subscription Agreement and has no immediate intention of changing his or her residence, and is acquiring his or her interests in the Partnership for investment purposes only and has no present intent to sell the same or divide his or her participation with others. Each of such Limited Partners is aware that he or she may not freely transfer his or her respective interest as, among other factors,

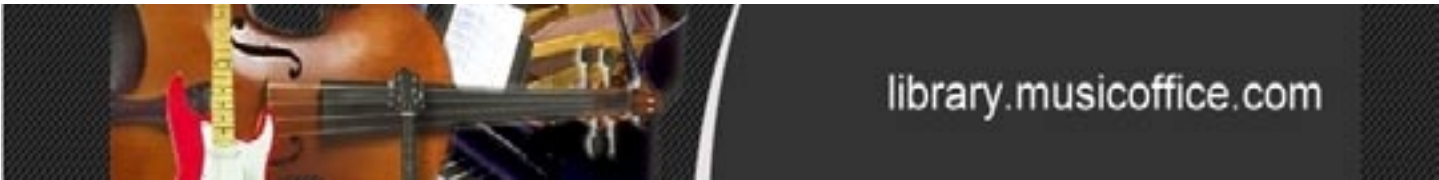
(i) the interests have not been registered for sale under the Securities Act of 1933 (the "Act") or the \_\_ (State, where applicable) \_\_ Blue Sky Law, or any other applicable blue sky law and may not be sold, transferred or otherwise disposed of for value except pursuant to registration under the Act or applicable blue sky laws, or an opinion of \_\_\_\_\_ counsel (which opinion and which counsel shall be satisfactory to the General Partner and counsel for the Partnership) that such registration is not required,

(ii) the General Partner must consent to any proposed transfer of interests, and

(iii) Article 7 herein contains requirements which must be complied with in connection with any proposed transfer.

(4) **NO INDUCEMENTS.** Each Limited Partner acknowledges and agrees that he or she has not been induced to enter into this Agreement by any warranties, guarantees, promises, statements, or representations, expressed or implied, except those specifically set forth herein and in the Offering Circular relating hereto (of which Offering Circular the Limited Partners hereby acknowledge receipt), and that the General Partner shall not be bound nor liable in any manner by express or implied warranties, guaranties, promises, statements or representations pertaining hereto except as are specifically set forth herein and therein.

(5) **ARBITRATION.** Any dispute or controversy between the parties relating to or arising out of this Certificate or any amendment or modification thereof shall be determined by arbitration by one arbitrator selected and acting pursuant to the rules of the American Arbitration Association. The arbitrator's award shall be final and binding upon the parties and judgement may be entered thereon in any court of competent jurisdiction. The arbitrator shall have the power to award a decree of specific performance of this Agreement or any part thereof, and the decree of specific performance shall be binding upon the parties as though decreed by a court of competent jurisdiction.



(6) **AMENDMENT.** This Certificate contains the entire understanding among the Partners governing their business relationship and the conduct of the affairs of the Partnership and may be amended only upon the written agreement of the General Partner and at least 75% by interest of the Limited Partners.

(7) **WAIVER OF COURT DECREED DISSOLUTION.** The Partners agree that irreparable damage would be done to the business and reputation of the Partnership should any Partner bring an action in court to dissolve this Partnership. Each Partner accepts the provisions of this Certificate as the sole entitlement on termination of the Partnership relationship. Each Partner hereby waives and renounces his or her right to seek a court order of dissolution or to seek the appointment by a court of a liquidator for the Partnership.

(8) **APPLICABLE LAW.** This Agreement shall be governed, guided and interpreted in accordance with the laws of the State of \_\_ (STATE) \_\_ pertaining to agreements to be entered into and fully performed therein.

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

\_\_NAME OF PARTNERSHIP\_\_

By \_\_\_\_\_  
(name)



**SCHEDULE I**

Number of Contribution Limited Partner, Address	Interests	Cash	Credit
(1) _____ _____ _____ _____	_____	_____	_____
(2) _____ _____ _____ _____	_____	_____	_____
(3) _____ _____ _____ _____	_____	_____	_____
(4) _____ _____ _____ _____	_____	_____	_____
(5) _____ _____ _____ _____	_____	_____	_____
(6) _____ _____ _____ _____	_____	_____	_____
(7) _____ _____ _____ _____	_____	_____	_____



**SCHEDULE II**

**NAME OF PARTNERSHIP  
LIMITED PARTNER SIGNATURE PAGE**

This Limited Partner Signature Page is a part or shall be attached to the Certificate and Articles of Limited Partnership of \_\_ (NAME OF PARTNERSHIP) \_\_. Each of the undersigned, being first duly sworn on oath, certifies and acknowledges that the facts stated in the Certificate and Articles are true and correct to the best of his or her knowledge and that he or she hereby executes this instrument as his or her free act and deed.

Name and Address of Limited Partner  
(please print)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Signature

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Signature

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_



\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Signature

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Signature

The foregoing instrument was acknowledged before me this \_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

**LIMITED PARTNERS AUTHORIZING IMMEDIATE USE OF FUNDS BUT NOT WAIVING REFUND**

The following sign the foregoing Agreement of Limited Partners and agree that their contributions may be used forthwith by the General Partner for the business of the Partnership. Persons so signing DO NOT WAIVE REFUND in the event of insufficiency of funds or abandonment prior to formation of the Partnership.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LIMITED PARTNERS AUTHORIZING IMMEDIATE USE OF FUNDS AND WAIVING REFUND**

The following sign the foregoing Agreement as Limited Partners and agree that their contributions may be



used forthwith by the General Partner for the business of the Partnership.  
Persons so signing AGREE TO WAIVE ANY REFUND FROM THE PARTNERSHIP OR THE GENERAL PARTNER IN  
CASE ON INSUFFICIENCY OF FUNDS OR ABANDONMENT PRIOR TO FORMATION OF THE PARTNERSHIP.

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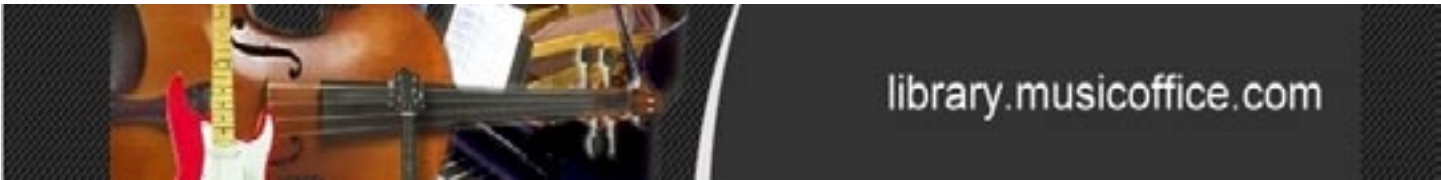
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**NAME OF PARTNERSHIP**  
**CONFIDENTIAL FINANCIAL INFORMATION FORM**

1. Name: \_\_\_\_\_ Age: \_\_\_\_\_
2. Residence Address: \_\_\_\_\_
3. Business Address: \_\_\_\_\_
4. Married: \_\_\_\_\_ Single: \_\_\_\_\_
5. Occupation: \_\_\_\_\_
6. Employer: \_\_\_\_\_ Position: \_\_\_\_\_
7. Other Business: \_\_\_\_\_
8. Educational Background: \_\_\_\_\_
9. Approximate Income 19\_\_ : \$ \_\_\_\_\_ Taxable \$ \_\_\_\_\_
10. Is current level of income expected to either stay the same or increase during future years? \_\_\_\_\_ if not, explain \_\_\_\_\_



11. Approximate Net Worth: Excluding home and personal property \$ \_\_\_\_\_

Including home and personal property \$ \_\_\_\_\_

12. Approximate Liquid Net Worth: \$ \_\_\_\_\_

13. Have you been informed of the risks involved in an investment in the Limited Partnership Interests and their limited liquidity? \_\_\_\_\_

14. Name of Financial Advisor: \_\_\_\_\_

Occupation: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ FAX: \_\_\_\_\_

15. Are you consulting the named advisor in connection with your decision to purchase one or more Interests in the Partnership? \_\_\_\_\_

16. Please provide the information requested below for up to five significant, passive investments which you have made during the past five years in entertainment, natural resources, real estate or other related or similar business ventures:

	NAME OF ENTITY	TYPE OF ENTITY	\$ AMOUNT INVESTED
a)	_____	_____	_____
b)	_____	_____	_____
c)	_____	_____	_____
d)	_____	_____	_____
e)	_____	_____	_____
f)	_____	_____	_____

17. Please indicate any other facts which you feel qualify you as an appropriate purchaser of one or more Partnership Interests in \_\_ (NAME OF PARTNERSHIP) \_\_:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



\_\_\_\_\_  
\_\_\_\_\_

The undersigned certifies the information contained herein is accurate and complete as of the date hereof.

DATE: \_\_\_\_\_  
Signature

-----

**ATTACHMENT G. SUBSCRIPTION AGREEMENT  
INCLUDING INVESTMENT REPRESENTATIONS**

**TOTAL OFFERING OF 100 LIMITED PARTNERSHIP INTERESTS:  
\$ 1,500,000 Cash, \$ 15,000 Per Interest  
\$ 1,000,000 Letters of Credit, \$ 10,000 Per Interest**

The undersigned hereby subscribes for the purchase of \_\_\_\_\_ limited partnership interests (the "Interests") in --(partnership name)--, a limited partnership organized under --(state)-- law (the "Partnership") for purchase price of \$25,000 per Interest, \$15,000 cash per Interest and a commitment to contribute an additional \$10,000 per Interest which commitment is secured by a letter of credit in the amount of \$10,000 per Interest. The undersigned herewith submits the undersigned's check payable to --(partnership name)-- for \$ \_\_\_\_\_, the aggregate cash payment for the \_\_\_\_\_ Interests herein subscribed for, and the undersigned herewith submits an assignable letter of credit in favor of the Partnership in the amount of \$ \_\_\_\_\_, the aggregate amount due in connection with the purchase of the subscribed for Interests.

In lieu of such aggregate cash payment the undersigned herewith submits a check payable to the Partnership in the amount of \$ \_\_\_\_\_ and the undersigned's irrevocable letter of credit in the amount of \$ \_\_\_\_\_, and agrees to pay the balance of the cash due as follows:

\$ \_\_\_\_\_ per Interest subscribed for by check payable to --(partnership name)-- on or before \_\_\_\_\_, 20\_\_;

\$ \_\_\_\_\_ per Interest subscribed for by check payable to --(partnership name)-- on \_\_\_\_\_, 20\_\_.

In connection with the undersigned's subscription for the Interests, the undersigned has read, has had the opportunity to ask questions relating to, and understands the provisions of Section 2(4) of the Certificate and Articles of Limited Partnership which are Attachment F to the Offering Circular. This Section provides for the forfeiture by an investor of the investor's payment submitted herewith in the event the investor fails to pay (under the terms of Section 2(4) the balance of the purchase price and provide the required letter of credit on the established due dates and after notice of default to any defaulting subscribers. Default in the payment of any balance



of the purchase price when due will cause the investor to be expelled from the Partnership with no right to the return of any portion of the previously paid, and without any rights of a Limited Partner of the Partnership.

In connection with the undersigned's subscription for the Interests, the undersigned is advised that the Interest's are not registered under the Securities Act of 1933 (the "Act") or any other law (the "Laws"), and that such Interests will be issued to the undersigned in reliance on the non-public offering exemption under Section 4(2) of the Act and the appropriate provisions of the Laws, and the undersigned's representations and agreements contained herein.

In connection with, and in consideration of, the sale of the Interests to the undersigned, the undersigned hereby represents and warrants to the --(partnership name)--, the General Partner, the Partnership, and the Partnership's present and future Limited Partners that the undersigned:

1. Has received and is familiar with a copy of the Confidential Offering Circular of the Partnership dated \_\_\_\_\_, 20\_\_, and all current and future Attachments thereto, modifications thereof or supplements thereto up to the date of this subscription Agreement including Investment Representations (all of which are herein referred to as the "Offering Memorandum").

2. Realizes that the purchase of the Interests represents a speculative investment involving a high degree of risk, and that the Partnership has conducted no business to date.

3. Realizes that

(a) there are substantial restrictions on the transfer of the Interests as described in the Offering Circular, and the Interests are "restricted securities" as defined in Rule 144 under the Act;

(b) the Interests have not been registered under the Act of Laws, and cannot be sold absent registration or an exemption from such registration under such Act and Laws;

(c) the undersigned has no right to require that the Interests be registered under the Act of Laws;

(d) there is not currently, and it is unlikely that in the future there will exist, a public market for the Interests;

(e) the Partnerships does not, and will not, comply with certain provisions of Rule 144 respecting the public availability of information respecting the Partnership, and therefore the undersigned will have to hold the Interests for a period of five years unless transfer is made pursuant to an exemption from the Act; furthermore, absence of a public market for the Interests, the undersigned may not be able to avail himself or herself of the provisions of Rule 144 under the Act for the resale of Interests;

(f) the undersigned will not be able to transfer the Interests in any transaction which would jeopardize the Partnership's status, and any proposed transfer will be subject to the approval of the General Partner, and (g) accordingly, for the above and other reasons, the undersigned may not be able to liquidate his or her investment for an indefinite period.

4. Given the undersigned's present and reasonably foreseeable future economic circumstances, the undersigned can for an indefinite period of time bear the economic risk of the undersigned's investment in the Interests, and could afford to sustain a complete loss of such investment.

5. Believes, in light of the factors described in the Offering Memorandum, that an investment in the Interests is an appropriate and suitable investment for the undersigned.

6 Is a bona fide resident of the State of \_\_\_\_\_.

7. Is purchasing the Interests for investment and not with a view to the resale or distribution to others of the Interests.

8. Understands that the General Partner and the Partnership are relying on the representations made herein in connection with reliance on exemptions for the sale and issuance of the Interests under the Act and the Laws.

9. Is experienced and knowledgeable in financial and business matters, capable of evaluating the merits and risks of investing in the Interests, and does not need or desire the assistance of a knowledgeable representative to assist the undersigned in connection with such evaluation.

10. Has had an opportunity to ask questions of and receive answers from the General Partner concerning the terms and conditions of an investment in the Interests and concerning all matters respecting the Partnership's present and proposed operations and financial condition, as set forth in the Offering Circular, and all such questions have been answered to the full satisfaction of the undersigned.

11. Has completely and accurately filled out the financial information form respecting the undersigned's financial condition and business and investment experience which is attached to this Subscription Agreement Including Investment Representations.

In connection with, and in consideration of, the purchase of the Interests, the undersigned hereby agrees that:

(a) The undersigned will not transfer all or any of the Interests

(i) in the absence of an effective registration under the Act and Laws, or

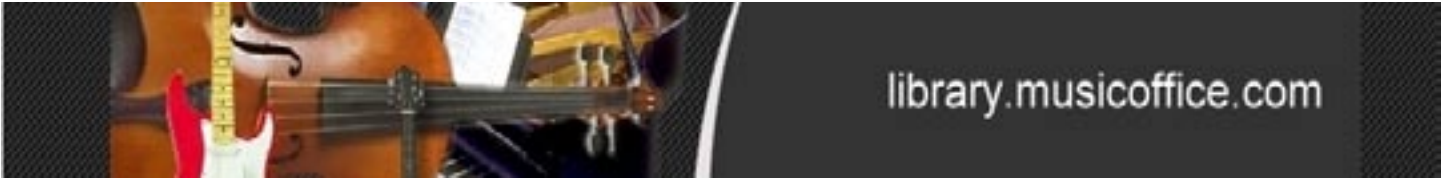
(ii) without obtaining an opinion of an attorney of the undersigned's choosing (which opinion shall be addressed, and satisfactory in form and substance, to the Partnership and its counsel, and which attorney shall be satisfactory to the Partnership and its counsel), stating that the transaction is exempt from the registration requirements of the Act of Laws, and that such proposed transfer will not jeopardize the Partnership's tax status as a limited partnership under federal or applicable state law, and

(iii) without procuring the consent of the General Partner to the proposed transfer and complying in all other respects with the provisions of the Certificate and Articles of Limited Partnership of Chambers Film Limited Partnership respecting the transfer of the Interests.

(b) If the undersigned desires to transfer all or any of the Interests pursuant to Paragraph (a), the undersigned will not make such transfer to any transferee who does not make, in writing addressed to the General Partner, the Partnership, and the undersigned, the same representations, warranties and agreements as are set forth herein.

(c) The General Partner may refuse to authorize any transfer by the undersigned of all or a portion of the Interests if the proposed transferee does not make written representations and agreements to the General Partner, the Partnership and the undersigned in form and substance similar to those contained herein, or if any circumstances are present which reasonably indicate that such transferee's representations are not accurate, or in the event that the undersigned has not fully complied with the appropriate provisions of the Certificate and Articles of Limited Partnership of --(partnership name)-.

(d) The undersigned understands the meaning and legal consequences of the representations and warranties herein, and further agrees to indemnify and hold harmless the General Partner, Partnership and each



current and future Limited Partner of the Partnership, from and against any and all loss, damage, or liability due to, or arising out of, a breach of any representation, warranty or agreement of the undersigned contained in this Subscription Agreement Including Investment Representations.

(e) This Subscription Agreement Including Investment Representations shall be construed and interpreted in accordance with --state-- law.

(f) The representations, warranties and agreements of the undersigned contained herein shall survive, and remain in full force and effect after the execution of this Subscription Agreement Including Investment Representations and payment for the Interest.

(g) A stop transfer order may be entered on the Partnership's records respecting the Interests, and restrictive legends may be placed on the Certificate and Articles of Limited Partnership of --(partnership name)-- stating:

The Interests represented hereby have not been registered under the Securities Act of 1933 or any applicable blue sky law, and may not be sold, transferred or otherwise disposed of except pursuant to the registration under the Act or applicable blue sky law, or an opinion of counsel (which opinion and which counsel shall be satisfactory to the Partnership and its counsel) that such registration is not required.

The Interests represented hereby may not be sold or transferred absent (i) an opinion of counsel (which opinion and which counsel shall be satisfactory to the Partnership and its counsel) that such transaction will not jeopardize the Partnership's tax status, (ii) the consent of the General Partner, and (iii) compliance with all of the applicable terms of the Certificate and Articles of Limited Partnership of --(partnership name)--.

(h) The offer contained in the Offering Circular may be canceled, modified or suspended without notice to the undersigned, and the undersigned's subscription may be rejected in whole or in part (and if in part shall remain in full force and effect as to the unrejected portion).

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement Including Investment Representations of \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Subscriber's Signature

#### REGISTRATION DATA

(Please Print)

Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

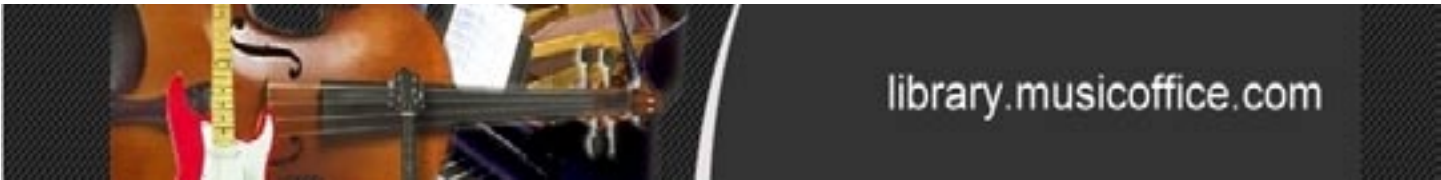
Name \_\_\_\_\_ Social Security No. \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Telephone Number \_\_\_\_\_ Occupation \_\_\_\_\_

Age \_\_\_\_\_



**Check One:**

- Individual Ownership
- Joint Tenants with Right of Survivorship
- Tenants in Common

**Mailing address, if different from above:**

**Name(s)** \_\_\_\_\_

**Street Address** \_\_\_\_\_

**City** \_\_\_\_\_ **State** \_\_\_\_\_

**NUMBER OF INTERESTS:** \_\_\_\_\_ **AMOUNT OF LETTER OF CREDIT:** \$ \_\_\_\_\_

**PRICES OF INTERESTS:** \$ \_\_\_\_\_

**AMOUNT PAID:** \$ \_\_\_\_\_

**AMOUNT DUE:** \$ \_\_\_\_\_