

STANDARD TERMS AND CONDITIONS

Reel Picture Productions, LLC

IT IS THE POLICY OF REEL PICTURE PRODUCTIONS NOT TO PARTICIPATE IN OR OTHERWISE FACILITATE THE UNAUTHORIZED POSSESSION, REPLICATION AND/OR DUPLICATION, DISTRIBUTION, SALE, RENTAL OR USE OF DATA BY ITS CUSTOMERS. CUSTOMER UNDERSTANDS THAT REEL PICTURE AND ITS VENDORS COOPERATE WITH THE VARIOUS GOVERNMENTAL AGENCIES AND TRADE ORGANIZATIONS RESPONSIBLE FOR POLICING THE RECORDING AND REPLICATION/DUPLICATION INDUSTRIES AND AGREES THAT REEL PICTURE MAY PROVIDE SUCH VENDORS, AGENCIES AND ORGANIZATIONS INFORMATION REGARDING CUSTOMER AND THE BUSINESS CONDUCTED BY CUSTOMER WITH REEL PICTURE.

1. AGREEMENT. All current and future sales and services provided by Reel Picture Productions, LLC, a California limited liability company (“**Reel Picture**”), to the undersigned customer (“**Customer**”) shall be governed by these Standard Terms and Conditions (this “**Agreement**”). Customer acknowledges and agrees that any special conditions contained on the Customer’s order forms which are at variance with or in addition to the terms and conditions contained herein are not binding on Reel Picture unless specifically accepted by Reel Picture in writing.

2. WARRANTIES AND DISCLAIMER OF WARRANTIES. REEL PICTURE DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES IN ANY WAY RELATING TO THE GOODS OR SERVICES PURCHASED BY CUSTOMER FROM REEL PICTURE (the “**Goods**” or the “**Services**”), WHETHER BASED ON BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT THAT THE GOODS AND SERVICES SHALL MEET REEL PICTURE’S QUALITY STANDARDS. Customer assumes all risk and liability resulting from the use of the Goods, whether used singly or in combination with other goods.

3. CLAIMS. Customer may reject all or part of the Goods or revoke its acceptance of all or part of the Goods only if such Goods are defective and then only if, within five (5) days after receipt of the Goods, Customer sends to Reel Picture at its principal executive office, by prepaid U.S. Mail or express delivery, (1) a letter specifying the nature of the defect, and (2) a small sample of the Goods alleged to be defective. Other than this sample, Goods shall not be returned to Reel Picture without Reel Picture’s prior permission.

4. REEL PICTURE’S LIABILITY. No claim of any kind, whether as to Goods delivered or Services provided, or for non-delivery of Goods or Services, shall exceed the purchase price paid to Reel Picture for the Goods or Services for which such damages are claimed. In no event shall Reel Picture be liable for any of Customer’s lost profits or any other special or consequential damages. Reel Picture shall not be liable for delay in Reel Picture’s performance caused by circumstance beyond Reel Picture’s control, including without limitation, storm, flood, act of God, fire, water, power shortage, riot, government action, labor strike or lockout or other labor trouble or shortage, or inability to obtain material, equipment or transportation. Customer is solely responsible for ensuring that the “master” tapes or compact discs supplied to Reel Picture for duplication contain Customer’s desired content; Reel Picture assumes no responsibility for reviewing such content. Further, Customer agrees to retain a duplicate original of any media provided to Reel Picture. Reel Picture shall have no liability to Customer in the event of any loss or damage to such original media caused by Reel Picture’s negligence other than for the reasonable cost of duplicating another master from Customer’s duplicate original.

5. OWNERSHIP AND SALE OF PROPERTY. Materials and other property provided by the Customer to Reel Picture in connection with the Goods and Services shall remain Customer’s property. Reel Picture shall not be liable for loss or damage to Customer’s property or inventory retained by Reel Picture, including the loss or damage to data or other content of media provided by Customer; Customer acknowledges and agrees that Customer is solely responsible for insuring Customer’s property. Reel Picture reserves the right to withhold Customer’s property until the full amount is paid to Reel Picture for the Goods and Services, including any currently outstanding balance. If Customer fails to pay any invoice or account balance within ninety (90) days of the date such amount is due, or fails to claim its property within six (6) months after Customer’s account

has been paid in full, Reel Picture may sell or otherwise dispose of Customer's property or Goods in Reel Picture's possession in any commercially reasonable manner and apply the proceeds thereof to Customer's account balance.

6. CUSTOMER REPRESENTATIONS AND WARRANTIES. Customer hereby represents and warrants that: (1) Customer owns or has obtained all necessary rights and permissions for use of all data, products, labeling, or other material provided by Customer to Reel Picture for the use in manufacture and/or reproduction of a product onto compact discs and/or cassettes or for fulfillment services or for any other purpose contemplated under this Agreement, and that it shall pay or cause to be paid, all royalties or other sums which may become due under any contractual agreement or under applicable laws in any jurisdiction as it relates to such products and materials; and (2) such products and materials are not defamatory or obscene and do not otherwise violate any local, state or federal law or regulation.

7. CUSTOMER'S INDEMNIFICATION. Customer hereby agrees to indemnify and hold harmless Reel Picture, its managers, members, officers, employees and agents from and against any and all losses, claims, liabilities and expenses (including expenses of investigation and reasonable attorney's fees and other expenses of litigation) arising directly or indirectly from, out of or based on: (a) any breach or inaccuracy of Customer's representations and warranties made in this Agreement; (b) claims or allegations that any patent, copyright, trademark, trade name, service mark, proprietary right or other right of a third party has been infringed by reason of: (i) the mastering, replication and/or duplication, possession, distribution, sale, rental or other disposition or use of the data, materials or products supplied by Customer or the compact discs and/or cassettes upon which any such data is replicated and/or duplicated; or (ii) the packaging, labels, trade dress and other materials with which such compact discs, cassettes and/or products are distributed, sold, rented or used; and (c) claims arising from allegations by third parties that Customer has wrongfully disclosed information to Reel Picture. Customer's indemnity hereunder shall extend to all reproductions or duplications in all formats which are manufactured by or for Reel Picture on Customer's behalf.

8. INTEREST CHARGES; PAYMENTS. All charges remaining unpaid on the due date therefor, as stated on the invoice, will accrue interest charges from the invoice date at the rate of eighteen percent (18%) per annum, compounded monthly. If any invoice or other charge remains unpaid for more than 30 days after the due date therefor, Customer hereby authorizes Reel Picture to charge any credit card for which an authorization is on file. If any payment of an invoice by a third party, including any credit card company, is revoked or rescinded for any reason whatsoever, Customer shall nonetheless remain liable for the full invoice amount, and interest will continue to accrue from the date such payment is revoked or rescinded. Customer shall pay all costs incurred by the Company in collecting delinquent invoices, including attorneys' fees. Customer acknowledges that Reel Pictures' shipping costs charged to Customer will include a mark-up for overhead and administration, as is customary in the industry.

9. MISCELLANEOUS. Unless another written agreement is entered into concurrently herewith or subsequent hereto, this Agreement contains the entire agreement of the parties hereto with respect to the sale and purchase of Goods and Services. No modification or waiver of these terms and conditions herein shall be of any force unless such modification or waiver shall be in writing and signed by Reel Picture's authorized representative. If any term or provision of this Agreement shall be deemed to be invalid or unenforceable, such a determination shall not affect any of the remaining terms and provisions, and all such remaining terms and provisions shall remain in full force and effect. Reel Picture's failure to exercise any right or take any action permitted hereunder, or to insist upon strict performance of any provision hereof, shall not be deemed a waiver thereof or as a waiver of any other rights, remedies, breaches or subsequent defaults by the Customer in the performance of or compliance with any of the terms of this Agreement. Unless otherwise specifically provided in a written agreement between Customer and Reel Picture, Customer shall be under no obligation to order Goods and/or Services from Reel Picture, and Reel Picture shall be under no obligation to provide Goods and/or Services to Customer; under no circumstances shall Reel Picture have any obligation to provide Goods and/or Services to Customer, or to provide notice to Customer of any refusal to do so, if any invoice or other charge remains unpaid for more than 30 days after the due date therefor.

10. GOVERNING LAW; CONSENT TO JURISDICTION; ATTORNEYS' FEES. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of laws principles. The parties agree that neither shall commence any litigation or any other type of proceedings against the other party over a dispute arising out of this Agreement, either party's rights and obligations hereunder or any other transaction between the parties, except in a court located in San Diego County, California. Each party consents to and subjects itself to the exclusive jurisdiction of such courts for any dispute arising out of this Agreement or in any manner related to the purchase and sale of the Goods and Services and each party agrees that such jurisdiction and venue are reasonable and just under the circumstances. In the event that any suit or action is instituted to enforce any provision in this Agreement or to recover unpaid charges or fees, including interest charges, relating to the Goods or Services, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

By signing this Agreement, Customer represents and warrants that: (1) Customer is authorized to enter into and execute this Agreement; (2) the information furnished in this Agreement by the Customer is true and accurate; (3) Customer has read this entire Agreement; and (4) Customer agrees to be bound by the Terms and Conditions stated herein. **If a "Co-Customer" signs below, each of the undersigned Customer and Co-Customer is jointly and severally liable and responsible for all obligations of "Customer" under this Agreement, including the payment of all charges and fees due Reel Picture for current and future sales to Customer.**

REEL PICTURE:

REEL PICTURE PRODUCTIONS, LLC

By: _____

Name:

Title:

Date: _____

CUSTOMER:

(Please print Customer name)

By: _____

Name:

Title:

Date: _____

CO-CUSTOMER:

Name:

Date: _____