

**“ARBITRAGE” GROSS RECEIPTS WATERFALL**

“Gross Receipts” shall mean all sums received by or credited to or on behalf of the Producer from all forms of exploitation and the disposition of the Film, and all ancillary rights therein (including music publishing, sound recordings, print publishing and merchandising), including, to the extent financed by the Senior Debt Provider, the New York tax rebate received in connection with the Film. Gross Receipts of the Film shall be allocated in the following order:

1. To CAM (Collection Account) in payment of the CAM fee and expenses (i.e. less than 1% of Gross Receipts); thereafter
2. To create a residuals set-aside (i.e. 5.6% of all Gross Receipts) for the payment of Guild residuals (i.e. residuals to SAG, DGA and WGA), to the extent such residuals are not assumed or paid by any third party distributor of the Film; thereafter
3. From ROW Receipts only (i.e. World excluding U.S and Canada), to ROW Sales Agent in payment of the Non-Deferred ROW Sales Agent Fee (i.e. 7.5% of all ROW Gross Receipts), the 2<sup>nd</sup> installment of the Market Charge (i.e. \$75,000) and Distribution Expenses (i.e. estimated at \$80,000); thereafter
4. From Domestic Receipts only (i.e. US and Canada), to Domestic Sales Agent in payment of the Domestic Sales Agent Fee (i.e. not to exceed 10% of Domestic Receipts); thereafter
5. To Debt Provider to repay principal, interest and loan fees on senior debt; thereafter
6. To Producer to pay any distribution, business and marketing expenses directly related to the Film which are not included in the budget for the Film or not assumed or paid by any third party distributor of the Film (including, without limitation, any unbudgeted delivery materials required to be delivered to distributors of the Film), but only to the extent approved in writing by Equity Provider; thereafter
7. To the Equity Provider until recoupment of the Equity Provider funding plus a premium of 25% of the Equity Provider funding; thereafter
8. From ROW Receipts only, to ROW Sales Agent in payment of the Deferred ROW Sales Agent Fee (i.e. 7.5% of all ROW Gross Receipts); thereafter
9. To Completion Guarantor until recoupment of any sums paid by Completion Guarantor to complete and deliver the Film; thereafter
10. To any Deferred Participants; thereafter
11. All remaining Gross Receipts shall be considered "Net Proceeds" and be allocated and paid as follows:
  - a. 30% to Equity Provider; and
  - b. 25% to Lead Talent Pool (Al Pacino plus other key players); and
  - c. 45% of the Net Proceeds to Producer, and Producer shall bear all talent and other profit participations from Producer's share of Net Proceeds.