

DISTRIBUTION AGREEMENT

THIS AGREEMENT effective as of _____, **2010**

BETWEEN:

SECOND CITY INC. (the “Distributor”)
a corporation incorporated under the laws of Illinois,

- and -

[insert details of producer] (the “Producer”)

WHEREAS the Distributor is in the business of creating, producing and distributing television, film and new media properties (the “**Properties**”); and

WHEREAS the Distributor has created a branded online premium-content partnership with www.YouTube.com (the “**YouTube Partnership**”) to broadcast some of its Properties;

WHEREAS the Producer is the producer of, and owns all right title and interest, including copyright, in and to, [a short film] tentatively entitled “**Name of Video**” (the “**Project**”); and

WHEREAS the Producer wishes to retain the services of Distributor to exploit the concept and distribute the Project online;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises, mutual covenants and agreements herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Grant of Distribution Rights

The Producer grants to the Distributor the following (collectively, the “**Rights**”):

- (i) the exclusive right, license and privilege to distribute and exploit the Project in all languages and versions and digital formats through the YouTube Partnership, including all upgrades, enhancements, modifications and functional substitutions therefore, and other online rights throughout the Territory for the applicable Term, as defined hereunder;
- (ii) the right to publicize and/or advertise the Project (including the use of excerpts thereof) in connection with the YouTube Partnership;
- (iii) an exclusive right of first negotiation and last refusal (exercisable in both cases upon providing the Producer with 10-days’ written notice) to license and exploit the Project in other media (i.e. in addition to on-line), and other forms of the Project (i.e longer lengths or formats or versions including the same plot or characters), any prequels, sequels, remakes, spin-offs or other audio-visual creations or adaptations of the Project or any material component thereof (e.g. concept, characters, sets, etc.) in any and all media now known or in future devised. For certainty, the Distributor has the right to independently market (present to potential broadcasters, production partners and financiers) any of the foregoing ancillary rights with a view to securing financing for the future production of such, including but not limited to sourcing development deals related to such ancillary rights. In this respect, should after successful negotiations with a licensee or funding source for an ancillary application, the Distributor shall submit to Producer a conditional

financing offer the basic terms of the arrangement, including but not limited to, the amount of financing, term, territory and basic rights involved, for Producer's approval, such approval to be communicated to Distributor by Producer within ten (10) business days, until such offer is finalized or rejected in writing, the further exploitation of any ancillary rights by Producer shall be frozen;

- (iv) the right to use the name, tradename, trademark, and logo of the Producer, if any, in connection with Distributor's exploitation of the Rights;
- (v) the right to make modification or deletions in the Project to the extent necessary to comply with law or the requirements of the broadcast regulators or other authorized governmental authority, except that the Distributor shall not modify or delete any opening credits, closing credits or copyright notice in the Project; and
- (vi) the right to authorize others to exercise the Rights.

2. Term and Territory

- (a) The Term of this Agreement shall be three (3) years commencing [on the date of completion of the Project (currently scheduled for **[insert completion date particulars]**)/the execution of this Agreement], unless terminated sooner in accordance with this Agreement. Upon the expiry of the Term, this Agreement shall automatically renew without further documentation or agreements being necessary for successive terms of the same duration, unless either party wishes to terminate upon written notice to the other, such notice to be given not less than ninety (90) days prior to the date of the expiration of the Term or any successive renewal term.
- (b) The Territory of this Agreement shall be the world.

3. Remittance of Net Receipts

- (a) "Net Receipts" is defined as meaning all Gross Receipts less Distribution Expenses.
- (b) "Gross Receipts" is defined as meaning all monies actually received by Distributor from the distribution of the Project throughout the Territory during the Term, but excluding any revenues received by Distributor earned from or in relation to the YouTube Partnership. For certainty Distributor shall be entitled to keep for itself all revenues earned from any commercial advertisements (i.e. banner or other adds or revenues earned in respect of the YouTube Partnership..
- (c) "Distribution Expenses" is defined as meaning any and all bona fide out of pocket expenses and costs incurred by Distributor that are directly related to the promotion, marketing and distribution of the Project, including but not limited to publicity sheets, promotional brochures, festival entries, telephone and courier charges incurred specifically relating to the distribution of the Project as such costs are standard in the industry and shall include all sub-agent and sub-distributor fees, any such sub-agent and sub-distributor fees to be paid out of the Distributor's share of Gross Receipts.
- (d) All Distribution Expenses incurred by Distributor shall be reimbursed to the Distributor from Gross Receipts as applicable.

- (e) The Producer and the Distributor agree that they will share equally in the division of Net Receipts. For clarity, the Producer and the Distributor shall each be entitled to fifty percent (50%) of all Net Receipts.
- (f) The Distributor shall remit to the Producer on an annual basis within thirty (30) days from the end of each fiscal year, a report (the “**Report**”) setting out the amounts realized on the distribution of the Project including the name of the purchaser, the Gross Receipts, the Distribution Expenses and the Net Receipts earned on the distribution of the Project for that period, should there be any Net Receipts to distribute.
- (g) The Distributor shall maintain proper books and records in relation to the matters set out in this Agreement and in accordance with generally accepted accounting principles. For the purposes of verifying the accuracy of a Report and the remittance of Net Receipts, the Producer or its authorized agent shall be entitled, during normal business hours and upon 48 hours prior written notice, to examine at its own expense such books and records, and may at any time and at its own expense require an audit of such books and records.

4. Producer’s Representations and Warranties

- (a) The Producer represents and warrants to the Distributor:
 - (i) that it owns all right title and interest, or has acquired all the necessary licenses and grants of rights, including but not limited to copyright, in and to the Project, and has the right to enter into this Agreement and to grant the Distributor the distribution rights herein granted;
 - (ii) that no part of the Project or the exercise by the Distributor of the rights herein granted will violate or infringe upon any rights of any third party, including but not limited to copyright, trademark rights, or any other proprietary right or interest of any kind;
 - (iii) that the Project does not contain any defamatory or illegal material or violate any law;
 - (iv) there are no existing or pending liens, charges, restrictions or encumbrances against the Producer or, to the best of its knowledge any other party, pertaining to the Project, and no actual or threatened claims, causes of action or disputes, that are likely to adversely affect the Distributor’s full and unfettered right to exploit the Rights;
 - (v) the Producer has obtained all rights, releases, clearances and licences (including, without limitation, music synchronization and/or master recording licences) with respect to all materials and elements embodied in the Project, and all persons appearing in or performing services in connection with the Project, but to the extent any such matters require the future payment of residuals, royalties or similar use fees, or deferrals or profit participations, the Producer will make the required payments;
 - (vi) the performing rights to all musical compositions used or recorded in the Project are:
 - A. controlled by the Society of Composers, Authors and Music Publishers of Canada (SOCAN), the American Society of Composers, Authors and Publishers (ASCAP) Broadcast Music Inc (BMI) or another similar organization having jurisdiction;

- B. in the public domain in the US; or
 - C. owned by or assigned or licensed to Producer for the purposes of this agreement (in which case, for certainty, the Producer hereby grants such rights to the Distributor).
- (b) For certainty, Producer will be responsible and will timely pay when due, and Distributor will under no circumstances have any responsibility or obligations with respect to, any and all fees, payments, costs, and charges associated with the production of the Project, (including, without limitation, all salaries, fees, payments, costs or charges payable to any producer, director, writer, actors, performers, artists, talent, composer, lyricist, musician, and/or any other person who performed services or furnished material in connection with the Project; and any and all fees, charges, costs and amounts payable to any guild, union, and/or to any other person or entity by reason of the exercise by Distributor of any of the Rights granted to it hereunder. Without limiting the generality of the foregoing, Producer will be solely responsible for all clearances, residuals (i.e SAG, AFTRA), royalties, new use, re-use, profit participations, and other third party payments relating to or arising from the production, distribution or other exploitation of the Project.

5. Distributor Involvement in Project.

Throughout the course of the development, pre-production, production and post-production process, Producer will consult with Distributor in a meaningful way as to all creative and/or commercial issues which arise which may materially affect the value or scope of the Rights granted to Distributor hereunder. Distributor will be entitled to attend the set/locations during production, at Distributor's sole discretion. Distributor will be provided with a viewing of the initial "rough cut" of the Project as soon as it becomes available, and with every subsequent cut of the Project until it is "locked". After each cut of the Project is delivered to Distributor it will have the right to provide written comments to Producer as to any suggested changes to the Project and Producer will give significant weight and attention to Distributor's comments and suggestions. Distributor will be provided with budgets, cost reports and any other requested financial information in a timely manner whenever reasonably requested by Distributor.

6. Indemnification

- (a) Producer shall indemnify and save harmless the Distributor, its affiliates and licensees, and each of their respective directors, officers, employees, contractors and representatives (in this section 5, collectively the "**Indemnified**") from and against any and all losses, damages, actions or causes of action, suits, claims, demands, penalties and interest (including, without limitation, reasonable outside legal fees on a solicitor-client basis) arising in connection with or out of the Producer's breach of any representation and warranty.
- (b) The indemnity given under this section 5 shall survive the expiry or earlier termination of this Agreement.

7. Delivery

The Producer will deliver, at the Producer's sole cost and expense, the Delivery Materials set out in Schedule "A" attached to the agreement. Any failure to deliver any of the Delivery Materials to the Distributor's satisfaction (acting reasonably), following written

notice from the Distributor and five (5) business days to complete such delivery, will constitute a breach of this agreement and entitle the Distribute to terminate the agreement.

8. Producer's Liability (E&O) Insurance

Should the Producer obtain producer's liability (Errors & Omissions) insurance for the Project it will add the Distributor as an additional insured.

9. Termination

- (a) Pursuant to section 2(a), either party may terminate this Agreement upon written notice to the other to be given not less than ninety (90) days prior to the date of the expiration of the Term or any successive term.
- (b) The bankruptcy or insolvency of the Distributor, or the appointment of a private or court-ordered receiver for the Distributor, or non-payment of the Producer's share of Net Receipts shall be deemed grounds for termination of this Agreement by the Producer upon ten (10) days written notice.
- (c) If, during the Term, the Distributor shall have notice of any breach, alleged breach or anticipatory breach by the Producer of any material representation, warranty or covenant in this Agreement:
 - (vi) the Distributor may, in addition to and without prejudice to any other right or remedy it may have in law, equity or otherwise, upon notice to the Producer, exhibit or continue to exhibit the Project but withhold the payment of any amounts otherwise payable to the Producer under Agreement (such amount to be reasonably related to the indemnified amounts that in the Distributor's sole opinion may arise from such breach) until such time as the breach, alleged breach or anticipatory breach is cured or the indemnified amounts are collected in full; or
 - (vii) the Distributor may, upon notice to the Producer, and five (5) business days to cure such breach, terminate this Agreement.

10. Notice

Any notice required or permitted to be given hereunder shall be in writing and shall be deemed given (i) when delivered personally to any officer of the party being notified; or (ii) on the third business day after being sent by registered or certified mail, postage prepaid, facsimile telecopier, addressed as follows:

To the Producer:

[Contact Name]
[Address]
[Phone & Fax Number]

To Second City:

Diana Martinez
1616 N. Wells
Chicago, IL 60614
Main - 312-664-4032
Fax – 312-664-9837

11. Force Majeure

Neither party hereto shall be responsible for any losses or damages to the other occasioned by delays in the performance or non-performance of any of said party's obligations when caused by Acts of God, strike, acts of war, inability of supplies or material or labor or any other cause beyond the reasonable control of the said party (a "Force Majeure"). In addition, the terms of this Agreement will be suspended during a Force Majeure, and the Term shall be extended accordingly.

Notwithstanding the foregoing, if either party has been unable to perform its obligations under this Agreement by reason of a Force Majeure for at least ninety (90) consecutive days, or one hundred and twenty (120) days in the aggregate, either party shall thereupon have the right to terminate this Agreement, upon ten (10) business days notice to the other party.

12. Severability

In the event any portion of this Agreement is deemed to be invalid or unenforceable, such portion shall be deemed severed and the parties agree that the remaining portions of this Agreement shall remain in full force and effect.

13. Assignment

The Producer may not assign or otherwise transfer this Agreement without the written consent of the Distributor. This Agreement shall enure to the benefit of and bind the parties hereto and their respective legal representatives, successors and assigns.

14. Amendments and Waivers

No amendment, modification or waiver of any provision of this Agreement shall be binding unless in writing and no course of dealing shall be deemed an amendment, modification or waiver. No waiver of any term of this Agreement shall be construed as a waiver of any other term of the agreement.

15 Confidentiality

Neither party will disclose to any other person any provision of this Agreement without the prior written consent of the other except:

- (a) to its respective directors, officers and employees, in their capacity as such, on a confidential basis;
- (b) to the extent necessary to comply with law or the valid order of a court of competent jurisdiction or other authorized governmental agency or organization; and
- (c) as part of its normal reporting or review procedure to its auditors, solicitors and other professional representatives.

16. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Illinois applicable therein.

17. Entire Agreement

This Agreement, including the recitals and Schedules, sets forth the entire agreement between the parties with respect to the subject matter hereof and the Agreement shall be amended only by a writing signed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the first date written above.

[insert name of producer]

Per: _____
Authorized Signatory
I have authority to bind the Corporation.

SECOND CITY INC.

Per: _____
Authorized Signatory
I have authority to bind the Corporation.

PERSONAL RELEASE FORM (INDIVIDUAL)

Insert Prod. Co. name [or producer if production owned individually] as a heading with address

(the "Producer")

1. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the licensor _____ ("You") hereby grant to the Producer its agents, affiliates, licensees, successors and assigns the following non-exclusive rights:
 - a. To tape, photograph and/or film You and record your voice, conversation and sounds, including the performance of any musical composition(s) (the "Personal Recording"); and
 - b. To use, re-enact, dramatize and portray your name, voice, identity and other aspects of your physical likeness; and to use, re-enact, dramatize and portray any biographical material and personal experiences or events concerning You (the "Re-enactment").
2. You acknowledge and agree that the Producer shall be the exclusive owner of the footage, results and proceeds of the Personal Recording, and the Re-enactment (hereinafter collectively referred to as the "Footage") with the right, but not the obligation, to copyright and to use, distribute, exhibit and otherwise exploit in any manner, all or any portion thereof or of a reproduction thereof, throughout the world in any and all media now known or hereafter devised, including, but not limited to, internet applications and merchandising, an unlimited number of times in perpetuity, in and in connection with: (i) the production, promotion, distribution and exploitation of the program or series entitled **(insert program/series name)**, any foreign versions of **(insert program/series name)**, any "best of" and/or compilation versions of **(insert program/series name)** and any sequels including follow-up episodes of **(insert program/series name)** (hereinafter collectively referred to as the "Program"); or (ii) otherwise.
3. You represent that any statements made by You during the Personal Recording are true, to the best of your knowledge, and that neither your statements nor your appearance will violate or infringe upon the rights of any third party.
4. You hereby waive any right of inspection or approval of the Personal Recording, the Location Recording or the Re-enactment or the uses to which the Footage may be put and waives the benefits of any provision of law known as moral rights of authors or any similar laws. The Producer has the right, in its sole discretion, to use or incorporate the Footage in the Program in any manner or form it decides is appropriate or suitable and to edit the Footage for use in the Program or otherwise.
5. You represent and warrant that You are fully authorized to grant the rights provided for herein.
6. You acknowledge that the Producer will rely on this release potentially at a substantial cost to Producer and You agree not to assert any claim whatsoever against anyone relating to the exercise of the permission granted by the hereunder or seek to enjoin, restrain or interfere with the distribution, exhibition or exploitation of the Program or its advertising, promotion or publicity.
 - New Paragraph 7: to be inserted as paragraph 7 if a credit is requested:

If the Footage is incorporated in the final edited Program and subject to the distributor's approval, Producer shall make reasonable efforts to accord You a credit in the Program. If included, the size, style and placement of the credit shall be in the sole discretion of Producer. No inadvertent failure by Producer nor the failure of any third party to provide such credit shall be deemed a breach of this Agreement.

Please indicate proper credit citation: _____.

AGREED AND ACCEPTED:

Individual

By: _____ Date: _____
Signature (Month) (Day) (Year)

Name: _____

(PRINT NAME)

Title: _____

Apt./Street: _____ City: _____

Postal/ZIP Prov./State: _____ Code: _____ Country: _____

Phone: _____ Fax: _____

Producer

By: _____ Date: _____
(Month) (Day) (Year)

Title: _____

LOCATION RELEASE FORM

Insert Prod. Co. name [or producer if production owned individually] as a heading with address

(the "Producer")

1. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the licensor _____ ("You") hereby grant to the licensee, Producer its agents, affiliates, licensees, successors and assigns the following non-exclusive rights:

a. Permission to enter and remain upon the Property (as defined below) with personnel, facilities and equipment and use the Property and contents thereof and the appurtenances thereto located at _____ (the "Property") for the purpose of photographing and recording certain scenes in connection with the program or series entitled **(insert program/series name)**, any foreign versions of **(insert program/series name)**, any "best of" and/or "compilation versions of **(insert program/series name)** and any sequels, including follow-up episodes of **(insert program/series name)** (hereinafter collectively referred to as the "Program") during the production thereto from

_____ to _____
(month, day, year) (month, day, year)

and as necessary and upon reasonable notice to You during any extension, re-shooting or preparation of publicity or promotion thereof; and

b. Photograph, film and/or make recordings of the Property and/or any subsequent matter, name or logos connected with or located on the Property including, without limitation, exterior and interior shots of any buildings or other improvements located on the Property (the "Location Footage").

2. You acknowledge and agree that the Producer shall be the exclusive owner of the Location Footage with the right, but not the obligation, to copyright and to use, distribute, exhibit and otherwise exploit in any manner, all or any portion thereof or of a reproduction thereof, throughout the world in any and all media now known or hereafter devised, including but not limited to internet applications and merchandising, an unlimited number of times in perpetuity, in and in connection with: (i) the production, promotion, distribution and exploitation of the Program; or (ii) otherwise.
3. All rights, including copyright, in the Location Footage shall be and remain vested in the Producer and neither You, the owner of the Property, any tenant nor any party now or hereafter having an interest in the Property shall have any right of action against the Producer or any other party arising out of any use of said Location Footage whether or not such use is, or may be claimed to be defamatory, untrue or censorable in nature.
4. You represent and warrant that You are fully authorized to grant the rights provided herein and that You own and represent the owner of all right, title and interest in and to the Property and all buildings, improvements and subject matter located thereon and that no other authorization is necessary.
5. The Producer has the right, in its sole discretion, to edit the Location Footage for use in the Program and to use or incorporate the Location Footage in the Program in any manner or form it decides is appropriate or suitable.

6. The Producer will use reasonable care to prevent damage to the Property; and to remove any and all facilities and equipment which it may have placed upon the Property in connection with its use thereof and to restore the Property as nearly as possible to its original condition at the time of entry as provided for above, ordinary use or wear and tear excepted.

7. You acknowledge that the Producer will rely on this Location Release potentially at a substantial cost to the Producer and You agree not to assert any claim against anyone relating to the exercise of the permission granted hereunder, or seek to enjoin, restrain or interfere with the distribution, exhibition or exploitation of the Program or its advertising, promotion or publicity.

AGREED AND ACCEPTED:

Individual

By: _____ Date: _____
 Signature (Month) (Day) (Year)

Name: _____
 (PRINT NAME)

Title: _____

Apt./Street: _____ City: _____

Prov./State: _____ Postal/ZIP Code: _____ Country: _____

Phone: _____ Fax: _____

Producer

By: _____ Date: _____
 (Month) (Day) (Year)

Title: _____