

**From:** Henri Kessler <[REDACTED]>

**To:** Jeffrey Epstein <jeevacation@gmail.com>

**Cc:** Mark Zeff <[REDACTED]>, "Sarah K." <[REDACTED]>

**Subject:** Investment update / The Robert Evans Company - UFO

**Date:** Sat, 05 Dec 2009 00:57:32 +0000

**Attachments:** Jeffery.REC.ltr.UFO.pdf; Jeffery.REC.ltr.UFO(1).pdf

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Dear Jeffery,

Please find attached and below a letter outlining 3 modified scenarios for making the UFO investment more competitive in regard to your investment opportunities on hand.

Thank you ,

Henri

VIA EMAIL

December 4, 2009

Jeffery Epstein  
358 El Brillo Way  
Palm Beach, FLA 33480

Re: UFO the movie...

Dear Jeffery,

Robert Evans and I thank you for your time Wednesday and your interest in the UFO franchise film and its accompanying intellectual property exploitation rights.

We now understand more precisely your desire to maximize your return on investment while mitigating your financial risk. To that end, we are engineering a more competitive investment plan, which accomplishes both of your goals while achieving our goal of creating a worldwide science fiction franchise based on Gerry Anderson's cult classic TV series, UFO.

Since our call, we are now focusing on three possible investment scenarios. The details of those plans will be forthcoming next week, but we wanted to give you a brief overview of the options.

Additionally, we received word today from CAA that Sir Ben Kingsley is ready to commit to play General Henderson in UFO.

**Scenario One**

Starting with the initial investment of \$6.3MM, as cash or an irrevocable letter of credit backed by cash or a cash equivalent, placed at the JP Morgan/Chase Entertainment Industries Group located in Century City, CA.

As previously detailed, these funds are to complete the last stage of the development process and move in to full production.

While all aspects of this stage are critical, the most important task is to attach the principal "anchor tenant" cast members to the project. A portion of the funds will be used to submit reading offers to actors for the roles of Straker and Ellis. The attachment of the stars playing those roles, along with the supporting cast, will drive the pre-sales of our project to domestic and foreign distributors. Stars are the primary commodities the sales figures are based on.

A portion of the funds will officially option the underlying rights from ITV Studios for an additional year.

The remaining funds will be used to prepare the film for foreign sales presentation at the Berlin Film Market in February 2010 and principle photography.

As detailed in our original presentation, ROI is within one year with a 25% ROI and a 4% ownership in the UFO IP in perpetuity. The funds and proceeds are returned upon the full financing of the film. Projected in the first quarter of 2010.

**Scenario Two**

Also starts with the initial investment of \$6.3MM, as an irrevocable letter of credit or cash equivalent shall be placed at the JP Morgan/Chase with an additional Stand By LC for the remainder of the \$130MM budget. We intend to reduce your exposure by obtaining the following:

Minimum guarantees from both a domestic distributor and foreign distributors (through a top rated foreign sales entity)

Licensing fees from ancillary marketing partners (e.g. toy manufactures, video game license fee, soundtrack/record deal, etc.)

Government funded and guaranteed production rebates

These commitments plus others will reduce the exposure by guaranteeing income upon delivery of the film prior to selling one ticket to the public. The LC is not drawn upon until those minimum guarantees are in place. We estimate this guaranteed income to amount to between \$80-100 million dollars, reducing your exposure to \$30-50 million. You will have a first priority lien on all revenue until your total investment is recouped. Most minimum guarantees (MGs) and licensing fees are paid upon delivery of the finished motion picture. Deposits held in escrow until delivery of the film secure all MGs and Fees.

Prior to delivery and all through production a completion bond insures your investment. This bond insures the completion of the motion picture. If we fail to complete the film, the bond company takes over the picture and completes it or returns your investment.

With this scenario you will own 50% of the UFO IP Holdings in perpetuity and have the right of first refusal to fund the two sequel UFO movies and other exploitations of the UFO IP. The total IP revenue over the next 10 years is expected to be 1 billion dollars, not including films 2 & 3.

**Scenario Three**

The initial investment of \$6.3MM as stated.

The securing of the "anchor tenant" talent and other pre-sales and production activities as explained above.

Posting a Stand By LC for 50% of the production budget - \$65MM. Another entity would come in as an equal equity partner, simultaneously posting an LC for the remaining half of the budget.

The minimum guarantees and licensing fees would guarantee both of your investments dollar for dollar. Your gross investment would be 50% of plan 2 and your net exposure would be half that of plan 2 - \$15-25 million. Your ownership of UFO IP Holding would be reduced to 25%.

You would receive your return on investment pari passu with the other equity investor. You and the other equity partner would have a primary lien on all revenue until your investment is recouped.

Both you and the other equity investor would have the first right to fund the two UFO sequels.

I look forward to your thoughts and interest.

Best regards,

Henri Kessler

Cc: Robert Evans

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