

COMMENTS ON MOU

1. Paragraph 4 should read, take out wording.....and, if the picture is a commercial success to use a portion of the profits to carry out various philanthropic activities in SK's name.
2. Clause # 8. There must be a time limit of not more than 4 years to the exclusive license from the time of signing the MOU, if the film has not been produced.
3. Clause # 9. There must be a time limit of not more than 4 years for the exclusive rights granted to Reid from the time the MOU is signed if the film has not been produced.
4. Clause # 10. Compensation for the exclusive rights must be increased to \$ 250,000.
5. Clause # 12. To read.....above are conditional upon receipt of funding to produce the film, whatever that amount may be. Upon receipt of funding.....
6. Clause # 13. Should continue to say that is not paid as provided in Clause 12 or within 4 years of the date the MOU is signed if the film has not been produced by that time.
7. Schedule B. Should be re-arranged to be as follows:
 - 1% for the first \$ 25,000,000 of profits or portion thereof
 - 2% of next \$ 25,000,000 of profits or portion thereof
 - 3% of next \$ 25,000,000 of profits or portion thereof
 - 4% of next \$ 25,000,000 of profits or portion thereof
 - 5% if profits are between \$ 100,000 and 250,000,000 and
 - 10% of the profits in excess of \$ 250,000,000

The term "profits" must be clearly defined.