

Definition of the phrases “Total Gross Income” and “Adjusted Gross Income” as used in 7th Films Inc. Contracts

Our full intention is to create, produce, and ultimately sell Soundtrack to Life for a maximized profit. Any revenues generated for 7th Films Inc. from the sale or performance of the film will be considered the “**Total Gross Income**”. This will include any form of revenue that the film can generate for 7th Films Inc.

Currently, we anticipate funding the production of Soundtrack to Life exclusively through grants, endorsements/sponsorships and from the sale of interests in an investment 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). Assuming this remains true, any 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 money. 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, which will be considered the “**Adjusted Gross Income**”, will be divided using the percentages stated in the contract between the Common Members (The investors), the Songwriters/Musicians and the Managing Members.

This document prepared by James J. Krajewski, Attorney at Law, 303 Ridge Road, Munster, In