

Briefly, here is how our “alternative off balance sheet” financing program and procedure works:

- 1.) The Sales Company proposes to our company a **Quality Feature Film with Name Cast** and perceived **International Commercial Appeal** that it wishes to acquire the worldwide sales rights to sell, but at the present time does not have sufficient internal financial resources to provide a Minimum Guarantee needed to be able to acquire the film sales rights.
- 2.) Our company will evaluate the film. Theatrical Films may be in an early stage of development, ready for pre-sales, preproduction, production or the film is in a rough cut or finished stage. The sales company will provide a sales estimate and a \$ amount it requires for a Minimum Guarantee to acquire the sales rights.
- 3.) After analyzing the commercial viability of the proposal, our company will either pass on the film or make an offer to provide a Minimum Guarantee in an amount it deems prudent for this particular project.
- 4.) If our company wishes to proceed to grant the Minimum Guarantee, we will acquire the sales rights to the film under our company name. Simultaneously, we will sign a separate sales agreement with the presenting sales company to have that sales company exclusively handle the sales of this film on behalf of our company and the producer.
- 5.) Our company will earn a portion of the sales commission (share to be determined) for providing our services. The cost of the guarantee will be calculated at US prime +5%. A setup fee of \$5000. is payable with the application to cover basic setup costs and limited legal fees. If the Minimum Guarantee is not approved, the \$5,000. is fully refundable.
- 6.) All licensing agreements will be submitted by the sales company in our company name for our approval. All funds collected will be wire transferred to our bank account or to a mutually-approved collection service. Our company will authorize the release of materials stored in a mutually-authorized lab. The sales company will prepare the paperwork for authorized deliveries.
- 7.) The above “**alternative off balance sheet**” financing method to acquire sales rights for films should only be considered by your company if:
 - a. When a great film becomes available and your company does not at the moment have sufficient financing resources to provide a Minimum Guarantee for such a **major film’s sales rights**, which is deemed important for your sales company to acquire.
 - b. Your company wishes to acquire the sales rights to **additional quality films** over and above your regular acquisition slate and budget to **earn extra profit**.
 - c. Your company wishes to acquire a **locomotive** (a larger film) to **pull the rest of your sales slate**.

If the above principles are of interest, it will then make sense for your company to share a portion of your sales commission with our company and acquire the sales rights to an **additional** film your sales company could not obtain at this time without our help.

If we can answer any additional questions: **Contact** James R. Moder at Ascot Theatrical Financing.