



SECURITY AGREEMENT

PLEASE COMPLETE ALL BLANKS IN THIS SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of _____, between _____ ("Debtor" or "Producer") and Screen Actors Guild-American Federation of Television and Radio Artists ("Secured Party" or "SAG-AFTRA") with respect to the motion picture entitled "_____" (the "Picture"), makes the "Collateral," as that term is defined in Paragraph 2 below, security for all of Producer's present and future obligations, debts, and duties to SAG-AFTRA relating to the Picture under the current Screen Actors Guild Agreement for Independent Producers of Theatrical Motion Pictures, and all present and future amendments and supplements thereto and replacements therefor (collectively, the "Basic Agreement").

In consideration of the mutual representations, warranties, covenants, and agreements in this Security Agreement, and for good and valuable consideration which Debtor and Secured Party acknowledge as received and sufficient, the parties agree:

1. Secured Obligations. This Security Agreement secures the following obligations (collectively, the "Secured Obligations"):

(a) payment to SAG-AFTRA, as collective bargaining representative of the employees now or hereafter employed in making the Picture (the "Performers"), all sums now or hereafter due under the Basic Agreement (singly and collectively, "Monetary Obligations") including, but not limited to, paying Performers the agreed compensation for services performed or to be performed in connection with the Picture as well as compensation for overtime as applicable, meal period violations, rest period violations, premium pay, compensation owed under any guarantee for services performed or to be performed by Performers, all additional compensation payable to Performers when the Picture is distributed, exploited, or exhibited on free television or in supplemental markets including, but not limited to, all payments due by reason of the re-use of any part of the Picture's photography or soundtrack, applicable charges for liquidated damages and late payments, and pension and health contributions as applicable under the Basic Agreement for the benefit of the Performers;

(b) full, timely, and faithful performance of all terms and obligations contained in or contemplated by this Security Agreement, the Basic Agreement, or any other present or future agreement between Producer and SAG-AFTRA in connection with the Picture, and all extensions, renewals, amendments, and modifications thereto including, without limitation, delivering all written reports required under the Basic Agreement relating to distribution of the Picture in any market, territory, or media with respect to which payments are required, and obtaining from any distributor or buyer of the Picture a

Distributor's or Buyer's Assumption Agreement and delivering same to SAG-AFTRA;
and

(c) all new obligations relating to the Picture incurred after this Security Agreement is executed including, without limitation, all Monetary Obligations, absolute or contingent, now existing or hereafter arising, of Producer to SAG-AFTRA.

2. Grant of Security Interest. As security for the full and timely payment and performance of all Secured Obligations, Producer grants to SAG-AFTRA a continuing security interest of first priority, subject to Paragraph 3(h) below, in the following (collectively, the "Collateral"): All rights, title, and interest of Producer throughout the universe in the Picture and all allied, ancillary, and subsidiary rights, and all properties and things of value pertaining to the Picture, whether now existing or hereafter made, acquired, or produced including, without limitation, all screenplays, motion picture photoplays, and all other tangible and intangible manifestations of any copyrightable interest relating to the Picture, and all existing or hereafter acquired rights, title, interest, and property of Producer described in Paragraphs (i) through (xx) below to the extent they relate to the Picture or the Picture's production or exploitation (as further defined in the attached Exhibit A and incorporated in this Security Agreement by reference).

- (i) Accounts;
- (ii) Chattel Paper;
- (iii) Contracts;
- (iv) Copyrights;
- (v) Copyright Licenses;
- (vi) Documents;
- (vii) General Intangibles;
- (viii) Instruments;
- (ix) Insurance and Insurance Policies;
- (x) Inventory;
- (xi) Merchandising Rights;
- (xii) Music Rights;
- (xiii) Personal Property;
- (xiv) Physical Properties;
- (xv) Proceeds;
- (xvi) Product;
- (xvii) Rights in Product;
- (xviii) Trademarks;
- (xix) Trademark Licenses; and
- (xx) All substitutions, additions, and accessions to all of the foregoing; all guaranties of and security for all of the foregoing; and all books and records relating to all of the foregoing.

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3. General Representations, Warranties and Covenants.

(a) Producer represents and warrants that:

(i) Producer's mailing address, telephone, and facsimile numbers are:

Telephone: _____

Facsimile: _____

(ii) The address of Producer's chief executive office and chief place of business is (if different from above mailing address):

(iii) The address at which Producer keeps its records concerning Accounts and Contracts is (if different from above mailing address):

(iv) The negatives in connection with the Picture will be processed by:

Name: _____

Address: _____

(v) The positive copies for distribution of the Picture will be made by (if different from above):

Name: _____

Address: _____

(vi) The Physical Properties will be kept at (if different from above):

Name: _____
Address: _____

(vii) The Picture will be distributed by (include territories, media, and license term for each distributor):

(b) Producer shall keep at all times at least one complete set of its records concerning the Collateral at its chief place of business as designated above in Paragraph 3(a)(ii). Producer shall not change the location of its chief place of business or chief executive office without giving SAG-AFTRA at least thirty (30) days prior written notice of that change and taking all steps that, in SAG-AFTRA's opinion, are necessary or advisable to continue the perfection and priority of the security interest granted under this Security Agreement.

(c) Upon SAG-AFTRA's request, Producer shall execute and cause any third party which possesses or will possess any Physical Properties including, without limitation, any film laboratory to execute a pledgeholder agreement or agreements (in a form satisfactory to SAG-AFTRA) designating SAG-AFTRA as pledgee.

(d) Producer agrees to execute and deliver further agreements, contracts, documents, and instruments (in a form satisfactory to SAG-AFTRA) as SAG-AFTRA may require to perfect, protect, or maintain the security interest created under this Security Agreement.

(e) Producer shall, upon SAG-AFTRA's request, deliver to SAG-AFTRA satisfactory evidence that the Picture and underlying literary rights have been properly registered in the United States Copyright Office and in other places where motion picture copyrights are customarily secured.

(f) Producer shall, upon SAG-AFTRA's request, execute and deliver to SAG-AFTRA a Mortgage and Assignment of Copyrights in a form acceptable to SAG-AFTRA and sufficient to constitute, when recorded in the United States Copyright Office, a first and prior lien upon the Copyrights, except for permitted senior security interests or liens disclosed in and subject to Paragraph 3(h) below.

(g) (i) If a corporation or a limited liability company ("LLC"), Producer represents and warrants that its correct and legal name is _____

_____ and (as applicable) that it is a corporation or LLC duly organized and existing under the laws of the State of _____, is in good standing in that State, is legally qualified to do business in any state in which Producer is employing Performers, and is empowered and authorized to enter into

and perform its obligations under this Security Agreement by its Articles of Incorporation, By-Laws, and appropriate Resolutions of its Board of Directors, or its Articles of Organization and Operating Agreement.

(ii) If a partnership or joint venture, Producer represents and warrants that its correct legal name is _____, that it is a partnership or joint venture (as applicable) organized and existing under the laws of the State of _____, is in good standing in that State (as applicable), is legally qualified to do business in any state in which Producer is employing Performers, and is authorized to enter into and perform its obligations under this Security Agreement by its Partnership Agreement or Joint Venture Agreement dated as of _____. All fictitious business names for the partnership or joint venture are as follows:

(iii) Producer agrees not to change its name, identity, corporate structure, or state of incorporation or organization unless it gives SAG-AFTRA at least thirty (30) days prior written notice of the change and takes all steps that, in the opinion of SAG-AFTRA, are necessary or advisable to continue the perfection and priority of the security interest granted under this Security Agreement. Producer's failure to provide such prior written notice will not constitute a default under this Security Agreement if the change has no adverse effect on SAG-AFTRA's secured party status or rights under this Security Agreement, and Producer provides written notice of the change to SAG-AFTRA within thirty (30) days of its effective date.

(h) Producer represents and warrants that except as otherwise stated in this Security Agreement, Producer holds and owns all Copyrights in and to the Literary Property, and owns or will own when the Picture is completed, full and unimpaired title in and to the Collateral, free and clear of liens except for the lien and security interest created by this Security Agreement and the perfected security interest(s), if any, in favor of

_____.

Producer represents and warrants that it has not granted and will not grant a prior security interest or lien in any of the Collateral to any other entity or person other than as listed above, and as of the date of this Security Agreement, there are no adverse claims against any of the Collateral. If Producer has granted or will grant a prior security interest or lien to any lender or completion guarantor in connection with the Picture, the parties have entered into or, upon SAG-AFTRA's request, will enter into a written Intercreditor Agreement on SAG-AFTRA's standard form which provides, inter alia, that lender and completion guarantor will assume or cause all of the obligations under this Security Agreement to be assumed if lender or completion guarantor, singly or jointly, exercise the

right of foreclosure. If Producer has granted or will grant a prior security interest or lien in any of the Collateral to any entity or person other than a lender or completion guarantor, Producer shall obtain a written agreement (in a form satisfactory to SAG-AFTRA) from that entity or person acknowledging that its security interest is subject and subordinate to the security interest created under this Security Agreement. Any action by a subordinate secured party against any of the Collateral, including without limitation, retention of cash proceeds, violates the rights of SAG-AFTRA under this Security Agreement unless SAG-AFTRA expressly consents to such action in writing. Producer's security interest in any part of the Collateral, if any, is subject and subordinate to the security interest created under this Security Agreement. Nothing contained in this Security Agreement constitutes SAG-AFTRA's agreement to subordinate its security interest to the rights of any lender or any other party.

(i) Producer covenants that SAG-AFTRA has and will have, at all times for the term of this Security Agreement, a first priority security interest in the Collateral subject to Paragraph 3(h) above. Producer agrees to defend, at its own cost and expense, its title, rights, and property in the Collateral, and to defend this Security Agreement as creating a prior and superior security interest and first lien in the Collateral except for the permitted senior security interests or liens disclosed in and subject to Paragraph 3(h) above. Producer further agrees that it (or Producer's insurance company, as applicable) will defend, at its own cost and expense, the Collateral (including the right to exhibit and exploit the Picture, and SAG-AFTRA's rights as Secured Party) against all claims of infringement, and against all claims of anyone for any cause including, without limitation, claims arising out of or resulting from the use in the Picture of any story, adaptation, idea, impersonation, character, photograph, music, musical composition, or other material.

(j) Producer shall not permit any lien, charge, encumbrance, security interest, distribution agreement, or license to accrue or be acquired upon or against the Collateral or rights in the Collateral which may be, or become prior or superior to SAG-AFTRA's rights, title, interest, liens, and claims under this Security Agreement or otherwise, except as permitted under Paragraph 3(h) above. Producer shall advise SAG-AFTRA promptly, in reasonable detail, of (i) any lien (other than liens created or permitted under this Security Agreement) on any of the Collateral of which it has knowledge; (ii) any material claim asserted against any of the Collateral of which it has knowledge; and (iii) any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or the lien created under this Security Agreement.

(k) The following liens, charges, security interests, encumbrances, and adverse claims (collectively, the "Liens") are permitted liens under this Security Agreement: (i) Liens existing (as of the date of this Security Agreement) disclosed in and subject to Paragraph 3(h) above; (ii) Liens for taxes, fees, assessments, or other governmental charges or levies either not delinquent or being contested in good faith by appropriate proceedings, provided those liens have no priority over SAG-AFTRA's security interest in the Collateral; (iii) Liens of materialmen, mechanics, warehousemen, or carriers, or other

like possessory Liens arising in the ordinary course of business and securing obligations either not delinquent or being contested in good faith by appropriate proceedings diligently pursued; (iv) any judgment or attachment lien, execution on which has been effectively stayed, and which has been fully bonded against within twenty (20) days after its entry under the applicable judgment or law; and (v) junior liens granted to distributors or other guilds.

(l) Producer shall pay all taxes, liens, and assessments levied against any of the Collateral when the same become due and before becoming delinquent, unless being contested in good faith by appropriate proceedings, provided they have no priority over SAG-AFTRA's security interest in the Collateral.

(m) Producer agrees that upon reasonable notice, at reasonable times, and during normal business hours, SAG-AFTRA has the right to inspect the Producer's books and records relating to the Collateral, the proceeds thereof, and the processing or collection thereof. Producer further agrees, upon SAG-AFTRA's request, to furnish other reports, data and financial statements (including audit reports by independent certified public accountants), books and records relating to the Collateral and its proceeds, and chain-of-title documentation relating to the Picture as SAG-AFTRA may reasonably require.

(n) Producer is not obligated to obtain the consent of any person in connection with executing, delivering, and performing its obligations under this Security Agreement.

4. Events of Default. Occurrence of any of the following events constitutes a default and an "Event of Default" for purposes of this Security Agreement, and Producer shall provide SAG-AFTRA with immediate written notice thereof: (a) any warranty, representation, statement, report, or certificate now or hereafter made or delivered to SAG-AFTRA by Producer or any of Producer's officers, employees, or agents in connection with the Collateral which is false or misleading in a material respect; (b) Producer fails to pay any Monetary Obligation when due (unless that failure is remedied within thirty (30) days after SAG-AFTRA gives Producer written notice of this default); (c) Producer sells, transfers, or assigns any rights or interest in the Collateral without complying with the requirements of Paragraph 8 below; (d) Producer fails to perform when due any other Secured Obligation (unless that failure is remedied within thirty (30) days after SAG-AFTRA gives Producer written notice of this default); (e) any levy, attachment, execution, or other writ is made on any part of the Collateral or a substantial part of Producer's assets which continues for more than forty-five (45) days; (f) the appointment of a receiver, trustee, or custodian, for any of the property of, or assignment for the benefit of creditors by Producer, or the commencement of any proceeding by Producer under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or hereafter in effect, or the filing of an answer admitting the material allegations of any such proceeding filed against Producer; (g) commencement of any proceeding against Producer under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction now or hereafter in effect, unless dismissed within forty-five (45) days after the date commenced; (h) any failure to pay when due any tax, levy, or assessment on any of the Collateral which results in or is

secured by a lien on any of the Collateral, unless Producer is contesting that lien in good faith by appropriate proceedings promptly instituted and diligently pursued, and Producer posts a bond or takes other appropriate action to ensure that none of the Collateral is forfeited, sold, executed on, foreclosed on, or otherwise realized on as a result of the failure to pay any tax, levy, or assessment; (i) Producer conceals, removes, or transfers any of the Collateral with intent to hinder, delay, or defraud its creditors, or makes or suffers any transfer of the Collateral which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; (j) the winding up, liquidation, or dissolution of Producer and distribution of its assets, or the adoption of a plan for same, provided that this will not constitute an Event of Default if Producer is not otherwise in default under this Security Agreement, the successor-in-interest has assumed in writing all obligations under this Security Agreement in a form satisfactory to SAG-AFTRA, SAG-AFTRA approves of the creditworthiness of any successor-in-interest, and the successor-in-interest executes and delivers a Security Agreement in this form and all other documents and instruments reasonably specified by SAG-AFTRA to provide SAG-AFTRA with a first priority, perfected security interest in all present and future Collateral of the successor-in-interest subject to Paragraph 3(h) above; or (k) suspension of Producer's corporate, LLC, or partnership status (as applicable) by any applicable regulatory authorities, unless such status is reinstated within forty-five (45) days.

5. Remedies Upon Event of Default. If an Event of Default occurs, SAG-AFTRA has all of the rights and remedies available to a secured party under the California Commercial Code (the "Code") in effect on the date of this Security Agreement, under other applicable law or in equity, under this Security Agreement, and under any other present or future agreement it has with Producer in connection with the Collateral including, without limitation, the following:

(a) Remedies; Obtaining the Collateral Upon Default. Upon an Event of Default, SAG-AFTRA may do any one or more of the following:

(i) instruct the obligor or obligors on any Account, Instrument, General Intangible, or other obligation constituting Collateral to make any payment relating to the Collateral directly to SAG-AFTRA;

(ii) in accordance with Paragraph 5(b)(i) below, sell, assign, grant distribution rights in, or otherwise liquidate, or direct Producer to sell, assign, grant distribution rights in, or otherwise liquidate, any of the Collateral and take possession of the Proceeds of the sale or liquidation; and

(iii) take possession or control of any of the Collateral by directing Producer in writing to deliver it to SAG-AFTRA at any place or places designated by SAG-AFTRA, in which event Producer shall at its own expense:

(a) immediately cause the applicable Collateral to be moved to the place or places designated by SAG-AFTRA and there delivered to SAG-AFTRA; and

(b) store and keep any Collateral so delivered to SAG-AFTRA at such place or places pending further action by SAG-AFTRA as provided in Paragraph 5(b) below.

Producer's obligation to deliver the Collateral is of the essence of this Security Agreement and, upon application to a court of equity having jurisdiction, SAG-AFTRA shall be entitled to a decree requiring specific performance of this obligation.

(b) Remedies; Disposition of the Collateral. Any Collateral repossessed or controlled by SAG-AFTRA under Paragraph 5(a) above, and any Collateral whether or not repossessed or controlled by SAG-AFTRA may be sold, assigned, leased, licensed, or otherwise disposed of by SAG-AFTRA under one or more contracts, by territory, by media, or as an entirety, without gathering the property to be sold at the place of sale, and in general in a manner, at a time or times, at a place or places and on terms that SAG-AFTRA may, in compliance with any requirements of applicable law, determine to be commercially reasonable.

(i) If an Event of Default occurs, SAG-AFTRA is entitled to sell, or license, lease, grant distribution rights in any of the Collateral, in a commercially reasonable manner, and in the condition in which the same existed when taken by SAG-AFTRA or after any completion, editing, overhaul, or repair which SAG-AFTRA determines to be commercially reasonable subject to any non-disturbance agreement between SAG-AFTRA and any distributor relating to the Picture. Any private sale or other like disposition of the Collateral by SAG-AFTRA, other than a grant of distribution rights undertaken by SAG-AFTRA required solely to preserve the value of the Collateral (in which case, SAG-AFTRA shall give Producer at least two (2) days prior written notice of that transfer), shall be made upon not less than ten (10) business days written notice to Producer (which Producer acknowledges is a commercially reasonable period of time) specifying the date on or after which the private sale or other like disposition is to occur. Any public sale or other like disposition shall be made upon not less than ten (10) business days written notice to Producer (which Producer acknowledges is a commercially reasonable period of time) specifying the date, time, and place of the sale and after publication of notice of the sale as required under applicable law. SAG-AFTRA may, in its discretion, establish reserves and minimum bids at any public sale, and adjourn any public sale from time to time without notice other than oral announcement at the time scheduled for that sale. If applicable law requires SAG-AFTRA to dispose of the Collateral within a period of time which does not permit giving notice to Producer as specified above, SAG-AFTRA need give Producer only such notice of disposition as is reasonably practicable in view of the applicable law.

(ii) SAG-AFTRA may, directly or through any affiliate, purchase any of the Collateral at any public disposition and, if permissible under applicable law, at any private disposition of the Collateral.

(iii) Any sale or other disposition of the Collateral does not relieve Producer of any liability Producer may have if any Collateral is defective as to title, physical condition, or otherwise at the time of sale.

(iv) As a condition of any sale, SAG-AFTRA may (but is not obligated to) require each purchaser to assume in writing the obligation to pay all additional compensation arising from purchaser's distribution, exhibition, or exploitation of the Picture payable under the applicable Basic Agreement of any guild holding a security interest in the Collateral.

(v) Notwithstanding anything to the contrary in Paragraph 5(b)(i) above, SAG-AFTRA's rights under this Security Agreement are not subject to any non-disturbance provisions referenced therein if the distributor is the Producer, affiliated with the Producer, or the distributor has entered into a security agreement with SAG-AFTRA relating to the Collateral.

(c) Standards for Determining Commercial Reasonableness. Producer and SAG-AFTRA agree that a sale or other disposition (collectively, the "sale") of any Collateral which complies with the following standards will be conclusively deemed commercially reasonable:

(i) notice of the sale is given at least ten (10) business days before the sale and, if required under applicable law, in the case of a public sale, notice of the sale is published at least seven (7) business days before the sale in a newspaper of general circulation in the county where the sale will be conducted;

(ii) notice of the sale describes the Collateral in general, non-specific terms, describes the Debtor and Secured Party, states the method of intended disposition, states the date, time, and place of a public sale or the time after which a private sale is to be made, and states that the Debtor is entitled to an accounting of the unpaid indebtedness, and the charge, if any, for such accounting;

(iii) the sale is conducted at a place designated by SAG-AFTRA with or without the Collateral being present;

(iv) the sale commences at any time between 8:00 a.m. and 6:00 p.m.;

(v) payment of the purchase price in cash or by cashier's check or wire transfer is required; and

(vi) SAG-AFTRA may (but is not obligated to) direct any prospective purchaser to ascertain directly from Producer information concerning the Collateral.

Specification of the above procedure does not imply that other methods of selling and otherwise disposing of Collateral are not commercially reasonable. Producer acknowledges that SAG-AFTRA is not obligated to follow the foregoing procedure and may, in its discretion, follow other procedures which it considers commercially reasonable.

(d) Application of Proceeds. SAG-AFTRA shall apply all proceeds realized from its disposition of the Collateral as follows:

(i) first, to pay all expenses and fees (including, but not limited to, reasonable attorneys' fees) which SAG-AFTRA incurs in obtaining, taking possession of, removing, insuring, completing, repairing, appraising, storing, or disposing of any Collateral and otherwise in connection with SAG-AFTRA's exercise of its rights and remedies;

(ii) next, any surplus then remaining to satisfy the Secured Obligations in the order SAG-AFTRA determines in its sole discretion; and

(iii) next, any surplus then remaining shall be paid to Producer subject to Paragraph 8(b) below and the requirements for such disposition under the Code. If permitted by applicable law, Producer remains liable to the extent of any deficiency between the amount of the proceeds derived from SAG-AFTRA's sale of the Collateral and the aggregate amount of the sums referred to in Paragraphs 5(d)(i) and 5(d)(ii) above.

(e) Remedies Cumulative. The rights, powers, and remedies provided in this Security Agreement are cumulative and do not exclude the exercise of any rights, powers, or remedies otherwise available to SAG-AFTRA. No failure or delay by SAG-AFTRA to exercise any right, power, or privilege under this Security Agreement or any other agreement between Producer and SAG-AFTRA relating to the Collateral impairs any such right, power, or privilege, and no course of dealing between Producer and SAG-AFTRA shall be construed to be a waiver thereof. No single or partial exercise of any right, power, or privilege or single or partial waiver of a breach or default under this Security Agreement, the Basic Agreement, or any other agreement between Producer and SAG-AFTRA in connection with the Collateral precludes any further or other exercise of the same or any other right, power, or privilege nor constitutes a waiver of any other breach or default. No notice to or demand on Producer in any case shall entitle Producer to any further notice or demand in similar or other circumstances or constitute a waiver of any right of SAG-AFTRA to take any action without notice or demand. The failure of SAG-AFTRA at any time or times to require Producer to strictly comply with any of the

provisions of this Security Agreement or any other present or future agreement between Producer and SAG-AFTRA shall not waive or diminish any right of SAG-AFTRA later to demand and receive strict compliance therewith. Any waiver, consent, or approval under this Security Agreement must be in writing to be effective.

(f) Discontinuance of Proceedings. If SAG-AFTRA institutes any proceeding to enforce any right, power, or remedy under this Security Agreement and discontinues or abandons that proceeding for any reason, Producer and SAG-AFTRA will be restored to their former positions and rights with respect to the Collateral subject to the security interest created under this Security Agreement, and all rights, remedies, and powers of SAG-AFTRA will continue as if no such proceeding had been instituted.

6. Producer waives and agrees not to plead, invoke, or set up any statute of limitations as a defense to any action or proceeding for payment of any Monetary Obligations, performance of any Secured Obligation, or enforcement of any term or provision of this Security Agreement. In any action by SAG-AFTRA upon any of the Secured Obligations or the security interest hereunder, other than the filing of a lawsuit predicated on a breach of this Security Agreement, SAG-AFTRA is entitled to recover from Producer its costs incurred in those proceedings including attorneys' fees in a reasonable amount, and those costs will be included in the Monetary Obligations secured under this Security Agreement.

7. Attorney In Fact.

(a) Producer irrevocably appoints SAG-AFTRA its true and lawful attorney-in-fact, with full power of delegation, substitution, and assignment (but not the obligation), to execute, deliver, file, and record on its behalf and in its name Financing Statements, renewals thereof, and all other statements and agreements consistent with the terms of this Security Agreement necessary or desirable to perfect, protect, evidence, renew, or continue the security interest in the Collateral created hereunder, or to effectuate the purposes and intents of this Security Agreement. Producer ratifies and confirms all SAG-AFTRA may do in that regard, acknowledging that this power of attorney is coupled with an interest.

(b) If an Event of Default occurs, Producer irrevocably appoints SAG-AFTRA its true and lawful attorney-in-fact, with full power of delegation, substitution, and assignment (but not the obligation) to do all of the above in Paragraph 7(a) and in addition, to execute, deliver, file, and record, on Producer's behalf and in Producer's name in connection with the Collateral, contracts, documents, and instruments, to endorse and negotiate checks, drafts, and other orders for the payment of moneys payable to Producer in connection with the Collateral, and to do other acts as SAG-AFTRA, in its sole discretion, deems necessary or desirable to carry out the purposes and intents of this Security Agreement. Producer ratifies and confirms all SAG-AFTRA may do in that regard, acknowledging that this power of attorney is coupled with an interest, and agrees to pay all related costs and expenses.

(c) Producer shall pay the cost of filing documents in all state and federal public offices and other places where SAG-AFTRA deems it desirable or necessary to perfect, continue, or protect the security interest created under this Security Agreement, and the cost of all searches in all such offices which SAG-AFTRA deems necessary.

8. Continuing Assignment of and Security Interest in Collateral.

(a) This Security Agreement creates a continuing assignment of, and security interest in, the Collateral and remains in full force and effect until terminated by Producer and SAG-AFTRA by mutual written agreement. If Producer sells, transfers, assigns, or otherwise disposes of any of the Collateral or rights therein, Producer agrees that such sale, transfer, assignment, or disposition of the Collateral is subject to the security interest created under this Security Agreement.

(b) Except for the granting of distribution rights in the Picture which is governed by Paragraph 8(c) below, Producer shall provide SAG-AFTRA with written notification of any sale, transfer, assignment, or other disposition of any part of the Collateral (collectively, "Transfer") ten (10) days before the Transfer and agrees to require the purchaser, transferee, or assignee, before or concurrent with the Transfer, to execute and deliver to SAG-AFTRA a Buyer's Assumption Agreement, a security agreement (substantially in the form of this Security Agreement), UCC-1(s), any other documentation necessary to perfect SAG-AFTRA's security interest in the acquired rights, and any other document required under the Basic Agreement or this Security Agreement (collectively, the "Guild Security Documents") unless SAG-AFTRA expressly waives those requirements in writing. Producer will not be relieved of any obligations under this Security Agreement or the Basic Agreement unless (i) SAG-AFTRA approves in writing the financial responsibility of the purchaser, transferee, or assignee; and (ii) the purchaser, transferee, or assignee delivers SAG-AFTRA Security Documents to SAG-AFTRA. No failure of SAG-AFTRA to request any of the foregoing, or Producer's failure to provide any of the foregoing affects SAG-AFTRA's first priority, perfected security interest in the Collateral, subject to Paragraph 3(h) above, which will continue in full force and effect.

(c) Without limiting the generality of Paragraph 8(b) above, Producer agrees that all grants of distribution rights, licensing agreements, or similar agreements in connection with the Picture are and will continue to be expressly subject and subordinate to SAG-AFTRA security interest created under this Security Agreement. Producer shall promptly furnish SAG-AFTRA with the names and addresses of all distributors. Nothing in this Security Agreement constitutes SAG-AFTRA's acceptance, ratification of, or subordination of its interest to the rights of any party under any contract or agreement which Producer has entered into or may subsequently enter into with respect to the Collateral including, without limitation, any distribution or license agreement. No failure of SAG-AFTRA to request any of the foregoing, or Producer's failure to provide any of the foregoing, affects SAG-AFTRA's first priority, perfected security interest in the Collateral, subject to Paragraph 3(h) above, which will continue in full force and effect.

(d) Notwithstanding anything contained in this Paragraph 8, if a "Qualified Distributor" (as defined in the Basic Agreement) acquires rights to distribute the Picture and assumes responsibility for the payment of Residuals for the specific territories and media acquired by such QD, or guarantees in a written form satisfactory to SAG-AFTRA all of Producer's obligations with respect to the payment of Residuals, then SAG-AFTRA (i) agrees to modify the definition of Collateral to exclude those territories and media for the term acquired by such QD including renewals and extensions; (ii) agrees to acknowledge such QD's continuing rights of full, unlimited but non-exclusive access to and use of any and all physical items and elements relating to the Picture; and (iii) shall not require the delivery of SAG-AFTRA Security Documents with respect to the rights acquired by such QD.

(e) No delay or omission by SAG-AFTRA in exercising any right under this Security Agreement waives such right or releases SAG-AFTRA's security interest in the Collateral.

9. Severability. If any term or provision of this Security Agreement is held to be invalid under any law, statute, judicial decision, rule or regulation of any competent jurisdiction, the remainder of its terms and provisions will remain in full force and effect.

10. Integration. This Security Agreement and other written documents as may be executed in connection with this Security Agreement are the final, entire, and complete agreement between Producer and SAG-AFTRA relating to the grant of a security interest in the Collateral and supersede all prior and contemporaneous negotiations and oral representations and agreements, all of which are merged and integrated into this Security Agreement. There are no oral understandings, representations, or agreements between the parties relating to the grant of a security interest in the Collateral which are not in this Security Agreement or in other written agreements signed by the parties in connection with this Security Agreement.

11. Governing Law. This Security Agreement and the rights and obligations of the parties shall be construed in accordance with and be governed by the laws of the State of California and the United States of America without reference to the principles of conflict of laws thereof.

12. Jurisdiction and Service of Process. Producer and SAG-AFTRA agree that any legal action or proceeding with respect to this Security Agreement, or any action or proceeding to execute or otherwise enforce any judgment or arbitration award obtained against Producer or any of its properties, may be brought in proceedings in Los Angeles County, California. By executing and delivering this Security Agreement, Producer irrevocably submits to such jurisdiction provided, however, that SAG-AFTRA may bring suit in the courts of any country or place where Producer or any of its assets may be found and by executing and delivering this Security Agreement, Producer irrevocably submits to that jurisdiction. Producer irrevocably waives any objection which it may have now or in the future to the venue of any suit, action, or proceeding arising out of or relating to this Security Agreement or any other contract between Producer and SAG-AFTRA, or between Producer and Performers brought in the State of California, and irrevocably waives any claim that any such suit, action, or proceeding brought in

the State of California is in an inconvenient forum. If any agent appointed by Producer refuses to accept service, Producer agrees that service upon it by mail sent to the mailing address specified by Producer in this Security Agreement constitutes sufficient notice and effective service. Nothing in this Paragraph 12 affects the right to serve process in any other manner permitted by law or limits the right of SAG-AFTRA to bring proceedings against Producer in the courts of any other jurisdiction.

13. Notices.

(a) To SAG-AFTRA: The Producer shall give notices to SAG-AFTRA required under this Security Agreement in writing by certified mail (return receipt requested), messenger or telecopier (but if telecopied, such notice shall be concurrently sent by mail) addressed as indicated below. The date of messengering or telecopying will be deemed the date of service. The date of receipt will be deemed the date of service for all notices sent by certified mail, return receipt requested.

Mail/Messenger: SCREEN ACTORS GUILD-
AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS
5757 Wilshire Boulevard, 7th Floor
Los Angeles, California 90036-3600
Attention: General Counsel
Telecopier: (323) 549-6624
Attention: Associate General Counsel, Financial
Assurances
Telecopier: (323) 549-6801

With a courtesy
copy to: Bush Gottlieb Singer Lopez
Kohanski Adelstein & Dickinson
500 N. Central Avenue
Suite 800
Glendale, California 91203
Attention: Joseph Kohanski Esq.
Telecopier: (818) 973-3201

SAG-AFTRA may change its address by giving written notice to Producer at the address for Producer in Paragraph 3(a) above.

(b) To Producer: SAG-AFTRA shall give notices to Producer required under this Security Agreement in writing by mail, messenger, or telecopier addressed to Producer at the mailing address indicated above in Paragraph 3(a). The date of messengering or telecopying will be deemed the date of service. The date of receipt will be deemed the date of service for all notices sent by certified mail, return receipt requested. Notice sent by mail will be deemed effective five (5) days from the date of mailing within the United States or seven (7) days from the date of mailing across national borders. Notice to

Producer will be deemed effective if made in this manner and sent to the mailing address shown in Paragraph 3(a) above, or if Producer has notified SAG-AFTRA in writing of a change in address, to the Producer's last address so notified. Demands or notices addressed to the Producer's address at which SAG-AFTRA customarily communicates with the Producer will also be effective. Producer may change its address or addresses by giving written notice to SAG-AFTRA at SAG-AFTRA's address in Paragraph 13(a).

14. General.

- (a) All of SAG-AFTRA's rights under this Security Agreement will inure to the benefit of its successors and assigns. All obligations of Producer under this Security Agreement will bind its successors, assigns, and all persons who become bound as a debtor under this Security Agreement or applicable law.
- (b) If there is more than one Producer, the term "Producer" as used in this Security Agreement means each Producer, their obligations under this Security Agreement are joint and several, and the compromise of any claim with, or the release of, any Producer will not constitute a compromise with, or release of, any other Producer.
- (c) Section headings are for convenience only and do not affect the interpretation or construction of this Security Agreement.
- (d) This Security Agreement does not create any rights enforceable by any person not a party to this Security Agreement.
- (e) Secured Party is authorized to (i) date this Security Agreement (if not otherwise dated) the date it is delivered to Secured Party and (ii) re-date this Security Agreement if necessary in order to meet the requirements of any office where filing or registration is necessary to perfect, protect, or maintain the security interest created under this Security Agreement.

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(f) This Security Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute one instrument.

(g) The parties agree that signatures to this Security Agreement transmitted by facsimile or via electronic delivery shall be presumed authentic and shall be deemed originals.

The parties have caused this Security Agreement to be executed and delivered by their authorized officers as of the date first above written.

PRODUCER:

By: _____
(signature)

(please type name)

Title: _____
(please insert title)

**SCREEN ACTORS GUILD-
AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS**

By: _____
(signature)

(please type name)

Title: _____
(please insert title)

EXHIBIT A
TO SCREEN ACTORS GUILD-
AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS
THEATRICAL SECURITY AGREEMENT

DEFINITIONS

"Debtor" as used in this Exhibit A means each Debtor identified in the foregoing Security Agreement and all persons who become bound as a debtor under this Security Agreement, the Code, or other applicable law.

(i) "Accounts": has the meaning ascribed to that term in the Code and include all receivables and all other rights to receive the payment of money including, but not limited to, the rights to receive the payment of money under present or future contracts or agreements (whether or not earned by performance), from the sale, distribution, exhibition, disposition, leasing, subleasing, licensing, sublicensing, and other exploitation of the Picture, Rights in Product, the Literary Property, or any part thereof or any rights therein in any medium whether now known or hereafter developed by any means, method, process, or device in any market including, without limitation, all of Debtor's rights, title, and interest in, to, and under any distribution agreement relating to the Picture, as the same may from time to time be amended, reviewed, modified, supplemented, extended, or replaced including, but not limited to, Debtor's rights to receive film rentals, license fees, distribution fees, producer's shares, royalties, and other amounts of every description from: (a) theatrical exhibitors, non-theatrical exhibitors, television networks and stations, airlines, cable television systems, pay television operators whether on a subscription or per program charge basis, distributors of the Picture by videotape, cassette, cartridge or disc, and other exhibitors; (b) other distributors, subdistributors, lessees, sublessees, licensees, and sublicensees (including any affiliate or subsidiary); and (c) any other person (including any affiliate or subsidiary) who distributes, exhibits, or exploits the Picture, Rights in Product, the Literary Property, or rights relating thereto.

(ii) "Chattel Paper": means all "chattel paper" as that term is defined in the Code, relating to the Picture.

(iii) "Contracts": mean all contracts of Debtor relating to the Picture including, without limitation: (a) all rights of Debtor to receive moneys due and to become due to it thereunder or in connection therewith; (b) all rights of Debtor to damages arising out of, or for, breach or default in respect thereof; and (c) all rights of Debtor to perform and to exercise all remedies thereunder.

(iv) "Copyrights": mean all copyrights, rights in copyrights, interests in copyrights, and all copyrightable tangibles or intangibles, now or hereafter existing, obtained upon the Picture or the Literary Property (as defined below) or any part thereof, in the United States or foreign territories, and all applications, registrations, and recordings relating thereto filed in the United States Copyright Office, or in any other government office or agency in the United States

or foreign territories, and the right, but not the obligation, to make publication thereof for copyright purposes, to register copyright claims, and the right, but not the obligation, to renew and extend such copyrights, and the right, but not the obligation, to sue in the name of copyright including, without limitation: (a) all rights of every kind and nature [including, but not limited to, Copyright(s)] in and to any literary, musical, dramatic, or other literary material of any kind or nature upon which, in whole or in part, the Picture is or may be based, or which may be or has been used or included in the Picture including, but not limited to, all scripts, scenarios, teleplays, bibles, stories, treatments, novels, outlines, books, titles, concepts, manuscripts, or other properties or materials of any kind or nature in whatever state of completion, and all drafts, versions and variations thereof (collectively, the "Literary Property"); (b) the right to print, reprint, publish, reproduce, sell, distribute, perform, display, and make derivative works based on works presently or hereafter owned by or licensed to Debtor, in whole or in part, and all other rights which Debtor presently has or hereafter acquires pursuant to any Copyright License including, without limitation, copyright assignments, exclusive and nonexclusive licenses, and publishing agreements; and (c) all of Debtor's right, title, and interest in all physical materials embodying works with respect to which Debtor owns or holds rights in any copyrights including, without limitation, plates, films, color separations, and mechanical art.

(v) "Copyright Licenses": mean all of the following relating to the Picture: (a) any written agreement, naming Debtor as licensor or licensee, granting any right in and to any Copyrights or Copyright registration in the United States; or (b) all present and future agreements (including, without limitation, assignments and consents) as any such agreements may from time to time be amended or supplemented, under which Debtor now has or hereafter acquires any direct or beneficial interest in any Copyright, or is a grantor of rights to any third party with respect to any Copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement.

(vi) "Documents": mean all "documents" as that term is defined in the Code, relating to the Picture including, without limitation, documents and receipts of any kind or nature issued by any pledgeholder, warehouseman, or bailee relating to the Picture or any element thereof.

(vii) "General Intangibles": has the meaning ascribed to that term in the Code and include all general intangibles relating to the Picture including, without limitation, all literary property rights, patents and patent rights, trademarks, trade names, goodwill, inventions, processes, common law and statutory copyrights, music rights, rights in produced and unproduced screenplays and musical works, licenses, agreements, leases, royalties, franchises, Contracts, rights under Contracts (including rights under joint venture agreements), Chattel Paper, Documents, permits, negotiable and non-negotiable Instruments, judgments, deposit accounts, choses in action, and all general intangibles, whether or not included in the foregoing including, without limitation, shipping documents, warehouse receipts, policies of insurance, and other documents accompanying or relative to drafts drawn under any letter of credit and any such drafts.

(viii) "Instruments": has the meaning ascribed to that term in the Code and include all cash and cash equivalents of Debtor derived from or relating to the Picture and all drafts, checks,

certificates of deposit, notes, bills of exchange, and other writings relating to the Picture which evidence a right to the payment of money and are not themselves security agreements or leases and are of a type which is, in the ordinary course of business, transferred by delivery with any necessary endorsement or assignment.

(ix) "Insurance and Insurance Policies": mean all insurance and insurance policies placed at any time upon the Picture, the insurable properties thereof, or any other insurable Collateral.

(x) "Inventory": means all "inventory" as that term is defined in the Code, relating to the Picture including, without limitation, all inventory, merchandise, goods, and other personal property now or hereafter owned by Debtor which are held for sale or lease, are furnished or to be furnished under a contract of service, or which constitute raw materials, work in process, materials used or consumed or to be used or consumed in Debtor's business, the processing, packaging, delivery, or shipping of the same, and all finished goods.

(xi) "Merchandising Rights": mean all collateral, allied, ancillary, subsidiary, publishing, and merchandising rights relating to the Picture including, but not limited to, rights derived from, appurtenant to or related to the Picture or the Literary Property including, but not limited to, all rights to use, exploit, and license others to use or exploit all novelization, publishing, commercial tie-up, and merchandising rights of every kind and nature (including, but not limited to, all novelization, publishing and merchandising rights, and commercial tie-ups arising out of or connected with or inspired by the Picture or the Literary Property, the title or titles of the Picture, the characters appearing in the Picture, the Literary Property, or the names or characteristics of such characters).

(xii) "Music Rights": mean all Debtor's rights presently owned or later acquired by Debtor in and to all music and musical compositions created for, used in, or to be used for the Picture, all related Copyrights and all rights to perform, copy, record, re-record, produce, publish, reproduce, or synchronize all music and musical compositions as well as all other rights to exploit such music including, but not limited to, record, soundtrack recording, and music publishing rights.

(xiii) "Personal Property": means the following personal property of Debtor, wherever located, whether now owned or hereafter acquired: (a) the title or titles of the Picture and all of Debtor's rights to the exclusive use thereof (including, but not limited to, rights protected in accordance with trademark, service mark, unfair competition, or other laws, rules, or principles of law or equity); and (b) all inventions, processes, formulae, licenses, patents, patent rights, Trademarks, Trademark rights, service marks, service mark rights, trade names, trade name rights, logos, indicia, and other source identifiers relating to the Picture, and renewals and extensions thereof, domestic and foreign, whether now owned or hereafter acquired, and the accompanying goodwill and other like property rights relating to the Picture, and the right, but not the obligation, to register claims under trademark or patent, and to renew and extend such trademarks or patents and the right, but not the obligation, to sue in the name of Debtor or in the name of SAG-AFTRA for past, present, or future infringement of trademark or patent.

(xiv) "Physical Properties": mean all physical properties relating to the Picture and all versions thereof (including, but not limited to, all physical properties relating to the development, production, completion, delivery, exhibition, distribution, or other exploitation of the Picture, and all versions thereof or any part thereof including, but not limited to, the Literary Property, exposed film, developed film, positives, negatives, prints, answer prints, special effects, pre-print materials including, but not limited to, interpositives, negatives, duplicate negatives, internegatives, color reversals, intermediates, lavenders, fine grain master prints and matrices, and all other forms of pre-print elements which may be necessary or useful to produce prints or other copies or additional pre-print elements, whether now known or hereafter devised, soundtracks, recordings, audio and video tapes and discs of all types and gauges, cutouts, trims, and all other physical properties of every kind and nature relating to the Picture in whatever state of completion, and all duplicates, drafts, versions, variations, and copies of each).

(xv) "Proceeds": has the meaning ascribed to that term in the Code and include any proceeds relating to the Picture including, without limitation: (a) all proceeds of any insurance, indemnity, warranty, or guaranty payable from time to time with respect to any of the Collateral; (b) all payments (in any form) made or due and payable from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of any of the Collateral by any governmental body, authority, bureau, or agency (or any person acting under color of governmental authority); and (c) all other amounts from time to time paid or payable in connection with any of the Collateral.

(xvi) "Product": means the Picture, whether produced for theatrical, non-theatrical, television release, or for release in any other medium, whether recorded on film, videotape, cassette, cartridge, disc, or on or by any other means, method, process, or device whether now known or hereafter developed, with respect to which Debtor has, acquires, or agrees to acquire all or part of the theatrical, videotape, cassette, disc, or television distribution rights.

(xvii) "Rights in Product": mean all of the following: (a) any rights, whether arising under written contracts or otherwise, to sell, produce, distribute, exhibit, lease, sublease, license, sublicense, subdistribute, or otherwise exploit Product including, without limitation, rights under so-called "pick up" arrangements and other contracts and agreements relating to the acquisition of Product or any interest therein in any market including, without limitation, theatrical, non-theatrical, stage, television (including broadcast, cable, and pay television) and home markets, whether by film, videotape, cassette, cartridge, disc, or by any other means, method, process or device now known or hereafter developed; (b) any rights to sell trailers and advertising accessories relating to Product; and (c) any rights to exploit any element or component of Product or any ancillary rights relating to Product including, without limitation, merchandising and character rights, stage rights, novelization rights, sound track recording rights, and music publishing rights relating to any music embodied in or written for Product including the right to grant licenses to print, perform, or mechanically reproduce such music.

(xviii) "Trademarks": mean all of the following created specifically for, or included in, the Picture: (a) service marks, logos, and other source identifiers and the goodwill associated therewith, now existing or hereafter adopted or acquired; (b) all registrations and recordings thereof, and all applications in connection therewith owned by Debtor, relating to the Picture, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise; and (c) all renewals thereof.

(xix) "Trademark Licenses": mean all agreements relating to the Picture providing for the grant to Debtor of any right to use any Trademark.

SAMPLE