

LIGHT IRON DIGITAL, LLC
STANDARD TERMS & CONDITIONS
(THESE “**TERMS AND CONDITIONS**”)

ALL WORK IS PROVIDED SUBJECT TO THE FOLLOWING TERMS & CONDITIONS:

1. SERVICES AND PRICES

Light Iron Digital, LLC (“**Light Iron**”) and the undersigned (the “**Client**”) have entered into that certain Services Agreement (the “**Agreement**”), to which the Estimate and these Terms and Conditions are attached and therein incorporated, which sets forth the parties’ mutual understanding and acceptance of all Work to be performed by Light Iron and the prices to be paid by the Client therefore, as well as the manner of such payment. Capitalized terms used but not otherwise defined herein shall have their respective meanings assigned thereto in the Agreement.

2. ELEMENTS

The term “**Elements**” shall mean all film whether negatives or positives, originals or intermediates, prints or separations and all artwork, all audiotapes, disks or tapes whether master tapes or duplicates and all other recorded media, videotape, solid state computer chips to the extent they contain film content, or computer data storage media, including discs or tapes, as well as any equivalent tangible embodiment or medium for containing materials of an equivalent nature to the foregoing including, without limitation, all video tape, film negatives, master positives, submaster positives, master videotapes, submaster videotapes, sound tracks, reversal originals, reversal intermediates, cuts and trims, positive prints or videotape dubs, separations, audio tapes, sprocket magnetic film, sound track optical negatives, striped film prints or film prints, in all cases whether delivered by the Client to Light Iron (such Elements, “**Client-Supplied Elements**”) or produced by Light Iron from any of the foregoing (“**Light Iron Elements**”). Light Iron shall have the right to retain all Client-Supplied Elements until (i) payment in full for the Work has been rendered by the Client or (ii) Client has properly terminated under Section 7 hereof and paid or performed any obligations required of Client thereunder.

3. TERMS OF PAYMENT

Payment for all Work shall be made either on a COD basis or in installments, as determined by Light Iron and provided in the Agreement. All payments must be made in U.S. currency. All invoices not timely paid in accordance with the terms of the Agreement will be subject, at Light Iron’s election, to an interest charge of 1.5% per month (18% per annum) on the unpaid balance, provided however, that the Client shall not be

required to pay an interest charge in excess of the maximum interest permitted by applicable law. Upon completion of the Work, Light Iron will provide the Client with an invoice detailing the actual costs for the Work, including, without limitation, any overages. The Client agrees to pay all costs and expenses (including but not limited to attorneys’ fees, collection agency costs and court costs) incurred by Light Iron in connection with the enforcement of Light Iron’s rights hereunder. Any claim for adjustment in connection with an invoice must be presented to Light Iron in writing within fourteen (14) days after the date of the invoice in question. The Client hereby waives any claim for adjustment in billing that is not presented to Light Iron in a timely fashion according to the provisions of this section.

4. ADDITIONAL SERVICES

If the Client requests additional services or changes to the Work, Light Iron shall advise the Client whether Light Iron will be able to provide these additional services and/or changes in the time and in the manner desired. If so, the Client and Light Iron will agree upon a supplement to the Agreement reflective of the additional services or modified time schedule. Until such supplement is executed by the Client and Light Iron and the Client issues a revised or additional purchase order for the supplemental services, Light Iron shall have no obligation to perform such additional services. In all other respects, these Terms and Conditions shall govern the additional services. All prices for services provided by Light Iron are based upon Light Iron’s normal work hours. Should the Client require an accelerated work schedule, or require additional services, Light Iron may require overtime work schedules to meet the completion requirements or desires of the Client. Light Iron shall provide the Client with 24 hours prior notice prior to incurring overtime charges, which notice shall be satisfied by Light Iron sending an email to the Client; *provided*, that Light Iron shall also attempt to reach the Client via telephone, though such a call shall not be required; *provided, further*, that absent a written rejection from the Client within such 24 hour notice period, by default the overtime work schedules shall be deemed approved. Should overtime work schedules be required and approved (or deemed approved), such overtime charges as related to the overtime work schedules shall be billable to the Client at the rates contained in Estimate Overview and in the current Light Iron Rate Card, a copy of which Light Iron agrees to provide to the Client upon request. Notwithstanding anything to the contrary, Light Iron shall not be obligated to allocate time or provide additional services that are beyond the scope of the Work, as it may be supplemented from time to time; provided, however,

that Light Iron shall use reasonable good faith efforts to make itself available for any requested change or addition that it is technically able to provide.

5. TRANSPORTATION AND TAXES

All prices are FOB the place of business where the services are furnished. Transportation of Elements to and from Light Iron's premises shall be at the Client's risk and expense. A handling charge may be added to all prepaid shipments. Any and all applicable local, state, federal or other governmental charges for sales, manufacturing, personal property and like taxes or duties shall be added to the billed charges. The Client will pay or reimburse Light Iron for taxes or duties (including interest and penalties) levied against Light Iron or that Light Iron pays pursuant to any present or future law by reason of the Client's use of Light Iron's premises, facilities, or services including without limitation sales, use and other like taxes or duties.

6. PRICE CHANGES:

In the event that the prices of film, laboratory fees or third-party materials being used by Light Iron, direct costs of manufacturing or the cost of labor (which shall include fringe benefits) to Light Iron are increased above those in effect on the date of this Agreement, then the prices to be paid by the Client may be increased to reflect such changed prices to the extent that they are not already included on the current Light Iron Rate Card.

7. CANCELLATION/ RESCHEDULING CHARGES/TERMINATION

In the event that the Client cancels services ordered, the following charges will apply: (a) The fee paid in order to reserve the use of Light Iron facilities, equipment, and/or talent (the "**Reservation Fee**") is an advance with respect to the Work and shall not be fully refunded unless the Client cancels the reservation more than 30 days before the commencement of the reserved period; (b) if the Client cancels any services less than 30 days but more than 3 days before the services are scheduled to begin, the Client will be charged 25% of the Reservation Fee paid for the canceled services; (c) if the Client cancels any services less than 3 days but more than 24 hours before the services are scheduled to begin, the Client will be charged 50% of the scheduled time at the rate agreed upon in the estimate for those services; and (d) if the Client cancels any services less than 24 hours before the services are scheduled to begin, the Client will be charged 100% of scheduled time at the rate agreed upon in the estimate for those services. In the event that the Client reschedules services ordered, the following charges will apply: if the Client reschedules any services less than 24 hours before the services are scheduled to

begin, the Client will be charged 100% of scheduled time at the rate agreed upon in the estimate for those services. Client shall have the right to terminate the Agreement for Light Iron's material failure to render the services contracted for, or failure to timely complete the services if such failure remains uncured forty eight hours after receipt of written notice thereof. In the event of such termination, Client shall owe Light Iron only for fees due for services completed prior to such termination.

8. OWNERSHIP OF ELEMENTS

Unless the Client gives Light Iron prior written notice contrary to the contents of this section, the Client warrants and represents that it is the sole owner of all Client-Supplied Elements; that the Client has the right to engage Light Iron and is now and at the time Light Iron's services are rendered and materials furnished hereunder, and continuing until such time as all its indebtedness under the Agreement is paid to Light Iron in full, will be the sole owner of all rights to (or have all necessary legal right to and authority for) possession, use, exhibition and distribution of the Client-Supplied Elements, including without limitation the copyright, trademarks and trade names therein, and all relevant, related music, television, motion picture, literary, paperback, book and dramatic rights. Light Iron shall retain ownership of all Light Iron Elements, including any Light Iron Elements delivered to the Client prior to (i) payment in full of all invoices relating to the Work, or (ii) Client's proper termination under Section 7 hereof.

The Client will defend, indemnify and hold harmless Light Iron, its officers, directors, members, managers, employees, subcontractors, agents and affiliates from any and all liability arising out of or in connection with the publication, processing, use, distribution, contents or exhibition of Elements (including, without limitation, Client-Supplied Elements), including without limitation any alleged liability for libel, slander, defamation, invasion of privacy or infringement of patent, copyright, trademark, or other rights.

9. STORAGE, DISPOSAL AND REMOVAL OF ELEMENTS

The Client shall pick up all Elements (including, without limitation, all Client-Supplied Elements, subject to payment in full for the Work) within thirty (30) days after Light Iron notifies the Client of the completion of the Work. Any Elements remaining under Light Iron's control more than thirty (30) days after Light Iron notifies the Client of the completion of the Work shall be subject to a reasonable storage charge (as provided in the Estimate Overview). In the

absence of written instructions from the Client to the contrary, 180 days after completion of the Work, Light Iron may destroy, reuse or dispose of any Elements as Light Iron determines in its sole discretion. The Client will defend, indemnify and hold harmless Light Iron, its officers, directors, members, managers, employees, subcontractors, agents and affiliates from all liability arising out of or in connection with Light Iron's destruction or disposal of Elements as provided in this section. Light Iron will attempt to notify the Client and provide a reasonable period, not in excess of one week, to cure any breach of this paragraph 10 before exercising its rights to destroy, reuse or otherwise dispose of such Elements.

10. PUBLICITY

In connection with its publicity or promotional activities, Light Iron may use the name of the Client and the name of the Client's project after the initial release of the Project by the Client. In addition, Light Iron may use a single image or a sequence of less than 30 seconds duration from the Client's project, without superimposing Light Iron's trade names or logos, at any time at least one week after initial release of the Client's project.

11. CREDITS ON PROJECTS

Subject to approval, the Client agrees to include in the end credits of each project the appropriate Light Iron logo as provided by Light Iron. Light Iron shall supply to the Client the specific nature of the credit Light Iron is to receive and any necessary artwork. In addition, if technical credits for any film or post-production services are to be given in any form of print advertising under the direction and/or control of the Client, including, but not limited to, newspapers, magazines, billboard posters (including those posters known generally in the trades as one sheets or two sheets), then the Client will give Light Iron credit equal in size to the other technical credits, in the manner reasonably specified by Light Iron.

12. RIGHT TO REFUSE SERVICE

Without liability to Light Iron, Light Iron has the right to refuse to provide services with respect to any Client-Supplied Element that Light Iron, in its sole discretion, deems to (i) be unlawful, pornographic or degrading, (ii) tend to incite prejudice or passion, or (iii) have the possibility of subjecting Light Iron, its directors, members, managers, officers, employees or agents to criminal or civil process or liability of whatever nature. Light Iron, in its sole discretion, may refuse to accept for processing old or shrunken Client-Supplied Elements or Client-Supplied Elements showing any imperfection or having an unusual photographic or physical condition. In the event that such Client-

Supplied Elements are accepted for processing of any kind, Light Iron shall not be responsible for quality problems resulting from such Client-Supplied Element conditions or the potential additional time requirements, so long as Client is notified in advance that additional time may be required. The Client will promptly pay any additional charge for additional processing time or additional materials used, whether or not a satisfactory Light Iron Element is ultimately produced by Light Iron.

13. LIMITATION OF LIABILITY

Light Iron undertakes to render its services in connection with the Work in a good and workmanlike manner, but the Client recognizes that Light Iron's services involve creativity and the use of unique and complex computer hardware and software. Elements are received, processed, and stored by Light Iron solely at the Client's risk and Light Iron shall not be liable or responsible for loss, damage or destruction of such Elements even if due to the negligence of Light Iron or its employees; provided, that this shall not extend to the gross negligence or willful misconduct of Light Iron or its employees. The Client shall retain duplicate copies of all Client-Supplied Elements. THE CLIENT ASSUMES ALL RISK OF LOSS, DAMAGE OR DESTRUCTION TO ALL CLIENT-SUPPLIED ELEMENTS, OTHER THAN IN CONNECTION WITH LIGHT IRON OR ITS EMPLOYEES' GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. Light Iron shall not be responsible for any discrepancy whatsoever that might result from or be caused by any deficiency in the condition or quality of any Client-Supplied Elements. Light Iron will also not be responsible for any damages or loss caused by any failure to deliver Client-Supplied Elements to Light Iron on a timely basis. The Client agrees that Light Iron has not made and does not make any representation or warranty and has not assumed and does not assume any liability or responsibility as to the character or quality of the materials or services furnished by it or as to the results of any of its undertakings. THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE ARE HEREBY EXPRESSLY EXCLUDED. Without limiting this disclaimer, Light Iron shall not be liable for loss of any kind whatsoever for acts of God, the quality or condition of the Client-Supplied Elements received by it, strikes, lockouts, fire, failure of transportation, acts of war or terrorism, local riots or a public enemy, inability to obtain qualified personnel, or any other similar cause. In any event, any liability of Light Iron shall be limited to the replacement of any tape or film or any other media involved with fresh tape, unexposed film stock or any other raw media at Light

Iron's option. In no event shall Light Iron be liable for special, indirect, punitive or consequential damages, including, without limitation, lost profits and diminished reputation. The Client waives and releases Light Iron, its officers, directors, members, employees, subcontractors, agents and affiliates from any and all liabilities, claims, demands, actions, causes of action, loss, costs, damage and expenses arising out of or based upon the use of Light Iron services or products (including but not limited to subrogation claims against Light Iron by the Client's insurance carrier or others), or the present or future fitness, quality, condition, merchantability or performance of Light Iron services or products, or of the material or workmanship thereof, no matter how caused or occasioned, including but not limited to the negligence of Light Iron, its officers, directors, members, managers, employees, subcontractors, agents or affiliates, except as to such parties' gross negligence or willful misconduct. The Client will defend, indemnify and hold harmless Light Iron, its officers, directors, members, managers, employees, subcontractors, agents and affiliates from and against any and all liability, claims, demands, actions, causes of action, loss, costs, damage and expenses brought or made against or suffered or incurred by them or any of them arising out of or based upon the present or future fitness, quality, condition, merchantability or performance of the services or products provided under the Agreement, except to the extent Light Iron expressly assumes liability hereunder. EXCEPT AS SET FORTH IN SECTION 15, IN THE EVENT THAT ANY CLIENT-SUPPLIED ELEMENTS ARE LOST, DESTROYED OR DAMAGED BY REASON OF ANY ACT OR OMISSION OF LIGHT IRON, ITS OFFICERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, SUB- CONTRACTORS, AGENTS OR AFFILIATES, LIGHT IRON'S LIABILITY SHALL BE LIMITED TO THE REPLACEMENT OF THE LOST OR DESTROYED CLIENT-SUPPLIED ELEMENTS WITH FRESH TAPE, UNEXPOSED FILM STOCK OR OTHER RAW MEDIA, AS APPROPRIATE.

14. INSURANCE

The Client will insure fully, at its own expense, Client-Supplied Elements against all insurable risks including damage to or loss or destruction of such Client-Supplied Elements by Light Iron, its employees, subcontractors or agents or by the transportation of any Client-Supplied Element to or from Light Iron during the time that such Client-Supplied Elements are in the possession of Light Iron. The Client agrees that such insurance is available to it. The policy of insurance will name Light Iron as an additional insured (if applicable), and will provide for at least 15 days' prior

written notice before modification or cancellation. The Client shall provide a certificate of insurance in conformity with these requirements upon Light Iron's request. If Light Iron is found to be grossly negligent or has willfully committed misconduct, Light Iron shall pay the deductible portion only for the insurance covering the loss or damage incurred.

OTHERWISE, LIGHT IRON SHALL IN NO EVENT BE LIABLE FOR ANY LOSS OR DAMAGE TO THE CLIENT-SUPPLIED ELEMENTS THAT WAS, OR COULD HAVE BEEN, COVERED BY INSURANCE.

15. DEFECTS IN DELIVERY

If a Light Iron Element is erroneously labeled or shipped or if nonconforming services or materials are furnished by Light Iron, Light Iron's liability shall be limited to the correction of the errors in shipment or labeling or the providing of conforming services or materials at Light Iron's expense; provided that the defective Light Iron Element is returned and written notice of such imperfection or error in labeling or shipment is given to Light Iron within twenty-one (21) days after shipment.

16. DELAY IN DELIVERY

Orders will be filled as rapidly as practicable taking into consideration the order of delivery to Light Iron of Client-Supplied Elements and elements by all other clients, Light Iron's obligations to other clients and Light Iron's equipment and plant capacity. Delivery dates and/or shipping dates are approximate, based on the dates of delivery to Light Iron as specified in the Agreement, and may be subject to delays. Light Iron shall not be liable to the Client or any third party for any loss or damage (including, without limitation, special, indirect, punitive or consequential damages, including, without limitation, lost profits and diminished reputation) directly or indirectly arising from Light Iron's delay in delivery or shipping, nor for any failure to give notice of delay (except in the case of Light Iron's gross negligence or willful misconduct); such delay shall not constitute grounds for cancellation by the Client.

17. CONFIDENTIAL INFORMATION

Except as provided above under "PUBLICITY," neither party shall disclose or permit the disclosure of any term of the Agreement or of any other confidential and proprietary information relating to any other party hereto (collectively, "**Confidential Information**"); provided that such disclosure may be made (i) to any Person who is a partner, officer, director, employee or affiliate of such party or counsel to or accountants of such party, provided, however, that such Persons are notified of the party's confidentiality obligations

hereunder, (ii) pursuant to a subpoena or order issued by a court, arbitrator or governmental body, agency or official, with prompt notification to the other party thereof and (iii) to enforce rights under the Agreement, including these Terms and Conditions.

18. ENTIRE CONTRACT, SEVERABILITY AND NON-WAIVER

These Terms and Conditions apply to all Work and the services rendered and material furnished for the account of the Client with respect to the Work until rescinded, terminated or modified by a subsequent written agreement signed by an officer of Light Iron. The Agreement, including all attachments thereto (including, without limitation, the Estimate and these Terms and Conditions), constitute all the terms and conditions relating to the Work and the services to be performed for the Client that are the subject of the Agreement and all matters incidental to such services. The Agreement (including, without limitation, the Estimate and these Terms and Conditions) supersedes all prior written or oral agreements with respect to the subject matter contained herein and therein, including all prior bid quotations or proposals. In the event of any inconsistency between the Agreement and these Terms and Conditions, the terms of the Agreement shall apply. No modification or waiver hereof shall be valid unless in writing and signed by an officer of Light Iron. The invalidity or unenforceability of any one or more terms or conditions shall not affect the validity of enforceability of the remaining terms or conditions. The failure of Light Iron in any one or more instances to insist upon performance of any of these terms or conditions or to exercise any right or privilege given to Light Iron in these Terms and Conditions shall not be construed as a waiver of the breach of any other term, condition, right or privilege set forth in the Agreement, including these Terms and Conditions.

19. SUBCONTRACTING AND ASSIGNMENT

Light Iron reserves the right to subcontract parts of the work ordered. Light Iron or the Client may assign any of its respective rights under the Agreement or under these Terms and Conditions, but only with the other party's prior written consent.

20. ATTORNEYS FEES

If any action is brought to enforce or interpret any provision of this Agreement, or the rights or obligations of any party hereunder, the prevailing or successful party shall be entitled to recover all reasonable attorneys' fees and costs incurred or sustained by such party in connection with such action.

21. GOVERNING LAW; JURISDICTION

The Agreement, including these terms and conditions, shall be governed by, construed and enforced in accordance with the laws of the State of California applicable to agreements made and entirely to be performed in California by its citizens. The parties hereto hereby consent to the exclusive jurisdiction of the state and federal courts sitting in Los Angeles County, California, for any action, suit, proceeding, claim or counterclaim directly or indirectly arising out of, under or in any way relating to this Agreement or the transactions contemplated by this Agreement.

22. NOTICES

All notices and communications to Light Iron shall be sent to the following address:

LIGHT IRON Digital, LLC
6381 De Longpre Avenue
Hollywood, CA 90028
Fax: 323.832.8432
Attention: Mr. Peter Cioni

Any notice or communication required or permitted under the Agreement, including these Terms and Conditions, shall be deemed to have been given when in writing and personally delivered or faxed or three (3) days after being deposited in the United States mail, Certified Mail, Return Receipt Requested, with postage prepaid to Light Iron at the above address or to the Client at the address shown as its address in Light Iron's records, or at such other address as either specifies by written notice given in accordance with this section.

IN WITNESS WHEREOF, the Client caused these Terms and Conditions to be executed as of the date set forth below.

AGREED TO AND ACCEPTED:

By: _____
Name:
Title:

Date: _____