
Introduction

Our targeted budget for the film **Soundtrack to Life** is \$600,000. We would like to raise the majority of the budget (\$500,000) through direct investment. We are selling shares at the amount of \$5,000 per share. One share will be worth 1/2 of 1 percent of the total adjusted gross income*. A total of 100 shares will be made available for sale with a total value of \$500,000. 7th Films Inc. will allow investors to get paid twice from the revenue generated through the sale of this film.

Distribution Of Revenues

Overview

Revenues from the sale of this film will be distributed in the following order:

1. Common Members (investors) will receive the amount they invested plus an additional 30% of their investment. For the purpose of this plan, Common Members and Investors are considered to be one in the same.
2. 7th Films Inc. will pay deferred compensation ("back end" deals).
3. Remaining revenues will be divided three ways. 50% will go to the investors, 33-1/3% will go to the Songwriters/Musicians, and 16-2/3% will go to the Movie Managers. Investors will receive revenue based on their rate share from the 50%.

Summary

Currently, we anticipate funding the production of **Soundtrack to Life** exclusively through endorsements/sponsorships and from the sale of interests in this offering. This means that all the revenues from the sale of the film will be available for distribution (revenues generated through sales of the soundtrack music CD are not included). Revenues generated from the sale of the film will be distributed in the following order:

First, those investing money in this offering (the Common Members) will receive a return of their original contributions plus an additional 30% of that investment. Therefore, those investing money into the project receive a profit of 30% on their investment before the Managing Members or the Songwriters/Musicians receive any profit. The Managing Members or the Songwriters/Musicians may participate equally as Common Members to the extent that they invest their own money in the project on the same terms and conditions as the Common Members.

Second, 7th Films Inc. will pay any "back end" deals that it makes for goods and services. The Company can obtain necessary services needed to produce and market the film from providers who are willing to defer payment until the film has become financially successful and after the Company has met the foregoing obligation to the Common Members (investors). There will be a \$100,000 cap on the amount allowed to be used for deferred compensation ("back end" deals).

Finally, the remaining revenues will be divided between the Common Members (Those who have invested money in the film, including Managing Members or Songwriters/Musicians who have invested in the film), the Songwriters/Musicians and the Managing Members.

In dividing up these revenues, the Common Members will receive a total of 50% of the remaining revenues with each Common Member receiving that portion of the 50% that such a Member's investment bears to the total amount invested. The Songwriters/Musicians will receive 33-1/3rd% of these remaining revenues, to be divided amongst them according to pre-established arrangements. The Managing Members will receive 16-2/3% of these remaining revenues, to be divided amongst them according to pre-established arrangements.

Additional Terms and Conditions

- 1) 7th Films Inc. will use the funds raised through this offering exclusively in the production and distribution of the film **Soundtrack to Life**. This may include the purchase of necessary equipment, the payroll for actors & crew, transportation and lodging for actors and crew and anything that the movie managers feel is necessary to aid in the production and distribution of this film.
- 2) The parties that undertake this investment offering must realize that there is risk involved. There is no guarantee that the film will succeed and therefore no guarantee of a return on their investment.
- 3) Agreeing to all the attributes of this contract does not in any way give the investor the right to participate in the production of the film **Soundtrack to Life**, unless agreements are made on an individual basis with the producers.

I _____ agree to all the attributes and conditions of this contract and I would like to purchase _____ shares at a cost of \$5,000.00 per share for a total cost of _____.

Investor's Signature

7th Films Producer's Signature

Contract is not valid until both parties sign it and until the funds have been transferred from the investor to the film's producer.

*The use of the phrases "Adjusted Gross Income" as used in this contract is defined on the attached document 1-B.

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